

From this it will be seen that the fund has a surplus of £54,200, or a ratio of solvency of 20s. 3d. in the pound, as compared with 19s. 10d. at the last valuation. While it is very gratifying to be able to report such a surplus, it must not be overlooked that the amount of the surplus is relatively small, representing as it does only about $1\frac{1}{2}$ per cent. of the total liabilities, and accordingly it should be regarded as a margin against adverse fluctuations in the future experience, and not as in any way indicating that the benefits can be increased. In this connection I desire to emphasize that while every endeavour has been made to estimate the future trend of the various probabilities that enter into the valuation of the fund, and some effect has been given to the anticipated fall in future mortality-rates, the fund is still too young for its past experience to be relied on as an authoritative guide to the future.

24. Section 24 (2) further requires the report to show “the probable annual sums required by the fund to provide the pensions and other allowances falling due within the ensuing three years without affecting or having recourse to the actuarial reserve appertaining to the contributor’s contributions.” I have taken this to mean that the Actuary is to report what proportion of the estimated claims during the triennium succeeding the valuation is unprovided for by the contributions: in other words, he is to state the further subsidies per annum necessary during the period specified, beyond the statutory one-fourth subsidy, to meet the current charges on the fund; and section 25 (2) of the 1910 Act—now section 74 (2) of the 1926 Act—makes “such further amounts (if any)” an additional charge on the State.

25. I have to report, under the provisions of these sections, that, beyond the present annual subsidy, no “such further amounts” require to be paid during the three years following the date of this valuation.

GENERAL REMARKS.

26. In arriving at the results of the valuation the values of the assets have been accepted as supplied by the Superintendent of the fund, and accordingly the valuation surplus is subject to the security of the investments. In this connection it might not be out of place to point out that the assets of the fund contain a very large proportion of mortgages, and as in a business of such magnitude it is almost inevitable that there will be losses from this class of investment, even with the most careful management, I suggest that portion of this and future surpluses as they accrue be transferred to the Investment Fluctuation Reserve Fund.

27. In conclusion, I have to acknowledge the capable assistance of Mr. G. W. Melville, F.F.A., and the efficient service rendered by the staff in carrying out the heavy work of the valuation.

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