

perhaps the chief advantages to the employer are that the employees as a body are more firmly attached to his service, and he is enabled to exercise a freer hand in retiring aged employees at high salaries and promoting younger men at lower salaries. All interests are best served in the end by placing on the pension-list old servants who are past their work, and replacing them by younger ones who are in their prime."

55. Do you think the saving effected under that would be material?—It seems to me that it is quite clear it would be so, because if a couple of hundred men go from the higher branches of the service and younger men take their places, we may be quite sure the latter will not all get as high salaries to start with.

56. *Hon. Mr. McNab*: What is the capitalised amount of the concession we are giving each public servant under this Bill? What would it amount to as a payment on their going into the service? I will recall to your mind the figures you gave us in connection with the Education Superannuation Bill. You told us that it was £98, I think, per man, and so much for every woman, on going into the service; it was equivalent to a payment made by the Government on the day each one went into the service. Can you give me the figures showing what it means as a payment at per head?—I could not now. I could work it out and let you have the information.

57. You said that in about eighty years the amount to be paid by the Government would reach a permanent figure of about £50,000?—Yes.

58. You are there only reckoning on the staff remaining as at present, are you not?—No; I am reckoning the incomers. I have assumed for that purpose a liberal supply to the service every year at an average age of about twenty-one.

59. How can you ever have a fixed sum if the public service is capable of indefinite expansion?—It probably would not be fixed. There is almost certain to be, with the country going ahead, an increase on that account too.

60. Will it not be a sum that will increase numerically with the increase of the service?—It is like this: The point where I have got it constant is when the proportion of the pensions of those who entered forty years before at age twenty-one and remain to sixty-one, when the proportion of their pensions which will not be produced from their contributions but have to be made good by the Government, is equal to the decrement going off by death of all those above sixty-one from the pension fund. If the fund is in a constant position there will be an equal decrement by death of those over sixty every year, if there is a constant supply of young people of twenty-one coming on; but, as you point out, it will slightly increase. I cannot go further into it than that. It strikes me that that very slight increasing liability cannot be said to be an undue tax on the increased resources of the Dominion so far ahead.

61. *Right Honourable Sir J. G. Ward.*] With regard to the diminishing point of the pensions and the cessation of gratuities after the passing of this Bill, is it not a fact that with the ordinary annual increase that is going on in the way of fresh appointments to the general services outside of the Railways, Police, and Educational Departments (which have a separate superannuation fund) every year, in the absence of a superannuation system the tendency will be for an increasing amount in the way of compensation and gratuities to be provided by the country?—Yes, the trend will be upwards without a scheme of this kind. The only thing that would come down would be the amount of the pensions paid under the 1866 Act, and they will end in twenty-odd years. The other payments would be increasing; one cannot say how rapidly.

62. So that your calculation as to the possibility of a reduction in the total amount that the country will need to provide in another twenty or fifty years will require to be considered in the light of the increased amount we should have to pay in the absence of a superannuation system each year in gratuities and compensation if we do not have a law such as this?—I think it fairly put in that way.

63. In 1904-5 the total amount of compensation and gratuities came to £21,861?—Yes.

64. In the year preceding that—1903-4—£22,535?—Yes.

65. And in the year preceding that, £13,918?—Yes.

66. I draw attention to this because the basis upon which your calculation is made is about £16,000 per annum for both compensation and gratuities?—I have taken the figures for 1906-7. You have not got them there.

67. Assuming then that the last year was £16,000 in compensation and gratuities, and bearing in mind that as the country goes ahead we must have additional appointments made in the years to come, and remembering also the tendency towards retirement of the older employees, many of whom are now getting up to the point when they must be retired, and that they will receive compensation and gratuities, you have nothing definite of course to base your views on that the amount required will not exceed £16,000 per year in future?—I have nothing to go on, of course, but this very irregular yearly outgo on that account; but the tendency must be to increase.

68. *The Chairman.*] I have had several inquiries from those interested as to whether the amount payable to a widow could not be increased. Would it need a very large difference to be made in the contributions to increase the sum payable to a widow from £18 to £26 per year?—To increase that payment would not increase materially the liability for the first few years. It would materially increase the liability in years to come when numbers of the members died and the widows drew the higher amount. The scheme that I really advocated myself was the scheme in the Bill of last year, with the exception that annuities should be payable to the widows of pensioners as well as those of contributors who die while in the service and should be increased from £18 to £26 a year. From an actuarial point of view that would increase the liability, but I might point out that it would not increase the present outlay of the country very much. It would increase the future outlay. It is not a question whether the contributions should be increased, because I realise that they cannot be increased any higher than they are.