

1403. In the principal Act of 1907 qualifications for the right to retire were as follow :—

Males at ages not less than 65, or after forty years' service.

Females at ages not less than 55, or after thirty years' service.

But there was a provision giving the Minister in Charge of the Department to which the contributor belonged power to extend the provisions of the section to any case in which the age of the male contributor was not less than sixty years or the age of the female contributor was not less than fifty years.

1404. This was further extended by section 7 of the Public Service Classification and Superannuation Amendment Act, 1909, to any case in which the age of a male contributor is not less than fifty-five years, if his length of service is not less than thirty years, or to any case in which the length of service of a contributor is not less than thirty-five years. The amendment gave the Minister power to impose upon retiring contributors such terms and conditions as to payment into the Fund or otherwise as he deemed fit. In the case of this Fund the power to prescribe special terms and conditions in respect of early retirement has, so far as we can ascertain, been rarely, if ever, exercised. The effect is that the Fund has had to assume liability for annuities calculated on the actual length of service of contributors having thirty-five or more years of service who have been compulsorily retired, and no adjustment has been made for the increased liability on the Fund by reason of these retirements taking place at earlier ages than would normally be the case. It is difficult to understand why the provisions of the Act under which special conditions could have been imposed, and the strain on the Fund thereby lessened, have been so consistently ignored. No doubt the easier and more pleasant course has been taken of paying retiring-allowances based on years of service only, without regard to the increased liability on the Fund. The adverse position of the Fund to-day is largely due to this policy of early retirements.

1405. Summarized, the qualifications for retirement now are :—

Males—

Of right—

Forty years' service.

Sixty-five years of age.

With Minister's consent—

Sixty years of age.

Thirty years' service and age not less than fifty-five.

Thirty-five years' service.

Females—

Of right—

Thirty years' service.

Fifty-five years of age.

With Minister's consent—

Fifty years of age.

1406. In 1921, a year in which there was retrenchment in the Public Service, section 28 of the Finance Act, 1921–22, reading as follows, was brought into operation—

1407. “(1) While this section remains in force every male contributor to the Public Service Superannuation Fund shall, subject to the provisions of this section, be entitled, on his compulsory retirement from the Public Service through no fault of his own, to receive from the Fund an annual retiring-allowance at a rate computed in the manner prescribed by section thirty-five of the Public Service Classification and Superannuation Act, 1908” [now section 26 of the 1927 Act]—

“ (a) Whose age is not less than fifty-seven years ; or

“ (b) Whose age is not less than fifty-two years, if his length of service is not less than twenty-seven years ; or

“ (c) Whose length of service is not less than thirty-two years.

1408. “(2) The right to receive a retiring-allowance by virtue of this section shall be subject to such conditions as to payment into the Fund or otherwise as the Board, with the approval of the Minister of Finance, may, in any case prescribe.

1409. “(3) No retiring-allowance granted by virtue of this section shall exceed the annual rate of three hundred pounds.

1410. “(4) This section shall be deemed to have come into operation on the first day of July, nineteen hundred and twenty-one, and shall continue in force until the thirty-first day of December, nineteen hundred and twenty-two, and no longer, save that the expiry of this section shall not affect the continuance of any retiring-allowance granted thereunder.”

1411. Legislation which lessens the qualifications for retirements without providing for the actuarial equivalent of a deferred annuity must load the Fund with liabilities earlier than anticipated, and also increase the amount required as subsidy. **We find, however, that the potential liabilities on the Fund have been added to from time to time without provision being made to meet these additional liabilities.**

1412. For every year of service a contributor, on qualifying for retirement, is entitled to receive one sixtieth part of his or her average annual salary during the three years preceding retirement and for every fraction of a year of service a proportionate part of one sixtieth of his or her annual salary ; but in no case does the retiring-allowance exceed two-thirds of such average “final” salary.