

retirement. In the Third Division there is not the same wide range in promotions as in the higher divisions. Therefore, the contributions throughout life bear a greater proportion to the final salary and consequently to the superannuation allowance than in the higher divisions. The decrease of 2% makes about the necessary correction.

Having determined the cost, it must next be apportioned between employer and employee; between the government and the civil servant. There is a great convenience in taking 5% of salary as the annual contribution of civil servants inasmuch as about 5,000 civil servants only contributing to the Retirement Fund may be, as a consequence, automatically transferred to the new fund. As, however, the cost in the case of employees in the Third Division is only about 9% of salary it would seem to be proper that their contributions should be reduced to 4%; and that in the case of transfers from the Retirement Fund to the New Fund one-fifth of the accumulated amount to their credit in the Retirement Fund should be repaid. Then on this basis, civil servants entering the Third Division will contribute four-ninths of the total cost, and in the higher Divisions five-elevenths. It may here be pointed out that while the benefits granted under the various bank schemes (confidentially submitted) are, generally speaking, slightly more liberal than those proposed, still the contributions of employees are less. In the case of the Bank of ——— and the Bank of ——— the rate is 3%, and for the Bank of ——— 4%. Thus on the basis suggested above the civil servant will pay for a considerably larger proportion of his superannuation benefits than is paid for by employees in large financial institutions.

The cost to the government will be less than 6% of salaries. There are at present about 5,800 civil servants contributing to the Retirement Fund.

During the fiscal year ending March 31, 1910, the total contribution was \$276,000 which is 5% of salaries paid during the year. If this body of civil servants had been under the proposed scheme and the government had contributed monthly in the same way, the total of the government contributions for the year would have been, say 6/5's of \$276,000 or \$311,200. This, however, is an outside estimate as a large number of the contributors are in the Third Division and are consequently making larger contributions than necessary. Further, a considerable number withdraw from the service in each year, thus releasing the government from liability in respect to them. During the year 1909-10, the government was in this way released from liability to the extent of about \$43,000.

In transferring the Retirement Fund contributions to the new fund there is, however, another item of liability which will be incurred. For the purpose of analysing this item the contributors may conveniently be divided into:

A. Those who were permanent prior to September 1st, '08, and those who have since entered the service in a permanent capacity;

B. Those made permanent on Sept. 1st, '08.

Generally speaking, those in group A were made permanent at date of entry, or within a comparatively short time thereafter, and have made contribution to the fund at the rate of 5% of salary for all past service, as have also group B since Sept., '08; but as the government has not made any contribution to the fund the liability on transfer will be about six-fifths (6/5ths) of the total accumulated amount of the fund. The accumulated amount at March 31st, 1910, was \$1,007,000, therefore the government would have assumed a liability of 6/5's of \$1,007,000, or \$1,208,000. This is, however, an outside estimate, and considerably so for the following reasons: (1) It