

to be necessary in previous actuarial reports. I should perhaps add that the suggested subsidy of 8 per cent. of the contributors' salaries is in the nature of a perpetuity, and consequently modification will be necessary if at any time the constitution of the present fund is altered, as for example, if the enrolment of new entrants into the Service were to be made voluntary instead of compulsory. In fixing the amount at 8 per cent. a low estimate has deliberately been made to allow for expected gains to the fund from a good investment policy and other sources of profit.

#### GENERAL REMARKS.

25. The question arises periodically whether a superannuation scheme in connection with the Public Service can be justified. In considering this question too much stress is inclined to be laid on the aspect that a State which leaves its servants without pensions in their old age is not fulfilling its plain obligations. True as this may be, there is the more important aspect that a superannuation fund is primarily necessary in the interests of efficiency. The rapid increase in pension funds inaugurated by industrial corporations the world over, in many cases without requiring any contribution from the employee, must surely convince even the most casual observer that superannuation schemes are not altruistic but are instituted by the employer from motives of self-interest. In this connection it may not be out of place to mention that the benefits accruing to the State as employer in a good superannuation scheme are considered so great by the Imperial Government that their Civil servants' pension scheme, which includes certain substantial death benefits in addition to a pension on a similar basis to that of the New Zealand Government, is paid for in full by the State. This may be said to represent the ideal pension fund in that it enables the employer not only to attract and retain the best type of employee, but also gives him a free hand in effecting retirements and clearing the lanes of promotion, so offering encouragement to younger and abler men.

In conclusion, I have to acknowledge the assistance of the small but efficient staff engaged in carrying out the heavy work of the valuation.

C. GOSTELOW,  
Fellow of the Institute of Actuaries (London),  
Government Actuary.

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