

- (3) An absolute statutory right to retiring-allowances to be conferred on Government employees, provision being made for payment thereof without further appropriation :
- (4) The control and administration of the existing funds to be unified under one authority.

It is stated, however, that before the legislation is introduced, opportunity will be afforded to those affected to make representations.

As the ultimate pension bill for the whole of the State Services may be expected to be not less than £2,000,000 per annum, I consider it necessary to sound a note of warning as to the danger of departing from the fundamental principles of any contributory pension scheme. As far as I am aware, all contributory schemes are based on the accumulation of capital funds from which the deferred liabilities are met as they emerge. It is only in non-contributory schemes that no attempt is made to capitalize future liabilities.

The present proposal will, undoubtedly, involve the Government in rapidly increasing expenditure. The present State subsidy to the three funds is £427,000 per annum (inclusive of special subsidies to widows and orphans, and to offset the reduction in interest due to the National Expenditure Adjustment Act, 1932), and it is proposed to discontinue this payment. The cost to the State of the new proposal will commence at £627,000 per annum, but will ultimately rise on the present basis to an amount in the neighbourhood of £1,500,000 per annum. This is a large annual payment, and I am afraid that if there were any financial stringency the Government of the day might deem it necessary or expedient to seriously curtail pensions.

If the employee makes no contributions he is not entitled to any voice in the method by which payment of his pension is secured, but where he does make regular contributions he will naturally prefer that they should go to a fund in regard to which he has some say as to its administration.

The Service is very perturbed about the whole superannuation question, and I think the last thing to which it would agree would be any proposal by which it lost control of its own funds.

It is admitted on all sides that some of the provisions of the various superannuation schemes are too generous—*e.g.*, options as regards early retirement, &c.—and no exception would be taken to any necessary tightening-up in this direction. The main objection to the Bill raised by the annuitants and others was the moral breach of faith or contract involved. This objection should not be insurmountable, and it is hoped that the representatives of the Services will give further consideration to this question as it is in their own interests to have stable Superannuation Funds.

FURLOUGH.

The provisions of the Public Service Regulations are liberal in the matter of furlough. It is provided—

“The Commissioner may grant to any officer of at least ten years’ continuous service twelve months’ leave of absence, and to any officer of less than ten years’ continuous service any time not exceeding six months’ leave of absence, in each case on half-salary. Any annual increment becoming due during such absence shall not be payable until the officer resumes duty ; but, when he resumes, the increment shall commence and be payable as from the date of the resumption and shall be added to his salary, and the next increment shall be payable one year after the date on which the preceding increment would have become due if no leave of absence had been granted.”

In view of financial conditions, furlough privileges have been curtailed for some years. It is only on special conditions that this privilege is granted, and it is granted in few cases only. I am of opinion it would be of advantage to extend gradually the existing privileges to certain of our younger officers provided they were obtaining the privilege for the purpose of improving their knowledge in connection with the work in which they are engaged, and subject to the condition that they remained in the Service for at least five years after their return to duty.