

(b) Section 8 of the Finance Act, 1931, gave to all contributors whose salaries were "cut" in accordance with the general reductions the option to protect their superannuation rights by continuing to contribute and receive pensions based on not less than the pre-cut salaries, or, alternatively, to pay contributions and have pensions based on actual salaries, in which latter case contributions paid in the past on any salary in excess of the amount to which the salary was "cut" were in effect refunded to the contributor as they were applied, until exhausted, by the Superannuation Board in reduction of contributions thereafter becoming payable. This latter gesture was too generous inasmuch as some deduction should have been made for the cost of covering the liability in respect of the contributor retiring medically unfit.

(c) Section 9 of the National Expenditure Adjustment Act, 1932, as amended by sections 24 and 25, Finance Act, 1932-33 (No. 2), dealt with the position caused by the second salary "cuts" in a manner somewhat similar to (b) above, but introduced a new element as regards the contributions paid in the past on "excess" salaries by those officers who elected to contribute in future on actual salaries, as it was provided that such excess payments should be held by the Superannuation Board to the credit of the contributor and paid to him on the date of his retirement or his earlier death. This provision is obviously a compromise, and like most compromises will not stand examination. In effect, it provides that the younger the contributor the more heavily is his refund subjected to the operation of discount. Actually the reverse should be the case, since there need be very little deduction (if any) in the case of the youngest contributors, as the risk to the Fund of having to provide a medically unfit benefit at such ages is negligible, and is offset by the interest on the "excess" contributions. As the member's age increases so does the risk of retiring medically unfit call for a larger deduction from the contributions, till an age is reached where the Fund is liable to make a loss if any portion of the "excess" contributions is refunded. While I am definitely of opinion that the option of a refund of "excess" contributions should never have been allowed, Government granted it in full in 1921 and 1931 and tacitly conceded the principle in 1932, the only difference being that the contributor is in effect deprived of interest on such refund. Under the circumstances, and in view of the protests and representations made by staff organizations that the refunds should be made immediately and applied in reduction of future contributions, I deemed it advisable to make in the valuation a special reserve of £30,000 approximating to the full amount of such "refunds." This overstates the liability, but the amount involved is small compared to the total liability of the State.

(d) The New Zealand Debt Conversion Act, 1932-33, and the Local Authorities Interest Reduction and Loans Conversion Act, 1932-33, had the effect of substantially reducing the interest-yields on Government securities and local-body debentures as from the 1st April, 1933. It is gratifying to note, however, that, for the quadrennium under review, Treasury made a special subsidy to the Fund in respect of reductions in the interest income from these classes of securities.

PARTICULARS OF VALUATION.

5. The contributions and benefits provided by the Act, together with statements showing the progress of active membership, discontinuance of membership from various causes, the progress of pensions for each year, and the pensions granted during the quadrennium, with the ages at which they were granted, will be found in Tables I to IV of the Appendix to this report. The number of contributors at the date of the valuation, with their ages, salaries, and contributions, are shown in Table V.

PENSIONERS.

6. At the valuation date there were 1,542 pensioners with annual pensions of £289,550 2s., and I submit hereunder an analysis of the pensions under four main headings, namely:—

- (a) Normal pensions payable in respect of officers who retired as of right on completion of the statutory period of service or attained the statutory retiring-age.
- (b) Medically unfit pensions, payable to those who broke down in service.
- (c) Actuarial pensions, payable in respect of those compulsorily retired within five years of normal retirement.

(d) Pensions under the extended provisions of the Act.

						Annual Amount of Pension.		
						£	s.	d.
Males—								
					Number.			
Normal pension	..	..	..	..	369	117,790	13	0
Medically unfit pension	..	..	..	..	92	15,792	8	0
Extended provision of the Act	..	..	..	..	100	20,564	18	0
Totals	..	..	..	..	561	154,147	19	0
Females—								
Normal pension	..	..	..	..	765	113,312	0	0
Medically unfit pension	..	..	..	..	84	7,018	15	0
Actuarial pension	..	..	..	..	16	1,060	15	0
Extended provision of the Act	..	..	..	..	116	14,010	13	0
Totals	..	..	..	..	981	135,402	3	0
Grand totals	..	..	..	..	1,542	£289,550	2	0