

to the subsidy has not at present been accepted. I recommended, *and still strongly advocate*, that section 34, guaranteeing any future deficiency in the fund, should be omitted altogether, and that the following should take the place of the present section 33:—

“There shall be paid annually into the fund by the Colonial Treasurer out of the Consolidated Fund, without further appropriation than this Act, the sum of thirty thousand pounds, and there shall also be paid into the fund such further sums as may be voted by Parliament triennially for the purpose having regard to the report provided for in section 32 hereof.”

I do not insist on the sum of £30,000 as being absolutely necessary; £20,000 will do just as well if provision is made as indicated above for the triennial readjustment of the amount should it be found to be insufficient. I inserted £30,000 because, after strict inquiry, I considered that sum would be sufficient, while I am not sure that a smaller sum would. As I have explained in paragraph 23 of my former report, there are insuperable difficulties in the way of estimating exactly the annual sums which will be required at the initiation of the fund, for until it has been started it is impossible to know, for instance, what proportion of the Service will elect to join the scheme, or how many at present under the pension-age are eligible for pensions on the ground of ill health.

7. In endeavouring to give the Committee some conception of how much the country will be committed to in giving full effect to my proposals I must emphasize the fact that the scheme will have two opposite effects. While it will require an initial annual subsidy of £20,000 to £30,000, subject to an annual increase for some years, it will also have the direct effect of diminishing expenditure in other directions. There was paid out of the Consolidated Fund last year £8,000 as gratuities (as will be seen on reference to Appendix No. 6 of my former report): by section 29 of the Bill this outlay will cease immediately. Again, there was paid last year £8,000 as compensation: by section 15 of the Bill this will cease to accrue when the Act comes into operation, and in twenty years or so will have practically ceased. There was also paid last year £26,000 as pensions under “The Civil Service Act, 1866,” and in about twenty years this outgo will also have practically ceased. There was thus £42,000 paid from the Consolidated Fund last year as assistance to Civil servants by way of gratuities, compensation, and pensions, and as this outgo will diminish until it practically ceases altogether in about twenty years, while the expenditure under the present Bill will at the same time be increasing, it is evident that the practical consideration of importance is the total annual amount required from the Consolidated Fund for all these purposes taken together. I think it is highly probable that the annual decrease in the present outgo will practically balance the annual increase in the fund’s subsidy for the next twenty years. When the fund has been once started data will be available that will enable a more exact estimate to be made, but I fully anticipate the result will be such as not to give the least cause for alarm.

8. In conclusion, I feel that I should fail in my duty if I did not take the liberty of expressing a very strong opinion in favour of the scheme in the Bill, safeguarded in the manner I have explained. I am convinced that the following good results would ensue therefrom:—

- (a.) Full effect would be given to the natural desires of the Public Service.
- (b.) The minimum of liability would fall on the Consolidated Fund at first, and any future increase would be so gradual as to cause no undue strain on the future increasing resources of the Dominion.
- (c.) The fund would be always sound and might be subjected at any time to the most exacting actuarial investigation, being always able to pass the severest test satisfactorily.

MORRIS FOX, ACTUARY.