

*Mr. Gostelow* : That is so ; but you do not get over the difficulty that the present pensioners have caused the liability.

*Mr. Hargest* : But the burden is going to be imposed on the future pensioners as well.

*Mr. Gostelow* : Future pensioners won't worry so much ; I think you will get most of the objections from the existing pensioners. The present annuitants are responsible for the trouble, because they were given free pensions for back service. The man who went out, and who had had only one year, had 97½ per cent. of his pension given him ; and that was covered by a Government promise to pay, and the State as employer has in effect dishonoured that promise. If there is any question of reconstruction to be taken into account, those are the people that are most concerned.

*Mr. Hargest* : But the people who are very vitally concerned to-day are the number of women who are contributing to the Fund to-day and who find themselves faced with the possibility of an extra five years of service. If they had the choice of paying 2 per cent. more as an alternative to those extra years of service, would they not jump at it ?

*Mr. Gostelow* : Two per cent. would not cover it.

*Mr. Hargest* : Some percentage would help to cover it.

*Mr. Gostelow* : It would be quite beyond the bounds of possibility for the older members—those with three years or four years to go.

*Mr. Hargest* : I realize that, but would it not be advisable to consider the point ?

*Mr. Gostelow* : I do not think it would be practicable.

*Mr. Ansell* : You state there is an actual shortage in the payments by the Government of 3½ millions—a total of £2,790,000-odd for Public Service and Teachers, leaving a deficiency in the Railway Fund of £700,576. Have I misunderstood the position, that you did not know what the deficiency was, and is your 3½ millions guess, or do you actually know the deficiency in the Railway Fund ?

*Mr. Verschaffelt* : The 3½ millions includes the three funds.

*Mr. Ansell* : I understood that you did not know the deficiency in the Railway Fund.

*Mr. Verschaffelt* : Oh yes.

*Mr. Ansell* : The deficiency in the Railway Fund would be £700,576—is that correct ?

*Mr. Verschaffelt* : If that is what those figures total up to.

*Mr. Ansell* : Yes.

*Mr. Verschaffelt* : Then that is what it would be.

*Mr. W. Nash* : At the last meeting I asked for the deficiency in the Government payments as far as the Railway Superannuation Fund is concerned. We have the figures in the Actuary's report with regard to the Teachers' and the Public Service—as stated by Mr. Ansell, they total £2,790,000-odd. I was told it was not possible to get the deficiency in the Railway Superannuation Fund. In the Actuary's report there are only two reports—*e.g.*, on the Public Service Fund and on the Teachers' Fund. In both those reports there are tables showing the estimated deficiency in the Government payments. If taken at 4½ per cent. they total £2,799,493.

*Mr. Gostelow* : Yes ; that is including interest.

*Mr. W. Nash* : Can we have the same figure for the Railway Fund ?

*Mr. Gostelow* : A table could be compiled, but I doubt very much the value of a table like that, because the method as regards the Teachers' and the Public Service Funds is based on something specifically laid down in the Act. The Act says the State shall pay a subsidy in accordance with a certain basis. With the Railway Fund there is no question of a subsidy at all.

*Mr. Ansell* : There is the guarantee of a shortage.

*Mr. Gostelow* : That is so.

*Mr. Ansell* : What does that shortage amount to ? Because, after all, that is a Government liability.

*Mr. W. Nash* : Presume that in 1924 certain payments were being made out of the Railway Superannuation Fund to pensioners, and the Government at that time were expected to pay so much in. Can you tell us what they did not pay in that they ought to have paid in ?

*Mr. Gostelow* : I doubt if we could do that. Take the first seven years of the Fund—Government paid in no subsidy. There was no statutory obligation to pay a subsidy.

*Mr. W. Nash* : Then what is the shortage ?

*Mr. Gostelow* : No one knows.

*Mr. W. Nash* : You would know what they should have paid in.

*Mr. Gostelow* : No, I would not even know that. They started their Fund on their own assurance that it would be quite solvent at 3 per cent., and it was some seven or eight years after that when the first valuation was made. How could we say what the shortage was in the meantime ?

*Mr. Ansell* : How does Mr. Verschaffelt arrive at the figure of 3½ millions ? Mr. Gostelow says there is no means of ascertaining the shortage.

*Mr. Verschaffelt* : Nothing definite. We are working on the basis of the two other funds—you have the actual figures of those. The Railways, since 1927, have become much worse. They are paying in now more than pound-for-pound subsidy—about £28,000 a year more.

*Chairman* : Quite a large number of letters have come in from different institutions. The secretary is replying, stating that their cases will receive consideration, and that the writers will be advised later on. Meantime they are being asked to prepare written statements. We have further communications from Mr. Gostelow, Government Actuary. I think we had better have them read—they will then be under the consideration of the Committee.