

46. I think I am right in saying that thirteen years ago the actuaries, when investigating the superannuation fund for the London and North-western Railway Company, or for any other organization of the kind, would estimate that a deficiency, to some extent, at all events, would arise, owing to the absence of a capital fund to start with?—A capital fund is not necessary if the contributions are sufficient.

47. That is so. The fact remains that the directors of a very large railway company, instead of attempting to strengthen the fund, propose to ask Parliament to allow them to guarantee the present scale of benefits?—Yes.

48. That does not look like guaranteeing an insolvent concern?—No.

49. This London and North-western Railway Company's system has been in operation for fifty-three years. If a statement was made by any one before the Education Committee that a fund would commence to show weakness in fifty years, would it be justified?—It would depend on what the fund was, and what you mean by "weakness." Do you mean that the outgo would exceed the income?

50. I mean that the liabilities would commence to increase at that date, and the fund itself to materially decrease. I understand that is the theory?—I am quite confident in stating what I have showed you about the Police Provident Fund—that in three years' time or thereabouts the fund will commence to diminish, undoubtedly, and will continue to diminish for a number of years, and if no alteration is made will cease to exist, and then the Government will pay the outgo for pensions. All these funds, if the contributions are inadequate, must work in a similar manner, though it may be a later date when they run out.

51. It all comes back to the question of contribution?—Yes.

52. Can you say how much per head ought to be paid in by way of contribution to make a fund sound?—Yes, certainly. It all depends on the rate of interest. That is one of the difficulties. To be safe with regard to a fund you have to assume a lower rate of interest than the fund is capable of earning at present. If the Government guaranteed, say, 4 per cent. for a fund, then the contributions that you can calculate for that fund are practically exact, because you take 4 per cent. as a certainty. But to take 4 per cent. as a certainty without a Government guarantee at the present time would, in the opinion of almost any one able to judge, be not sound—not legitimate.

53. If the Government guaranteed 4 per cent., can you state at the moment how much per head would be required—in a general way?—No. I could on reference down at the office.

54. In any case, you think it would take you a considerable period to furnish the information that we desire in connection with this Bill?—Yes. I may say that I have studied this to some extent, but not very closely yet. There are some slight differences, I imagine, between the benefits in this Bill and those in connection with the other funds, and any such slight differences make a difference in the contribution. For instance, the amount of the widow's pension, and the sum given on retiring, may vary in these funds—some may give 75 per cent. after a certain period and others 50 per cent.

55. How long do you think it would take to furnish that information?—The information that I should like to furnish, if the matter were put into my hands, would be very exhaustive, and, to be done well, would take a large part of the recess. If the matter were placed in my hands, I should have every confidence—given the authority to obtain the data—of showing, a month before next session, what the contributions for the whole Service—and I understand there is no suggestion of changing them—would furnish in the way of pensions and what would remain for the Government to pay in the first year as the balance of the probable outgo for that year, and in a more approximate way how that amount would increase for a few years. The outgo and the Government liability in all these funds tend to increase yearly. The English Civil Service outgo increased from £1,600,000 eighteen years ago to £2,100,000 at the present time. The New Zealand Government outgo in connection with this fund must increase every year in the same way as with the old-age pensions. I could show what the initial liability on the part of the Government would be to give either the full benefits or the half-benefits. I could show how that was divided amongst the different benefits, the pensions pure and simple—either on the full scale as provided in the Civil Service Superannuation Bill, or on the half-scale, as in the Teachers' Superannuation Act—and what was required for all the other benefits, especially the very considerable benefit of the widows' and children's pensions. The cost of these pensions is about equivalent to the premium for an assurance of £200 for every man in the Service.

56. What is the amount of the pension for the widow in the Education scheme?—I think the minimum is £18.

57. *The Chairman.* In making a calculation with regard to what would be a fair contribution, do you consider the difference in the risks the men in these various bodies run—the difference in the risk, we will say, between a schoolmaster and a policeman?—That is considered. That is one of the points I should have to consider more deeply than I have yet done, in this way: looking at the body of teachers, I considered the matter and came to the conclusion that the table of mortality which I took would be a reasonable one, and that I could follow that closer than any one I knew of. Take the whole of the Civil Service. I imagine, speaking roughly, that the same thing would suit; but in the first place I should take all the different bodies of employees in the Civil Service, and see if there was anything in the nature of their employment that would either increase or decrease the general vitality of the body. That is the first thing I should do, and until I get the whole data I am not in a position to do that.

58. Would it be equitable for a policeman, with a far greater risk, to pay only the same amount as a schoolmaster—the risk of death in the case of a schoolmaster would, I should say, be materially less than that of a policeman?—Well, now, I went into that matter a little a few years ago, and police mortality is very good, according to the experience of the Australian Mutual Provident Society.