

I have therefore to report that, in addition to the annual subsidy of £7,000 now being paid, further subsidies of £7,720, £10,090, and £12,520 will be the minimum likely to be required for the years 1911, 1912, and 1913 respectively, and I recommend that the present subsidy be increased by £10,000 per annum for each year of the current triennium.

12. The "amounts provided by contributors' contributions," referred to in the last paragraph, may appear very small, but it will increase sensibly year by year. Table X has been prepared to throw light on this point, which was somewhat fully dealt with on page 4 of the Public Service Superannuation Report. It may be seen from Table X that these amounts were only 5·7 per cent. of the pensions; in 1911 they increased to 10·9 per cent.; in 1912 this will be 11·8 per cent., and in 1913 will have increased to 12·6 per cent. This increasing proportion will continue as the fund grows older.

13. The actuarial valuation of the whole of the liabilities, together with the corresponding assets, is given in detail in Table XI, and the following is a summary:—

<i>Liabilities.</i>				£
Value of existing pensions	...	...	...	136,492
Value of prospective pensions	...	...	...	1,298,929
Value of return of contributions	...	...	...	70,258
				<u>£1,505,679</u>
<i>Assets.</i>				£
Accumulated funds	...	...	...	154,212
Value of contributors' contributions	...	...	...	367,649
Value of present subsidy of £7,000 per annum	...	...	...	175,000
Value of proposed additional subsidy of £10,000 per annum	...	...	...	250,000
Value of future increases in subsidy to be provided	...	...	...	558,818
				<u>£1,505,679</u>

It will be seen that, as in the Public Service Fund, the total discounted liabilities are equalized by the sum of the accumulated funds and the total discounted contributions (including annual subsidies, present and future), and the item subject to adjustment is the subsidies. I have already made a recommendation as to the adjustment necessary at the present time, and, as I remarked in reporting on the Public Service Fund, the increased subsidy now recommended will need to be paid out every year, and no portion of it will be used to augment the funds being accumulated by the contributions.

14. I would advise the same caution as in the case of the Public Service Fund in granting any further benefits that may be asked for by contributors or pensioners. I think, however, that when there is any benefit that is not shared in equally by the two services the matter is one for reconsideration. For instance, it has been brought under my notice that, in the case of reduction of status owing to advanced age or infirmity, there is no provision in regard to the teachers that the pension should be computed on the higher salary, as in the Public Service Fund (*vide* section 39 of the Public Service Classification and Superannuation Act, 1908). I have not any data at hand to show the cost of such a concession, but I think it is quite possible that the absence of this provision is very likely to do injustice in some cases, and may at the same time act harmfully on the fund by forcing some to retire at an earlier age than they otherwise would.

15. The data cards did not show the annual *rate of salary* at the end of the year, but in most cases the *amount of salary* actually paid during the year, and consequently the salaries and contributions shown in the annual report, are rather greater than in the valuation schedules. The teachers are not directly under the Education Department, and their salaries are not always a fixed quantity; there is consequently considerable difficulty in getting absolutely correct information. The differences are really trifling, being only 2½ per cent. in the one case and less than 1 per cent. in the other, and to have reconciled these two items would have meant returning the cards again, and delaying the investigation indefinitely.

16. In conclusion, I may say that the late appearance of this report is due to the fact that the cards containing the data were not received finally correct until about the middle of last November. By that time the triennial work in connection with the valuation and allotment of bonus in the Government Insurance Department had to receive the practically undivided attention of myself and the actuarial staff, and this investigation had to be put on one side for some months. As soon as other work permitted it was proceeded with and completed.

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