

The Government is to make up the deficiency when the expenditure exceeds the receipts, and in the event of any alteration in the scheme a contributor has the right to have his contributions returned with 3 per cent. interest.

As compared with the scheme provided by "The Police Provident Fund Act, 1899," the principal differences are as follows: Members of the Police Force have to serve fifteen years before being entitled to a pension, even while medically unfit, while a teacher by paying a certain sum (probably about five years' contributions) can in such circumstances secure the right to a pension for himself or for his widow and children at any time. Pensions to the widows and children of members of the Police Force are less, and are only paid when such members die from injuries received in the execution of their duty, while in the case of teachers pensions are secured to all widows and children. The provisions also regarding the return of contributions are more liberal in this scheme.

On the other hand the pensions are less, being one eightieth instead of one sixtieth for each year of service, with a maximum of one-half of salary instead of three fifths. The larger number of members renders this scheme more costly than that in force among the Police.

If the scheme is to be independent of Government aid the contributions for entrants (no proportion of pension being allowed for back service) should be as follows:—

Age next Birthday on joining the Scheme.	Assumed Salary on joining.	Contributions required to purchase the Benefits (per Cent. of Salary).	Contributions provided for in the Bill.	Capital Value of the Deficiency.
	£	£ s. d.	£ s. d.	£
20	80	8 7 0	5 0 0	83
25	120	8 11 0	5 0 0	105
30	150	9 0 0	5 0 0	120
35	180	9 15 0	6 0 0	110
40	200	10 14 0	6 10 0	117
45	200	12 5 0	8 0 0	101
50	200	14 7 0	9 0 0	101

The deficiencies at ages 20, 30, 40, and 50 are made up as follows:—

	Age 20.	Age 30.	Age 40.	Age 50.
	£	£	£	£
Present value of benefits to children ...	22	29	25	17
Present value of benefits to widows ...	69	86	91	92
Present value of pensions ...	115	155	182	162
	206	270	298	271
Present value of contributions... ..	123	150	181	170
Deficiencies... ..	83	120	117	101

The number of male teachers, according to the data supplied, is 1,251, of whom fifty-six are aged 60 and over, and sixteen are under age 60 but have served for thirty-five years, making a total of seventy-two male teachers entitled to retire at once under the scheme on pensions amounting in the aggregate to about £6,600 per annum.

The sum required to be paid at once on behalf of these 1,251 members (in addition to the contributions provided for in the Bill) to render the scheme independent of further Government aid would be about £297,000. This sum, if not paid, would accumulate at compound interest, and every teacher hereafter appointed would add from about £80 to £120 to the deficiency.

In making these calculations, I have assumed that $3\frac{1}{2}$ per cent. compound interest will be earned on the funds in hand, which is a high rate to assume for a scheme of deferred annuities extending far into the future, and nothing has been added for expenses or other contingencies. In a practical scheme some further addition would have to be made to the contributions on this account.

To provide pensions for the older teachers without Government aid is quite impossible, and in regard to new entrants the rate proposed—viz., 5 per cent.—is hardly sufficient to provide a pension to the teacher himself, without the return of contributions or the benefits to widows and children.

I would direct attention to the fact that the Government of New South Wales has abandoned its pension scheme, and the Civil servants of that State are now compelled to insure their lives on joining the service. The Federal Government has also followed this course.

The history of the New South Wales pension scheme is instructive. The contributions, I believe, were calculated by an actuary, but the Government appear to have subsequently extended the benefits without a corresponding increase in the contributions, and so made the scheme insolvent. (I may say, however, that the cost of the New South Wales scheme per man would be considerably less than that proposed for the teachers.) The scheme came into operation on the 1st January, 1885, and I attach a schedule of the receipts and expenditure from that date until the