

PUBLIC SERVICE SUPERANNUATION.

For some time past Commissioners have felt it incumbent upon them to animadvert upon some of the grave detractions of the superannuation scheme that is available to Public Servants. I feel compelled to mention these again in this report, as it is considered that there are at least three aspects of the existing scheme that call for improvement not only in fairness to the contributors, but also to enhance the attractiveness of the Public Service as a career. The three matters I have in mind are :—

(a) The removal of the Pension Limitation of £300 per annum which applies to all Officers who joined the Service after the 24th December, 1909.

Not only is the smallness of the ultimate amount that an officer may receive in issue, but the fact that officers who joined the Service since the 24th December, 1909, are required to contribute on the full amount of their salary. To illustrate, an officer may earn a pension of £300 if at the end of forty years' service he has been receiving an average salary of £450 for the last three years of his service. Yet an officer appointed subsequent to 24th December, 1909, may have been receiving £750 and upwards for, say, twenty years and yet have to pay on the whole of that sum and then not be capable of drawing an annuity on a greater sum than £450. The injustice of this is so palpable as not to admit of any extenuation.

It is also a strong deterrent to the recruitment of professional and specialist officers joining the Service in their maturer years, and consequently having to pay an annual premium higher than the basic rate. With the pension limitation they cannot look forward to a retiring allowance which will maintain them in anything approaching the same standard of living to which they will have been accustomed. Moreover, in the interim they will have been mulcted for contributions on the amount of salary which would provide a pension adequate to meet their needs. It is difficult enough to encourage this class of officer to join the Public Service, particularly from overseas, without this added detraction. It is a common experience that men with special qualifications, for whom we are anxiously searching, lose all interest in the New Zealand Public Service on being informed of the superannuation conditions.

(b) The Provision for Joint Life and Survivor Pensions in the Case of Married Officers.

On the death of an officer the pension for his widow is limited to £31 per annum. It has been repeatedly suggested that in such cases it would not be unreasonable to permit contributors the option of exchanging the normal retiring pension for a joint life and survivor pension payable to the death of the last survivor whether it be husband or wife, or, alternatively, a pension payable to the husband and continuing on his decease at half-rates in favour of his widow. While the Social Security Act has improved the lot of the widow, there is still much cause for anxiety on the part of husbands who desire to see their wives reasonably provided for and who are, without prejudicing the Common Fund, willing to adjust their personal pension to secure their wife's future.

(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.

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.