

147. And it is, in your opinion, quite capable of supporting other pensions as they fall due?—Well, that is a very large question. I will answer it in this way: Certain changes have taken place recently which have necessitated a reconsideration of the whole pension scale, and it is the intention of the trustees—that is, of Mr. Butt and myself—as soon as possible after the arrival of the general manager, to fully discuss the whole position; and it will be absolutely necessary once more to submit the whole position to the actuary, and ask him what scale of pension, in his opinion, can be paid. I mention this because a new fund has been started—it is called the fidelity fund—which takes from the old fund a large number of its subscribers. And, as you know, in all life assurance societies the life-blood of the organization is the new members. We are losing these, and it is very questionable what advantages the fund will be able to confer in the future.

148. That really answers my question; you can hardly consider at present that the fund is on a proper actuarial basis?—My opinion is that the matter must be rectified, and that very promptly.

149. *Hon. Major Steward.*] I believe there is a surrender value in connection with this No. 2 fund which has been formed since the amalgamation of the Colonial Bank with your bank?—Yes; but I would like to explain that that fund is not a provident fund at all; it is purely a fidelity or guarantee fund. I have read in the paper, for instance, that a comparison was drawn between the two. I do not think a comparison should really be drawn between the two funds, because they are so different. Our fund has two sections—one a guarantee section and one a provident or pension section. The new fund is purely a fidelity fund, and makes no provision whatever for retirement on pension.

150. But they still get a certain proportion of the money paid in respect of the guarantee when they leave?—Yes.

151. There is no such provision with regard to the original fund?—No.

152. *The Chairman.*] Is it not a fact that there is a widespread feeling of discontent amongst the officers of the bank in regard to this fund?—That is so.

153. Was there not a poll taken some little time ago on the question of whether this fund should be abolished or reconstructed?—A provisional poll was taken.

154. The majority, I believe, was strongly in favour of the abolition of the fund?—A very large majority.

155. Can you tell us what reason the trustees had for not meeting the wishes of the officers of the bank?—They are unable to do so. I may tell this Commission that our lawyer advised us we cannot divide the fund without an Act of Parliament. That is one cogent reason for not meeting the wishes of the officers.

156. *Mr. Fisher.*] It appears, then, that the great bulk of the contributors would not object to the introduction of an Act of Parliament which would enable the trustees to distribute the money?—I should say they would hail it gladly, but no scheme for a division of the fund has been placed before members. That is why I say it was a provisional poll taken to obtain the sense of the staff; but some scheme for division might be propounded which would not meet with the approval of the majority of the staff.

157. Have these rules framed under this deed of settlement in regard to this provident association been administered, or could they be administered, by the trustees unduly in favour of certain contributors?—I do not think so. There is very little option left to the trustees.

158. I was going to bring under your notice the case of Mr. Butt. Has he been unduly favoured?—I do not quite see in what way he has been favoured at all. I do not know that he has been favoured, or that he has been unduly favoured.

159. He was appointed Government Auditor?—Yes.

160. Did that not mean that virtually he had left the service of the bank?—His remuneration was still being paid by the bank; it is still paid by the bank.

161. Could he remain an officer of the bank and be at the same time Government Auditor of the bank?—No; I do not think he could remain an officer of the bank.

162. Very well, then, he is now, I understand, returning to the service of the bank?—I do not know that officially; I have seen it in the papers, and heard of it. In other words, I have not heard that his successor is appointed.

163. It follows logically, then, if he is returning to the service of the bank, that previously he had left the service?—Yes; but he did not cease to be a member of the provident association.

164. Mr. Butt is a trustee. He enjoys the advantage of leaving the service of the bank, the position being that if any other officer leaves he forfeits all his contributions to the funds of the association. Mr. Butt returns, and takes all his advantages?—There is a provision in the rules for such a case as Mr. Butt's—viz., that if an officer retires to take up a certain class of appointment he may retain his membership. Mr. Butt falls within that class.

165. Was that rule made lately?—Yes; if you will notice, the rules were printed in 1894, and this was one of the subsequent amendments.

166. That amendment was made to suit a particular case?—I was not a trustee when that was passed; I cannot answer that question.

167. Who makes these additions and amendments to the rules?—The trustees make them, and submit them to the directors. If the board of directors approve the alterations they become part of the deed of settlement.

168. At what date was that alteration made?—I could get that for you, but I would require to look up the minute-book.

169. *Hon. Major Steward.*] At any rate, it was subsequent to 1894?—It must have been in 1894, because it was the rule when I became a trustee in 1895.

170. *Mr. Fisher.*] Do you know of the case of any officers who have been placed on the pension fund before reaching pension age?—Yes; there are some under Rule 5; we have one case now upon the fund under that rule.