

It will be seen, on reference to the balance-sheet, that considerable amounts of contributions and interest were outstanding at the end of the year, the figures being £2,452 10s. 11d. and £864 18s. 5d. respectively. That these sums are so large is due to the fact that many of the contributors who failed to join in 1906, and who were admitted in 1913 under section 5 of the amending Act of 1912, have not yet paid up the full amount of arrears due from the 1st January, 1906, payment of which was a condition of their admission. The regulations allow them to pay the arrears by annual or monthly instalments. Of outstandings on the 31st December, 1916, the sums of £964 3s. 11d. contributions and £124 16s. interest were paid off in 1917.

Expenditure.—The allowances paid to contributors who have retired and to dependants of deceased contributors and annuitants amounted to £45,122 3s. 5d., an increase of £3,120 14s. 7d. over the amount for 1916.

A considerable number of annuitants were temporarily re-employed during the year, and in many cases their allowances were reduced in accordance with the provisions of section 14 (2) of the Act. The amount thus saved to the fund in 1917 was approximately £1,286.

Refunds of contributions on voluntary retirement from the Education service amounted to £5,185 9s. 11d., the refunds to personal representatives of deceased contributors amounted to £2,850 3s., while contributions amounting to £87 5s. 2d. were transferred to other superannuation funds.

Administration Expenses.—These amounted to £555 15s. 5d. Included in this sum is an item of £250, being the amount charged by the Education Department for clerical assistance. No part of the salary of the Secretary of the Board is, however, included in that item, the whole of his salary, in terms of the Act, being a charge on the Consolidated Fund.

Net Revenue.—The total for the year was £39,067, as compared with £40,756 in 1916, a decrease of £1,689.

Accumulated Funds.—These amounted at the end of the year to £420,225 6s.

Government Subsidy.—The Government subsidy of £17,000 was received during the first quarter of the year. The total subsidies paid by the Government since the inception of the fund amount to £118,000.

Investment of the Fund.—The fund has been receiving interest on daily balances in the hands of the Public Trustee of $4\frac{1}{2}$ per cent. on the first £6,000 and $4\frac{1}{4}$ per cent. on the remainder. The rates are the maximum allowed by the Public Trust Office Act for moneys in the Common Fund of that office. As stated last year, the Board is of opinion that a higher rate of interest could be earned by special investment of the Teachers' Superannuation Fund moneys, and it is hoped to conclude an arrangement with the Public Trustee in this connection which will secure for the fund the current rates of interest.

It must be noted, however, that in 1917 the fund received from the Public Trustee a bonus of £1,544 5s. 7d., being 10 per cent. of the interest earned by the fund during the period 1st April, 1916, to 31st March, 1917, this bonus being paid under recent legislative provision authorizing the distribution *pro rata* among the estates in the Common Fund of the Public Trust Office of a certain portion of the profits of that office. This raised the rate of interest to approximately 4.63 per cent.

Actuarial Investigation.—The Actuary, in his report of his investigation of the fund for the years 1911, 1912, and 1913, recommended that the Government's annual subsidy should be increased from £17,000 to £33,000. Owing to the war conditions, however, the Government could not see its way to pay the increased subsidy. The report of the Actuary on his investigation of the fund for the years 1914, 1915, and 1916 has now been received, in which he recommends that the subsidy should be £43,000, but for the reason stated the Government has again decided that it cannot at present provide an increased subsidy.

It may be noted that the annual subsidy is fixed by statute, and any alteration in the amount requires legislation. The Actuary in his last report (E.—9A, 1917) suggests an alternative course (in one or other of two forms) of fixing the subsidy automatically on the basis of the annual contributions of members, with or without, as the case might be, an annual payment for the creation of a sinking fund sufficient to extinguish the accumulated deficiency in seventy-five years. The alternative course (in either form) would avoid any delay or uncertainty consequent on the