

With reference to (b) above, the following statement compares the number of contributors and total salaries and the number of pensioners and total pensions with the corresponding figures of the previous valuation:—

	Previous Valuation.	Present Valuation.	Increase.
Number of contributors	5,016	6,852	1,836
Total salaries	£1,265,772	£1,855,500	£589,728
Number of pensioners	785	1,078	293
Total pensions	£63,404	£118,508	£55,104

11. Section 38 (2) of the Act requires the report to be so prepared as to show “the probable annual sums required by the fund to provide the retiring and other allowances falling due within the ensuing three years, without affecting or having recourse to the actuarial reserve appertaining to the contributors’ contributions.”

The contributions are insufficient to provide the full benefits for service after joining the fund, and consequently it is assumed that the principle underlying the section is that the State should pay for pensions arising out of service before joining the fund and for such part of the pensions arising out of subsequent service as is not covered by the contributors’ contributions. The estimated sums payable for pensions, the amounts purchased by contributions, and the subsidies payable on this basis during the three years succeeding the valuation date are as follows:—

Required for	1924-25.	1925-26.	1926-27.
	£	£	£
Estimated normal pensions	127,888	135,718	144,490
Deduct amount provided by contributions	30,700	33,815	37,822
Subsidy required	97,188	101,903	106,668

12. The above figures would give for the years 1924-25, 1925-26, and 1926-27 an average subsidy of £102,000 per annum, or £34,000 more per annum than is at present being paid. The following considerations, however, must be taken into account:—

- The actuarial recommendations made in the past in pursuance of the Act have not been fully carried out, the actual payments into the fund to the 31st January, 1924, being short by £213,251 of the amounts recommended. From Table IX of the appendix it will be seen that this shortage accumulated at 4 per cent. interest to the end of this year amounts to £314,324, and I consider that at least £15,000 per annum will require to be added to the future subsidies on this account.
- The inclusion since the valuation date of house allowance, &c., in computing contributions and pensions will entail a further special addition to the Government subsidy to the fund, and I consider that an additional subsidy of £54,000 or £18,000 annually during the triennium will be required in this connection.
- The State subsidy should also provide year by year the amount charged to the Superannuation Fund in administration expenses, less possibly the amount of commission due in connection with investments which might be regarded as a deduction from interest. I consider that since the fund requires the assistance of a subsidy the interpretation of section 38 (2) of the Act is that expenses amounting to, say, £2,000 per annum should form part of the subsidy, since they are not provided for by the employees’ contributions.

13. I have accordingly to report that the annual subsidy required for each year of the period ending 31st January, 1927, is as follows:—

Subsidy now being paid	£ 68,000
Further annual subsidy required—	£
Paragraph 12	34,000
Paragraph 12 (a) above	15,000
Paragraph 12 (b) above	18,000
Paragraph 12 (c) above	2,000
	<u>69,000</u>

Total annual subsidy required for the years 1924-25, 1925-26, 1926-27 .. £137,000

When making provision for this annual subsidy it is important to see that it is back-dated to 1924, and that interest of 4 per cent. is added to any portion paid late.