

The General Manager's circular proceeded to make this definite promise: "All the benefits of the Act are secured after the first contribution." The appeal to join the Fund proceeded as follows: "It is quite optional for members of the staff to join the Fund or otherwise as they think fit, and for those who do join to name any date not later than the 30th June, 1903, as the date from which their contributions shall begin. Intending contributors should, however, keep steadily in view the fact that all the benefits of the Act are secured after the payment of the first contribution, and that each day they put off joining the Fund after the Act comes into operation they are taking serious risks which, as prudent men, it is inadvisable for them to run."

Among the principal advantages mentioned by the General Manager of Railways at the time were that "the Fund combines all the advantages of insurance, savings-bank, and pension fund, and provides all the machinery for automatic collection of contributions, thus relieving contributors of the anxieties and loss of time incidental to the payment of premiums or savings-bank deposits, while absolutely insuring that a contributor saves a certain amount of money each four-weekly period, and makes at the same time provision for old age, wife, and family."

Officers were also sent throughout the country to explain the benefits of the Fund, and to assure members that they had the pledged word of the State, backed by legislation, that the benefits provided in the Act of 1902 would never be repudiated. On these grounds—that they had the best of all possible security, the State's guarantee—the great majority of the men embraced the scheme, and their existing insurance policies and other provident engagements were sacrificed in favour of the Fund.

Now, after thirty years of faithful observance of its agreement with the men, the Government, in the name of expediency, proposes to defraud the men of their rights, break its plighted word, play havoc with the honour of the State, and for what? To enable larger superannuation funds to be built up to satisfy an actuary—funds which any similar Government in the future would not hesitate to raid in the name of this same immoral expediency. Mr. Lloyd George once said, "National honour is a reality, and the nation which dishonours its obligations is doomed." It is the national honour of New Zealand which is at stake in the present Bill.

A Brief Record of the Fund.—The Government Railways Superannuation Fund Act, 1902, became operative on the 1st January, 1903. Permanent members of the staff had the option of joining the Fund between 1st January, 1903, and 30th June, 1903. 6,504 members were eligible to join on the 1st January, 1903. Of these, 6,438 members joined, and 66 declined to join. It was made compulsory for all members appointed to the permanent staff on and after the 1st January, 1903, to contribute to the Superannuation Fund.

Members' Contributions.—From the inception of the Fund in 1903 to the 31st March, 1932, members have contributed to the Fund £2,855,794 19s. 5d.

Government Contributions.—During the first seven years of the scheme the Government paid nothing to the Railways Superannuation Fund. Since 1910, the Government has contributed £1,970,000 to the Fund. It will thus be seen that the Railway employees have so far contributed £885,795 more to the Fund than the Government. In most superannuation funds the employer contributes equally with and at the same time as the employee. Instead of this the "Government guarantee" was used as security for the benefits provided under the Act.

Examination of Commission's Report.

More Time essential for Examination of the Bill.—A critical examination of the National Economy Commission's ten-thousand-word report upon the Superannuation Funds reveals many serious discrepancies which can only be explained by the enormous scope of work the Commission attempted to review in an extremely short period. And so many points of a controversial nature regarding superannuation have been raised by the Commission, all requiring most careful checking and analysis, there is an unanswerable case for delay in deciding to proceed with the Bill. Such delay is essential if this investigation of the Report and of the Bill to which it has given rise is to be carried out with sufficient care to justify confidence in its conclusions.

Employees Principal Contributors.—Particularly is this so when the position, as revealed by the Commission, is that employees of all the State Departments have contributed to the Fund £8,940,000, as compared with the State's contribution of £4,683,000. This surely gives the contributors a right, in equity, first to sufficient time to thoroughly examine the report and Bill, and then to a predominating influence in deciding what course should be pursued with the accumulated funds.

Commission wrongly accuses the State.—The National Expenditure Commissioners stated, *inter alia* (paragraph 1387), that "unless the State is able to make good its obligations to the Fund" certain radical alterations would be required. It should here be noted that the Commission means "actuarial" obligations based on certain figures presented to it. This vital error in statement overlooks the fact that the Funds were never intended to be on an actuarial basis. There is ample evidence on record to prove this statement. Thus an attempt has been made by the Commission to bring about a complete change in the basis of the funds, by introducing actuarial considerations instead of actual ones, at a time when the country is in a worse condition to stand such a change than it has ever been.

Nothing wrong with the Present System.—At no point does the Commission show why a change of this kind is necessary or should be introduced now. Its only reference to the present system is the recommendation (paragraph 1449) to alter the method by which the amount of annual Government subsidy to the funds is now decided. This subsidy is described as "merely an average annual proportion of the actual annuities falling due during the next triennium which the funds are unable to provide from their own resources." There is nothing in the report to show why this system, which is working