

1936.

NEW ZEALAND.

**GOVERNMENT RAILWAYS SUPERANNUATION FUND.**

ACTUARIAL EXAMINATION FOR THE SEPTENNIAL PERIOD ENDING 31st MARCH, 1934.

*Laid before Parliament in pursuance of Section 25 of the Finance Act (No. 2), 1935.*

REPORT BY THE ACTUARY APPOINTED BY HIS EXCELLENCY THE GOVERNOR - GENERAL TO MAKE THE ACTUARIAL EXAMINATION OF THE GOVERNMENT RAILWAYS SUPERANNUATION FUND AS AT 31st MARCH, 1934.

Government Actuary's Department, Wellington, 21st September, 1936.

1. I have the honour to submit the following report on the Government Railways Superannuation Fund as at the 31st March, 1934, as required by section 25 of the Finance Act (No. 2), 1935.

2. The Fund which was established on the 1st January, 1903, gave existing employees of the Railway Department the option to become contributors, but compulsorily brought within its scope all subsequent permanent employees. Those employees taken over with the Manawatu Railway, however, were given the option of becoming contributors. The Fund is administered by a Board consisting of nine members—namely, the Minister of Railways, the Solicitor-General, the Public Trustee, the Chairman of the Government Railways Board, and five contributors' representatives, two of whom are elected from the First Division and three from the Second Division.

3. The Fund, which was the first of the three existing Funds to be established for the superannuation of Government servants, differs somewhat from the other two. For example, the contributions of members who joined prior to 1908 (including employees of the Manawatu Railway Co.), at ages under fifty, are lower by 2 per cent. per annum of salary than those in the other schemes, and furthermore, any contributor may retire at age sixty instead of age sixty-five. On the other hand, the Fund becomes liable for the widows' and children's allowances only if the contributor dies while in service, whereas the other Funds extend the benefits to the widow and children of a deceased pensioner.

4. The Government Railways Superannuation Fund also differs from the other Government Superannuation Funds, in that there is no provision for a statutory subsidy by the State, as employer. The original Act contained a guarantee to the effect that "in the event of the Fund at any time being unable to meet the charges upon it" the deficiency would be met by the Consolidated Fund. The contributions in respect of males under fifty were fixed without seeking any actuarial advice, at rates 2 per cent. less than were subsequently adopted when the other two Funds were established. Members joining prior to 1st January, 1908, have, however, never been called on to make good the shortage in their contributions, and have therefore enjoyed a distinct advantage as compared with their fellow-officers in other branches of the Government Service, or with Railway servants joining the Fund on or after 1st January, 1908. The obvious deficiency created by the free gift of that portion of the pension allowed for each year of service prior to the establishment of the Fund, together with the assessment of the contributions of the original members at rates inadequate to provide even for future service, was left entirely to the future, and the