

Of this Dominion in particular it may be said that a sound and efficient form of superannuation should be regarded as a factor essential to the successful evolution of its Public Service system. That the employees benefit very largely by such a scheme is undeniable, but it may be shown conclusively that their employers, the public, also reap inestimable benefits which are not so clearly recognizable. One of the smallest of these benefits is that the Government is saved the direct payment of large sums of money in some other form; the inauguration of the Public Service Fund, for instance, caused the cessation of yearly payments by way of compensation and gratuities amounting to more than the subsidies which have been granted to the Fund. But in addition to this there result two most important benefits to the State which it is not possible to estimate in money: (1) The existence of such a fund has a strong tendency to bind its younger employees to the service of the State, for it is reasonably certain they will not lightly leave their employment to seek advancement elsewhere when they consider what valuable future benefits they must forego by doing so; (2) the Government is relieved from the payment of salaries to a number of its older employees who have outlived their efficiency, and a superannuation fund affords a convenient and legitimate means by which their removal from the Service can be effected without undeserved stigma or undue hardship. It is not too much to assume that, in the absence of such a fund, many praiseworthy old public servants would remain longer than they should do in the Service, drawing annual salaries from the Treasury and blocking promotion which it is desirable should be given. Indeed, quoting from a source which I cannot for the moment trace, "Superannuation funds soundly constituted and well administered, by securing the retirement of employees at an age when their capabilities are waning, supply an admirable aid by which the management of a country's concerns can be maintained with a maximum of efficiency."

Although still further lengthening a report which is perhaps already too long, I would also point out that there is a very important difference between this subsidy and an all-round increase of 3 per cent. in salaries. When a salary is increased in the usual way by 3 per cent. or any other amount the employee may either spend or save the increase as he chooses. What the Government will be doing in this matter is a different thing altogether. Practically it will be putting a small sum of money in its own strongbox on behalf of each of its employees and compelling him or her to place with it double the sum. The Government will then invest the combined deposits to the best advantage until the retirement of the employee from the Service through ill health or old age. The results achieved will be good all round from a purely business point of view, because the employee will remain more contented during the term of his service, on the conclusion of which it is certain that he will not become a burden on the State. I think that a vote of 3 per cent. of salary under such circumstances may be considered insignificant in comparison with the benefits that will ensue from the operation of the fund.

And, finally, so far as my own knowledge goes—which, though fairly extensive on this point, is by no means complete—New Zealand's superannuation system, an endeavour to perfect which is now being made, will already compare favourably with any other similar system in existence.

Respectfully submitted.

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