

privilege, for it is improbable that many would be able to avail themselves of it, and I do not advocate this course. I think the difficulty will only be got over satisfactorily in one way, and that is by allowing interest when refunding the contributions. I have already advocated this course when recently advising the Right Hon. the Premier, at his request, in reference to the amendments generally which I thought to be desirable in the Superannuation Acts. At present when the services of a contributor are dispensed with before pension-age he is entitled to a bare return of his contributions, without interest, as in the case of voluntary retirements. I propose that in such cases of compulsory retirement (except for misconduct) the contributors shall receive interest on their contributions (at a rather lower rate than the rate earned by the fund) in addition to the return of the contributions themselves. This course would entirely remove the serious difficulty which has been reported from the Defence Department. As I have said, many of their contributors to the fund will be compelled by the Defence Regulations to retire before they can possibly become entitled to pensions, either by age or length of service. I find also that there are other public servants whom it is often necessary to retire before age sixty-five or forty years' service, through no fault of their own—*e.g.*, prison warders, policemen, and mental-hospital attendants, and I expect there are others. It would be very unjust to compel such men to contribute to a fund where they must lose the interest on their money and are extremely unlikely to participate in the principal benefit; bare justice will be done in all such cases by legislating in the manner I have proposed. The net result will be that, where a man's services are dispensed with through no serious fault of his own, his pension-fund membership will be automatically changed into a saving-bank membership, and he will be treated as if he had been paying all along into the Public Trust Office under the old law."

31. If that clause allowing 3½ per cent. interest goes into this Bill will it affect the whole of the Public Service?—The Police, Teachers, and Public services will be affected by it. I do not know whether there are any classes in the Railway Service to which that would apply, but it is only bare justice that if it applies to one it should apply to them all.

32. Yes, that is the point I wanted your opinion on—about the provision to be made for sickness, provision for the widow or children in case of death of the contributor; all those benefits have to be paid from the fund, and for those objects definite provision should be made?—Yes, such provision must be made in the case of these people in the Defence Force—men who have contributed for many years and cannot possibly share in the principal benefit.

33. Supposing the contributor dies, and the children left are of age, say, fourteen, the widow would not get so much and the children would not get so much?—I propose to give a lower rate of interest. If you kept back 1 per cent. of the interest earned it would be quite enough to pay for that.

34. *Mr. J. Allen.*] Part IV of the Bill deals with the Government Railways Fund: you cannot give us any information about that, I suppose?—No.

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