7. The income and outgo of the Fund since the previous valuation, were as follow:—

CONSOLIDATED REVENUE ACCOUNT OF THE GOVERNMENT RAILWAYS SUPERANNUATION FUND FROM 1ST APRIL, 1919, TO THE 31ST MARCH, 1927.

Income.	£ s. d.	*Outgo.*	£ s. d.
Funds at 1st April, 1919	363,804 4 4	Pensions to members	1,223,892 13 2
Members' contributions	1,079,917 9 2	Allowances to widows and children	138,589 8 7
Government subsidy	870,000 0 0	Refund of contributions and compensation	231,812 16 4
Additional subsidy on account of widows and children	25,073 13 10	Transfers to other funds	1,140 16 5
Subsidy from Amalgamated Society of Railway Servants	214 13 4	Public Trust commission	4,318 14 10
Interest	248,753 6 11	Travelling-expenses	414 19 0
Fines	3,162 2 6	Fine remitted	1 5 0
Donations	30 0 0	Interest remitted	47 9 3
Other receipts	15 15 6	Audit fees	250 0 0
		Office expenses	4,674 19 0
		Funds at 31st March, 1927	985,828 4 0
	£2,590,971 5 7		£2,590,971 5 7

8. *Income.*—On the income side, the chief items of importance are the average annual increases of about £58,600 and £16,500 in the contribution income and the interest earnings respectively as compared with the previous valuation period.

The net effective rate of interest credited to the Fund each year for the period under review is as follows:—

	£ s. d.		£ s. d.		£ s. d.
1919–20	4 12 8	1922–23	4 15 1	1925–26	5 12 9
1920–21	5 3 3	1923–24	4 13 1	1926–27	5 12 10
1921–22	4 14 1	1924–25	5 7 11		

These interest rates are on the average over ½ per cent. per annum greater than those earned during the previous valuation period, a feature of great importance to the Fund, as a good margin between the rate of interest earned and that assumed in the valuation tends to counteract the adverse effect of any fall in the estimated mortality rates above the pension age.

9. *Outgo.*—The average annual outgo for pensions to members has increased by approximately £79,000 compared with the previous valuation period. The causes of this increased outgo are an increased number of pensioners, due partly to the normal experience of a Superannuation Fund in its early years, and partly to a number of enforced early retirements, and higher average pensions, resulting largely from the post-war rise in salaries. The cumulative effect is shown in the following figures in respect of new pensions granted (excluding those to contributors retired medically unfit).

Valuation Period.	Number of Retirements.	Annual Pensions.	Average Pension.
		£	£
1912–1919	435	48,282	111
1919–1927	719	158,452	220

10. The Consolidated Revenue Account shows that the funds have increased by over £600,000 during the period under review, but whether or not this is evidence of progress can be determined only by actuarial valuation of the liabilities, and noting if the increase in funds is keeping pace with the increase in net liabilities. As this aspect appears to cause a certain amount of confusion in the minds of otherwise well-informed persons, who regard increasing funds as a sign of prosperity or that money is being saved up for posterity, I have compiled the following table showing for specimen age groups the Fund's average net liability per contributor in the Railway service at the valuation date:—

Age Group.	Average Net Liability per Member.	
	First Division.	Second Division.
	£	£
20–24	207	40
30–34	564	169
40–44	1,289	469
50–54	2,204	928
60–64	2,353	1,272

The table shows, for example, that at the valuation date, while in respect of each contributor in the First Division, aged 20–24, the Fund should have in hand an average sum of £207 in order, with the assistance of his future contributions and the interest earnings of the Fund, to be able to pay his