

*Mr. Hargest :* On page 26 you refer to the 3-per-cent. men and suggest that in no case should the rate of contributions now being made by them be increased. Is there not a feeling existing in the Service to-day that the original contributors got away with better conditions than they were entitled to?

*Mr. McIlwride :* I do not know that I could say that. That was the original contract and, of course, it has always been accepted by other members of the Service.

*Mr. Hargest :* You are quite satisfied in regard to that?

*Mr. McIlwride :* Yes. The point I was making there was that these 3-per-cent. men elected to pay on the higher rate of pay by virtue of the fact that they were only paying 3 per cent. If this percentage is increased it will make the difference between the possible and the impossible, and as I said the reasonable expectation of their lives of an adequate retiring-allowance will be taken away from them.

*Mr. Hargest :* Take a boy fifteen entering the service in 1903. He would now be in receipt of almost the highest emolument he could get in that particular branch of the Service?

*Mr. McIlwride :* That would depend on the branch.

*Mr. Hargest :* If he were he would be just as well able to pay the extra 2 per cent. as the other superannuitants?

*Mr. McIlwride :* I do not question that. The point we are after is the sanctity of these contracts, and when the Bill was passed in the first place the 3 per cent. was chosen instead of the 2½ per cent. of the London North-western because 3 per cent. was sufficient to provide the pensions.

*Mr. Hargest :* I saw a circular some time ago to the effect that the Fund was plundered by some of the superannuitants getting superannuation far in excess of what they were entitled to. Do you still hold that view.

*Mr. McIlwride :* I have no knowledge of any official statement to that effect having been issued by the society. I say again that where the contracts were made we are standing fast, first and last, for the preservation of contracts.

*Mr. Hargest :* You are satisfied that the administration of the Fund is just?

*Mr. McIlwride :* Yes.

*Mr. Hargest :* I would like to point out that if a body was set up to administer this Fund and the other Funds an element of risk enters into it. For instance, in the Public Service Fund 1½ million pounds is invested in mortgages, and to-day one-half of those securities would be questionable, and it would be very hard to bring out an estimate of their value, but it is pretty safe to say that there would be a big loss on that 1½ million pounds. That does not effect the Railways Fund, of course, but I was just pointing out the danger.

*Mr. Bodkin :* You state that you stand solidly for the preservation of existing contracts. Does that apply to those pensions granted to superannuitants who went out prior to 1921 with particularly high superannuation?

*Mr. McIlwride :* Yes. We stand for the preservation of all contracts right throughout. We cannot, with consistency, ask for the preservation of one contract and the breaking of another.

*Mr. Bodkin :* Did your branch make any protest to the Government to the effect that the retirements of 1922 and 1930 would place an undue strain on the Fund.

*Mr. McIlwride :* Not that I am aware of. In any case we had the State guarantee.

*Mr. W. Nash :* I would like to ask one question about this actuarial basis. Mr. McIlwride in his evidence has given some figures with regard to the Actuary and the Actuary's report. He is not basing his main case on those figures in any way whatever? He is basing his case exclusively and entirely on the fact that the State should stand by the agreement made with its employees.

*Mr. McIlwride :* That is so.

*The Chairman :* We will now take the statement of the Engineers, Firemen, and Cleaners' Association. I would like to know how many speakers there are this morning?

JOHN HENSLEY SIM, President, New Zealand Locomotive Engineers, Firemen, and Cleaners Association. (No. 5.)

*Mr. Sim :* Mr. Stephenson and myself. As President of the Engineers, Firemen, and Cleaners' Association, I wish to enter an emphatic protest on behalf of the members to any alteration in the original Act as it is proposed in this Bill. We contend, Sir, that it is not only a breach of contract, but it breaks faith with the Association which I represent as members of the Public Service. Should the question of costs arise in your mind, let me take you in retrospective back to August, 1914, when in reply to the German statement as to the cost of respecting the agreement entered into by Britain with Belgium concerning neutrality, the question was asked, "Have you counted the cost to keep to that agreement?" and Mr. Winston Churchill, that British statesman said, "England never counts the cost when in the right." I submit to you that the whole prestige of the English Nation is based on statements such as that. We have worked up a case which we contend is a strong one. I do not want to reiterate what was said yesterday, because there was a lot said that could be left unsaid to-day. It is my intention to ask Mr. Stephenson to take our case. He has submitted a strong case, and we leave it to your consideration.

*The Chairman :* Thank you, Mr. Sim.

THOMAS HOUGHTON STEPHENSON, General Secretary, New Zealand Locomotive Engineers, Firemen, and Cleaners' Association. (No. 6.)

The question of superannuation is one of vital importance to the members of the Locomotive Engineers, Firemen, and Cleaners' Association, and we are considerably perturbed at the manner in which the Bill now before the Committee proposes to deal with the matter. It is unfortunate that the investigation of the Superannuation Fund should have been brought under review at a time of