

59. Could you inform the Committee, in making your actuarial calculation, what the difference would be if the pension to a widow was increased from £18 a year to a larger sum—say £26, the same as an old-age pensioner gets?—Well, of course, I cannot tell you offhand. It depends, first, on the number—whether there are 4,000, 5,000, or 6,000 members of the fund; and it depends also very greatly on the present age of the members. That is one of the causes that prevent me from making any estimate whatever. If you take a body of men whose average age is thirty and another body whose average age is thirty-five, the liability on account of the £18 a year pension to the widow is very different in the two cases.

60. After obtaining all the particulars you required, I assume it would not be very difficult to give the Committee information as to what increased contribution would be necessary if the sum to be paid to a widow was increased from £18 to £20 or £26?—Then it would be a matter of simple proportion.

61. *Mr. J. Allen.*] I want to ask a question with regard to the accumulations that Sir Joseph Ward asked you about in respect to the Education scheme which you were dealing with last year. It has been stated that the fund would increase for a certain number of years, and would then either become stationary or begin to diminish, and I think the number of years mentioned was fifty. You, in your evidence just now, said that you would not venture to predict so far ahead. Are you aware that Mr. Hogben gave evidence somewhat to that effect before the Education Committee last year?—Yes, sir; I am quite aware of that. I told Mr. Hogben that I would not take that responsibility. He has done it on lines that he considers satisfactory, but it is complicated. He has done it in what I call a non-actuarial manner, and I do not know whether it is right or wrong. It may be quite right, and it may be quite wrong.

62. As far as you, as an actuary, are aware, is it a fact that the funds do go on increasing up to a certain period, and that they then either become stationary or diminish—that is, where the contributions are sufficient?—It is almost certain that at some time or other that will be the case if the contributions are inadequate. If the number of new members is in an increasing ratio that will prevent the fund coming to that maximum; but that cannot go on for ever. It is bound to come to a maximum ultimately.

63. If the contributions are sufficient does the accumulation go on for a certain period?—Yes.

64. And then does it become stationary or begin to diminish?—It would become practically stationary.

65. Although you did not give any prediction to the Education Committee as to what would be the case fifty years hence, did you give any prediction at all?—No; not with regard to that.

66. I am going to read a portion of the evidence you gave in regard to the Education scheme, and you will understand what I am getting at: "In thirty years there will be 6,973 members still alive who will be entitled to pensions amounting to £307,132 per annum in the aggregate. The funds will then have accumulated to the large sum of £3,182,254, and thenceforth there will be no income except from interest-earnings. This fund will decrease year by year till the death of all the members, when it will be used up. . . . If, instead of £45, pensions of £60 had been granted, the fund would nevertheless accumulate as before to £3,182,254 before being drawn upon, but being insufficient for the pensions of £60 would be used up by the time the members were about seventy-five, leaving over three thousand of the original contributors without pensions in their remaining years of life." Was that your evidence?—Yes, sir, but that is not about the Teachers' Superannuation Fund. That is about a hypothetical fund. It was just a simple fund—so simple that I could draw those deductions as to what would happen.

67. It was evidence that you gave before the Education Committee upon—if you like to say, a hypothetical scheme?—To show what would happen in that case.

68. In thirty years' time?—Yes.

69. So you did predict what would happen in thirty years?—Yes; but I will give you the reason why I would not in a case in practice: I cannot foretell the increase in population in New Zealand in ten, twenty, thirty, or forty years, and the consequent increase in the body of men affected. Will you allow me to look at that printed evidence, please, where I take that hypothetical case? In my evidence on page 48 I went into that particular case more fully, and gave the example to explain more fully the whole figures of the fund. May I read what I said? "Example showing working of a pension fund in its simplest form: Assume ten thousand men aged thirty, paying 6 per cent. of salaries of £100 into fund. In thirty years the accumulated fund is divided among the survivors, giving £456 7s. 5d. to each, which amount will purchase pensions of £45 2s. 3d. (No provision is made for increases in pensions consequent on increases in salaries, nor for return of contributions at death, nor for early retirement through ill health, nor for insurance or pensions to widows and orphans, all of which would result in decreasing the pensions or increasing the contributions.)" There is there a fund provided by the contributions of ten thousand men, and there are no new entrants into the fund. It is the simplest matter in the world to say what I did say about that, and it was only done to show how a fund in its simplest form would work out. I could say what would happen in connection with that, but I could not say about a body of men such as there would be in one of these funds in practice. I could not say what would result in ten years, let alone fifty. I found great difficulty in making any estimate worth having, even for three years, in the case of the Police Provident Fund.

70. *Hon. Mr. McNab.*] When you were giving your evidence before the Education Committee you did not venture to express an opinion as to the state of the fund at any future date, except in so far as the original body of teachers were concerned. Is not that so?—That is so.

71. And you declined to express an opinion about the state of the fund fifty years after, because there was no evidence before you as to what the increased number of teachers in proportion to the population would be at that time?—That is so.