

Clause 32 of the Bill proposes to compute the retiring-allowance to be granted. It proposes to base the retiring-allowance on the last ten years of service in lieu of the present position whereby the retiring-allowance is computed on the last three years of service. While the retiring-allowance should bear some relation to the average salary over a period, it would possible inflict hardship on members who are retired on an actuarial basis through no fault of their own, and also upon members who were retired medically unfit. Members retired under such circumstances have small pensions, which would be further aggravated by the suggested alteration.

In such cases the present three-years' computation should be maintained.

Clause 33 of the Bill proposes to abolish the £300 limit for those members who joined the Service after the 24th December, 1909.

In view of the wholesale manner in which it is proposed to break the contract with all contributors and annuitants in order to stabilize the Fund, it is difficult to understand why it is proposed to abolish this limit.

If it was necessary to impose this limit in 1909 to stabilize the Fund, it is still more necessary to-day. It is difficult to understand why the Commission quoted such out-of-date figures on this question when the present position could have been ascertained in a few minutes.

The amount paid in excess of £300 in 1920 was £1,341, and it is the report of the Actuary for this year that the Commission quoted. In 1929, however, no less than £18,795 was being paid in excess of £300. These figures can be worked out in two minutes, and it is most difficult to understand why the Commission should rely on figures twelve years old.

Taking the cumulative effect of pensions paid in excess of £300 from 1929 to 1932, we find that the 1·8 per cent. quoted by the Commission has increased to 6·64 per cent. of the present annual liability, amounting to £28,684.

If it is to the advantage of the industry that high retiring-allowances should be continued, it is certainly not to the advantage of the Superannuation Fund, and the advantage accruing to the industry should be borne by it, not by the Superannuation Fund.

In clause 37, subclause (5), the Government proposes to abolish the State guarantee of the Government Railways Superannuation Fund, and so relieve itself from any responsibility for the stability of the Fund.

It is hardly necessary to reiterate that the State came in as guarantor of the Fund, and, as the late Sir Joseph Ward said, "If the system was found to be unsound, it could only be because the State refused to make up the deficiency." But what was the position? The State has accumulated for itself a liability of approximately £9,000,000, and with one stroke of the pen its responsibility for this and future deficits is removed.

The Commission stated that the State had a liability from which it could not honourably escape, and it was a matter of the gravest concern that a State guarantee could be brushed aside in such a manner.

Even section 125 of the principal Act, which protects the contracts of contributors and annuitants, is repealed by the Bill, and contributors are left entirely at the tender mercy of future Governments. There is no guarantee that future Governments will even pay a pound-for-pound subsidy to the Fund, for what can be done by the present Government can be done by future Governments. It is a most serious position for the State, and a still more serious position for every contributor to the Superannuation Fund. I would urge the Committee to consider the effect that the abolition of the State guarantee will have upon the Public Trust Office, the State Fire Insurance, or the Government Life Insurance, or any other State transactions, for there is no doubt that the general public look to the State for safety and security, believing that the State can do no wrong.

In my opening remarks I referred to the fact that the Superannuation Funds had been investigated by the National Expenditure Commission, and that in spite of the fact that it had laid the responsibility of the Fund chiefly at the door of the Government it had achieved its object by relieving the Government of its liability and transferring that liability to the contributors.

The question is not one of economy. It is too important and far-reaching to be dealt with from that viewpoint.

The scheme was inaugurated by the Government only after the most careful and searching investigations, and, so far as contributors were concerned, it was founded on a basis equivalent to other schemes which were fundamentally sound. The contributors are in no way responsible for the state of the funds, having fulfilled their every obligation. The same cannot be said of the State. It is the bounden duty of the State to pay the debt for which it contracted, and economic necessity is not sufficient justification for the violation of its contract.

The Bill was a most unfortunate production, and had already shattered the faith of employees and others in the State, while it was a clear indication that the State's management of its superannuation schemes had been a colossal failure. Not a single effort is made by the State to redeem its own position, while every clause in the Bill penalizes the contributors, past, present, and future, to such an extent that if the Superannuation Fund must similarly run the gauntlet of future Governments the whole scheme is of doubtful value. The Bill makes the position from the contributors' point of view more insecure than ever, and in view of the fact that the contributions to the Railways Fund amounted to nearly £3,000,000 the members were entitled to adequate protection. My organization is definitely opposed to the Bill, and if the Government does alter the present contract to suit its own conveniences it is not justified in forcing contributors to accept any conditions which it may impose.

Before I answer any questions there is one other matter to which I wish to refer. When the first cut was imposed in 1931 provision was made for members to contribute to the Superannuation Fund on the higher rate of salary they were receiving prior to the cut. The majority of those men did contribute on the higher rate, but in the case of those men who did not wish to do so,