Regarding the stability of the Fund, all that is required is that the Government's contribution year by year should be sufficient to balance income and expenditure. This would give an assured actual stability to the Fund, although not an " actuarial " stability.

No Government can afford to destroy its own and the Nation's credit by dishonouring its pledges, and no Government should be allowed to accept the recommendations of any Commission advocating the breaking of contracts solemnly entered into—subversive recommendations which, if given effect to, will destroy all faith in Government pledges, but which are passed over lightly by the Commission with the words : " Be that as it way " !

If we examine the reason for these recommendations we find it is ostensibly to save the Fund from progressive actuarial insolvency, but it is really to exempt the Government from the necessity of paying its just debt to its employees. If carried out, the recommendations will constitute a definite financial advantage to the Government and to the Government alone. There wlll be no advantage to the vast majority of the men ; on the contrary, the contributors will be defeated in what must be recognized as the reasonable expectation of their lives—that is, that they would work out their period, and receive superannuation benefits as determined by the original Superannuation Fund Act of 1902, for which they have paid either in service (for the Government contribution is only a deferred payment made for service) or in cash. If the Government accepts and places these recommendations on the statute-book, the men will be deceived, and will be neither more or less than the victims of a gigantic confidence trick perpetrated by the Government. The men have put up their money under agreements at least as binding as those of Ottawa, and demand that the Government's agreement shall be honoured. Any failure on the part of the Government to do so will be, to use a racecourse phrase, pure " welshing."

It may be argued that, if the reasonable expectation of contributors is defeated, the present Government will not be responsible, as they could not foresee or provide for the change in conditions. Our reply to that is that the State, in years of prosperity, made no attempt to place the Fund on an actuarial basis, and, even if the conditions which have brought about the present unsatisfactory position were beyond the control of the Government of the day, it is manifestly unfair that the burden of the prejudicial effect of these conditions should now be imposed upon the men—unfair in any circumstances, but dishonestly unfair in view of the fact that it is the bounded duty, under definite contract, of the State to guarantee the Fund against insolvency.

If it is contended that it is impossible for the Government to find the required sum to make the Fund actuarially sound, then surely, in view of the State's pledged word as guarantor for the Fund and its failure in the past to pay sufficient contributions for this purpose, it is not too much to ask that the State's contribution to the Fund be now made at least sufficient (in view of the enormous cash saving made by reducing Civil servant's wages) to make income equal expenditure, and so implement the State's guarantee by providing a practical safeguard against insolvency until the peak-load period is over.

The Railways Superannuation Fund has now been in existence for thirty years, and its cycle is forty years. That is to say, after forty years' operation the annual additional load resulting from new retirements would be counterbalanced by the number passing out from the Fund through death. The cycle, however, having been disturbed by placing officers on the Fund at thirty-five years, the Fund is now bearing its maximum stress. Should no further retirements for retrenchment purposes take place, there will be no further financial burden placed on the Fund. In fact, for the next five years, there will be, by the above action, even less than the ordinary number of retirements, and the Fund will be relieved by the death of those superannuated members who die during this period. All that is required, therefore, is that income shall be made to equal expenditure for the next five years, after which the Fund will be, from a practica operative point of view, self-supporting.

When the scheme was launched every inducement was offered to the men to join the Fund by the Government and the Department. The General Manager of Railways, in November, 1902, sent a circular letter to every member of the Railway Service explaining the provisions of the Act, which was to come into operation on the 1st January, 1903. In this letter he urged upon employees the advantages which would accrue to them if they joined the Fund. He even worked out for their information examples of the benefits which would be obtained after the completion of forty years' service of members in the various types of employment. For instance : " A platelayer at 7s. per day (equals annual pay £109 11s.), age 44, with twenty years' service, when joining the Fund 1st January, 1903, would pay a contribution at 6 per cent. of his pay = £6 11s. 5s. per annum for sixteen years. Being then sixty years of age, he would be entitled to retire on a superannuation allowance of £65 14s. 7d. per annum for life, being equal to thirty-six sixtieths of his annual rate of pay." That may not be a very good example. Let me put the other side : A surfaceman pays 5 per cent. of his wages for forty years. That 5 per cent compounded means that he has paid in over the forty years £962. If you take the Government subsidy of £1 for £1, also compounded, there is another £962, which gives that man £1,924 against his name at date of retirement. If he were twenty-five years of age when he joined the Fund, taking the Government Statistician's mortality table of 68½ years for the expectation of life, then he can expect 3½ years on retirement. His pension would be approximately £3 a week. In 3½ years he would draw about £546. Interest would be accruing on the amount left in the Fund in the meantime. So that if that man died at the end of 3½ years the Fund would be about £1,600 better off as the result of his having contributed. The other point is that if this Bill goes through, after forty years contributing this man will get very little more out of the Superannuation Fund than the State would give him and his wife as of right by way of the old-age pension.