

72. Mr. Hogben's estimate was some calculation he made on his own responsibility as to what the staffing would be during the intermediate years?—That is so.

73. You know nothing about it?—No; but I have no desire whatever to cast discredit on his estimate. I desire that this should be emphatically understood.

74. *Mr. T. Mackenzie.*] The matter was not placed before you for you to test or check Mr. Hogben's work?—No. I think I was asked, and I said I did not feel—

75. *Mr. J. Allen.*] You said very much what you say now?—Yes.

76. *Mr. T. Mackenzie.*] The point that occurs to me is that the Committee might have asked Mr. Fox to report on the matter, with the data supplied by Mr. Hogben as a check, but that was not done?—If I was asked it was not pressed.

77. *Mr. W. Fraser.*] Sir Joseph Ward asked you about an annual contribution by the State not actually being necessary if a guarantee were given by the State.—Yes.

78. Would that not mean, then, throwing the whole burden on posterity? If a guarantee were given and there were no State contribution to make up the difference between the contributors' payments and the amount actually required to keep the fund sound, it would mean throwing the whole burden on posterity, would it not?—Yes, undoubtedly.

79. Therefore according to the amount which the State would contribute annually now, so would posterity be relieved?—Yes. If the State contributed the whole of the balance for the outgo then there would be no burden on posterity.

80. No undue burden?—There would only be the concurrent increasing amount with the increase of population.

81. If the State contributed a certain amount at present, even though it were not sufficient to make the fund actuarially sound, that would meet a certain proportion of the liability that otherwise would be entirely thrown on posterity?—Yes. May I say that the contributions themselves being inadequate, they veil the matter in this way: they are more than sufficient to pay for all the outgo at present, but they are not sufficient to provide the reserve necessary to meet the whole of the liability.

82. Therefore, if any present annual contributions are made by the State towards this difference, that money would be allowed to accumulate for future requirements?—Yes.

83. But would not be required at present?—That is so.

84. *Hon. Sir J. G. Ward.*] What I understand you to say is that up to a certain time, without State contribution or without falling back on the guarantee, the ordinary payments of the contributors would be more than sufficient to provide for the requirements of a fund?—Yes.

85. But that after a period of years the absence of a State contribution would make the fund too weak to carry on?—Yes. The contributions would need to be extremely inadequate not to be able to provide the outgo at the start.

86. In computing these funds, to what extent is consideration given to the number of juniors who keep joining the service?—Every consideration. If they were all juniors there would be very little actuarial deficiency shown. That is fully taken into account.

87. Before estimating the position the fund would arrive at?—Yes.

88. What strikes me as being so singular in connection with the London and North-western Railway Company's fund is the fact that the enormous sum of £2,096,000 has been paid in only £725,000 has been paid out over a period of fifty-three years. That makes me feel that the juniors joining must have a material effect upon the building-up of the fund, and they are not retiring within the fifty-three years?—That is so. A large part of that reserve is accumulating, and will be required to pay them when they do retire.

89. Later on, you think, that fund will all be wanted?—Yes; I have no doubt.

90. *The Chairman.*] If you make an actuarial calculation to-day for 10,000 people of various ages, and you fix the contribution necessary for them to pay into the fund, and if the same number of new men, averaging the same ages, keep coming in, why should that not keep a fund sufficient to meet all requirements? If a calculation is made of 10,000, we will say, to-day, I understand the money would be sufficient to pay for a certain period?—Yes.

91. If these people who join average the same ages as the men you now calculate on—the 10,000—why is it that the fund should decrease as time goes on?—If I quite grasp what you mean, the answer would be something like this: In respect of the 10,000 men joining in the first year, their contributions are required for their own fund; the 10,000 joining next year make, as it were, a new fund. Their contributions are required to meet their liabilities. The contributions of the 10,000 joining the year after would meet their liability. You can look upon these lots as having no connection with one another. There is no reason why the fresh 10,000 coming on should help the fund in any way, except that with a large number like that coming on every year it tends to veil the condition of the fund by causing more funds to be in hand than are necessary for present requirements. You cannot get that sort of thing to go on for ever; you cannot get a huge increase in membership to go on for ever.

92. Sir Joseph Ward pointed out that the London and North-western Railway Company's fund has accumulated materially, and that fifty-three years have gone by since it was inaugurated?—Yes.

93. I have found the same thing in the friendly societies. In one particular Court the actuarial report twenty years ago was that we were unsound—in fact, worse. I think the accumulated funds were about £500. Well, the same Court now has £1,700. I think there were ninety men in it at first and sixty now?—Yes.

94. *Hon. Mr. McNab.*] What would be the liability of a fund with ninety men at the commencement, and the liability of a fund with sixty men after thirty years had elapsed? Would the liability of the sixty-man fund be larger than that of the other?—It might be; very likely it would. I should think it would probably be the case that the liability of the sixty-man fund would be very much greater.