

25. The benefit which arises from this consists of a pension at a certain age?—Yes; an officer is entitled to retire at present at fifty-five.

26. On his own wish at fifty-five?—He can go himself then. If after he has been in the service ten years he is incapacitated mentally or bodily he is allowed to retire, provided the administrators of the fund are satisfied as to the circumstances, on pension then.

27. *Hon. Major Steward.*] What would he be entitled to then?—To ten-fortieths.

28. *The Chairman.*] What would happen to him if he retired because he could see a better opening elsewhere: would he get anything?—No. You enter the service knowing that if you choose to better your position you leave your payments behind you, and also knowing that these payments have amounted to less than you would have paid to a guarantee society.

29. Have the officers of the bank who subscribe to this fund any control over the investments?—Not of the investments. When I say officers, there are three administrators. The board is in London, and is appointed by the joint board of directors; one is the principal executive officer in England—that is, the manager in London, who is one of us; the other officer is the general manager for the whole colony. So there are two officers of the bank and one of the directors who are the administrators of the fund.

30. Then, the fund is entirely in their hands for investment?—Entirely; they are empowered by the rules to invest the funds in mortgage or real estate in Australasia.

31. If an officer were to die after twenty years' service, would his widow get his pension?—Yes, for five years; that is, if he had not already drawn his pension. Had he taken his pension and drawn it for three years she would be entitled to the two years' balance of the five. Otherwise he would get his pension as long as he lives.

32. You consider the fund in a perfectly safe condition?—I have not the slightest fear. I think I may say the officers of the bank who are the administrators of this fund are largely interested in it, and will themselves be entitled to retire on the fund, and are administering this fund and making their investments quite as safely as the reserve funds of the bank.

33. You have no fear that the pension will taper off to a vanishing-point?—No; of course, the question of profit-earning is a very important one, no doubt, and although I have no doubt pensions are likely to be maintained to the full extent, yet we take every precaution. Our rules provide that the actuary is to be consulted every year as to the contributions and the government of the fund, and he advises the administrators as to what should be done as to making any needful alterations.

34. If it were found that a larger contribution was necessary, do you think the officers would subscribe cheerfully rather than lose the benefit?—I do not think we look forward to anything like that; that is rather an unlikely hypothesis. I think that would only be possible if our investments did not give us sufficient. Then, of course, we would expect some alteration; but we have no reason to anticipate it. Really we have found in the past that the liberality of the directors in their donations has to a large extent enabled the fund to give substantial pensions.

BURNET MURRAY LITCHFIELD was examined on oath.

35. *The Chairman.*] What is your position in the Bank of New Zealand?—I am an assistant-inspector.

36. Have you been long in that position?—In Wellington in that position since 1890.

37. How long have you been in the bank's service?—I am in my twenty-eighth year of service.

38. You are aware that there is a provident fund attached to the bank?—Yes.

39. Can you add anything to the evidence that has been given, or is there anything you would like to refute?—Well, the object of the Commission, I assume, is to find out the advantages or otherwise that exist in connection with the association as between the bank and its officers, and I would like to say that I consider that the formation of the association is one-sided, and that the disadvantages are rather to the staff. That is chiefly from the reason that in the first place the staff have no voice in the management of the association. It is in the hands of the trustees, two of whom are *ex officio* trustees, and the other appointed by the two, and confirmed by the board of directors of the bank; and they have the absolute control of the association and its funds, the investment of them, and so on, and the board has the further control of deciding upon any alteration or amendment to the rules. But in other respects the trustees have full control.

40. You speak of the trustees having the control of the investments: have you any idea as to whether these investments as published in the printed balance-sheet are now at the value stated in the balance-sheet, or whether there has been any writing down or anything of that sort during the past few years? Do they represent the actual value, or do they require writing down?—So far as my knowledge goes, I believe the investments are all first class. Those that have proved otherwise have been taken over by the association, to be handled, of course, in liquidation; but so far as that goes they are very limited on the whole.

41. *Hon. Major Steward.*] Since the amalgamation of the Colonial Bank with your bank has not a new fund been established?—Yes, but not on the same basis.

42. And by reason of the difference the officers joining the bank now elect to join No. 2 fund?—Yes, they join it in preference.

43. As the success of any society depends upon the accession of new contributors, do you consider, on that ground, that this is a sound scheme at all?—I consider it is a degenerating scheme as existing on its present basis.

44. Thus there must be a contingent increase in the number of pensioners with a contingent decrease in the contributions?—Yes; the fund before the accession of the Colonial Bank by the Bank of New Zealand was not then on a satisfactory basis according to the last actuarial report that we had.