

1905.
NEW ZEALAND.

TEACHERS' SUPERANNUATION BILL

(REPORT OF EDUCATION COMMITTEE ON THE, TOGETHER WITH MINUTES OF EVIDENCE AND APPENDICES).

(MR. BAUME, CHAIRMAN.)

Report brought up 14th September, and ordered to be printed.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

TUESDAY, THE 4TH DAY OF JULY, 1905.

Ordered, "That a Committee be appointed to consider all matters relating to education and public instruction generally—school-training of teachers, higher education, technical education, and manual instruction, and for such other matters affecting education as may be referred to it; to have power to call for persons and papers; five to be a quorum: the Committee to consist of Mr. J. Allen, Mr. Baume, Mr. Buchanan, Mr. Buddo, Mr. Ell, Mr. Fisher, Mr. Fowlds, Mr. A. L. D. Fraser, Mr. Graham, Mr. Hall, Mr. Hanan, Mr. Hogg, Mr. Hardy, Mr. Lethbridge, Mr. Lewis, Mr. Major, Mr. Massey, Mr. T. Mackenzie, Mr. McNab, Sir W. R. Russell, Mr. Sidey, Hon. Sir W. J. Steward, Mr. J. C. Thomson, Mr. Wood, and the mover."—(Right Hon. R. J. SEDDON.)

FRIDAY, THE 28TH DAY OF JULY, 1905.

Ordered, "That the Teachers' Superannuation Bill be referred to the Education Committee."—(Right Hon. R. J. SEDDON).

REPORT.

THE Education Committee having given careful consideration to the provisions of the Teachers' Superannuation Bill, referred to them by your honourable House, have the honour to report that they recommend that the said Bill be allowed to proceed, subject however to the amendments shown on a copy of the Bill attached hereto.

The Education Committee have the honour to further report that the evidence shows that in order to render the scheme as amended by the Committee actuarially sound for original members in addition to contributions, an annual payment (calculated at 4 per cent.) of approximately £12,000 will be required, without making provision for the payment of the capital sum of approximately £385,000 (calculated at $3\frac{1}{2}$ per cent.) required to make the scheme actuarially sound.

The Education Committee have the honour to further report that for new entrants a capital sum each year of approximately £5,000 will be required to make the scheme actuarially sound, assuming the number of teachers joining each year to remain as at present.

The Education Committee have the honour to further report that it is strongly of opinion that provision should be made for an annual payment from the Consolidated Fund of £17,000 to make the scheme for both original members and new entrants actuarially sound, and that a quinquennial investigation should take place and the fund be readjusted.

Parliamentary Buildings, 14th September, 1905.

FRED. E. BAUME,
Chairman.

[AS REPORTED FROM THE EDUCATION COMMITTEE.]

14th September, 1905.

Rt. Hon. R. J. Seddon.

TEACHERS' SUPERANNUATION.

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A BILL INTITULED

AN ACT to establish a Superannuation Fund for Teachers and Title.
Others in the Service of Education Boards and other Educational Bodies.

5 BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

1. The Short Title of this Act is "The Teachers' Superannua- Short Title.
tion Act, 1905," and it shall come into operation on the first day of
10 January, one thousand nine hundred and six.

2. In this Act, if not inconsistent with the context,— Interpretation.

"Board" means the Teachers' Superannuation Board under this Act:

15 "Contributor" or "member" means a person who contributes to the fund:

"Education Board" means an Education Board under "The Education Act, 1904":

"Fund" means the Teachers' Superannuation Fund:

New interpretation clause.

20 "Managers of associated classes" means the managers of associated classes under sections one hundred and seventy-one and one hundred and seventy-four of "The Education Act, 1904":

No. 77—2.

- "Medically unfit for further duty" means that, on the certificate of at least two medical practitioners approved by the Board, it is established to the satisfaction of the Board that, by reason of mental or bodily infirmity not caused by irregular or intemperate habits, the contributor has become permanently unable to perform his duties : 5
- "Minister" means the Minister of Education :
- "New entrant" means a person who is first permanently employed in the Education service after the coming into operation of this Act : 10
- "Original member" means a person who at the coming into operation of this Act is permanently employed in the Education service :
- "Public school" means a public school as defined by "The Education Act, 1904" : 15
- "Salary" of a contributor means the actual sum paid to him as salary in respect of his service, but does not include allowances or payment for overtime :
- "Secondary school" means a secondary school as defined by "The Education Act, 1904." 20
- "Service" or "Education service" means service under an Education Board or the governing body of a secondary school or the managers of associated classes subsequent to the coming into operation of "The Education Act, 1877"; and "length of service" means the number of 25 years completed in the service of one or more of such bodies, whether such service be continuous or not :
- "Teacher" means a certificated teacher or a teacher holding a degree granted by any British university.

The Fund.

30

Superannuation
Fund.

3. (1.) There is hereby established a fund to be called "The Teachers' Superannuation Fund."

(2.) The fund shall consist of—

- (a.) The contributions of persons in the Education service, as hereinafter provided ; 35
- (b.) Moneys at any time paid into the fund under sections twenty-one and twenty-two hereof ;
- (c.) Interest from time to time accruing from investment of the moneys of the fund, as hereinafter provided.

Persons employed
at commencement
of Act may elect to
contribute.

4. (1.) Every person who at the commencement of this Act 40 is permanently employed in any capacity for not less than twenty hours in a week in the Education service may at any time within six months after the commencement of this Act elect to become a contributor to the fund.

(2.) If he so elects, he shall be entitled to all the benefits of the 45 fund, subject to the provisions of this Act.

(3.) If he does not so elect, he shall not at any future time become a contributor to the fund, or participate in its benefit, except on the payment of such sum and on such conditions as the Board determines.

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5. With respect to teachers who are first permanently employed in any public school after the commencement of this Act, it shall be a condition of their employment that they shall contribute to the fund, and be entitled to its benefits, as hereinafter provided. Teachers employed after commencement of Act to contribute.

6. With respect to all other persons who are first permanently employed in the Education service after the commencement of this Act, the following provisions shall apply :— Other persons so employed may elect to contribute.

(a.) Every such person may at any time within six months after the date of his appointment elect to contribute to the fund.

(b.) If he so elects, he shall, subject to the provisions of this Act, be entitled to all the benefits of the fund.

(c.) If he does not so elect, he shall not at any future time become a contributor to the fund, or participate in its benefits, except on payment of such sum and on such conditions as the Board determines.

7. (1.) The contribution from members shall in each case be at the following percentage of the pay of each member respectively, and shall be deducted at the period of each monthly payment of salaries, that is to say :— Rates of contribution.

(a.) Five per centum if his age is not more than thirty years at the time when the first contribution becomes payable ;

(b.) Six per centum if his age then exceeds thirty years but does not exceed thirty-five years ;

(c.) Seven per centum if his age then exceeds thirty-five years but does not exceed forty years ;

(d.) Eight per centum if his age then exceeds forty years but does not exceed forty-five years ;

(e.) Nine per centum if his age then exceeds forty-five years but does not exceed fifty years ;

(f.) Ten per centum if his age then exceeds fifty years.

(2.) The amount so deducted shall forthwith be paid by the Board or other governing body charged with the duty of paying teachers' salaries to the Public Trustee to the credit of an account in the name of the fund.

(3.) Male members who have contributed to the fund during a period of forty years, and female members who have contributed during a period of thirty-five years, shall be entitled to all the benefits of the fund without further contribution. Contributions to cease after a time.

(4.) If at any time the pay of a contributor is temporarily stopped on the ground of ill health, he shall be permitted to continue to contribute to the fund in such manner and to such extent as may be prescribed by regulations. Contributions while pay stopped for ill health.

8. (1.) The Public Trustee shall from time to time invest the moneys of the fund, or any part thereof, in such lawful securities prescribed by regulations as will return the highest rate of interest. Investment of fund.

(2.) The interest on the moneys of the fund paid into the fund by the Public Trustee shall be at a rate not less than four per centum per annum.

9. (1.) The fund shall be administered by a Board called "the Teachers' Superannuation Board," and consisting of ten members, namely :— Board.

- The Minister ;
- The Solicitor-General ;
- The Public Trustee ;
- The Inspector-General of Schools ;
- The Controller and Auditor-General ; 5
- The President of the New Zealand Educational Institute ;
- Two persons to be elected from among their number by the contributors resident in the North Island ; and
- Two persons to be elected from among their number by the contributors resident in the South Island. 10

(2.) At all meetings of the Board three shall form a quorum.

(3.) In the absence of the Minister any other responsible Minister of the Crown may attend in his stead.

(4.) In the absence of the Public Trustee, the Deputy Public Trustee may attend in his stead. 15

(5.) The Minister shall be chairman at all meetings of the Board at which he is present, and at any meeting at which he is not present the Board shall appoint a chairman from the members present.

(6.) Subject to this Act and the regulations thereunder, the Board may prescribe its own procedure. 20

Election of members of the Board.

10. (1.) The elective members shall be elected by ballot in the manner prescribed by regulations.

(2.) A separate ballot of the contributors resident in the North and South Islands respectively shall be taken on the first Monday in March, one thousand nine hundred and *six*, and thereafter on the same Monday in every third year. 25

(3.) Any question arising as to the regularity or validity of any ballot, or the voting thereat, shall be determined by the Minister in such manner as he thinks fit, and his decision shall be final.

(4.) If an elective member of the Board dies, or by notice in writing addressed to the Minister resigns his office, or ceases to be in the Education service, then in any such case his seat becomes vacant, and a successor shall be elected, who shall hold office only for the remainder of his predecessor's term of office : 30

Provided that where the vacancy occurs within three months of the ordinary election a ballot shall not be taken, but in lieu thereof the Governor may appoint to the vacancy. 35

(5.) Notice of the election or appointment of any member shall be gazetted.

Benefits of the Fund. 40

Application of fund.

11. The fund shall be held and applied for the benefit of the contributors in the manner and subject to the conditions hereinafter set forth :

Provided that no payment shall be made out of the fund before the first day of April, one thousand nine hundred and *six*. 45

Retirement at pension age.

12. (1.) Every male contributor who has attained or hereafter attains the age of sixty-five years shall retire from the Education service ; and every such contributor who has attained or hereafter attains the age of sixty years may, at any time after the expiration of three months' notice of his intention so to do, retire from such service. 50

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(2.) Every female contributor who has attained or hereafter attains the age of sixty years shall retire from the Education service; and every such contributor who has attained or hereafter attains the age of ~~fifty-five~~ *fifty* years may, at any time after the expiration of three months' notice of her intention so to do, retire from such service.

(3.) On his retirement as aforesaid every contributor shall be entitled to receive from the fund an annual allowance for the rest of his life, computed as follows:—

10 Namely, one-sixtieth part of the total salary paid during all the years of his contribution to the fund:

New proviso.

15 Provided that an original member shall be entitled to receive from the fund an additional annual allowance computed as follows—namely, one one-hundred-and-twentieth part of the total salary received by him during all the years of his service before the commencement of this Act: Provided *further*, that the *total* annual allowance payable to an original member shall in no case be less than the sum of fifty-two pounds.

20 13. (1.) Every contributor, whose length of service does not exceed fifteen years, who retires from the service on the ground of being medically unfit for further duty shall be entitled to receive from the fund the whole amount of his contributions without interest:

25 Provided that an original member, whose length of service exceeds five years but does not exceed fifteen years, shall be entitled to such additional amount, in one or more sums, as the Board, having regard to the circumstances of each case, determines, but not exceeding in the whole one-twelfth part of the total salary received by him during all the years of his service before the commencement of this Act.

30 (2.) Every contributor, whose length of service exceeds fifteen years, who retires medically unfit shall be entitled to receive from the fund such amount, in one or more sums, as the Board, having regard to the circumstances of each case, determines, but not exceeding in the whole the present value of an allowance computed as mentioned in the *last preceding* section, and not being less than the whole amount of his contributions without interest.

40 14. Every contributor who retires from the service voluntarily before attaining the age at which he is entitled to retire under section *twelve* hereof, or who is dismissed from the service, shall be entitled to receive from the fund the whole amount of his contributions without interest.

45 15. (1.) If any contributor dies before becoming entitled to a retiring-allowance, and not leaving a widow, there shall be paid from the fund to his legal personal representatives the whole amount of his contributions without interest.

50 (2.) If he dies after becoming entitled to a retiring-allowance, and not leaving a widow, there shall be paid from the fund to his legal personal representatives the balance unpaid, if any, of three years' retiring-allowance.

Death of contributor leaving a widow.

16. (1.) If any male contributor dies before becoming entitled to a retiring-allowance, leaving a widow, there shall be paid from the fund to the widow such sum or sums as the Board, in accordance with regulations, in each case determines, being not less in the whole than the whole amount of the contributions, and not less in any one year than the annuity which may be yielded in the fund by the total amount of the contributions, together with two hundred pounds :

Provided that the present value at the time of the death of the contributor of all such sums shall not exceed two hundred pounds together with the whole amount of the contributions :

Provided also that any allowance to the widow in excess of the whole amount of the contributions shall cease on her remarriage or death.

(2.) If any such contributor dies after becoming entitled to a retiring-allowance, leaving a widow, there shall be paid to the widow such sum or sums as the Board determines as aforesaid being not less in the whole than the balance unpaid (if any) of three years' retiring-allowance, and not less in any one year than the annuity which may be yielded in the fund by such balance, together with two hundred pounds :

Provided that the present value at the time of the death of the contributor of all such sums shall not exceed two hundred pounds together with such balance as aforesaid :

Provided also that any allowance to the widow in excess of such balance shall cease on her remarriage or death.

Retiring-allowance to be paid monthly.

17. The retiring-allowance shall be paid by equal monthly instalments, the first instalment being payable one month after the date of the grantee's retirement.

Grantee may elect to receive refund of contributions.

18. The grantee may, on his retirement, or at any time before receiving his first instalment, elect to accept a sum equal to the whole amount of his contributions to the fund in lieu of his retiring-allowance, in which case he shall be entitled to receive such sum accordingly, but no further sum shall be payable under section sixteen hereof in the event of his death.

Retiring-allowance or instalment may be forfeited.

19. (1.) In the case of a retiring-allowance being granted to a male contributor before he has attained the age of sixty years, on the ground of his being medically unfit for further duty, his retiring-allowance, or any one or more instalments thereof, may be forfeited by the Board if he fails to submit himself for further medical examination when required by the Board, or if, being reported medically fit to return to duty, and having in the opinion of the Board reasonable opportunity of so doing, he fails to do so ; and in like manner in the case of a retiring-allowance granted to a female contributor before she has attained the age of ~~fifty-five~~ fifty years.

Return to duty after being medically unfit.

(2.) Where a contributor returns to duty while in receipt of a retiring-allowance his allowance shall cease, and all his rights and liabilities under this Act as a contributor shall revive.

Retiring-allowance not alienable.

20. In no case shall any retiring-allowance or other money granted under this Act be in any way assigned, transferred, or alienated from the grantee, or be subject to "The Bankruptcy Act, 1892."

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21. The Colonial Treasurer shall, on or before the thirty-first day of March, one thousand nine hundred and *six*, without further appropriation than this Act, pay into the fund the sum of five thousand pounds.

State contribution to the fund.

5 22. In the event of the fund at any time being unable to meet the charges upon it, and as often as such occurs, the following special provisions shall apply :—

Government guarantee of any deficiency in fund.

(a.) The Board shall forthwith report the fact to the Colonial Treasurer, setting forth the amount of deficiency and the causes thereof.

(b.) The Colonial Treasurer, upon being satisfied that the deficiency exists, and that provision is necessary therefor, shall, without further appropriation than this Act, pay into the fund out of the Consolidated Fund a sum sufficient to meet the deficiency.

(c.) The Board's report, together with a statement by the Colonial Treasurer of his action thereon, shall be laid before Parliament within ten days after the receipt of the report if Parliament is then sitting, or, if not, then within ten days after the commencement of the next ensuing session thereof.

23. (1.) The Board shall keep full and correct accounts of all moneys received and expended, and of all credits and liabilities, and shall within twenty-eight days after the thirty-first day of March in every year cause to be prepared a balance-sheet for the year, together with a statement of receipts and expenditure for the year.

Accounts and balance-sheet.

(2.) Such balance-sheet and statement of accounts, after being audited by the Audit Office, shall, within ten days after the completion of the audit, be laid by the Minister before Parliament, if sitting, or, if not, then within ten days after the commencement of the next ensuing session, and a copy thereof shall be sent to each contributor.

24. (1.) For the period ending the thirty-first day of March, one thousand nine hundred and *eleven*, and for each quinquennial period thereafter, an actuarial examination of the fund shall be made by an Actuary appointed by the Governor.

Actuarial examination of fund.

(2.) The Actuary shall set forth the result of such examination in a report, which shall be so prepared as to show the state of the fund at the close of the period, and its expectant state at the close of the next ensuing quinquennial period, having regard to the prospective receipts and charges during such period.

(3.) The Board shall cause such report to be printed, and a copy thereof to be supplied to each contributor.

45 (4.) A copy of such report shall, within ten days after it is received, be laid before Parliament if then sitting, or, if not, then within ten days after the commencement of the next ensuing session.

25. The rights and benefits provided for by this Act shall be subject to all such modifications as may be provided by any Act hereafter passed in amendment or repeal of this Act :

Scheme may be modified.

Provided that nothing in this section shall affect any payments actually made to, or any rights acquired by, any contributor or other person under this Act prior to the passing of such amending or

repealing Act; and the basis of the settlement of the claims of any contributor under this section shall be the total amount of the contributions of such contributor, together with interest at the rate of three per centum per annum.

Regulations.

26. The Governor may from time to time, by Order in Council 5
gazetted, make such regulations as he thinks necessary for any of
the following purposes:—

- (a.) Prescribing the manner of election and the powers, functions, and procedure of the Board; and
 - (b.) Generally prescribing whatever else he thinks necessary in 10
order to give full effect to this Act.
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MINUTES OF EVIDENCE.

FRIDAY, 28TH JULY, 1905.

T. H. GILL, President of the New Zealand Educational Institute, examined. (No. 1.)

1. *The Chairman.*] Will you make a statement, Mr. Gill?—Yes, sir. As president of the New Zealand Educational Institute I desire to place my views and the views of the executive of the institute before the Education Committee of the House. The Bill makes ample provision for a retiring-allowance to all original members under thirty years of age, and also to all new entrants, in providing a retiring-allowance of “one-sixtieth part of the total salary paid during all the years of his contribution to the fund” to all male contributors who have reached the optional retiring-age of sixty years or the compulsory retiring-age of sixty-five years. This means that after forty years of contribution to the fund the contributor will draw a retiring-allowance of two thirds of his salary during the whole period of service. As the average salary for male teachers in the colony is slightly in excess of £180 per annum, the average retiring-allowance will amount to £120. The fixing of a minimum of £52 as a retiring-allowance provides for a larger number of teachers who are in very small schools and who, in consequence, are in receipt of very small salaries—salaries so small that the contributors would not be able to make anything like an adequate provision for old age—possibly no provision at all. This also applies to a very large number of women teachers on the staffs of the large schools, and whose average salary would not be large. There are many women teachers, too, filling the positions of mistress in a very large number of schools taught by a master and a mistress. The executive of the institute, while recognising that the fixing of a minimum enabled the very poorly paid teachers to retire on an allowance of £52 per annum, and so treated in a liberal manner a number of deserving men and women, felt that the minimum, which would also be the maximum for nearly all teachers over fifty years of age, was not a sufficient recognition to a number of better-paid teachers whose pecuniary obligations in cities and towns did not permit them to make provision for old age. Many of these teachers have passed their years of usefulness, have done good service to education, and ought to be retired in the interest of the children; but the figures given by the Prime Minister to the deputation yesterday showed that very great financial obligations would have to be undertaken by the colony if a higher retiring-allowance were given to these teachers. Whilst I regret this, I am so strongly of opinion that the Bill is on the whole advantageous to the teachers of the colony that I hope it will be passed. It confers so many benefits on the young teachers—and these in the main are the ones to be considered—that I personally should deplore any action which would prevent this Bill passing. If the tying-up of the fund for a period of, say, three years would enable old teachers to secure a larger retiring-allowance—fixing the maximum so that large allowances were impossible—I should be glad. Or if any other means could be devised to provide more liberally for these old teachers without imperilling the Bill I would welcome it. I regard a scheme of superannuation as even more important than an increase of salaries—and that is certainly needed—because only an exceedingly small number will ever be able to save sufficient money to provide for the evening of life. Opportunities of making large incomes are afforded to many professional men and business men too, but are denied to teachers; and the occupation and mode of life of the teaching profession, while making demands on a small or moderate income, prevent them from acquiring that keenness so essential to accumulating money. The reduction of the retiring-age from fifty-five to fifty in the case of women was asked in the interests of a number of poorly paid, hard-worked women teachers; but as I have no doubt that some of the women themselves will give evidence before this Committee, and could no doubt represent their case very much better than I could, I shall content myself with saying that if this request could be given effect to I should heartily concur, because I believe that thirty years of trying work make large demands on a woman's nervous system.

2. *Mr. J. Allen.*] You referred to the minimum of £52, and said that there were a large number of teachers with small salaries. Have you any statistics as to these salaries, or can you give us any average of what is being paid now?—No, I cannot; but the returns would show it.

3. (To Mr. Hogben.) Can we get that information later on, Mr. Hogben?—Yes.

4. (To witness.) And the women too, Mr. Gill: can you give us any particulars of the women's salaries that you were referring to?—No. All I know is that a very large number of salaries, even in the city schools, are under £100 a year, or thereabouts. I mean in the town schools, and the schools having only a mistress.

5. (To Mr. Hogben.) The witness referred to the minimum of £52, Mr. Hogben, and said that there were a large number of teachers with small salaries. What I wanted to get at was the average, in order to see how it compared with the minimum.—If the Committee desire it I can give the number of salaries between certain limits.

6. (To witness.) With regard to the £52 minimum, your real objection, I understand, is because the amount is not sufficient to meet what you consider the reasonable demands of the better-paid teachers?—My point is this: that there are a large number of teachers now who have reached that age when their real usefulness is possibly gone, and who would not be in a position to retire on £52 a year.

7. Can you give us any idea as to where you draw the line with regard to these teachers' salaries? I understand that you think that £52 would be sufficient for some of the teachers?—What we asked was that it should be computed on sixtieths for back service, but that back service should not be allowed to count in the aggregate more than £120. That is what we asked for. We fixed the maximum at £120.

8. But what about the minimum as far as your suggestion is concerned? Do you approve of any minimum?—Yes, I favour a minimum. Personally, I would rather see the maximum go than the minimum, for the simple reason that while the maximum will be a benefit to the older teachers in the larger schools, the minimum will be a very much greater benefit to those who, possibly, will have been unable to save anything out of their small incomes. If it were a question of one or the other I would rather have the minimum.

9. Speaking for yourself, have you any suggestion to make to the Committee as to what you think would be a fair minimum?—I think £52 is a fair minimum—a very fair minimum indeed. The minimum having been fixed at £52, without any more being given in many cases—because the minimum is practically the maximum to most teachers who are over forty years of age—I would not like to see that in the least degree imperil the scheme as a whole.

10. So far as the minimum is concerned, you personally do not object to that part of the Bill?—No, certainly not. I think the minimum being fixed at £52 is very liberal indeed.

11. I was not quite clear as to what you meant by your suggestion regarding the tying-up of the fund for three years?—I meant that no one should go on the fund for three years; but that the money should accumulate for that period, so that there would be sufficient to provide this extra money required to give something more than £52 a year to the older teachers.

12. Do you mean that the contributions would be paid for the three years and would add so much more to the fund?—Yes.

13. What would happen with regard to these elderly teachers who ought to be retired now? They would be kept on in the service for another three years?—That is so.

14. *Mr. Major.*] They would not participate till the end of the three years?—That is so.

15. *Mr. Buddo.*] You suggest the tying-up of the fund for three years in order to increase the retiring-allowance of the older teachers. Have you any further suggestion to make?—Yes. I think the fund might be strengthened if teachers were allowed to purchase status—that is, by contributing a sum of money that could be calculated on the rate of contribution for back service prior to the Act coming into force.

16. This would be a special voluntary contribution from the teachers?—Yes. If more than £52 could not be given there would be a possibility of securing a larger benefit for those teachers if by any means they could purchase status by contributing so-many years' subscription—calculated actuarially, I suppose.

17. You make two proposals to the Committee, one being the tying-up of the fund for three years without participation in benefits during that time, and the second, voluntary contributions by participants in order to enable them to draw for back service?—That is so.

18. *Mr. Sidey.*] Another suggestion that you made yesterday when speaking at the interview with the Premier was in connection with the proposal to increase the teachers' salaries. I think you suggested that at any rate a number of the older teachers might be willing to allow the proposed increase to go towards strengthening the fund?—Yes.

19. Have you any authority for stating that?—All I know is that that suggestion commended itself to us as an executive.

20. When did the executive consider it?—The executive considered it by means of telegrams. On Saturday morning telegrams were sent out asking the opinion of the executive on the matter, and they were unanimous in regard to it. That is so, I think, Mr. Foster?

Mr. Foster: Yes.

21. Do you think that many teachers would be willing to fall in with that proposal?—I could not tell you that. Personally, I would be. I see that it is proposed to give the district-high-school teachers an additional increase. I would be perfectly willing that any increase coming to me should go into that fund.

22. You referred to the number of teachers in small schools: is it not a fact that on the whole this is a small-school country?—Yes. There are a very large number of small schools. Mr. Hogben could give you the figures.

3. Do you not think that the number of those who are receiving small salaries would be very much greater, in proportion to the whole number, under this scheme than in connection with the railway scheme?—Well, in some of the Education districts—in Marlborough and Westland—they have very small schools that are called household schools. If you leave out those I should certainly say there would be more poorly paid men in the railway service than there would be among the teachers.

24. *Mr. Lewis.*] With regard to the tying-up of the fund for three years, have you made any calculations as to the sum that would be realised and the amount of increase that would be possible under your suggestion?—No; but I gathered from what the Premier said that the contributions would be about £30,000, and £30,000 for three years would amount to £90,000.

25. *Mr. J. Allen.*] And there would be interest?—Yes.

26. *Right Hon. R. J. Seddon.*] Perhaps you have explained to the Committee how the scheme before us compares with what the teachers' conference considered would be satisfactory?—Only in one respect, and that was in regard to the fixing of a maximum annuity. We asked that the maximum should not be more than £120 for back service.

27. Will you now give to the Committee, in detail, the differences between the proposals submitted by the Government, and what those who represented the teachers on the conference thought would be a satisfactory scheme?—I speak subject to correction; but I think that with that one exception the proposals were the same.

28. I want you to take the Bill and show the disadvantages and the advantages, as compared with what the conference asked?—I think that with one exception the Bill is exactly on the same lines as the resolutions that were passed. It is advantageous, rather than the reverse.

29. *The Chairman.*] The Premier wants you to point out the disadvantages and the advantages?—I have not got with me the resolutions that we arrived at. I am not prepared at the present time to take the points one by one.

30. *Right Hon. R. J. Seddon.*] Take the minimum: is there not an advantage there to the teachers, under the Bill?—Most decidedly.

The Chairman.] If we take Mr. Jeffrey, in the meantime Mr. Gill can go through his papers and continue his evidence after Mr. Jeffrey has finished.

31. *Right Hon. R. J. Seddon.*] I do not know whether you have made any calculation, Mr. Gill, as to what the effect will be if the retiring-ages for women are made sixty and fifty-five, as proposed in the Bill. Have you any idea at all what that would mean?—What the extra cost would be?

32. Yes?—No, I have not.

[Since giving his evidence Mr. Gill has sent to the Committee this statement:—

The following summary is a reply to a question put by the Right Hon. Mr. Seddon to myself at a meeting of the Education Committee, on Friday, 28th July, *re* benefits of the Teachers' Superannuation Bill.

The rate of contributions in the Bill is the same as that agreed upon at the Conference held 21st to 23rd June, viz.:—

20 to 30 years	..	..	5 per cent.	40 to 45 years	..	..	8 per cent.
30 " 35 "	..	..	6 "	45 " 50 "	..	..	9 "
35 " 40 "	..	..	7 "	Above 50 years	..	..	10 "

The retiring-age was also the same—viz., men, optional [at sixty years, compulsory at sixty-five years; women, optional at fifty-five years, compulsory at sixty years. The time fixed for the number of years of contribution to the fund was the same—viz., forty years for men and thirty-five years for women. The maximum retiring-allowance was the same—viz., forty-sixtieths of the average salary. In case of retirement before fifteen years the Bill allows for the return of all contributions to men and women alike, but at the Conference a distinction was made—women were to receive all their contributions, while men were to receive the surrender value of contributions. In the case of retirement after fifteen years if medically unfit, the benefits are identical—viz., one-sixtieth for each year [of contribution. A distinction was made between new entrants and original members, both men and women, who were dismissed, as in the case of original members there was a recognition of back service in giving an amount not exceeding one-twelfth of the total salary received during all years of service prior to the Superannuation Act. This distinction is embodied in the Bill. It is in the case of teachers who are now at or approaching the retiring-age that the benefits in the Bill and those recommended at the Conference are different. The Bill says, "One-sixtieth part of the total salary paid during all the years of his contribution to the fund: Provided that the annual allowance payable to an original member shall in no case be less than the sum of fifty-two pounds." The recommendation of the Conference was, "That the annual allowance payable to an original member should be one-sixtieth of the total salary received during all the years of service: Provided that the proportion of the annual allowance, based on service prior to the commencement of the Act, should not exceed £120 in the case of men, and £72 in the case of women: Provided further that no service prior to the commencement of 'The Education Act, 1877,' should be counted as service under the Superannuation Act." From a comparison of the benefits above it will be seen that both provide for sixtieths, but while the Bill fixes a minimum allowance of £52 the recommendation of the Conference allowed for back service to the extent of £120 as a maximum for men, and £72 as a maximum for women, and at the same time suggested no minimum retiring-allowance. In case of death the widow or representative receives similar benefits in the Bill and in the recommendation of the Conference.]

33. Were the ages for women's retirement that are specified in the Bill—fifty-five and sixty—before the conference and approved by the conference?—Yes, that is so. Those were the ages approved by the conference.

34. As representing the institute, are you surprised at the indignation and protests that are now being made at the fixing of the ages at sixty and fifty-five?—At the women's action, you mean?

35. Yes?—No; I cannot say that I am, because I judged from the meeting that was held in the Clyde Quay School here that the women in Wellington were anxious that fifty should be made the retiring-age. From the expressions of opinion at that meeting I am not surprised at some of the women teachers in this city asking that the retiring-age should be reduced to fifty. What was done in other places I could not say; but if the same kind of feeling has been shown in other parts, then I presume

there must have been a latent feeling there over the same matter, which reached its highest point when the Bill came out, with the retiring-ages set down as fifty-five.

36. *The Chairman.*] Mr. Seddon is referring more to the conference. Are you surprised to find that members of the conference are expressing indignation at these proposals?—If they are expressing indignation I am surprised.

37. *Mr. A. L. D. Fraser.*] If the general institute now are in favour of fifty as the retiring-age for women, that is opposed to what was agreed to at your conference?—Most decidedly.

38. Can you express a private opinion?—Well, I moved at the conference that the age should be fifty. The motion was seconded, but that was the only support it met with.

39. Are you aware that the local institutes through the colony are in favour of fifty being the retiring-age for women?—No, I am not. I moved personally for it.

40. *Right Hon. R. J. Seddon.*] You did that irrespective of the consequences, you were not aware what the consequences would be?—It was not the pecuniary consequences that I looked at so much. I thought it would be advantageous to the system of education if women were retired after they had spent thirty years in doing fairly trying nervous work.

41. You had not gone into the financial phase of the question?—No, I had not.

42. *Mr. J. Allen* (to Mr. Fox.)] I would like to know whether the Government Actuary understood what Mr. Gill meant by the purchasing of status?—Oh, yes, I understood it.

43. (To witness.) You can enlighten us later on as to how the suggestion would work out?—Yes. I have not studied that phase of the matter, but I can go into it.

JAMES JEFFERY examined. (No. 2.)

44. *The Chairman.*] We shall be glad if you will make a statement first, and then members of the Committee will ask you questions?—Yes. I must thank you, Sir, and the Committee, for your courtesy in hearing me. I did not expect to be heard before the Committee when I came up from Dunedin. I thought I would see some members and find out the bearings of the matter better than they were known to us in Otago. Knowing, of course, what the conference had recommended I naturally felt keenly on the question. Perhaps I might ask through you, Sir, for an interpretation of clause 13, section 2. It reads, "Every contributor whose length of service exceeds fifteen years, who retires medically unfit, shall be entitled to receive from the fund such amount in one or more sums as the Board, having regard to the circumstances of each case, determines, but not exceeding in the whole the present value of an allowance computed as mentioned in the last preceding section, and being not less than the whole amount of his contributions without interest." Does that mean that if a contributor retires medically unfit after fifteen years of service he shall draw a sixtieth for each year of service?

45. I understand so?—Well, the general interpretation of that clause—and that is one of the clauses which have caused a great deal of trouble—is that it will not bear that reading.

46. I understand the intention is that it shall be one-sixtieth for each year of service?—"Every contributor whose length of service." May there not be confusion there? A contributor may have contributed for two or three years, but his length of service might be twenty years. If he has contributed for two or three years will he be paid an annuity of sixtieths for his twenty years service? If it means that, as it appears to mean on the face of it, that would provide for back service counting, and that is the great bone of contention.

47. It does not appear to be meant to be so?—Before I go any further, then, I will clearly understand that length of service does not count unless the length of service is equalled by the contribution.

48. *Mr. Hogben.*] Not for the allowance?—No; retirement medically unfit after fifteen years of service carries the pension with it.

49. According to contribution?—Yes. Well, now there are good points in this scheme. One good point is that those under thirty years of age are fairly well provided for, although not as well provided for as those under the Police or the Railway schemes; but they are fairly well provided for, and, with one or two modifications, I think it would be pretty well accepted by all. In comparison with the original scheme there are two great benefits attached to this. It is based on sixtieths, whereas the Bill introduced some two or three years ago was based on eightieths. This measure also provides for two-thirds of average salary, as against 50 per cent. under the other Bill. In these two respects we think the Bill now before Parliament is a very good one. But sixtieths are almost universal in teachers' superannuation schemes, and, in some countries, to make sure that there shall be an annuity in case of breakdown early in life, there are more than sixtieths given for the first years of service. In Germany fifteen-sixtieths are given in the first ten years. In South Australia £52 a year is paid for the first five years' contributions, but after that the amount added to the annuity is less than £2. So that in the first five years of service the annuity goes up ten times as fast as it does after that. Some funds go up to fortieths—for instance, the London and North-western Railway Company's. But we think this is a good scheme on the whole. One or two modifications are desired for those under thirty; but where the criticism comes in very strongly is with regard to from forty to nearly sixty. Here the scheme seems to be very unfavourable, though the fund is strengthened in three ways as compared with the Railway Fund. Naturally, when there are two funds established already on such a favourable basis in services more popular than the teaching, a feeling of irritation is caused amongst the teachers. They see no reason why they should not be treated as well as others. There are two directions in which this scheme compares unfavourably with the Railways: it is on a 5-per-cent. basis, as against a 3-per-cent. basis, and the annuities are calculated on the average salary. You can see what this means. A man in the Railway service retiring when his salary is £600 has his annuity calculated on that amount,

though his average salary right through might only have been £360. In our service the annuity would be calculated on the £360 and not on the £600. These two points of course very materially increase the strength of the fund ; but the point we wish to emphasize particularly is with regard to the back service. Supposing a man had been in the Railway service twenty-three years when the fund came into existence, and that his average salary was £180, though to get that average he would perhaps be getting at the end of this time £240. In his pension he would receive £92 for this back service, that is twenty-three sixtieths of £240. Then he would pay in for, say, seventeen years, and for this he would receive £68 a year, bringing his pension up to £160. Now, take a teacher in the same position—with an average salary of £180. If he paid in for seventeen years he would receive 17 times £3 = £51. If he paid in for forty years he would receive £120—that is, £3 for each year of service. If Mr. Hogben can show that I am wrong in these figures I shall be very glad ; but that is the way it works out. This being so, the teacher thinks that if he is to teach for twenty years from now and then retire on an annuity of £52, all of which has been paid for and no back service allowed for, he is not receiving fair treatment compared with what is being received under the Railway and Police schemes. Then there is the actuarial aspect of the matter. Of course that concerns the Government very much. If the actuarial deficiency is £200,000, at 4 per cent., it would mean, at the worst, only £8,000 a year that the Government would have to find. But if the reports of the A.M.P., the National Mutual, the Citizens, and other societies are worth anything, they show that the death-rate is well under the actuarial assumption. Naturally, for annuities, the rate would be calculated at rather above than under what it would be, because actuaries must err on the safe side ; but the death-rate in, I think, the National Mutual Society's report was given as 70 per cent. of what was allowed for. Well, if that is so, an actuary must be on the conservative side. And the interest to be earned by insurance funds is higher than has been allowed for. The Government have now provided for 4 per cent. being earned. This makes a very material alteration. It was $3\frac{1}{2}$ per cent. before. We ask the Committee to recommend the Government to go as closely as possible to what can be given by them, and to stretch points in our favour rather than against us. The question of back allowance I have mentioned already. We should like to see some provision made for this back service, apart from what a man or woman may earn by contribution. The conference fixed the amount at a maximum of £120 for back service for males, and £72 for women—a maximum few will reach. The actuarial difficulty comes in the way ; but I would suggest that perhaps you can see your way clear to allow up to £52 for women, and up to, say, £78 for men, for back service in addition to what is earned. In the Railway and Police Funds all service is counted in full. It is a matter of detail which you can decide yourselves ; but we would ask you to decide upon something for back service, or it will press very hardly upon teachers of from forty to sixty, and these are the ones that are falling out of the profession. Indeed, these will not resign, and one of the objects of the Bill will be frustrated. The Premier has spoken about £26,000 being voted, and that is practically the amount taken to be paid into the fund by teachers. But, in the past, teachers have been very much underpaid, and the facts that lads will not enter the service, and that a very large percentage of those that go into it leave, speak for themselves. That £26,000 represents really what ought to have been paid in the past. It is not a gift. I look upon it as money that is being given by the Government to bring teachers up fairly well to what they ought to have received long ago. So I can see no charity in that gift by the Government. It is ours by right. Naturally we compare our fund with the Railway and the Police funds. The Premier stated at our interview with him that there was a large sum handed over when the Railway fund was established. It was only £3,606, and the fines £666. The Police fund, I think, had only £1,665, and the fines were about £27. In the Railway service £96,681 has, I think, been contributed altogether, so, as I have shown, the amount that the fund commenced with was not large. So, if the Railway fund could start with so little and accumulate such a large amount, there is no reason why the teachers' fund should not start fairly well, if established on a 5-per-cent. basis instead of a 3-per-cent., if paying pensions on the average salary and limiting annuity for past service both in years and in amount. Taking these things into consideration we hope you will try to do something for the teachers between forty and sixty, giving them something for back service, in addition to what they might earn.

50. *Right Hon. R. J. Seddon.*] Have you calculated what an allowance for full back service would cost ?—From an actuarial point of view ?

51. Yes ?—No, I have no knowledge of actuarial work.

52. If you do not know what the amount would be for the whole back service, you do not know what it would be if you made it £78 a year or £52 ?—No ; but I think that is a point you might perhaps take into consideration yourselves.

53. You have heard the suggestion made about women teachers being compulsorily retired at fifty-five and voluntarily at fifty. What are your views upon that matter ?—I have what I might call my private views and what might be termed my public views. Personally, I think that if it is possible to retire women at fifty it is advisable to do so. It seems that a woman, on coming to the change of life, loses to some extent, if she is not married, that milk of human kindness which is necessary for the proper treatment of children. One of the educational journals that I have recently read stated that young children should always be taught by young people. But I believe that once a woman arrives at the age of fifty she then lives two or three years longer than a man. Perhaps Mr. Fox can tell us as to that.

Mr. Fox : I can only say that experience shows that after about that age female life is better than male life.

Witness : That brings up another point ; that if the age for female retirement is reduced to fifty, it means that a woman will draw an annuity for a correspondingly longer time ; and that, of course,

would increase the actuarial deficiency. Personally, I am in favour of women retiring at fifty if it can be managed—purely from the children's point of view.

54. On this point, as on the others, you have not worked the matter out as to the difference it would make in the scheme?—No; but I have been told that to reduce the age from fifty-five to fifty would probably increase the amount required for the women's fund from 50 per cent. to 75 per cent.

55. As to the minimum of £52, is that an improvement in the scheme as compared with what you had before the conference?—I think it is a capital idea to have the £52 minimum.

56. Would not that be to the advantage of the female teachers who retired? What is the relative number of female teachers retiring medically unfit as compared with males?—I think you will find there will be a larger number of women retiring medically unfit than men.

57. Would it not be advantageous, then, for them to receive a minimum allowance of £52?—Decidedly. I thought it a reasonable thing to make the minimum allowance £52 for women and perhaps £78 for men, though I much prefer the conference proposals. The average woman's salary is much lower than the average man's, and to make the minimum the same for both hardly seems fair. If the men are getting one-half more salary than the women, then I think the men should have one-half more than the minimum allowance. Perhaps you could take that into consideration—i.e., £52 for women, and more for men, in proportion to the higher average salary of the men.

58. You attended the conference: the retirement of women at sixty and fifty-five years of age was agreed to at the conference?—That is so. It was also agreed to by the Otago Educational Institute, if I remember rightly. I know that one member of the executive has agreed to the reduction to fifty on condition that men should receive something for back service, apart from what they paid into the fund, as a compromise.

59. Take the Bill as it stands, and what was proposed at the conference: which of the two schemes would be of the greatest advantage to the teachers?—I prefer the conference scheme on the whole.

60. With no minimum?—With no minimum; but I think not having a minimum is a fault. Personally, I would prefer to have a minimum and also a maximum. If there is a minimum of £50, perhaps there might be a maximum of £200 fixed. Fixing a maximum might relieve the strain caused by fixing a minimum. There is one man who is on the Railway fund now drawing £400, and he has only been paying into it for two years. If you had a minimum you would perhaps strengthen the fund by having a moderate maximum, say, £200.

61. Then you think that the disappointment of the teachers arises in some measure owing to there being more liberal provisions in the Railway scheme, as compared with this one?—Yes, I am sure of that. Considering the unpopularity of the teaching profession and the popularity of the Railway service as compared with it, teachers naturally think that the unpopular service should receive, if anything, preferential treatment.

62. I suppose the question of the amount of contribution and the soundness of the fund depends largely upon the ages of those who are contributing and who are in the service, does it not?—That raises two questions. I do not know whether an endowment allowance might not be provided for the old men. I do not know what the figures are for the profession, but supposing a hundred men enter the service, and there are no retirements except through death, then a certain percentage would reach sixty years of age. But I do not think that percentage is got in actual practice, because of the hundred a large percentage would go into other professions, and their places would be taken by other young men coming in. So perhaps it would be only half that percentage who would reach sixty. Then, that raises the other question. If you have a large number of young men entering the service, and they intend to stay in that service, eventually they must come upon the fund, and there will be a bigger strain upon it when they do.

63. Have you any idea as to the number of young people entering the Railway service, as compared with the number entering the teaching profession?—No, I have not. You mean the number of men entering, apart from women?

64. Yes?—There are very few men entering the service.

65. I mean the number of employees that will come upon the fund in the Railway service and the number of teachers entering the teaching service. Have you any idea as to the relative number that are entering, comparing the two services?—No, but I think you will find that a larger percentage will remain in the Railway service and draw annuities than will remain in the teaching profession.

66. Have you any idea as to the number of men, and their ages, who were in the Railway service at the time the scheme was established, and the number of elderly teachers as compared with the young ones, say, between thirty and fifty?—No, I have not; but supposing there were a larger percentage of old people in the teaching profession than in the Railway service, that position might be reversed when the young men now in the Railway service come on the fund, and our old teachers die off.

67. Is there not a much larger expansion in the number of employees in the Railway service as compared with the teaching profession?—That will not affect that ratio that will ultimately come upon the fund.

68. How do you make that out, seeing that the number of teachers in the schools is almost stationary, whilst in the Railway service the number of employees is continually increasing, and all those taken in are young people?—Perhaps this is the drift of your question: If there is a continually increasing number entering the Railway service, will there not always be a larger number entering than will go upon the fund?

69. Yes?—Supposing the time should come when the Railway service will cease; though of course it will not cease. That is one of the points I have not tried to make use of, because I know that from an actuarial point of view it is not taken any notice of. Where there is a natural inflow into the service, and that inflow is compulsory, naturally the incomers will help to pay those that are going out. But I am not allowed to use that argument, I think, from an actuarial point of view.

70. The only point you seem to have is that the Railway-service scheme is much superior to that of the teachers. There may be reasons for this, owing to the difference between the two services. If it is the old teachers that are bursting up the scheme now, that will not obtain in the Railway service, with the larger proportion of younger people going into the service?—Put it in another way: If there are a large number of old teachers going from the service now, will not the actuarial deficiency gradually decrease when these aged persons die off, and their places be taken by young ones?

71. Yes?—Then the amount the Government will have to contribute from year to year will be a decreasing amount. You will find the greatest trouble in the first few years.

72. *Mr. J. Allen.*] I understand you have no objection to the scheme as regards those who are under thirty?—No. They pay on a 5-per-cent. basis. I was not going to bring up details, but there are one or two points I might mention. For instance, with regard to rent allowance. A man may be an assistant at £200 a year, and he may take a country school at £180. By doing so, he has a house. But if his annuity were to be counted on the lower salary, it would act as a deterrent to the teacher taking a country school. I should like you to consider that point. Supposing I were a young man at £180, and a country school were offered to me at £160, I should be inclined to take it if I were not going to have my annuity reduced in consequence; but I would not take the country school if the fact of my having a residence were going to tell against my annuity. There is another point—with regard to widows and children. We should like to see an arrangement made something like this: According to the Bill, if a man dies, a certain amount is to be paid to his widow. That is to be payable in two or more instalments. Supposing the widow were to die after one instalment had been paid, we should like to see provision made for the remaining portion to be paid over to her children if she had any under fourteen years of age. This is a small point; but I look upon these two as being necessary to a perfect scheme. The main point is the one I drew attention to before. I think the allowance to the widows might be left very largely in the hands of the Board.

73. Coming to the ages of from forty to sixty, I understand that your chief objection there, is that the back service does not count. Is that so?—As I read the Bill, supposing a man is at forty-three now, and his average salary is £180: he gets £3 for each year of service, and is in for seventeen years; he then retires on £52 a year. A man could retire now on £52, but in seventeen years' time the average-salaried teacher would not retire on more. And it is the average-salaried teacher that you want to look to, rather than the high-salaried teacher. Mr. Hogben might be able to give you an idea of how many teachers there are earning £180 and under.

74. You made some suggestion to get over that, from your point of view. I was not quite clear what it was. Was it that you wanted some specific kind of back allowance?—That is so. The Institute recommended that the service should count from 1877 to the time of the passing of the Act, but that the amount to come to a man should not exceed £120, and that to a woman should not be more than £78.

75. That is the maximum?—Yes, the maximum for back pay, to which was to be added whatever they might earn by contribution; the same as in the Railway service. But perhaps you will find the actuarial deficiency so much that you cannot possibly do that.

76. Have you any idea, from your own calculations, what that would come to?—That is a matter for the experts, sir. If you cannot make it £120, perhaps you might fix it at about £100 or £78, for back service purely.

77. Would it be, as far as you know, a large amount?—I could not say. Perhaps Mr. Hogben could give you an idea.

78. You favour back allowance to a limited extent. You would limit it to £72 for women and £120 for men?—Yes: £120 is two-thirds of £180, the average salary of the man, and £72 two-thirds of a woman's average salary.

79. Would you now give me a comparison of the Bill and the conference proposals?—Supposing that the Bill were in force, what would a teacher get at the retiring-age—sixty—his salary being £300?—Fifty-two pounds a year.

80. Under the conference proposals what would he get?—One hundred and twenty pounds, that is, if his average salary were £300.

81. Take a lower-paid teacher, one whose average salary was £180?—If he were forty-three now, on retiring at sixty, he would get £52 under the Bill.

82. What would he get under your proposal?—Eighty-four pounds for back service plus £51 for the seventeen years he would be a contributor.

83. Now, take a teacher with an average salary of £90. What would he get on retiring at sixty?—Fifty-two pounds according to the Bill, but £42 according to conference proposals, that is for service since 1877, but you will find, I think, that probably there are no certificated teachers that will have an average of only £90 for the whole term of service.

84. Will you give us what you think would be the lowest average for any of the teachers?—I could hardly give that off-hand.

85. In respect of the widow who has received a portion of her allowance and then dies, do you mean that the balance of the contributions is to be paid, or the balance of the contributions and the £200 together?—According to the Bill, I think it is the £200 plus the contributions.

86. *The Chairman.*] Is the proposal in the Bill what you want?—No. Supposing £300 was payable to the widow, and she had received £150. I say the remaining £150 should go to her children under fourteen, if there were any. If there were no children under fourteen, that amount would simply be absorbed by the fund. Say, the widow had received a portion of her allowance, then, the remaining portion would go to the children if there were any under fourteen.

87. *Mr. Hogben.*] Including the £200?—Yes.

88. *Mr. Allen.*] Could you tell us whether it would be more favourably received by the teachers generally if we attempted to make some provision for back allowance, and reduced the age, say, with regard to women, and utilised for that purpose some of the money that is suggested for increases in salaries?—I think that members of the executive and those who have taken a prominent part in this matter could get teachers to agree to that. The main contention is for something for back service.

89. If we could do something with regard to back service, you think that generally the Bill would be acceptable?—Yes. There are some teachers who will not give it any consideration at all, and who wish to retire on the same lines as the Railway servants; but there are others who are more moderate in their views than that.

90. You do not object to the average salary being taken as the basis for the pensions?—I think it is equitable, although it tells strongly against us as compared with the Railway men. If you gave us the Railway basis, and made it eightieths instead of sixtieths, as proposed, the higher-salaried men would be better off than if the average salary were taken and the annuity based on sixtieths.

91. *Mr. Fisher.*] You would rather take the scheme as it is than have no scheme at all?—I wish that to be clearly understood. If you think among yourselves that there is no chance of giving a scheme of a rather more equitable nature, then I would say take the scheme as it is—emphatically so. I should be very sorry if anything I have said should jeopardize it. The scheme, however, unless amended, will not retire old teachers, so will partially fail in its object. But I think that we as teachers have a perfect right to criticize any scheme in which we are interested. We are not looking at the matter from a purely selfish point of view; we have the service in view as well, and if you do not do as others are doing, and give us terms that are fairly reasonable, of course you will not get good teachers.

92. It is simply an effort on your part to get the best scheme you can?—Yes, naturally, but at the same time, we think it is extremely moderate in comparison with what the Government have done for other services.

93. You think that some of the old teachers would not go on the fund under this Bill?—Certainly, they will not.

94. Would it not help the scheme financially if they did not?—It might, but it might have a bad effect upon education. It is well known that there are teachers in the service who ought to be retired, and these will simply keep on as long as they can.

95. *Mr. Major.*] The principal defect, as far as the teachers can discover, is that no provision is made for back service being allowed for?—That is so.

96. The conference was fairly unanimous on that question?—Yes, the conference agreed pretty well.

97. You heard Mr. Gill make the statement that the teachers were inclined to favour the proposal that no benefits should be derived from the fund for a period of three years; that no teachers should receive benefits for that period, in order that the fund might be strengthened?—That has not been discussed by the teachers' institutes at all. But if you can give us more liberal allowances, have back service allowances, and perhaps reduce the women's retiring age from fifty-five to fifty-two or fifty-three, I shall do my best to persuade teachers to lock up the fund for one or two years. The matter, however, has not been discussed by the teachers at all.

98. At the conference the teachers realised that the only obstacles were financial ones, I suppose?—That is so.

99. And they realised that the matter of back service was the most important factor to be dealt with?—That is so.

100. The question was, "What arrangements could be made that would be satisfactory to both the teachers and the finances of the colony"?—Yes; they compromised between the two in some way or other. There are a large number of teachers drawing fairly large salaries, and they were discontented at the £120 fixed upon. But we recognised that the finances of the colony have to be considered.

101. In tendering his evidence to the Committee Mr. Gill said he thought the minimum pension of £52 was a reasonable one. Are you of the same opinion?—Yes, as a minimum; but, unfortunately for most teachers it will be the maximum for the next twenty years.

102. Objection has been taken to the payment of a pension of a minimum of £52. A number of teachers, I understand, say that a man and his wife would be in receipt of the same amount by reason of the old-age pensions: they would get £52 a year between them?—That is so.

103. *Mr. McNab.*] The teachers realise, do they not, that the proposals contained in the Bill mean in effect a very considerable State contribution to the fund?—The Railway fund—

104. I do not want to go into the matter of the Railway fund, but to just keep to this?—There are two funds that have not been State-aided. The Railway fund seems to be working out all right, and if that does not require a contribution from the State why should ours?

105. Am I to understand that you take up the attitude that the State is not contributing anything to this fund? Is that the attitude you take up?—The figures that have been given show that the State is going to contribute something to the fund; but we cannot understand why a State contribution should be necessary with our fund when the Government have not contributed to others.

106. I want an answer, Yes or No: do the teachers admit that this scheme, as outlined in the Bill, means a large State contribution?—They cannot see why it should receive—

107. That is not the question. Do they consider that it means a State contribution?—They do not consider that it means a State contribution to any large extent.

108. Then they consider that it does mean a State contribution, but not one to any large extent?—As far as I understand.

109. Would they be prepared, in place of the proposals contained in the Bill, to accept the interest paid in perpetuity on a sum of £150,000, strike out the clause giving a State guarantee, and adopt their own proposals? Would they be prepared to do that rather than adopt the proposals of the Bill?—I could not say that.

110. What would be your own opinion?—I should like to see the figures on which the calculations are based before I gave an answer, and have them examined by others more experienced than myself.

111. You would not express an opinion as to whether a State donation of £150,000 to a fund, and your proposals for distribution without the State guarantee, would be better or worse than the present proposals?—No; I would not commit myself.

112. *Hon. Sir W. J. Steward.*] Have you a copy of the Bill before you?—Yes.

113. Will you look at section 12, subsection (3)?—Yes.

114. The South Canterbury Institute is asking that the House should strike out the words “contribution to the fund” and insert the word “service,” so that it would read “an annual allowance for the rest of his life, computed as follows: namely, one-sixtieth part of the total salary paid during all the years of his service.” You have made statements as to your desire that some allowance should be made in respect of back service. Does your wish correspond with the suggestion of the South Canterbury Institute? Is that what you mean?—In this respect it is not in conformity with what the conference and the New Zealand Educational Institute have suggested—

The Chairman: I must ask you to answer the question put by Sir William Steward, as to whether your wishes correspond with the suggestion of the South Canterbury Institute.

115. *Hon. Sir W. J. Steward.*] What you ask with regard to back service: does that correspond with this request from the South Canterbury branch of the Institute?—No, it does not.

116. Then in what respect do you differ?—A contributor may have been contributing for five or six years, but he might have been in the service for forty years. Now, we wish that the two should be separated; that a certain amount should be allowed for the service, not exceeding £120 a year.

117. Then you do not agree with the proposal that the whole term of service should count, but that there should be a maximum amount fixed?—A maximum amount and also a maximum term—from 1877 till the time of the passing of the Act.

118. Have you made any calculation whatever as to what would be the difference in the cost to the State—that is to say, what further sum, if any, would require to be contributed by the State to make the scheme financially sound if that suggestion of yours were adopted?—It would modify the question of liability; but that is a matter for the actuary to work out.

119. You are not able to give us any opinion at all on that point?—No.

120. *Mr. Fowlds.*] With regard to the minimum of £52 a year, you would not suggest that the great bulk of the teachers could get better terms if they paid their contributions into any other society or fund than they would get under this £52 provision?—Probably not, probably not as good; because the Government is not at the expense a private company is at. A private company must allow so much for expenses of management.

121. Then the great bulk of the old teachers retiring within the next ten years would be getting a great deal more than their payments could possibly procure for them from any other establishment?—That is, the average-salaried teacher.

122. Well, is it not a fact that teachers are, next to ministers, about the longest-lived people?—No; I think that is an erroneous impression.

123. They are amongst those who live longer than the average man, at any rate?—Those statistics refer to the Old Country, not to the high-pressure life in New Zealand.

124. They do not have the long holidays in the Old Country that they have in this country?—Well, you cannot get young men to remain in the service, despite the long holidays.

125. You said you did not think this scheme meant any State aid to the fund at all?—No; I would not commit myself on that question.

126. The drift of your reply was the other way—“No, not to a very large extent.” That was your answer, was it not?—That is so. I naturally spoke of it in comparison with the Police scheme.

127. Can you suggest any annual contribution from the State towards this fund that would be satisfactory to the teachers and would enable us to withdraw the State guarantee?—Supposing there is a deficiency of a quarter of a million; at 4 per cent. that would only be £10,000 a year.

128. Would you be satisfied with a contribution of £10,000 a year and the withdrawal of the State guarantee?—Yes, I think I would be satisfied personally; but I could not commit the Institute to that.

129. You would be perfectly satisfied with that; there is no qualification to that statement as far as you yourself are concerned?—No.

130. And you would arrange the scheme, then, on a basis that the actuaries said was possible as regards back service, age of retiring, and so forth?—Yes; as far as I am personally concerned

131. *Mr. Buddo.*] You stated that you yourself would take a position in the country at a lower salary than you would receive as an assistant in a large town school?—Yes.

132. Can you give any instance of an assistant at a large school in a town taking a lower salary in the country?—Yes, myself.

133. If I told you that the North Canterbury Board had had no case of the kind for the last fifteen years, would you say it was correct?—That is a matter of your own experience; but I left the Mornington School, where I was first assistant, at £220, and went to my present position at £190. I was paying £40 a year rent, and I was £10 better off. For the annuity, however, I should be worse off. You will find others in Otago who have taken a lower salary in the country.

134. What is your opinion of the benefit of this proposal to a teacher who at the present time is fifty years of age?—It depends upon his salary.

135. Would it be advantageous to him to fall in with this scheme?—It depends upon his salary, I think.

136. Assuming that his salary is £200?—Comparing it with the purchase of an annuity in an ordinary company, he would be much better off.

137. What advantage would it be to a teacher who is at the present time forty-five years of age, with a salary of £200, assuming he does not retire till he is sixty-five, and thus contributes £18 a year for twenty years?—I do not know how that would work out from the annuity point of view.

138. You would not like to express an opinion?—No; but I should imagine the comparison would be in favour of this scheme.

139. Would you think that the weakest part of the scheme from the teachers' point of view?—The teacher would naturally wish to have more allowance made for his service.

140. You consider that under forty the scheme is fairly advantageous?—Yes.

141. But you would have strong doubts as to it after those years? You admit that from fifty years upwards it would be advantageous to the teachers to contribute to the fund?—Yes, to the average teacher.

142. But you would like further time to consider whether it would be advantageous from forty-five years?—Well, the same money invested outside might return more to a teacher than it would if put into the teachers' fund.

143. *Mr. A. L. D. Fraser.*] In the interests of education, do you think it would be preferable that women teachers should have the option of retiring at fifty or fifty-five?—From an educational point of view I should say they should have the option of retiring at fifty.

144. That is, in the interests of education?—Yes, not considering finance.

145. *The Chairman.*] Is it a fact that there are very few women over fifty in the employ of the Education Boards?—I think there are a fair number in Otago. I think you will probably find there is a larger proportion over fifty in the South than there is in the North.

146. I am told that Education Boards do not favour the retention in their service of women over fifty?—The Otago Education Board has, I think, been very fair to women.

147. You can only speak for the Otago Board?—Yes, but I do not think any woman over fifty has had cause to complain.

148. Have you placed before us all the objections that you think ought reasonably to be put before the Committee with regard to this scheme?—I should like to mention them again to make sure that I have not missed any. Back service, I think, is the first.

149. The superannuation to be computed upon back service instead of contribution?—In addition to contribution—to be computed upon a portion of the back service.

150. Now, No. 2?—That any amount not claimed by the widow should be handed over to the children under fourteen, if any?

151. Yes, now No. 3?—If possible the house allowance should be taken into consideration when calculating the annuity. Those are the three points.

152. Then you do not regard the reduction of the retiring-age for women as an important question at all?—From an educational point of view I do.

153. But not from the point of view of the scheme?—Yes, I would put it in because I am considering the matter from an education point of view right through.

154. Are those all the points?—Those are all, the fourth point being the retiring age of the women.

155. Those are the objections to the scheme?—Yes.

156. *Mr. Fisher.*] It is quite possible, is it not, that some other witness may come before us and give a reasonable objection, in addition to the ones you have mentioned?—Yes.

157. It is possible you have overlooked something?—Yes.

The Chairman (to Mr. Gill): Will you continue now, Mr. Gill?

Mr. Gill: I would rather take a little longer time, Sir, to look into the differences between the conference resolutions and the scheme embodied in the Bill.

The Chairman: Very well.

MORRIS FOX, Actuary, Government Life Insurance Department, examined. (No. 3.)

158. *Right Hon. R. J. Seddon.*] You have perused the Bill before the Committee, Mr. Fox?—Yes.

159. Can you tell the Committee, taking the payments provided there—the one-sixtieth pensions—what would be the capital value required to make the minimum pension £52?—Are you referring to the total subsidy?

160. Yes?—The capital value of the subsidy for a minimum of £52 for males would be £45,316. That is the capital value of the total subsidy required to bring up the pension to £52. Some might be only getting pensions according to the scale of, say, £10, and some might be getting £50; this is the capital value of the subsidy required to bring them all up to £52.

161. *Mr. J. Allen.*] What are the figures for females?—£33,770, making a total of £79,086.

162. *Right Hon. R. J. Seddon.*] Suppose we double the minimum pension?—To bring up the minimum pension to £104 the additional capital value will be, in the case of males, £121,321, and in the case of females £111,783, making a total additional capital value of £233,104. The total capital value of the subsidy required to make the pension £104 would be, in the case of males, £166,637, and in the case of females £145,553—together, £312,190.

163. *Mr. Fowlds.*] What is that to do?—That is the capital value of the subsidy necessary to bring up the one-sixtieths pensions to £104 in all cases, so that no pension shall be less than £104.

164. The last figures that you have given us include the former ones, do they not?—Yes.

165. *Right Hon. R. J. Seddon.*] £312,190 is the total?—Yes.

166. Now what would be the capital value of the subsidy for sixtieth pensions, taking the subsidiary benefits?—Including the subsidiary benefits—but let me explain what I mean by subsidiary benefits. First of all there is the pension benefit, purely and simply. Then there is the benefit of £200 allowance to widows. Then there is the benefit of the return of full contributions at death before pension age, and there is the benefit of an allowance of the balance of three years' pension if the contributor dies within three years of drawing the pension. Those three are the subsidiary benefits. The capital value required for the pension and these three subsidiary benefits amounts to, in the case of males £146,537—this is the capital value of the subsidy over and above the teachers' contributions—and in the case of females, £44,625.

167. *Mr. Fowlds.*] Why the big difference?—Well, the salaries are very much less in the case of females, and the subsidiary benefits are very much less, too. For instance, there is no £200 at death in the case of women teachers. The total under this head is £191,162. I will now give you the grand totals: males, £313,174; females, £190,178; together, £503,352. That is the capital value of the total subsidy for one-sixtieth pensions and subsidiary benefits, the minimum pension being £104.

168. *Mr. Graham.*] The Premier has left the room and has handed me this statement to ask you questions upon. The next point is $3\frac{1}{2}$ per cent. interest on the total capital value in the case of males and females?—Three and a half per cent. interest on that total capital value would be, in the case of males, £10,961, and females £6,656, making a total of £17,617. That is the total interest on the total capital value.

169. *Mr. Jeffrey.*] That is the total amount to provide everything—not in addition to what the teachers pay themselves?—Yes, that is the subsidy necessary in addition to the teachers' contributions.

170. *Mr. Fowlds.*] Does this include allowing for all back service?—It does not include that, but I can say that the cost would be much about the same thing.

171. The £104 pension will pretty well cover all back service?—Yes.

172. *Mr. Graham.*] With regard to the lowering of the retiring-age for females to fifty: what would be the capital value of the subsidy for females when the pension age is fifty-five to make the minimum pension £52, without providing for back service?—The capital value of the subsidy for females when the pension age is fifty-five, the minimum pension being £52, and no back service being allowed for, is £78,395.

173. Three and a half per cent. annual interest on that would be?—£2,744.

174. And the capital value of the subsidy when the pension age is reduced to fifty would be?—£153,784.

175. Three and a half per cent. interest on £153,784 would amount to?—£5,383.

176. *Mr. J. Allen.*] Taking these last figures for the retiring of the women: upon what basis have you made your calculations, what actuarial tables? Upon what grounds have you based your calculations?—Do you mean the basis for lowering the pension age in the case of females?

177. I want an answer to that question with respect to all the subsidiary benefits. What tables have you used—what were your grounds for making the calculations?—I have a statement prepared going into that in detail, which I will read with the permission of the Right Hon. the Minister. "The latest data supplied by the Education Department in 1903, in reference to ages and salaries of male and female teachers, have been used for this purpose—the purpose of the basis adopted in the valuation of the scheme. The cost of the benefits contained has been computed as follows:—*Mortality*: The mortality assumed is that relating to healthy districts of England computed by the late Dr. Farr. This experience is very suitable for the purpose, and has an advantage over a table founded on the population of New Zealand, as it contains the experience of a greater number of people living and dying at advanced ages. The probabilities of leaving a widow at death are also derived from English statistics. *Rate of Withdrawal*: In the case of males this has not been taken into account in the calculations, as the inducement to remain in the service caused by the adoption of a pension scheme must considerably diminish the number of those retiring voluntarily, and therefore render any rate based on past experience of the numbers quite unreliable for practical purposes. Female teachers are in a different position in regard to withdrawals, for they rarely enter the service for life, and, with few exceptions, retire from it on getting married. Probably, therefore, the scheme would not have much effect on the rate of withdrawal hitherto experienced, and allowance has consequently been made in computing the cost of the benefits for withdrawals according to the actual rate recently experienced among female teachers."

178. That is in New Zealand?—In New Zealand, under the Education Department. I also should say, as I have given an estimate for bringing down the female retiring-age from fifty-five to fifty, that it seems to me the lowering of the age would probably vitiate that experience of withdrawals in future, because more females near the age of fifty would be induced to remain till they were fifty.

179. What effect would that have?—It seems to me that women of, say, between forty and forty-five, who might not be induced to remain till fifty-five, might remain till fifty. It would have the effect of vitiating the withdrawals in that way, but do you mean what effect it would have on the cost?

180. Yes?—It would make it more expensive because there would remain more to draw annuities.

181. *Mr. Buchanan.*] You might, on reconsideration, come to the conclusion that that point would influence the withdrawals?—Yes. That is all about the rate of withdrawal. “*Retiring medically unfit*: There are no available data on which to base a calculation of the cost of these benefits. Any additional liability on this head must, therefore, be left to be provided for among miscellaneous contingencies.” I need hardly say that this is one instance where the actuarial calculation cannot have been on a conservative basis, because no provision has been made for it at all. I had no data to go on. If the teachers retire at any age before sixty and draw a pension, I have no means of knowing, every Board would have a different way of dealing with the men.

182. *Mr. Foulds.*] Does that mean that for every one coming on to the pension fund under that clause that the cost of that between the time they come on to the fund and their reaching the age of sixty, would be additional?—I imagine it would. I might point out this, that the very fact of their being in ill health would make the average duration of their future lives less, and I have read the opinion of an eminent English actuary, who dealt with the Scottish Police Superannuation scheme, to the effect that he did not think it made very much additional liability.

183. They would die sooner?—On account of that.

184. But the contributions would be smaller because they would not be paying?—Yes. “*Age at retirement for pension*: Males will retire between the ages of sixty and sixty-five, and from the experience of other funds it is considered a reasonable assumption that they will remain in the service for three years after becoming entitled to retire on a pension, and that they will all retire at sixty-three. Females will retire between fifty-five and sixty, and the age has been taken at fifty-seven. In both cases the retiring-age can only be fixed with greater accuracy after the fund has been established some years, when more exact calculations can be made, based on the actual numbers retiring at different ages.” The next basis is the *rate of interest*. “In the calculations I have assumed a net rate of $3\frac{1}{2}$ per cent. compound interest.”

185. *Mr. J. Allen.*] What does the Bill provide?—“In the draft Bill it is provided that the Public Trustee shall allow at least 4 per cent. on the fund, but seeing that there must be deducted from the gross interest earnings (1) the expenses of administering the fund, no loading having been included for this purpose; (2) any losses arising from investments, which are almost inevitable with any large fund in the course of time; and (3) any losses arising from adverse fluctuations in other respects than interest-earnings, I do not think a higher rate than $3\frac{1}{2}$ per cent. could properly be taken for the purpose of estimating the real liability involved in such a scheme. Certainly no higher rate should be taken by a private institution at the present time for such a purpose; and most of the annuity business transacted in this colony, including annuity assurances issued under “The Civil Service Insurance Act, 1893,” is on a 3-per-cent. basis.” That explains the whole basis.

186. *Right Hon. R. J. Seddon.*] Did the Committee get from you, during my absence from the room, what the capital amount would be if pay for back service were included?—No. You mean from the schedule?

187. Yes?—I can give that. If back service is included and there is no minimum pension—shall I put it how the amount would be increased from what it would be without back service?

188. Yes?—The capital value for males would be increased from what it would be with no back service—£191,853—to £348,900. The annual charge of $3\frac{1}{2}$ per cent. on this would be increased from £6,715 to £12,212. That is in the case of males. In the case of females the capital value would be increased as follows: I may say that I am taking a minimum pension of £52, and am not taking £104 into consideration; I am also taking the female age as fifty-five, not fifty.

189. *Mr. J. Allen.*] I thought you said you would take it with no minimum pension?—I am bringing the capital value required for a scheme providing a minimum pension of £52 without back service to that required for a scheme providing no minimum pension, but including all back service. In the case of females it brings it up from £78,395 to £146,028, and the interest on this is increased from £2,744 to £5,111.

190. *Mr. Foulds.*] Both of those are without the minimum pension at all?—The first amount—the smaller amount—is with the minimum pension of £52, but includes nothing for back service. The second one is with the £52 minimum abolished, but with payment for back service. Abolishing the £52 makes very little difference here. It makes no difference in the case of males, but with females it makes a slight difference.

191. *Right Hon. R. J. Seddon.*] Including payment for back service then, but not allowing for the minimum pension, the capital value is, how much?—For males £348,900, and for females £146,028, making a total of £494,928.

192. *Mr. McNab.*] Are the Committee to understand that that means that £490,000 is the capital value of the State contribution?—The capital value of the State contribution necessary for payment for back service, outside of contributions by teachers.

193. *Mr. J. Allen.*] In this last calculation there was no minimum: was there any maximum?—In the case of back service?

194. Yes ?—It would make very little difference, if any. I mean that £120 would make very little difference.

195. If there were a maximum of £120 ?—It would make practically no difference.

196. Would nobody get more than £120, then ?—I am not prepared to say just now whether there would be none ; but I know that the difference would be practically very small, if there were any difference.

197. *The Chairman.*] £120 is practically the maximum ?—I must explain there. On the average salary that is being paid now, for all ages, a pension of £120 would be about the limit ; but of course there are some salaries that would carry a pension of more than £120.

198. If there were no maximum ?—Yes.

199. *Mr. Foulds.*] Can you give us, in one sum, the capital value of the State contribution under the Bill as it stands at the present time ?—Yes. I make the total for males and females £270,248.

200. Does that include the supposed contribution that will be required in 1933 of £3 a head ?—No ; it has nothing whatever to do with that.

201. *Mr. J. Allen.*] This sum makes the scheme sound for all time ?—Well, I would point out that for the present members it does, but every additional member who comes into the service comes in at a loss to the fund unless provision is made for him. It would cost about £3 10s. for every new member if he came in at about the age of twenty-three. [NOTE.—This refers to male teachers only.—M. F.]

202. In addition to the capital value of £270,000 ?—Yes. That is only for the existing staff ; those data are now a good many months old, and the staff is slowly increasing ; and before the Bill comes into operation, if passed, there will be a further small increase.

203. *Mr. Buchanan.*] Every new member would have to contribute ?—Yes. Every young member coming in in future should pay nearly 8 per cent. of his salary.

204. *Mr. Foulds.*] Assuming that the staff doubled by the year 1931, at least double this £270,000 would be required ? That would be the capital value of the State's contribution then ?—No, it would not be that. But I would not like to answer that question straight off.

205. It would be more than that ?—No. If the staff doubles, it is a question to be looked into. For instance, I do not know at what proportionate ages the staff would double. That makes a great difference.

206. Well, leaving that, can you give us any idea as to what benefits could be secured in the direction asked for by the witnesses this afternoon, by the substitution of an annual subsidy of £10,000 from the State ?—I may point out, in reply to that, that nearly £10,000 would be required, as a subsidy on the amount I have just given, to make the scheme under the Bill sound.

207. In other words, it will take £10,000 to make the scheme outlined in the Bill financial ?—Yes ; practically that amount of yearly subsidy, without looking at the future members.

208. Then it would take £25,000 to give what they ask ?—You have had the subsidy that would be necessary to allow for back service, £17,617.

209. This £17,617 does not cover all that they ask for ?—It does not include bringing down the retiring-age for women to fifty, so it does not cover all that the witnesses asked for.

210. *The Chairman.*] Have you taken into consideration the fact of the proposed increase of £26,000 in salaries ?—No ; it would not be necessary from my point of view, because if the salaries are increased the contributions will be increased and the pensions will be increased.

211. *Mr. Foulds.*] It does not make any difference to you who gets the increases in the salaries ?—I cannot say right off. It would probably make some difference to any scheme. The salaries I have based these calculations on are not the exact salaries that are being paid now.

212. This sum of £270,000 would, if you were to take the teachers at the present day, be required to make a pension fund for them solvent. Is that so ?—Yes—for the present teachers.

213. Supposing you were to form a co-operative company, you would require a capital of £270,000 to enable the last man to get a pension ?—You would require at least such a sum.

214. What capital would it take to start another company, to consist of young teachers coming in, who were receiving practically the same salary that they are receiving now ?—A great deal less. That could be easily got out from the results here. An equal number of teachers, all under twenty-five, I understand ?

215. A gradually increasing number of teachers, coming in as young men ?—I do not understand the question.

216. A gradually increasing number of young teachers coming in to form a separate company ?—The effect of that would be to defer the date on which the outgo would exceed the income. It would simply put off that date.

217. What I want to know is, if it is possible to have one scheme for the present teachers, and one for the teachers who are coming on ?—Decidedly. I do not see any reason why there could not be two schemes.

218. Can you give us any idea as to what contribution by the State would be necessary to place each of those schemes on a sound footing ?—I have informed you about the existing staff. As far as the new staff is concerned, I have told you that it would require about £3 10s. a year for each man joining. The sum necessary would depend on the size of the staff. If you had fifty join the first year you would require about £170 each year on account of them ; and so on.

219. Would not the absence of any old teachers from the second lot of teachers considerably alter your estimate of the cost of the new scheme ?—Certainly it would. I have taken that into consideration in making the calculation. There would be a capital value loss of £96 on each man coming in.

220. Every addition to the participants in the scheme is a loss of £3 10s. per annum?—Yes; practically £3 10s. per cent. of the salary; and of course if odd teachers came in at considerably higher ages it would be a larger average loss.

221. *Right Hon. R. J. Seddon.*] You said, taking it on a 4 per cent. earning-power, that the State is making a present equal to about £10,000 a year?—I have taken it on a $3\frac{1}{2}$ per cent. basis, and I have explained my reasons.

222. *Mr. Jeffrey.*] That is, it would be £10,000 on a $3\frac{1}{2}$ per cent. basis?—Yes.

223. It would not be £10,000 on a 4 per cent. basis?—No, not quite.

224. *Mr. Hardy.*] Suppose the pupil-teacher system is done away with and the teachers come into the service at a higher age: will that make any difference?—The higher the age at which they come in, the bigger the liability for the Government. If, in future, instead of the new ones coming into the scheme at an age of twenty-three, they come in at a higher age, it will mean that a higher subsidy will be necessary on account of them.

225. *Mr. J. Allen.*] Why?—Because there is a bigger difference between the 10 per cent. that will be paid by teachers over fifty and the real contribution than there is between the real contribution and the 5 per cent. that will be paid by young men. This is how it goes in the case of males. Table 1: At age 23, for sixtieths—I must point out that this includes the contribution for the pension and the subsidiary benefits, but no contribution for the £52 minimum—instead of 5 per cent. at age 23 it should be £7 16s. 4d. per cent.; that is, £2 16s. 4d. per cent. has to be made up; but at age 53, whereas the teachers will be paying 10 per cent., they should be paying an extra £7 14s. 9d. per cent. of salary, as against £2 16s. 4d. per cent. at age 23.

226. *Mr. Fowlds.*] What is the total capital that you anticipate this fund will accumulate before the claims exceed the revenue?—As regards that, I have made no calculations whatever. I have not been requested to do so, and I have not considered it necessary. I should have to get estimates as to the increase in the staff for the future. I could attempt to make estimates if I were told what to assume as to the staff for each year for the next twenty, thirty, or forty years; but I would respectfully point out that as some doubt is politely cast on the actuarial estimates at present, I should consider there is a great deal more to be placed on estimates of that kind, because we cannot foretell the probability as to new entrants. Suppose, for instance, New Zealand were to go ahead in increase of population in a phenomenal way; no one can foresee that. The Education Department would grow with the colony, and this would increase the liability.

227. *Mr. Fowlds.*] You could give certain supposed increases, and thus show the total capital that would be accumulated before the corner was turned?—Certainly.

Mr. Fowlds: I should be glad if I could get that, Mr. Chairman.

THURSDAY, 3RD AUGUST, 1905.

MARGARET LORIMER examined. (No. 4.)

1. *The Chairman.*] What are you, Miss Lorimer?—Headmistress of the Mount Cook Girls' School, Wellington.

2. You hold the degree of—?—M.A.

3. You have been teaching for how long?—Eighteen years. I was for ten years at a high school, and have been eight years at the Mount Cook Girls' School.

4. Will you make your statement, Miss Lorimer?—Yes, sir. Mr. Chairman and gentlemen, with your permission I should first like to explain the apparent inconsistency of so many women teachers, who are members of the New Zealand Educational Institute, objecting to one of the recommendations made by their executive. The explanation is that we have no women representatives on that body, a state of matters which is in great measure—indeed, perhaps altogether—our own fault. Most of us though willing enough to accept the minor offices, have a good deal of diffidence, for reasons which this Committee will readily understand, about accepting the higher and more responsible positions. We are, moreover, poorly represented at the annual meetings of the New Zealand Educational Institute. This, again, is probably our own fault, through want of interest or combination, but I cannot help thinking that in certain districts women are not encouraged to take much interest in the affairs of the Institute. It is rather significant that such large districts as Otago and Canterbury North and South should so seldom send a woman representative to the annual meetings. The only districts which consistently look after the women's interests in this respect seem to be Wellington and Auckland, each of which usually sends two women delegates to the annual meeting; and in justice to Wellington men I should like to say that they always make a point of securing the election of at least one woman delegate. At last year's annual meeting, out of fifty-seven delegates, five women were elected. As a matter of fact eight were present, but three merely took the places of some Auckland men who had failed to appear. Through indifference, therefore, or ignorance, or inability, or what you will, on the part of the women, it has come to pass that the affairs of the New Zealand Educational Institute are managed by men. Now, the men who attain to the executive have, as a rule, graduated first as district secretaries or presidents, and have devoted much time and energy to the affairs of the Institute. It would be most ungrateful not to acknowledge the work they have done in the interests of teachers of both sexes, and I for one believe that most of them have done their best, according to their lights, in the interests of women teachers. But there are some questions one of which is the retiring-age of women in connection with the Superannuation Bill, which they naturally cannot see quite from the woman's point of view, and we are glad therefore to have this

opportunity of putting our case before the gentlemen who form this Committee. In doing so we feel that though you, too, are men, your judgment is less likely to be biased inasmuch as you in no way enter into competition with us. Moreover, we feel that though through diffidence in public speaking, and in other ways, we may lack capacity for holding high office in our Institute, that is no reason why our interest as teachers should suffer. To come now to the clause which we are here to discuss. I, for one, was astonished at seeing that the retiring-age recommended by our executive was fifty-five, for, by the Superannuation Bill of the year before last—I think it was—women were to have the option of retiring after twenty-five years' service—that is, at about forty-five years of age. My reasons for considering fifty-five as the optional retiring-age too high are—(1.) That I believe few women can teach *with efficiency* after the age of fifty. I can imagine nothing much more pitiable than a woman struggling with such responsible work as teaching after she is really past her usefulness. Such a state of things, if encouraged, would, I consider, be most detrimental, to the profession and injurious to the children. I fear that in the event of fifty-five being made the optional retiring-age, women will through necessity strain to attain that age in the service, however unfit they may be for their duties. (2.) The women who have the hardest work physically—viz., the teachers of large standard classes and of sole-charge schools—and many women seem to be compelled to spend their lives in one of these two capacities—will be the least likely to benefit by the Superannuation Bill, because few, if any of them, will be able to hold out till they are fifty-five. Personally, I know of only three women whom I should judge to be old enough to come on the fund, two in this district, and one in another. All three are married women, so that, presumably, they have not remained continuously in the service, and all three are the heads of large infant departments. (3.) Men are paid larger salaries than women for similar services. The only grounds on which I consider this condition of things at all justifiable is that men do remain longer in the service; but this Bill would compel women to serve only five years less if they are to get the full benefit of the scheme. Now, according to the last Education report of the United States to hand, teachers' pensions are becoming quite a feature of the European primary schools. In these countries retirement may take place after periods of service ranging from twenty-five to fifty years, but women teachers are retired on an average of ten years earlier. (4.) Considering that the women teachers of the primary schools, including pupil-teachers, number 61 per cent. of the total number of teachers, the comparatively small number of them who are old enough to come upon the fund proves that fifty-five is too old to give the average women any reasonable hope of attaining a pension. And, if one of the reasons of the large increase in the cost of the scheme which would result from lowering the age to fifty be the fact that a much larger number of annuitants would come on the fund, that seems to prove that fifty is just about the age when the average woman is ready to retire, not for matrimonial reasons at that time of life, nor because she has made a fortune, but merely, I believe, because she feels her teaching-days are practically done. It would be a very exceptional woman indeed who, seeking employment in the service at the age of fifty or over, would receive a good appointment. Moreover, if the optional retiring-age were reduced to fifty, exceptional women for many years to come (say ten or twenty) would still keep on to fifty-five, because as back service is not to be counted, the pension of £52, though very acceptable, would be considerably less than their salaries, and would offer little inducement to them to quit the service so long as they were fit for duty. Our attitude to the Bill therefore, is this: We would be most unwilling to press for more than the Government feels the country can afford to give us; and, if the request to have the optional retiring-age reduced to fifty does not appear reasonable or justifiable to those who know best about the matter, I would, with all due humility, beg to suggest the possibility of a compromise which, I believe, would be acceptable to the women. The compromise might be either in the direction of reducing the optional retiring-age to fifty-two, or, of providing that those who retire at fifty should receive a smaller annuity. It is true that by section 2 of clause 13 a woman may retire at fifty medically unfit, which I imagine, means very ill indeed, and she may receive an allowance computed as there stated; but I can conceive of a woman of that age being unfit for duty, though a doctor might not be able to detect it. Would it be extreme presumption on my part to suggest that the difficulty might be met by the addition to clause 13 of such a subsection as the following: "Every woman who has attained the age of fifty shall have the option of retiring and receiving an annuity equal to the present value of the annuity which would have been due to her had she continued to serve till she reached the age of fifty-five." In conclusion I should like to state that if neither of these compromises is possible, we would much rather have the Bill as it stands than nothing at all, and for the following reasons: (1.) It is good for new entrants and the younger members of the profession. (2.) It makes a generous provision for the medically unfit, especially for original members retiring after from five to fifteen years' service. The provision for those who have served for over fifteen years may be equally generous, but it does not appear to me to be quite so definite. (3.) It practically makes a free gift of £52 a year to those coming immediately upon the fund. (4.) This minimum allowance of £52 will be a boon to the many low-salaried women in the profession, who must be quite unable in the ordinary way to make anything like adequate provision for old age.

5. *Mr. J. Allen.*] You were suggesting, Miss Lorimer, that if the retiring-age for women were reduced from fifty-five to fifty, the women teachers would be prepared to accept a smaller minimum than the £52 for the annuity. Can you suggest what they would be likely to accept?—No, I have not any idea of that. I would not attempt to deal with the financial question at all. What I meant to say was that if the optional retiring-age cannot be reduced to fifty, I believe that many of the women would be glad to retire at fifty on a smaller annuity.

6. I suppose you are speaking for Wellington?—Yes.

7. You have not been in communication with other places?—I do not represent any other place. I have not communicated officially with any other place.

8. There was a report in the paper this morning from Dunedin, which I did not understand, that there they are prepared to accept fifty-five as the retiring-age?—Yes. Well, I am very much surprised. I think it can be explained by the fact that, as far as I have seen, the women teachers of Dunedin allow their affairs to be managed by the men teachers. I have gathered that impression. I gathered it first of all at the time the Teachers' Salaries Commission was sitting, and I gathered it again on the two occasions upon which I acted as a delegate to the New Zealand Educational Institute.

9. You say that it is not the women teachers' own individual opinion then—it is an influenced opinion?—I think it is a little influenced. I should be glad to be shown that it is not so, but I have an impression that they have been told that the Bill will not pass unless they agree to the retiring-age being fifty-five.

10. You have had considerable experience as a woman teacher, no doubt, and you will be able to tell us what your opinion is with regard to the capacity in teaching of a woman beyond the age of fifty?—I can only tell you that from personal observation. I see very few women teaching who are over the age of fifty—very few seem to be able to remain in the service.

11. Will you just explain why? Is it because they get married?—No. I think they become unfit for their work.

12. They become unfit for their work after fifty?—Yes; many of them suffer from nervous strain.

13. *Mr. Hall.*] Are you speaking now for the teachers of Wellington only, or for those of the whole Educational District of Wellington?—I will explain how I come to be here. When we knew that the Bill was to be introduced into the House, at very short notice I was urged to call a meeting of women teachers. There being very little time, and it being impossible to arrange for the country teachers to attend, I called a meeting of the women teachers of the city and suburban schools. A committee was elected at that meeting, and, subsequently, that same committee appointed Miss Craig and myself to appear before this Committee as witnesses. But in the meantime a meeting was held at the Clyde Quay School, and I spoke there on lines similar to those on which I have spoken this morning. There were a great number of women teachers there—both country teachers and city teachers, and I found none who disagreed with me. Moreover, every Saturday morning I am in the habit of meeting some country teachers, and they have all agreed with me with regard to this question of the retiring-age.

14. You feel satisfied, therefore, that you are expressing the feeling of most of the teachers of the district?—I think there is no doubt whatever about that.

15. *Hon. Sir W. J. Steward.*] Were the compromises that you suggested as possible discussed at the meeting to which you referred. Were they suggested there?—They were discussed at the committee meeting.

16. Then you think that the suggestions you have made would be approved by the women teachers of this district?—Yes, I feel sure they would be.

17. *Mr. Sidey.*] I would like to know whether the women teachers have considered any other suggestions that have been made in the direction of strengthening the fund—that is to say, have the women teachers considered any proposal for strengthening the fund if greater burdens are put on it than are contemplated in the Bill?—You mean by additional contributions?

18. No, what I referred to was this: It is proposed to bring down another Bill increasing the teachers' salaries?—Yes.

19. It was suggested that a number of, at any rate, the older teachers would be prepared to forego at all events for some time, the increases which are contemplated to be given, and that these increases might in the meantime be applied towards strengthening this fund. Have the women teachers considered this matter at all?—We have not considered it, because we consider we know so little of the financial aspect of the question.

20. Do you think that the women teachers would be likely to fall in with any suggestion of the kind?—I think they would.

21. *Mr. Fowlds.*] Of course you have not made any attempt to calculate the cost?—No; we have not the data to do it.

22. When you say that the scheme is good for new entrants rather than those who are old and are likely to retire soon, is it not a fact that those retiring soon will get a greater benefit for the amount of their contributions than those who are in and pay for the full time?—Yes; but I said it was good for those retiring immediately and for new entrants.

23. And where is it that it comes to be objectionable?—Only, as far as I am concerned, with regard to the age. That is the only objection of the women to the scheme.

24. That is the only objection that you have?—Yes.

25. *Mr. Buddo.*] You stated in your evidence that you believed many women teachers became too nervous to continue their duties; that the nervous strain was too much for them. And you said, I think, that there were very few women teachers in the service over the age of fifty?—Yes.

26. Do you know of your own knowledge of any who have been obliged to retire from the teaching profession by reason of their failure to continue to bear the nervous strain imposed on them?—Yes.

27. You know of such cases?—Yes, I do.

28. Have those persons entered into any other business after retiring from the service?—No.

29. The nervous strain has practically put them out of work?—Yes.

30. *The Chairman.*] Does your suggestion mean in effect that a woman should be allowed to retire at fifty, as if she were medically unfit? Would it meet your views if she were allowed to retire at fifty as if she were medically unfit under the Act?—I am not very sure what that second subsection of clause 13 means. I have said that I thought it was not quite definite. The treatment of teacher retiring after fifteen years' service is left to the discretion of the Board.

31. *Mr. Hogben.*] If they prove their unfitness they can get the pension. You refer to subsection (2), do you not?—Yes.

32. *Mr. J. Allen.*] It is definite. "Medically unfit" is definite?—Yes; but the amount of their retiring-allowance depends upon the decision of the Board, does it not?

The Chairman.] It would mean practically that when a person got to the age of fifty she would be entitled to the pension.

Mr. Fowlds. To the full pension, not to a pension reduced by the number of years by which she fell short of the retiring-age.

Mr. Hogben. This means, by the number of years they have contributed, so it would fall short. If a person retired at fifty instead of fifty-five, the pension would be five-sixtieths less.

33. *The Chairman.*] As a matter of fact, Miss Lorimer, have you any reason to believe that some of the Education Boards do not favour the retention in their service of women over fifty years of age? Is there a feeling abroad to that effect amongst the women teachers?—I think there is that feeling abroad. Our own Board and our own Inspectors are perhaps exceptions. They are exceedingly reasonable and considerate.

34. Let me put it in another way: Is the position of a woman teacher, as a rule, comfortable after she gets to the age of fifty?—I should not say so, unless she was fit. I should say it was decidedly uncomfortable.

35. Made uncomfortable for her by the Board?—I do not know that of my own personal experience, but I think there is rather a tendency to look down upon the elderly woman teacher.

MARGARET HELEN CRAIG examined. (No. 5.)

6. *The Chairman.*] What are you?—Infant mistress at the South Wellington School.

37. Will you make your statement first, and then we will ask you questions?—Yes. I have been asked, on behalf of the women teachers of Wellington, to represent them, and to express their views on the Superannuation Bill. First of all, we desire to congratulate the Premier on the introduction of the Bill, and to thank him for very much that the Bill contains. We realise that it is an excellent scheme for young teachers and for those who are just about to retire. Of course, the annuity which is to be granted to these latter teachers is small, but it is practically a free gift, because they have contributed nothing towards the fund, and we consider it is an act of generosity on the part of the Government. The women teachers of Wellington are most anxious to act in co-operation with the men, and so we trust that no action on our part will imperil the passing of the Bill. There is, however, one alteration that we are anxious to see made in the Bill, and that is that the optional retiring-age for women be reduced from fifty-five to fifty. We urge that this concession be granted for the following weighty reasons: First of all, very few women can teach efficiently after the age of fifty. The majority of women teachers are either teachers of large classes, or they are teachers in sole charge of country schools, and their work is decidedly the most arduous and the least remunerative. As has been pointed out by Miss Lorimer, they are decidedly in the worst position, and if the retiring-age be not reduced to fifty, we feel sure that there are very few who will benefit by the scheme. If we compare the number of men in the service with the number of women, I think we find that fully two-thirds are women; but when we come to look at the number who have reached the retiring-age, and are ready to come on the fund, we find that a very small minority of them are women. I think this proves clearly that but few women are able to go on teaching until the prescribed age. Now we want a scheme which will benefit the majority of teachers, not one by which only a few will be benefited. It has been pointed out that the head teachers of girls' schools and infant mistresses may perhaps go on until they reach the age of fifty-five; but as the majority of the teachers are class-teachers, or teachers in charge of country schools, we feel that they would not benefit under the Bill, and so we think that an injustice would be done to them. If they feel that in order to benefit by the scheme they must go on until they are fifty-five, they will probably do it, but, if they do, their work will be less efficient, and, as a result, the children under their charge will suffer greatly. From the fact that in the Superannuation Bill of two years ago women were permitted to retire after twenty-five years of service, we hoped that this Bill would enable them to retire at fifty. Again, almost all the schemes that are in operation in other parts of the world allow the retiring-age for women to be at least ten years less than that for men. Another reason is that during the years that the men and women have been teaching side by side, the salary of the women has been very small compared with that of the men. Men and women working together and doing almost similar work have been paid most unequally; and as the Government has during all those years saved a certain amount on women's salaries, we think we are not asking a great deal when we ask that some concession may be granted to us as to the retiring-age. Of course, I know it is said that many women leave the service to marry. That true. But, admitting this, why should those who remain, and have made teaching their life's work, suffer for those who have left? I have made a comparison between the average salary paid to the men and that paid to the women at the school in which I am teaching, and I find that the average salary of the men is £237 a year, and that of the women is £107. In that school, as well as in others, women have arduous work to do. I am not speaking for myself, because I am the best-paid woman teacher in the school; but I am speaking on behalf of the women generally, and for the reasons I have given, we ask that the Government will, if possible, reduce the retiring-age for women from fifty-five to fifty. I would, however, reiterate what I said at the beginning of my statement—viz., that we do not want to do anything which will prevent the Bill from passing. We realise that it is on the whole a good Bill, and we are very grateful to the Government for having brought it in. That is all I have to say.

38. *Mr. J. Allen.*] You heard the compromises that were suggested by Miss Lorimer. What have you to say with regard to them? Would you draw the line as to when a woman teacher becomes inefficient clearly and distinctly at fifty, or would you be prepared to say that if the voluntary age were

fixed at fifty-two it would suit?—I do not think you can say that all women are inefficient at fifty; but I think the majority are certainly so. At least, they have done their best work, and I think we should legislate for the majority and not for the minority.

39. If you think that they are not efficient for their work at fifty, do you think that the definition—have you read the definition of “medically unfit for duty”?—Yes.

40. Do you think that would cover their case?—Would you mind reading it to me?

41. “‘Medically unfit for further duty’ means that, on the certificate of at least two medical practitioners approved by the Board, it is established to the satisfaction of the Board that, by reason of mental or bodily infirmity not caused by irregular or intemperate habits, the contributor has become permanently unable to perform his duties.” Supposing that the nervous breakdown was such that the teacher could not go on, in the opinion of two medical men, do you think this definition would cover it?—I do not think it would be quite fair to ask women to go on until they are in that state. I think that if they have done their best work and served for a certain number of years—e.g., thirty years—they ought to be allowed to retire before they are thoroughly broken down.

42. The other suggestion as to compromise was that the minimum allowance should be reduced, in the event of a woman teacher retiring on reaching fifty years of age. What have you to say about that?—I think it is little enough as it is, but I would rather see the annuity reduced and the majority benefit by the scheme than see the annuity increased and only a few benefit by it.

43. Would you favour the allocation of some of the proposed increases to gain these other benefits—for instance, the earlier retiring-allowance?—I would, if it were done fairly; but I think the difficulty would be that those who are getting large salaries would only get small increases, and these small increases would go towards the fund; whilst poorly paid teachers, who ought to have a larger increase, would have to pay a larger amount into the fund, and would probably not benefit to the same extent by it. If the thing could be done fairly, I should be in favour of it; and, personally, I would be willing to allow any increase in my salary to be so used.

44. *Mr. Hall.*] You alluded to the average salary of a male teacher?—I only gave it for one school, the South Wellington School.

45. You would favour the teachers being allowed to teach up to fifty-five years of age if they liked?—Yes; or, if they were specially efficient and could go on, I would not object, but I think myself that fifty-five ought to be the age-limit.

46. *Hon. Sir W. J. Steward.*] Following up what Mr. Allen has said with regard to the suggestion that the fund might be strengthened, I do not think the witness appreciates precisely the suggestion I understand to have been made. As I understand it, it is this: that the increases proposed to be granted under the new Bill should be, in effect, postponed for twelve months, or possibly for two years; and that the amount of those increases should be paid into this fund so as to strengthen it, leaving the conditions as they are at present in the Bill. Would you approve of that?—Only if you could take a fair proportion of each teacher's salary. I would not be in favour of a teacher at present getting £80 whose increase would amount to £10 giving the £10 to the fund, while, perhaps, a woman getting a salary of £250 would get a £10 increase and would only subscribe the same amount. I think that we should be doing the poorly paid teacher an injustice.

Mr. J. Allen. Permit me to explain that I did not ask my question specifically. I purposely made it quite general.

Hon. Sir W. J. Steward. I only wished to make it clear what the witness desired to convey about that.

47. *Mr. Major.*] I think she meant that there should be an equality of sacrifice among the whole of the teachers?—Yes.

48. I think that the statement made was that if the women teachers were retained after the age of fifty, by reason of the inefficiency of certain women teachers the effect would be that the children would suffer; that they would not be getting the benefits they should obtain?—Yes; and in proof of that I might say that I have asked one or two head teachers if they would be willing to take into their schools as a class-teacher a woman of fifty. All candidly admitted that they would not, if they could help it.

49. *Mr. Sidey.*] I think you said that the comparatively small number of women teachers of fifty years of age at present in the service was an indication that the women were unable to continue the work at that age. Do you think that the number of female teachers who marry and go out of the service is not sufficient to account for there being so comparatively few elderly women teachers in the service?—It would account for it to some extent, but not entirely. I know teachers whose health has broken down and who have had to give up the work in consequence.

50. *Mr. Lewis.*] You say that in other parts of the world women are retired generally ten years earlier than men. Can you give us any details about that Miss Craig, or have you got them, Mr. Hogben? *Mr. Hogben.* I have only got them for some cases.

51. *Mr. Lewis.*] That would be a valuable addition to our knowledge of the subject?—The information, I might say, was given to us at the women teachers' meeting. Miss Lorimer was asked a question as to how she thought the fund might be strengthened. Would it not be possible to strengthen it by the Government granting the same subsidy to the women's scheme that they are doing to the men's?

52. There is another question about this “medically unfit for duty.” It means that “on the certificate of at least two medical practitioners approved by the Board, it is established,” &c. Now, from what I have heard here to-day it appears to me that there might be an unfitness for duty which could hardly be described as “medically unfit.” Can you suggest any alteration of the wording of the Act which would meet the cases where the persons would not be medically unfit, but would be none the less unfit for teaching?—Well, if the woman had ceased to be an efficient teacher she might be retired; but then the question would be, who is to judge that.

53. That is what we want to get at. We are told that the interests of the children would suffer, and yet the woman might be—under the definition of this “mental or bodily infirmity”—all right. It would assist us a good deal if you could suggest something?—Well, if it could be proved to the satisfaction of the headmaster of the school, or to the Inspectors in the district, that the woman was less efficient than she had been—that her work was being less efficiently done—she should be allowed to retire. Of course, I know there might be difficulties in the way. Any one wanting to get out of the work, who was not conscientious, might do it less efficiently. There might be a difficulty in that way.

54. *Mr. Foulds.*] You made some remark about contributing to the ladies' scheme the same as to the gentlemen's. There is no separate contribution to a male and to a female scheme in connection with this Bill?—I understood that the two schemes were entirely separate, and that the Government were subsidising the men's scheme by—

55. No, that is entirely wrong.—Then I am wrong.

56. There is only one scheme?—We had the impression that there were two.

The Chairman: I wish the lady witnesses more especially to understand that there are not two separate schemes at all. There is only one scheme. I expect that what deceived the witnesses was this; that there were two amounts given, one for the men and one for the women, in order to show the amount of the Government liability in respect to those particular teachers. But there are no separate schemes at all. There is one scheme of superannuation which embraces both classes of teacher.

Mr. Foulds: What is the meaning of your reference to two amounts being given?

The Chairman: There were two amounts mentioned by the Premier. It is on account of that that the misconception has arisen.

WILLIAM DAVIDSON, Headmaster of Mornington School, Dunedin, examined. (No. 6.)

57. *The Chairman.*] Will you make your statement now, Mr. Davidson?—Yes. In the first place I should like to express my gratitude to the Premier and to the Government for introducing a Bill which, if slightly modified, will, I think, bring about a very important educational reform—one which will tend to promote the permanency of our education system, and certainly very greatly improve the condition of teachers. So far as I am concerned, I think there are three blemishes in the Bill. The first is the want of proper recognition for past service. The next is that it appears to me there is a certain indefiniteness as to the provision made for original members retiring medically unfit who have given at least fifteen years' service to the State. The third defect is that which has already been referred to by the two previous witnesses—the optional age of retirement for women. Now, it is an easy matter to point out defects, but it is a much more difficult matter to suggest remedies. The first defect—that is to say, the want of proper recognition for past service—is a difficult matter to discuss, and a very difficult thing indeed to point out a remedy for. I have made out a comparative statement, and if members of the Committee wish to have it in their hands, and it will assist in an intelligent discussion of the question, I shall be very glad to produce copies.

58. What is the statement?—It is a comparative statement showing the effect of this provision at different ages and for men receiving different salaries. If you think it will be of service to members of the Committee I shall be glad to let them have a copy. [Copies of statement handed round.]

59. This is a comparison with the Railway scheme?—Members of the Committee may ignore that line if they like and simply compare the teachers' conference proposal and what would be paid under the Bill. In discussing this question I have assumed that the average age of entering the service is twenty-three. I have taken then a teacher twenty-three years of age with no service before the commencement of the Act—just entering—and with a salary of £100 a year. If the Committee wish I shall not refer to the top line at all—that dealing with the Railway scheme.

60. You had better take the next line—the teachers' proposal?—I am quite prepared to ignore the top line in this statement and to simply take the teachers' proposals and those under the Bill now before the house.

61. Yes, take those two?—Very well, sir. Assuming that a teacher enters the service at twenty-three years of age and that his salary is £100, his annual payment would be £5, and after forty years of service his annuity would be £66 13s. 4d. That is the teachers' recommendation, and it is also the proposal under the Bill. Taking the next group of men, at twenty-eight years of age, with five years' service before the commencement of the Act and a salary of £120 per annum—a teacher in such a position would be obliged to pay £6 a year. The teachers recommended that he should get forty-sixtieths, or two-thirds, which would amount to £80. The Bill, making no allowance for the five years' service before the commencement of the Act, provides £70. The next example is a teacher at the age of thirty-three who has had ten years' service before the commencement of the Act and whose salary is £150. He pays £9 annually. The teachers recommended that he should receive £100, or two-thirds of his average salary after forty years' service. The Bill proposes £75. The next example is that of a man of thirty-eight with fifteen years' service and a salary of £180. His annual contribution to the fund would be £12 12s. The teachers' recommendation, or, I should say, the teachers' conference recommendation, was that he should receive an annuity of £120. The Bill provides for £75, or £45 a year less. Example 5: age, forty-three; service, twenty years; salary, £210; annual contribution, £16 16s. The conference recommended that after forty years' service that teacher should retire on an annuity of £140. The provision under the Bill is £70—exactly one-half. At forty-eight years of age with twenty-five years' service and a salary of £240 a teacher would have to pay £21 12s. annually, and after forty years' service would receive an annuity of £160. Under the Bill the annuity would be £60. A man fifty-three years of age at the commencement of the Act with thirty years' service and a salary of £270 would be required to pay £27 a year. The conference suggested that he should retire on forty-sixtieths—two-thirds—of £270, or £165. The Bill provides for £52, as against £165. Age 58;

service, 35 years ; salary, £300 ; annual payment, £30. The conference recommended that after forty years' service such a man should retire on an annuity of £145. You will note there that the service is counted only from 1877. The conference suggested £145 ; the Bill provides for £52.

62. *Mr. Foulds.*] The conference proposal is set down as £165 on the printed slips. Is that right or wrong ?—I dare say that the amount given on the printed slip will be correct. Mr. Hogben could tell us in a moment.

63. *Mr. Hogben.*] One hundred and forty-five pounds is correct. Probably it was a printer's error. The last example is one of a man aged sixty-three at the commencement of the Act having forty years' service and a salary of £360. The recommendation of the conference was that his retiring-allowance should be £120. That is the maximum suggested. The Bill provides for £52. Now, sir, I can easily understand that to provide for the annuities as suggested by the teachers' superannuation conference would require a good deal more money than apparently the country can afford to give. The next question is this, then : Can I, or any one who is so ready to point out defects in the Bill, suggest a remedy which, while doing justice in the way of providing for back service, as is done in other schemes, will not materially increase the cost ? I have a suggestion, and it is this : That in calculating annuities back service should be recognised in this way : that for the total salary received during the years from the coming into operation of the Act—1877—to the 31st December, 1905, one-eightieth of the annual salary should be allowed for that, and one-sixtieth for the years of contribution, with a maximum of £52, which would also be the minimum in the case of women, and £78 in the case of men. I could by running through these examples again, show how materially the suggestions of the conference would be reduced and something like justice—if you will permit me to use the word—allowed to be done in the case of original members or those in the service at the coming into operation of the Act. In Example 1 the Bill is precisely on the lines of the recommendations of the conference. In Example 2 the annuity allowed would be £70 under the Bill. My suggestion would make it £77 10s.—not a very great alteration. In Example 3, age 33, the suggestion of the conference was £100. By granting eightieths for past service and sixtieths during years of contribution the annuity would be £93 15s., as against £75 under the Bill. In Example 4, age 38, 15 years' service, the recommendation of the conference was £120. The Bill provides for £75. Adopting such a suggestion as I make the annuity would be £108 15s. In Example No. 5—that of a teacher forty-three years of age with twenty years' service—the conference recommended £140. The Bill makes provision for £70. My suggestion would make it £122 10s. In the next example the age is forty-eight and the service twenty-five years. The conference suggested £160.

64. What do you suggest ?—One hundred and thirty-five pounds, as against £160. Now I come to the point that I would very much like to impress upon members. At age 53 the conference recommended that the annuity should be £165 ; £123 would be the annuity under my suggestion ; the proposal under the Bill is that it should be £52. At age 58 the conference recommended that the annuity should be £145. Making the necessary allowance for back service and paying sixtieths on years of contribution it would be £103. In the last example, as to those going out of the service immediately, or within three months of the coming into operation of the Act, I would suggest that instead of £120 being the annuity as recommended by the conference it be £78. That is the maximum that I would suggest be payable to a man. The Bill proposes £52. Now these suggestions to allow eightieths for back service and sixtieths for years of contribution would cost a good deal if given effect to, and the question is, where can we get the money to provide for them ?

65. *Right Hon. R. J. Seddon.*] Can you tell us approximately what it would cost ? Have you worked that out ?—No, I have not. I made most of these calculations in the train coming up yesterday, and did them hurriedly ; but I can suggest a means whereby I think a large proportion of the money can be obtained. Instead of the optional age of retirement for men being fixed at sixty, I would suggest that during the year 1906 the optional age of retirement be sixty-five. That would mean that men sixty years of age on the coming into operation of the Act, instead of being allowed to retire immediately, would be obliged to contribute for five years. Assuming that a man had £300 a year, and that instead of being allowed to go on the fund at once he was obliged to pay into the fund £30 a year for five years, the actual amount paid into the fund by him would be £150 plus compound interest. The fund would not only be strengthened in that direction, but it would be strengthened by that man receiving his annuity for a period decreased by five years. This would come to a considerable sum. During 1907 the optional age should be sixty-four. That group of men would have to pay four years' contributions and would receive an annuity for a period decreased by four years. In 1908 the optional age would be sixty-three. There the group of teachers would pay three years' contribution into the fund and would receive an annuity for a period decreased by three years. In 1909 they would pay two years' contribution and receive an annuity for two years shorter period. In 1910 they would pay one year's contribution and there would be a one-year-shorter annuity period. Then in 1911 the scheme would come into operation so far as the provision for the optional age of retirement for men is concerned just as it is fixed in the Bill. These are suggestions that might perhaps be worked out, and if it can be shown that these modifications would bring the Bill on to the lines of other schemes that have been introduced into the colony, and would give satisfaction to all classes of teachers—as I feel sure would be the case—and would not cost very much ; if the suggestion to place the proposed increases in salaries for one year to the credit of the fund and to adopt the proposal to graduate the retiring-age from sixty-five during the coming year to sixty in 1911—if that would provide the necessary funds for doing this, I feel perfectly satisfied that it would be in the interest of all teachers, and certainly in the interests of our educational system. Those are the suggestions I have to make on that very important question. Though the thoughtful teachers throughout the country who have considered the question admit that the Bill is a good one for certain sections of teachers, there is a certain section of the teachers that feel

this—we are not receiving justice. We cannot get away from that point, I think; and if these suggested modifications will remove that feeling I think it will do a great deal to make the Bill acceptable to all classes of teachers. The next point is that concerning the optional retiring-age of women. Miss Lorimer was good enough to say that the men of Otago dominated the women. Well, so much the better for the women of Otago; but I do not think the statement is quite right. I have discussed this question with a number of women. I have in my own school a woman teacher—she is mistress of the infant department—who is fifty-three years of age and who has given thirty-four years of service to the State. I put the question to this lady in this way: I asked whether she had considered the Bill now before the House. She said “Yes, so far as I am concerned I have.” “What have you got to say about the suggestion as to the optional age of retirement?” I asked. “Well,” she said, “if proper provision is made enabling women who are medically unfit to retire before that age, then I think it is all right.” I may say here that I certainly think that that woman ought to be retired at the present time. I think she is doing excellent work, but after giving thirty-four years’ service to the State, it seems to me she should take a rest.

66. *Mr. Hardy.*] She is the exception that proves the rule?—She is the exception that proves the rule.

67. Then what suggestion have we to make in order to bring the Bill into line with the requirements, so far as the women are concerned?—I have thought of that, and an idea has occurred to me. It is this: that the clause might be amended so as to read that a woman on attaining the age of fifty and who has given thirty years service to the State ought to be allowed to retire. That would work out probably in this way: take the average age of entry into the teaching profession, so far as women are concerned, at twenty-two—of course it is earlier than that now, but in future I think it will probably be between twenty-two and twenty-three. My reasons for thinking that are these: in this country a child at the primary school leaves generally at about fourteen years of age, and enters the secondary school. After being there two years he or she has the right, after passing an examination—probably the Junior Civil Service Examination—to two years’ further education. At the end of four years the boy or girl matriculates. That boy or girl is then eighteen years of age, and that is the age at which in future I hope and think these young people will enter upon their pupil-teacher course. And, instead of having four years to serve as a pupil-teacher, under the new regulations—which I would just like here to say I think are excellent ones so far as pupil-teachers are concerned—that boy or girl would have to teach as a pupil-teacher only two years. The girl would then be twenty, and would go into a training-college for one or two years. So it seems to me that in future the age at which a woman will commence teaching as a sole teacher or as an assistant or as a head teacher in a girls’ school—we will say when she enters the service—will be about twenty-three; and if the women teachers are allowed to retire after thirty years’ service the average age of retirement for women will be about fifty-three. That will be two years earlier than the optional age under the Bill. Now, I have a suggestion to make whereby some of the money necessary to meet this increased expenditure may be obtained without getting it from the State. It is this: I think that any woman retiring from the education service before giving ten years’ service to the State should be content to receive 75 per cent. of her contributions. Suppose a woman is receiving £120 a year. Now the average duration of time that that woman will teach before leaving the service will be five years. If she has paid £30 into the fund and she retires to marry, as will probably be the case, I do not think it would be any deterrent to such women to join the service if such a one received back £22 10s. She would leave £7 10s. in the fund. I would like Mr. Hogben to tell me this: is it not a fact that about 85 per cent. of the women retire before reaching the age of fifty?

Mr. Hogben: I can give the exact percentage in a minute or two.

Witness: If you take 100 women entering the service at twenty-three, at the end of thirty years eighty-five of those women will have left the service. I think I am nearly correct. Mr. Hogben will verify my statement. Eighty-five will have left and fifteen will remain in the service. If these eighty-five women leave an average of £7 10s. each in the fund, that will make an amount of about £1,800 at the end of thirty years to be applied for the benefit of the fifteen women then remaining. So that I do not think it would cost the State much, if any, more by making that provision.

68. *Mr. Ell.*] Would you apply that suggestion to the male teachers too?—Yes, I should not mind applying it to the male teachers too. I think it would be a right thing, particularly as the Government now, I believe, intend to increase the salaries of pupil-teachers so as to make them on a par with the salaries paid in the Civil Service. If the State pays so much to a teacher while he or she is being trained as a pupil-teacher and pays £60 a year during the term of his or her education in the training-college the State has a right to expect that the teacher will give a considerable period of service in return for the very large amount of money spent on the training and education. And I do not think it at all a hardship either for a woman retiring before having given ten years’ service to have to leave a small amount in the fund for the benefit of those who perhaps are not so fortunate themselves, or think they are not.

69. *Right Hon. R. J. Seddon.*] Do you think that with such contingencies as that the women would join the service?—I do. I think it would not act as a deterrent at all.

70. The ones who left would contribute for the fifteen who remained?—That is so. I think the younger women now in the service would not be deterred in any way by that small amount having to be left in the fund; the elder women would certainly join the fund, and the new entrants would have no option in the matter at all, because it would be a condition of their employment. The next question relates to retiring medically unfit. If Mr. Hogben tells me that under the Bill—I was not quite clear on the point—an original member who has given over fifteen years’ service and who retires medically unfit will receive an annuity calculated in the same way as a member who has reached the retiring-age, then I shall have nothing further to say on the matter.

Mr. Hogben : Yes, subject to the discretion of the Board

Witness : Yes, but I would like to ask if that is the case with an original member having given fifteen years' service—not contributed for fifteen years.

Mr. Hogben : It says "service."

Witness : And "service" means before the commencement of the Act?

Mr. Hogben : Yes.

Witness : Then, so far as that matter is concerned, it is simply a question of interpretation. I was not clear about it, but now that I am told it means that, I am perfectly satisfied. I think I have fairly well exhausted those three points, and I shall be glad now to try to answer any questions.

71. *Right Hon. R. J. Seddon*.] What is the difference between the amounts that would be required to be found by the State under the proposals made by the Conference—call them the teachers' proposals—and those now in the Bill?—I may say that I do not profess to be an actuary or to have any special actuarial knowledge; but the difference in the amounts required to provide what the conference suggested and what is contained in the Bill will be found in the actuary's report. I cannot carry the figures with me. They have been stated.

72. *Mr. Fox* (for *Right Hon. R. J. Seddon*).] Are you aware what the difference would be in the yearly subsidy required to be paid by the Government under the teachers' proposals and under the proposals contained in the Bill in order to make the scheme actuarially sound?—The figures were brought before the conference, and if *Mr. Fox* will repeat them he will answer the question.

Mr. Fox : The annual subsidy required with the existing staff under the teachers' proposals would be, for males and females, £17,323. Under the proposals of the Bill the subsidy necessary for males and females would be £9,459. The difference between the teachers' proposals and the Bill would be a yearly subsidy of £7,864.

Mr. J. Allen : Does that refer only to the existing —

Mr. Fox : No, it refers to the present teachers only

73. *Right Hon. R. J. Seddon* (to *Mr. Fox*).] Would there be a material reduction in the case of teachers coming in? Would it improve matters, or would the present position continue; and if so, for how long?—The difference between the teachers' proposals and those in the Bill only relates to back service. There would be no difference at all for new entrants.

74. You have given us the annual amount that would be required; will you now give us the difference in the capital amount?—

75. *The Chairman*.] Let me put it in this way. (To *Mr. Davidson*) : Do you admit that *Mr. Fox*'s figures in this respect are correct?—Well, *Mr. Fox* is an actuary, but I do not think that on a 5-per-cent. basis the annual subsidy—and every member of this Committee must understand by that that a sum of money amounting to £17,000 must annually be paid into a fund established on a 5-per-cent. basis—I do not think, after comparing such a scheme with all the other schemes I have been able to study, that £17,000 per annum would be required, or anything like it.

Right Hon. R. J. Seddon : I have got the annual amount that would be required; now I want to get the capital amount.

Mr. Fox : The total capital liability in the case of the Bill is £270,248. In the case of the teachers' conference proposals it is £494,928. The difference in capital value is £224,680.

76. *Right Hon. R. J. Seddon* (to witness).] You hear that statement, that the capital value required would be £270,000 under the Bill?—Yes.

77. And under the teachers' proposals it would be over £400,000. You raised the point yourself in your evidence that unless this was done it was an injustice. Are you still of that opinion, seeing the vast sum that the State would have to find?—I must, sir, accept the actuary's figures as correct; and in the statement I made this morning I agreed that if they were so it was too great a sum for the State to find. I suggested certain modifications which in my opinion would make the Bill acceptable to teachers, and would probably cost the State very little more than the proposals in the Bill.

78. Under your scheme do you propose to abolish altogether the minimum pension? You did not say anything about the minimum, or what you proposed to do with regard to the minimum pension of £52?—I should retain the minimum for original members at £52 for women and £78 for men. That should also be the maximum—for back service.

79. You spoke just now of the minimum pension for the present teachers. Do you mean that for the future there is to be no minimum?—I think the scheme is a good one for all new entrants. I do not know that it would be necessary or right that you should have a minimum for new entrants.

80. Your answer I take it is this, that as far as the present teachers are concerned, you propose that the present minimum should be retained?—I think that is so.

81. For males and females?—Yes.

82. And that there should be no minimum as far as new entrants are concerned?—I should have to give a little consideration to that question, but I think that is so.

83. You admit that there is an advantage, particularly to the woman teachers and the low-paid teachers, by having a minimum of £52?—I should like to say that I think that for certain sections of teachers the Bill is a good one. It is a good one for the six or seven hundred pupil-teachers who are now in the service. It is a good one for young men and women who have but very short service. It is a good one for women who are approaching the age of fifty and for men approaching fifty-five. Before you entered the room I took the opportunity of expressing my personal gratitude to you as Premier and to the Government for introducing the Bill. I am simply here pointing out what I consider are defects and suggesting what I hoped would help to remedy these defects.

84. You are of opinion that if the modifications suggested by you were made, that would give general satisfaction to the teachers?—That is my opinion.

85. Have you conferred with any of the teachers, or on what do you base that opinion?—I have discussed these suggestions with teachers of different ages and teachers in different positions in the service, and so far as I know the opinion is almost unanimous. One gentleman, whose opinion I value, thought that the retention of 25 per cent. of the contributions of the women who leave before serving ten years was unfair. I entirely disagree with him there for the reasons I gave to the Committee.

86. *Mr. J. Allen* (to *Mr. Fox*).] You told us that the capital amount that you gave, referred only to the teachers that are now in the service, and that the teachers' proposals and the Government's proposals in the Bill with regard to those that come into the service afterwards are identical. I understand that you repeat that?—Yes.

87. (To witness) Your suggestion is that teachers who are now of the age of sixty should not retire till they are sixty-five?—That is so.

88. Well, on your printed slip you have not worked out the pension of a teacher aged sixty. Have you got a calculation for one aged sixty?—I have not.

89. Then for the purpose of my question I will take the one on the slip, aged sixty-three—Example 9. Your suggestion is that a teacher of sixty-three should not retire till he is sixty-five?—That is so, if he is sixty-three at the commencement of the Act.

90. Now your proposal is that instead of getting £120, as the teachers recommend, he should get £78?—Plus two-sixtieths of his salary during his two years of contribution.

91. The man gets £360 a year, and he would pay in 10 per cent.?—Suppose his salary were £300; one-thirtieth of that would be £10, so that his annuity would be £88.

92. Now your proposal is that he should continue in the service till he is sixty-five?—That is so.

93. And that he should contribute during those two years 10 per cent. of his salary?—That is so.

94. Now the maximum annuity he could get would be £88?—Yes.

95. But for two years he would have to continue paying the £30 a year which he would not have to pay if he retired at sixty-three. Is that it?—Yes.

96. Do you think he would be any better off?—If he remained in the service, as he would have to under my suggestion, for two years, and paid his contributions, instead of retiring on the maximum annuity of £78 for past service, he would retire on £88, getting one-thirtieth of his salary for his years of contribution.

97. It would cost him £30 a year for the two years to get it?—It would cost him £60 if his salary were £300.

98. Do you think he would be better off?—We are not considering him so much as the whole service. He certainly would be better off.

99. Do you know how much the retention of half the women's contributions would save in capital value?—I cannot tell you offhand, but we had that I think before the conference, and Mr. Hogben could supply those figures.

100. I have a note here to say that it would be £9,387 of capital value. Do you think that is any where near correct?—I have no means of verifying it. I take it for granted that that is so.

101. It is a very small sum, is it not? It would not materially help the scheme?—No.

102. With regard to the women's retiring-age, you suggested a means of obtaining more money by women who retired before they had had ten years of service, getting only 75 per cent. of their contributions back?—Yes.

103. Did you mean that to apply only to women, or are you willing to apply it to men too?—I was thinking only of women when I was discussing that particular question, but I should be perfectly willing that it should apply to men. I think it only right it should.

104. Can you tell us of your knowledge of other male teachers whether they would be willing to accept that proposal?—I have discussed the point with a number of teachers. As a matter of fact, it appeared in the suggestions coming from the Dunedin and Suburban School Committee's Association, and it was also a recommendation from the Easter meeting of the executive of the institute.

105. Have you any idea what the capital amount would be supposing 25 per cent. of men's and women's contributions were kept back?—It would be a difficult matter to say.

106. Do you think it would be very material?—I do not know that it would amount to very much in the case of men.

107. We have got the amount for women. It is only £9,387, if 50 per cent. is retained?—I do not understand how that calculation is worked out. I simply took these figures, that if eighty-five women out of every hundred retired before reaching the age of fifty, and if the average contribution left in the fund were £7 10s., which at the end of thirty years would amount to possibly £20, I think the total amount to the credit of the fund at the end of thirty years by those eighty-five women leaving 25 per cent. of their contributions in would be about £1,800. I am assuming that 100 women enter the service at twenty-two, and at the end of thirty years there are only fifteen of them left, and that the eighty-five who have gone out will have left in 25 per cent. of their contributions for the benefit of the women who remain in the service. That would mean a very considerable sum. £1,800 would go a considerable distance in providing those fifteen women with annuities for the two additional years that they would be on the fund—that is to say, if they went on at fifty-three years of age instead of fifty-five.

108. I suppose the fact is that fewer men proportionately than women retire before they have served ten years?—Yes, that is so. The percentage of men retiring before reaching the annuity age is very much smaller than the percentage of women.

109. If those figures are correct with regard to women, the capital value of the retiring-allowance to men with less than ten years of service would be smaller still?—Yes, but their contributions would be higher because their salaries are higher.

110. With regard to clause 13, you got what you regarded as a satisfactory answer from Mr. Hogben. I should like you to let the Committee know what your doubts were about clause 13?—I was not at all clear that an original member who had given fifteen years or more service to the State would be able to retire on an annuity calculated at the same rate as though he had reached the retiring-age.

111. Will you explain that?—Suppose a teacher has twenty years' service and retires medically unfit he ought to be able to retire on a pension of £52, or upon an annuity calculated in the same way as though he had reached the retiring-age.

112. What was the answer you got?—Mr. Hogben satisfied me that that was so.

113. *Mr. T. Mackenzie.* You will remember, Mr. Davidson, that when the No. 2 scale of staffs and salaries for teachers was submitted to Parliament, it was thought that the half-crown difference in the capitation allowance might go as a basis for a superannuation fund. You will perhaps have noticed now that the Government purpose increasing salaries this year by £25,000 or £26,000. If your suggested scheme—not the conference scheme—requires funds to supplement it, do you think the teachers would be prepared to give the whole or a portion of the contemplated increases of salary in order to make the superannuation fund stronger?—I think that the teachers as a body would be quite prepared to forego one year's increase of salary. I mean to say that if the amended Bill were brought into operation on the 1st January, 1907, instead of 1906, the £26,000 which would have formed the increases during the coming year should be placed to the credit of the superannuation fund. I think that would be acceptable to the great majority of the teachers.

114. *Mr. Hall.* With regard to clause 14, there is provision made there that the whole of a person's contributions shall be returned without interest if that teacher retires voluntarily from the service before attaining pension-age. Do you not think it is sufficient for the teachers so retiring to sacrifice the interest on their contributions?—No, I do not. I think they might well leave a percentage of their contributions in the fund, particularly as the cost to the State of training and educating teachers is so very great now, and in the near future will be much greater.

115. With regard to the women teachers, do you not think that the sacrifice would be unequal, seeing that 85 per cent. of them would retire before coming to the pension-age? The money would go into the general fund, and the sacrifice would be unequal, seeing that only 15 per cent. of them would remain till they came to the age for receiving a pension?—If the sacrifice is not sufficient to meet the increased benefits given to the women, then the women lose nothing.

116. Then you would have two schemes?—No, but I say that if the sacrifice of leaving 25 per cent. of their contributions in the fund by women who retire before having given ten years' service—if the amount so sacrificed is not sufficient to make up for the additional benefit of allowing women to retire at an earlier age, then the men receive no benefit from that money. It is entirely the women.

117. *Hon. Sir W. J. Steward.* I would like to ask you whether your suggestions for the modification of the scheme, or any suggestions like them, were laid before the teachers' conference at the time they made their recommendations?—No. I think we discussed the matter from many points of view. These very suggested modifications were discussed, but there was no definite decision arrived at regarding them. Our final decision is really embodied in the recommendations of the conference.

118. What I want to get at is this: your proposals were not specifically made to the teachers' conference and rejected, were they?—No.

119. I think that in answer to the Minister you gave us to understand that you had had the opportunity of consulting a number of teachers—in Otago, you said, did you not?—Yes, and also outside of Otago.

120. Have you any idea as to the views of teachers outside of your own education district on this subject?—Yes, I have heard the views of men in Southland, Otago, and South Canterbury.

121. Then you have reason to think that if we were able to adopt your suggestions the scheme as proposed to be amended by you, would meet with the approval of teachers generally throughout the colony?—That is so. That is my belief.

122. *Mr. Buddo.* In drawing attention to some matters which you take exception to in the scheme, you stated that it was a good scheme for the new entrants, a good scheme for younger members of the profession generally, and a good scheme for female teachers of fifty and male teachers of fifty-five. Would you specifically state in what way the interests of those teachers between the two periods would be affected by the scheme?—Yes, Sir. I shall take the case of a man forty-five years of age with twenty years' service and receiving a salary of £200 a year. A man of sixty, when the Act came into operation, could retire immediately on £52 a year. The man of forty-five would require to pay contributions on his £200—£16 a year—for fifteen years. At the end of that time he would receive fifteen-sixtieths of £200, or, if the amount did not come to £52, he would simply receive £52. He would have paid £16 a year for fifteen years, and he would receive an annuity of £52, the same as the man who went out immediately on the coming into operation of the Act.

123. Do you consider this the weakest part of the scheme?—Certainly. I think it is the weakest part of the scheme.

124. Have you any proposal whereby that could be remedied?—I have given you the suggestion I have to make.

125. *Mr. Major.* I think you realise that the question is first of all a financial one, and secondly, one of equitable adjustment, so far as the teachers are concerned?—That is so.

126. When Mr. Gill was giving evidence I think he said that so far as he was concerned, and so far as the knowledge he possessed led him to believe, the great majority of the teachers, in order to help the scheme financially, would be prepared, if the proposed advance in salaries was contemporaneous with the passing of this Act, to forego the increase in their salaries for a period of three years, say, for the purpose of strengthening the fund. Has that matter come under your knowledge, Mr. Davidson?

Mr. Gill: Might I say, sir, that that is not quite correct. I suggested the tying-up of the fund for three years, but it was the contributions, not the contemplated teachers' increases. It was the contributions themselves that I suggested to be tied up for a period of three years; and these contributions, amounting to about £90,000, would come from the teachers themselves.

127. *Mr. Major.*] I see. I would like to hear an expression of opinion from Mr. Davidson upon that point?—I think it would be a pity if the coming into operation of this reform had to be delayed for three years. I feel that the great majority of the teachers throughout the colony would be quite willing that the £26,000 contemplated to be given in increases of salaries for next year should be placed to the credit of the fund. I think that great disappointment would be felt if the coming into operation of the scheme were delayed for three years.

128. *Mr. Sidey.*] Was there any meeting of teachers in Dunedin before you left?—There was.

129. Were you present?—Yes. I presided at that meeting.

130. Did you place before that meeting the proposals which you have laid before us to-day?—No, not in detail, but they were discussed, and my opinion is that if it were possible to give effect to these suggested modifications the teachers there would be quite willing to accept the Bill.

131. The proposals you have made were not definitely submitted to the meeting?—No, they were not.

132. Why was that?—I had not thought the proposals out. I thought most of these modifications out on the journey up from Dunedin.

133. The difference between the proposed scheme and the one embodied in the Bill is a difference that, I understand, affects only the present teachers?—That is so, I should say.

134. It does not at all affect new teachers coming into the service and coming under the scheme?—Not at all, I think.

135. As far as the new teachers are concerned, the proposals of the teachers' conference and the proposals in the Bill are identical. Is that so?—Yes.

136. (To Mr. Fox) You gave us the annual payments that would have to be made by the State in order to make the superannuation scheme sound, under the proposals contained in the Bill and the proposals of the teachers. For how long a period would these annual contributions have to be made?—It is the interest on a perpetual debt.

137. Notwithstanding that the two schemes approximate one another in the course of time?—It is a debt, just the same as if the capital value were lent on mortgage.

138. (To witness) You have made a suggestion that, in order to strengthen the fund, a person be prevented from coming on it quite as soon as is proposed—that is to say, that a person sixty years of age at the coming into operation of the Act should not come on the fund till he is sixty-five. I suppose you would be willing to allow a teacher to buy into the fund?—That suggestion has been made, but I personally do not like it at all.

139. Supposing that a teacher who was sixty, instead of waiting till he was sixty-five, was prepared to pay a sum that would represent the contributions which he would otherwise have to pay in—would you not allow him to do that?—No. If he were in receipt of a salary of £300 his contributions for five years at £30 a year would amount to £150. That would not strengthen the fund nearly to the extent it would if he were to delay coming on to it for five years.

140. It would be quite easy to calculate what the deficiency would be, and would you not allow him to buy into the fund by paying a sum that would represent the amount which would be contributed by him if he remained on for five years?—If a teacher were prepared to strengthen the fund by paying in the amount represented by his contributions plus the amount by which the fund would be strengthened by his delaying coming on to it, well, no possible exception could be taken to that.

141. But you object to allowing a man, generally speaking, to buy into the scheme?—Yes.

142. You have stated that those who retire voluntarily, if they have not served for ten years, should not be allowed to withdraw the whole of their contributions?—That is so.

143. Would you be in favour of extending that even beyond ten years?—I think not. I think ten years is sufficient.

144. I understand you would apply it not only to females, but to male teachers?—That is so.

145. *Mr. Fowlds.*] We have frequently been told that what the teachers want in connection with the superannuation scheme is organization rather than a heavy subsidy from the State. Is that your idea of it?—I do not quite understand what you mean by organization.

146. Well, the organization of a scheme, rather than the value of a State contribution to it—the organization of a scheme which all would have to come into in later years, and which would provide annuities?—I see.

147. That is not your view of it?—No.

148. You think that the State subsidy is an important part of it?—I think the State subsidy is an important part of it. I should like to say, in that connection, that on reading the report of the debate on the second reading of the Bill, I understood that the only contribution to be made by the State would be £5,000 during the first year, that the contributions of the teachers were estimated to be between £30,000 and £32,000—that is, if all who might do so came in—and that it would be 1931—twenty-five years after the commencement of the scheme—before the State would have to contribute another penny. That is how I read it—that at the end of a quarter of a century the State would have to pay into the fund £3 per member in order to make the scheme sound.

149. *The Chairman.*] Every year?—After that—after twenty-five years.

150. *Mr. Fowlds.*] That would not be to make the scheme sound; that would simply be to make up the difference between the income and the expenditure of the fund?—Well, what I could not understand was this, that it would take twenty-five years before the income and the expenditure were equal. What the accumulated funds would be at the end of that twenty-five years I do not know. And we

were told that about £9,000, if you estimate there are 3,000 teachers on the fund at £3 each, would be required—annually, I understand now from Mr. Hogben; but for the first twenty-five years, if I am right in understanding it in that way, no contribution further than the £5,000 would be made.

151. No contribution would be required because the £32,000 a year coming in by way of payments from the teachers in the service would be more than sufficient to pay for the annuities of those going on the fund. That is the reason, and it would go on accumulating probably till the amount was three-quarters of a million. At the end of the twenty-five years the annuities paid out in the year would exceed the contributions coming in, and it would require this £3 per teacher then in the service to make it up. What I want to get at is this: I do not like this unlimited liability on the part of the State with reference to these funds. Do you think it would be satisfactory to the teachers if, instead of having that unlimited liability, we made an annual contribution of a given sum—say, £10,000 a year—to this scheme?—I certainly think it would be highly satisfactory.

152. You know the clause in the Bill providing that any deficiency is to be made up without further appropriation than this Act?—Just so.

153. It would be satisfactory to the teachers if we put in a proviso that on no account was this amount to be more than £10,000 a year?—Yes, I think so.

154. *Mr. Lewis.*] With regard to the case of a woman which you took at the beginning of your evidence—you took the case of a woman at forty-five years of age with thirty years' service?—With twenty-five years' service. She was forty-five, with twenty-five years' service—that is, supposing she had entered at twenty.

155. The case you took, I think, was that of a woman of forty-five with thirty years' service, and you presumed she became medically unfit at forty-nine. At all events, the main point is this: If she becomes medically unfit at forty-nine do you presume she has been contributing for four years?—Oh, yes.

156. *Mr. Ell.*] What is your reason for disagreeing with the suggestion made by Mr. Gill, that the contributions should be tied up for three years?—I think that teachers between the ages of sixty-five and seventy have been looking forward to the coming into operation of this Act, and if the scheme were tied up for three years it would delay the benefits that have been looked forward to. We feel that promotion is being blocked for the younger and middle-aged men by the older men not being able to retire, and I think it would be a pity to delay the coming into operation of the scheme for three years. But if it cannot be managed without delaying the scheme for three years, I shall be prepared to fall in with that view in order that this Bill may not be dropped.

157. That is, if that would be a means of improving the position of the teachers under the superannuation scheme, you think than the teachers as a whole would be prepared to accept the suggestion?—I should not like to say that, but I myself would be willing to accept it. I can only speak for myself on that point.

158. Can you give me any idea as to the number of teachers in the service between sixty-five and seventy years of age?—No. Mr. Hogben probably has that information at hand.

159. (To Mr. Hogben.) How many are there, Mr. Hogben?—There were twelve over sixty-five in 1903.

160. (To witness.) Well, that is a very small number of teachers. I think you yourself suggested in your evidence that they should not be allowed to retire at sixty, but should be required to continue to contribute till they were sixty-five?—That is why I asked for the number over sixty-five.

161. Well, now, what is the difference between compelling them to continue in the service till they are sixty-five and the suggestion Mr. Gill made?—What material difference is there?—There is this difference: those twelve aged men could retire at once. But so far as the men under sixty-five are concerned there is very little difference.

162. That is what occurred to me—that there is not much difference between Mr. Gill's suggestion and yours?—There is not much.

163. You do not suggest that the twelve would make any material difference in staying the course of promotion of twelve other men for a time?—It seems to me that it would be a very distinct hardship for these old men. They would probably be obliged to retire before the expiration of three years. If they are to be obliged to retire, then it is not in the interests of education that they should be allowed to remain in the service. And even for that small number I think it would be a pity if the scheme had to be delayed.

164. You recognise that we are dealing with a scheme that is here perhaps for all time—that it is a permanent scheme?—That is so.

165. *Mr. J. Allen.*] I would like to ask whether you can tell us the opinion of the teachers upon this point: You are aware that there is £26,000 proposed to be given in increases of salaries, and you are also aware that to make the scheme not actually actuarially sound, but comparatively actuarially sound, will cost £10,000 a year to the State for all time, I understand?—Might I ask the actuary whether I am right in understanding that for the first year £5,000 would be contributed by the State and for the next twenty-five years, at any rate, nothing would be contributed? Is that correct, Mr. Fox?

Mr. Fox: I read the Bill in the same way as you do; but I have nothing whatever to do with that point—what is in the Bill.

The Chairman: Let us get this matter made clear. You must understand, Mr. Davidson, that it is not a question of what is in the Bill or how the State is going to contribute the money. In order to make the scheme actuarially sound £10,000 a year ought to be contributed from the coming into operation of the scheme.

166. *Mr. J. Allen.*] My question is this: You are aware of the £26,000 proposed to be given in increased salaries; you are now aware of the charge of £10,000 annually upon the State in order to make this scheme, let me say, partially sound?—I accept that.

167. Now would the teachers, so far as you know, be prepared to agree to this proposal: To give them £16,000 a year in increases instead of £26,000, and to devote the £10,000 to making the scheme actuarially sound?—I could not speak for the teachers, but for myself I should say yes.

168. *The Chairman.*] The only point in connection with that is that the increases which are being made are being given to special classes of teachers who at the present time are considerably underpaid?—Yes.

169. And, therefore, it would affect, I understand, not so much the highly paid teachers as the lower-paid ones who are really in want of an increase of salary?

Mr. J. Allen: Not necessarily, because it would depend upon how you distributed the £16,000.

The Chairman: I was referring to the other scheme by which the whole of the increase-money was to be taken away from them.

Witness: I should like to thank you, sir, and your Committee for listening so patiently to my very lengthy evidence. I should also like to say that as a member of the executive of the New Zealand Educational Institute I hope that the Bill, even with its defects, if they cannot be modified, will not be dropped.

The Chairman: Will you put your suggestions in a specific and concrete form and let us have them as early as you can?

Witness: Yes.

FRIDAY, 4TH AUGUST, 1905.

MARY HALL examined. (No. 7.)

1. *The Chairman.*] What are you, Miss Hall?—Headmistress of the Sydenham School, Christchurch.

2. Have you a written statement?—I have some notes here, and perhaps it will be more to the point if I read them, because I want to speak for the Women Teachers' Association of Canterbury, also for the women members of the institute, and more particularly from the point of view of the older women teachers—well, men and women teachers. In the main I can only corroborate and emphasize what Miss Lorimer and Miss Craig said yesterday. The chief point again is age-limit as regards the women teachers. The section I represent are all agreed on this point, that the compulsory retiring-age set out in the Bill is too high. I will go so far as to say that, in the event of this clause of the Bill passing as it stands now, there will be numbers of women teachers who will go struggling on until fifty-five, in many cases doing the children positive injustice. It is only natural that by the time she is fifty a woman's nerve-strength is lessened, her patience ditto, and her whole physique less capable of standing the strain of the ever-increasing syllabus and curriculum of work. The estimation in which a woman teacher of fifty is held may be gauged by her chances of obtaining a position of any importance in connection with the training of young children. Whom do people want about their children? Healthy, strong, active, and alert young women, and rightly so. Granted that the older woman may have the experience necessary to make her work a success, unless this is backed up by the healthy physique, even temperament, and alert mind, it is of little use. All the experience in the world does not give her the nervous energy and vital force absolutely necessary to make her work a success. I was going to suggest to the Hon. the Minister of Education himself that, as leader and master of the House, he will acknowledge the vital force required to manage unruly members, the patience, tact, and skill necessary to get his country's work done and his favourite Bills through. Now, as regards the term medically unfit: A woman at fifty may not be medically unfit so far as the presence of any organic disease is concerned, but there is no doubt "that her eye must be dimmed and her physical force abated." There is at that age in the majority of cases a decline of physical strength and energy which tells on her work materially, and renders her less efficient. I know from my own experience in North Canterbury, and knowledge of certain conditions prevailing in other districts, that when a woman gets past the age of forty-five even, and much more fifty to fifty-five, the best part of her has gone out to her work, and it is only by constant effort and driving that she can get through at all. It has been argued elsewhere that a larger percentage of women retire at an earlier age from the profession than men. As against this, there is a much larger percentage of women entering the profession than men. This would make it seem that things are more evenly balanced than would appear, and in future there will be a greater majority. Teaching is essentially women's work; all recognise that a woman teacher comes next to the mother, and as such should be looked after and provided for if the future of our country be considered at all. It is said the hand that rocks the cradle rules the world; the hand and mind that guides the child through the years of its school life comes a very close second. With reference to the position taken by Boards and Inspectors in regard to the older teachers, both men and women, our experience in North Canterbury goes to show a lenient attitude of mind. So far as I know there has been no harassing or shuffling-off of old servants, because of inability to come up with the demands of modern times and ideas. I should say there has been a very humanitarian point of view taken. It may be the knowledge that many of these old servants having only little savings to look forward to support them has been in the minds of those in authority, and tempered their decisions. Another argument in favour of pensioning off the older teachers, both men and women: With the decline of physical strength and consequent inability to enforce and carry out what the man or woman may know to be right and proper, comes the lack of respect and veneration which is so prominent a feature in the young of our colony. How can they respect and revere old men and women who are constantly making mistakes, losing control, and generally showing to the sharp young minds about them their inability to cope with what is required of them. In regard to women again, I would strongly urge the Committee's consideration of either of the two compromises suggested by Miss Lorimer: The reducing of the 55 age-limit to 52, or the reducing the amount of annuity. If it seems impossible on the present basis to reduce the retiring-age to fifty, then

suggest the reduction of the amount : would that not help matters ? Personally, I should be extremely thankful to receive the suggested minimum as a pension, and would much prefer receiving a smaller amount, provided I should not be haunted with the thought that I had to go on saving after I was unfit—not medically unfit, but naturally—or by Nature's laws unfit. I would beg of this Committee to give this point serious consideration. Present-day conditions demand more than ever all the strength of mind and body a woman possesses. A few years ago it might have been possible for a woman of fifty to fifty-five to work on with a certain degree of efficiency ; nowadays it is impossible. The work is increased ; the standard of efficiency to be attained is raised, and, consequently, the strain on the system. With increasing years there comes a certain callousness, a certain dulling of the finer sensibilities that renders one incapable of keeping in immediate touch with the demands of the time. In conclusion, let me here recognise the attention, courtesy, and thought given by this Committee to the important question before them. We all feel grateful to the Premier for introducing the Bill, and if we seem to cavil at some of the details and appear unreasonably discontented, we may be forgiven, for our work for many of us women has been our life-work ; our strength is not what it was, and it is merely in anxious thought for what the future may bring to all women who enter this career that we are acting as we now are. We would much rather have the Bill as it stands than nothing at all, though that means many of us would never obtain the pension so much desired. The woman will suffer the most, as so often happens, and she must "shut all this down at the bottom of her heart, then sit on the lid and smile," smile on to the end, trusting that in some future state she may see more clearly the results of her sacrifice here.

3. *Right Hon. R. J. Seddon.*] What percentage of women, do you think, would be able to continue teaching from fifty-five to sixty years of age ?—Well, I should say a very small percentage. I know most of the teachers, I think, in North Canterbury at any rate, and I am to a certain extent in touch with teachers in other parts of the colony and know of their work and the way in which they carry it out ; and in my opinion, those who would be fit to go on and do their work as it should be done would be a very small percentage.

4. Have you any idea of the number now teaching who are from fifty-five to sixty years of age ?—Not in the whole of New Zealand.

5. From your own knowledge, I mean ?—Those who are between fifty-five and sixty ?

6. Yes, still teaching. I have the information officially, you know, but I want your personal knowledge on the point ?—I do not know whether I should be within the mark if I said three out of eight or nine. This is just speaking roughly from memory at the moment.

7. You say there would be about three out of nine—one-third. Now, of those that you speak of from your own personal knowledge, how many would you say are not as capable of teaching as they ought to be ?—How many out of that percentage ?

8. Yes ?—I should say all of them ; that is my opinion, when I think about the justice that should be done to the children of the colony.

9. Your evidence is that as a matter of justice to the children it is not wise to keep the women teaching after they are fifty-five ?—I certainly think so. There is the constant friction of nervous forces between teacher and taught. You are dealing with animate material the whole time, and there is the reactionary effect upon the physique. A woman may go and work as hard as she can and to the very utmost of her power while she is on duty, and then, when she goes home—as I know from my own personal experience—she collapses, and sometimes I think she is scarcely fit to live with, till she gets her strength up again for the next day. One keeps going on ; there is a certain amount of enthusiasm in the work, and a certain amount of habit—it becomes almost second nature—and one goes on. At the same time, I am sure the invisible influence that goes out in tired work is not a good one.

10. Then you say that in the interests of the teachers themselves and the pupils, even though there was a reduced minimum as far as the women are concerned, they ought to go out at fifty-five ?—Yes ; and before that, almost, I think, if possible. Of course some women between fifty and fifty-five, as some one else said, are in better condition than others, and having a better physique can go on better, but I am taking the average. I think it is quite time that fifty-five was made the compulsory retiring-age and fifty the optional, or, as Miss Lorimer suggested, fifty-two.

10A. How would that affect the finances ?—If the optional retiring-age were made fifty-two, would that bring it a little more within the financial limits ?

11. That would improve it ?—Yes ; but, of course, fifty would be very much better. I have been teaching for a very long time, and all the time in Canterbury. About a year ago, owing to the resignation of the headmistress and the new scale coming into operation, I was promoted to be the headmistress of the Sydenham School. Prior to that I was infant-mistress, and had at one time about seven hundred infants under my charge, and I held that position for twenty-five years. The extra duties that are attached to the position now have materially added to my responsibilities ; but, of course, my salary has been increased and I feel to a certain extent compensated. Personally, as regards salary, I have nothing to complain of ; but there are young girls now in the service—and that was another point I left out in my evidence. They speak about the girls getting married and leaving the profession. I know many of the young teachers in North Canterbury, and I think I should be safe in saying that about three out of seven are helping to support either mother or father or both. The boys go off and get married, and have fresh responsibilities at once. They have a wife, and, speedily, a family to look after ; and the girl is often left to look after her mother and father as they get older. There are a great many such girls ; I had better perhaps not give numbers, but still I know a great many of them.

* The witness subsequently wrote to the Committee amending her answer to this question of the Right Hon. R. J. Seddon. Her answer should have been "two or three out of fifty." The Committee ordered that the amendment be allowed.

12. In other words, they sacrifice themselves for their parents, when they could get married ?—In many instances it is so.

13. You have been teaching for twenty-five years ?—I have been teaching for thirty-two years.

14. *Mr. Buddo.*] Considering that those teachers who leave the service before they reach the optional retiring-age, have admittedly some advantages, either educational or pecuniary, is it your opinion that they should receive the whole allowance proposed in the Bill, or would you favour reducing the allowance by a percentage ?

15. *The Chairman.*] Would you favour the return of the whole of the contributions, or the return of them diminished by a certain percentage ?—I should certainly be in favour of their receiving something. I do not know that I can say at once whether they should receive the whole of their contributions or a percentage of them. If they are compelled to retire before the optional retiring-age, owing to circumstances beyond their control, I should say they should receive the whole of their contributions to the fund back again.

16. *Mr. Buddo.*] I put it as a fixed rule, it would be impossible to make a sliding scale. Would you favour, as a fixed rule, their being allowed only a reduced amount of the allowance proposed in the Bill ?—Yes. Perhaps it seems hard to say so, but, from thinking it over for a moment, I should say Yes to that.

17. *Mr. Major.*] There seems to be quite a consensus of opinion among the middle-aged and elderly teachers that till fifty-five is too long a time for them to have to wait before being able to retire and secure benefits under the Act ?—Yes.

18. From the evidence that you read to us I would judge that the most capable and the most conscientious of the teachers would be those who wore themselves out earliest. Is that so ?—It seems so. I would think so.

19. *Mr. J. Allen.*] I would like a little explanation of the term “humanitarian” which you used. Were you referring to men and women ? The Canterbury Board—are they humanitarian people ?—Yes. Perhaps I was putting that rather specifically. It is rather a general term to apply.

20. You were referring to men and women too, were you ?—Oh, certainly.

21. What do you mean by it ? I am not quite clear ?—Well, perhaps a kindly attitude of mind—thinking that these men and women have worked so long for the State ; some of them have been underpaid, some fairly well paid, perhaps, here and there ; and still able to do a certain amount of good work in supervising but not able to do it with the energy and zest of former years. And I think that the Board—as far as our own Board is concerned—has recognised that. Perhaps “humanitarian” was not a definite enough term to use ; but I mean a sort of general allowance for, or a general passing over, of defects.

22. I suppose this is really what you mean, that they are kept on although they are not thoroughly efficient—from a humanitarian point of view ?—Yes.

23. *Mr. T. Mackenzie.*] How would it do to give the Education Boards in each district some little discretion as to the age, taking into consideration the whole circumstances of the female teachers ?—Of each individual ?

24. Yes, from fifty-two to fifty-five ; that brings out the point that you emphasized, that some were more competent than others ?—Yes ; I think that from my own personal knowledge of Boards—that is in North Canterbury, which is the only one I have had experience of—it might be as well to leave it to their discretion.

25. Within a range of, say, three years ?—Yes.

26. *The Chairman.*] You yourself would prefer it to be fifty ?—Yes.

27. And if it were left as a matter of discretion, then there would be less harm in making it from fifty to fifty-five ?—Yes ; and that is the opinion of my fellow-teachers.

28. Shortly speaking, the Boards that you refer to as having kept on elderly teachers have done so more out of consideration for the teacher than consideration for the child ?—Well, I think so. Of course, I am only speaking of one Board.

29. *Right Hon. R. J. Seddon.*] I know your position as a teacher and I do not wish to ask any question to bring you into conflict with your Board ; but I would like to ask you this : have you not, in the course of your large experience, met a number of girl pupil-teachers who were not strong enough physically, at the time of appointment, for positions as teachers ?—I do not know whether I should say “many,” but I shall say “a good number,” because that is the first thing, I think, or one of the first things, that should be considered in the choice of female teachers—physique, good health, sound body.

30. They pass the doctor all right, but they are not physically strong ?—They are not ; but that will be improved in time as the age for entrants to the profession is made higher. They have in previous years, and within my experience, been appointed so young. As I say, that will be improved as time goes on by the age being raised for entrants.

31. It would be in the interests of the fund and of the scheme if there was a fixed standard, as regards physical fitness, for lady teachers ?—I think so. I cannot speak any more definitely on that point just at present.

32. *The Chairman.*] Is there a difference between the strain imposed by the teaching of infants and what is called class-teaching ?—That has been such a vexed question ; I really do not know where I ought to draw the line. I should like some one to answer that who has been engaged equally in teaching standards and teaching infants. I have had to do with infants for over twenty-five years, and I think I had better leave the question to some one who has had experience of both. But I will say one thing ; that within the last six weeks I have been, through a shortage of teachers, teaching a class of little babies—between fifty and sixty in number—and I will defy any one to find anything more difficult or more trying to one's tact and patience and resourcefulness than to keep those same

fifty babies employed, and to study their little individualities, which are much more marked at that early age than in later years.

33. I understand there are some lady teachers in receipt of very small salaries who are engaged in teaching mixed classes—boys and girls—in standard work?—Yes; that is very heavy work.

34. I was going to ask what kind of work it is. Very heavy, you say?—Very heavy.

35. There are teachers doing that at the present time?—Yes.

36. What would you say would be the effect of a continued course of that kind of work?—It is very wearing indeed. I know some of the best girls in our profession who are taking that class of work; and, of course, to bring in another little matter, a sore point with them is that the teacher on the boys' side is probably doing the same work exactly and is receiving a very much higher salary. Perhaps the girl is doing a little more than the young man, but is receiving a much lower salary. It is very heavy work, and a great strain on the nervous system.

JANE DUNLOP HOOPER examined. (No. 8.)

37. *The Chairman.*] What are you, Miss Hooper?—Headmistress in charge of infant department at the Kensington School, Dunedin.

38. You have a statement to read?—Just a short one. In the first place I should like to assure the Premier and this Committee that we of Otago appreciate their efforts to bring forward a Superannuation Bill this session. We do not agree entirely with the provisions of it, and we take leave to point out what we consider its defects, and if possible to suggest remedies. With regard to the retirement of women, the women I represent are satisfied with the provision in the Bill fixing the optional age of retirement at fifty-five, and the compulsory at sixty; but they must be satisfied that women with not less than fifteen years' service who retire medically unfit, will be entitled to an annuity calculated on the basis of a sixtieth of the average salary for each year of service. I know that the feeling amongst women in other districts is strongly in favour of fixing the optional retiring-age at fifty, and I understand that Mr. Davidson made a suggestion yesterday that women of fifty years of age, with thirty years' service, should be allowed to retire on sixtieths, that women of fifty-five might retire without any service-limit, and that women of sixty should retire. For my own part I think that is a good proposal. I am instructed also to say that we feel that in any scheme for superannuation back service should be recognised and allowed for, and that the maximum proportion of the annuity for back service be in accordance with the recommendations of the conference—namely, £72 for women.

39. *Mr. Hogben.*] That is the teachers' proposal?—Yes. That is all I have to say.

40. *Mr. J. Allen.*] You differ from some of the other women teachers with regard to the retiring-age. Can you give us any reasons from your experience with regard to women at fifty-five—their physical condition, and so on—their being unfit to go on after fifty, as a rule?

41. *The Chairman.*] You are asked for your own personal opinion?—I do not know that we have many in our district whom I could point to that are past that age. It was the opinion of the meeting, when we considered the matter, that it was wise to make the retiring-age fifty-five.

42. *Mr. J. Allen.*] What is your own opinion?—I think there might in a few cases be a necessity for women to go off at fifty, but from what I have seen in our district I think fifty-five would do.

43. What percentage do you think would come under the definition which you have mentioned—that some ought to go off at fifty? How many of the whole number?—I could not give any definite number, but I think it would be very small.

44. I suppose you are talking about Otago?—Yes.

45. Do you think climate would make any difference?—Possibly it would. I think the northern climate is more trying, perhaps.

46. You seem to have some doubts about clause 13—about retiring medically unfit?—Yes. It makes provision there for retirement on sixtieths.

Mr. J. Allen: I think we know the difficulty. I will not pursue the question.

47. *Mr. Major.*] In arriving at the conclusion that fifty-five would be a reasonable age at which retirement should take place, was the financial aspect of the question dealt with?—Yes, it was; and the opinion of some of the teachers at the meeting was that if they retired before that age the amount of the annuity would be very small, so they thought they would prefer to go on till they were fifty-five and have a reasonable amount.

48. It was not so much a question as to whether the vitality and staying-power of the women of Otago were better than those of the northern women?—I do not think we considered them as opposed to the northern ones at all; but it was the opinion of several at the meeting that they would be able to go on to that age, and in one case it was suggested that they might go on longer.

49. Well, then, it was not exclusively financial reasons that induced you to give the evidence that you have given to the Committee?—Not exclusively.

50. *Mr. Buddo.*] Is there any instance, among the teachers whom you know, where the teacher has been obliged to leave before reaching the age of fifty, feeling herself unfit for her duties?—I do not think I can state a case. I do not think I remember any at the present moment.

51. On the other hand, do you know of any teachers continuing in the service who are over the age of fifty?—I do not know their ages, but as far as I can judge there might be a few.

52. There are, to your own knowledge, a few over fifty that are still in the service?—Yes, that is correct.

53. While you were discussing this question did any of the older teachers express any feeling that they would, if they were sure of a reasonable amount of superannuation, like to leave the service and take advantage of the superannuation—I speak of those over, or we will say approaching, fifty—in preference to continuing at work and drawing a salary?—I think it was the other way about.

54. They desired to continue to work and draw the salary?—Yes.

55. *Mr. Foulds.*] Do you know of any or many women over fifty-five who are teaching in your district?—As I have said already, I do not know their ages, therefore I could not say that there are any over fifty-five from personal knowledge. As far as I am able to judge I think there might be perhaps three of about that age.

56. If there are only about three or four teaching now who have reached the age of fifty-five years, have you any reason to expect there would be a larger number if the superannuation scheme was enforced in years to come? Would they continue teaching up to fifty-five in larger numbers if there was a superannuation scheme?—I really could not say.

57. What would be the benefit of the superannuation scheme to women as a class if there were only three or four in a large district who continued teaching to the age that would entitle them to an annuity? If there are only two or three teaching to-day who have reached the age that would entitle them to retire under the superannuation scheme, will it be of any great benefit to the women teachers if the retiring-age is retained at fifty-five?—I think it would.

58. Do you think that a larger number than those two or three would be able to get the benefit of it?—You mean, the teachers that are coming on?

59. Yes, in years to come?

60. *The Chairman.*] If there is not to be a pension till the women reach the age of fifty-five—and there are very few now teaching who are fifty-five—do you think they would go on teaching till they were fifty-five because they would get a pension?—They would need to.

61. That is not the question; the question is, would they do it?—Yes, but then there would be the provision for going off sooner if medically unfit.

62. *Mr. Foulds.*] I will leave that phase of the matter. When the women teachers of Otago were considering this proposal and were coming to a resolution in favour of keeping the retiring-age at fifty-five, were they influenced at all by the opinions of the male teachers that to ask for a lower retiring-age would imperil the scheme?—We were left to discuss it ourselves. We were not influenced.

63. The fear of imperilling the scheme did not influence you?—Not in coming to that decision.

64. *The Chairman.*] But you knew what the opinion of the men was, did you not?—Oh, yes; I had attended the previous meetings open to both men and women teachers.

65. And you knew that the matter had been discussed there, did you not, and that it had been stated that if the retiring-age were made fifty-five the scheme would be unfinancial? You knew that before you went to your own meeting—you had heard the men say so—that the scheme would be too heavily burdened if the retiring-age for women were made fifty-five, and that the South Australian scheme had broken down on that account?—We had known that for a long time.

66. Did that have no effect upon you at all, in coming to a conclusion?—Probably it had.

67. Do you think that after a woman has reached the age of fifty years, and has been teaching for, say, thirty years, she should be encouraged to go on teaching? If she has had thirty years of the strain of teaching, and has reached the age of fifty, should she be encouraged to go on teaching?—Well, I should not say “encouraged.”

68. I will put it in another way. Supposing you were headmistress of a school, and there was a position vacant at the school, and there were two applicants, one of twenty-five years of age, and one of fifty equally qualified: to whom would you give the position if you had the choice?—I should give it to the teacher of fifty because of her greater experience.

69. No matter what the position in the school was, you would give it to a lady of fifty, who had been teaching for thirty years, in preference to a woman of twenty-five?—Yes, on account of her greater experience.

70. Do you think your opinions are generally held by teachers or by Education Boards?—They are held by a number of teachers.

71. Going further, then, would you sooner give the position to a teacher of fifty-three than to one of twenty-five?—I think there is too great difference in the comparison—all those years.

72. I am taking women of those ages specially. Would you sooner give the position to a lady of fifty-three than one of twenty-five years of age?—I would give it to the woman of fifty-three.

73. *Mr. Buddo.*] Did the question of inability to continue your duties after fifty or fifty-five or any age at all, come up for discussion at the meeting you attended?—Yes.

74. And you voice the opinion of your committee when you state that you think the experience gained by teachers is more to be taken into consideration than the question of the physical fitness of the teacher? That is really the position you have taken up, is it not? Your answers led me to believe that in your opinion the experience of a teacher—other things being equal, of course, such as certificate, and so on—warranted her being considered a better teacher than the younger woman, and that the question of her fitness or unfitness from a nervous or physical point of view, did not come up for discussion at all?—I was giving you my opinion.

75. Not the opinion of the committee?—My own opinion.

76. You do not come here to represent the teachers who ask for a lower retiring-age—say, fifty instead of fifty-five?

77. *The Chairman.*] You have not been deputed to ask for fifty to be fixed as the retiring-age, instead of fifty-five?—No, I was deputed to say fifty-five and sixty.

78. *Mr. Buddo.*] Were you unanimous on the question?—The Dunedin meeting was unanimous.

JAMES KINLOCH LAW examined. (No. 9.)

79. *The Chairman.*] What are you, Mr. Law?—Headmaster of the Manaia School.

80. Are you a member of the New Zealand Educational Institute?—Yes, a member of the executive of the New Zealand Educational Institute. I have been asked to come before you to represent the teachers of the western district of the North Island in regard to the question of superannuation, and I

wish to lay before you more especially some considerations that may tend to show that while the teachers of to-day have no accumulated fund or State-granted rights that may entitle them to more liberal treatment than they would otherwise look for, they have still, from the underpayment of the service for many years, an accumulation of arrears that may give them some moral claim. At the risk of iteration I beg to give evidence of the feeling of gratification that the introduction of this long-promised measure has given rise to among teachers, and to bear witness to their sense of the liberality of most of the proposals that the Bill makes. For new entrants and for the younger original contributors the provisions that are made will do much to render the profession more popular, and to put a stop to that exodus of able men that has been a somewhat marked feature of the last decade. It is only when we come to the provision that has been made for teachers of the age of thirty-five and upwards that disappointment is felt—and when you remember that both by the provisions of the Bill that was introduced in 1902 by the Hon. Sir Joseph Ward, and by the treatment that has been meted out to other Government employees, teachers have been almost educated to expect some greater recognition of back service than this Bill grants—you can understand the feeling of keen disappointment that was experienced when it was found that no provision beyond a minimum annuity of £52 had been made. The Bill of 1902, as you will remember, although it granted eightieths instead of sixtieths, allowed all service since the passing of the Education Act of 1877 to count in calculating the annuity, and when it was telegraphed throughout the colony that the Premier, as Minister of Education, was introducing a Bill that granted sixtieths instead of eightieths teachers now up in years felt that a most generous recognition was being made of their past services, and laid aside that anxiety for their future that must keenly distress men and women who are fast approaching the time when effective execution of their duties becomes increasingly difficult. Under these circumstances it does not seem unnatural that many resolutions, some of them somewhat severe, should have been adopted by branches of the Educational Institute throughout the colony, and that both the Premier and other members of your House should have been delayed with wires on the subject, seeing that teachers had, as I have already said, been almost taught to look forward to something better. It is also possible, however, that the feeling that many of the older members of the profession were not being treated as fairly as they think they may have deserved, nor as liberally as others have been treated, may have some foundation in the fact that it is admitted that for many years teachers have not been receiving such salaries as were due to the work they were called upon to perform; and I beg to lay before this Committee some considerations that may tend to show that—large as is the amount stated by the actuary to be necessary to render financially sound the scheme that has been outlined by the conference between the executive of the institute and the Government representatives—a great part may be regarded as an acknowledgement of the low salaries that have been paid to teachers in former years. I may here say that there is a feeling general among teachers that, as in duty bound, the actuary has felt himself compelled to make allowance for contingencies that may or may not arise, and that it will be found in actual experience that many of them will not arise, so that the large amounts quoted will not really be required. To return to the underpayment of the profession, it will be admitted, I think, by all members of this Committee that during recent years the supply of teachers, more especially of male teachers, for our country schools has not been sufficient to meet the demand. Education Boards have found it necessary, in many cases, to place uncertificated teachers in charge of schools that ought to be officered by trained and competent teachers, and in the case of other schools to appoint women teachers in place of men. This, again, has led to demands on the number of our women teachers so great that it has been found necessary to appoint uncertificated women to positions that should be occupied by certificated teachers. In 1901, I understand the Otago Board of Education had not an uncertificated teacher in its ranks, and a statement recently issued under the authority of that body calls attention to the fact that there are now forty in their employment, a state of matters that calls for grave consideration, and, if possible, remedy. Again the ranks of the profession are being steadily drained by an exodus of some of our most promising and able men, who feel that in other walks of life they can secure greater remuneration and less irksome conditions of work than prevail in the teaching profession. This exodus has been a serious loss to the country, and has tended to lower the standard of teachers, and it seems necessary in the interests of education to offer such inducements as shall tend to keep within the ranks of teachers those who have given promise of high efficiency. A few years ago, when Parliament introduced the colonial scale of salaries, it was generally acknowledged that the teachers were being underpaid, in some cases shamefully so, and that education in some districts had suffered severely. Since that time nearly £40,000 a year has been added to the salaries bill of the primary-school teachers. That even this amount has been insufficient is shown by the fact that the Premier feels that even now teachers are not in a position in many cases to pay the contributions required from them to enable the Government to make some scheme for a reasonable provision for old-age annuities, and proposes to add another £26,000 to the salary bill. The Premier himself says that it was consideration of the low salaries that women had all along been receiving that induced him to fix a minimum of £52, so that those receiving the lower salaries could get advantage of it. Teachers think that this statement as to low salaries is not applicable to women only, but also to men teachers whose responsibilities as a rule are greater than those of women, and many of whom have been utterly unable to meet those responsibilities, to maintain the position which men of their class must maintain, and at the same time to make due provision for their old age. It is felt by many teachers that these men have served the State well, and that at the age of sixty they may well look for a little better provision than at the age of sixty-five would be made for a man and his wife under the old-age-pension scheme. There are those coming after me who will show what is being done in other countries to recognise the services of teachers, so that that is a subject I need not here enter on, but in regard to the new provisions that are being made I trust that you will kindly, sir, allow me to say one word. I am aware that it may be slightly outside your order of reference, but it is a subject of so great importance to the profession and to education that I

am anxious to draw special attention to it. It is understood that the Government intends to do something towards properly classifying and grading its teachers. Let me here say, and I know that I speak now in accordance with the ideas of a great majority of teachers, that no measure could be introduced that will give greater satisfaction to your teachers or that will tend to arouse more fully their enthusiasm than the introduction of some broad liberal statesmanlike measure of classification such as has already been introduced in the Railway and Postal Services by Sir Joseph Ward. Enthusiasm, you know, is a plant of tender culture, and requires nurture. In conclusion, let me say that the men who are responsible for guiding the policy of the teachers at such a crisis feel themselves in a most difficult position. They recognise that the Bill is a most favourable one for future generations of teachers, yet they find themselves, in many cases, less favourably treated than they were by the Bill introduced by Sir Joseph Ward. They are unwilling to imperil the interests of future generations, but they trust that the compromises which have been proposed will enable Parliament to carry into effect that recognition of back service which has been suggested by Mr. Davidson.

81. *Mr. Hogg.*] A good deal of stress has been laid by you, in the paper which you have just read, on what you termed the exodus of able but ill-paid teachers. Now, as it is advisable that we should have facts, can you point to any teachers who have left the service of late years—able teachers, as is alleged—for any reason whatever?—Yes, sir; I know of one in my own experience.

82. I should like to have the names, because I have been on an Education Board for several years, and I cannot recollect one?—Mr. Syme has entered the profession of law; Mr. Corry, who was the teacher at Momohaki, is now a lawyer in Wanganui. Then there is Mr. Guinness of Opunake, and Mr. Garrow, of Dunedin, who was one of the most promising of our young teachers in Otago.

83. Were these experienced teachers?—Yes, they were; I can assure you. Mr. Corry especially was an able teacher. He had taken his M.A. and LL.B., and had no reason to leave the profession other than to better himself.

84. What profession did he take up?—Law. Mr. Macintyre, of Kimbolton, is another. He left just recently.

85. Some men have gone from the ranks of the teachers into the learned professions—take the Chief Justice, for instance?—That is so.

86. Do you think that had they been receiving even higher salaries they would not have left teaching to enter those professions?—I think that the low salaries, combined with the fact that there was no immediate prospect of increase—that is to say, there was no gradual increase—to reward them for their work, tempted them to begin the struggle to leave the teaching profession. I may say that Mr. Corry is an intimate friend of mine, and so is Mr. Macintyre, and from many conversations I have had with them I feel perfectly sure that my statement is correct.

87. Is it not a fact that this process of men leaving one particular kind of employment to try to better themselves in some other has been going on in the teaching profession for many years?—I can only speak as to that from my own experience.

88. Do you think the cases are more numerous in the teaching profession than in other walks of life, where there are educated and ambitious men who wish to improve their positions—I mean cases of their leaving one profession and going into another?—You mean, taking up, for instance, the profession of law or of medicine?

89. Yes?—Yes; I should think there are a large number. I do not know of any case in which a lawyer has left the profession of law to become a teacher, or in which a doctor has left the profession of medicine.

90. They have not left the profession of law to become teachers?—Not that I know of.

91. I suppose you do not assert now that capable lawyers make a less amount of money than teachers?—They may receive less than some teachers, but I do not think they receive less than the average teacher.

92. You can only speak as to Wanganui, I suppose—you cannot speak of other education districts where there has been an exodus of teachers, of a serious nature?—I was referring just now to my own experience in the Wanganui district. The same exodus has taken place in Otago, I am aware.

93. During the last four or five years—since the new scale of staffs and salaries has been introduced—how many teachers have left the service of the Wanganui Education Board—I mean able men—to follow other professions? Can you tell the number?—I do not know how many, I am sure.

94. Can you say there has been more than one?—Oh, yes.

95. *Mr. Fowlds.*] Do you consider that an annual grant of £10,000 from the State for this superannuation fund would be liberal treatment?—Ten thousand pounds a year, in perpetuity?

96. Yes?—Well, you see, the Government are proposing to add £26,000; but I believe that with that £10,000 a year granted in perpetuity a scheme could be formulated which would give satisfaction to the great majority of the teachers.

97. Suppose the £26,000 is separate—that it is for increases of salaries?—Yes.

98. As a contribution to this superannuation fund, do you consider £10,000 a year ample?—I do not know that I consider it ample. That is a question that requires some very grave consideration, but without going very deeply into the question I do consider that with £10,000 a year in perpetuity a scheme could be evolved which would give satisfaction.

99. *The Chairman.*] Mr. Fowlds asked you whether you are able to say that the teachers would be content if the State undertook to provide £10,000 a year for the purpose of assisting the superannuation fund?—Yes; I may say I do think the teachers would be content.

100. *Mr. Fowlds.*] And if that were given, we could take out the unlimited guarantee that is contained in the present Bill?—Of course, our difficulty as to that is the fact that there are a large number of teachers who have grown old in the profession, and that they are old in the profession is due to my mind to the fact that no provision has been made for their old age. They would have gone out before if such provision had been made.

101. That is what I reckon the £10,000 a year should cover?—I am afraid it would not cover it.

The Chairman: Will you allow me to interrupt for one moment please? At the desire of the Committee Mr. Davidson prepared his suggestions in writing, and I now place the document on the table to be added to his evidence.

102. *Mr. J. Allen.*] Were you here yesterday, Mr. Law?—Yes.

103. You heard the proposals made by Mr. Davidson?—Yes.

104. They were what you were referring to when you mentioned Mr. Davidson's scheme?—Yes.

105. You approve of Mr. Davidson's scheme?—Yes, I approve of it.

106. You think it will be satisfactory for teachers?—Yes, I think it satisfactory.

107. Do you think it would be satisfactory to the teachers if some of the £26,000 were allocated to make the scheme sound—say, £10,000 a year?—I believe the teachers are prepared to allow a part of that money to go towards the superannuation fund.

108. Have you anything to say about the house allowance being counted or not counted as salary?—I think it is due to the city teachers who have to pay rents that their house allowance should be included as part of their salary.

109. Included in the salary in making the computation for superannuation purposes?—Yes.

110. You said that the actuary had provided for contingencies which would not arise. Can you suggest to us any contingencies that he has provided for which will probably not arise?—I said he had provided for contingencies that may or may not arise. That is the feeling generally among teachers.

111. Can you suggest any contingencies that he has provided for which may not arise?—I can only suggest that from comparing the provision which has been made by actuaries in other schemes with the actual results.

112. Can you name any one contingency which you think may not arise but which the actuary has provided for?—The contingency of the calls upon the scheme, through the death or retirement of members, being as great as he has estimated.

113. You think he may have made a wrong calculation with regard to mortality?—I would not say that, but I think he has felt it his duty to make his calculations very stringent.

114. You know what he has based them on, do you? You are referring to the mortality tables?—Yes.

115. Do you know what he has based them on?—I do not.

116. Do you know that he has based them on the healthy districts of England?—No, I am not aware of that.

117. Do you think the healthy districts of England an unfair comparison with New Zealand?—No, I should say not.

118. I would like to know what you have got to say about the women retiring at fifty or fifty-five?—I believe that evidence will be brought before you—

119. I want your evidence. Give us what you think from your own knowledge. Do you think that a woman teaching in New Zealand, under the conditions under which she has to teach, becomes, from nervous prostration or any other cause, physically unfit for teaching, as a rule, at fifty?—I have not found it so in my own experience.

120. At what age do you think women do become physically unfit?—Fifty-five.

121. Do you favour the retention of fifty-five as the voluntary retiring-age?—I would certainly favour the introduction of fifty if it were financially possible, but as I see that it is not financially possible I am compelled to favour the retention of fifty-five.

122. *The Chairman.*] You say that women become physically unfit at fifty-five?—I do not say they all do. I say that in many cases I think the strain becomes too great for them.

123. And yet you make that only the optional retiring-age. If your experience has proved to you that women as a rule become physically unfit at fifty-five, would you only make that the optional retiring-age?—They might retire at that age if they felt unfit. Those who did not could go on.

124. But you have told us that in your opinion women generally became unfit physically—?—I do not know that I meant that they generally do. I said I thought that at the age of fifty-five the strain of teaching became greater than many women could bear.

125. Well, then, you modify your evidence to that effect?—Yes.

126. You do not say that the generality of women become unfit at fifty-five?—I do not.

127. Do you know any women teachers in your district who are over fifty-five?—Yes.

128. How many are there?—I could not say.

129. Can you tell me what they are doing?—Yes, one of them has been, until recently—.

130. I want to know what they are doing now. Do you know what one of them is doing now?—One of them is the acknowledged headmistress of the Girls' High School at Wanganui.

131. She is over fifty-five and is still working?—She is at the present time relieved from duty.

132. Then she is not working?—No, but she still occupies the position.

133. I want you to tell me how many women teachers over fifty-five are at present engaged in active work in your district, and what they are doing?—I cannot say from memory.

134. Can you tell me of one?—No, I do not think I can tell you of one.

135. You said just now, you know, that there are a number of them. Now, you cannot tell me of one?—Not in my district.

136. *Mr. Major.*] In your experience of the profession so far as women teachers are concerned, has it not been the case very often that one woman may be, comparatively speaking, full of energy at fifty-five, and another may be in the last stages of decrepitude at that age?—That is so. There is a teacher in the Wellington District who, I believe, is about seventy years of age, and is still actively engaged in the profession.

137. Do you not think it is very difficult to determine at what age a woman should retire? You have already said that you think that except for financial reasons it would be wise to make the retiring-age fifty?—I think so, if it could be done.

138. As to whether the teachers would be satisfied if £10,000 a year were paid to them in perpetuity as an aid towards the superannuation fund, when you reflect upon the matter does it not seem an out-of-hand way of dealing with a question of this sort—cutting the painter, as it were, with the teachers and saying to them, “Here is a sum of money; do what you like with it”? It would be evading the responsibility of the Government. Is not that your opinion?—I think myself that the sum of £10,000 a year would be a liberal contribution on the part of the Government towards our scheme.

139. But the proposition made by Mr. Fowlds was that that should prevent any further claim being made at any time upon the Government—that they were to have no liability further than that £10,000, no matter what happened?—I understand you. Of course we should prefer by a long way the guarantee of the State.

140. You think it would be better, in the interests of the profession, that the guarantee of the State should not be limited to any specific sum per annum?—It would be much more satisfactory to the teachers.

141. So that if only £5,000 were required, it would be much better to have it than a guarantee of £10,000?—Certainly.

142. Is that feeling which you mention with reference to classification and gradation—is that much in evidence among the teachers, as far as your knowledge goes?—Yes, the matter has been brought before our institute on several occasions and has always been agreed to.

143. *Mr. Buddo.*] Have you formed any opinion as to the relative number of teachers—male and female—over, say, fifty-five years of age, in the district which you represent?—I have not looked up the return, and I have no data at hand on which to give any evidence on that question.

144. It would naturally occur to you, of course, that there were far more elderly male teachers than females?—Yes, that would naturally occur to me.

145. In your previous evidence you referred to the number of teachers leaving the service. Have you any reason to think that this was due to a distaste for the service, or was it a question of bettering themselves?—It was largely a question of bettering themselves.

146. You have no knowledge, I suppose, of the number of those who practically never take up a permanent position after leaving, we will say, the training-school?—No, I have no knowledge of the number.

147. You referred to your preference for the guarantee of the State, regarding the fund?—It would be much more satisfactory to have a State guarantee behind the thing.

148. Do you speak for your institute, Mr. Law?—Yes.

149. You stated that you preferred the guarantee of the State. Well, I assumed, from the point of view from which you looked at the matter, that you thought the fund might be weakened in years to come by reason of the drain upon it?—That is so.

150. Well then, did it not occur to you that the fund should naturally be strengthened by reason of the new entrants, who would start young?—Yes, if the financial position which has been made for new entrants is quite sufficient to cover the liability incurred on account of them.

151. Have you formed any opinion as to whether the contribution is sufficient to warrant the provisions in the Bill? I should like to make it clear that I only refer to those who would leave the service after having served less than twenty years. I assume, of course, that there is a difficulty there?—New entrants who leave the service?

152. With less than twenty years' service—that is, in the future. We are speaking of how the provisions of the Bill will affect the guarantee of the State?—New entrants who leave the service with less than twenty years' service?

153. More than twenty years' service?—You said less than twenty years' service. Do you mean medically unfit?

154. No. I am looking at the matter fifteen or twenty years hence, we will say?—Those who enter now?

155. I mean paying servants?—That is really a question upon which I think you must depend upon the actuary. I am not in a position to give any evidence of that nature.

156. I was only asking if you had made any calculation as regards new entrants' contributions?—No, I have not done so.

157. *Mr. Lewis.*] You have said that you think £10,000 would be a liberal contribution by the State per annum?—I have said, I think, that with £10,000 a year a scheme could be drawn up which would give satisfaction to the teachers.

158. Well, now, if I were to inform you that £10,000 per annum would not finance this present scheme, would you still be of the same opinion?—Well, I understand that the actuaries—

159. *The Chairman.*] Answer the question, please. You were asked to give a definite opinion as to the effect upon the teachers' mind, of giving this £10,000 a year?—If the payment of £10,000 would not finance such a scheme, then I say it would not be satisfactory to the teachers.

160. The scheme, or the £10,000?—The scheme. If the payment of £10,000 would not finance such a scheme, then I think it would not be satisfactory to the teachers.

161. Will the teachers consider they have been properly treated if Parliament gives them an annual sum of £10,000 in order that they may have a superannuation scheme? Will they consider that liberal treatment or not?—Well, sir, I am not in a position to answer that question. I do think they think it would be liberal treatment, but, unless it gave us a scheme equal to that offered us now, they would object to it strongly.

162. In other words, if £10,000 a year will not provide what they want, then they want more than £10,000 from the State, in addition to the £26,000 for increases in salaries?—That is so.

163. Is that not so—in addition to the £26,000—they want more than £10,000 a year from the State if more than £10,000 be required to establish and maintain a superannuation fund giving them the concessions they ask?—That is so.

164. *Mr. J. Allen.*] In speaking about house allowance being added to a teacher's salary for the purpose of making the computation, did you mean that the house allowance was to be in addition to the salary of a teacher who now has no house, or did you mean that it was to be in addition to the salary of the teacher who has a house? You understand what I mean?—I look upon the house allowance that is now granted to some of the teachers as a part of the salary.

165. What you meant was that the teacher who now has house allowance ought to be allowed that house allowance in computing his salary?—I think so.

166. *Mr. Lewis.*] And similarly, I suppose, the teacher with a house should be allowed to take credit for the rental value of that house—that is to say, that if a teacher has a house worth £25 a year and a salary of £200, it should be counted as £225?—He has saved the rent of the house.

167. *The Chairman.*] If there is no house allowance, but a house provided, is the annual value of that house to be added on?—No.

168. A teacher with an average salary of £180 and a house allowance of £30 would have £210 to be taken as the basis for calculating his annuity, and after forty years' contribution he would receive an annuity of £140. A teacher with a house and the same salary and service, would receive an annuity of £120 only, if you did not count the value of the house?—The teacher who had no house would be paying rent all the time.

THOMAS HUGHES examined. (No. 10.)

169. *The Chairman.*] What are you, Mr. Hughes?—Headmaster of the Waltham School, Christchurch.

170. Will you make your statement?—Yes, sir. I am here as a member of the executive of the New Zealand Educational Institute and as representing the Canterbury teachers. First of all I desire again to express to the Minister of Education and the Government the thanks of the teachers for the Bill which they have prepared. With the general outline of the Bill we are thoroughly in accord. There are points in it, of course, with which we disagree, but as to the main points—that is to say, the provisions for teachers up to thirty-five or forty—we consider them liberal, and we think they will be a great boon, not only to teachers, but to education in this colony. The necessity for such a Bill is undoubtedly great. There is not the slightest doubt that we must attract the best intellects—that is to say, men and women of intelligence and culture—if the education system of the colony is to be really efficient, and if our children are to be educated and trained as citizens, in the best sense of the word, for their life in the colony. We think that this is not being done at the present time, because we have a difficulty in getting suitable people to enter the profession. The director of our Normal School says that for last year there were three males and thirty females in training, and I know myself that we have difficulty in getting suitable pupil-teachers. There is one other fact that I think would point to some necessity for a measure like this—that is to say, that in order to staff our schools a number of uncertificated teachers have to be engaged. It has been pointed out that in Otago, in 1901, I think, there were no uncertificated teachers; to-day there are forty. In Canterbury also there are some uncertificated teachers, and in another district that I know of uncertificated teachers are being employed to fill the positions of assistant teachers. With regard to the exodus of young people, or teachers generally, I lay no great stress upon that, because I do not think it has been anything more than normal. I do not think the exodus has been anything more than it would have been in any other profession, but I do believe—and I differ from a great number in this—that this Bill will do a great deal more than we think to attract and retain teachers in the profession. I would refer to the German system in this respect, because it is said that in no country in the world is the teacher so well equipped for his work as in Germany, and, as is well known, the emolument he receives is a moderate one, but, at the same time, he has some provision for retirement and for old age. And the teaching profession there is not only efficient but it is held in repute. Now, with regard to the Bill itself, some dissatisfaction has been expressed with it mainly, I think, because from thirty-five or forty upwards it does not offer sufficient inducements, or real inducements of teachers to join the scheme. That dissatisfaction is really not to be wondered at, for this reason: in a Bill that was prepared in 1901 recognition of back service was a distinct principle, and in the teachers' proposals acknowledgment of back service was an essential principle of the scheme. Here in this Bill we have little or no recognition of back service. In any company or any private firm this principle is recognised—and I cannot understand exactly why it should not be—that is, long, efficient, and faithful service is rewarded; and its recognition is a guiding principle in fixing a man's pension or emolument. As I said, there is no wonder that teachers have looked for this Bill. We are very grateful for it and I may say at the outset that I would rather have this scheme to-morrow than no scheme at all. It is a measure we should be grateful for, but we do claim the right to point out defects in it. I know of my own knowledge that a man who has retired from one service receives £400 a year pension, and a man who has retired from another service receives a pension of £240. In a little town near where I came from one of our teachers has recently died. He was a man who had served twenty-six years; he had given the best twenty-six years of his life to the service of the State—I am glad that the member for Kaiapoi is here, because he can corroborate what I am saying—and in view of the uprightness and service of that man, apart from his intelligence and the energy that he displayed in his work, if these men get £400 and £240—

171. I will ask you not to go into the matter of comparison more than you can avoid?—Very well, sir. I cannot see that any one would say that his services to the State would be adequately assessed

at £52. The man who retires at sixty and gets his £52 will have received, certainly a tangible sum ; but the man who retires at forty is in a worse position. He pays for perhaps twenty years at a settled amount in order to get even that sum, and he is, as I say, in a worse position. Now, with regard to the financial aspect of the question, I have no specific in my waistcoat-pocket to enable you to make sixpences into ninepences ; but the financial aspect has not escaped the notice of teachers, and we recognise that there are generous proposals in the Bill. But there is this with regard to the matter : we think that the State's proposals with regard to a subsidy are absolutely necessary. I would say, or instance, that the Government is simply following the precedents of other countries in that respect. In Britain the teacher pays £3 in the case of a male and £2 in the case of a female, as the yearly contribution ; and the normal pension for a male teacher is £64 ; and he retires at sixty-five. The State pays 10s. as a subsidy to each of these amounts. I am simply quoting this as a precedent, and I would also quote as a precedent the fact that in Germany the sum of £420,993 is paid annually as a subsidy to teachers' pensions. I have my authority with me for that statement.

172. What is it—"The Making of Citizens" ?—Yes. I would also like to point out that a private company—the Union Steamship Company—the other day started a superannuation fund for its employees—about four hundred in number—and, as you know, the company gave £10,000 as a nucleus, with a guarantee of £1,000 a year for ten years. I think that if the State does subsidise this scheme it would prove the best investment the State could make, because it would tend to render the education system of the colony efficient. Among the many beneficent gifts of Mr. Carnegie, I do not know that there has been any better than his bequest of the other day, when he gave \$10,000,000 to the education systems of the United States, Canada, and Newfoundland for superannuation of teachers. I am sure that will promote and assist education materially and will be an investment that will pay. With regard to the proposals before us, I think the time is most opportune for a superannuation scheme to be placed on a sound footing. At the present time the teachers are being granted an increase in salaries to the amount of £26,000 a year, and this sum, I think, they are prepared to sacrifice, or part of it, in order to help the scheme, and it gives them the means to do it. As to how much of a subsidy would be given, my opinion is that we might give at least one year's contributions—I mean, allowing for equality of sacrifice. I quite see that to give up this £26,000 will bear hardly on the lower-paid teachers. I thoroughly understand that ; but I think that the teachers in my part of the country would willingly allow this £26,000, or such portion of it as would be adequate and equitable from the various teachers, to go to the fund. And I also would certainly be in favour of tying up the fund for one year. I do not believe in the idea of tying it up for three or four years. I believe that to do that would cripple, in a sense, the efficiency of our teaching for some time. But I do think that we might do it for one year. As to back service being recognised, I thoroughly agree, I think, with the proposals made yesterday that past service should be rewarded in this way, that one-eightieth of the average salary should be allowed as a pension for service up to the time of the passing of the Act, and one-sixtieth of the salary for every year of contribution should be added to that. That seems to me to be a proposal that would probably cost something between the cost of the conference proposals and the cost of the benefits provided for in the Bill. It seems to me, at any rate, a suggestion that we might consider. There is another question that I would like to say a word about, and that is the retiring-age for women. For myself I am quite in sympathy with the idea that women should be allowed to retire optionally at fifty. I know that the strain on some men is great, and I think the strain on women is much greater ; and, in my opinion, if a woman knew that she could retire on a modified pension at fifty, it would make her mind easy and she would do her work better ; there is not the slightest doubt that the State would get more efficient work from her. I am aware that the cost of this would be very great, but I say distinctly that provided the cost is not too great I am in favour of fifty being the limit for the optional retiring-age. In Germany they give a modified pension after ten years of service, and I think that under this scheme a modified pension might be given to women, but I do not think the modified pension should be less than £52. With regard to the clause concerning a person medically unfit after fifteen years' service, I am not clear what that means. As I read it the benefit would be one month's salary for every year of service. If I am assured that that means sixtieths I have nothing further to say on the question.

173. It is supposed to refer to the last preceding section—section 12—dealing with sixtieths ?—Yes. I have one or two calculations here with regard to the bearing of eightieths for years of service, plus sixtieths for years of contribution. I have gone into the matter, and it does not seem to me to affect the cost of the scheme to any great extent, but of course that is a question for the actuaries.

174. What are your calculations ?—In many cases it works out something like this : for instance, if a man gets eightieths for back service, has entered the profession at twenty-eight, and his service is five years and his average salary £120, the back allowance would come to £7 10s. and he would get sixtieths added to that. But I would fix the limit for back service at £52—that is, that no allowance for back service should be more than £52. Then, a man aged thirty-three, whose service had been ten years and whose average salary was £130, would get for back service £16 5s. A man aged thirty-eight, with fifteen years' service and average salary of £140, would get £26 5s. In addition to this, of course, he would get one-sixtieth of his salary for every year of contribution. Generally speaking, of course, the amount is something between the proposals of the conference and those of the Bill. I am simply giving this as a compromise between the two. I do not know that I have anything further to say at the present time.

175. *Mr. J. Allen.*] Was Mr. Davidson's proposal one-eightieth up to the time of the passing of the Act, or one-eightieth from the beginning of service ?

The Chairman. Service was not to be counted prior to 1877.

176. *Mr. J. Allen.*] That is what I want to get at. Do you differ from Mr. Davidson, Mr. Hughes ?—No. I think that service prior to 1877 should not be counted.

177. You think that eightieths should be counted up to the time of the passing of this Act?—Yes; from 1877 up to the passing of this Act.

178. I understand you to say that you are prepared, on behalf of yourself and other teachers, to allow the £26,000 to be impounded for one year and to go to Capital Account?—Yes.

179. Are you prepared to allow a portion of the £26,000 to go annually to strengthen the fund?—I think so, if that was thought a more advisable course.

180. Do you know that it has been reported to us that £10,000 a year extra is needed to provide for the provisions of the Bill?—I am not aware that £10,000 would cover the whole of it.

181. That is to say, it would not cover it?—Just so.

182. Then how much of the £26,000 do you think the teachers would be willing to forego in order to make the scheme thoroughly sound?—I do not know; but I have in my possession evidence given by a man at a meeting in Canterbury, that teachers are willing to make almost any sacrifice to make the scheme sound. I cannot speak definitely on that question. I have a sum in my mind.

183. What is your opinion about it? What would you let go, of the £26,000, in order to make the scheme sound?—I would give the whole amount for one year.

184. One year will not help us a bit. It is an annual contribution that I am speaking of?—Well, I think, £5,000.

185. That would mean that the State would have to find another £5,000—another amount—to make the scheme sound?—I simply said £5,000 at the present time. I think the teachers would go even further than that.

186. They desire the fund made sound?—Do not misunderstand me. I think the precedent of other countries should be followed and that the State should subsidise the fund largely, in the interests of education.

187. *The Chairman.*] In your opinion is not a strong and, to some extent, liberal superannuation fund much more to be desired by the teachers than any great increase in salaries?—Yes, I think so; and I base my opinion on this, that it has worked out well in other countries.

188. *Mr. J. Allen.*] Would you give the whole £26,000 every year to put this scheme—if that amount would do it—on the basis of the teachers' conference recommendations?—I do not think the teachers are in a position, some of them, to do that. Their salaries at the present time, especially the lower ones, need supplementing. Personally, I would, if you asked me my personal opinion. But surely you are putting an extreme case.

189. *Mr. Buddo.*] You come from the North Canterbury district, Mr. Hughes?—Yes.

190. You know, I dare say, several teachers who have been in the service many years and have reached the age mentioned in the Bill for retirement, who would wish to retire?—Yes.

191. You believe they wish to retire?—Undoubtedly.

192. What would you consider a reasonable superannuation to be paid to those teachers that I refer to—teachers having salaries of from £300 to £400 per annum?—If they retired at once?

193. Well, you are aware that their time is up and that they would have to retire?—I can only refer you to what the conference suggested—£120; but we are prepared to reduce that.

194. The minimum set out in the Bill is £52. What would you consider a reasonable minimum in those cases?—I should think not less than £78.

195. You referred to the proposal to keep back for one year the £26,000 for additions to salaries, in order to strengthen the fund?—Yes.

196. In that case would you suggest that the teachers should, out of their present salaries, make their contributions for the first year?—Yes; that would be £26,000 plus £30,000 of contributions?

197. Yes; that is what I want to get at?—I would prefer, rather than do that, to lock up the fund for one year.

198. You would prefer to keep the benefits back for one year?—Yes. I think that £26,000 of the increase in salaries for one year might strengthen the fund materially—that is, £30,000 plus £26,000 would make £56,000, which I think would be a fair nucleus.

199. You are headmaster of a large school. What is your opinion of the proposal in the Bill with regard to the optional and compulsory retiring-ages for female teachers?—I have said that if it were possible financially I would like to see the age made fifty.

200. *The Chairman.*] That is, the optional retiring-age?—Yes. I would not like to see it made compulsory at fifty-five, for this reason; that the personal equation is so great a factor. But it would not be unreasonable to say fifty-five.

201. *Mr. Buddo.*] Am I to take it that you are in favour of the proposal in the Bill, or do you suggest taking five years off the compulsory retiring-age for female teachers?—If it is possible financially I am strongly in favour of that.

202. On what grounds are you in favour of it?—On these grounds, that women feel the strain of teaching to a greater extent than men, and I believe there is such a thing as strain that tells upon women which cannot be assessed by two doctors, and they cannot come on the fund under the "medically unfit" clause. I have known such cases, and there is not the slightest doubt that youthfulness in a profession is a desirable thing. Experience is good, too; but to my mind it is in the interests of the children of the colony that they should be influenced by young and fresh minds. Do not misunderstand me. I say that the personal equation is so strong a factor that I would not like to assess it. Mr. Gladstone was a good man at seventy.

203. Speaking generally, you would say that it would be better to reduce the compulsory retiring-age by five years?—Yes, I think so. I mean the optional retiring-age.

204. Will you state if you would reduce both the optional and the compulsory retiring-ages?—You mean fix the optional age at fifty and the compulsory age at fifty-five?

205. The compulsory at fifty?—Oh, certainly not.

206. It is only the optional age that you wish reduced?—That is so. I think it would be such a relief to a woman to know that she could retire at fifty.

207. In your opinion the optional retiring-age should be fifty?—The optional should be fifty, and the retiring-age sixty. This extract bears on the matter: "The average professional life of a German teacher is twenty-five years, and since the passing of the Pensions Act the profession is decidedly youthful in some States." That has been the effect in other countries of the introduction of a pension scheme.

208. *The Chairman.*] I take your meaning to be this: that in order to get what we should all like to see—namely, a body of teachers who would be interested in their work, and at the same time be capable of undertaking it, it is much more important that proper provision be made for a superannuation scheme than for any large increase of salaries?—I think so, yes. If you will allow me just to modify what I said, I think the burden on the State for education purposes is already a very large one in comparison with the total of the colony's expenditure, and I do not think any sum that the State could give would be so valuable as by way of superannuation.

209. We have heard about some teachers at sixty-five getting £300 a year. Are they capable of doing their work at that age?—I met such a man the other day who said he was. He said he was doing his work as well as he did at thirty.

210. *Mr. Lewis.*] Did you ask his Board? What would they say?—His Board have found no fault with his work. I am just giving an actual case.

JAMES HAMILTON HARKNESS examined. (No. 11.)

211. *The Chairman.*] What are you, Mr. Harkness?—Headmaster of the Reefton District High School, and a member of the executive of the New Zealand Educational Institute.

212. Will you make your statement, please?—Yes, sir. Although I am a member of the New Zealand Educational Institute Executive, I do not speak for the executive, of course, but for the small Institutes on the west coast of the South Island. If I could not speak for them I think that any personal evidence I should have to give would not be of much use, or would be hardly worth giving. I am sure I can endorse what has been stated—that we are pleased to see such a Bill, as far as it goes. At the same time I may say that, as a member of the teachers' conference that conferred with the Inspector-General and the Government Actuary, I must express very keen disappointment indeed that some of the provisions that we resolved upon are not incorporated in the Bill. This more especially refers to back service not being taken into account. The Westland teachers met since I left, and I believe they said they would be satisfied with nothing less than the benefits under the Railway and Police Superannuation Funds. To discuss this is, I understand, outside the order of reference. I had not an opportunity of meeting them to show what the conference had arrived at. I think they would have been perfectly satisfied if I could have placed clearly before them what the conference arrived at. As to the need for such a Bill being passed quickly, a great deal has been said about good men leaving the service. I think more might be said, and justly said, about the lack of men entering the service. Figures were quoted this morning, and I can quote others that I got from Inspector Goyen this morning, showing that at the Normal College in Dunedin, out of sixty-two students this year, one only was a male. I believe that the Chairman of the Otago Education Board said that four had been there during the year; but the Inspector said he understood that there was one male out of sixty-two students now being trained for teaching in Otago. This may not be an argument as to teachers being dissatisfied, because some people always say that they would like another profession than their own; but I honestly believe that if a referendum were taken of all the male teachers it would be found that a vast majority of those who have been in the service some considerable time would say they would change if they could. They have been in too long, perhaps, and missed the chance. Well, that is rather a sad confession, I think, because, in my opinion, the work will not be as well done by a man who thinks he would rather be doing something else; and, while such men may do the work well and show enthusiasm, I do not think their whole heart can be in the work if they think they have missed being something better. A scheme such as this, giving something specific for them to look forward to, would, I think, reconcile them a great deal to the profession they are in and cause them to do better work. As to back service, I understand that Mr. Davidson has made a proposal that for service prior to the coming into operation of the Act, but not going back further than 1877, one-eightieth should be allowed. I can see the difficulties in the way—the amount of money that the Government would require to guarantee—and I am perfectly prepared to admit that to be possibly the best thing that could be got. I think it would to a large extent be a recognition of what we want—one-eightieth for original members, and the sixtieth to apply from the time of contribution. With regard to helping the fund, I was consulted by wire as to whether I would agree to a proposal to place the £26,000 proposed to be given in increases of salaries to the credit of the fund, and I replied, promptly and at once, that I would. I think that all the teachers I have consulted since are of the same opinion. I understood when I replied that this sum was to go in addition to contributions; otherwise I did not see that it was giving up anything at all. I understood that clearly when I sent the reply; but I had not much opportunity at the time of conferring with any one. At the same time it crossed my mind that if it were necessary to forego the increase for more than one year I should be equally willing; but as to the thing going on indefinitely, I am in the same position, perhaps, as the last witness. I can hardly speak as to the suggestion, because we do not know exactly, in black and white, what it would require to finance the scheme. But I think I can say straight out that the teachers of New Zealand want a good sound superannuation scheme more than they want a trifling increase of salary. It seems to me that strong arguments might be brought forward for this recognition of back service. The Government, by giving the increases of salaries that they have already given, have confessed and the people of New Zealand have admitted, that teachers in the past have been inadequately paid; and the Government, by proposing this present increase of 6½ per cent in

teachers' salaries, also confess that teachers are not in a position to contribute to a scheme to better themselves unless their salaries are raised. If you take men who have been in the service for twenty-five or thirty years, and who have been inadequately paid all the time, I think such teachers require specific recognition; and I do not think a superannuation fund will be very much good or at all acceptable to them unless some provision is made for recognising their back service. One word with regard to the optional retiring-age for women. I am afraid that I am inclined to favour the retention of the fifty-five years for optional retirement; but I have been mentally looking round to see if I could find a lady of fifty-five years of age in my district, and I do not believe there is one that would own up to being that age. And that is the difficulty. Sitting here to-day, when member after member asked the witnesses, "Do you know of any lady teacher fifty-five years of age?" I felt quite certain I did not, because I am sure they would not say they were that age even if they were. And when you come to think of it that there are not such women, and when I look round my own district and find nearly all the positions in the back blocks filled by young girls where a young girl ought not to be, and young girls nearly everywhere, and a woman teacher of any age and experience only here and there, it looks as if there is something in the service that does not attract them, or else that there is something outside of the service that attracts them very much more. I know the teachers pretty well in the Nelson District, and there is, I think, only one anywhere near fifty-five that I know of. The Inspector-General will know; there may be more, but I do not know them. I think I could very easily answer one question that was asked. If some good, strong inducement were held out to the women to remain in the service, such as a superannuation scheme, I think they would remain in. I believe we should not then have these women drifting in and drifting out of the service, but we should have them taking it up as their life profession in some cases. I think it would be a very strong inducement, and I should be prepared to indorse the suggestion that the optional age be reduced to fifty, provided the women had had a certain length of service. Thirty years' service would be a fair thing, I think, so that if they entered at twenty they would have the option of retiring at fifty. I believe that Mr. Davidson has brought up this suggestion before. If they had not served for that length of time they might retire at fifty-five, and the compulsory age should be sixty. It seems to me that that would cover the whole ground very well. It is a difficult subject to deal with. The ladies have been talking about physical exhaustion and nervous strain, as if that did not affect men as well as women. It affects them every bit as much. I think the point is that women have to deal with little children more than men do. The woman has to teach them and to be with them, and it is a question of temperament, I think, more than physique. Some women get more motherly as they get older, and these women, if they have the physical strength, are better suited to teach little children five years of age than is a young woman at twenty-five. Age has brought the mother's instinct more to the front. Unless we think that our mothers at fifty were less loving than at twenty-five, I think my contention must be upheld. I admit that in the case of a woman who is a class-teacher or who may have to grapple with a country school, the nervous strain may be very great; but for a woman to teach young children, I think that if I had the choice between a woman of fifty and a young woman of twenty-five, I would take the woman at fifty—provided I knew what her temperament was. A previous witness said she would prefer a young woman of twenty-five for any position in a school. I would qualify that, and say that I would prefer a young woman for only certain positions. As I say, it is a very difficult subject to deal with; but when I find that women do not stay in the profession—and, in my opinion, it is because there is nothing for them to look forward to—I think one is quite justified in saying that fifty should be the optional retiring-age. I am glad the question was answered about retiring medically unfit after fifteen years' service. I tried to understand the provision in the Bill, but I was too dense. I thought it meant something quite different from what we resolved upon at the conference. If it means a retiring-allowance I am quite satisfied with that portion of the measure.

213. *Mr. Major.*] You made a statement with reference to the manner in which men and the manner in which women undertake their duties, and you said you thought there was no more strain upon women than upon men. I think that perhaps that might be answered in this way, and I would ask you to tell me from your observation whether it is so: are women not as a rule a little more conscientious in discharging their duties than men?—No, I do not think so.

214. *Mr. Hardy.*] You spoke about experienced women dealing with children, and you said you fancied that a young woman wanted to get to woman's years before she was able to deal with little children?—No; I said it was a question of temperament, and that some women of fifty were more in touch with little children than some young women of twenty-five.

215. I think it will be within your knowledge that motherhood has passed before women are fifty years of age?—Yes.

216. And I suppose that if that has been an arrangement made by greater powers than we have to deal with, you would say that women of twenty-five to thirty are really fit to deal with children?—I think that the mother of twenty-one or twenty-two is sometimes the most unfit person to put in charge of a child.

217. Have you ever heard of a woman becoming a mother at fifty?—No.

218. Then why say that a woman of fifty is better suited to teach little children than a young woman?—The young mother is not always the best one to train a child; and if she is not fitted to train her own she is not fitted to train other people's children.

219. How do you think a mother of fifty would handle them?—If a woman of fifty has got cross and irritable and out of touch with youthful ideas and so on, she is not fit to teach young children; she is a woman who ought to be retired in the interests of education.

220. Do you not think that very often like begets like, and youth is very fond of youth, and enthusiasm natural to youth brings on the young ones round about the young teachers?—No; I have found the older women better with the little children than the young women. The young ones are

impatient, and they do better with a higher class. I think the teachers ought to work downwards instead of upwards. A young teacher is generally put to teach infants, and works up. I say that if a young teacher has got the knowledge, it does not want as much teaching-power to impart it to the higher pupils. The teacher who is doing the hardest work is the infant-teacher.

221. Do you not think the proposal should be in the direction of relieving women who have borne the heat and toil of the day for so many years?—Well, my proposal is optional retirement at fifty for such women.

222. That is your proposal, but evidently it is not in accord with the language you have made use of?—I said that it was a difficult question to deal with. I only used that illustration to show what a difficult question it is to approach. I said it was a question more of temperament than physique.

223. You say you have no women of that age in your school district?—No, I do not say that at all. I do not know their ages. I do not think there is a woman of fifty-five in the district teaching a school.

224. Do you think there are many women of fifty-five in the whole colony?—I could not say whether there are.

225. You approve generally of the principle of relieving women at a reasonable age?—Yes.

226. You do not approve of the principle, then, that a young woman, say a woman of thirty, does as well as a woman of fifty?—I do not say that she would not. I said that for young children I would as soon or sooner—given the right temperament—take the older woman.

227. I suppose it is within your knowledge that, as a general rule, the infant-mistresses throughout the colony are older than the class-teachers?—Yes, but it has been my experience that where we have no training-college they have untried pupil-teachers to help them, and these are the ones that are put to teach the infants, the infant-mistresses taking, perhaps, the First Standard.

228. As a rule the infant-mistresses are women of experience rather than women of intellectual training?—Yes, that is my experience.

229. *Mr. Buddo.*] You are the teacher of a large school, I understand?—A fairly large school. There are about three hundred children.

230. What female teachers have you?—They are all female teachers except one.

231. How many is that?—There is one high-school mistress—a male teacher could not be got at the salary—one infant-mistress, two assistant mistresses, and a female pupil-teacher.

232. Taking the teachers that you previously spoke of—one of fifty and one of thirty—do you find any difference in tact in dealing with the children, especially the small children? Is the older teacher more tactful in dealing with the children?—Yes, I think so.

233. That is your opinion?—Yes.

234. Are you of opinion that the more mature experience of the older teacher is of more advantage to the pupils than having a younger teacher?—That depends upon the class the children are in, and the qualifications of the teachers. We have to go into that question.

235. Assuming that the qualifications are equal, would you say that the woman with the more mature experience is more valuable as a teacher?—I have not had much experience as to that, because the teachers I know of would not be qualified for a very advanced class. They might be quite capable of taking the infants and young children. I have not had much experience of large schools where a woman teacher has taken a high standard.

236. Still, up to a certain period you feel that experience is an advantage to a teacher?—Experience, I think, is of more advantage in the lower classes than in the higher.

237. *Mr. Lewis.*] I presume you recognise the difference between a woman of fifty who has been training children for thirty years and a woman of fifty who has never had to deal with a child in her life? *Mr. Hardy* did not seem to recognise any distinction between those two. I presume you do?—Yes, quite.

238. *Mr. J. Allen.*] I would like to know whether you as a colonist, not as a teacher, would desire that at any time the State should have to make up any deficiency in this fund; or would you rather have the scheme made sound now for all time?—I think the State would be called upon to do the less if it gave the guarantee; and I think I would rather see the guarantee given.

239. You have heard of the proposal to increase the salaries of teachers by £26,000?—Yes.

240. To assist to make any scheme financially sound that we may adopt, whatever it might be, do you think the teachers generally would be prepared to forego a portion of their £26,000?—I think so, most certainly. I think they would be prepared to forego the amount *in toto* for a year or two years.

241. I mean annually?—I put it in this way, that they would rather forego the money for a certain number of years in a lump sum than have it spread indefinitely.

242. Would they be prepared to forego it annually for all time? Well, at a future date it may be possible to raise the salaries again?—I said at the beginning that I thought the teachers would rather see a stable and good superannuation scheme established than have an increase of salaries.

MARY JANE McILHONE examined. (No. 12.)

243. *The Chairman.*] What school are you at, Miss McIlhone?—The Beresford Street School, Auckland.

244. *Mr. Buddo.*] A city school?—Yes.

245. *The Chairman.*] Will you make your statement?—Yes, sir. On behalf of the women teachers of Auckland I wish first to express our satisfaction with the superannuation scheme as a whole, and our grateful thanks to those who have interested themselves in the introduction of so desirable a measure. On the two points on which discussion or dissention seems to have arisen, I may briefly state our opinions

as follow: (1.) A minimum pension as proposed in the scheme seems to us as satisfactory to the majority of the women teachers as a pension scheme allowing for back service would be. (2.) We consider that if possible the optional retiring-age for women should be fifty, as women teachers themselves feel that at that age their efficiency begins to decline. On all other points we think the proposed scheme a liberal one, well calculated to serve the best interests of the cause of education.

246. *Mr. Buddo.*] Do you refer to a reduction of the optional retiring-age?—We should like the retiring-age fixed at fifty, but we do not wish in any way to jeopardise the passing of the Bill.

247. That is only the optional retiring-age. You do not wish the compulsory retiring-age reduced?—The optional at fifty and the compulsory at fifty-five is what we would like.

248. You would like to have both reduced at that rate—the optional retiring-age to fifty and the compulsory to fifty-five?—Yes.

249. Is that the desire of your institute at Auckland?—We should prefer the retiring-age to be fifty, but we would not urge it if doing so would jeopardize the passing of the Bill in any way. We should agree to fifty-five.

250. That is your sole objection to the Bill: you wish the retiring-ages, both optional and compulsory, reduced five years?—Yes.

251. *Mr. J. C. Thomson.*] You represent, I presume, a large number of teachers in the Auckland District?—Yes.

252. I suppose you are aware that it is the intention to increase the teachers' salaries by £26,000 this year?—We have heard that.

253. I suppose the Auckland teachers would like to see this scheme made as sound as possible?—Yes.

254. Would they be prepared to forego the increase of salaries and allow that £26,000 to be paid into the Superannuation Fund, to insure its soundness?—They would most willingly do so.

255. *Mr. Foulds.*] I notice that the teachers you represent prefer the minimum of £52 proposed in the Bill, to having back service allowed for?—We have gone into the matter, and we find that it makes very little difference.

256. *Mr. Sidey.*] Have you had a meeting of teachers in Auckland to discuss the Bill?—We have.

257. Of lady teachers?—Yes.

258. And as the outcome of that meeting you have come down here?—Yes.

259. *Mr. Lewis.*] With regard to the non-efficiency of women after they have reached fifty, it is mental strain and that sort of thing to which you allude, I suppose?—Yes, sir. I have in my mind two teachers whom I know. They should have been retired, I think, two or three years ago. They would have retired if they had been able to do so.

260. Their present retention in the service is not in the interests of education?—I do not think it is. They have suffered a reduction in salary. One of them has lost, I think, about one-half of what she was receiving two years ago at most.

261. *Mr. Foulds.*] Do you know many women teachers in the Auckland District who are over fifty years of age?—I do not think I know more than three or four. I know two for certain, but I am not quite sure of the others.

262. *The Chairman.*] Do you think that the teachers whom you know to be over fifty have been kept on because of their efficiency, or because of their having been old servants of the Board?—They have been kept on, I think, in the hope that superannuation would become a certainty. They have been hanging on in that hope.

263. And the Board have allowed them to hang on out of kindness to themselves?—They have done such good work in the past that I do not think the Board could do anything else.

264. What I want to get at is this: it is not a question of efficiency, but sympathy?—I think it is more sympathy than efficiency.

265. You have been teaching for a number of years, I think?—Yes.

266. If you had to engage a teacher, and you had the choice of one of, say, thirty years of age, and one of fifty, which one would you engage?—I do not think I would hesitate about engaging the teacher of thirty.

267. Whether it be for infants or for mixed classes?—Yes.

268. Assuming that the proposed increases of salaries were delayed for some time, do you think the teachers would prefer that, if they could get the superannuation scheme put on a good footing and made sound?—I think so, but not deferred indefinitely.

269. Not deferred indefinitely, but for, say, one or a couple of years. You think they would be willing to do that?—I think so.

270. *Mr. J. Allen.*] You are prepared to let the whole of the increases of salary go indefinitely, are you not?—Oh, no.

271. *The Chairman.*] You think the teachers would be glad to let them go for two or three years?—I had not discussed two or three years. We had discussed the one year, and were unanimous about that. But, speaking for myself, I should let the increase go for two or three years.

272. Then you attach more importance to the establishment of a good superannuation scheme than you do to the proposed increases in salaries?—Certainly.

273. And do you think that the setting-up of such a fund would increase the attractions of the service, as it were, to suitable people?—I think so.

GEORGE HOGBEN, Inspector-General of Schools, examined. (No. 13.)

The Chairman : I will ask Mr. Hogben and Mr. Fox to give the Committee a general explanation of the documents that have been laid before us.

Witness : The Committee asked for certain details in regard to the effect of the scheme. The first item is "the expected contributions derived under clause 4 from persons employed at the commencement of the Act."

The Chairman : It might be as well to read to members what we asked for. This is what we asked for: "I have the honour respectively to inform you that the following resolutions were this day agreed to by the Education Committee: viz., That the Chairman be directed to make application to the Hon. the Minister of Education for the following information: The expected contributions derived under clause 4 from persons employed at the commencement of Act; (clause 5) new entrants; (clause 6) other persons employed after commencement of Act. Tables showing the capital and total annual charges requisite for the benefits under the various headings. (Clause 12) Males retiring at pension-age. Females retiring at pension-age. (Clause 13) Contributors retiring medically unfit (service not exceeding fifteen years). Original members medically unfit (under the proviso). Contributors medically unfit (service fifteen years). (Clause 14) Contributors voluntarily retiring. (Clause 15) Contributors not leaving widows. (Clause 16) Contributors leaving widows. The information to be under various headings. (2.) That the Chairman be requested to make application to the Hon. the Minister of Education for the reports furnished by the Government Actuary in reference to the Teachers' Superannuation Bill and the teachers' proposals in connection therewith. (3.) That the Chairman be requested to procure a table showing the probable progress of the capital accumulations of the fund until it reaches its maximum, assuming a natural rate of increase in the membership in the future. The Education Committee will feel much indebted if you will be so good as to issue the instructions necessary to secure that the information sought shall be supplied to them." That was the letter I wrote to the Premier in accordance with the resolutions passed, and it is on that that the tables have been given.

Mr. Hogben : I may say that the Minister asked me to give all this information, as far as I could. The first item is "the expected contributions derived under clause 4 from persons employed at the commencement of the Act." Mr. Fox will give that based on the number of probable contributors that were returned in answer to questions in 1903. In 1903 cards were sent out to all the people in the colony that would come under the scheme, and that number consisted of 1,388 women and 1,251 men.

24. *Mr. J. Allen.]* Where is that in the tables?—It is not in the tables at all. It would be almost misleading to put it in the tables unless a long explanation were given, because the figures have to be corrected. I spoke to Mr. Fox on the point, and we thought it better to give the information in evidence. 1,251 men and 1,388 women were the number who answered the inquiry, who gave sufficient details to work upon, and who expressed their willingness to come under the scheme without knowing, I may say, what the scheme was going to be. All of the teachers did not answer. And, in addition, the number of teachers has increased since then. On the other hand the Native-school teachers, who are Civil servants, would have been included in the former Bill, and the officers of the Department also; but they are not included in the present Bill. No Civil servants are included in it; managers and teachers of industrial schools or of the deaf-mute institutes are not included in the terms of the Bill.

25. *Mr. Hardy.]* How about the Board officials?—They are not Civil servants, and are included; that is, if they are permanently employed.

26. *Mr. Fisher.]* How about technical-school teachers?—They would not all be included now. I am of opinion that they should be included, and that the definition of "education service" should be extended so as to say "managers of technical schools" as well as "governing bodies of secondary schools."

27. *Mr. Buddo.]* Managers of the staff?—No; service under the managers. You see the Education Boards are controlling authorities in some cases, and I would put in also "managers of associated classes." Technical-school teachers would come in now where they are under the Boards or under the governing bodies of secondary schools, but they would not come in where they are under managers, because the managers are a separate corporate body. You would have to bring them in under the definition. I was going to suggest that at a later date. There have therefore to be deducted from the totals I gave you—1,251 men and 1,388 women—the Native-school teachers and other Civil servants who are engaged in the Education service; but there has to be added the increase in the teachers that has taken place since 1902, because the 1903 returns are really 1902 returns—they give the facts for 1902.

28. *Mr. Sidey.]* Did not these people understand it was the 1902 scheme they were going to come under when the request was made to them?—There was no scheme before them when they had the cards. It was prior to the drawing-up of the Bill. The information was obtained before the Bill was circulated. We wanted to get it as a basis to frame the Bill upon. Schemes of their own had been circulated, but no Bill was in the hands of the teachers when they gave that information.

29. The Bill was introduced in 1902?—Yes, that is true. If I may be allowed to do so, I will correct that statement; but my impression is that when the cards were sent out a Bill was not circulated. The present number of teachers and of officers who would come in is something like 3,150. I estimate it at 1,700 women and 1,450 men. I have not included all the teachers, because, as the Committee is well aware, there are in the colony a certain number of household schools, and in these cases the appointments are only temporary, so these teachers are not "permanently employed." They are uncertificated teachers. No uncertificated teacher is in the sense of the Act permanently employed. A Board has power to employ an uncertificated teacher temporarily if it cannot get a suitable certificated teacher, but teachers are not permanently employed unless they are certificated. Eliminating those that should be so eliminated, I make the number nearly 1,700 women and 1,450 men at the present time, if all those who could come in did so. Mr. Fox will tell you that his report is not based on that

number; it is based on the former number, so the figures relating to total contributions and liability will not refer to this corrected number. That is the first item asked for. As to the contributions from those who are now in the service, Mr. Fox has not calculated that. I have calculated the amount of contributions of the present members on the same basis as he has adopted for the others—the 3,150. We have not the full details for all the new salaries, but we know pretty well what the new ages are. I think the total contributions would be somewhere between £30,000 and £32,000. They would not be as much as £32,000, but they would almost certainly be more than £30,000. I think that £30,000 would be the safer amount to say. Nearly all the new entrants since 1902 have come in at the ages contributing 5 per cent.—that is, they have nearly all come in under thirty years of age. That will qualify, I think, the returns under the first head that the Committee asked for. The second item refers to clause 5: "New entrants and other persons employed after commencement of Act." If I may be allowed, it will be more convenient to group these two together. The average salaries on which the calculations are based are not for teachers only, but for all who might come in, and are only divided for men and women; so we should have to make separate calculations, grouping the salaries differently, if we divided the new entrants—that is, new entrants under clause 5 (public-school teachers) and those under clause 6, "other persons employed after the commencement of the Act." They are also new entrants, but are new entrants other than public-school teachers. We have grouped the salaries for all the possible persons that would be benefited, and we have taken them all together. The 1,251 and 1,388 include both classes, and so do these new numbers, 1,450 and 1,700. It is therefore more convenient to take them together for the contributions. I might mention that the rate of the admission of new entrants for the last few years has been 125 women and thirty-five men each year; but the number of new entrants is on the increase at the present time; it is markedly increasing, and will be a good deal higher in a few years' time. I have taken the rate for ten years, and have brought it up to the present figures for the population. Well, I have now given the estimate of the total contributions. The effect of the contributions, I think, is almost better shown in another way—by this diagram. It shows that the contributions will fall just a little—not much—for a few years after the initiation of the scheme, and that it will be some years before they really recover, although the number of contributors will be increasing. That is due to the fact that nearly all those who come in afterwards will be of the 5-per-cent. contributing age, and those who go out will be spread over the whole range, from 5 per cent. up to 10 per cent. The effect of that is that, though the number increases at first, the loss through those who pay high contributions going out is greater than the gain due to the increase in the number of teachers. After a while the contributions recover; in thirty years from now the contributions would all be on the 5 per cent. basis. The consequence is that you find that before thirty years the curve of contributions goes upwards a little faster.

30. *Mr. J. Allen.*] Does the £30,000 include the contributions from the new entrants?—The £30,000 is contributed by those who are in the service. They would not be new entrants; they would be original members.

31. What about the new entrants?—There would be no new entrants" for the first year.

32. Can you get at the average per year?—They do not begin at the average salary. The average salary at present, taking all the contributors, is £187 10s., or very nearly that, for men, and slightly over £116 for women. That is, taking all those who would come into the scheme—not public-school teachers alone. The number of secondary-school teachers is very small, but the average salary paid to them, as shown in the returns, is very much higher than that paid to primary-school teachers. The average salary for men in secondary schools is £266, and for women in secondary schools, £137. These salaries are included in the figures I have given, and they tend to bring the average up. These average salaries are for the whole term of service, not at the end of the period of service. Then I come to "Tables showing the capital and total annual charges requisite for the benefits under the various headings." Mr. Fox has given these in his general report, and has also handed to me, in accordance with the Minister's request, a summary of them, which I will get copied and hand in to the Committee later on. I will leave this for Mr. Fox to explain; but it is just a summary of the tables, and this summary practically answers all the questions except that as to contributors retiring medically unfit, which Mr. Fox will explain himself. Then with regard to the next paragraph of the Committee's resolutions, as conveyed to the Minister: "That the Chairman be requested to make application to the Hon. the Minister of Education for the reports furnished by the Government Actuary." The whole report is now produced to the Committee. There is no report that has not been furnished, except this one that I have in my hand, and it has not yet been printed. With regard to the last item, "That the Chairman be requested to procure a table showing the probable progress of the capital accumulations of the fund until it reaches its maximum, assuming a natural rate of increase in the membership in the future," you gave me permission, sir, to give the information in this form [diagram referred to].

The Chairman: Mr. Hogben has prepared a diagram showing how the accumulations mount up as the years go on. It is now before the Committee.

33. *Mr. J. Allen.*] Does the total income, from contributions and interest, keep parallel after this with the total expenditure shown by the red line?—No, they approach one another. In the course of time the expenditure would absorb the capital.

34. Would it not be well for us to know when that will happen?—Some time next century. I have not worked it out exactly.

Mr. Fisher: Perhaps Mr. Fox could say.

Mr. Fox: I should be sorry to hazard an opinion as to when it will be, but it will be some time.

Mr. Hogben: It will be some time, but the accumulation is still increasing there (pointing to 1956 in the diagram). 1956 is only fifty years from now, and very few new entrants would have come on the pension fund until after 1956. It is only ten-years new entrants that would have come on.

35. *Mr. McNab.*] 1933 is only the date when the income and the expenditure will meet?—Yes. I said 1931 before, and the Minister, I believe, used those figures; but this is based on a more careful calculation.

36. There is a big accumulation then?—Yes, three-quarters of a million, but the reserved liability is more than three-quarters of a million.

37. Have you any idea how much more?—It is rather dangerous to give figures, because there are so many suppositions as to what is going to happen. I would rather not give the amount in figures unless I made such qualifications as would make the statement almost valueless. But I am justified in saying it is a great deal more. This diagram does not give quite the answer to the whole question, because the latter says "the probable progress of the capital accumulations." The annual progress of the capital accumulations is shown by the notes; I will hand in copies presently showing the probable amount of the fund at ten-yearly periods from 1911 to 1951. There is also a note on the table itself showing on what the table is based. The calculations have been made up to 1951, but the curve is continued five years longer, which is quite a safe thing to do; but I would not venture on continuing it any further without making a further calculation.

38. *Mr. Sidey.*] This is on the basis of the Bill?—Yes.

39. *Mr. Fowlds.*] It does not include any contributions from the State except the original £5,000?—No, none at all—it does not even include the original £5,000 here. That amount is not put down in the contributions, but is included in the capital. The three-quarters of a million in 1933 includes that one payment of £5,000.

40. *Mr. J. Allen.*] Per annum?—No.

41. *Mr. Sidey.*] This is only the Bill?—Yes, with that £5,000, but the capital is not shown here except in the notes written crosswise. The amount in the fund, apart from its reserve liability, is shown in the note which I produce.

42. *Mr. J. Allen.*] The £5,000 is not included in the total-income line?—No, it is not part of the contributions; it is part of the capital.

43. *Mr. Lewis.*] What is that made up of?—The £30,000 contributions from members, plus interest. The interest line is the continuous line. The dotted line is the amount of the contributions alone. I have assumed an increase of population at the present rate. It is perhaps rather difficult to say what the present rate is. The population doubles itself in from twenty-three to twenty-five years. I have assumed that it will double itself in twenty-five years. That is what I have called the natural rate. The number of people has doubled at the rate of once in twenty-three years for some time past, the increase being about 3 per cent. per annum. But I have not assumed that the number of teachers will increase at the same rate. The number of teachers in New Zealand depends to some extent, not only on the school attendance, but on the proportion of small schools to large schools. In a small school—take schools of from one to forty in average attendance—the average attendance would be a little over twenty, about twenty-eight. I can give the exact figures if they are wanted. There are a great many schools with one teacher to 20 or 25, and so on; in the larger schools the proportion is nearly one teacher to 60 children. Therefore, when you say that in New Zealand at present there is on the average one teacher to every 34·3 children, it depends on the basis of calculation you take. Another basis gives one to every 30·7 children. I think the fairer basis is the lower one—one teacher to every 30·7 children—unless you were to alter the Act and abolish schools under ten or under fifteen in average attendance. The safer way is to take the facts as they are now, and take the number at 30·7—say, 31. Now, you should adjust the staffing in England, in respect of its liberality, to New Zealand conditions. What I mean by that is that the English staffing is more liberal than the New Zealand staffing; but if you took the limit allowance per teacher as the same—that is to say, 60 for an adult teacher—there would be in England 41·9 children to each teacher. As a matter of fact, there are 34·7, just a little above the corrected figure for New Zealand; but if you corrected it and allowed only the same scale of staffing as we have now it would mean we should have 41·9 children per teacher when the country became as thickly populated as England. It will take a very long time, I suppose, before that happens. A good deal of the extension will be in new settlements, and therefore I am justified in considering that though the small schools may not increase so as to maintain their present proportion, yet there will still be a large number of them in a great many years' time. So I have assumed a rate of increase for the teachers that will mean a staffing of about 1 in 38; but I think it will be under that. Well, 1 in 37 or 1 in 38 means that we shall pass the United States in our degree of close settlement by that time, and I do not think that is likely. In brief, I have assumed that the population doubles itself once in twenty-five years, and that the teachers increase in numbers, but not so fast as the population. That is the basis. I have also taken 4 per cent. for the rate of interest as provided in the Bill. And I have assumed that the salaries remain as they are now, and that all other elements of that kind remain the same as they are now. We make a good many assumptions perhaps, but it was the only way in which we could arrive at an estimate; the figures are subject to alteration in any of those assumptions.

44. *Mr. Sidey.*] Is £1,100,000 the maximum?—£1,100,000 is not the maximum. It is still increasing at that date, 1951. To work out the roll of teachers, which would be necessary to obtain an estimate at a later date, would take a long time.

45. *Mr. Fisher.*] It could only be a wide estimate in any case?—Yes.

46. It would become so wide that it would not be of any value?—I do not think there would be much value in it. It would approach a pure guess.

47. *Mr. J. Allen.*] I do not quite understand about the £30,000—whether that includes the contributions of the existing teachers or the new entrants' contributions, or not?—Those who contributed the £30,000 for the first year would all be original members.

48. I am taking that as an average for the first five years. Does the line here show——?—That shows the contributions from original members and new entrants.

49. Yes; but the total contributions here fall?—If they were only the contributions of the men

at present in the service they would drop down more quickly, but these are the contributions of the original members who have not retired, plus the contributions of the new entrants.

50. Can you tell us roughly, whether the proposals in the Bill with regard to new entrants make the scheme, as far as new entrants only are concerned, sound, or how far they are sound?—No, Mr. Fox will tell you that. Mr. Fox has based his calculations on $3\frac{1}{2}$ per cent. all through. I think he has also calculated some of the items at 4 per cent. At 4 per cent. the liability is reduced a little, but 4 per cent. affects, of course, both the contributions and the capital value. The scheme does not pay, however, even at 4 per cent. If we had £2 for every member—not every new entrant—£2 every year paid for every member, that would keep it from getting worse.

51. That is as regards new entrants only?—Yes.

52. The average number of entrants is 160 a year?—Yes, at present. The number is going up.

53. Two pounds per head on those alone?—No, on all the contributors.

54. *Mr. Hall.*] That is the sum to be provided by the Government?—That is the sum, whoever provides it.

55. *Mr. J. Allen.*] Six thousand pounds a year for the new entrants?—Yes, something like that. You can arrive at it by taking the capital deficiency per entrant, and multiplying by the number of entrants. That amount must be found each year, but it comes to exactly the same thing as £2 a head on all the members owing to the proportion of new entrants to the whole body of teachers. If you take it at £2 each on all those in the fund, it is a much simpler way of reckoning it.

56. *The Chairman.*] Will that deficiency exist if you take into consideration the interest on the accumulated fund as well?—Yes.

57. You have taken into consideration the fact that there will be large accumulations and that they will be carrying interest?—Yes.

58. After allowing for the interest which will arise from those accumulations there will be that deficiency?—Yes.

59. You understand my question?—Yes.

60. *Mr. McNab.*] Is not this the position: In order to make it sound with respect to the new entrants, you require to have a payment of nearly 8 per cent., in place of 5 per cent., for the new entrants who come in afterwards?—At $3\frac{1}{2}$ per cent. At 4 per cent., £7 5s. for men of twenty-three years of age.

61. That would make the new entrants come out square in the Act?—Yes, but you have a capital sum that, with the interest on it, will provide for that. Each year there will enter, if there is no increase in the number of teachers, 125 women and thirty-five men. Well, if you assume that the liability in respect to each man is, say, £87 or £88 at 4 per cent., you have to multiply that by 35. That will give you £3,080. Then you get the liability for each woman, £22, and multiply that by 125. That will give you £2,750, and if you add the two together you will get £5,830.

62. *Mr. Fowlds.*] Capital deficiency?—Well, capital deficiency for those new entrants.

63. *Mr. Buddo.*] Annually?—Yes. The new entrants come in every year, so there is that capital deficiency added each year. Three thousand teachers at £2 each would give you £6,000. That would more than meet it.

64. *Mr. McNab.*] What would you have to make the contributions of the new entrants—the young people coming in—in order to make their contributions meet their own claims ultimately—in place of 5 per cent.?—For men you would have to make it —.

65. *Mr. J. Allen.*] Is not that given in the tables?—It is at $3\frac{1}{2}$ per cent., not 4 per cent.

66. *Mr. McNab.*] What would the contribution have to be, in place of 5 per cent., to make the new entrants provide the money to meet their own claims ultimately?—Assuming that the new entrants come in at twenty-three?

67. Yes?—For men it would mean about £7 5s. I think you make it the same, Mr. Fox?

Mr. Fox. Something similar.

68. *Mr. J. Allen* (to witness).] That is at 4 per cent?—Yes.

69. *Mr. Sidey.*] Do I understand that if the State wants to keep the fund sound its annual contribution will increase year by year as the number of teachers increases?—Yes; and it is in the ratio of £2 for the whole body of teachers who are in the fund at the time. It is a little under £2.

70. *Mr. Fowlds.*] And £6 8s. 10d. for women of the same age—twenty-three—taking $3\frac{1}{2}$ per cent.?—I cannot recall the reduced amount for women, but it is not very much less. It does not make so much difference in the case of women.

71. *Hon. Sir W. R. Russell.*] How do you arrive at twenty-three as the average age for entering the service?—It is the average now for a very large proportion, excluding pupil-teachers. The average for women is a little under that—I mean certificated teachers. This Bill speaks of permanent employment, and therefore it refers to certificated teachers, because uncertificated teachers are not permanently employed. In that case you take the age at which they receive their certificates, or licenses which rank as certificates. That would be, for women, a little over twenty-two, and for men very nearly twenty-three.

72. I should have thought twenty-three very high for the average age?—Not for certificated teachers. They cannot get their certificates till they are twenty-one.

73. *Mr. Fisher.*] Do I understand you to say that there will be an ever-increasing contribution from the State necessary?—In proportion to the number of teachers that come on. If there is a deficiency on account of each teacher coming in and you provide for that deficiency, then if the number of teachers coming in increases, the deficiency to be provided for each year will increase.

74. *Mr. J. Allen.*] Which become the heavier burden under the Bill—the new entrants or the existing teachers?—At first?

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	

The expected contributions from new entrants and other persons employed after the commencement of the Act, and the table showing probable future progress of the fund, are being dealt with by the Education Department.

That completes everything in connection with that last request for information. Then I was requested to explain, generally, matters in connection with the report. I would point out that down to the end of paragraph 9 the report is simply a reiteration of the teachers' conference proposals. In paragraph 10 I deal with the liability incurred under that scheme and others, including the one in the Bill. That paragraph gives a summary of the tables. Paragraph 11 deals with new entrants. I say there that the capital value of the deficiency on account of new entrants, which Mr. Allen mentioned—I am dealing with males there—is £96 on a $3\frac{1}{2}$ per cent. basis. That is for males. For females it would be very much less. With the retiring-age at fifty-five for females, the capital value of the deficiency for each new female entrant is £10 10s., and even if the age were fifty it would only bring it up to £19. As I point out, for females it would be very much less, on account of the heavy rate of withdrawals. From paragraph 11 right to the end of paragraph 13 I deal with the basis of the valuation, which I have already given in full in my evidence. Then I come to the general remarks, which I now wish to amplify.

I have said in my evidence that £9,459 per annum would be necessary under the scheme contained in the Bill to provide interest on the outstanding liability considered as a permanent debt, a present debt which would continue to increase if such interest were not provided as it accrued. I have also explained the assumptions upon which these estimates are based, and if the latter are admitted to be sound it may be thought that nothing further remains to be said.

There is, however, a prevalent feeling in the minds of many who are interested in these matters that, even admitting the estimates to be correct from an actuarial point of view, the orthodox actuarial methods are unnecessarily conservative. It is maintained by such objectors that the existence of a considerable balance in hand during the first few years of a scheme, after paying the claims and other expenses, proves it to be in a sound and prosperous condition, and that so long as there is a constant stream of new members the fund cannot become insolvent. Apart from the weight of the evidence of past sad experience against these unduly optimistic opinions, I will endeavour to explain the fallacy contained in them so that it may be evident to those without the advantage of actuarial knowledge.

If we take a body of 10,000 men now aged thirty (*vide* appended tables A and B), and charge them £6 per annum each in consideration of receiving pensions of £45 per annum if they arrive at age 60, the simple scheme so formed will be solvent, on the assumptions that the resulting funds will be invested at not less than 4 per cent. and that the members will experience a mortality similar to that of the healthy districts of England. Such a scheme is simplicity itself, providing for no expenses or benefits at death or withdrawal, and there will be no outgo at all for thirty years. In thirty years there will be 6,973 members still alive who will be entitled to pensions amounting to £307,132 per annum in the aggregate. The funds will then have accumulated to the large sum of £3,182,254, and thenceforth there will be no income except from interest-earnings. This fund will decrease year by year till the death of all the members when it will be used up.

TABLE A.—EXAMPLE SHOWING WORKING OF A PENSION FUND IN ITS SIMPLEST FORM.

Assume 10,000 men aged 30, paying 6 per cent. of salaries of £100 into fund. In thirty years the accumulated fund is divided among the survivors, giving £456 7s. 5d. to each, which amount will purchase pensions of £45 2s. 3d.

(No provision is made for increases in pensions consequent on increases in salaries, nor for return of contributions at death, nor for early retirement through ill health, nor for insurance or pensions to widows and orphans, all of which would result in decreasing the pensions or increasing the contributions.)

At Age	Living.	£	Years.	£
30	10,000	60,000	30	194,604
31	9,918	59,508	29	185,580
32	9,836	59,016	28	176,970
33	9,754	58,524	27	168,738
34	9,671	58,026	26	160,878
35	9,589	57,534	25	153,372
36	9,506	57,036	24	146,202
37	9,423	56,538	23	139,344
38	9,339	56,034	22	132,798
39	9,255	55,530	21	126,534
40	9,170	55,020	20	120,552
41	9,084	54,504	19	114,828
42	8,996	53,976	18	109,350
43	8,908	53,448	17	104,112
44	8,818	52,908	16	99,096
45	8,726	52,356	15	94,290
46	8,632	51,792	14	89,688
47	8,536	51,216	13	85,284
48	8,438	50,628	12	81,054
49	8,337	50,022	11	77,004
50	8,233	49,398	10	73,116
51	8,126	48,756	9	69,390
52	8,015	48,090	8	65,814
53	7,900	47,400	7	62,376
54	7,782	46,692	6	59,082
55	7,660	45,960	5	55,916
56	7,533	45,198	4	52,876
57	7,402	44,412	3	49,955
58	7,266	43,596	2	47,153
59	7,125	42,750	1	44,460
60	6,973	41,838	0	41,838

6 per cent. of whose salaries
will amount to

which, invested at
4 per cent. for

will amount to

(*Vide* Table B for continued progress of the fund.)

£3,182, 54

TABLE B.

There will now remain 6,973 survivors, aged 60, subject to no further contributions and entitled to pensions of £45 2s. 3d. each

The following schedule will show how the accumulated fund of £3,182,254 will just be sufficient to pay the last pension to the last survivor. *The assumptions which have been made are all in favour of the fund :—*

Number living, 6,973 ; reserve (or accumulated) fund, £3,182,254 ; annuities, £45 2s. 3d.

Age.	Number Living.	Income from Interest.	Outgo for Annuities.	Balance.	Fund at Beginning of Year.	Age.
		£	£	£	£	
60	6,973	..	..	..	3,182,254	60
61	6,808	127,290	307,132	179,842	3,002,412	61
62	6,630	120,096	299,127	179,031	2,823,381	62
63	6,441	112,935	290,601	177,666	2,645,715	63
64	6,241	105,829	281,568	175,739	2,469,976	64
65	6,030	98,799	272,027	173,228	2,296,748	65
66	5,808	91,870	262,018	170,148	2,126,600	66
67	5,575	85,064	251,540	166,476	1,960,124	67
68	5,333	78,405	240,616	162,211	1,797,913	68
69	5,092	71,917	229,261	157,344	1,640,569	69
70	4,821	65,623	217,514	151,891	1,488,678	70
71	4,553	59,547	205,410	145,863	1,342,815	71
72	4,278	53,713	193,003	139,290	1,203,525	72
73	3,997	48,141	180,329	132,188	1,071,337	73
74	3,712	42,854	167,477	124,623	946,714	74
75	3,425	37,869	154,512	116,643	830,071	75
76	3,137	32,203	141,533	108,830	721,741	76
77	2,851	28,869	128,643	99,774	621,967	77
78	2,570	24,879	115,956	91,077	530,890	78
79	2,295	21,236	103,562	82,326	448,564	79
80	2,030	17,942	91,598	73,656	374,908	80
81	1,777	14,996	80,154	65,158	309,750	81
82	1,537	12,390	69,358	56,968	252,782	82
83	1,314	10,111	59,285	49,174	203,608	83
84	1,109	8,144	50,011	41,867	161,741	84
85	922	6,470	41,612	35,142	126,599	85
86	756	5,064	34,115	29,051	97,548	86
87	610	3,902	27,517	23,615	73,933	87
88	484	2,957	21,834	18,877	55,056	88
89	377	2,202	17,012	14,810	40,246	89
90	288	1,610	13,004	11,394	28,852	90
91	216	1,154	9,743	8,589	20,263	91
92	159	810	7,155	6,345	13,918	92
93	114	556	5,138	4,582	9,336	93
94	80	373	3,590	3,217	6,119	94
95	55	245	2,461	2,216	3,903	95
96	36	156	1,636	1,480	2,423	96
97	24	97	1,066	969	1,454	97
98	15	58	672	614	840	98
99	9	33	406	373	467	99
100	5	19	241	222	245	100
101	3	10	140	130	115	101
102	2	5	76	71	44	102
103	1	1	45	44	0	103
Total interest ..		1,397,444	£4,579,698 annuities paid.			
Funds at beginning of period ..		3,182,254				
		£4,579,698				

If, instead of £45, pensions of £60 had been granted, the fund would nevertheless accumulate as before to £3,182,254 before being drawn upon, but being insufficient for the pensions of £60 would be used up by the time the members were about seventy-five, leaving over three thousand of the original contributors without pensions in their remaining years of life.

We will now suppose that similar bodies of new contributors joined the scheme after it had been in existence one year, two years, three years, and so on, thus forming a continuous stream of new entrants. When the fund belonging to the first series became exhausted as its members reached seventy-five it must draw on the funds belonging to the other members, as there would be no other source available, and we will suppose the deficiency to be made up from the fund belonging to the second series. The fund of the second series would therefore become exhausted before its members reached seventy-five, when it would draw on the fund of the third series, which would become exhausted still earlier and so on, and it is evident that a continuation of this process would exhaust the whole of the funds in time, ultimate insolvency at some date or other being the inevitable result.

A pension scheme may be likened to a tradesman selling goods for cash and paying for them by bills maturing at distant dates. If he neglects to take into account what he owes, and looks only at his receipts and present payments, his money in hand is continually increasing and he is apparently doing a flourishing business. This would still appear to be the case if he were selling the goods for much less than their cost-price. Clearly his real position can only be ascertained by taking into account his promises to pay, and in the same way liabilities maturing in the future, even though distant, must

be taken into account in order to ascertain the position of a pension scheme. Moreover, if the tradesman is selling his goods for less than they cost no one would argue that his position would be improved by a continuous stream of customers, and in like manner if the contributions received from members are insufficient to pay for their pensions (*unless adequately supplemented from some outside source*), every fresh entrant only weakens a pension scheme.

If the foregoing reasoning, which appears to be clear, is admitted as sound, everything must depend upon the reliability of the various bases upon which the actuarial estimates are grounded. I have already explained these to you in considerable detail, and it is probable that they would receive the almost unqualified approval of expert opinion elsewhere. The practical value of competent actuarial opinion in all such matters as are essentially dependent on the contingencies of human life, in conjunction with the earning-power of money, may be gauged by the fact that, in Great Britain, America, and Australasia, there are vast accumulations of many hundreds of millions sterling held in trust for insurance and annuity purposes, which have been built up by their controllers or proprietors in absolute and strict accordance with actuarial advice.

I received by the last mail, from Mr. R. P. Hardy, the well-known actuary—than whom there is no higher authority on these matters—his recent report on an English superannuation scheme in full working-order. There are some 1,300 members. Although the fund amounts to considerably over £100,000, Mr. Hardy refuses to advise an increase in the benefits, as proposed by the administrative authorities, and concludes his report with the following instructive remarks, thus conveying a warning that is much needed: "A candid study of the internal working of the society as is here shown, should convince all hasty critics that the reserve (or accumulated) fund of a provident society, when properly set up, represents the permanent and irreducible necessities of the case, that it is not *wealth* (unless shown to contain a surplus), that it is not to be measured by its mere money-amount, but solely with respect to the obligations it has to meet—in fact, that it is a trust fund, solemnly pledged to maintain the integrity of the engagements mutually entered into and confidently relied upon for literal performance."

The Nelson tea-pension scandal has been much exercising the minds of many people in the Old Country lately. The company has been compulsorily wound up by order of the Court with a deficiency of at least £10,000,000, estimated by actuaries of high standing. As the company had about six hundred thousand customers much hardship will result from the catastrophe. The whole affair has caused much comment in England and elsewhere, attention being called to the unfortunate position of those who have been paying considerably over and above the fair value of the tea for many years on the strength of the promises held out, and who now lose their money. Those who actually came in for pensions find them suddenly cut off, and there appears to be little chance of redress. Further developments are being awaited with interest.

I have also received notices of the total or partial failure of other unsound pension schemes, referring to one of which a London financial paper says, "It is but another unfortunate example of what generally happens when amateurs meddle with things they do not understand. It was not until two eminent actuaries (Messrs. Ralph P. Hardy and George King) were called in that the bubble was pricked and insolvency demonstrated." And in reference to another the *Post Magazine*, the oldest insurance journal in London, says, "Quite sufficient discouragement has been given of late to the habit of thrift to make thoughtful men pause before lending their names to proposals which, however honest and well-intentioned, carry with them the possibility of widespread disappointment and distress. When referred to by inquirers we have felt unable to recommend an enterprise evidently started without actuarial advice as to the sufficiency of the contributions charged for the benefits offered, and whose rules showed a similar absence of any provision for expert periodical investigation."

I consider it is very desirable that it should be known what trouble and disappointment are caused by schemes which are not founded on a proper practical working basis.

Although, however, I consider an annual subsidy of about £10,000 is necessary to make the proposals contained in the Bill actuarially sound, it is of course, beyond question that *such a fund must be solvent in practice if it possesses the guarantee of the colony*, whatever the liability may be from an actuarial point of view.

1. *Mr. Allen.*] Your tables cover the conference proposals, do they not?—Yes. I might have explained that the tables are divided like this: males are divided into hundredths of the salary, eightieths, and sixtieths, each one being divided again into three schemes—whether, as according to the Bill, there is a minimum pension of £52 but no allowance for back service, or whether, as under the teachers' proposals, there is no minimum pension but back service is counted, or whether both the minimum pension of £52 and back service are provided for. Female teachers I have taken only at sixtieths, because it was never proposed that it should be anything else but sixtieths. This is divided, first of all, as to whether there is a full return of premiums at death or withdrawal, or only half return of premiums on withdrawal during the first fifteen years.

2. Have we got the particulars with regard to Mr. Davidson's suggested amendments?—I only received Mr. Davidson's suggested modifications on Monday or Tuesday, and am going on with them, but I have not had time to complete them.

3. *The Chairman.*] When can you have them ready?—To-morrow, I think, or Friday at the latest.

4. *Mr. J. Allen.*] I think there is included here the alteration of the women's retiring-age from fifty-five to fifty-two?—Yes, in an addendum to that—a sub-report.

5. Does that mean reducing the compulsory retiring-age also?—It is like this: when the ages were fifty-five and sixty, the age for all going out was taken at fifty-seven.

6. The calculations were made —?—On the assumption that they would all go out at fifty-seven.

7. Your calculations are made on a certain basis—reducing the optional retiring-age for women from fifty-five to fifty. Are they made also upon the basis of the compulsory retiring-age being reduced five years?—Yes, they are, practically; yes.

8. *Mr. Sidney.*] Under the scheme as it appears in the Bill, the capital value to make it sound is, I understand, £270,000. Does that include the increase of teachers which will take place in the future?—No, that is dealt with quite separately. It is pointed out that for male teachers it would require £3 10s. per annum.

9. In addition to that?—Yes.

10. *Mr. J. Allen.*] Which part of the scheme is the most unsound?—The total liability that I have taken out is for the existing body of teachers—that is, £270,000—under the proposals contained in the Bill. The existing staff, of course, will be wiped out in a number of years. I can only point out that the deficiency now shown is entirely on account of the existing members. The deficiency on account of the new members, if you assume there is any number coming in every year, will be an increasing one. The females are half of the body, at least, and the deficiency is only nominal in connection with them—it is only from £10 to £20 instead of £96. Say there are 100 new members. It will be about £200 for the first year.

11. Two pound a head?—Yes, males and females together. And then there must be £400 the next year, and so on. It goes on in progression. That deficiency will be increasing all the time, and by the time they are all new members there will be a larger yearly subsidy necessary.

12. *The Chairman.*] For every teacher that goes on the fund in future there will have to be £2 a year found?—Yes, about that, taking males and females in equal numbers.

13. And with regard to females?—On account of the heavy withdrawal of females the capital value of the deficiency is very small. It is only from £10 to £20 a head.

14. In that case, seeing that the women will be costing the State so much less by way of salary and by way of deficiency in the fund—even if the benefits for them were extended by reducing the retiring-age—a woman teacher would even then not cost the State anything like what a male teacher would cost it, for a pension?—The new female entrants will certainly not cost the State nearly as much as new male entrants.

15. Then, if additional benefits were conferred upon the female teachers by the reduction of the compulsory retiring-age, each female teacher would not cost the State as much as each individual male member by way of deficiency in the fund?—That is so. Of course they are not entitled to any death benefit beyond return of contributions.

16. *Mr. J. Allen.*] Can you explain to us the first column in the summary under Table 7?—Yes, sir. If you will take my Table 2 and add up the first three columns you will find they make that total. The first column in the summary is correctly explained as “Benefits A, B, and C: Pensions only, Return of Contributions at Death before Pension Age, and Balance of Three Years Pension at Death,” &c. It does not cover benefit D, because I have set that out separately.

17. It is the “Balance of Three Years’ Pension at Death” that I do not quite understand?—That is contained in Table 2.

18. Is that in the Bill?—Yes. It is only a very small amount that is necessary, you see. In most of these schemes there is some similar provision.

19. That annual subsidy necessary—£23,000—differs from what we have had before—the annual subsidy necessary on sixtieths in addition to the teachers’ contributions?—Which does not that agree with?

20. I understood you to say that £10,000 a year would make the fund solvent?—You must look at it in this way—this is what makes the fund solvent: The last column gives the annual interest at $3\frac{1}{2}$ per cent. on the capital value. That is treating it as a permanent debt. There are two ways of treating it. If you treat the present deficiency of £270,000 as a permanent debt, this is only the interest on that, to make it solvent.

21. That is not meeting the debt: it is leaving it to remain?—It is paying the interest on it. It is not providing a sinking fund.

22. The other would meet the capital account, would it?—Yes, in time.

23. *Mr. Fowlds.*—It would be a diminishing quantity up to the end of the term?—Yes. That would be only the present annual subsidy. It would alter.

Mr. Hogben: I should like to make one explanation, sir. Apparently the figures given by me as the capital deficiency on benefits for women differ from those Mr. Fox has given. I should like to explain what my £22 means. I said £22, and Mr. Fox said £19 (or £10 on the first basis). My estimate of £22 is based, not on the retirements that have taken place in the past, but on the assumption that in the future after the age of forty no women would retire unless they were medically unfit or could draw a pension; and this, I think, is a fair assumption. Mr. Fox, I suppose, has based his figures on the retirements in the past. I have modified that by supposing that no retirements will take place in future after the age of forty is reached, except in cases of medical unfitness or retirement on a pension, because it seems to me that if women teachers have passed what is commonly regarded as the marriageable age they will—provided they are medically fit—wait for the pension. If they do, that will mean that a greater number of them will come on the pension fund. So I assess the capital deficiency for each woman entering at £22 if the retiring-age be fifty, and Mr. Fox assesses the amount at £19 on the present rate of retirement. So there is no real difference between us.

THURSDAY, 31ST AUGUST, 1905.

GEORGE HOGGEN, Inspector-General of Schools, made a statement and was re-examined.
(No. 15.)

Witness: The question was asked me at the last meeting what it would cost to provide half allowance for back service for those who would be original members, in addition to what is provided in the Bill. I have made the calculation for five-yearly periods, instead of taking every year, as Mr. Fox has done in his calculation. His method is more exact, but his figures and mine do not differ much. The capital amount of the cost for males, taking the rate of interest at $3\frac{1}{2}$ per cent.—I have kept to the safer basis, that which Mr. Fox has taken—the cost for males, allowing for half of back service, would be £62,394 additional, and the interest on that at $3\frac{1}{2}$ per cent. would be £2,382 per annum. That is for all time. For women teachers the allowance of half back service would not make very much difference, because the minimum pension of £52 allowed by the Bill would cover nearly all cases. It would take only a capital amount of £9,040, and the interest at $3\frac{1}{2}$ per cent. would be £316.

1. *Mr. J. Allen.*] That is, keeping the minimum at £52?—Yes.

2. *Mr. Fowlds.*] What would be the highest maximum that they would get? Is that taking eightieths?—It is allowing one-hundred-and-twentieths, really, on the whole back service, or taking half the time of back service and allowing sixtieths, which comes to exactly the same thing. Some of the teachers have been in the service over forty years. There are two teachers of the age of seventy-three, or thereabout.

3. *Mr. J. Allen.*] What is the highest maximum that would be paid under that provision?—I could not say, because I have based these figures on average salaries. I did not look at the cards to see who the individuals were or what the individual salaries were.

4. You are taking it on the average salary?—Yes. Forty years' service would give forty one-hundred-and-twentieths; roughly speaking, the pension would average £60 a year in the case of those who had given forty years of service and retired at once.

5. *Mr. Fowlds.*] So that that would give £112 as the maximum?—No, it would not do that. It would give £60 to those people, but not £52 plus the £60. These people would not pay anything at all, except for a few months.

6. *Mr. J. Allen.*] The difference is only £8. It is not worth doing?—That is £8 only in those particular cases. What it does is this: it does not make a sudden break from £52 into the full pension as in the Bill, but it makes a graduated scale. In giving a proportion for back service you get a graduated scale. I will tell you how I made this calculation. I found what pensions half back service would mean for five-year groups of ages.

7. At the present moment, do you mean?—Well, taking the ages as at the present moment. For instance, there are a certain number over sixty years of age who will come on the fund at once. Their contributions I have neglected. They will probably pay nothing at all, except enough to qualify them to be members. I have not taken any account of their contributions at all. Well, they are certain of £52, and some of them who have been in the service a long time will get more than £52. Again, a man who was now forty-five and a half or forty-six—if he contributed for twenty years, had an average salary, and retired at age sixty-three—would still get only £52. That is under the present scheme, without this addition. This was where some of the teachers felt that they would be badly treated, because they would not get more than £52 a year, even though they may have contributed for nearly twenty years, whereas members entering at sixty or over would get the £52 without having contributed at all. That was where some of the teachers felt there was a hardship. It was in the middle period that they would feel the hardship. This modification relieves the hardship in the middle period.

8. Give us an instance at age forty-four?—A person at forty-four, with an average salary, retiring at sixty-one or sixty-two would, under the Bill, get £52. With half back service he would get £85 instead of £52.

9. *Mr. Sidey.*] That is, assuming he has been in the service since—when?—Since he was twenty-three. I have taken five-yearly periods, and twenty-three is the middle age of the 20–25 period. I have taken all the teachers who came within that period at twenty-three years of age.

10. *Mr. J. Allen.*] Can you show us the working of the case you quoted—how you worked it out?—I can show it now. Take forty-three. You allow ten years' service. That means one-sixth of the salary. Well, the average salary is £187 10s., so it would give £31 5s. as an addition to the pension. I have taken age forty-three, because the average salary gives a pension of £52 to one who enters at the age of forty-three and retires at sixty. If he entered at the normal age of twenty-three he would have had twenty years' service, and one-sixth of £187 10s. would give £31 5s.; and £52 is produced by the scheme as it stands in the Bill. So that £31 5s. is added to the £52, and that will give you £83 5s. for a man who enters at the age forty-three.

11. *The Chairman.*] In order to make this table which you have handed in more useful, can you give us, in writing, half a dozen typical cases?—I will give you them at five-yearly periods, down to forty-three—that is, assuming they all enter at twenty-three.

12. Yes?—Very well. Then, I was asked by Mr. Allen, the other morning, whether I could say when the liability in respect of new entrants and that in respect of original members became equal. At first the liability for original members is very much larger, and the question was, when they would become equal. They become equal in 93½ years, on the suppositions that are made in the Bill, allowing for the natural increase of population.

WEDNESDAY, 6TH SEPTEMBER, 1905.

Mr. G. HOGBEN, Inspector-General of Schools, and Mr. MORRIS FOX, Actuary to Government Life Insurance Department, in attendance, and examined. (Nos. 16 and 17.)

Mr. Hogben : I should like to correct one statement that I made in my evidence last Thursday. I said that it would take £62,394 capital value to provide half-allowance for back service for original members (males). In making new calculations last night I found that I had left out one series of logarithms all the way through, except in one line. Instead of £62,394, the capital value would be £32,955—that is, allowing for half the back service, one-sixtieth on half the back service, or one-120th on the whole back service, and retaining the minimum of £52. That is for men. The figures for women are £6,898 ; for men and women they are £39,853. I propose, if it will be of any use to the Committee, to calculate what it would be if there were a higher minimum than £52—say, £65, or any amount the Committee likes to name. With a minimum pension of £52, under Mr. Baume's proposal, the cost would be £63,288 in addition to what is provided in the Bill ; with a minimum of £60 the capital deficiency would be more ; and with a minimum of £78, very much more. That is for men alone. Mr. Baume did not propose to alter the minimum pension for women, I think.

1. *Mr. Buddo* (to Mr. Hogben).] Is that amount, £63,288, in addition to what is provided in the Bill ?—Yes ; that is, if the minimum pension be £52. If the minimum pension is £60, the amount of the deficiency will be more. What I proposed to do was to compare with this the cost of providing a minimum pension of £65 and allowing for half back service, which I think would cost about the same but would make a more graduated scale. If the Committee would like to have that I can make the calculation.

2. *Mr. J. Allen* (to Mr. Hogben).] Have you worked out eightieths and hundredths for back service—the average salary up to now at eightieths and hundredths ?—I did work that out before. I think Mr. Fox did also.

Mr. Fox : Yes. That is set out on page 69 of the appendix.

3. *Mr. J. Allen* (to Mr. Fox).] I mean the back service up to the time of the passing of the Bill ?—Yes, that is so.

4. Is it calculated at sixtieths too ?—Yes ; sixtieths, eightieths, and hundredths.

5. In the summary, Table 7, under the heading of "Males, one-sixtieths, £52 minimum pension, but no back service," and in column 3 "Contributions for Minimum Pension of £52," you show the amount of £11,702 ?—Yes.

6. That is an annual payment only for a certain number of years, I presume ? It would die out in time ?—That is what the present staff would have to pay at the present time.

7. But it would disappear in the course of time ?—Yes, if the present staff—

8. As soon as the present staff had worked off that would disappear ?—Yes, gradually, as the present staff decreased.

9. How long would it take the present staff to disappear, approximately ?—I could not tell you.

10. Approximately, how long would this contribution have to be paid ?—I could not say, even approximately, without going into the matter.

11. It would not take fifty years, would it ?—No. But I would point out this : that that amount of £11,702 is a contribution necessary for one particular benefit. The whole of the contributions necessary for all the benefits are added together and capitalised ; and, treating it as a permanent debt, 3½ per-cent. interest is taken on the whole lot.

12. But this is not permanent ; it is bound to disappear in the course of time ?—Yes ; but if the Government were paying these amounts of contribution necessary, and not the interest on the capital debt, they would be paying a very much larger amount initially.

13. Tables 1 and 4 give the necessary contributions for males and females separately. The Bill gives them both together. What would be a sound thing if both were put together ?—Those two added together, exactly—the sum of the two.

14. We have had it in evidence, with regard to new entrants, that for every new entrant there would have to be found £2 to make the thing sound ?—Yes.

15. When would the £2 per head for new entrants become a stable quantity ? It will go on increasing year by year, progressively, up to a certain stage. I want to know when the top of that progression will be reached—when it will become stable ?—If you assume a constant population—

16. I assume that. When will it become stable, assuming the population to remain the same ?—That could be easily found out by reference to the mortality tables, but I could not say just now. Assuming the population is constant, as the new entrants come into the scheme, for a great many years the membership will be increasing, and then you have to wait until sufficient die off to make up for the new entrants. Assuming that all new entrants join at twenty-three, it will evidently be some half-century at least before—

17. It will become stable in half a century ?—I am not able to answer the question, because I have not gone into it. Mr. Hogben has, and therefore I suggest that he answer the question.

18. (To Mr. Hogben.) Taking the new entrants at 160 each year—I do not want to consider that the population will increase—that would be £320 the first year, £640 the second, £960 the third, and so on. I want to know when the progression ends and it becomes stable ?—I think it is in about thirty-five years and a half. Forty years is evidently the limit. In forty years' time everybody now in the service will be out. All the members would be new entrants. It must become stable in less than forty years. The fact of a number going out with contributions returned would reduce it below forty years ; I make it about thirty-five years and a half.

Mr. Fox : When the old members are worked out there must be a number going off every year from among the new entrants equivalent to the number of new members coming on every year.

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

years practically what amounts would have to be paid each year—the interest on these liabilities—and I think it is best to arrange for that.

36. For five years?—Yes; and leave the rest until——

37. Can you give us the amount for the first five years?—Yes; we have the new entrants for the five years.

Mr. Hogben: You can assume the number of entrants for the first five years. That would be nearly correct.

38. *Mr. J. Allen* (to *Mr. Hogben*).] What suggestion do you make?—My suggestion is different from *Mr. Fox's*. Of course, the whole thing is a question of policy—as to which way you will do it. My suggestion and *Mr. Fox's* agree in this respect: we separate entirely the present members—the original members—from the new members. The questions are really distinct. The liability on account of the present members can be ascertained. *Mr. Fox* and I have both calculated it at $3\frac{1}{2}$ per cent. *Mr. Fox* has gone more into detail than I have, and has got more correct figures. Then, I have calculated it at 4 per cent., roughly. We can name the liability that we estimate. *Mr. Fox* gives it very exactly on the $3\frac{1}{2}$ -per-cent. basis—that is, on account of the present members—and I can give you a rough estimate of it at 4 per cent. Well, I propose to separate this entirely. For certain benefits that I am prepared to suggest (and if the Committee and the Government are prepared to give these benefits that would solve the question) it would take about £12,000 a year for ever in respect of the original members.

39. *Mr. Sidey*.] That is, under the Bill?—No; it is more than is provided under the Bill. It is my suggestion for certain benefits. I am taking into account the rate of 4 per cent. I estimate that certain benefits would require £12,000 a year. One way in which that might be done would be to put down in the Bill, first of all, a certain sum to be paid—£12,000 a year. Then the liability for the old members is met, if you assume that that remains the same—that amount of £12,000 a year. I would put in a proviso to meet the case of new members: that on account of every member in the fund the same amount of £2 per annum be paid into the fund. I mean that there should be paid into the fund, without any further appropriation than the Act, first of all the sum of £12,000 per annum, and in addition thereto the sum of £2 per annum for every member in the fund. That is one way in which it could be done. As long as it stood like that the scheme would be financial. And as regards the new members, that would give enough to make the scheme in respect to them financial altogether.

40. *Mr. Buddo*.] Do you mean that on only the new entrants for one year there should be paid in addition £2?—No; on all the members.

41. An increasing amount—that is to say, £2 per head on 160 the first year, 320 the second, and so on?—No; on all the members on the fund. I will take it in this way: that if there are now 3,000 members in the fund you pay £6,000. Supposing that in, say, twenty-eight years time there are 6,000 members in the fund, there would be payable, besides the £12,000 for original members, another £12,000. The number of teachers would have doubled, and the population of the colony would have more than doubled. The colony would not be paying so much per head as it is paying now.

42. Assuming that the increase in the population will go on in the same ratio that it has done in the past?—Yes. The teachers do not increase so fast as the population, because a certain number of the schools become larger.

43. *The Chairman*.] I have reckoned the number out on the basis of an increase of 160 annually. In nineteen years you would get 3,040 teachers?—You are forgetting that out of 125 women who come in five-sixths of them go out in the first twenty years. My suggestion comes to this: that one way of meeting the liability for original members for the benefits I have alluded to, if it is at 4 per cent., is to put down a lump sum of £300,000. Then there is another way: to pay £12,000 a year for all time on account of the present teachers

44. *Mr. J. Allen*.] We want to get at the new entrants?—Two pounds a year for every member in the fund keeps it sound. For the men who are new entrants you have to pay, at $3\frac{1}{2}$ per cent., £96 or £97 each, and for the women a sum that, according to the benefits you give them, may be £11 10s., or £19, or £20 each. You have to pay that for all new entrants; but it comes almost exactly to the same amount if you pay £2 on all the members in the fund.

45. *Mr. Buddo*.] At the end of forty years a further sum of £320,000 would have to be paid into the fund?—No; by paying the sum in every year you make the scheme in respect to these new people financial right away.

46. I am speaking on the basis of the increased population—what you have just referred to?—Supposing you pay £12,000 for the old teachers next year, and you pay £5,000 for the new teachers—well, say £6,000; and supposing you put that sum of £6,000 by itself and get interest on it, and keep the account for those teachers who enter next year by itself; that sum, with their contributions, will pay off all the liabilities on their account. The Government would not have to find any more for them in the ordinary course of things.

47. The amount must be increased by the increase of teachers and the increase of population; that is a necessity?—Yes; but supposing that you kept a separate account for those teachers who came in next year—160 teachers we will say, if you put a sum of a little over £5,000 to their credit and could get 4 per cent. on it, and let them pay in at the rate stipulated in the Bill; by the time all those teachers had died there would be no money left, but there would be no liability. That £5,000 would render the scheme, in respect to those people, financial.

48. *Mr. Sidey*.] £5,000 would not give you £2 a head per annum on these 160 teachers?—You do not have to get £2 a head on the women—and the majority are women. The capital sum for men, at $3\frac{1}{2}$ per cent., is £97 per head—that is, for thirty-five men; the capital sum for women is £11 10s. per head, and there are 125 women.

The Chairman: *Mr. Fox* informs me that he has a definite scheme to put before the Committee on the question of new members.

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.

71. Take the case of a woman who is forty years of age now, and who is retired at fifty-five: she would get £52?—Yes; the minimum.

72. And what contributions would she pay?—What is her salary?

73. Take any salary you like?—Say £120. If her age were forty, she would pay 7 per cent.

74. On, say, £120. Is that about the average salary for a woman at that age?—Yes. She would pay 7 per cent. on £120.

75. About £8 per year?—Yes; £8 8s.

76. And she would get a pension of £52?—Yes.

77. She would pay £8 a year for how many years?—Fifteen years.

78. Now take a man under similar circumstances—forty years of age, who retires at fifty-five, and who pays for fifteen years. His average salary would be, what?—If you take the whole time, his average salary would be just about £200.

79. He pays how much per cent.?—7 per cent.

80. Fourteen pounds a year?—Yes.

81. The woman pays £8—he gets only the same as a woman who pays £8?—Of course there is the £200 for the widow in the case of the men. There is no benefit of that kind for the women. And there is also this: that a large number of the women retire and get only their contributions back again, whereas of men at forty-three 725 per 1,000 reach sixty-three, and very few of them retire after forty-three.

82. They are paying contributions all the time, are they not?—Yes; but with the women, out of 100 who enter at twenty-three the number who remain until pension-age is very small indeed. It would be only about eight or nine out of 100. They all pay in in order to provide a pension for a few, and a return of contributions for the others. As a matter of fact, the women's side pays better than the men's side—very much better.

The Chairman: Mr. Fox says that of the whole subsidy required for males about a quarter is necessary for that £200 to widows.

Mr. Hogben: If you take the whole number of those who pay for the pension and those who get it, the contribution is not heavier in the case of the men. There would be such a small number of women getting the pension, and they would be all paying as if they were going to get it. The amount that the women contribute is much more in proportion to what they get than is the case with the men.

83. *Mr. J. Allen.*] Taking the original members between forty and sixty, do not the original male members between forty and sixty pay more in proportion for the benefits they will receive under the Bill than the women?—If they all stay in and the women all stay in?

84. Yes?—Yes; that is true, between those particular ages.

85. *Mr. Buddo.*] Have you taken into consideration the question of providing a little more attraction for the entry into the scheme of those teachers between the ages of forty-five and fifty-five now in the service?—I do not quite catch your question.

86. I was at a meeting of teachers interested in this matter some little time ago, and, notwithstanding all the discussion prior to a resolution being arrived at, one of the teachers came to me and said, "My salary is £200 per annum, and my age over forty-five. What will my annual contribution be?" "Eighteen pounds," I replied. Then he said, "Is it assumed that I have to pay up to the age of sixty-five before getting the minimum pension of £52?" I said, "Yes." "Well, then," he said, "I am not going to do it, because I shall have to contribute £360 for a pension of £52?"—He could not get any other investment as good, or anywhere near it. Take the benefit of £200 to the widow, if he dies. Look at any insurance table and see what the premium would be at age 45. You give him, besides, more than he could buy in any office as a pension for that amount.

87. For his £360?—Yes; for the accumulated amount of his contribution with interest at 4 per cent.

88. I am not discussing whether it is a good insurance or not; the fact is that it does not have very many attractions for the teacher. I have heard expressions from a number of them. The point with them is the teacher aged about forty to forty-five?—I can make a suggestion, but the matter is a question of policy and of how much the country is ready to pay. Somebody has to pay for it if there is an additional benefit. The best way I can see of meeting that difficulty is to give some allowance for back service, but it would cost a good deal of money to give full allowance for back service. The lightest burden is to make a minimum of something like £65 and allow half back service. That makes a scale in proportion. Or even a higher minimum than £65 might be provided, with one-third back service. If you give a scale in proportion they will be satisfied, and a scale in proportion is made by allowing for a proportion of the back service.

89. That is the suggestion you have to make?—If you want to meet that difficulty you will have to pay for it. Instead of making the minimum £52, you can make it £65, or even £78; but, of course, the higher you make it the more costly the scheme is. I should always be inclined to say, Give even a small proportion for back service in order to make a sliding scale.

90. *Mr. Hall.*] Could it not be done in this way: could it not be made so that the man who stayed in the service till he was sixty-five should receive the full minimum allowance, and that the one who retired at sixty should receive a smaller allowance? There is a feeling of discontent amongst the older teachers. They feel that it ought to be graduated. The man who had been paying in £18 a year would receive only a few paltry pounds—something between £50 and £60, and it is said that it would be unfair that the person who is now of the age of sixty could retire at £50, while the man who had paid about £310 would only receive a small amount extra?—That is true. That is the same argument that was used eighteen hundred years ago, when the men who had gone into the vineyard at the first hour objected to those who came in later being paid the same as themselves. They are all getting more than they pay for—more than their money is worth.

91. Could it not be adjusted so that it would not be so much more of a burden upon the colony ?—I think that some sort of sliding scale would meet the difficulty. If you allow a minimum and a proportion for back service, there is a sliding scale formed at once, because as a rule the older a teacher is the more back service he has. The man who has contributed for some time will get more than the minimum, he will get half his back service.

92. *Mr. J. Allen.*] Would a scale worked out on a minimum of £52 and on back service up to the time of the passing of the Bill on average salary, and at hundredths for back service—would it work out anything like fairly ?—Hundredths come to just six-fifths of the half back service

93. That is practically what you suggested ?—It is very nearly the same.

94. Have you worked that out at all ?—I have worked it out for one-hundred-and-twentieths.

95. Can we have that ?—Those are the figures I gave—£40,000 with the minimum of £52.

96. *Right Hon. R. J. Seddon.*] One-hundred-and-twentieths would mean £40,000 a year ?—Additional capital.

97. *Mr. J. Allen.*] What percentage did you calculate it at ?—£39,853 is at $3\frac{1}{2}$ per cent.—that is, £32,955 for men and £6,898 for women. That is the capital value. If you make a minimum of £65 there will be an addition to that.

98. *Right Hon. R. J. Seddon.*] And the annual loss would be, how much ?—The interest on that ?

99. Yes ?—The interest on that would be £1,395 at $3\frac{1}{2}$ per cent.

100. *Mr. McNab.*] For all time ?—Yes.

101. *Mr. Buddo.*] That would be an increasing quantity as the population increased ?—No ; that is for the original entrants. On new entrants it would have no effect, because the Bill gives them more than the minimum.

102. *Mr. J. Allen.*] Have you worked out any individual cases on the one-hundred-and-twentieths, similar to what we have had before ?—Yes, I have taken out some typical cases. I have taken the average salary. Age at beginning of contributions, sixty-three.

103. What would that man get under your scheme ?—£60.

104. I do not make it that. Have you worked it out at twenty-eight years' service ?—Oh, I took it at forty years' service. I have got another column here, reckoning only service since 1877. It would be £52.

105. At age 58 ?—Under the Bill, £52. If all back service counted, £67 10s. Half back service since 1877, £57.

106. Age 53 ?—Half back service since 1877, £72.

107. Age 48 ?—£82 10s.

108. Age 43 ?—£90. That is what I say : it makes a scale, no matter what proportion of back service you allow.

109. Age 38 ?—£97 10s. ; age 33, £105 ; at 28, £112 10s. ; 23, £120—which comes exactly to what it would be for all future entrants.

110. *The Chairman.*] You have seen the suggestions that I have made, Mr. Hogben ?—Yes.

111. They give an allowance for back service ?—Yes.

112. And for an average-salaried man who is retiring they give a minimum pension of £78 instead of £52 ?—Yes.

113. That is so, is it not ?—Yes.

114. The people who are immediately retiring would get £52 under your scheme ; and under mine, £78 ?—No, that is not my scheme. My scheme is that if you want to give the same benefit you must at the same time increase the minimum. I said that half back service would give so much, and if you want to meet the other point you must increase the minimum either to £65 or to £78 if you are willing to pay for it. If I may say so, I am not in the position you are in—able to suggest a policy.

115. *Mr. J. Allen.*] Taking your scheme of half back service since 1877, why should we increase the minimum ?—I say it is a question of policy. If you ask me what it will cost I will tell you, but whether you should increase the minimum is not so much a question for me to answer.

116. What is your calculation of £39,853 for—a minimum of £52 ?—Yes.

117. What would it cost to increase the minimum to £78, or some other sum ?—If you give me a minimum I will calculate it.

118. I thought you had done so ?—That is what I said I was willing to do.

The Chairman : Mr. Fox has several points that he thinks it necessary to call attention to.

Mr. Fox : In going through the evidence I have noticed several points that I think should be explained to you before you consider the Bill. If you will allow me, I will just go through them roughly : (i.) In Mr. Gill's evidence, in reply to question 24, on page 3, he says that tying up the fund for three years would, he understood, result in setting aside £90,000. Well, he is quite wrong in that. If the fund is locked up for three years—i.e., if no payments are made during that time, the only ones affected are those above or nearing the pension-age. Their pensions are postponed three years, and three years' contributions are paid. The approximate saving would be £9,500. (ii.) The same witness suggested that teachers should be allowed to purchase status. There would be no objection to that, if desired, because it could be actuarially calculated, but under the South Australian scheme they only pay the back subscriptions, without interest, which, of course, is not enough. (iii.) Again, in the statement Mr. Gill sent in, which is printed after his evidence, at about half-way down, he says, "This distinction is embodied in the Bill,"—the distinction being between new entrants and original members, both men and women, who were dismissed. "This distinction is embodied in the Bill." This is incorrect. It is not embodied in the Bill. Then I would point out that the sidenotes to clauses 13 and 14 of the Bill are both incorrect. The sidenote to clause 13 should read "Retiring medically unfit," not "Retiring medically unfit or on dismissal"; and to clause 14 it should read "Voluntary retirement or dismissal," not "Voluntary retirement or dismissal for misconduct." Then on page 4 of the printed evidence, in the third

ast line' from 'the bottom, where the witness says "ten times as fast as it does after that," it should read "five times," &c. (iv.) On the next page, about half-way down, the witness makes reference to the favourable mortality experienced by insurance offices. Well, it is desirable, I think, to point out this: the favourable mortality referred to in the reports of life-insurance companies arises largely from the lives insured having been carefully selected after passing a strict medical examination, quite recently in a considerable proportion of cases. The mortality tables I have employed in these calculations relate to the general population of a large number of healthy districts in England, the majority of which population would not be as well provided for as the body of teachers under consideration. A decrease in the mortality acts against the fund when pensions, or annuities, are the chief benefits provided, and the above standard would hardly be a safe one for a private association unless some addition were made. The mortality employed will barely cover the real cost, and no saving may be looked for from that source. (v.) Further on the witness goes on to the question of the high rate of interest obtained in insurance offices. On this point I merely have to say that, although some margin will arise if the investments produce 4 per cent. interest (my estimates being on a $3\frac{1}{2}$ -per-cent.-interest basis), it is not likely to be lasting, and in any case will probably not be more than sufficient to provide for the miscellaneous benefits not directly allowed for in the calculations. (vi.) In fact, all margins of profit which are added by life-insurance companies for safety and to furnish the periodical bonuses have been omitted in my calculations, and only the bare cost of the benefits is included. I notice that in two or three parts of the evidence certain witnesses insist on calling attention to what they consider the strictness of the methods adopted, and state that all the liability I have provided for is not really involved in the scheme. Well, I think it is desirable to go into this matter once for all. I have explained about the mortality; there is no margin here. I have also explained about the interest, that I consider it will all be required. Then, as to loading, none whatever has been imposed. Neither has any charge been made for the special treatment proposed for those retiring prematurely through ill health. On the other hand, in the case of a member dying and leaving a widow an additional sum of £200 is provided for her in the calculations; but according to the provisions of the Bill this may not be all spent before she dies, and any balance left would benefit the fund. It has, however, been asked by one or two witnesses that if any children are left under fourteen they should have the balance of the £200. Next, the contributions paid are returned without interest at premature retirement or death; in the cases of death of both males and females, and premature retirement of females, this has been allowed for in the calculations; in the remaining case of premature retirement of males the interest saved will benefit the fund to a certain extent, but it will not amount to very much. Finally, any fluctuations are just as likely to be unfavourable to the scheme as not. It is clear that I have not loaded the calculations in the slightest, and I come to the conclusion that there is very little chance indeed of any favourable deviation on the whole. (vii.) Then, at the top of page 6, the witness refers to me with regard to women living longer than men. He says, "I believe that once a woman arrives at the age of fifty she then lives two or three years longer than a man. Perhaps Mr. Fox can tell us as to that." And I reply, "I can only say that experience shows that after about that age female life is better than male life." I would point out that I was thinking principally of insured male lives when I said that. Generally speaking, female life is better all round than male life. The lives of insured women are worse than those of insured men up to from forty-four to fifty, but afterwards they are better, and this may largely be accounted for by the fact that in the very serious times of life for women, when they pass medical examinations for insurance the doctors have not been, in the past at any rate, so strict as with men, and weak points have consequently passed without being discovered. (viii.) On page 6 again, at question 60, with regard to the maximum and minimum, the witness seems to think that fixing the maximum at £200 would largely compensate for a minimum pension of £52. This is not so. If the pension is limited to £200 it will make very little difference to the present members or to the liability, for to obtain a pension of £200 a man would have to receive an average salary of £600 for twenty years or £400 for thirty years, and the chance of his qualifying for a higher pension is extremely remote. On the other hand, taking the present average salaries, females of thirty-two and upwards and males of forty-eight and upwards have their pensions increased by the minimum of £52, the increase in the total liability under this head amounting to fully £79,000. (ix.) As to the inclusion of house allowance in the salary for pension purposes, it has been suggested that this might be done. By how much would it be likely to increase the liability? The minimum pension, taking average salaries, comes in at age 32 for females, and 48 for males, and if the average salary is increased by house allowance it will decrease the liability above the ages mentioned and increase it below them. The contributions would also be increased, and the net effect would not be great either way. (x.) As to an allowance to children under fourteen after the death of the widow, which I referred to just now, this is provided for in the calculations. I have assumed that the £200, plus return of subscriptions, is paid in one sum. The Bill provides that an annuity may be purchased with the amount; but not less than the return of contributions or balance of three years' pensions, as the case may be, is paid if the widow dies. (xi.) I was asked what effect on the scheme a large increase in salaries would have, and I had to give an indefinite reply. I say now that the net effect on the scheme of such increases cannot be seen readily, because some of the benefits are not functions of the salary, and the ages of the recipients will also make a difference. (xii.) A lady witness proposed an addition to clause 13 as follows: "Every woman who has attained the age of fifty shall have the option of retiring and receiving an annuity equal to the present value of the annuity which would have been due to her had she continued to serve until she reached the age of fifty-five." By how much should her annuity be reduced if this were allowed? I now reply that it should be reduced by 30 per cent. (xiii.) Then, with regard to clause 4 of the Bill, subsection (3): "If he does not so elect"—that is, to join the scheme—"he shall not at any future time become a contributor to the fund, or participate in its benefit, except on the payment of such sum and on such conditions as the Board determines." This section provides for a teacher being allowed to buy into the scheme, if he does not think fit to join it at the start,

only on payment of a lump sum of money. There is no provision for him to accept a reduced pension instead. I need hardly point out that very few people are in a position to pay a lump sum, although they may be willing to accept a reduced benefit by way of equivalent, and I think this has been overlooked. (xiv.) The only other point is with regard to clause 13, subsection (2). It has been brought up constantly by the witnesses. I myself cannot really understand what is intended by the subsection. Mr. Hogben told us, I think, what is intended by it, but I cannot see that that is the effect of it. I understand him to say that if, for instance, a man is retired on account of ill health at fifty-eight, and he has contributed for, say, twenty years, he will get twenty-two sixtieths—as if he retired at sixty. Is it not so?

Mr. Hogben : No—"computed as mentioned in the last preceding section."

Mr. Fox : But it is not computed as in the last preceding section. There it is computed as if the man were sixty.

Mr. Hogben : No—"one-sixtieth part of the total salary paid during *all the years of his contribution to the fund*." That is the "method of calculation"; it says "computed as follows." I might say, however, that I think it might be made clearer. But that is the meaning.

119. *The Chairman* (to Mr. Fox).] You have gone through the evidence, have you not?—Yes.

120. Will you give us your opinion on this suggested modification of mine—simply your own views as to how it would meet the objections of the teachers?—Well, of course, this suggestion and Mr. Hogben's are on the same lines. After looking at them I prefer this one, for this reason: it seems to me that the men from forty-eight upwards are the ones who are inadequately provided for by the Bill. The strong feeling among the teachers apparently is that they are the ones who are dealt with hardly; and this scheme of Mr. Baume's helps these teachers more than the others. The young people from twenty-three to thirty-three would get no assistance by this, and they are satisfied. That is as it should be. Under Mr. Hogben's scheme, at the comparatively low age of twenty-eight they would get a material addition—£112 10s. Under Mr. Baume's scheme they would get £105, as they would under the Bill, and they are satisfied. That is the point. Why should you increase their benefit if they are satisfied now. The teachers of twenty-eight are perfectly satisfied now. This leaves them untouched. And at thirty-three they are comparatively satisfied. At thirty-three the increase under this scheme of Mr. Baume's is only infinitesimal; under Mr. Hogben's it is material. This scheme only makes it £93, as against £90 under the Bill, while Mr. Hogben's makes it £105. The increases under this suggestion of Mr. Baume's apply more to the higher ages, which I think is an advantage. I am having the liability under this calculated out exactly, and will have it ready by Friday morning. That is all I have to say about it.

121. *Mr. J. Allen*.] What would be the cost of Mr. Baume's scheme?—I do not know. I will let you know it on Friday morning.

Mr. Hardy (to Mr. Baume).] Does this proposal of yours, Mr. Baume, deal only with the old teachers who are now in the service?

The Chairman : I am dealing simply and solely with the teachers at present in the service, and endeavouring to meet the objection raised by the various witnesses that those teachers who have been a long time in the service and who will very shortly go out will receive under the Bill a minimum pension of only £52, and that those who subscribe from forty-eight years of age will receive only £52. This scheme of mine provides only for the teachers at present in the service, and under it those who were sixty-three—the average age of retirement—would receive £78.

Mr. Hardy : You are specialising, just because the scheme is coming in and hitting hard—

The Chairman : Hitting hard at the present teachers.

Mr. Hardy : You are loading the scheme with over £100,000.

The Chairman : No; £60,000. It is my own idea. I tried two or three ways by which I could meet the objections raised by the witnesses—those of their objections that seemed to be fairly grounded.

Mr. Lewis : You have no idea whether what you suggest at the foot of the sheet will meet the deficiency at all?

The Chairman : No. The main point of this scheme of mine is contained in the table. The other part is simply suggestions, based upon a portion of the evidence.

APPENDIX.

TEACHERS' SUPERANNUATION CONFERENCE.

CONFERENCE held 21st–23rd June, 1905.

Present: The Inspector-General of Schools (Chairman), Mr. Morris Fox (Government Actuary), Mr. Jolliffe (Law Draftsman), and the following members of the executive of the New Zealand Educational Institute: Messrs. Gill (president), Foster (secretary), Hughes (treasurer), Davidson, Grundy, Harkness, Jeffery, Macmorran, and Stewart.

The following resolutions were passed:—

1. That the Government be asked to subsidise the Teachers' Superannuation Fund by an annual statutory grant in perpetuity sufficient to meet the estimated annual deficit.

2. That, as regards superannuation, teachers be allowed to retire at sixty, and that at sixty-five retirement be compulsory; provided that any contributor retiring at an earlier age be allowed, in accordance with regulations, to receive an annuity that would be provided in the fund by the surrender value of his contributions.

3. With respect to teachers that are first permanently employed in any public school, and to persons who are first permanently employed in the service of the Education Department after the commencement of the Act, it should be a condition of their employment that they should become contributors to the fund.

Such contributors are hereinafter called "new entrants."

4. That those who at the time of the commencement of the Act are already permanently employed in the Education service should elect within six months to contribute to the fund or not.

Such contributors are hereinafter called "original members."

5. That persons that are first permanently employed in the Education service after the commencement of the Act, other than those named in No. 3, should elect within six months of the beginning of their service to contribute to the fund or not.

6. That the persons referred to in Nos. 4 and 5 not electing to join the fund as provided should not be admitted except by consent of the Board, and only on condition of payment of an equitable sum for the period that has elapsed since the commencement of the Act or their entry into the service, as the case may be.

NEW ENTRANTS (RESOLUTIONS 7 TO 13): BENEFITS.

7. That the retiring-allowance payable to a new entrant should be one-sixtieth of the total salary received during all the years of contribution.

8. That those who retire medically unfit (a) before completing five years of contribution should receive the surrender value of their contributions; (b) after fifteen years should receive allowances named in No. 7.

9. That a contributor who is dismissed otherwise than for misconduct (a) before completing fifteen years of contribution should have the surrender value of his contribution returned to him without interest; (b) after completing fifteen years of contribution should receive in one or more sums such amount as the Board, having regard to the circumstances of each case, determine, provided that such amount should not exceed the present value of a retiring-allowance under No. 7, and provided that it should be in no case less than the surrender value of his contributions.

10. That those who retire voluntarily or are dismissed for misconduct at any time should receive the surrender value of their contributions.

11. That in case of death of any contributor not having entered on a pension and not leaving a widow, there shall be paid to his representatives the whole of his contributions without interest.

12. That in case of death of any contributor having entered on a pension, not leaving a widow, there shall be paid to his representatives the balance of three years' pensions unpaid (if any).

13. That if any contributor die at any time before entering on a pension, leaving a widow, the Board shall pay the widow such amount or amounts as it may decide in accordance with regulations, being not less on the whole than the whole amount of the contributions without interest, and not less in any one year than the annuity which may be yielded in the fund by the whole amount of the contributions, together with £200; provided that any allowance in excess of the whole amount of the contributions shall cease on her remarriage or death, and provided further that the present value of all such allowances at the time of the death of the contributor shall not exceed £200, together with the whole amount of the contributions.

14. That if any contributor die at any time after entering on a retiring-allowance leaving a widow, the Board shall pay as in No. 13, the words "balance of three years allowances unpaid (if any)" being substituted for the words "the whole amount of the contributions."

ORIGINAL MEMBERS (RESOLUTIONS 15 TO 19).

15. That the annual allowance payable to an original member should be one-sixtieth of the total salary received during all the years of service: provided that the proportion of the allowance

based on service prior to the commencement of the Act should not exceed £120; provided further that no service prior to the commencement of "The Education Act, 1877," should be counted as service under the Superannuation Act.

16. That those who retire medically unfit—

(a.) Before the completion of five years' service should receive the surrender value of their contributions.

(b.) After the completion of five years' service and before the completion of fifteen years' service should receive the surrender value of their contributions together with one month's salary for each of the years of service prior to the commencement of the Act.

(c.) After fifteen years' service should receive retiring-allowances as in No. 14.

17. That a contributor who is dismissed otherwise than for misconduct—

(a.) Before the completion of five years' service should receive the surrender value of his contributions.

(b.) After completing five years and before completing fifteen years of contributions should receive the surrender value of his contributions together with such amount, in one or more sums, as the Board, having regard to the circumstances of each case, determines; provided that such amount should not exceed on the whole one-twelfth of the total salary received during all the years of service prior to the Act.

(c.) After completing fifteen years' service should receive in one or more sums such amount as the Board, having regard to the circumstances of each case, determines; provided that such amount should not exceed the present value of an allowance under No. 15; and provided that it is in no case less than the surrender value of his contributions.

18. That those who at any time retire voluntarily or are dismissed for misconduct should receive the surrender value of their contributions.

19. That the benefits in case of death be as for new entrants (the retiring-allowance being calculated, however, as in No. 15).

GENERAL.

20. That the maximum retiring-allowance should not exceed thirty-six sixtieths or forty-sixtieths of the average salary during the years of service.

21. That contributions should cease in the case of a male contributor who has contributed for forty years.

22. That the president of the New Zealand Educational Institute be added to the Teachers' Superannuation Fund Board.

FEMALES.

23. That the optional age for the retirement of women teachers should be fifty-five, and the compulsory age sixty.

New Entrants (Resolutions 23 to 26).

24. That the annual retiring-allowance payable on retirement should be one-sixtieth of the total salary received during all the years of contribution.

25. That those who retire medically unfit—

(a.) Before completing fifteen years of contribution should have all their contributions returned to them without interest.

(b.) After fifteen years of contribution should receive retiring-allowance as in No. 24.

26. That a contributor who is dismissed otherwise than for misconduct—

(a.) Before completing fifteen years of contribution should have all her contributions returned to her without interest.

(b.) After completing fifteen years of contribution should receive, in one or more sums, such amount as the Board, having regard to the circumstances of each case, determines; provided that such amount should not exceed the present value of a retiring-allowance under 24, and provided that it should be in no case less than the whole of her contribution.

Original Members (Resolutions 27 to 29).

27. That the annual retiring-allowance payable to an original member should be one-sixtieth of the total salary received during all the years of service, provided that the proportion of the allowance based on service prior to the commencement of the Act should not exceed £72; and provided further that no service prior to the commencement of "The Education Act, 1877," should be counted as service under the Superannuation Act.

28. That a contributor who retires medically unfit—

(a.) Before completion of five years' service should receive the whole amount of her contributions.

(b.) After completing five years and before completing fifteen years of service should receive the whole amount of her contributions together with one-twelfth of the total salary received during the years of service prior to the commencement of the Act.

(c.) After completing fifteen years of service should receive retiring-allowance as provided in No. 27.

Original Members.

29. That a contributor who is dismissed otherwise than for misconduct—

(a.) Before the completion of five years' service—should have the whole of her contributions returned;

(b.) After completing five years and before completing fifteen years of service—should receive the whole of her contributions, without interest, together with such amount, in one or more sums, as

the Board, having regard to the circumstances of each case, determine ; provided that such amount should not exceed on the whole one-twelfth of the total salary received during all the years of service prior to the Act ;

(c) After completing fifteen years of service—should receive in one or more sums such amount as the Board, having regard to the circumstances of each case, determines ; provided that such amount should not exceed the present value of an allowance under No. 27, and provided that it is in no case less than the whole of her contributions.

New Entrants and Original Members (Resolutions 30 to 33).

30. That a contributor who retires voluntarily at any time or who is dismissed for misconduct should have the whole of her contributions returned to her without interest.

31. That—

(a) In the case of the death of any contributor before retirement there should be paid to her representatives the whole amount of her contributions without interest.

(b) In case of death after retiring there should be paid to her representatives the balance of three years' allowances (if any) remaining unpaid.

32. That the maximum retiring-allowance should not exceed forty-sixtieths of the average salary during the years of service.

33. That in case of a woman contributor who has contributed for thirty-five years contributions may cease.

With regard to No. 15 above it was also resolved,—

That the sum of £52 per annum is inadequate as retiring-allowance for those now in the service, especially for aged and infirm teachers and for teachers approaching the pension age, for the following reasons:—

(a) The great disparity between the provision for such teachers compared with the liberal allowances granted to other branches of the public service.

(b) The fact that at sixty-five, without any contribution from the pensioners, the sum of £36 may be granted to a man and his wife under the Old-age Pensions Act. A teachers' superannuation scheme would in all probability relieve the country of many such cases.

(c) Probably the majority of middle-aged and elderly teachers would decline to join the scheme on such terms, and thus anticipated benefits to education would be seriously impaired and indefinitely postponed.

(d) Accordingly, as resolved by the executive of the New Zealand Educational Institute at Easter, 1905, the annuities for teachers at present in the profession should be computed on years of service, but that the proportion of annuity based on service prior to the coming into force of a Teachers' Superannuation Act should not exceed £120 in the case of men or £72 in the case of women.

Votes of thanks to the Right Hon. the Minister for calling the conference and to the Government Actuary, the Law Draftsman, and the Inspector-General of Schools concluded the proceedings.

REPORT OF THE GOVERNMENT ACTUARY ON TEACHERS' SUPERANNUATION PROPOSALS, AND MODIFICATIONS THEREOF.

Government Insurance Department, Head Office, Wellington, 13th July, 1905.

1. IN obedience to the instructions of the Right Hon. the Minister of Education, I have examined the proposals in regard to the superannuation of teachers put forward at the recent conference of teachers' representatives held in Wellington under the chairmanship of the Inspector-General of Schools.

I have also examined various modifications of these proposals, which have been submitted to me by the Inspector-General, with the object of enabling the Government to measure the liability involved in the adoption of any particular scheme.

2. I have assumed throughout that the contributions of both male and female teachers will vary according to the age when the first contribution becomes payable, and will be on the following scale:—

For ages 30 and under	..	..	..	..	5 per cent. of salary.
„ over 30 but not over 35	..	..	..	..	6 „
„ „ 35 „ 40	..	..	..	..	7 „
„ „ 40 „ 45	..	..	..	..	8 „
„ „ 45 „ 50	..	..	..	..	9 „
„ „ 50	..	..	..	..	10 „

It is proposed that the contributions shall cease after forty years in the case of males and after thirty-five years in the case of females.

Benefits proposed by Teachers' Conference.

3. Retirement to be optional at age 60, and compulsory at 65, for males ; and at 55 and 60 respectively for females.

The retiring-allowances for both males and females to be one-sixtieth of the total salary received during all the years of service, with the following limitations:—

(a.) No pension to exceed forty-sixtieths of the average salary during the years of service.

(b.) That part of the pension that is based on service prior to the commencement of the proposed Superannuation Act not to exceed £120 for males or £72 for females.

(c.) No service prior to the coming into operation of "The Education Act, 1877," to count as service under the proposed Act.

4. On the death of a female member, or a male member *not leaving a widow*, the whole of the contributions to be returned if death takes place before entering on pension, and any balance unpaid of the first three years' pension if death occurs within three years of entering on the pension.

On the death of a male member, *leaving a widow*, the sum of £200 (in addition to the foregoing) shall be available for the widow, subject to the following: The Board shall pay the widow such amount or amounts as it may decide in accordance with regulations, being not less on the whole than the whole amount of the contributions without interest and not less in any one year than the annuity which may be yielded in the fund by the whole amount of the contributions (or the balance of three years' pensions unpaid, if any, as the case may be), together with £200, provided that any allowance in excess of the whole amount of the contributions shall cease on her remarriage or death; and provided further that the present value of all such allowances at the time of the death of the contributor shall not exceed £200 together with the whole of the contributions (or the balance of three years' pensions as the case may be).

5. In the case of a male member retiring voluntarily or being dismissed for misconduct the surrender value to be paid, and in the similar case of a female member the whole of the contributions paid to be returned.

6. In the case of *present* members dismissed for other reasons than misconduct:—

(a.) Under 5 years' service: Males to receive the surrender value, and females their full contributions.

(b.) From 5 to 15 years' service: Males and females to receive, in addition to (a), an amount not exceeding a month's salary for each year of service prior to the proposed Act.

(c.) Over 15 years' service: Males and females to receive an amount, at the discretion of the Board, not less than the surrender-value (or return of contributions as the case may be) and not greater than the present value of the pensions mentioned in paragraph 3.

7. In the case of *new* members dismissed for other reasons than misconduct:—

(a.) Under 5 years' service: Males to receive the surrender value and females their full contributions.

(b.) From 5 to 15 years' service: Males and females to receive an amount at the discretion of the Board, as in 6 (c).

8. In the case of *present* members retiring medically unfit:—

(a.) Under 5 years' service: Males to receive the surrender value and females their full contributions.

(b.) From 5 to 15 years' service: Males and females to receive, in addition to (a), a month's salary for each year of service prior to the proposed Act.

(c.) Over 15 years' service: Males and females to receive pensions according to scale as in paragraph 3.

9. In the case of *new* members retiring medically unfit:—

(a.) Under 15 years' service: Males to receive the surrender value and females their full contributions.

(b.) Over 15 years' service: Males and females to receive pensions according to scale as in paragraph 3.

The Liability incurred under Proposed Scheme and Modifications thereof.

10. Tables 1 and 4 show the contributions necessary for the purchase of these benefits. It will be seen that, at the higher ages especially, the proposed contributions are insufficient in themselves to provide the pension, death, and withdrawal benefits, leaving out of consideration any provision for back service.

Tables 2, 3, 5, and 6 show the total subsidies, based upon staff returns, necessary to provide for pensions of hundredths, eightieths, and sixtieths of average salary together with the additional benefits, with various modifications as to back service, minimum pensions, and return of contributions.

Table 7 is a summary of the other tables, and reference to it will show that:—

(a.) Under the scheme proposed by the teachers, which includes pensions on account of back service for the existing staff, the capital value of the necessary subsidy for males and females together is £494,928, the annual interest on which, at $3\frac{1}{2}$ per cent., is £17,323.

(b.) Under the scheme contained in the Bill, which does not include pensions for back service, but provides that no pension shall be less than £52 per annum, the capital value of the necessary subsidy for males and females is £270,248, the annual interest on which, at $3\frac{1}{2}$ per cent., is £9,459.

11. I am instructed that in future the age at entry of new teachers to the service may be taken as twenty-three. At this age it is estimated that the contributions for the proposed pensions (sixtieths) and subsidiary benefits should be about £7 16s. 4d. per cent. of salary, whereas the actual contribution would be 5 per cent. The capital value of the deficiency on this account would be £96 for each new entrant. In the case of pensions of eightieths and hundredths respectively it would be £47 and £17 per new entrant.

The Basis adopted in Valuation of Schemes.

12. The latest data supplied by the Education Department in 1903, in reference to the ages and salaries of male and female teachers, have been used for this purpose. I attach a form of card designed for future use in this respect, and would recommend its adoption both in the Education Department and other Departments of the Civil Service. Uniform data collected in this manner will be indispensable for future guidance, either in valuing an established fund or advising upon the adoption of any proposed scheme.

13. The cost of the benefits contained in the various schemes submitted has been computed as follows:—

(a.) *Mortality*: The mortality assumed is that relating to healthy districts of England, computed by the late Dr. Farr. This experience is very suitable for the purpose, and has an advantage over a table founded on the population of New Zealand, as it contains the experience of a greater number of people living and dying at advanced ages. The probabilities of leaving a widow at death are also derived from English statistics.

(b.) *Rate of Withdrawal*: In the case of males this has not been taken into account in the calculations, as the inducement to remain in the service caused by the adoption of a pension scheme must considerably diminish the number of those retiring voluntarily, and therefore render any rate based on past experience of the members quite unreliable for practical purposes. This would have little effect on the liability, however, if surrender values be granted on early retirement as proposed.

Female teachers are in a different position, for they rarely enter the service for life, and, with few exceptions, retire from it on getting married. Probably, therefore, the scheme would not have much effect on the rate of withdrawal hitherto experienced, and allowance has consequently been made, in computing the cost of the benefits, for withdrawals according to the actual rate recently experienced among female teachers.

(c.) *Retiring medically unfit*: There are no available data on which to base a calculation of the cost of these benefits. Any additional liability on this head must, therefore, be left to be provided for among miscellaneous contingencies.

(d.) *Age at Retirement for Pension*: Males will retire between ages 60 and 65, and from the experience of other funds it is considered a reasonable assumption that they will remain in the service for three years after becoming entitled to retire on pension, and that they will all retire at 63. Females will retire between 53 and 60, and the age has been taken as 57. In both cases the retiring-age can only be fixed with greater accuracy after the fund has been established some years, when more exact calculations can be made, based on the actual numbers retiring at different ages.

(e.) *Rate of Interest*: I have assumed a net rate of $3\frac{1}{2}$ per cent. compound interest in the calculations. In the draft Bill it is provided that the Public Trustee shall allow at least 4 per cent. on the funds, but seeing that there must be deducted from the gross interest earnings (1) the expenses of administering the fund (no loading having been included for this purpose); (2) any losses arising from investments (which are almost inevitable with any large fund in course of time); and (3) any losses arising from adverse fluctuations in other respects than interest earnings. I do not think a higher rate than $3\frac{1}{2}$ per cent. could properly be taken for the purpose of estimating the *real* liability involved in such a scheme. Certainly, no higher rate should be taken by a private institution at the present time for such a purpose, and most of the annuity business transacted in this colony (including annuity-assurances issued under "The Civil Service Insurance Act, 1893") is on a 3-per-cent. basis.

Although, however, no complete valuation has been made at 4 per cent., I have ascertained that a scheme of pensions at the rate of hundredths of average salaries, including the accompanying subsidiary benefits, *but not providing pensions on account of back service to existing members*, would be practically self-supporting on a 4-per-cent. interest basis.

General Remarks.

14. I have reported that £17,323 per annum in the scheme proposed by the teachers, and £9,459 per annum in the scheme contained in the Bill, would be necessary to provide interest on the outstanding liability considered as a permanent debt, a present debt which would continue to increase if such interest were not provided as it accrued. I have also explained the assumptions upon which these estimates are based, and if the latter are admitted to be sound it may be thought that nothing further remains to be said.

There is, however, a prevalent feeling in the minds of many who are interested in these matters that, even admitting the estimates to be correct from an actuarial point of view, the orthodox actuarial methods are unnecessarily conservative. It is maintained by such objectors that the existence of a considerable balance in hand during the first few years of a scheme, after paying the claims and other expenses, proves it to be in a sound and prosperous condition, and that so long as there is a constant stream of new members the fund cannot become insolvent. Apart from the weight of the evidence of past sad experience against these unduly optimistic opinions, I will endeavour to explain the fallacy contained in them, so that it may be evident to those who are without the advantage of actuarial knowledge.

If we take a body of 10,000 men now aged 30, and charge them £6 per annum each in consideration of receiving pensions of £45 per annum if they arrive at age 60, the simple scheme so formed will be solvent, on the assumptions that the resulting funds will be invested at not less than 4 per cent., and that the members will experience a mortality similar to that of the general male population of New Zealand. Such a scheme is simplicity itself, providing for no expenses or benefits at death or withdrawal, and there will be no outgo at all for thirty years. In thirty years there will be 6,973 members still alive who will be entitled to pensions amounting to £307,132 per annum in the aggregate. The funds will then have accumulated to the large sum of £3,182,254, and thenceforth there will be no income except from interest earnings. This fund will decrease year by year till the death of all the members, when it will be used up.

If, instead of £45, pensions of £60 had been granted, the fund would nevertheless accumulate as before to £3,182,254 before being drawn upon, but being insufficient for the pensions of £60 would be used up by the time the members were about 75, leaving over 3,000 of the original contributors without pensions in their remaining years of life.

We will now suppose that similar bodies of new contributors joined the scheme after it had been in existence one year, two years, three years, and so on, thus forming a continuous stream of new entrants. When the fund belonging to the first series became exhausted as its members reached 75 it must draw on the funds belonging to the other members as there would be no other source available, and we will suppose the deficiency to be made up from the fund belonging to the second series. The fund of the second series would therefore become exhausted before its members reached 75, when it would draw on the fund of the third series, which would become exhausted still earlier, and so on, and it is evident that a continuation of this process would exhaust the whole of the funds in time, ultimate insolvency being the inevitable result.

15. A pension scheme may be likened to a tradesman selling goods for cash and paying for them by bills maturing at distant dates. If he neglects to take into account what he owes and looks only at his receipts and present payments, his money in hand is continually increasing and he is apparently doing a flourishing business. This would still appear to be the case if he were selling the goods for much less than their cost price. Clearly his real position can only be ascertained by taking into account his promises to pay, and in the same way liabilities maturing in the future, even though distant, must be taken into account in order to ascertain the position of a pension scheme. Moreover, if the tradesman is selling his goods for less than they cost, no one would argue that his position would be improved by a continuous stream of customers, and in like manner if the contributions received from members are insufficient to pay for their pensions (*unless adequately supplemented from some outside source*), every fresh entrant only weakens a pension scheme.

16. In conclusion, I may say that, although I consider an annual subsidy of about £10,000 is necessary to make the proposals contained in the Bill actuarially sound, the guarantee of 4 per cent. interest on the funds, which it is proposed shall accompany the yearly subsidy of £5,000, greatly improves the scheme. It is, of course, beyond question that such a fund must be solvent in practice if it possesses a Government guarantee, whatever the liability may be from an actuarial point of view. That a great benefit will result to the educational system of the colony from the adoption of a scheme of this nature is unquestionable, but that consideration does not lie within the province of the actuary: his duty consists in estimating the actual cost of the scheme as correctly as his knowledge and circumstances allow, and faithfully reporting the extent of the real liability involved therein.

MORRIS FOX,

Actuary to the Government Life Insurance Department.

MALES.

TABLE 1. CONTRIBUTIONS per Cent. of Salary necessary for Undermentioned Benefits.

(1) Age.	(2) Benefit A: Pension only.	(3) Benefit B: Return of Full Contributions at Death before Pension Age.	(4) Benefit C: Balance of Three Years' Pension at Death within Three Years of entering on Pension.	(5) Benefit D: Allowance of £200 to Widows on Death of Contributor or Pensioner.	(6) Total Contributions per Cent. of Salary for Combined Benefits A, B, C, and D.	(7) Proposed Contribution per Cent. of Salary to be paid by Male Teachers.
For Pensions at Age 60 of One-hundredths of Average Salary for each Year of Service.						
18	£ s. d. 3 2 3	£ s. d. 0 18 2	£ s. d. 0 1 2	£ s. d. 0 19 8	£ s. d. 5 1 3	5 per cent.
23	3 8 1	0 18 2	0 1 3	1 2 7	5 10 1	5 "
28	3 15 8	0 17 10	0 1 5	1 5 3	6 0 2	5 "
33	4 5 6	1 0 11	0 1 7	1 8 8	6 16 8	6 "
38	4 17 7	1 3 5	0 1 10	1 13 11	7 16 9	7 "
43	5 11 11	1 4 8	0 2 7	2 2 1	9 1 3	8 "
48	6 8 4	1 4 7	0 4 0	2 15 1	10 12 0	9 "
53	7 7 7	1 2 0	0 6 11	3 19 10	12 16 4	10 "
58	8 10 6	0 14 6	0 15 11	7 10 4	17 11 3	10 "
For Pensions at Age 60 of One-eightieths of Average Salary for each Year of Service.						
18	3 17 10	0 18 2	0 1 6	0 19 8	5 17 2	5 per cent.
23	4 5 1	0 18 2	0 1 7	1 2 7	6 7 5	5 "
28	4 14 7	0 17 10	0 1 9	1 5 3	6 19 5	5 "
33	5 6 11	1 0 11	0 2 0	1 8 8	7 18 6	6 "
38	6 2 0	1 3 5	0 2 3	1 13 11	9 1 7	7 "
43	6 19 11	1 4 8	0 2 7	2 2 1	10 9 3	8 "
48	8 0 5	1 4 7	0 4 0	2 15 1	12 4 1	9 "
53	9 4 6	1 2 0	0 6 11	3 19 10	14 13 3	10 "
58	10 13 2	0 14 6	0 15 11	7 10 4	19 13 11	10 "
For Pensions at Age 60 of One-sixtieths of Average Salary for each Year of Service.						
18	5 3 9	0 18 2	0 1 11	0 19 8	7 3 6	5 per cent.
23	5 13 6	0 18 2	0 2 1	1 2 7	7 16 4	5 "
28	6 6 1	0 17 10	0 2 4	1 5 3	8 11 6	5 "
33	7 2 6	1 0 11	0 2 8	1 8 8	9 14 9	6 "
38	8 2 8	1 3 5	0 3 0	1 13 11	11 3 0	7 "
43	9 6 6	1 4 8	0 3 4	2 2 1	12 16 7	8 "
48	10 13 11	1 4 7	0 4 0	2 15 1	14 17 7	9 "
53	12 6 0	1 2 0	0 6 11	3 19 10	17 14 9	10 "
58	14 4 2	0 14 6	0 15 11	7 10 4	23 4 11	10 "

MALES.

TABLE 2. ANNUAL CONTRIBUTIONS (Based on 1903 Staff).

(1) Ages.	(2) Benefit A: Pensions only.	(3) Benefit B: Return of Contributions at Death before Pension Age.	(4) Benefit C: Balance of Three Years' Pension at Death within Three Years of entering on Pension.	(5) Benefit D: Allowance of £200 to Widows on Death of Contributor or Pensioner.	(6) Total Contribu- tions for Benefits A, B, C, and D.	(7) Teachers' Contribu- tions.	(8) Government Subsidy necessary for Benefits A, B, C, and D. (6)-(7).
Pensions One-hundredths of Average Salary.							
16-20 ..	£ 113	£ 33	£ 2	£ 36	£ 184	£ 177	£ 7
21-25 ..	739	196	14	244	1,193	1,078	115
26-30 ..	1,243	293	23	414	1,973	1,637	336
31-35 ..	1,792	438	33	602	2,865	2,513	352
36-40 ..	1,848	441	35	644	2,968	2,653	315
41-45 ..	1,376	303	32	519	2,230	1,975	255
46-50 ..	1,337	254	42	578	2,211	1,873	338
51-55 ..	1,195	177	57	625	2,054	1,611	443
56-60 ..	981	82	101	937	2,101	1,204	897
61-62 ..	314	12	111	867	1,304	347	957
63 and over ..	632	..	..	..	632	632	..
Total ..	11,570	2,229	450	5,466	19,715	15,700	4,015
Pensions One-eightieths of Average Salary.							
16-20 ..	141	33	3	36	213	177	36
21-25 ..	925	196	17	244	1,382	1,078	304
26-30 ..	1,554	293	28	414	2,289	1,637	652
31-35 ..	2,241	438	40	602	3,321	2,513	808
36-40 ..	2,309	441	43	644	3,437	2,653	784
41-45 ..	1,720	303	33	519	2,575	1,975	600
46-50 ..	1,671	254	43	578	2,546	1,873	673
51-56 ..	1,478	177	70	625	2,350	1,611	739
56-60 ..	1,267	82	69	937	2,355	1,204	1,151
61-62 ..	410	12	98	867	1,387	347	1,040
63 and over ..	632	..	..	..	632	632	..
Total ..	14,348	2,229	444	5,466	22,487	15,700	6,787
Pensions One-sixtieths of Average Salary.							
16-20 ..	188	33	3	36	260	177	83
21-25 ..	1,233	196	23	244	1,696	1,078	618
26-30 ..	2,072	293	37	414	2,816	1,637	1,179
31-35 ..	2,988	438	54	602	4,032	2,513	1,569
36-40 ..	3,078	441	57	644	4,220	2,653	1,567
41-45 ..	2,292	303	43	519	3,157	1,975	1,182
46-50 ..	2,228	254	43	578	3,103	1,873	1,230
51-55 ..	1,970	177	70	625	2,842	1,611	1,231
56-60 ..	1,690	82	68	937	2,777	1,204	1,573
61-62 ..	547	12	97	867	1,523	347	1,176
63 and over ..	632	..	..	..	632	632	..
Total ..	18,918	2,229	495	5,466	27,108	15,700	11,408

MALES.

TABLE 3. ANNUAL SUBSIDIES AND CAPITAL VALUES.

(a.) Minimum Pension, £52: Back service *not* included.

(1) Pensions.	(2) Annual Subsidy for Pension and Bene- fits B, C, and D.	(3) Capital Value of (2).	(4) Annual Subsidy for £200 to Widows of those dying after 63.	(5) Capital Value of (4).	(6) Annual Subsidy for Minimum Pension of £52 for Teachers under 63.	(7) Capital Value of (6).	(8) Annual Subsidy for £52 Pension for Teachers over 63.	(9) Capital Value of (8).	(10) Total Annual Sub- sidy.	(11) Total Capital Value.
One-hundredths ..	£ 4,015	£ 37,109	£ 232	£ 2,071	£ 18,039	£ 54,903	£ 1,612	£ 14,481	£ 18,898	£ 108,564
One-eightieths ..	6,787	77,324	232	2,071	11,699	42,824	1,612	14,481	20,330	136,700
One-sixtieths ..	11,408	144,466	232	2,071	10,090	30,835	1,612	14,481	23,342	191,853

(b.) Back Service since " Education Act, 1877," included up to Pension of £120 : *without* Minimum Pension of £52.

(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Pensions		Annual Subsidy for Pension and Benefits B, C, and D.	Capital Value of (2).	Annual Subsidy for £200 to Widows of those dying after 68.	Capital Value of (4).	Annual Subsidy for Back Service.	Capital Value of (6).	Total Annual Subsidy.	Total Capital Value.
One-hundredths	..	£ 4,015	£ 37,109	£ 232	£ 2,071	£ 20,205	£ 120,599	£ 24,452	£ 159,779
One-eightieths	..	6,787	77,324	232	2,071	25,341	151,315	32,360	230,710
One-sixtieths	..	11,408	144,466	232	2,071	33,889	202,363	45,529	348,900

(c.) Back Service included, *with* Minimum Pension of £52.

[Heading same as above, altering column 6 to read " Annual Subsidy for Back Service and Minimum Pension of £52."]

One-hundredths	..	4,015	37,109	232	2,071	23,000	132,178	27,247	171,358
One-eightieths	..	6,787	77,324	232	2,071	25,363	151,474	32,332	230,869
One-sixtieths	..	11,408	144,466	232	2,071	33,889	202,363	45,529	348,900

FEMALES.

TABLE 4. CONTRIBUTIONS per Cent. of Salary necessary for Undermentioned Benefits.

(1)	(2)	(3)	(4)	(5)	(6)
Age.	Benefit A : Pension only.	Benefit B : Return of Contributions at Death or Withdrawal before Pension Age.	Benefit C : Balance of Three Years' Pension at Death within Three Years of entering on Pension.	Total Contribution per cent. of Salary for Combined Benefits, A, B, and C.	Proposed Contribution per Cent. of Salary to be Paid by Female Teachers

(a.) Benefit B: Return of *Full* Contributions at Death or Withdrawal.

18	£ s. d. 2 5 0	£ s. d. 3 3 10	£ s. d. 5 8 10	5 per cent.
23	3 6 4	3 2 6	6 8 10	5 "
28	5 10 0	2 11 2	8 1 2	5 "
33	8 8 10	2 2 11	10 11 9	6 "
38	11 13 7	1 10 4	13 3 11	7 "
43	14 10 11	0 19 6	15 10 5	8 "
48	16 13 2	0 18 3	17 11 5	9 "
53	18 17 3	1 4 10	20 2 1	10 "

(b.) Benefit B: Return of *Half* Contributions on Withdrawal within Fifteen Years, and *Full* Contributions on Withdrawal after Fifteen Years or at Death before Pension Age.

18	2 5 0	2 4 3	4 9 3	5 per cent.
23	3 6 4	2 0 1	5 6 5	5 "
28	5 10 0	1 11 8	7 1 8	5 "
33	8 8 10	1 8 0	9 16 10	6 "
38	11 13 7	1 3 1	12 16 8	7 "
43	14 10 11	0 18 5	15 9 4	8 "
48	16 13 2	0 18 3	17 11 5	9 "
53	18 17 3	1 4 10	20 2 1	10 "

FEMALES.

TABLE 5. ANNUAL CONTRIBUTIONS (Based on 1903 Staff).

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Ages.	Benefit A : Pensions only, One-sixtieths.	Benefit B : Return of Contributions at Death or Withdrawal before Pension Age.	Benefit C : Balance of Three Years' Pension at Death within Three Years of entering on Pension.	Total Contributions for Benefits A, B, and C.	Teachers' Contributions.	Government Subsidy necessary for Benefits A, B, and C.

(a.) Benefit B: Return of *Full* Contributions at Death or Withdrawal.

16-20	£ 61	£ 77	£ 138	£ 121	£ 17
21-25	1,328	1,176	2,504	1,910	594
26-30	2,146	1,001	3,147	1,955	1,192
31-35	2,447	617	3,064	1,730	1,334
36-40	1,905	268	2,173	1,170	1,003
41-45	1,139	83	1,222	639	533
46-50	445	25	470	242	228
51-55	379	25	404	205	199
56	52	11	63	26	37
57 and over	..	129	129	129	..
Total	9,902	3,412	13,314	8,127	5,187

(b.) Benefit B: Return of *Half* Contributions on Withdrawal within Fifteen Years, and *Full* Contributions on Withdrawal after Fifteen Years, or at Death before Pension Age.

16-20	61	60	121	121	..
21-25	1,328	758	2,086	1,910	176
26-30	2,146	622	2,768	1,955	813
31-35	2,447	402	2,849	1,790	1,119
36-40	1,905	199	2,104	1,170	934
41-45	1,139	76	1,215	639	576
46-50	445	25	470	242	228
51-55	379	25	404	205	199
56	52	11	63	26	37
57 and over	..	129	129	129	..
Total	9,902	2,307	12,209	8,127	4,082

FEMALES.

TABLE 6. ANNUAL SUBSIDIES and CAPITAL VALUES.

(1) Brief Description of Alternative Schemes.	(2) Annual Subsidy for Pension and Benefits B and C.	(3) Capital Value of (2).	(4) Annual Subsidy for Minimum Pension of £52 for Teachers under Fifty- seven.	(5) Capital Value of (4).	(6) Annual Subsidy for £52 Pension for Teachers over Fifty- seven.	(7) Capital Value of (6).	(8) Annual Subsidy for Back Ser- vice.	(9) Capital Value of (8).	(10) Total Annual Subsidy.	(11) Total Capital Value.
(a.) With Return of <i>Full</i> Contributions at Death or Withdrawal.										
(1.) Minimum pension £52, back service not in- cluded	£ 5,187	£ 44,625	£ 5,202	£ 27,861	£ 520	£ 5,909	£ ..	£ ..	£ 10,909	£ 78,895
(2.) Minimum pension not included. Back ser- vice since 1877 in- cluded up to £72	5,187	44,625	..	..	..	..	13,731	101,403	18,918	146,028
(3.) Back service and mini- mum pension, both included	5,187	44,625	..	..	..	..	13,929	103,118	19,116	147,743

(b.) With Return of *Half* Contributions on Withdrawal within Fifteen Years, and *Full* Contributions on Withdrawal after Fifteen Years, or at Death before Pension Age.

As above:—										
(1.)	4,082	35,238	5,202	27,861	520	5,909	..	..	9,804	69,008
(2.)	4,082	35,238	..	..	..	..	13,731	101,403	17,813	136,641
(3.)	4,082	35,238	..	..	..	..	13,929	103,118	18,011	138,356

TABLE 7.—SUMMARY.

	Contribution for Pen- sion, Return of Pre- miums, Balance of Pensions within Three Years.	Allowance of £200 to Widow.	Contributions for Minimum Pension of £52.	Contributions, for back Service.	Total Contributions necessary.	Teachers' Contribu- tions.	Annual Subsidy neces- sary.	Capital Value.	Annual Interest at 3½ Per cent. on Capital Value.
Males one-hundredths:—	£	£	£	£	£	£	£	£	£
1. £52 minimum pension, but no back service	14,249	5,698	14,651	..	34,598	15,700	18,898	108,564	3,800
2. Back service but no minimum pension	14,249	5,698	..	20,205	40,152	15,700	24,452	159,779	5,592
3. Minimum pension and back service	14,249	5,698	..	23,000	42,947	15,700	27,247	171,358	5,998
Males one-eightieths:—									
4. £52 minimum pension, but no back service	17,021	5,698	13,311	..	36,030	15,700	20,330	136,700	4,785
5. Back service, but no minimum pension	17,021	5,698	..	25,341	48,060	15,700	32,360	230,710	8,075
6. Minimum pension and back service	17,021	5,698	..	25,363	48,082	15,700	32,382	230,869	8,080
Males one-sixtieths:—									
7. £52 minimum pension, but no back service	21,642	5,698	11,702	..	39,042	15,700	23,342	191,853	6,715
8. Back service, but no minimum pension	21,642	5,698	..	33,889	61,229	15,700	45,529	348,900	12,212
9. Minimum pension and back service	21,642	5,698	..	33,889	61,229	15,700	45,529	348,900	12,212
Females one-sixtieths:—									
10. £52 minimum pension, but no back service	13,314	..	5,722	..	19,036	8,127	10,909	78,395	2,744
11. Back service, but no minimum pension	13,314	..	..	13,731	27,045	8,127	18,918	146,028	5,111
12. Minimum pension and back service	13,314	..	..	13,929	27,243	8,127	19,116	147,743	5,171
Females one-sixtieths (return of half contributions only on withdrawal within fifteen years):—									
13. £52 minimum pension, but no back service	12,209	..	5,722	..	17,931	8,127	9,804	69,008	2,415
14. Back service, but no minimum pension	12,209	..	..	13,731	25,940½	8,127	17,813	136,641	4,782
15. Minimum pension and back service	12,209	..	..	13,929	26,138	8,127	18,011	138,356	4,842

(Vide paragraph 12 of Report—page 64.)

SUPERANNUATION CARD. No.

Name :

Status : { Married

Department : { Single

Date of Birth : : : { Widow(er)

„ of Appointment : : : Age :

„ Received Pension : : : Age :

„ of Exit : : : Age :

Mode of Exit : Amount paid on Exit : £ : :

Amount of Pension : £ : : per annum.

Year.	Salary.	Contribution (= %).	Provided for by :—
1905			Pension
1906			Public Trust } Contribution }
1907			Insurance Annuity
1908			Compensation
1909			
1910			Unprovided for
1911			
1912			

Year.	Salary.	Contribution.	
1913			
1914			
1915			
1916			
1917			
1918			
1919			
1920			
1921			
1922			
1923			
1924			
1925			

REMARKS.

The Inspector-General of Schools, Wellington.

25th July, 1905.

IN accordance with your verbal request, I forward the information as to the cost of minimum pensions of £104, which will be found in the appended schedule. I am also making an estimate of the effect of lowering the female age to 50, and will also make any further modification which may possibly be desired if it is practicable to do so.

ONE-SIXTIETH PENSIONS.

	Males.	Females.	Total.
	£	£	£
Capital value of subsidy for minimum pension of £52	45,316	33,770	79,086
Capital value of <i>additional</i> subsidy for minimum pension of £104	121,321	111,783	233,104
Capital value of total subsidy for minimum pension of £104	166,637	145,553	312,190
Capital value of subsidy for one-sixtieth pensions and subsidiary benefits	146,537	44,625	191,162
Capital value of <i>total subsidy</i> for one-sixtieth pensions (minimum £104) and subsidiary benefits	313,174	190,178	503,352
3½ per cent. interest on total capital value	10,961	6,656	17,617

It will be noticed that the cost of making the minimum pension £104 is much about the same as giving back service.

MORRIS FOX, Actuary.

The Inspector-General of Schools, Wellington.

28th July, 1905.

IN accordance with your verbal request I forward the information as to the cost of lowering the age of females to 50.

The *capital value* of the subsidy for females when the pension age is 55 (with minimum pension £52, but no back service) is £78,395
on which 3½ per cent. *annual interest* is 2,744
The *capital value* of the subsidy when the pension age is reduced to 50 is 153,784
on which 3½ per cent. *annual interest* is 5,383

MORRIS FOX, Actuary.

SIR,—

Napier, 29th July, 1905.

We, the undersigned women teachers of the Hawke's Bay Educational District, respectfully draw your attention to clause 23 of the superannuation scheme. This clause fixes the optional retiring-age of women teachers at fifty-five years. Few women, if any, will be able to continue teaching with efficiency after the age of fifty; therefore such a scheme will be of little benefit to the women teachers. We, therefore, humbly request that this clause shall be amended as follows: That the optional retiring-age for women teachers shall be fifty. We are very anxious to see a superannuation Bill passed, and we most sincerely thank you for your untiring efforts and for the great interest you have taken on our behalf.

Jessie C. Brown.
Helen Anderson.
Frances A. Hayes
A. E. Driscall.
A. Hunter Jones.
P. Shaw.
Phoebe Ingleton
Nellie McVay.
Agness Pratt.
W. J. Rosie.
M. Moore.
E. McCarthy
A. R. Black.

G. Mitchell.
E. Dugleby.
Lilian S. Cole.
A. Magill.
C. S. Sargisson.
Mary Magill.
Ella McVay.
Mary Palmer.
E. J. Riley.
I. M. Robertson.
M. Hagenson.
E. E. Lindsay.
E. E. Webb.

The Hon. the Minister of Education.

The Chairman of the Education Committee.—R. J. S. 4/8/05.

SIR,—

Forbury School, South Dunedin, 8th August, 1905.

I have been instructed by the headmasters of the Dunedin and suburban schools to forward you the following resolution which was unanimously passed by them at a meeting held last night.

I might also mention that it was the feeling of the meeting that, unless the Superannuation Bill now before the House be amended so as to provide for the recognition of past service, it would be better if the Bill did not become law.

I am, &c.,

F. E. Baume, Esq., M.H.R., Wellington.

R. G. WHETTER,
Hon. Secretary.]

Resolution: That, in the opinion of this meeting, no superannuation scheme will be acceptable to those teachers who are past middle age, unless past service is recognised on some definite principle, and, unless such service is so recognised, these teachers will not come under the fund, and the purpose of establishing the fund will be largely defeated.

SIR,—

Wellington, 9th August, 1905.

May I (a) be allowed briefly to explain away what seems to have been a wrong impression. I represented the Dunedin meeting. The Oamaru branch had favoured fifty as the retiring-age. I wish to make that statement in justice to Oamaru.

(b.) In answer to the question as to whether a larger number would come on the fund in the future I should say there would be a much larger number. Let us look at it in this way : those already referred to have held their positions for a very long time. The next section (I am speaking from an age point of view) would be larger, and the next larger still, because of the increasing number of positions. The teachers filling these positions would be able to work more heartily knowing that some provision had been made for them retiring voluntarily or otherwise.

(c.) One great benefit of the age being fixed at fifty-five would be that those who are supporting aged parents or others would not find their income curtailed too soon.

I remain, &c.,
JANE D. HOOPER.

The Chairman, Education Committee.

SIR,—

Kaikora North, 11th August, 1905.

I am unable to give evidence before the Commission on superannuation in person, and should esteem it a favour if you would accept a written statement from me.

Re lady teachers : I wish to draw your attention to the practical, as compared with the theoretical, result that would arise if women teachers had superannuation. I do so because only those personally acquainted with the customs of our profession are likely to have the following facts at their disposal.

1. Of about 4,700 teachers at present employed in teaching in this colony 3,289 or about 70 per cent. are women.

2. Of these 3,289 women there are only about 220 now over forty years of age, and I doubt if there are twenty over fifty years of age, and this proportion is a constant one in the profession.

3. Thus of 3,289 women who would be paying into the fund only about 220 would stay in the profession after they were forty years of age, and only about twenty out of the 3,289 would ever come on the fund for pension.

4. The other 3,000 women teachers would pay into the fund for about fifteen years each, and then on leaving the profession they would only draw their actual contributions, leaving the interest to the credit of the fund.

5. Thus it seems perfectly impossible for the women's section of the fund to become insolvent, when 3,289 pay in and get no interest, while only about 1 in 200 at most will qualify for pension.

6. In giving my estimate of the number of women teachers over forty, I have taken Hawke's Bay as an average-sized district for an example. I know nearly every teacher personally and am quite certain that of our 146 women teachers not more than ten are over forty years. That is about 6½ per cent. In naming 220 for the colony as over forty years I have allowed considerably over this percentage (6½) to be on the safe side.

7. I believe your Committee could get the exact figures from the Education Department as information concerning the ages of all teachers in the profession was collected about four years ago. I hope the Committee will follow up this line of inquiry, for I feel sure the inquiry will show that in practice the women's section cannot possibly become insolvent, but will provide a large credit balance instead.

8. My figures for Hawke's Bay are (for the year ending 1903) : Number of women teachers, 146 ; number over forty, 8 ; number over fifty, 2. Thus 1⅙ of our women teachers leave the profession before they are forty years of age.

I remain, &c.,
JOHN CAUGHLEY, M.A.,
Headmaster, Kaikora North.

The Chairman of the Education Committee.

SALARIES of PUBLIC-SCHOOL TEACHERS as at beginning of 1905 (exclusive of house allowances and of allowances paid out of the District High School vote).

Grades of Salary.	Male.						Female.					
	Head or Sole Teachers.		Assistants.		Total.		Head or Sole Teachers.		Assistants.		Total.	
	Number.	Average Salary.	Number.	Average Salary.	Number.	Average Salary.	Number.	Average Salary.	Number.	Average Salary.	Number.	Average Salary.
Not over £60	23	£ 42	..	..	23	£ 42	188	£ 42	..	..	188	£ 42
Over £60 and not over £85	34	75	..	..	34	75	137	75	516	82	653	80
" £85 " £110	64	100	23	100	87	100	105	100	352	101	457	101
" £110 " £130	82	122	33	124	115	123	120	121	101	120	221	121
" £130 " £160	212	144	65	148	277	145	175	136	53	146	228	139
" £160 " £190	290	170	45	174	335	171	6	175	18	173	24	174
" £190 " £224	142	210	31	201	173	208	3	201	3	202	6	202
" £224 " £272	116	248	42	236	158	245	..	..	..	..	..	..
" £272 " £336	61	305	..	..	61	305	..	..	..	..	..	..
" £336.. ..	19	358	..	..	19	358	..	..	..	..	..	..
	1,043	176	239	167	1,282	175	734	94	1,043	97	1,777	96

11th August, 1905.

G. HOGGEN.

SECONDARY SCHOOLS.—Salaries of Teachers as at End of 1904.

Rates of Salary.	Males.		Females.	
	No.	Average Salary.	No.	Average Salary.
<i>Head Teachers.</i>				
Not over £300	1	£ 250	3	£ 277
Over £300 and not over £400	8	374	6	364
" £400 " £500	4	487	..	..
" £500 " £600	3	600	..	..
" £600	1	700	..	..
			(range £230-£400.)	
<i>Assistants.</i>				
£80 and not over £150	10	129	45	119
Over £150 and not over £200	34	186	17	180
" £200 " £250	21	245	1	250
" £250 " £300	17	290	..	..
" £300	7	341	..	..
		(range £80-£375)	(range £80-250.)	

<i>Average Salary.</i>				
	Males.		Females.	
	No.	Average Salary.	No.	Average Salary.
Head teachers	17	£ 452	9	£ 335
Assistants	89	226	63	137

EDUCATION BOARDS' OFFICERS.—Salaries as at End of 1904.

Rates of Salary.	Males.		Females.	
	No.	Average Salary.	No.	Average Salary.
£80 and not over £150	23	£ 120	10	£ 107
Over £150 and not over £300	39	233	..	..
" £300 " £400	19	370	..	..
" £400	14	474	..	..
		(range £80-£550)	(range £80-£130.)	

Average Salary.

Males—95; £269; Females—10; £107.

12th August, 1905.

G. HOGGEN.

SIR,—

Wellington, 4th August, 1905.

In compliance with the request of your Committee, I herewith submit in writing the suggestions made by me in my evidence this morning:—

Clause 12, section 2, should be amended to read, "Every female contributor who has attained or hereafter attains the age of sixty years shall retire from the Education service; and every such contributor who has attained or hereafter attains the age of *fifty years and whose length of service is not less than thirty years* may at any time after the expiration of three months' notice of her intention so to do, retire from active service."

[NOTE.—(a.) Words proposed to be inserted are printed in italics. (b.) A woman entering educational service at 20 years of age may retire at 50; 21 years of age may retire at 51; 22 years of age may retire at 52; 23 years of age may retire at 53; 24 years of age may retire at 54; 25 years of age may retire at 55.]

Every contributor who retires from the service voluntarily whose length of service does not exceed ten years shall be entitled to receive from the fund 75 per cent. of his contributions without interest.

The optional age of retirement for men shall be as follows: 1906, age 65 years; 1907, age 64 years; 1908, age 63 years; 1909, age 62 years; 1910, age 61 years. After that date (1910) 60 years of age.

Clause 12, section 3: "On his retirement as aforesaid every contributor shall be entitled to receive from the fund an annual allowance for the rest of his life computed as follows: One-sixtieth part of the total salary paid during all the years of his contributions to the fund: *Provided that in the case of original members there shall also be paid a further annual allowance of*

one-eightieth part of the total salary paid during all the years of his service before the commencement of the Act; Provided that the total annual allowance payable for service before commencement of Act shall in no case exceed £52 for female members and £78 for male members: Provided that the annual allowance payable to an original member shall in no case be less than the sum of £52 for female contributors, and £78 for males."

[NOTE.—Words proposed to be inserted are printed in italics.]

I am, &c.

WILLIAM DAVIDSON.

F. E. Baume, Esq., M.H.R., Chairman, Education Committee.

Wellington, 24th August, 1905.

F. E. Baume, Esq., M.H.R., Chairman, Education Committee, House of Representatives.

THE net result of the proposals contained in Mr. William Davidson's letter of the 4th instant is that the total liability will be slightly increased. The reason for this is that the small savings effected by the other proposals are more than counterbalanced by the additional cost of raising the minimum pension for males from £52 to £78.

(1.) *Limiting the right of females to retire at age 50 to those who have had not less than thirty years' service.*

If the age is 50 without limit of service, 30 are able to retire immediately and 1,358 on reaching age 50.

With the proposed limit 11 could retire at once and 1,207 on reaching 50; 50 at 51, 27 at 52, 24 at 53, 8 at 54, 11 at 55, 8 at 56, 5 at 57, 6 at 58, 7 at 59, and 24 at 60.

The saving by the limitation is estimated at £5,650.

(2.) *Return of contributions on voluntary retirement to be reduced to 75 per cent. where length of service does not exceed ten years; return in full after ten years.*

In the case of *males* no allowance was made for withdrawals. As explained in my report a pension scheme will materially reduce the number retiring, and the proposed increase in salaries will also have this effect. The proposal would strengthen the fund and increase the margin for contingencies, such as retiring on account of ill health on a pension before the optional age of retirement, for which, as already explained, I have not been able to directly provide. The saving which would be effected by the proposed reduction would be extremely small in the case of males.

In the case of *females* the retirements are very heavy, and are probably independent of the inducements offered by the service, and were therefore taken into consideration in computing the cost of the scheme. With full return of contributions on withdrawal the subsidy required is £78,395, and with half return, if withdrawing within fifteen years as originally proposed, the subsidy would be reduced to £69,008. The present proposals—viz., return of 75 per cent. of contributions on withdrawal if length of service does not exceed ten years (other benefits remaining as proposed in the Bill)—would probably require a subsidy of about £74,500, being a saving of £3,895.

(3.) *Men to retire at 65 in 1906; at 64 in 1907; 63 in 1908; 62 in 1909; 61 in 1910; and 60 afterwards.*

This proposal would only effect those men who are now 62, 63, and 64 (of whom there are seventeen according to the data supplied) whose pensions would be postponed one year. The proposal would have little effect therefore, as I have already assumed in my calculations that male teachers will remain in the service three years after they have qualified for a pension, and that all will retire at 63. The gain to the fund is estimated to amount to about £1,155.

(4A.) *Back service to be reduced from one-sixtieths to one-eightieths, with a maximum of £52 for females and £78 for males on account of back service.*

(4B.) *Minimum pension to original members to be £52 for females and £78 for males.*

It is estimated that there would be a saving of about £50,000 under (4a), but an additional liability of about £65,000 under (4b).

The net result of the proposals would therefore be an additional liability of (say) £4,300.

For purposes of comparison I give the estimated liability under the various proposals:—

Proposal.	Capital Value of Total Deficiency.	3½ per Cent. on Capital Value.
	£	£
The Bill	270,248	9,459
„ (female age reduced to 50)	345,637	12,097
Teachers' Conference	494,928	17,322
„ (female age reduced to 50)	516,037	18,061
Mr. Davidson's proposals	520,337	18,212

The above table refers to existing teachers only; as already explained, the additional liability on account of new teachers, assuming age at entry to be 23, will be—

Males, £96 each;

Females, £10 10s. each, if age at retirement 55; £19 if age at retirement 50.

If only 75 per cent. of the contributions were returned on voluntary retirement during the first ten years, this liability on account of new entrants would be very slightly decreased.

MORRIS FOX,

Government Actuary.

[See Diagram opposite.]

NOTE TO DIAGRAM SHOWING THE PROBABLE PROGRESS OF THE TEACHERS' SUPERANNUATION FUND UNDER THE BILL.

	£		£
1911—Amount of fund	147,480	1941—Amount of fund	903,440
1921 " 	382,540	1951 " 	1,100,040
1931 " 	664,940		

The total reserve liability at the several dates has not been calculated with enough exactness to quote here. G. HOGBEN.

SIR,—

Education Department, Wellington, 1st September, 1905.

I have the honour to send you herewith the tables (1) showing the estimated additional liability that would be involved in giving original members of the Teachers' Superannuation Fund half-allowance for service prior to the commencement of the scheme; and (2) showing the retiring-allowances that would be payable.

(1.)

	Men.	Women.	Capital Value of Total Deficiency.	3½ per Cent. on Capital Value.
Additional amount required for one-hundred-and-twentieths on account of back service	£ 32,955	£ 6,898	£ 39,853	£ 1,395
Mr. Morris Fox's figures show (for the allowances in the Bill)	191,853	78,395	270,248	9,459
Therefore the total estimated liability, with addition of half-allowance for back service, would be	224,808	85,293	310,101	10,854

(2.) TOTAL AVERAGE RETIRING-ALLOWANCES for Men and Women under the Proposal.

(The average salary is somewhat over £180 for male teachers, and somewhat under £120 for women: it is assumed to be £180 and £120 respectively. The age of entry into the service is taken as 23 for men, 22 for women; that of retirement as 63 and 57 respectively.)

Age at Beginning of Contributions.	Length of Back Service (Years).	Years of Contribution.	Annual Retiring-allowance under Bill.	Annual Retiring-allowances, including Half-allowance for all Back Service.	Annual Retiring-allowance, with Half Back Service since 1877.
MEN.					
63	40	Nil	52	60	52
58	35	5	52	67½	57
53	30	10	52	75	72
48	25	15	52	82½	82½
43	20	20	60	90	90
38	15	25	75	97½	97½
33	10	30	90	105	105
28	5	35	105	112½	112½
23	Nil	40	120	120	120
WOMEN.					
57	35	Nil	52	52	52
52	30	5	52	52	52
47	25	10	52	52	52
42	20	15	52	52	52
37	15	20	52	55	55
32	10	25	52	60	60
27	5	30	60	65	65
22	Nil	35	70	70	70

I have, &c.,

G. HOGBEN,

Inspector-General of Schools.

The Chairman of the Education Committee, House of Representatives, Wellington.

RESOLUTIONS PASSED AT MEETING OF NORTH CANTERBURY SCHOOL-TEACHERS.

SIR,—

Rangiora, 4th September, 1905.

As I understand that the following resolutions, which were passed at a meeting of teachers held here on the 22nd ultimo, have unfortunately not yet reached you, I take the liberty of again forwarding them, and trust that they will receive early and favourable consideration at the hands of your Committee.

11—I. 14.

It was resolved that—

- (1.) This meeting of teachers in the North Canterbury District agrees to the proposal which will enable the age at which women teachers may retire from active service to be reduced to fifty years.
- (2.) It thanks the Government for the £26,000 proposed to be added to teachers' salaries.
- (3.) It considers that some sum should be taken therefrom to enable male teachers between the ages of forty and fifty-five either to have an increased minimum pension on retirement or some recognition of back service.
- (4.) It trusts the Government will increase its subsidy to £10,000 per annum to make the scheme actuarially sound.

Apologizing for again troubling you with these resolutions, which, however, deal with a matter of vital importance to teachers,

I have, &c.,

T. W. AMBROSE, B.A., Chairman.

The Chairman, Education Committee, House of Representatives.

MR. BAUME'S SUGGESTIONS.

PENSIONS for MALE TEACHERS with Average Salary of £180 during Ages 23-60, with Decreasing Allowance for Back Service.

Men.

Present Age.	60ths on Back Service with Maximum at Ages named.	For Years of Contribution.	Total Pension, Minimum, £60.	Bill.
63	£ 78	£ ...	£ 78	£ 52
58	63	15	78	52
53	48	30	78	52
48	33	45	78	52
43	23	60	83	60
38	13	75	88	75
33	3	90	93	90
28	...	105	105	105
23	...	120	120	120

Women—

- May retire at fifty to fifty-four after thirty years' service ;
- May retire at fifty-five without condition ;
- Must retire at sixty.

Contributions—

50 per cent. only of amounts actually paid by both men and women to be returned if they retire voluntarily within ten years.

To meet Deficiency—

- Take three years' proposed increase of £26,000 ;
- Government subsidy of £10,000 for five years.

SIR,—

Wellington, 13th September, 1905.

At your request I have estimated the additional liability involved in the Bill if amended in accordance with your suggestions contained in the attached schedule; and, working upon the basis of the 1903 staff with interest at 3½ per cent. as before, the following is the result :—

	Men.	Women.	Total.
Capital value of liability according to the Bill ...	£ 191,853	£ 78,395	£ 270,248
Additional to make female pension age 50 with thirty years' service and 55 without limitation	...	70,120	70,120
Additional to provide one-sixtieths for back service (for males only) limited according to your proposed scale (with minimum pension of £60)	69,176	...	69,176
Total ...	261,029	148,515	409,544

Optional Retiring-age : Males, 60 ; Females, 50 after Thirty Years' Service and 55 without Limitation.

The capital value of the total subsidy necessary for the following benefits:—

<ol style="list-style-type: none"> 1. One-sixtieths pensions for future service 2. One-sixtieths pensions for back service (for males only), with maximum varying according to your schedule 3. Minimum pension, £60 4. Return of contributions at death or withdrawal before pension age 5. Balance of three years' pensions at death within three years of entering on pension 6. Allowance of £200 to widows 	} is £409,544,
---	----------------

on which $3\frac{1}{2}$ per cent. annual interest is £14,334.

If only half of the contributions are returned on voluntary retirement within ten years the above liability will be reduced to £401,565, on which $3\frac{1}{2}$ per cent. interest is £14,055.

The present value of £26,000 per annum for three years is £72,843, and of £10,000 per annum for five years £45,150 ; total present value, £117,993.

I have, &c.,
MORRIS FOX,
 Government Actuary.

F. E. Baume, Esq., M.H.R., Chairman of Education Committee.

SIR,—

Wellington, 13th September, 1905.

Since the last meeting of your Committee I have estimated the additional liability involved in the Bill if amended in accordance with the resolutions passed at that meeting ; and, working upon the basis of the 1903 staff with interest at $3\frac{1}{2}$ per cent. as before, the following is the result :—

	Men.	Women.	Total.
	£	£	£
Capital value of liability according to the Bill ...	191,853	78,395	270,248
Additional to make female pension age 50 ...	...	75,389	75,389
Additional to provide half back service since 1877 ...	58,477	440	58,917
Total	250,330	154,224	404,554

Optional Retiring-age : Males, 60 ; Females, 50.

The capital value of the total subsidy necessary for the following benefits:—

<ol style="list-style-type: none"> 1. One-sixtieths pensions for future service 2. One-hundred-and-twentieths pensions for back service since "The Education Act, 1877" 3. Minimum pension, £52 4. Return of contributions at death or withdrawal before pension age 5. Balance of three-years pensions at death within three years of entering on pension 6. Allowance of £200 to widows 	} is £404,554,
---	----------------

on which $3\frac{1}{2}$ per cent. annual interest is £14,159.

I have, &c.,
MORRIS FOX,
 Government Actuary.

F. E. Baume, Esq., M.H.R., Chairman of Education Committee.

SIR,—

Education Department, Wellington, 14th September, 1905.

Mr. Morris Fox has shown me a copy of a letter he has sent to you, in which he gives £58,917 as the additional capital liability to provide half back service, whereas my estimate is about £40,000. I may be allowed to point out that there is no real conflict between these figures, as they are founded upon different data—the salaries actually paid to the persons concerned during the years of back service which I have employed being much lower than those of the corresponding teachers at the present time, upon which Mr. Fox has based his calculations. He had no other figures to go upon, I may say.

The net difference in the totals of our estimates of the capital liability for all benefits for the 1903 staff is, at $3\frac{1}{2}$ per cent., about £14,000 or £15,000, his total being £404,554, and mine not quite £390,000.

I have, &c.,
G. HOGGEN,
 Inspector-General of Schools.

The Chairman of the Education Committee,
 House of Representatives, Wellington.

Memorandum by the Government Actuary explaining the Method of dealing with the Data respecting Teachers' Salaries.

Wellington, 16th September, 1905.

In order that there may be no possible doubt about this matter, it may be as well to explain somewhat minutely the method adopted.

The salaries were deduced from data supplied by the Education Department, showing the average salaries in quinquennial groups. These were graduated to obtain the average salaries at intermediate ages and to show a gradual increase as the age advanced until a maximum was reached. The number of teachers at each age, and the ages at which they entered the service, were also supplied by the Department.

Service prior to the Education Act of 1877 was not included, and teachers entering before that date were assumed to enter the service at salaries corresponding to their age at the time the Act came into force.

In calculating the pensions for back service, teachers of, say, forty-three years of age with twenty years back service were assumed to have received on the average the same salary at entry as men now aged twenty-three are receiving—viz., £122 8s.—and the next year to have received on the average the same amount as is now being paid to men aged twenty-four—viz., £126 8s.—and so on. The whole of these salaries for twenty years, being added together and divided by 120, gives the pension for *back service*.

The salaries for males were practically constant at £204 at about age forty, and, assuming the teacher in the previous example to retire at age sixty-three, twenty years salary at £204 per annum was divided by 60, giving a pension for *future service* of £68. The two added together give the total pension.

In dealing with younger lives their pensions were calculated in a similar way, viz.—on the assumption that they received on the average the same salaries at entry as men of corresponding age are now receiving, and that in future they will obtain for every age the same salaries as the average now being paid to those at that particular age.

The following are a few illustrations of how the pensions have been calculated, assuming the age at entry to be twenty-three and the age at retirement sixty-three :—

1. Age on entering Service.	2. Present Age.	3. Total Salary from Age 23 to Present; Time.	4. Pension for Back Service $\frac{1}{120}$ of 3.	5. Total Salary from Present Time to Age 63.	6. Pension for Future Service $\frac{1}{60}$ of 5.	7. Total Pension.
		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
23	43	3,490 16 0	29 1 10	4,080 0 0	68 0 0	97 1 10
23	33	1,502 10 0	12 10 5	6,068 6 0	101 2 9	113 13 2
23	23	Nil.	Nil.	7,570 16 0	126 3 7	126 3 7

Compound interest at $3\frac{1}{2}$ per cent. and a death-rate corresponding with that of the healthy districts of England were used (as in the other calculations) to obtain the present value of these pensions.

In my opinion the capital value of the liability in the amended Bill for existing members (based on the staff returns of 1903) may, for practical purposes, be considered to be £404,000.

MORRIS FOX,
Government Actuary.

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