

I estimate the pensions falling due during the financial years 1930-31, 1931-32, and 1932-33, the amounts provided by the contributions, and the subsidies payable on the basis laid down by the Act, to be as follow :—

	1930-31. £	1931-32. £	1932-33. £
Estimated pensions	385,447	394,189	406,900
Amount provided by contributions	141,180	147,362	155,060
Amount due to be paid by the State in respect of the three years mentioned (but see also next paragraph)	244,267	246,827	251,840

20. The above figures would give for the years 1930-31, 1931-32, and 1932-33 an average subsidy of approximately £248,000 per annum, or £162,000 more per annum than is at present being paid. The following considerations, however, must be taken into account :—

- (a) 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 March, 1930, being short by £1,301,000 of the amounts recommended. From Table X of the Appendix it will be seen that this shortage, accumulated at $4\frac{1}{2}$ per cent. interest to the end of this year, amounts to £1,776,357, and I consider that at least £80,000 per annum will require to be added to the future subsidies on this account.
- (b) 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. The payment of expenses from the fund is a definite departure from the original scope of the superannuation scheme, and my interpretation of section 49 (2) of the Act is that expenses amounting to say £4,000 per annum should form part of the subsidy.

21. I have therefore to report that in accordance with the system laid down by the Act the annual subsidy required for each year of the period ending 31st March, 1933, is as follows :—

	£
Subsidy now being paid	86,000
Further annual subsidy required—	£
Paragraph 20	162,000
Paragraph 20 (a)	80,000
Paragraph 20 (b)	4,000
	246,000
Annual subsidy required for the years 1930-31, 1931-32, and 1932-33 ..	£332,000

When making provision for this annual subsidy it is important to see that it is back-dated to 1930, and that interest at the rate of $4\frac{1}{2}$ per cent. per annum is added to any portion paid late.

22. In my last actuarial report I drew attention to the method laid down by the Act of arriving at the State's subsidy, and suggested in lieu thereof an automatic basis which, although requiring increased payments at the outset, would minimize the rate of increase in future subsidies.

It is not necessary to add anything further to the remarks made in that report, beyond pointing out that the suggested subsidy of 8 per cent. of the salary roll would now need to be increased by reason of the short-payment in subsidies during the intervening three years.

23. Should it be desired to go further than I have indicated so as to more rapidly redeem the deficiency, a higher subsidy could be fixed or alternatively, the fund could be strengthened by suitable amendments to the Superannuation Act. For example, the following alterations in the scheme would considerably lessen the liabilities of the fund without unduly prejudicing contributors :—

(a) Modify the present right of members to retire by length of service by restricting it to those who have attained a specified age—*e.g.*, age 60 in the case of males, and age 55 in the case of females—and also increase by 5 years the minimum age or length of service at which a female contributor has the right to retire. To enable the matter to be more readily visualized I have set down side by side the present position and that proposed :—

Present Rights.		Proposed Rights.
	<i>Males.</i>	
(i) After age 65.		(i) After age 65.
(ii) After forty years' service.		(ii) After age 60 if combined with forty years' service.
(iii) At any age if medically unfit.		(iii) At any age if medically unfit.
	<i>Females.</i>	
(i) After age 55.		(i) After age 60.
(ii) After thirty years' service.		(ii) After age fifty-five if combined with thirty-five years' service.
(iii) At any age if medically unfit.		(iii) At any age if medically unfit.