

1933.
NEW ZEALAND.

PUBLIC SERVICE SUPERANNUATION BOARD

(TWENTY-FIFTH ANNUAL REPORT OF THE), WITH ACCOUNTS, FOR THE FINANCIAL YEAR
ENDED 31st MARCH, 1933.

Presented to Parliament pursuant to the Provisions of the Public Service Superannuation Act, 1927.

REPORT.

THE Board has the honour to submit the following report upon the transactions in connection with the Public Service Superannuation Fund:—

The Revenue Account, balance-sheet, and statements regarding membership and retiring and other allowances will be found appended.

Contributors.—The number of new contributors who joined the scheme during the year, and other particulars, are contained in the following table:—

Rate per Cent. of Contribution as provided by the Act.	Number.			Annual Salary.	Annual Contributions.
	Male.	Female.	Total.		
5	141	199	340	£ 31,598 6 8	£ 1,579 18 4
6	13	12	25	4,934 11 8	296 1 6
7	5	1	6	1,330 0 0	93 2 0
8	1	2	3	433 15 0	34 14 0
9	1	..	1	271 5 0	24 8 3
10	..	..	..	..	..
Transferred from other funds	5	4	9	2,203 13 4	110 3 8
Totals ..	166	218	384	40,771 11 8	2,138 7 9

The following table contains particulars of the public servants who were contributing to the fund on 31st March, 1933 (after allowing for deaths, retirements, and withdrawals), grouped according to their respective rates of contribution:—

Rate per Cent. of Contribution as provided by the Act.	Number.			Annual Salary.	Annual Contributions.
	Male.	Female.	Total.		
5	12,202	1,957	14,159	£ 3,306,465 1 8	£ 165,323 5 1
6	1,342	148	1,490	424,290 12 6	25,457 8 9
7	852	94	946	273,078 15 0	19,115 10 3
8	418	47	465	137,611 9 2	11,008 18 4
9	124	14	138	42,251 5 0	3,802 12 3
10	18	3	21	5,928 10 0	592 17 0
Totals ..	14,956	2,263	17,219	4,189,625 13 4	225,300 11 8

Retiring and other Allowances.—Pensions for £40,575 3s. per annum were granted during the year as follows: For age or length of service, £32,179 10s. to 131 members (108 male and 23 female members); for medical unfitness for duty, £3,776 1s. to 28 members; to 4 contributors retired under the provisions of section 14, Finance Act, 1931, £470 12s. per annum; to widows and children of deceased members, £2,511 per annum to 81 widows, and £1,638 per annum to 63 children.

Under section 114 of the Public Service Superannuation Act, 1927, the statutory allowances to widows and children were increased from £18 to £31 per annum, and from 5s. per week to 10s. per week respectively. The additional expenditure on this account is recovered from the Consolidated Fund.

Those officers who retired during the year and who possessed compensation rights under the Civil Service Act, 1866, would have been entitled to receive the sum of £803, the amount of compensation accrued to the date when they joined the Superannuation Fund had they not become participants in the benefits of the fund. The total amount of such compensation for which the fund became liable since the initiation of the scheme is £560,574. To this amount must be added accretions to the date of retirement, approximately £140,000, for which the Consolidated Fund would otherwise have been liable, and the whole may be fairly set against the total subsidies paid to the fund during the past twenty-five years, amounting to £1,944,657.

One hundred and nine retiring or other allowances were discontinued by death, and sixty-two for other causes—viz., four widows remarried, and fifty-eight children reached the age of fourteen.

The annual amount payable at the close of the year was £482,591 7s. 1d., as shown in the statement attached.

Income.—The total income for the year was made up as follows:—

	£
Members' ordinary contributions	226,867
Subsidy, Cook Islands and Samoan Administration	650
Contributions from Government	140,388
Fines, &c.	302
Interest	166,814
Total income for year	£535,021

Outgo.—The pensions paid during the year to contributors who have retired and to dependants of deceased contributors amounted to £472,287 12s. 9d.—viz., £435,370 6s. 6d. to members, and £36,917 6s. 3d. to widows and children.

Refunds of contributions to contributors who have left the Service amounted to £33,425 6s. 11d., while the refunds under section 42 to personal representatives of deceased contributors and annuitants amounted to £8,766 10s. 7d.

Ten contributors who were retired elected to accept a refund of their contributions under section 34, amounting to £3,153 0s. 3d., in lieu of retiring-allowances.

Two contributors were transferred to another fund in accordance with the provisions of section 120, and their contributions, amounting to £239 14s., were accordingly transferred to such fund. The salaries of the staff and other office expenses were £2,223 8s. 8d. and £1,863 11s. 5d. respectively. The total outgo for the year was £525,640 0s. 6d.

Accumulated Funds.—These amounted at the end of the year to £2,897,415 3s. 1d.

Balance-sheet.—On the 31st March the total assets of the fund, which include provision for the outstanding accounts, amounted to £2,982,049 18s. 9d. The balance-sheet appended gives full particulars as to the liabilities and assets.

Investment of the Fund.—The total investments of the fund at each rate of interest were as follows:—

	£	s.	d.	£	s.	d.
Inscribed stock—						
5 per cent.	46,000	0	0			
5½ per cent.	30,000	0	0			
5¼ per cent.	236,000	0	0			
5½ per cent.	182,350	0	0			
				494,350	0	0
Rural advances bonds—						
5 per cent.				236,155	10	0
Rural intermediate credit bonds—						
5½ per cent.				29,000	0	0
Debenture securities—						
4½ per cent.	9,000	0	0			
5 per cent.	34,102	12	7			
5¼ per cent.	17,523	0	0			
5½ per cent.	7,700	0	0			
5¾ per cent.	6,681	15	9			
6 per cent.	454,640	4	7			
				529,647	12	11
Mortgage securities—						
5 per cent.	1,589	1	10			
5½ per cent.*	6,581	8	8			
6 per cent.*	1,503,007	1	4			
6½ per cent.*	26,925	0	8			
				1,538,102	12	6
				£2,827,255	15	5

* Subject to a reduction of 20 per cent. but not to be reduced below the rate of 5 per cent. per annum, Part III, National Expenditure Adjustment Act, 1932. A special payment into the fund was made by the Treasury (amounting to £15,517 3s. 10d.), being the amount of the reduction in the interest rate.

The above total includes £23,685 14s. 5d. invested on Stipendiary Magistrates' account.

The average rate of interest earned for the financial year on the mean funds was £5 18s. 9d. per centum. In this connection it must be understood that the amount of interest due and outstanding and interest accrued but not due at the balance date is taken into account in arriving at the before-mentioned rate. Reference to the balance-sheet discloses that the sum of £59,505 14s. 10d. is overdue on mortgage securities. There is no doubt the Courts, acting under the powers contained in the Mortgagors Relief Act, 1931, and its amendments, and on the recommendation of Mortgagors' Liabilities Adjustment Commissions, will write off a considerable amount of the outstanding interest, and in addition will order the rate of interest to be reduced. The average rate of interest that the fund will earn in the near future will be considerably reduced, for, in addition to the remission of interest, the rate of interest on Government securities and local-body debentures has been reduced by statute.

Progress of the Fund.—The following table illustrates the position of matters in relation to the fund since its inception :—

	Year ended 31st December,		Year ended 31st March,		
	1908.	1916.	1924.	1931.	1933.
Total number of contributors	7,235	13,313	15,021	18,197	17,219
Total amount contributed annually ..	£79,831	£141,844	£217,692	£270,316	£225,300
Interest received	£1,295	£42,314	£113,608	£162,888	£166,814
Number of pensions and allowances payable	122	1,233	2,362	2,953	3,515
Annual value of retiring and other allowances payable	£8,881	£88,392	£251,894	£383,923	£482,591
Total amount of contributions refunded ..	£484	£23,391	£53,303	£40,754	£45,345
Expenses of administration	£890	£2,318	£6,229	£8,418	£7,620
Total amount of accumulated fund ..	£71,481	£896,568	£2,039,043	£2,917,154	£2,897,415

GENERAL.

Important legislation affecting the fund has been passed by Parliament.

1. *Saving of Rights of Contributors to Superannuation Funds.*—Section 9, National Expenditure Adjustment Act, 1932, as amended by sections 24 and 25, Finance Act, 1932-33 (No. 2), provides as follows :—

(1) Every person whose rate of salary is reduced by this Part of this Act and who is a contributor to the Public Service Superannuation Fund, or the Teachers' Superannuation Fund, or the Government Railways Superannuation Fund, may, by notice in writing to the Secretary of the Board charged with the administration of that Superannuation Fund, given on or before the thirty-first day of May, nineteen hundred and thirty-three, elect to continue to contribute to the fund as if his salary had not been so reduced; and every person so electing and contributing shall be entitled on retirement to a retiring-allowance (if any) of the same amount as that to which he would have been entitled if his salary had not been reduced by this Part of this Act :

Provided that in the case of any such person who at the thirty-first day of March, nineteen hundred and thirty-two, is, pursuant to an election made by him under section eight of the Finance Act, 1931, contributing to any such fund on the basis of a higher rate of salary than that actually being received by him on that date, such person may elect, pursuant to this section, to continue to contribute to such fund on the basis of such higher rate, or to contribute on the basis of his salary as at the thirty-first day of March, nineteen hundred and thirty-two, and on retirement his retiring-allowance (if any) shall be calculated accordingly.

(2) Where a contributor does not make an election pursuant to this section, or makes an election pursuant to the proviso to the last preceding subsection to contribute on the basis of his salary as at the thirty-first day of March, nineteen hundred and thirty-two, the amount of contributions deducted (whether before or after the passing of this Act) from his salary in respect of the difference between the rate on the basis of which he contributes as from the first day of April, nineteen hundred and thirty-two, and any higher rate on the basis of which he had theretofore been contributing to any of the aforesaid superannuation funds, shall be held by the Superannuation Board for the credit of the contributor, and shall be payable to him on his retirement in addition to his retiring-allowance (if any), or, in the event of his death, without having received payment under this subsection, shall be payable, without election, to the person entitled to receive or to elect to receive a refund of the amount of the deceased contributor's contributions :

Provided that in the case of a contributor retiring before the first day of April, nineteen hundred and thirty-five, the amount to be held for his credit as aforesaid shall not exceed the total amount paid by him as contributions to the appropriate superannuation fund on the difference between the rate on the basis of which his retiring-allowance is based, and any higher rate on the basis of which he had been contributing as aforesaid to such superannuation fund.

2. *State Subsidy*.—Section 16, Finance Act, 1932 (No. 2), makes provision for an increased subsidy to the fund.

For the year ending the thirty-first day of March, nineteen hundred and thirty-three, all sums which if this section had not been passed would have been payable into the Consolidated Fund, pursuant to section twenty of the Finance Act, 1927 (No. 2), shall, without further authority than this section, be paid into the Public Service Superannuation Fund. (See Revenue Account.)

3. *Investments of the Fund*.—Section 17, Finance Act, 1932 (No. 2), makes provision for the Board to expend moneys to protect securities.

(1) Every Government Superannuation Fund Board is hereby authorized to expend out of any moneys belonging to it such sums as it may from time to time consider necessary for the protection of the securities in which its funds are invested, and to that end may expend moneys for the purposes of the stocking and cultivating of mortgaged lands, the employment of labour thereon, the making of advances to mortgagors, and the carrying-on of farming businesses, and for such other purposes as the said Board may consider necessary in order to prevent or minimize any loss on the realization of any such securities.

(2) For the purpose of this section the expression "Government Superannuation Fund Board" means the Public Service Superannuation Board, the National Provident Fund, the Teachers' Superannuation Board, and the Government Railways Superannuation Fund Board.

4. *Disposal of Contributions*.—Section 18, Finance Act, 1932 (No. 2), concerns the disposal of the contributions of a contributor convicted of theft or misappropriation of public moneys or public stores.

If any contributor to the Public Service Superannuation Fund, or the Teachers' Superannuation Fund, or the Government Railways Superannuation Fund, has heretofore been or is hereafter convicted in New Zealand or elsewhere on a charge of theft or misappropriation of any public moneys or public stores, the Minister of Finance may by writing under his hand direct that any moneys standing to the credit of the contributor in the Fund shall from time to time be applied in whole or in part towards the maintenance of the wife and children of the contributor or towards the maintenance of any other person for whose benefit a maintenance order under the Destitute Persons Act, 1910, could be made against the contributor. If the Minister is satisfied that any such moneys are not required for any of the aforesaid purposes he may direct that they be applied in whole or in part in restitution of the amount or value of the moneys or stores misappropriated or stolen. Every direction under this section shall be given effect to, anything to the contrary in section forty-five or section one hundred and nine of the Public Service Superannuation Act, 1927, or section one hundred and twenty-two of the Government Railways Act, 1928, notwithstanding.

5. *Contributions on Value of Emoluments*.—Section 26, Finance Act, 1932–33, reads as follows:—

Where by reason of his not having made the election prescribed by the proviso to subsection five of section twenty-nine of the Finance Act, 1925, any contributor to the Public Service Superannuation Fund or the Teachers' Superannuation Fund is not contributing to such fund pursuant to section one hundred and fifteen or the Public Service Superannuation Act, 1927, in respect of the benefits mentioned in that section, such person may, within six months after the passing of this Act, make such election, and shall thereupon be deemed to have become liable to contribute under the said section one hundred and fifteen to the appropriate fund as from the date on which he first enjoyed such benefits as aforesaid or the date of establishment of the fund, whichever date is the later.

6. *Statutory Reduction of Rate of Interest on Government and Local-body Securities*.—By virtue of the provisions of the New Zealand Debt Conversion Act, 1932–33, and the Local Authorities Interest Reduction and Loans Conversion Act, 1932–33, interest-rates on Government securities and local-body debentures have been reduced on and from 1st April, 1933, thus curtailing the Board's income on these classes of securities.

A. T. NGATA, Chairman.

PUBLIC SERVICE SUPERANNUATION FUND—*continued.*

STIPENDIARY MAGISTRATES' ACCOUNT.

Revenue Account for the Year ended 31st March, 1933.

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
To Amount of fund, 1st April, 1932	23,377	18	4	By Retiring-allowances	2,775	14	0
Members' contributions, section 63, Public				Administration expenses	60	15	10
Service Superannuation Act, 1927	1,796	4	3	Balance as at 31st March, 1933	23,695	15	2
Interest on investments	1,358	2	5				
	<u>£26,532</u>	<u>5</u>	<u>0</u>		<u>£26,532</u>	<u>5</u>	<u>0</u>

Balance-sheet as at 31st March, 1933.

<i>Liabilities.</i>	£	s.	d.	<i>Assets.</i>	£	s.	d.
Accumulated fund	23,695	15	2	Amount invested by the Board	23,685	14	5
				Contributions due in course of transmission	10	0	9
	<u>£23,695</u>	<u>15</u>	<u>2</u>		<u>£23,695</u>	<u>15</u>	<u>2</u>

The liability under the provisions of section 9 (2), National Expenditure Adjustment Act, 1932, as amended by sections 24 and 25, Finance Act, 1932-33 (No. 2), has not yet been ascertained. For full details of the wording of the statute see the annual report. The amount is approximately £60,000.

Wellington, 29th June, 1933.

R. S. WOGAN, S.F.A.I., Acting Secretary,
Public Service Superannuation Board.

I hereby certify that the Revenue Account and Balance-sheet have been duly examined and compared with the relative books and documents submitted for audit, and correctly state the position as disclosed thereby subject to the above departmental note.—G. F. C. CAMPBELL, Controller and Auditor-General.

STATEMENT OF CONTRIBUTORS FOR THE YEAR ENDED 31ST MARCH, 1933.

	Number.			Annual Salary.	Annual Contributions.	
	M.	F.	Total.		£	s. d.
Contributors at beginning of the year ..	15,199	2,317	17,516	4,485,450	11 8	241,966 2 6
New contributors entered during the year ..	161	214	375	38,567	18 4	2,028 4 1
Contributors transferred from other funds ..	5	4	9	2,203	13 4	110 3 8
Increase by promotion during the year ..	..	..	..	56,115	1 8	2,814 12 8
Total	15,365	2,535	17,900	4,582,337	5 0	246,919 2 11
Contributions discontinued during the year ..	409	272	681	392,711	11 8	21,618 11 3
Total contributors at end of year	14,956	2,263	17,219	4,189,625	13 4	225,300 11 8

PARTICULARS OF CONTRIBUTIONS DISCONTINUED DURING THE YEAR.

How discontinued.	Number.			Annual Salary.	Annual Contributions.	Amount paid on Retirement.	Retiring-allowance granted.		
	M.	F.	Total.				£	s. d.	
By death before retiring-allowance entered upon (secs. 42 and 43)	51	5	56	16,120	13 4	951 8 10	8,384	9 7	2,055 0 0
By retirement before retiring age (sec. 37)	217	233	450	85,183	10 0	4,512 16 6	33,425	6 11	..
By retirement (sec. 34)	9	1	10	2,960	6 8	223 11 10	3,153	0 3	..
By retirement medically unfit (sec. 32)	21	7	28	9,241	1 8	534 1 0	..	..	3,776 1 0
By retirement at retiring age or for length of service (sec. 26)	108	23	131	57,367	10 0	3,528 6 4	..	..	32,179 10 0
By retirement (sec. 14, Finance Act, 1931)	2	2	4	1,575	0 0	78 15 0	..	..	470 12 0
By transfer to other funds (sec. 120) ..	1	1	2	536	0 0	26 16 0	239	14 0	..
By reduction .. ..	..	..	..	219,727	10 0	11,762 15 9	..	..	..
Total	409	272	681	392,711	11 8	21,618 11 3	45,202 10	9	38,481 3 0

PROGRESS OF CONTRIBUTORS SINCE DATE OF ESTABLISHMENT OF THE FUND TO 31ST MARCH, 1933.

	Number.			Annual Salary.	Annual Contributions.	
	M.	F.	Total.		£	s. d.
Total entered	32,765	8,739	41,504	9,494,415	8 4	554,034 9 0
Total discontinued	17,809	6,476	24,285	5,304,789	15 0	328,733 17 4
Total existing at 31st March, 1933	14,956	2,263	17,219	4,189,625	13 4	225,300 11 8

