

1913.

NEW ZEALAND.

GOVERNMENT RAILWAYS SUPERANNUATION FUND:

REPORT BY THE ACTUARY, SHOWING THE RESULTS OF AN ACTUARIAL INVESTIGATION INTO THE FINANCIAL POSITION OF THE GOVERNMENT RAILWAYS SUPERANNUATION FUND AS AT 31st MARCH, 1912.

Laid on the Table by Leave of the House.

REPORT.

Wellington, 21st October, 1913.

1. In accordance with the decision of Cabinet, dated the 31st August, 1912, I have made an actuarial examination of the Government Railways Superannuation Fund. The intention to order this investigation and the reasons which render such a course desirable were outlined in the Financial Statement of last year in the following terms:—

“The Government has no intention of destroying the benefits derivable by the railway employees through the operation of the Act which provides for their superannuation. At the same time it is wise that the country should know when it enters upon these schemes what responsibilities they entail, and Parliament should make provision that the charges which must ultimately come upon the taxpayer should be known, in order that the taxpayer of the day should shoulder his fair share of the burden and not leave the whole liability to posterity. With this end in view, the Government intend to have an actuarial examination of the Railways Superannuation Fund made, thus bringing it into line in this respect with the Public Service and teachers’ superannuation schemes.”

2. Having been charged with the duty of actuarially investigating the Fund I considered that the examination should be as full and complete as in the statutory triennial investigations of the Public Service and Teachers’ Funds two years ago. It is true that in the case of the Railways Fund there is no statutory obligation to do so, but bearing in mind the paragraph of the Financial Statement which I have quoted above I sought and obtained the approval of the Minister of Finance to the investigation being of the same complete and exhaustive character. I have also been able to give, in the appendix to this report, full statistical and actuarial tables concerning the experience of the Fund, because even those which are of a purely technical nature afford information which will be of interest to others who are concerned in superannuation matters, and with the triennially accumulating experience of these large funds they will eventually give information of considerable value.

3. Being fully aware that an actuarial report, to be of any real use, should be presented as soon as possible after the date to which the investigation is brought down, I would make it clear that the term of eighteen months which has elapsed since the date to which the results are brought down is not in any way excessive under the circumstances. The last financial year of the period reviewed ended on the 31st March, 1912, and the decision to have an investigation was come to on the 31st August, 1912. Without any delay arrangements were made with the Chief Accountant of the Railways to have 14,000 cards printed and the necessary data extracted from the Railway records. These cards were completed and handed to me on the 31st March, 1913. As the Fund has been in existence almost ten years and this was the first time such cards had been prepared, I consider that the Chief Accountant (Mr. Davidson) may be complimented on the accuracy and businesslike promptitude with which the work was done. The complicated valuation of the Fund was then carried out in the Actuarial Branch of the Government Insurance Department and finished in six months, the cards being returned to the Railways Department for future use on the 30th ultimo, since which date I have been engaged in preparing this report.

4. The Government Railways Superannuation Fund Act, 1902 (now embodied in the Government Railways Act, 1908), which came into operation on the 1st January, 1903, established a superannuation fund for persons permanently employed in any capacity by the Railways Department. The scheme, although optional on the part of those qualified to become contributors upon the coming into operation of the Act, is compulsory with respect to all persons who are afterwards first permanently employed in any capacity by the Department. It is administered by a Board of nine members, con-