Public Service Superannuation.

In previous reports we have referred to what we consider defects in the provisions for superannuation to public servants. In our opinion, the outstanding matters which require consideration are:

(*a*) The removal of the pension limitation of £300 per annum which applies to all officers joining the Service after the 24th December, 1909:

(*b*) The provision for joint life and survivor pensions in the case of married officers:

(*c*) The calculation of the retiring-allowance on the average salary for the last ten years of service instead of three years as at present.

In regard to (*a*), it is obvious that dissatisfaction is caused by the provision that officers joining subsequent to 24th December, 1909, are compelled to contribute to the Fund on the basis of their full salary while their pension is limited to £300, irrespective of the value of their contributions. Another and more serious effect of the limitation is in the matter of obtaining professional officers and experts to fill some of the higher positions in the Service—*e.g.*, Medical Officers of Health, Medical Superintendents of Mental Hospitals, actuaries, scientific officers, veterinarians, and others. It has been found by experience that many prospective applicants do not proceed with their applications when they ascertain that their maximum pension on retirement from the New Zealand Public Service would be £300 per annum, and, moreover, that they would be required to pay contributions based on the actual salary received.

In regard to (*b*), in the event of an officer dying his widow's pension is limited to £31 per annum. It has been suggested that in such cases it would not be unreasonable to allow contributors the option of exchanging the normal retiring pension for a joint life and survivor pension payable till the death of the last survivor, husband or wife, or, alternatively, a pension payable to the husband and automatically continuing on half-rates to his widow. The position may be somewhat improved under the proposed social-security legislation.

In regard to (*c*), it is suggested that the final average salary basis on which superannuation allowances are calculated should be increased from three to ten years. Actually the method of computing pensions fairest to all officers would be to use the average salary for the whole period of service, which is equivalent to basing pensions on actual contributions to the Fund. This would not necessarily mean reducing the average pensions of officers, as the present rate of one-sixtieth for each year of service would, in an average pension scheme, be increased, say, to a rate of one-fiftieth or even to one-fortieth according to the other benefits and the contribution scale.

Departmental Examinations.

In continuation of the system of holding annual departmental examinations, mention of which was made in the last report, to enable officers to qualify under Public Service Regulation 201 for higher positions in the Service, examinations were held in October, 1937, in twenty-one centres. There were eighty-two candidates, of whom thirty-six were successful in passing. In addition, a special examination was held at several centres in March last for Draughtsmen of the Public Works Department. Twenty-three officers elected to sit, and sixteen obtained a pass.

Seven Inspectors of Factories sat for a qualifying examination for promotion within the Labour Department. Three gained passes and one a conditional partial pass. In connection with examinations held for officers of the Lands and Survey Department twenty candidates presented themselves for examination in the Second-class Computers' Examination. Three were successful. Seventeen sat for the Draughtsman's Examination, three of whom obtained First-grade passes and two Second-grade passes. The departmental examination for officers of the Land and Income Tax Department was held again this year. Of the twenty-four officers who sat for the senior examination, twelve obtained a pass. Six officers sat for the junior examination and qualified for a pass.