

allowances falling due within the ensuing three years without affecting or having recourse to the actuarial reserve appertaining to the contributors' contributions." Section 112 (1) reads, "In the month of January in every year the Minister of Finance shall pay into the Fund and out of the Consolidated Fund, without further appropriation than this Act, the sum of forty-three thousand pounds, together with such further amount (if any) as is deemed by the Governor-General in Council, in accordance with the aforesaid report of the Actuary, to be required to meet the charges on the Fund during the ensuing year."

The only interpretation I can place on these two sections is that the responsibility of determining the State's subsidy devolves on the Actuary, and unless the Governor-General in Council disagrees with the figures in the actuarial report, it is mandatory on the Minister of Finance to make the necessary payments.

Up to 1919 the requirements of the Act as to Government subsidy were more or less complied with, the Act being duly amended from time to time to give effect to the actuarial recommendations, although payment of the increased subsidy was on the average two years late, and no extra payment was made during the war period. From 1919 onwards, however, no action has been taken to give effect to any of the actuarial reports submitted, and for all practical purposes section 112 (1) of the Public Service Superannuation Act is a dead letter.

The valuation of the Teachers' Superannuation Fund is a highly specialized task, additional staff and calculating-machines have to be borrowed from other Departments, and it is discouraging for the Actuary to know in advance that the time and thought spent in dealing with the problems which arise, together with the months of work of the staff, are, for all practical purposes, wasted effort.

If Government considers the annual subsidy too big a price to pay for the benefits of a Teachers' Superannuation Fund, it would be better to face up to the position and reconstruct the Fund in accordance with the State's ability to pay. Such a procedure would at least have the merit of letting teachers know where they stand, and of enabling them, if desired, to make alternative provision for their old age.

32. It is only one step from the continued refusal of the State to honour its statutory obligations to pensioners to discontinue the payment of any subsidy whatever, and, although such a contingency may appear remote, it is interesting and instructive to examine the resulting position of the Fund. For this purpose, it is only necessary to submit the following figures as at 31st January, 1934 :—

	£
Amount of accumulated funds	1,003,185
Amount of contributions paid by contributors still in the Service ..	1,257,724
Capital value of pensions and allowances actually entered upon ..	2,975,900

It will be seen that, if the Fund were put into liquidation on the basis of treating existing pensioners, widows, &c., as preference shareholders with a prior right of having their claims satisfied before the existing contributors shared in the assets, the former would receive only 33·71 per cent. (6s. 9d. in the pound) of their pensions or allowances, thus suffering a cut of 66·29 per cent. (13s. 3d. in the pound), while contributors still in the Service would be unable to recover any contributions paid into the Fund.

If, on the other hand, the Fund were liquidated on the basis of terminating all pensions and of dividing the accumulated funds amongst the existing contributors, the total capital available would pay them only 79·76 per cent. (15s. 11d. in the pound) of their past contributions (without interest) equivalent to the forfeiture of 20·24 per cent. (4s. 1d. in the pound).

How far the Fund has retrogressed will be seen by comparing the above position on hypothetical liquidation with similar figures taken out in connection with the last statutory valuation, and shown on page 25 of the report of the parliamentary Committee set up in 1932 to consider the proposed Government Superannuation Funds Bill.

The figures are important if for no other reason than to show why the Fund should receive an adequate subsidy in the future.

33. As this will probably be the last occasion on which I shall have the privilege of making an actuarial report on the Teachers' Superannuation Fund, I submit in Table VIII of the Appendix a consolidated Revenue Account of the Fund since its inception. I have also prepared the following concise summary of the position of the Fund at the successive dates of actuarial valuation. It will be seen that, for illustrative purposes, the accumulated funds have been regarded as applicable to a hypothetical Pensioners' Account and the balance to a Contributors' Account. This strips the problem of all technicalities and throws the position of the Fund into clear perspective. The table should convince any thoughtful person that reconstruction is urgently needed, unless Government is able and willing to shoulder the enormous liability shown therein.