

pound-for-pound basis the amount which the Government should pay according to this principle is £886,000 (see paragraph 1396). Doubtless the Commission has not included the Railways in a similar recommendation because of the impossibility of such a figure appealing to the Government. But ordinary consistency, instead of erratic expediency, should have been expected from a Commission which was given a free hand in making its recommendations.

*Commission's Criticism of the Law.*—In paragraph 1459 the Commission refers to "the too liberal provisions of the law" in regard to certain superannuitants. By what right does this Commission obtain authority for so sweeping a criticism of the law? The law represents justice, and the carrying-out of the law is the basis upon which the British Constitution is founded. Under the law of contractual rights alterations to the law should not be made retrospective. The Commission admits that the alterations of an existing annuity is an interference with a contractual right. It then suggests that this interference would be justified so that those at present contributing to the Fund should be able to reap the benefits provided by the Act. But there is no need, if the State continues to carry out its annual obligations to superannuitants, to make any such adjustment. This has been pointed out already, but is worth reiterating because of the basic unsoundness of the Commission's report.

*Commission's Grave Error in Facts relating to Wage Variations.*—In paragraph 1460 the Commission chooses 1921 as the year after which annuities became what it calls "inflated," due to post-war rises in salaries. But increases in pay, following increased prices, were granted in 1916, 1917, 1918, and 1920. On the 1st January, 1922, the first post-war reduction in wages of railwaymen became effective. A further reduction took place in July of the same year. In view of the foregoing, it is clear that the Commission either did not know the facts in regard to the rise and fall of wages, or, knowing the facts, it ignored them in order to protect any one who retired prior to 1921. Those who retired immediately before 1921 had the benefit of no less than four increases in rates of pay, yet the Commission states that it would be unfair to recommend a reduction in annuities for such superannuitants. There appears to be definite grounds here for the assumption that the choice of the year 1921 as the point at which a distinction must be made between superannuitants has been made for the benefit of certain individuals and not in the interests of justice. This vitiates the recommendation in paragraphs 1461 and 1462 regarding the saving clause for those granted annuities before 31st March, 1921. If any alteration were necessary, and this we deny and claim to be unfair, unconstitutional, and subversive of the first principles of contractual obligations, then the reductions should be made on a percentual basis, as has been done in the case of wage reductions and rent reductions in the Finance Acts of 1931 and 1932.

*Commission proposes to make "Fish of One and Flesh of Another."*—In paragraph 1464 the Commission refers to "the drastic reductions which will in many cases follow the calculation of present annuities on an actuarial basis."

In fairness to contributors, samples of the amounts of such drastic reductions should be given. This information is also necessary if the amending legislation proposed is to be considered with full knowledge of what it means.

The proposal to limit any proposed reduction of present annuities to 20 per cent. is obviously unfair. If the benefits from the Fund under present arrangements are to be departed from by a system of "breach of contract" such as that proposed, then those in the Service and those on superannuation should be treated on an exactly similar basis. By no other means could an equitable adjustment be made.

In paragraph 1465 the Commission states that it has considered "the possibility of recommending an arbitrary reduction of, say, 10 per cent. in existing annuities." The fact that the Commission in this clause can speak of a 10-per-cent. all-round reduction as an alternative for a proposal in regard to which protection of a maximum 20 per cent. is to be provided, is a clear indication of the very serious nature of the imposition now proposed in regard to present contributors to the Fund, and the extent of the special protection which it is proposed to give to those who retired prior to March, 1921. The whole of the proposal in paragraph 1464 is inequitable, and the grossness of its inequality is revealed in paragraphs 1465, 1466, 1469.

In paragraph 1471 the Commission shows certain objections to the £300 limit in regard to the annuity of employees of State services who joined after the 24th December, 1909. It states, (1) that it leads (in some cases) "to officers paying more in contributions than their annuities are worth." This objection is met by the fact that the difference between contributions made and annuities received, if in favour of contributions, is returned to the contributors.

(2) The statement is made that the £300 limit helps to defeat an object of the Fund by diminishing the inducement to the best officers to remain in the Service. There is no evidence to show that there has been any drain upon "the best officers" in the Service up to the present time. The statement is therefore condemned by the evidence available.

The third objection, that "it renders it more difficult to retire the higher officers" is absurd, and the example given of £1,000 salary "of a deserving officer of long service" certainly indicates no hardship if an annuity of £300 is provided.

The fourth objection of the Commission, that "it will cause a great deal of embarrassment in the future" is no reason for putting a heavier load on the Fund at the present time.

The fifth objection, "that it does not proportionately help the finances of the Fund" is obviously a case of special pleading. There is no question of proportion in the matter. The amount that the Fund would be loaded by the removal of the £300 limit should be stated. This has not been done. Until it is done the extent to which the finances of the Fund would be damaged by the proposal cannot be assessed, but there is no doubt that it would be a serious additional load.

*Further Commission inconsistency.*—In paragraph 1477 the Commission makes a point "that any relief obtained by the Fund as a result of their proposals must not be taken as justifying a reduction