

13. These figures would give for the years 1920, 1921, and 1922 an average subsidy of, say, £60,000 per annum, or £17,000 more than is now being paid. Consideration must, however, be given to the fact that the subsidies actuarially required have not been fully paid. The shortage in payments as compared with actuarial recommendations made in accordance with the Act amount to £132,000, including certain sums required in respect of the period before the first valuation. When accumulated at interest to the middle of 1922 these arrears amount to £175,000, and, of course, provision must in some way be made to meet this. At the very least about £8,000 per annum must be added to future subsidies on this account. Details of the short payments are set out in the Appendix (Table VIII). I have therefore to report that the subsidy required for the years 1920, 1921, and 1922 is £68,000 per annum, or £25,000 more than is now being paid. When making provision for this it is important to see that it is back-dated to 1920, and that interest at 4 per cent. per annum is added to any portion paid late.

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14. The change in the method of investing the funds has produced a marked improvement in the rate of interest earned, which is now about $1\frac{1}{2}$ per cent. above the valuation rate. Any interest earned above the valuation rate will, of course, form an unanticipated profit, of which the fund will get the benefit as it falls in.

15. In my report upon the Public Service Fund I have drawn attention to the need which exists of placing the subsidies to these superannuation funds upon a more automatic and satisfactory basis, and have pointed out the advantages to the State of maintaining sound funds. I need hardly recapitulate the remarks here. I may, however, mention that up to the end of 1919 the subsidies of the State to the Teachers' Superannuation Fund amounted to £178,000 only, as against contributions of over £646,000 by the members themselves. Taking this in conjunction with the statement of American authorities that the development of pension schemes generally tends towards an equal division of cost between employer and employed, it will be realized that the State has, up to the present, fallen far short of this standard.

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