

those provided for under the more comprehensive superannuation schemes of the present day. In this respect the Bill has won general approval. It is, therefore, well worthy of the most careful consideration in respect to cost.

In order to preclude all possibility of misunderstanding as to the precise meaning of the term cost a brief explanation may not be amiss. The cost in any year is the annual addition to liabilities in that year whether or not any actual payments have been made thereunder. It is the lump sum which must be set aside each year the superannuation allowances may be paid as they mature without any additional appropriations. It is, however, quite unnecessary to annually set aside these lump sums. The whole liability may be carried forward as an unknown quantity and liquidated as the superannuation allowances and other benefits do actually mature for payment. Generally speaking, the lump sum to be set aside will increase as the number of contributors increase; but, from year to year, it is found to be a fairly constant percentage of the salaries paid. That is, the cost from year to year is a constant percentage of the salaries payable. This is the most convenient way of expressing it, especially as the contributions of employees will, no doubt, be also expressed as a percentage of salary. The lumps sum for any future year cannot of course be known, as the total salary payments cannot be known. A rough approximation could be made for some few years to come, if any good purpose could be served thereby. This, however, does not appear to be the case. If the cost can reasonably be undertaken now it can be borne with even greater ease when the salary payments will have doubled or trebled, for the business of the country will have increased in still greater proportions. There can be no more necessity for knowing the sum which will have to be set aside

ten or twenty years hence than there is for knowing the amount of salaries which will then be payable. Thus, then the determination of the cost is simply the determination of the constant percentage already referred to.

The undersigned has made lengthy calculations in respect to cost for future entrants to the service. In doing so careful consideration was given to every feature which seemed material to the problem. Money was assumed to accumulate at 4% per annum. This is a somewhat low rate, but there is a convenience in adopting it as it is, practically the rate at which the Retirement Fund has been accumulated, the actual rate being 4% compounded half-yearly. A large number of possible civil service careers as to promotions and statutory increases were made the basis of calculation, the exceptional cases as well as the average being taken into account. In view of the results thus deduced the undersigned is satisfied that for future entrants to the Third Division the total annual cost will be about 9% of salary, and for entrants to the higher divisions about 11% of salary. These calculations were made some months ago and without any accurate knowledge of what the cost for these benefits would be. The results are corroborated in a most satisfactory manner by the estimates of cost submitted (confidentially) by the Bank of ———, in respect to their superannuation scheme. Their estimate is 11%. The benefits under their scheme are, however, slightly greater than under the proposed Bill inasmuch as the option of retirement may be exercised at a slightly younger age, and the benefits to children are perhaps a little more favourable. Therefore, the undersigned feels satisfied that the above estimates are on the safe side.

An explanation may be needed as to the lesser cost in the case of the Third Division. The superannuation allowances depend on the salary at