

or pensioner's widow, who is not necessarily his present wife, but this contingency could hardly be allowed for without further experience, and under the proposed arrangement the increased annuity would only be payable should the existing wife be the survivor.

The following example shows the relative values of an annuity to a man aged 65 and a reversionary annuity to his wife, assuming various ages and using the British Offices Life Annuity Experience with  $3\frac{1}{2}$  per cent. interest.

Value of an annuity of £100 per annum to a man aged 65, £930.

Age of Wife.	Value of Annuity of £34 (£52-£18) to Wife, commencing on the Death of Husband.		Reduction in Pension necessary to produce the Annuity to Wife.	
	£		£	
60	...	150	...	16
50	...	231	...	25
40	...	302	...	33
30	...	365	...	39

The age of the wife would therefore have a very material effect on the transaction.

17. *Paying for an Increase in the Annuity to the Widow by an Increased Contribution.*—The cost, as I have already shown, depends in individual cases on the state of health of the husband and the age of the wife (if any); but on the assumption that all male contributors are compelled to pay the increased contributions, whether they are married or not, the cost per cent. of salary would be as follows :—

Age.	Premiums to be returned on Death or Withdrawal.		Premiums not to be returned.	
	Percentage of Salary.		Percentage of Salary.	
15	...	1·166	...	·766
20	...	1·343	...	·926
25	...	1·649	...	1·206
30	...	2·035	...	1·588
35	...	2·459	...	2·029
40	...	2·936	...	2·544
45	...	3·620	...	3·274
50	...	4·864	...	4·561
55	...	7·787	...	7·141
60	...	14·551	...	14·396

18. *Paying the Cost of the Increase out of the Consolidated Fund.*—The value of the prospective pensions to widows of £18 per annum is £315,254, while the value of the pensions granted is £28,085, making a total of £343,339, and an additional £34 per annum would add £648,529 to the present liability.

19. *Increase of Allowance on Retirement as medically unfit.*—If a minimum pension is decided on, as has been proposed, I think it should apply to all cases of retirement, whether for ill health, old age, or length of service—in fact, the vast majority of the small pensions have been granted for retirements in the ordinary course under section 35. A minimum pension of £52 has been suggested for all classes of retirement, and under the Education Act, 1908, section 233, this forms part of the benefits for original members who have elected to remain subject to the provisions of that Act instead of accepting the more liberal benefits under the Public Service Classification and Superannuation Amendment Act, 1908. Of the current pensions payable out of the Public Service Superannuation Fund, 135—viz., 116 males and 19 females—are under £52 per annum, of which 108 have been granted for old age or length of service and 27 for ill health, and the additional cost of bringing these up to £52 would be £2,776 19s. 8d. per annum; capital value, £22,719. The additional capital cost of increasing future pensions to a minimum of £52 per annum would be about £76,242, making a total increase in the liabilities of the fund of £98,961.

As the scheme embraces all classes of public servants, many of whom have entered late in life, while others do not devote their whole time to the service, there are a number of contributors, whose salaries will probably never reach the amount of the proposed minimum pension of £52 per annum. An absolute minimum applying to all cases is therefore impossible. For example, the following cases appear amongst other small salaries in the data supplied for females :—

Contributor.	Age at 31st December, 1913.		Salary.	Service.
No. 6678	...	59	£15	12 years.
No. 2716	...	65	£50	3 years.

and the introduction of a minimum pension would enable these contributors to retire at once on allowances in excess of their present salaries.

Another point is that retirements for ill health, such as incipient phthisis, are not infrequently made with a view more to remove the risk of infection to other members of the staff than to the absolute inability of the officer to perform his duties, and his earning-capacity outside the Public Service may not be seriously impaired. If in view of the increased liability a minimum pension would entail, it is still considered advisable, I would suggest that in lieu thereof the Board be given power to increase pensions up to £52 per annum, and not exceeding two-thirds of the annual salary, taking into account the particular merits of each individual case. Thus salary, length of service (whether wholly or partially employed in the Public Service), the loss of earning-power, and the number of dependants, &c., could all be given their due weight and