

45. If the fund is to be able to meet its pensions as they fall in it will be necessary for the pensions to be reduced from time to time?—Unquestionably, unless fortified by some outside means.

46. There has been a necessary reduction in the amount of the pensions during the last few years?—Yes.

47. If this state of things continues—that is, the non-increase or reduction in the number of the contributors and the gradual increase in the number of persons coming under the head of pensioners—must it not follow that there must be again another reduction?—Certainly.

48. And so on until equilibrium is arrived at?—I see nothing else for it. The life-blood of an association must be its new membership, and if this has ceased, or become largely restricted, there must be gradual extinguishment.

49. *The Chairman.*] It is a fact that there is widespread dissatisfaction amongst the officers in having to contribute to the funds?—Yes; I should say the general feeling is that the fund is distasteful as at present constituted to the great bulk of the staff.

50. *Hon. Major Steward.*] The staff would not object, I presume, to a fairly strong and well-administered plan to provide pensions?—I think they would like it very much.

51. And of which they had some control?—Yes, that is an essential element.

52. At present they pay to a fund from which they are not likely to derive any benefit?—It is an extremely remote contingency indeed.

53. *The Chairman.*] There is no absolute right on the part of any officer, I believe, nor any claim on the part of his widow if he dies?—No; if he dies he forfeits all interest in the fund.

54. Do you not think, if an officer of the Bank of New Zealand had his choice between an outside insurance company in which he could provide for his widow and children, he would prefer to do so instead of contributing to a fund like this?—Yes; but it must be taken into account that the rate of contribution to this fund is very small; it is only 1 per cent. on salaries.

55. And most think that the institution is unsafe?—Well, I would not like to say the association is unsafe as at present constituted. There was a matter that I saw in print that I would like to make a few remarks upon if I may be permitted. It was in connection with passing or amending a clause in the articles of the association whereby one officer has been benefited. It was clause 7, and I was a trustee of the association when that was passed. I was trustee from September, 1894, to February, 1896. This clause was amended in October, 1894, so it was done partly by my action. I considered that clause, and I thought it was a very judicious one. My object has been to work as much as possible in the interest of the staff, feeling, as I have already said, that the advantages are one-sided. The old clause in the rule simply said that an officer who resigned or left the bank, but who should after a lapse re-enter the service, should have all the advantages existing in the fund revived to him except the interval of his absence—say a man had been five years out of the service, that five years would not count when his pension came to be calculated. But we found in the particular case under consideration—I may say the case of Mr. Butt—that he had been a very old officer of the bank, and was then severing his connection with the bank in a sort of way—that is to say, he had resigned to take up other duties which were intimately connected with the bank, and his salary was actually being paid by the bank. So we thought it quite right and very proper that we should conserve to him the continuity of his service in the bank, so that, when the time arrived for the calculation of his pension, the time for which he was appointed—it was only three years—should not be excluded, as he had continued to contribute to the fund throughout.

56. *Hon. Major Steward.*] Then, you consider, although not technically an officer of the bank, he was connected with the bank in another capacity?—That is what it amounts to. His services were paid by the bank, and he performed duties of a special character which gave him full access to the affairs of the bank.

57. *Mr. Fisher.*] Then, the alteration was made by the trustees in the rules to conserve specially the interests of Mr. Butt?—No, I would not like to say that. I take it in the light that it was an alteration in the rules that was a decided gain to the staff, and therefore I supported it for that reason. And it has proved to be the case, because there are a number of our officers now who are officers of the Assets Board, and their pensions are conserved in the same way. There are officers working for the Auditor, and their pensions are also conserved in the same way. It was questionable before, but now it is beyond question.

58. Am I right in saying that that particular alteration was made in the rules about the time of the appointment of Mr. Butt to the position of Government Auditor?—Yes, that gave rise to it. I was a trustee at that time, and, having seen some of the garbled accounts of it, I was anxious to put the matter right.

59. Can you say whether there has been any dissatisfaction in regard to the manner in which the fund has been administered, and, if so, whether or not it has been just?—I have not heard any complaint on that score, and I do not think there would be any grounds for it. I say so from my knowledge of the officers of the bank in visiting a large circle of the bank's branches, and also from the fact of having been intimately connected with the association in the position of trustee.

60. We have been told that there has to be so many years of service before an officer is entitled to claim on the fund?—Yes.

61. What is the term?—I think fifteen years, speaking from memory.

62. Well, I see, according to a list supplied by the secretary of the association, that Mr. Murdoch is drawing a pension of £500 per annum. Can you tell us how many years of service he had?—I do not know.

63. Should I be right in saying he only had seven years?—I think, very much longer than that.

64. I mean, he only paid for seven years to the fund?—Possibly, but still the rules of the fund, whatever they might be, would apply to him, because I think the object of the sum that was