

permanent subsidy required for the whole of the funds; the usual triennial valuations still being necessary, but merely in order to confirm the forecast, and demonstrate that the funds are solvent without the need of any further provision being made.

14. I think it is now a very appropriate time to consider whether the three existing funds cannot be brought more into line with one another in some respects than at present; indeed, it is very desirable that there should be some amalgamation of their finances before attempting to simplify and improve the method of subsidizing them. To facilitate the consideration of this matter it will be useful to briefly describe how they are at present controlled. The three funds are administered separately by three Boards composed as follows:—

Railways Fund (founded 1902)—

The Minister of Railways;
The Solicitor-General;
The Public Trustee;
The General Manager of Government Railways;
Five elected contributors—two from First Division, three from Second Division.
(Nine members.)

Teachers' Fund (founded 1905)—

The Minister of Education;
The Solicitor-General;
The Public Trustee;
The Secretary to the Treasury;
The Inspector-General of Schools;
The President of the New Zealand Educational Institute;
Four elected contributors—two from the North Island, two from the South Island.
(Ten members.)

Public Service Fund (including Post Office and Police) (founded 1907)—

A Minister of the Crown (at present the Minister of Internal Affairs);
Four persons nominated by the Government, at present being—The Government Insurance Commissioner, the Under-Secretary for Public Works, the Under-Secretary of Lands and Survey, and the Superintendent of Government Advances to Settlers;
Six elected contributors—two from the Post and Telegraph Department, one from the Police Department, three from other Departments.
(Eleven members.)

The affairs of each fund are administered by its particular Board, except in regard to investments, all moneys being handed over to the Public Trustee. Formerly these funds were specially invested by the Public Trustee and were thus enabled to earn $4\frac{1}{2}$ per cent. or more, but owing to a more recent arrangement that has been made they are now barely able to earn $4\frac{1}{4}$ per cent. When it is considered that the Government Insurance Board (composed of the Minister of Finance, the Government Insurance Commissioner, the Surveyor-General, the Solicitor-General, the Public Trustee, and the Superintendent of Government Advances to Settlers) has at the present time no difficulty in placing its surplus funds available for investment in securities, at rates averaging over 5 per cent. ($5\frac{1}{2}$ per cent. for mortgages and 5 per cent. on local bodies debentures), it will be clear that, even allowing for expenses of administration, the superannuation funds are not earning as much as they might do.

15. The present system of administering the Superannuation Funds by three special Boards is undoubtedly a good one in the early and experimental stage of their careers, because the interests of railway men, teachers, postal officials, policemen, and Civil servants generally are then better dealt with by men possessing an intimate knowledge of the special circumstances of each particular class. To take the case of the teachers, for example: it may be suggested that the terms of their employment under Education Boards throughout the country will cause circumstances to arise which are likely to receive fairer treatment if their superannuation affairs are administered by a body of men specially chosen for their familiarity with the teachers and their surroundings.

16. I do not, therefore, now suggest any alteration of the present system in this respect, but I certainly think that the financial control of the three Superannuation Funds might with much advantage be centralized in one small body of specially qualified men under the Finance Minister, to which body I should entrust the investments and actuarial treatment of the combined funds. If this were done, it would not only secure a better return from interest on the investments, but would also allow the three funds to be dealt with actuarially as a whole, and permit the convenient application of the simpler form of subsidy explained in paragraph 18.

17. The following was the approximate position, in certain respects, of the separate and combined funds at the close of their last year:—

Fund.	Number of Contributors.	Yearly Salaries.	Yearly Contributions.	Yearly Subsidies.	
				Actuarial.	Actual.
Teachers'	3,641	£ 628,789	£ 40,213	£ 17,090	£ 17,000
Public Service	10,027	1,666,231	109,840	47,525	48,000
Railways	9,470	1,582,965	68,068	48,182	25,000
Total	23,138	£3,877,985	£218,121	£112,797	£90,000