

main objects sought for will certainly be defeated. Economically speaking, the employee's family is part of himself and unless the fact is recognized, it will react detrimentally on the service of which he forms a part.

12. Superannuated allowances should be determined on the double standard of salary earned by the employee and the period of his service. A closer examination of the question will probably lead to the conclusion that the salary payable throughout the whole term of service is the proper basis to work on.

13. The system should, it is submitted, be compulsory. The large interests involved would justify such a course, just as the good of the community as a whole requires that we all pay taxes. If the system be voluntary, there will inevitably be a certain number of employees who will fail to make any provision for themselves, and it will not help matters if, when the time for retirement comes, they say: "We see now that we made a mistake. What can you do for us? You really must not thrust us out now, unprovided for as we are." And if there is any considerable number of them you can't thrust them out, and what then becomes of your main object—the efficiency of the service? Similar considerations will probably lead to the conclusion that a compulsory age for retirement is also desirable.

14. It being conceded that the benefits of superannuation are reciprocal, it is reasonable to hold that the cost should be contributed on a reciprocal footing; that is to say, the employer and the employee should both contribute. Mr. H. W. Manley, as we have seen, estimated that the net saving to the employer resulting from a well devised superannuation system was almost certainly 5 per cent. of his pay-roll and probably nearer 10 per cent. The employer, then, can afford to contribute. On the other hand, he should not provide the whole cost, because it is not only just but good policy for the employee to bear his share. It gives him a stake in the fund and if, in addition, you give him a share in the management, you will have done something more than set up a mere financial machine. It would be sheer presumption to say that we can fix the exact percentages of cost which the two parties in interest should pay; but the proposition that each should pay an equal share is beginning to find acceptance and is defensible on general grounds. There can, at all events, be no two opinions on the question of having the contributions from all sources adequate for the continued maintenance of the system. The inclusive contribution rates should be carefully worked out so as to provide fully for the entire scheme of benefits, and the rates to be paid by the service fixed accordingly. There may be cases in which a single flat rate of contribution will prove fairly equitable, but in the great majority of cases equity as between individual contributors will require that there be a series of rates based on individual or grouped ages at time of entrance to the fund.

Assuming that the employee contributes, it would be only fair to repay the amount which he has actually contributed, in the event of his being retired without other benefit.

15. As to the question whether a fund should be established separate from the general revenue and funds of the State, my own preference is decidedly for a separate fund, managed by trustees representing both sides. Besides helping to create a more tangible institution, the increased earning power of the funds resulting from careful investment and the greater interest taken by the management and the whole service in superannuation affairs generally, makes this a desirable course.

16. A difficult question is involved in the treatment of the existing