

Mr. W. Nash : You say on page 3 that "Had a cash payment been made annually by the Government, as originally intended, there can be no doubt that the state of the Fund would have been actuarially sound to-day." Have you any figures to give to the Committee in support of that statement?

Mr. McIlvride : I have not the figures before me in regard to that at the moment, but given sufficient time they can be produced.

Mr. W. Nash : If it could be proved that if that cash payment had been made the Funds would have been actuarially sound it would be very helpful to the Committee. Then you say on page 4, "All that is required is that the income shall be made equal to the expenditure for the next five years, after which the Fund will be, from an actuarial point of view, self-supporting." The table submitted in the last report, although five years old, states that there will be a tremendous loading going on to the Fund within the next ten years or so. If we could get instances to prove your statement that would definitely help the Committee. If you could supply any evidence to prove that, provided the Government meets the expenditure for the next five years, the Fund would then be actually self-supporting, that would aid the Committee considerably.

Mr. McIlvride : I have in mind the fact that most of the 3-per-cent. contributors and the thirty-five-year men will soon have gone, and the Fund will then have nothing less than 5-per-cent. contributors. In the years ahead the Fund will be even more sound in view of the fact that the thirty-five-year men and the 3-per-cent. men will have gone.

Mr. W. Nash : On page 8 you refer to recent evidence from Britain with regard to superannuation funds. Could you supply that material to the Committee?

Mr. McIlvride : I believe I could get that for you.

Mr. W. Nash : With regard to the pay of railway men and the pay of other Government employees and people outside the Service, you say that the railway men and others in the Service, particularly railway men, are paid less than those outside because of the fact that the superannuation benefits are taken into account. You say, "It is thoroughly well known to all those engaged in the great business of conciliation and arbitration awards that the rates of pay in almost all sections of the Civil Service, including Railways, are lower than they are outside the Service, and those who have had the business of conducting negotiations for the various State Departments in regard to wage scales know and have recognized throughout the period since superannuation funds were created that these funds are a definite factor in explaining this disparity as between rates of pay inside and outside the Services." Could you supply evidence to support these statements?

Mr. McIlvride : Yes. We will see what we can do.

Mr. W. Nash : With regard to the lowering of the interest rate. You state that the interest rate is approximately $5\frac{1}{2}$ per cent. per annum. If interest rates are reduced the Fund will be effected; that is obvious. But will not there be a corresponding benefit to the superannuitants and members of your society because of that reduction in interest rates? There will be a reduction in their interest liabilities in connection with houses in certain areas—Addington, Christchurch, and Hutt. If interest rates are reduced they will get a reduction in their charges, will they not?

Mr. McIlvride : Yes. That is so.

Mr. W. Nash : If it is definitely established that interest rates will decline, then the Fund will be in a difficult position.

Mr. McIlvride : I do not think so. I do not think the Fund would be in a difficult position. It might mean a little less surplus, but with the credit balance that it has at the present time I think the Fund would be able to operate successfully even then.

Mr. W. Nash : When it is established that the interest rates will come down to 4 per cent. on safe Government securities this Fund, on the evidence that is available, will not be in a very difficult position.

Mr. McIlvride : It would not affect the pensions to be paid if the State guarantee is maintained.

Mr. W. Nash : If we accept the principle definitely and clearly that the State guarantee is behind the Fund and will pay out the pensions, then interest rates do not come into the question. I should say that interest rates will come down. Are you basing your main case on the cardinal principle that the State has definitely guaranteed these pensions, and as they have been guaranteed by the State they shall not be taken away?

Mr. McIlvride : Yes.

Mr. W. Nash : That is your case?

Mr. McIlvride : That is our case.

Mr. W. Nash : Then on page 17 you say that the liability of the State is to the employees and not to the Fund. The point that is made in the Commission's report is that it is the funds that have the deficit; your opinion is that the liability is to the employees and not to the Fund?

Mr. McIlvride : Yes.

Mr. W. Nash : And there need be no fund at all in the funding sense provided the employees paid their contributions every month and the State guaranteed to pay the superannuation benefits?

Mr. McIlvride : That is exactly the position.

Mr. W. Nash : If there was an agreement made between an outside organization and its employees, similar to the one made by the State with its employees, would it not be the duty and purpose of the State to compel that outside organization to meet its obligations in accordance with the agreement made?

Mr. McIlvride : The law enforces the agreement in the case of an outside firm.

Sir Apirana Ngata : Would it not go to the Supreme Court?

Mr. W. Nash : Sir Apirana states that it would go to the Supreme Court. The Supreme Court would compel an outside organization to meet its obligations. Another point I wish to bring up is in regard to what Mr. McIlvride said with regard to people taking into account the superannuation