Mr. W. Nash: That is so. Could you give us the figure actually paid out on account of back service, and what liability the State at present has on account of back service? Mr. Fox mentioned in his first report that £1,800,000 would be required at that time.

Mr. Gostelow: I do not think the data is in a form that you could readily get these figures.

Mr. W. Nash: Take a man on £500 in 1908. In 1911 he retires on his forty-sixtieths. The chances are that he has paid into the Fund, even on a 5-per-cent. basis, on £75.

Mr. Verschaffelt: It would be on a 10-per-cent. basis.

Mr. W. Nash: Very well, £150 for three years; and he is now to receive, roughly, £334 a year. Would it not be possible to tell the Committee just what the cost to the Fund was of the difference between that £150 and the £334? Did not Mr. Fox give a figure? I think he did, of £1,800,000. That is a cumulative figure. You have not given any further figures based on that. Could you get us that?

Mr. Gostelow: They are not to be got.

Mr. Verschaffelt: The real point is that the shortage of payments to the three funds which the Government should have paid in amounts to at least $3\frac{1}{2}$ millions; and there is the further point that interest has been lost on this and on the present contributors' contributions.

Mr. Bodkin: The Bill proposes to abolish the limit of £300. Could you give us any examples which would serve to illustrate whether it would be a better proposition for the State, in lieu of the £300 limit, to grant a pension on an actuarial basis over the whole period, computed on the actual amount paid in, as against the ten-years salary average?

Mr. Verschaffelt: We could give an actual case of that.

Mr. Bodkin: For instance, it would be no great hardship to a pensioner if he could choose between the £300 limit or the pension that he had actually paid in cash for.

Mr. Gostelow: That would mean you would have to wait until the officer had actually retired.

Mr. Bodkin: Exactly; and if the £300 limit were a hardship, it would be no hardship to give him a pension calculated on the amount he had paid in. It would be no hardship to the class of Civil servant that you mention—professors—or any man if he simply gets what he pays for.

Mr. Verschaffelt: Most of them—the University professors—pay on a uniform rate right through.

Mr. Bodkin: But not in the case of professional men.

Mr. Verschaffelt: No, like Engineers in the Public Works Department, or Inspectors of Machinery, or Inspectors in the Department of Agriculture, or professional men in the Department of Scientific and Industrial Research.

Mr. Bodkin: Or a man in the Public Trust Office.

The Chairman: We have three Superannuation Boards, have we not?

Mr. Gostelow: Yes.

The Chairman: And we have a Pensions Board. Would it be possible for one Board to control the lot, instead of having four?

Mr. Gostelow: Of course the Pensions Board deals with a different aspect altogether. The three Superannuation Funds—that might be possible.

The Chairman: What I am looking at is the cost.

Mr. Gostelow: There is practically no cost involved.

The Chairman: But what about the administrative cost?

Mr. Gostelow: That is very little, because the staff is there to deal with it. Take the Railways; their own staff do the extra work in connection with the Fund—the tabulation of increases, and contributions, and things like that.

The Chairman: And that costs £1 6s. 1d. per pay.

Mr. Gostelow: I have not any figures.

The Chairman: I have not the figures up to date; but even with the Public Service it is £2 19s. 2d.—as I say, I have not up-to-date figures—and that seems to be a terrific charge on the Fund. The Bank of New Zealand control their work with their Superannuation Fund at 5s. It is interesting, and it wants a little consideration, too.

Mr. Veitch: Could you give us the source of that information?

The Chairman: Yes, I will supply it.

Mr. Hargest: We know that any reduction in benefits will impose a hardship upon annuitants, both those now and in the future. What would be the effect of an increase in the contributions of, say, 1 per cent.? How would it affect the Fund?

Mr. Gostelow: That would not be any good; that would not affect the men already out.

Mr. Hargest: But it would affect the future. Would the Public Service resent having to pay 1 per cent. extra?

Mr. Gostelow: They would, and I think quite rightly so. A good superannuation scheme proceeds on the assumption that no man should be asked to pay more than the benefits he gets out of it. At the present time the contribution rates of many of the men are adequate to pay for their own benefits, and you cannot ask those men to pay for the benefits of anybody else. That is not a fair deal. That is the reason for the subsidy.

Mr. Hargest: Excepting that, would they prefer to pay an extra percentage now rather than continue for the additional five years?

Mr. Gostelow: I should have qualified that as regards the females; the females would probably pay an extra 2 per cent. But that could only apply to future service—you could never make that retrospective.

Mr. Hargest: Of course the new retiring-age only applies to those in the Service to-day.