an officer became eligible to receive such retiring-allowance as was certified by the Government Actuary to be the actuarial equivalent of a deferred pension commencing at the earliest date on which he would have been entitled to retire, such deferred pension being based on his continuous service at the date of compulsory retirement.

(*b*) Section 14 of the Finance Act, 1931, as amended by section 42 of the Finance Act, 1931 (No. 4), extended to any existing contributor the benefit of an "actuarial" pension on compulsory retirement within five years of the date when the contributor would have been entitled to retire as of right, or with the consent or approval of the Minister in Charge of the Department in which he is employed. In such cases it is provided that "the allowance shall not in any case be of an amount greater than the maximum amount which the Government Actuary certifies can be granted by way of such retiring-allowance without imposing on the Superannuation Fund any additional liability by reason of such retiring-allowance being granted before the earliest date on which the contributor would have been entitled, as of right, to receive a retiring-allowance on his voluntary retirement." In other words, the "actuarial" pension is such immediate annuity as is the financial equivalent of the deferred annuity the Fund would become liable to pay in the event of the officer completing the necessary additional service and paying his contributions up to the normal date of retirement. There appears to be a lack of comprehension on the part of the average contributor that the Superannuation Fund neither gains nor loses by such a method of providing for compulsory retirements. Prior to this valuable concession to contributors, the Fund made a material gain, as the benefit was limited to a return of contributions (with the addition of 3½ per cent. interest if the length of service exceeds twenty years).

(*c*) Section 8 of the Finance Act, 1931, gave to all contributors whose salaries were "cut" in accordance with the general reductions the option to protect their superannuation rights by continuing to contribute and receive pensions based on not less than the pre-cut salaries, or, alternatively, to pay contributions and have pensions based on actual salaries, in which latter case contributions paid in the past on any salary in excess of the amount to which the salary was "cut" were in effect refunded to the contributor as they were applied, until exhausted, by the Superannuation Board in reduction of contributions thereafter becoming payable. This latter gesture was too generous, inasmuch as some deduction should have been made for the cost of covering the liability in respect of the contributor retiring medically unfit.

(*d*) Section 9 of the National Expenditure Adjustment Act, 1932, as amended by sections 24 and 25 of the Finance Act, 1932–33 (No. 2), dealt with the position caused by the second salary "cuts" in a manner somewhat similar to (*c*) above, but introduced a new element as regards the contributions paid in the past on "excess" salaries by those officers who elected to contribute in future on actual salary, as it was provided that such excess payments should be held by the Superannuation Board to the credit of the contributor, and paid to him on the date of his retirement or his earlier death. This provision is obviously a compromise, and, like most compromises, will not stand examination. In effect, it provides that the younger the contributor the more heavily is his refund subjected to the operation of discount. Actually the reverse should be the case, since there need be very little deduction (if any) in the case of the youngest contributors, as the risk to the Fund of having to provide a medically unfit benefit at such ages is negligible, and is offset by the interest on the "excess" contributions. As the member's age increases, so does the risk of retiring medically unfit call for a larger deduction from the contributions, till an age is reached where the Fund is liable to make a loss if any portion of the "excess" contributions is refunded. In view of the protests and representations made by staff organizations that the refunds should be made immediately and applied in reduction of future contributions, and of precedents established in 1921 and 1931, I decided to make in the valuation a reserve for the full amount of such "refunds." This overstates the liability, but the amount involved is small compared to the total liability of the State.

(*e*) Section 20 of the Finance Act, 1931 (No. 2), modified in respect of any service after the 1st April, 1931, the existing rights of officers in the Cook Islands Public Service or in the Samoan Public Service to count a year and a half for each year's service, except in special cases approved by the Minister. This remedies a weakness, for, while the previous method of computing service was justifiable in respect of those who could not stand up to climatic conditions and were compelled to retire medically unfit, it was quite unreasonable that a physically fit officer with twenty-seven years' service should have the right to retire on the same rate of pension as an officer who had served forty years in New Zealand.

(*f*) Section 16 of the Finance Act, 1932 (No. 2), provided that the subsidy in respect of the employees of the trading Departments should be additional to the statutory Government subsidy instead of being paid to the Consolidated Fund in reduction of the same.

(*g*) The New Zealand Debt Conversion Act, 1932–33, and the Local Authorities Interest Reduction and Loans Conversion Act, 1932–33, had the effect of substantially reducing the interest yields on Government securities and local-body debentures as from the 1st April, 1933. It is gratifying to note, however, that, for the quadrennium under review, Treasury reimbursed the Fund to the extent of about £46,000 in respect of reductions in the interest income from these classes of securities.