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1. Minutes of Evidence taken before the Royal Commission on Transport. Part I-Evidence given on behalf of the Ministry of Transport (14-16th Nov., 1928). (Chairman: Sir Arthur S. T. Griffith-Boscawen); 1928. pp.1-47. --- 380.168
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L.B.3.N03E D4.1.
3. Report of the Inter-Departmental Committee on Medical Inspection and Feeding of Children Attending Public Elementary Schools. Vol.I-Report & Appendices. (Chairman: H. W. Simpson.) 1905. (Cd.2779). pp.120-197.
T15:54.3.N04E DS:1 371.7
4. Proceedings: National Industrial Conference, New Zealand, 1928. Report. pp.198-325. X:951p 937 N38 F8 30.6
5. Report: Rural Intermediate Credit Board, New Zealand, 1929. pp.326-348. XM,9(N):6.937,dN3:1 F9 332.7
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7. 2nd Progress Report: dto., Unemployment. pp.376-397. (1926).
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8. 3rd Progress Report: dto., Destitute Allowances. pp.398-403. (1926-27). X:9588.8.N2E FS.3
9. 4th Progress Report: dto., Membership, Finance, and Administration. pp.404-413. (1926-27.)
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ROYAL COMMISSION ON TRANSPORT

MINUTES OF EVIDENCE

TAKEN BEFORE THE

ROYAL COMMISSION ON TRANSPORT

Part I

EVIDENCE GIVEN ON BEHALF OF THE

MINISTRY OF TRANSPORT

(14TH, 15TH AND 16TH NOVEMBER, 1928)



LONDON:

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1928

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ROYAL COMMISSION ON TRANSPORT

TERMS OF REFERENCE.

To take into consideration the problems arising out of the growth of road transport and, with a view to securing the employment of the available means of transport in Great Britain (including transport by sea coastwise and by ferries) to the public advantage, to consider and report what measures, if any, should be taken for their better regulation and control, and, so far as is desirable in the public interest, to promote their co-ordinated working and development.

MEMBERSHIP OF COMMISSION.

THE RIGHT HON. SIR ARTHUR S. T. GRIFFITH-BOSCAWEN, P.C., C.B.

THE MOST HON. THE MARQUIS OF NORTHAMPTON, D.S.O.

THE RIGHT HON. THE EARL OF CLARENDON, D.L.

MAJOR THE HON. J. J. ASTOR, M.P.

SIR MATTHEW G. WALLACE, BART.

SIR ERNEST V. HILEY, K.B.E.

SIR WILLIAM G. LOBJOIT, O.B.E.

MAJOR I. SALMON, C.B.E., M.P.

MAJOR H. E. CRAWFURD, A.F.C., M.P.

MR. J. LEARMONTH.

MR. F. MONTAGUE, M.P.

MR. W. R. SMITH, J.P.

•MR. R. H. TOLERTON, D.S.O., M.C. (*Secretary*)

MINUTES OF EVIDENCE.

PART I.

List of Witnesses.

Day.	Date on which Evidence was taken.	Name.	Designation.	Questions.	Page.
First day	14th November, 1928	Mr. H. H. PIGGOTT, C.B., C.B.E.	Principal Assistant Secretary, Roads Dept., Ministry of Transport.	1-289	1
Second day	15th November, 1928	Mr. H. H. PIGGOTT, C.B., C.B.E.	Re-called	290-491	48
"	" "	Sir HENRY P. MAYBURY, G.B.E., K.C.M.G., C.B., M.Inst.C.E.	Director-General of Roads, Ministry of Transport.	492-769	60
Third day	16th November, 1928	Sir HENRY P. MAYBURY, G.B.E., K.C.M.G., C.B., M.Inst.C.E.	Re-called	770-979	78

FIRST DAY.

Wednesday, 14th November, 1928.

PRESENT :

THE RIGHT HON. SIR ARTHUR GRIFFITH-BOSCAWEN, P.C., in the Chair.

THE MOST HON. THE MARQUIS OF NORTH-AMPTON, D.S.O.

THE RIGHT HON. THE EARL OF CLARENDON, D.L.

MAJOR THE HON. J. J. ASTOR, M.P.

SIR MATTHEW G. WALLACE, BART.

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MAJOR I. SALMON, C.B.E., M.P.

MAJOR H. E. CRAWFURD, A.F.C., M.P.

MR. JAMES LEARMONTH.

MR. FREDERICK MONTAGUE, M.P.

MR. WALTER R. SMITH, J.P.

MR. R. H. TOLERTON, D.S.O., M.C. (*Secretary*).

MR. H. H. PIGGOTT, C.B., C.B.E., called and examined.

(*Chairman*): The Ministry of Transport has presented three Memoranda to the Commission. The First Memorandum, dated 3rd October, 1928, dealing with the existing system of regulation and control of the various means of transport, was prepared at the request of the Commission and was before the Commission at the meeting on 18th October. Having considered this Memorandum, the Commission requested the Ministry to submit further Memoranda elaborating certain matters to which references are made in the First Memorandum. In response to this request the Second Memorandum now submitted to the Commission deals with the Draft Road Traffic Bill, and the Third Memorandum is concerned with the London Traffic Act, 1924.

Memo. No. 1.

FIRST MEMORANDUM
SUBMITTED BY
THE MINISTRY OF TRANSPORT.
3rd October, 1928.

Part I of the following Memorandum contains a brief account of the system of highway administration and draws attention to the expenditure upon highways, the sources from which it is met, and to some of the available statistical information relating to the growth of road traffic.

Part II contains a description of the existing system of regulation and control of the various means of transport in Great Britain, so far as these come within the province of the Ministry, and draws attention to the sources of statistical and financial information relating to transport undertakings.

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B

14 November, 1928]

Mr. H. H. PIGGOTT, C.B., C.B.E.

[Continued.

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Part I.

THE ADMINISTRATION OF HIGHWAYS,
HIGHWAY COSTS, AND STATISTICS
RELATIVE TO MOTOR VEHICLES.

I. ADMINISTRATION OF HIGHWAYS AND BRIDGES.

England and Wales.

1. The responsibility for highway construction and maintenance falls primarily upon the local authorities of the counties and districts (urban and rural) into which England and Wales are divided for the purpose of local government. In matters connected with highways the local authorities are generally referred to as "highway" authorities. The expenditure falling upon a highway authority is met out of the rates levied in the area.

2. The total mileage of roads in Great Britain is 178,914 miles.

Under the powers conferred upon the Minister of Transport by Section 17 (2) of the Ministry of Transport Act, 1919, the roads of Great Britain have been classified.

Class I—Roads of an arterial character connecting large centres of population and important roads forming connecting links between such arterial roads.

Class II—Roads connecting centres of population of less importance than those referred to in *Class I* or linking up such areas with *Class I* roads.

"Other Roads".

The mileage of roads at present classified in *Class I* is 25,139 and in *Class II*, 15,686.

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1929.
NEW ZEALAND.

RURAL INTERMEDIATE CREDIT BOARD

(REPORT OF THE) FOR THE YEAR ENDED 30th JUNE, 1929.

Presented to both Houses of the General Assembly in accordance with Section 76 of the Rural Intermediate Credit Act, 1927.

SIR,—

Wellington, 26th October, 1929.

In compliance with section 76 of the Rural Intermediate Credit Act, 1927, I have the honour, on behalf of the Rural Intermediate Credit Board, to submit a report on its operations for the year ended 30th June, 1929.

1. In the period covered by the report of the Board presented last year the activities of the Board were mainly directed towards the administrative side of the rural intermediate credit system. The inauguration of the system necessitated the evolution and adoption of a definite policy for the Board on matters covering a wide range of subjects. In addition, the machinery provided by the Act for the administration of the system had to be set up; and this involved the appointment of district boards throughout the Dominion, and the taking of suitable measures to provide for the representation of the Board in every part of New Zealand.

Not less important was the establishment of the special co-operative rural intermediate credit associations which the Act authorized to be incorporated under the Companies Act, 1908, for the purpose of obtaining loans from the Board for their members. It was necessary for the Board to take active steps to facilitate the formation of associations and to instruct the farming community regarding the advantages to be gained thereby.

2. At the opening of the year covered by the present report the Board had at its disposal efficient machinery for carrying on its operations, but though in the period covered by the Board's previous report much work had been done in the direction of bringing the system into full operation, it was still necessary to exploit thoroughly the channels which had been opened, but with the utility of which the farming community was not yet fully conversant.

The steps taken during the past year to consolidate the ground made in the earlier phases of the scheme will be treated in detail in the course of this report. It is sufficient to state for the present that during the year the work of administration was facilitated by the delegation of additional powers to district boards and district intermediate credit supervisors, and by visits of members of the central Board and senior administrative officers to most of the districts in the Dominion.

3. On the lending side of the Board's business encouragement and assistance was given to the formation of new associations by placing at the disposal of the promoters the benefit of the experience of the earlier associations, and by arranging for addresses to farmers explanatory of the benefits of associations. Existing associations were assisted by conferences between their directors and representatives of

the Board on questions of policy and matters of difficulty; and certain measures, which will be explained in detail later in this report, were taken to put their finances upon a satisfactory basis.

It had also by this time become evident that a large number of loans would be made direct to dairy-farmers on the guarantees of the various companies to which they supplied their milk. In addition, certain dairy companies were prepared to assist their suppliers by discounting their promissory notes with the Board, thus providing them with funds for the purchase of fertilizers and other necessary materials at the season of the year when the dairy-farmer's income is at its lowest.

The Board accordingly seized every opportunity which offered of bringing to the notice of dairy companies the assistance which they might afford to their suppliers, either by establishing co-operative rural intermediate credit associations among them or by entering into arrangements with the Board to guarantee direct loans or to discount promissory notes.

The policy of publicity adopted by the Board in the early stages of its existence has been vigorously followed up during the year. The effectiveness of this policy has been reflected in the number of inquiries which have been received from all sources. It has been observed, however, that the granting of a loan to a farmer is often followed by a number of applications from his near neighbours; and this would seem to indicate that it is still necessary for the Board to utilize every available means of making known the object of the legislation which it is administering.

4. The year now under review has been a prosperous one for the farming community. This has naturally had a marked effect upon the business of the Board. On the one hand, increased returns have enabled a number of farmers to carry on with less financial assistance than usual; on the other hand, money for investment has been plentiful. A number of institutions which formerly were reluctant to advance money on the security of live-stock have this year been lending freely on this class of security. There is no doubt that the lending business of the Board has been materially affected by both these factors; the important aspect, however, is that the farming community, to assist which the Board was constituted, has received the benefit both of increased returns and of cheap finance.

5. It has been found that a preponderating majority of the loans granted by the Board have been to dairy-farmers. The reasons are not far to seek. In the first place, before the Board commenced business loans were not readily obtainable on the security of dairy stock, except from dairy companies and their subsidiary financial companies, which, for the most part, had only limited funds at their disposal. In this connection it should be observed that, as a rule, stock and station agents preferred to lend money on other classes of stock, and accordingly these farmers had no source of finance, with the exception of those just mentioned, before the Board was constituted. Then, it must be realized that the majority of dairy-farmers had behind them their own co-operative companies, which provided at once the necessary machinery either for the formation of co-operative rural intermediate credit associations among their members or for the guarantee required in terms of the Rural Intermediate Credit Act in support of a loan direct to the farmer. Those engaged in other classes of farming have no such organizations behind them. Further, while there are comparatively few dairy-farmers whose financial needs approach the maximum loan of £1,000 authorized by the Act, yet to the great majority of sheep-farmers or those engaged in mixed farming a loan of £1,000 is not sufficient financial accommodation. The proposal to increase the maximum loan to £2,000 has accordingly given an increased impetus to the formation of co-operative rural intermediate credit associations in the grain-growing and sheep-farming districts.

6. It is very gratifying to report that it has been the experience of the Board that its borrowers have, with very few exceptions, met their obligations in a satisfactory manner. The Board has regretfully found itself unable, however, to assist a number of farmers whose capabilities and personal qualifications are undoubted, but who are unable to proffer adequate security for loans. However desirous the Board might feel of assisting such applicants, it recognizes as its first

and paramount duty the protection of the funds which have been entrusted to it by the Government and by its debenture-holders. During the year the policy of the Board in this regard has been criticized and the opinion expressed that the Board should reduce its standard of security and charge a higher rate of interest, on the ground that borrowers whose security is not of a high order have the greatest difficulty in raising money at any price.

Under the method of obtaining funds which the Rural Intermediate Credit Act provides, the ability of the Board to borrow money to carry on its operations will at no distant date be dependent entirely on the good repute of the securities held for loans already granted, and consequently, if it were to depart from the high standard which must be maintained in regard to trustee investments, not only would it fail in its duty to the Government and its present debenture-holders, but it would also lose the confidence of the investing public and thus destroy all prospect of selling future issues of debentures.

7. Reference has already been made to the effect which the exceptionally good farming season just past has had upon the lending business of the Board. Another factor which must be taken into account is that the majority of farmers are conservative and slow to change. Reports from branch officers go to show, however, that those farmers who have already done business with the Board are very well satisfied, particularly as regards the immediate cessation of interest on amounts paid to credit of their accounts. The Board fully recognizes that the testimony of satisfied borrowers is the best publicity it can have, and loses no opportunity of ensuring that any suggestions made by borrowers are met wherever to do so is consistent with the safety of its funds.

It may not be thought out of place to mention here that the lending operations of the Board involve difficulties which are possibly not generally realized. In the first place, almost the whole of the Board's loans are made upon the security of live and dead stock, and thus require skilled and careful handling at every stage. Another factor which must be taken into consideration is that the average amount of loan granted by the Board is about £300. It is thus evident that the expense of administration of the scheme, especially in its early stages, must be heavier than the expense of administering loans of a similar volume on the security of land, as in the latter case the average loan will be considerably higher and the work involved in respect of each application will be less.

8. That the operation of the Act is being watched with close interest in places outside the Dominion is shown by the following editorial comment on an article on the rural intermediate credit scheme, which was contributed by the Commissioner to the *Trust Companies Magazine*, New York :—

“Inasmuch as ‘farm relief’ was the keynote issue in the last Presidential campaign and is the prime subject of the present special session of Congress, the following article is of timely interest. While this problem suggests aspects which are peculiar to economic conditions in the United States, there are valuable lessons to be obtained in studying the experiences of other countries as regards governmental agencies to provide rural credits and encourage either voluntary or Government agencies for co-operative financing as well as marketing. New Zealand has been foremost in developing a Government system of rural credits and in the formation of co-operative associations.”

In communicating with the Commissioner subsequently, the editor of the magazine stated :—

“I have had quite a number of requests for copies of the April issue of *Trust Companies Magazine*, containing your article on ‘Rural Intermediate Credits in New Zealand,’ and also have had occasion to send several copies to members of our Congress who have been active in formulating the Agricultural Relief Bill which has recently become a law.”

RURAL INTERMEDIATE CREDIT ACT, 1927.

9. The passing of the Rural Intermediate Credit Act of 1927 gave effect to the second portion of the recommendations of the Royal Commission of 1925 on Rural Credits, whose report (B.-5) was presented to Parliament in 1926; the first portion of its recommendations having been dealt with in the Rural Advances Act of 1926, providing for a system of loans on long-term mortgages on the security of rural lands, independent of State subsidy. The Royal Commission—composed of the late Mr. P. H. Cox, of Wellington, a retired banker; Colonel J. J. Esson, C.M.G., V.D., J.P., of Wellington, Financial Adviser to the New Zealand Government, and at present Chairman of the Rural Intermediate Credit Board; and Mr. W. J. Polson, of Wanganui, president of the New Zealand Farmers' Union, now representing the Stratford Electorate in Parliament—was appointed by the Government for the purpose of conducting investigations of the systems of rural finance operating in the American and European Continents. After an exhaustive examination of the various rural credit systems in force in those countries, the Commission recommended in regard to intermediate credit the adoption of a system similar in its general outline to that in force in the United States of America, which in turn is largely based on European systems.

The Rural Intermediate Credit Act, 1927, gave effect to the recommendations of the Commission in regard to intermediate credit, with the provision of an alternative method of direct loan application now appearing as Part III of the Act, designed to facilitate applications by farmers in outlying districts who might, in the absence of co-operative rural intermediate credit associations operating in their districts, be prevented from participating in the benefits of the system. The system gives wide scope for the application of the principles of co-operation to farmers' intermediate credit requirements, which is emphasized in the Commission's report as an essential feature of any system of rural finance; and in practice this applies equally to the direct method of application referred to above as to the association method, as the bulk of applications dealt with under the former heading up to the present have been submitted through co-operative dairy companies.

The object of the Act is to provide credit for farmers, for periods ranging from six months to five years, on the security of stock and chattels, at reasonable rates of interest, with liberal terms of repayment, permanency of finance, and the most economical service in every respect. The outstanding features are the financing of the Board's operations by means of debentures secured upon the aggregate of its assets, involving no State liability for the debentures, and the scope which the scheme gives for collective and individual action upon the part of the borrower.

The initial funds for investment are provided by an advance from the Consolidated Fund on loan and free of interest for ten years, with a currency of not less than twenty years. The maximum amount of the advance is £400,000, of which one-third must be placed to the credit of a special redemption fund which is, by statute, to be invested in Government securities only and, with the resulting income, is to be applied exclusively for the purpose of redeeming debentures issued by the Board, and the remaining two-thirds is available for use in the Board's lending business. Provision was also made in the Act for an outright grant to the Board of a sum not exceeding £10,000 to cover expenditure necessitated in the establishment and preliminary administration of the system. This grant has been received by the Board.

As pointed out in the Royal Commission's report, the increasing modern tendency in rural finance is the disappearance of the individual mortgagee and his replacement by corporate lending concerns which secure the necessary funds by the issue of bonds secured upon an aggregate of mortgages. This is the general principle of finance which the Dominion system reproduces, as the Board's funds will be principally derived from the issue of debentures secured upon the whole of its assets. The Act gives the Board power, with the consent of the Minister of Finance, to issue debentures restricted as to total amount in that they may not exceed the sum total of the advances from the Consolidated Fund and the

amount of the investments of the Board from time to time. In addition to this restriction, the total of the debentures issued is not at any time to exceed £5,000,000 in all. The Act gives the debenture-holders, in effect, priority over the claim of the Crown in respect of the advance of £400,000, as it restricts repayments to the Crown so that they may not exceed the amounts transferred from time to time to the reserve accounts of the Board. Consequently, holders of debentures are assured of a margin of assets equal to that sum, apart altogether from the margins in the values of the stock and other assets forming the securities of the individual advances by the Board.

The funds provided in the above manners may be made available to the farming community in the following ways:—

- (a) By advances to farmers as members of a special class of limited-liability company termed "co-operative rural intermediate credit associations" (Part II of the Act):
- (b) By advances to farmers individually, the loans being additionally secured by the *partial* or entire guarantee of a company or private individual (Part III of the Act):
- (c) By loans to farmers' co-operative organizations (Part IV of the Act):
- (d) By discounting farmers' promissory notes or bills of exchange (section 15 of the Act, and paragraph 46 of the Rural Intermediate Credit Regulations of the 21st December, 1927, as amended by paragraph 5 of further regulations issued on the 17th September, 1928).

The maximum amount which an individual farmer may obtain by utilizing one or more than one of the above methods is £1,000, and the purposes for which the loans are to be applied must be approved by the Board. The maximum term of advances is five years in the case of loans to farmers and three years in regard to loans to farmers' co-operative organizations, while no maximum period is prescribed in the case of discounting transactions.

The main classes of security for loans to farmers are mortgages of live and dead stock, implements, crops, produce, and similar farming assets, supplemented in suitable cases by mortgages over land or other collateral security. Collateral security is provided in the case of loans to members of co-operative rural intermediate credit associations by the collective responsibility of each association, limited to the share capital subscribed by the members and reserves created by the association, for the repayment of funds advanced by the Board to the members through the medium of the association, and, in the case of direct loans under Part III of the Act, by the guarantees of approved persons or companies for not less than 20 per cent. of the original amount advanced or such larger percentage as may be required by the Board in the individual cases.

In the case of loans to farmers' co-operative organizations under Part IV of the Act, the main security will comprise live-stock or produce belonging to the companies and charged to the Board to secure the repayment of moneys advanced. In discounting transactions the Board will hold a promissory note from the farmer who has obtained accommodation by this method; but its main security will be in the endorsement of the discounting company, and in these cases the sufficiency of the protection afforded by the responsibility of the discounting company to meet the note on maturity is ascertained in advance by an adequate investigation of the company's financial position by the Board's accounting officers.

RURAL INTERMEDIATE CREDIT REGULATIONS.

10. The regulations made in terms of the Act on the 21st December, 1927, and published in the *New Zealand Gazette* No. 88, of the 22nd December, 1928, control the administration of the Board's business in regard to matters of procedure and detail and the accounting procedure, and, in addition, provide for the control and management of the district boards and co-operative rural intermediate credit associations established in accordance with the provisions of Part II of the Act. They also define the scope of the Board's discounting business, and prescribe various

standard forms applicable to securities taken by the Board and associations in connection with loans, and to debentures and other securities issued by the Board. Amending regulations made on the 17th September, 1928, and published in the *New Zealand Gazette* No. 70, of the 20th September, 1928, provided mainly for the simplification of the proceedings of co-operative rural intermediate credit associations.

ADMINISTRATION OF SYSTEM.

11. *Personnel of Board.*—In terms of section 3 of the Rural Intermediate Credit Act, 1927, the system is administered by a board comprised of seven members. The Public Trustee, *ex officio*, is the principal executive member of the Board, acting under the designation of "Commissioner of Rural Intermediate Credit," and the remaining six members, of whom one at least must have practical experience in farming, are appointed by Governor-General's Warrant. The Board consists of the following members:—

- Colonel J. J. Esson, C.M.G., V.D., J.P., Wellington, Financial Adviser to the New Zealand Government, Chairman of the Rural Intermediate Credit Board.
- Mr. J. W. Macdonald, C.M.G., Wellington, Public Trustee of the Dominion of New Zealand, Commissioner of Rural Intermediate Credit.
- Mr. John Brown, Lowcliffe, Canterbury, farmer.
- Mr. T. E. Corkill, Wellington, formerly assistant general manager of the Bank of New Zealand.
- Mr. Norton Francis, C.M.G., Christchurch, company-director.
- Mr. J. N. Massey, M.P., Puni, Auckland, farmer.
- Mr. W. Waddel, Wellington, Superintendent of the State Advances Office.

Adequate provision for the representation of farming interests of both Islands was made by the appointment of Messrs. Massey and Brown.

Throughout the year Mr. Corkill was absent on a trip to England. It is understood that he will be returning to the Dominion in November next. Leave of absence was granted to Mr. Norton Francis for the months of June, July, and August, 1929, during which he was absent from the Dominion.

Under the provisions of the Act, Mr. J. Snell, of Wellington, was appointed Deputy Commissioner of Rural Intermediate Credit as from the 23rd March, 1928, and discharges the duties of that position in conjunction with those of Controller of the Mortgage Division of the Public Trust Office.

12. *Meetings of Board and Local Committee.*—Regular monthly meetings of the Board have been held during the past year, and in the intervals between the meetings the Local Committee of the Board, set up in accordance with the regulations issued under the Act and comprising the Chairman (Colonel J. J. Esson), the Commissioner (Mr. J. W. Macdonald), and Mr. W. Waddel, has met weekly for the purpose of considering loan applications, consenting to the registration of co-operative associations, and approving guarantees under Part III of the Act and endorsements of notes for discounting with the Board.

In the initial stages applications received at Head Office in the days immediately preceding the full meetings of the Board were dealt with at those meetings, this course being at that time of great value, in that it enabled matters of general policy to be fully discussed by all members in relation to concrete cases. It was, however, not always possible to circulate papers relative to applications received in these circumstances among the members prior to the meeting, as can readily be done with members of the Local Committee resident locally, and, moreover, with the crystallization of the lending policy there was not the same need for the references to the full Board. Consequently it was decided to leave the handling of loan applications and the other matters referred to above wholly in the hands of the Local Committee, and so leave the Board more time at its meetings to devote to general matters. Applications or other matters involving special features are, however, referred to the full Board from time to time, and, in addition, members receive copies of all decisions reached at meetings of the Local Committee, in order that

they may be fully apprised of the basis upon which that Committee is dealing with the business entrusted to it.

The meetings of the Board are held monthly on the second Friday of the month, except where special circumstances render a departure from that day necessary. The Local Committee meets weekly or more often as required, and the frequency of these meetings renders it possible to give the promptest consideration to loan applications or matters incidental to the Board's lending business requiring the approval of the central Board. For the year ended 30th June, 1929, twelve meetings of the full Board and thirty-five meetings of the Local Committee were held.

LÓCAL ADMINISTRATION.

13. For the local working of the system the Dominion is divided into sixteen districts, for each of which a district board has been established, and one or more representatives of the central Board appointed, under the designation of "District Intermediate Credit Supervisor." The latter officers are in each case the branch officers of the Public Trust Office, the organization of which is being utilized by the Board, and in the conduct of the Board's operations they have the specific powers and duties set out in the Rural Intermediate Credit Act, 1927, and the regulations issued thereunder. In each case the District Supervisor stationed at the headquarters of the district is the Chairman of the district board. In the smaller centres the District Managers of the Public Trust Office act also as representatives of the Board, under the designation of "District Officer."

No important changes were made during the past year in the local organization of the system. The officers of the Public Trust Office hold the position of District Intermediate Credit Supervisor or District Officer by virtue of their being district representatives of the Public Trust Office. A number of changes in the personnel of the local officers of the Board occurred during the year as the result of staff changes made by the Public Trustee. Apart from such changes, the only alteration in the representation of the Board in the districts was the appointment of a District Intermediate Credit Supervisor at Hastings, consequent upon the establishment of a District Public Trustee office in that town.

DISTRICT BOARDS.

14. *Constitution of Boards.*—The district boards, consisting of five members each, set up by the central Board in the months of March and April, 1928, under the provisions of section 14 of the Rural Intermediate Credit Act, 1927, have continued to function with every satisfaction. The personnel of these boards places them in a position to render valuable service in connection with all phases of farming activities, for, apart from the District Intermediate Credit Supervisor at the headquarters of the district, who is *ex officio* chairman of the district board, they include representatives of other Government Departments closely connected with farming matters, such as the Lands and Survey, Valuation, and Agriculture Departments, stock and station representatives nominated by the local stock agents' associations, and generally two farming members. For the most part the district boards have been engaged in the consideration of loan applications originating in their districts, but their advice has been sought by the central Board from time to time upon matters of policy calling for a knowledge of local conditions.

Extremely valuable services have been rendered throughout the year by the district boards, and they have given the most careful consideration at all times to matters coming before them. Applicants for loans have benefited from the attention given to their applications, as in doubtful cases the district boards have carefully considered all the surrounding circumstances to ascertain whether arrangements are possible which will enable the loans to be approved, and, as the result of improvements effected in the applicants' financial arrangements or in other respects made as the result of suggestions offered by the district boards, many applications have been approved which would otherwise not have been successful.

15. *Meetings of Boards.*—The boards have met in the districts as frequently as the volume of business for consideration has justified the expense involved in holding meetings. Where the volume has not been large the views of the district board members have been obtained through circulating among the members copies of the papers relating to the applications or other matters. It is recognized, however, that it is preferable to call the boards together for the purpose of transacting the loan business, and this course is followed wherever the volume of business renders it practicable to do so.

16. *Changes in Personnel.*—During the past year there were the following changes in the personnel of the district boards:—

North Auckland District Board. On the 14th August, 1928, Mr. David O'Donoghue succeeded Mr. Alan Marshall as District Public Trustee at Whangarei and consequently assumed the positions of District Intermediate Credit Supervisor there and Chairman of the North Auckland District Rural Intermediate Credit Board.

Marlborough District Board. Upon the retirement of Mr. John Stevenson as the Commissioner of Crown Lands for the Marlborough Land District his appointment as a member of the Marlborough District Rural Intermediate Credit Board terminated, and his successor, Mr. Percy Russell Wilkinson, was appointed a member of the District Board as from the 12th April, 1929.

17. *Extension of Powers of Boards.*—During the year the powers of the district boards were enlarged so as to enable them to deal finally with all applications for loans up to £250, whether originating from co-operative rural intermediate credit associations or submitted for consideration under the provisions of Part III of the Act, provided these applications comply with the general requirements of the Board in regard to margins of security. Prior to this extension of the district boards' powers their functions were limited, apart from special references by the central Board to the consideration of applications for direct loans submitted under the provisions of Part III of the Act.

ADMINISTRATIVE AND DETAIL WORK.

18. From the time when the legislation providing for the system was first considered it was clear that the nature of the Board's lending business would call for an extensive organization throughout the Dominion to attend to the practical administration of the scheme, and provision was included in the Act for the Board to employ the services of any Department of State in carrying on its business. In view of the fact that the Public Trust Office has branches or representatives in practically every important centre of population in the Dominion, it was considered by the Board to be the most suitable Department to conduct the administrative side of the business. The Public Trust Office has accordingly acted during the whole of the past year in the capacity of agent for the Board.

Apart from the Public Trustee, who is *ex officio* the principal executive member of the Board, under the style of "Commissioner of Rural Intermediate Credit," and Mr. J. Snell, the Deputy Commissioner, the following senior officers at the Head Office of the Public Trust Office act as the principal executive officers of the Board: Chief Accountant to the Board, Mr. W. M. Bair (Chief Accountant Public Trust Office); Solicitor to the Board, Mr. C. E. Cole (Assistant Solicitor, Public Trust Office).

The remuneration of the Public Trust Office for the work carried out by the Board has been adjusted on a basis satisfactory both to the Public Trustee and to the Board. All expenses and disbursements incurred directly in the conduct of the Board's operations are charged direct to the Board's accounts, and other items for which it is impracticable for the Public Trustee to make a direct charge are taken into account in assessing the payment to be made for the services of the Public Trust Office organization.

Although the Public Trust Office acts as the agent of the Board and its organization is utilized for carrying into practical effect the decisions of the Board and preparing the necessary detail work involved, it has no control over or responsibility for the general policy or operations of the Board. Every care is therefore, taken to avoid any merger of the identity of the parties to the arrangement.

The advantages of this arrangement to the Board are considerable from the point of view of both economy and the prompt and accurate performance of the detail work. The expense of securing adequate representation in the districts by the setting-up of a separate organization would have been heavy, and in districts where the volume of business has shown but a gradual increase or uneven development would have been disproportionate to the revenue derived immediately or in prospect. Moreover, the adoption of such a course would not have permitted of adequate publicity work being carried out at commensurate cost to render the details of the system known to the farming community, or to enable close personal touch to be kept, as is essential, with movements in the districts in the direction of utilizing the system and assisting in bringing them to finality.

The present system has proved admirably adapted to the Board's needs, in view particularly of the different extents to which the scheme has been availed of in the various districts. In those districts where the business has, despite active measures upon the part of the Board's officers to make the benefits of the scheme known to the farming community, not made rapid progress, local representation is immediately available at moderate expense. Apart from this, however, the Board has the great benefit of having at its disposal the efficient organization of the Public Trust Office, and it has been able to appoint to the position of District Supervisors senior district officers of the Public Trust Office who bring to the position the benefit of their experience in the Office and the intimate contact which they have established with the farming community in the administration of country estates and the various transactions of the Public Trust Office with farmers who have raised loans on mortgage from the Public Trust Office or are mortgagors or lessees of estates administered by the Public Trustee. Twenty-one district officers of the Public Trust Office have up to the time of this report been appointed District Intermediate Credit Supervisors, those at the headquarters of the districts being, *ex officio*, chairmen of the district boards. In addition to their general administrative duties, District Supervisors act, *ex officio*, as directors of co-operative rural intermediate credit associations established in their districts, and, as already twenty-seven of these associations have been formed and the formation of others is being considered, it will be seen that in some districts the position calls for the performance of extensive duties, involving no small degree of responsibility. It is not always possible for the District Intermediate Credit Supervisors to attend meetings of the directors of the associations, but in some cases arrangements are made for the district manager or agent of the Public Trust Office to attend as his deputy.

PUBLICITY WORK.

19. The importance being realized of making the farming community conversant with the principles of the system established for their benefit, the practical means whereby advantage may be taken of the financial assistance made available thereby, and the policy of the Board in regard to its lending business and related matters, every opportunity has been taken during the past year of bringing the details of the system before the notice of farmers generally, and the fullest publicity has been given to developments affecting the Board's business. The Board has at all times met requests for articles containing an exposition of the system for publication in interested papers or journals, and where it has appeared that addresses to meetings of farmers interested in proposals to form co-operative rural intermediate credit associations or of directors of companies considering the utilization of the guaranteeing or discounting provisions would be appreciated every assistance has been given and arrangements have been made for a responsible officer of the Board to attend for the purpose of supplying full information upon the points involved. Particularly in regard to the delivery of addresses much valuable work has been done in the districts by the officers of the Board, which desires to acknowledge here the value of the services which have at all times been freely given in its interests.

20. *Visits of Deputy Commissioner to Districts.*—During the past year it was arranged that the Deputy Commissioner should pay visits to the various districts

for the purpose of meeting the directors of the associations operating throughout the Dominion, discussing any difficulties with which they were faced in the conduct of the associations' affairs, and furnishing first-hand information as to the policy of the Board in regard to loan applications and other matters. The series of visits was carried out during the winter months, to ensure that the fullest assistance might be given to the directors during the period in which farmers were making their financial arrangements, and that the maximum benefit would therefore be derived from the scheme during the forthcoming season. The programme has now been completed, and as a result of the action taken a number of misunderstandings regarding the objects aimed at by the Board and the reasons underlying the policy it has adopted in connection with the various phases of its business have been removed, thus making for the smoother working of the association method of securing accommodation. It is expected also that with the more uniform handling of loan applications by the directors of associations throughout the Dominion, as the result of information supplied or advice tendered in the course of these discussions, borrowers will benefit through the prompter handling of their applications which will be possible when the directors are fully cognizant of the basis upon which the Board deals with such applications, and the nature and extent of the security which it considers necessary in view of its obligations to the debenture-holders.

In the visits to the South Island districts in which associations have been formed Mr. John Brown, a member of the central Board representing the South Island farmers, accompanied the Deputy Commissioner. Arrangements were also made for the District Intermediate Credit Supervisors in the respective districts to attend at all conferences with the directors of associations.

Advantage was also taken of the opportunity to arrange for the delivery of addresses upon the system or, if that was not possible within the available time, to put matters in train for meetings to be addressed by the local representatives of the Board. Addresses were delivered by the Deputy Commissioner to meetings of farmers at Te Puke, in the Bay of Plenty district; New Plymouth, Inglewood, Auroa, Stratford, Mangatoki, and Okaiawa, in the Taranaki district; Wanganui and Waverley, in the Wanganui district; Blenheim and Havelock, in the Marlborough district; and Rangiora, in the Canterbury district. He also delivered an address to a meeting of the New Zealand Society of Accountants held in Wellington.

21. *Meetings addressed.*—Addresses have also been delivered by District Intermediate Credit Supervisors to meetings of farmers, meetings of the local branches of the Farmers' Union, annual meetings of dairy companies, and other gatherings of persons closely associated with the farming industry. Over thirty such addresses were delivered during the past year. These have been of great value for publicity purposes, as is evidenced by the direct results which have in many cases followed such meetings, such as the formation of associations or the decisions of dairy companies to avail themselves of the provisions of the Act for the benefit of their suppliers.

On the 31st May, 1929, the Hon. J. G. Cobbe, who was one of the original directors of the Oroua Association but had been compelled through pressure of official duties to relinquish this position, delivered an address at Feilding to the shareholders of the association dealing with the rural intermediate credit system. As a result of this address interest in the association was considerably stimulated.

22. *Co-operation with Farmers' Union.*—Close touch has been maintained throughout the year with the New Zealand Farmers' Union and its branches throughout the Dominion, and from time to time summaries of the activities of the Board and statements regarding special developments have been furnished for inclusion in publications of the union. The central organization and the branches of the union throughout the Dominion have lent the Board considerable assistance since the inception of the system in the measures which it has taken to bring particulars of the system before the notice of the farming community, and the Board appreciates the assistance which has at all times been given by the union in the launching of the scheme. The larger proportion of the meetings addressed during the past year by the officers of the Board were convened by the local branches of the union and the success which has attended the efforts to establish many of the associations

which are now operating or in the course of formation is directly attributable to the keen interest displayed and energetic steps taken by the local branches of the union. Upon its part the Board is willing at all times to co-operate with the union in making the intermediate credit system of the maximum benefit to the farming community.

23. *Issues of Booklet and Circular Letters.*—The issue of the booklet "New Finance for Farmers" was completed during the year, and a wide distribution made among farmers, farmers' organizations (including the Farmers' Union and agricultural and pastoral associations, dairy factories, and similar concerns), stock and station companies, and other persons and concerns likely to be interested in the establishment of the system, or in assisting farmers to take advantage of the means provided for obtaining loans. As a consequence particulars of the system were made widely known among farmers and persons associated with the farming industry. A supply of the booklet has been kept on hand at all offices of the Board and copies are made available to persons desirous of obtaining information regarding the Board's activities. As no public issue of debentures has been required up to the present, it has not been necessary to proceed with the printing of the booklet dealing with the system from an investor's point of view; but the booklet has been prepared and is in readiness for immediate use when required.

In view of the keen interest displayed by dairy companies the issue of the above booklet was recently supplemented by the despatch of a circular letter to all dairy companies, cheese-factories, and like concerns operating in the Dominion, setting out the various ways in which they are able to assist suppliers to take advantage of the intermediate credit system. Already this action has been followed by direct results, in that several requests have been received from companies for the acceptance of their guarantees of loans under Part III of the Act, or their endorsement of notes for discounting, and it is probable that further decisions will be made to utilize the system when it has been possible for the circular letter to receive the full consideration of the directors of such companies.

24. *Distribution of Annual Report.*—A large number of copies of the report on the Board's operations for the year ended 30th June, 1928, were printed, and copies were supplied to the daily newspapers throughout the Dominion, farming journals, and other publications. As the report contained a full statement of the conditions which rendered the introduction of the system imperative, its nature and practical working, the establishment of the scheme throughout the Dominion, the policy of the Board in regard to loan applications and other matters affecting its business, and the use which had been made of the system during the short period for which the Board had then been operating, wide publicity was given by the newspapers and other journals to the contents of the report. Copies were also widely distributed among all persons and concerns likely to be interested in the operations of the Board.

25. *Articles published in Journals and Newspapers.*—There has been constant inquiry upon the part of publications devoted to farming interests for articles explaining the system or dealing with aspects which are of special interest to the readers of the particular journals, or setting out the more notable developments which have occurred from time to time. The desired information has freely been made available. In a number of instances arrangements have been made for furnishing journals of this description with regular articles dealing with the system and the operations of the Board.

Statements of the proceedings at the monthly meetings of the central Board have been released to the press during the year and have been published extensively throughout the Dominion, thus keeping all classes of the community conversant with developments in connection with the system, and the measures taken by the Board to give the fullest possible service to the farming community and to meet changing conditions existing from time to time. Reports of matters of local interest have also been supplied to the newspapers published in the various districts.

The Board desires to record its indebtedness both to the press throughout the Dominion and to the farming journals for the wide publicity which, in recognition of the national importance of this system of rural finance, the object of which is to assist the welfare of the primary producer, they have given to the operations of the Board and developments regarding the system.

26. It will be seen that the most energetic steps have been taken to ensure that the merits of the intermediate credit system are brought before all classes of the farming community and other persons and organizations likely to be interested in the lending operations of the Board. The success of the measures taken during the past year and the initial period of the Board's operations is reflected in the marked increase in business recorded during the year, and it is confidently anticipated that equally satisfactory progress will, as a further result, be recorded during the coming year.

POLICY [OF THE BOARD.

27. *Nature of System.*—Despite the full measures taken to explain the system set up by the Rural Intermediate Credit Act of 1927, it has been brought to the knowledge of the Board at different times that misapprehension exists as to the classes of security which the Board is able to accept and the standard of security which, in view of its responsibility to debenture-holders, the Board finds it necessary to maintain. The true nature of the system was explained in the first report of the Board in the following terms :—

“ The main purpose of the rural intermediate credit system is to improve the existing credit machinery by organization and supervision and to create a greater degree of confidence in rural securities—mainly chattels and the like—than has existed in recent years, and so to secure a flow of funds for investment upon those securities at reasonable rates. In accordance with developments abroad, the individual lender, from one point of view, or borrower, from the other, will be replaced by a corporate concern, the Rural Intermediate Credit Board, which, by reason of the extent of its operations and the wider spread of risk, will, it is anticipated, be able to secure the necessary funds on more advantageous terms than would be possible in the case of individual borrowers. The success of the Board's operations must depend to a large extent upon its ability to secure a flow of funds through debenture issues, and confidence upon the part of the investing public cannot be expected if the Board does not maintain a prudent standard of investment. The Board is also a trustee in respect of the advances received by it from the Consolidated Fund, which are by way of loan only, and it is equally under an obligation to safeguard those funds. In view of the fact that by the Act debentures are constituted trustee securities it is evident that it was the intention of Parliament that advances should be made only against adequate security. To adopt any other lending policy would be inconsistent with the Board's responsibility to the Government and the debenture-holders, and would be opposed to and almost certainly defeat the accomplishment of the objects aimed at by the introduction of this system.

“ The producer will benefit from the policy followed by the Board not only by reason of the more favourable rates of interest at which accommodation is procurable, but also because of the security of finance provided where arrangements are made with the Board for accommodation.”

It is clear, however, that the system is regarded by some applicants as a measure designed to provide loans for farmers who have not an adequate amount of security to support applications for the amounts which they require for stocking up or developing their farms, or discharging pressing liabilities. While the Board is prepared to take into account all factors having a bearing upon the applications submitted to it, including the worth of the personal element, which is an important factor in this class of finance, or the value of collateral securities offered in the form of second mortgages of land, charges over other classes of assets or independent personal security such as guarantees, there have been a number of applications which the Board has felt it would not be justified in granting. These cases are not confined to applications where the security offered is inadequate. In some cases it has been apparent that the farming proposition is, in view of liabilities attaching to it, economically so unsound that the applicants will not be in a position to continue for long with their operations. Where this is the position it is felt that no real relief

would be afforded by the granting of a loan out of the Board's funds, while there would be a grave risk of loss of the Board's funds which it would be improper for the Board to incur in view of its responsibility to debenture-holders.

In cases where there is doubt as to the sufficiency of the security proffered, sympathetic attention is given by the Board and the district boards to all relevant considerations, and, especially where the personal risk is shown to be a particularly good one, every circumstance in favour of granting the loan is gone into fully. In this regard the Board freely acknowledges the valuable services given by the district boards. Composed to a large extent of practical farmers familiar with local conditions, they are able to judge accurately the prospects of the ultimate success of the farming venture and the protection which, if a loan were granted, would in the meantime be afforded to the Board. In many instances suggestions have been made by the district boards for better financial arrangements in regard to leases, mortgages, or other liabilities, or improved methods of farming, the adoption of which has made it possible to approve loans immediately which, under the pre-existing circumstances, would not have been approved, or has later placed the applicants in a position to obtain advances. It is evident, also, from the conditions under which loans have been recommended by directors of associations that the like careful consideration has been given to applications put forward by them.

28. *Securities over Land.*—One matter which has given rise to difficulty in dealing with loan applications is the question of the acceptance by the Board of collateral securities over land. It is clear that the purpose of the intermediate credit system is to provide loans mainly on the security of farming chattels, including live-stock, machinery and implements, and farm-produce, and that a borrower's requirements in respect of land should be met by the system of long-term mortgages of land set up by the Rural Advances Act of 1926. Applications have, however, been submitted for loans which, upon the margins adopted by the Board, would be secured partly on the farm chattels owned by the applicant and partly by collateral mortgages over the farm properties, subject to one or more existing mortgages. Generally, where the stock is of such value that the bulk of the loan required could, upon the Board's margins, be approved upon the stock, and a good equity has been shown to exist in the farm property, the Board has been able to grant the desired loan. It is, however, averse, as a matter of principle, to granting loans which, in view of the inadequacy of the stock offered, would in effect be mainly secured by a mortgage of land following upon prior encumbrances, the total of which is heavy in relation to the value of the land, or to approving advances upon the security of second or subsequent mortgages of land only. In the latter regard it is to be remembered that the rural advances system makes provision for loans on the security of land up to the maximum proportion which is considered prudent from the point of view of a lending institution securing its funds for investment by debenture issues, and if the borrower is not able to obtain a loan of the amount he requires under that system, it would not be within the true purposes for which the Board is constituted to approve a loan which would bring the total indebtedness on the property beyond the amount obtainable from the Rural Advances Board.

It has also at different times been suggested to the Board that loans should be approved in certain cases where the purpose of the loans is to discharge second or later mortgages over the farm properties and a substantial portion of the securities would be in collateral mortgages over the properties, and that in these cases provision should be made for repayment of the Board's loans over longer periods than the normal five-year periods. The term for which loans may be granted is, however, restricted by the Act to five years, which is the term within which the information obtained by the Royal Commission on Rural Credits showed that intermediate credit loans should normally be cleared; but, apart from this, the effect of adopting the course recommended would be to provide facilities for long-term second mortgages of land at low rates of interest, and the Board does not consider that this would properly be within its functions.

While these are the general principles followed by the Board in regard to applications of this nature, each individual case is treated upon its merits and the best possible treatment given to applicants, consistent with the obligations imposed upon the Board.

29. *Handling of Applications.*—It is recognized that if the system is to be of the fullest value to farmers applications for loans must be handled and a decision given with promptitude. It was inevitable that during the initial stages of the Board's operations, when directors of associations, members of the district boards, and the local representatives of the Board, were not fully familiar with the Board's requirements, a final decision could not always be arrived at as quickly as could be desired, it being frequently necessary to defer a decision until additional information was forthcoming. The measures taken during the past year to render all persons handling loan matters conversant with the practical requirements of the Board and its policy in regard to its lending business, and to provide them with publications containing an outline of the procedure to be followed and of the policy adopted by the Board, may be expected to result in a more uniform handling of the applications and reduce to a minimum the necessity of holding over a decision until requisite information is submitted.

Upon the Board's part all necessary steps are taken in the central office and local offices of the Board to dispose of applications promptly. Standard forms of application, valuation, and statement of financial position have been printed which, if adhered to, furnish the full information required for the consideration of the applications. Meetings of district boards are held as frequently as the volume of business renders it practicable to do so, and in the intervals between the meetings the views of the individual members are ascertained by circulating copies of board papers summarizing all the relevant information, so that the decision of the district boards may be given with despatch. Certain powers of approving loans have been given to the district boards which, in cases covered by this delegation, render a reference to the central Board unnecessary, and the powers so conferred on the district boards were extended during the past year.

In the central office the Local Committee of the Board, which now deals with all loan applications and with other matters affecting the lending business, meets weekly or more frequently if necessary, to dispose of such of these matters as require the approval of the central Board. By the use of a special form of reference upon which the decisions of the Local Committee are endorsed in a concise form, it is possible to advise local officers of the Board promptly of the decisions reached.

Measures have also been approved by the Board to meet the case of borrowers who change their flocks and herds according to seasonal requirements and desire the re-advances of sums received by the Board representing the proceeds of the partial realization of their stock in order to purchase further stock to replace the stock sold. In such cases applications for re-advances will be dealt with promptly by the District Intermediate Credit Supervisors, acting in conjunction with the district boards.

During July the Board met with the criticism on the part of a director of a co-operative rural intermediate credit association that undue delays had occurred on the part of the central office of the Board in dealing with applications referred by the association for the Board's approval, and this criticism was given prominence by press reports which appeared. An examination of the records of the Board relative to loan applications received from this association showed, however, that the majority of the applications submitted by it had been granted by the Local Committee within one, two, or three days after their arrival at the Head Office of the Board, and that as regards five-sixths of the applications received from the association the average time taken in reaching a decision was four days. The remaining applications presented features which, in the opinion of the Committee, rendered it necessary that further information should be placed before it. These applications were therefore referred back to the directors of the association to enable the doubtful points to be investigated. As a result two of the applications were withdrawn by the applicants and the remainder were granted by the Local Committee in the light of additional satisfactory information supplied by the association. In two of these cases the Local Committee's decision was given on the day on which the papers arrived at the Head Office, and the decisions in the other cases were given within three days.

These circumstances were fully traversed in a statement issued by the Commissioner to the press which also received wide publicity. In the statement

the need for the Board, in view of its responsibility to debenture-holders and in the ultimate interests of the scheme, to be fully satisfied as to the adequacy of the security offered in every case was fully emphasized.

The preparation of the securities, once the loans are granted, is facilitated by the use of standard forms used by the Board in regard to direct loans or furnished to associations at cost price for the taking of securities for loans granted by them and approved by the Board.

30. *Legal Charges.*—The expense involved in obtaining loans is kept at a minimum, and the scale of legal charges prescribed by the Rural Intermediate Credit Regulations in relation to the legal work involved is on the lowest basis. During the year it was brought to the notice of the Board that in cases where collateral security was required over land the legal expenses were increased to a marked extent through the necessity of incurring agency charges for searching, stamping, registration, and other incidental work, and where it has been possible, in view of the security in the stock and chattels or produce, to dispense with the taking of such security the Board has in consequence agreed to do so.

31. *Repayment of Loans.*—The Royal Commission of 1925 recommended that intermediate credit loans should be granted on a reducing basis, with repayments sufficient to clear the indebtedness of borrowers within a five-year period. The Board has followed the principle so laid down, and in granting loans has, as a general rule, fixed terms of repayment which will result in the indebtedness being cleared within that period, the repayments, together with interest, being secured in the case of dairy-farmers by an order on the cream cheques. It has, of course, been necessary to provide in the documents securing the loans for the loans to be on a demand basis, which is the basis on which loans are granted by all institutions making advances on the security of farming stock and chattels; but borrowers are assured, so long as their securities are maintained and their conduct continues to be satisfactory, that the Board will not arbitrarily call up the loans. The practice in regard to repayments is varied slightly in the case of loans on sheep securities, as there are more extensive changes from time to time in the stock, and the principle adopted is to fix the first annual repayment at the time when the loan is approved and review the position of the account annually thereafter to determine the further repayments to be called for.

During the past few months a considerable number of applications were received from borrowers who had reduced their loans during the first year upon the basis laid down at the time of granting the loans for re-advances of sums which would increase the accounts substantially to the amounts of the original loans, or, in some cases, bring the total indebtedness up to an amount in excess of the original loan. In the majority of cases the further loan was required to purchase additional stock which could be carried as the result of improvements effected with the original loan-moneys, or to bring into a higher state of productivity portions of the farm property which, through lack of capital, could not previously be employed to the best advantage. In such cases the Board had no difficulty in meeting the requirements of the borrowers where adequate security was available, and it is apparent that where the borrowers are gradually bringing in their properties or building up their herds as their finances permit, and so making steady headway, it will not be possible, nor would it be desirable upon broad grounds, to insist upon a rigid basis of repayment to clear the loan within the five-year period. The position is, of course, different where the farming venture has been fully developed and the borrower has no calls for expenditure which should prevent him from regularly reducing his indebtedness to the Board.

The practice of requiring regular repayments is undoubtedly in the interests of the borrowers themselves, and the repayments asked for should not press unduly upon the borrowers, as the purposes for which the loans are granted should serve to improve their position, either by placing their finances upon a more favourable basis than previously existed by relieving them of heavy interest charges, or of the anxiety associated with a number of small liabilities any of which may be called up at inconvenient times, or by assisting them to increase production through the building-up of their herds or flocks, or the improved working of the farm properties. In many cases, too, the granting of the loans has enabled the borrowers

to obtain concessions in return for cash payments for their requirements, and so they have represented a definite cash value to the borrowers. Many cases have come to the knowledge of the Board where considerable benefits have accrued to farmers in this manner.

32. *Suspension of Payments during Winter Months.*—The payments received by dairy-farmers in respect of their cream-supplies during the winter months are small, and they generally require the full cheques to meet current expenditure. It is therefore to their advantage that the interest on their loans and the annual repayments of principal should be collected over the flush months of the year, and the practice is now adopted by the Board, in the case of direct loans, of taking an order from the borrower for a percentage estimated to be sufficient to produce the total payments required during this portion of the year, and once the required payments have been met to suspend the operation of the order until the commencement of the next milking season. In the case of association loans the matter is left to the decision of the individual associations, but in several instances the practice adopted by the Board has been followed by the associations.

33. *Disbursement of Loans.*—Suitable measures are taken by the Board to ensure that loans are applied for the purposes for which they were granted. In many cases the Board in approving loans has taken into consideration the fact that it is proposed to purchase additional stock or chattels out of the loan-moneys, and where the additional stock or chattels are necessary to provide the requisite margin of security for the moneys advanced special measures are taken to ensure that the purchases are made and the stock and chattels brought within the ambit of the security taken. The discharge of encumbrances on the stock and chattels, or prior encumbrances of land where collateral security is taken over the farm property, is left in the hands of the solicitors entrusted with the preparation of the securities. In other respects, also, close oversight is exercised over the expenditure of loan-moneys. During the year a special system was adopted in regard to the application of moneys advanced through associations to ensure that the requisite margin of security is provided for the loans by the purchase of additional stock and implements, and so forth, and to place the disbursement of other loan-moneys directly under the control of the directors of the association.

34. *Proposed System for "Limits."*—It was recently announced by the Right Hon. the Prime Minister that legislation would be introduced during the present session raising the limit of advances to farmers to £2,000 in each case. As this extension would make the rural intermediate credit system more applicable to the needs of the sheep-farmer and grain-grower than has been the case under the present limit, the Board has given consideration to the best means of providing for the credit requirements of these classes of farmers. Mainly the lending business of the Board has been confined to the granting of loans for immediate requirements, such as the discharge of encumbrances on farming assets, the purchase of additional stock, fertilizer, or farming accessories, though where the loan has been required for the payment of amounts due at future dates the Board has agreed to make the loan or such portion as is required payable at the future date without requiring the payment of any interest in the meantime. This has been sufficient to meet the needs of the dairy-farmer. The position of the sheep-farmer or grain-grower is, however, materially different, as these farmers receive the whole of their income within one or two months, leaving a large portion of the year in which no income is forthcoming, and during which considerable expenditure has to be incurred for living-expenses, purchase of stock, and planting of crops for the succeeding season. The indebtedness of these farmers thus shows considerable variation through the year. After the season's produce has been disposed of their accounts may be in credit, but these soon come into debit as expenditure becomes necessary for the various purposes, and there is a steady increase in the indebtedness throughout the year until the proceeds of the new season are received.

The present practice of such farmers is to have an overdraft limit fixed by the bank or stock and station agents with which they transact their business, and this limit is drawn against as required. It has been clear to the Board that if these classes of farmers are to be encouraged to use the facilities provided by the Board it will be necessary for the Board to make provision for the fixing of limits up to

which such farmers may borrow, so as to enable them to finance their operations during the "dead" season of the year, only the moneys actually required being made available from time to time.

The Board has considered the adoption of this practice, and it is intended to make credit facilities of this description available immediately any increase is authorized in the limit for loans granted by the Board or by associations. Reservations of the nature set out below will probably be made in regard to loans of this description :—

- (a) The limits fixed will not exceed the amounts to which the Board would be prepared to lend on the usual margins on the proffered security.
- (b) All existing encumbrances on the security will require to be discharged from the amount made available by the Board.
- (c) The charge on stock, crops, and/or land will be registered against the security to cover present and future advances.
- (d) Reasonable notice is to be given by the borrower of additional advances required from time to time, up to the limit fixed by the Board.
- (e) The Board will not be able to adopt a system of cheques or orders similar to those used in the case of stock and station agents. A maximum of one withdrawal a month, or, in the case of more frequent payments being required a minimum of £50 per withdrawal, has been fixed as regards the amounts to be received at any one time to meet living and current expenses. The amounts paid over by the Board can be lodged by the borrowers to the credit of their banking accounts and cheques drawn in the usual way until the amounts are exhausted, when further amounts can be made available within the limit authorized.
- (f) Interest will be charged only on the amount owing by the borrower from time to time.
- (g) The position of each borrower will be reviewed annually by the Board, which will then decide whether the limit should be varied.

Prior to considering the adoption of this practice the members of all district boards and associations operating throughout the Dominion were approached for an expression of their views as to the desirability of adopting the practice, and for any suggestions which they might desire to offer with the object of making the proposed system of the fullest use to the classes of farmers affected. All views expressed and suggestions made will be carefully considered by the Board prior to its final decision being reached.

35. *Interest and Discount Rates.*—The Board's rate of interest and discount rate has been maintained at $6\frac{1}{2}$ per cent. per annum during the past year, with the exception, which previously existed, that loans are made at 6 per cent. to co-operative rural intermediate credit associations which readvance the amounts at $6\frac{1}{2}$ per cent. to their members. Subject to certain conditions, associations are authorized to utilize the margin of $\frac{1}{2}$ per cent. so made available for the purpose of meeting the expenses of management and other expenditure involved in the conduct of their lending business.

CO-OPERATIVE RURAL INTERMEDIATE CREDIT ASSOCIATIONS.

36. *Nature of Associations.*—Part II of the Rural Intermediate Credit Act, 1927, provided the means whereby practical effect might be given to the desire previously expressed upon the part of a large section of the farming community for means for co-operative action regarding their financial requirements in respect of stock and similar purposes. In order to obtain stock loans from the Board under this portion of the Act a group of farmers of not less than twenty in number may form a co-operative rural intermediate credit association, a special form of limited-liability company, to which the Board is authorized to advance moneys to be re-lent by the association to its members on securities approved by the Board.

Members of such associations are required to subscribe for share capital of amounts varying in proportion to the amount of the loans taken up by them. The minimum share capital for a member is twenty-five £1 shares, which will enable the shareholder to take up a loan up to £250, and for a larger loan he must take up shares to the nominal value of one-tenth of the amount of the loan. There is no joint and several liability for loans, and members of associations are not liable for the loans obtained by other members beyond the amount of the share capital which they have taken up. Provision is made for a member who has repaid his loan surrendering his shares and receiving their value, provided his retirement will not reduce the number of members below twenty. New members may also be admitted from time to time.

In practical effect the functions of associations are limited to obtaining advances from the Board to be re-lent to their members upon approved securities—mainly farming-stock and chattels—and to the administration of such loan accounts. Standard forms of memorandum and articles of association are prescribed for use by the associations. Their operations are also subject to special control in many respects by the Board, which, it is almost certain, will be the only creditor of the associations as regards the advancing of funds; but, on the other hand, in view of their special character it has been possible to relax many of the requirements which apply to other limited-liability companies.

With a view to keeping the working-expenses of associations at a minimum, express provision was included in the Act to the effect that there should be only one paid official of each association. In addition, directors are not entitled to receive any remuneration for their services, apart from any remuneration which a director may receive in the capacity of secretary-treasurer, except that they may be paid travelling-expenses and out-of-pocket expenses incurred in carrying out their duties as directors.

The purposes for which loans may be obtained by members of associations are the following:—

- (a) The clearing, fencing, draining, and general improvement of land in the occupation of the applicant:
- (b) The erection of buildings on any such land:
- (c) The purchase of implements, stock, seeds, plants, trees, and other things required in respect of the occupation and use of any land:
- (d) The payment of any mortgage, debt, or other liability of the applicant incurred in relation to farming operations:
- (e) Any other purpose in relation to farming operations that may be approved by the Board.

The maximum term for which advances may be granted under the Act is five years, and the rate of interest chargeable to borrowers must not exceed 7 per cent.

37. *Capital of Associations called up.*—Section 40 (2) of the Act provides that every subscriber to the memorandum of association of a co-operative rural intermediate credit association shall, as and when required by the Board to do so (being not later than one year after the incorporation of the association and before the granting of a loan to the subscriber), pay in cash not less than 5 per cent. of the value of the shares subscribed for by him. The Board has adopted the practice of requiring associations on formation to call up immediately 1s. per share in respect of the share capital, but so far it has not been necessary for associations to call up a larger amount of share capital.

38. *Preliminary Expenses of Formation.*—By section 18 of the Rural Intermediate Credit Act, 1927, the Minister of Finance is empowered to make advances up to £5,000 to the Board, to be applied by the Board in making loans to associations, in sums not exceeding £25 in each case, to assist the associations to pay preliminary expenses. Amounts so lent are free of payment of interest for the period agreed upon between the Board and the association, being not longer than ten years after the registration of the association, and no interest is payable by the Board in respect of moneys advanced to it under this section.

During the period up to the 30th June, 1929, loans totalling £365 2s. 3d. had been made to associations for the purpose of enabling them to meet the preliminary

expenses associated with their establishment, such as the legal costs and other expenses incurred in forming them, the charges for accounting-books and records, and expenditure of a like nature. Applications by associations for advances of this description are dealt with by the District Intermediate Credit Supervisors.

39. *Payment of Expenses of Administration.*—With the object of enabling associations to meet the expenses of management and lend funds to their members at the same rate as that charged by the Board in respect of direct loans under the provisions of Part III of the Act, the Board at the outset fixed the rate of interest payable by associations at 6 per cent., being $\frac{1}{2}$ per cent. less than its general lending rate, subject to the requirement that $\frac{1}{4}$ per cent. of the $\frac{1}{2}$ per cent. margin of interest so provided should be used for the purpose of setting up a reserve fund to meet contingencies.

Representations were made by some of the associations that the margin of interest available was not sufficient in the earlier stages of an association's working to enable the expenses of management to be met and an adequate remuneration provided for the secretary-treasurer, with the result that difficulty was being experienced in some cases in obtaining the services of or retaining suitable secretary-treasurers. In the opinion of the Board, these difficulties are mainly of a temporary nature, attributable to the fact that the working-expenses of associations are proportionately higher and the revenue considerably less in the initial periods of operation, and that with the growth of business it will be possible for individual associations to operate successfully upon the margin of interest provided by the Board. As it appeared, however, that for the time being a real difficulty existed, the Board decided to permit associations to make a small charge to applicants to cover the cost of the work involved in the consideration of their applications. This was intended to enable associations to provide additional funds for meeting working-expenses without imposing any material burden upon the applicants, and to ensure incidentally that unsuccessful applicants contributed in some measure towards the cost of the work involved in considering their applications.

At a later date further representations were made to the effect that additional revenue was required to enable the associations to operate successfully. After fully considering the position the Board decided to make additional temporary assistance available to associations in the following manner, to enable them to meet the expenses associated with the conduct of their affairs:—

- (a) Associations will be permitted to make a levy upon applicants towards the costs of management upon the following basis: (1) Applications for loans below £500, 10s. 6d.; (2) applications for loans of £500 and over, £1 1s.
- (b) Where an association levies the above charges it will also be permitted to utilize the full $\frac{1}{2}$ per cent. margin to meet the costs of management, including provision for the remuneration of the secretary-treasurers.

Having regard to the period of years for which the average loans will be outstanding, the additional charges authorized will add only slightly to the cost of obtaining loans through associations, and this additional cost will, in any case, be compensated for by arrangements which had, prior to the above decision, been made for reducing the legal expenses incurred in connection with taking securities from borrowers from associations.

The later arrangement referred to above is a temporary one only, and the Board specifically retained the right to restore the provision for setting aside a portion of the interest margin to reserves as soon as associations generally or any particular associations are in a position to operate successfully under the conditions originally fixed.

The majority of the associations have decided to avail themselves of the additional funds made available by the Board in the above manner, but several associations decided to continue operating under the conditions originally fixed by the Board, and to hold over a decision regarding the adoption of the amended conditions until, with experience over a lengthier period, they were in a position to judge whether in the case of their particular associations additional revenue was essential.

The amending Rural Intermediate Credit Regulations made on the 17th September, 1928 (*New Zealand Gazette* No. 70, 20th September, 1928), included a provision authorizing the directors of associations, with the approval of the Board, to impose charges for the consideration of applications for loans, to be payable by the applicants whether loans are granted or not.

The Board upon its part has, within its powers, done everything possible to assist associations to keep the expenses of administration at the lowest figure. All legal forms and accountancy and other records which are required for the use of associations in any number have been printed by the Board, and supplies made available to associations at cost price. Advice upon matters associated with their business operations is at all times freely given by the officers of the Board, and any suggestions which have been put forward by associations with the object of making for the more economical or expeditious conduct of their affairs or otherwise have been given careful and sympathetic consideration.

It has been found to be a considerable advantage to combine the positions of secretary-treasurer and solicitor to the association, as the remuneration for the secretarial work is then supplemented by the professional charges levied in connection with the preparation of securities. In the case of eleven of the associations formed up to the present, arrangements have been made for the performance of the duties of secretary-treasurer by the solicitors for the associations.

40. *Assistance rendered to Associations.*—The importance, in the interests of efficiency and smooth working, of rendering directors and other officers of associations fully cognizant of the lines upon which the Board is working in considering loan applications, the extent of security called for, and the requirements of the Board in other respects has been fully recognized. The District Intermediate Credit Supervisors are, *ex officio*, directors of associations operating in their districts, and as far as possible arrangements are made for their attendance or representation at directors' meetings when loan applications are being submitted for consideration so that the principal requirements of the Board may be fully provided for.

In many cases, however, the associations' offices are situated at some considerable distance from the District Supervisors' offices, and their attendance in person or by deputy is not practicable. It was on this account considered advisable to compile a booklet supplying directors and secretary-treasurers with information regarding the practical handling of loan applications and the associations' business generally, a general statement as to the principles followed by the Board in granting loan applications, and a guide to the various obligations imposed upon the directors and secretary-treasurers. Copies of the booklet were furnished to all directors and secretary-treasurers of associations throughout the Dominion, as well as to members of the District Rural Intermediate Credit Boards. This action should not only result in the more efficient handling of applications for advances to members of the associations, but also save disappointment to borrowers whose applications may be entertained by the directors but subsequently declined by the Board upon the ground that the security proffered is insufficient or that the application does not fulfil requirements other than those relating to the extent of security.

Many expressions of appreciation have been received from directors and secretary treasurers as to the action taken, and assurances given that the booklet will prove of material assistance in the conduct of the lending business of associations. Provision was made in printing the booklet for additions and alterations as the policy of the Board is developed and extended from time to time.

At the time of the formation of associations, also, the secretary-treasurers are supplied with detailed instructions for the keeping of the accounting records of the associations.

As a further measure of assistance to directors in their work, it was arranged, as stated elsewhere, for the Deputy Commissioner to visit every district in the Dominion and confer with the directors of every association. This programme has now been completed, except that a special visit to the Northern Wairoa Association was not considered necessary, as the Deputy Commissioner was visiting the district at the time when the association was formed and was then able

to discuss matters of policy and management with the promoters of the association. The conferences with the directors of associations and the full and personal discussion of all problems with which they have been faced have been of benefit in promoting the smooth working of the association method of providing intermediate credit for farmers.

41. *Suggested Conference of Representatives of Co-operative Rural Intermediate Credit Associations.*—At a meeting of the Dominion executive of the New Zealand Farmers' Union held on the 15th May, 1929, a resolution was passed asking the Board to convene a conference of representatives of co-operative rural intermediate credit associations and members of the district rural intermediate credit boards, with the object of arriving at a uniform method of dealing with applications. A reply was sent to the Dominion secretary of the Farmers' Union advising that a similar request had previously been received from the directors of an association, but it was considered that, in view of the fact that the greater number of associations had only recently been formed and had had comparatively little practical experience of the working of the system, and that special arrangements had been made for discussions by an officer of the Board with the directors of individual associations, it would be better to defer the question of summoning a conference until further and more extensive experience had been obtained.

42. *Formation of Associations.*—The thirteen associations referred to in the report of the Board for the period ended the 30th June, 1928, are still in active operation, and the volume of business transacted by several of the associations has reached a substantial total. In addition, the following eight associations were formed during the past year: Helensville, Te Aroha, Kaimata (Inglewood), Horowhenua (Levin), Wairarapa (Masterton), Tapanui, Central Southland (Wright's Bush), and Mataura. Since the close of the year under review the Board's consent has been given to the registration of the following six additional associations: Bay of Islands (Kaikohe), Rangitaiki (Whakatane), Mid-Canterbury (Ashburton), Stratford, Katikati, and Te Puke. In addition, it is probable that associations will be formed at Whangarei, Rotorua, Rangiora, and Balclutha.

The total number of associations formed to date is twenty-seven, of which twenty-three are operating in the North Island and four in the South Island; and, as noted in the previous report, the associations have been formed mainly in dairy-farming districts. In view of the Right Hon. the Prime Minister's announcement of the intended introduction of legislation providing for the increase of the existing limit of advances to £2,000, it may be expected that, if the increase is given effect to, greater interest in the system will be shown in sheep-farming and cropping districts, and movements initiated there for the formation of associations.

43. *Loans granted.*—As at the 30th June, 1928, no loans had actually been paid over to members of co-operative rural intermediate credit associations, although prior to that date loans had been approved in several instances and the preparation of the documents of security was receiving attention. By the 30th June, 1929, loans totalling £68,828 were outstanding to members of these associations, after crediting instalments received throughout the year in reduction of loans. Comparing the figures for the 31st August, 1928 and 1929 respectively, a substantial increase in the business transacted with associations is shown by the fact that on the former date the total of loans outstanding was £13,655 and on the latter date £89,530.

44. *Directors and Secretary-Treasurers of Associations.*—A list of the directors and the secretary-treasurers of the associations formed throughout the Dominion is printed in the Second Appendix to this report.

45. *Relations with Associations.*—The relations between the Board and the officials of the various associations have been uniformly satisfactory, and this has been testified at different times by acknowledgments on behalf of the associations of the value of the system to their members and of the treatment which they have received at the hands of the Board and its officers. As an example, the following statement, taken from the annual report of the Otorohanga Association, which has

served the needs of a considerable number of farmers in the district covered by its operations, may be quoted :—

“ The directors feel certain that the figures afford clear proof of the advantages of the rural intermediate credit scheme, and show that the system will, if properly administered, grow to such an extent that it will provide practically all the facilities for rural finance which may be obtained from an agricultural bank.

“ The directors desire to express their appreciation of the manner in which the scheme is handled by the District Supervisor and his staff, and by the Rural Intermediate Credit Board in Wellington, and the District Board, Hamilton. The experience of the directors is that all applications are dealt with promptly and the recommendations of the local association receive very sympathetic consideration.

It is also pleasing to place on record the contents of the following letter addressed by the secretary of the Te Awamutu Association to the District Intermediate Credit Supervisor at Hamilton :—

“ At the annual meeting of my association, the chairman referred to the valuable help and assistance that had been given towards the establishment of rural credit associations and to the furtherance of the movement generally, and a resolution was passed by the meeting expressing its appreciation of the assistance given by the officers of the Public Trust Office.”

LOANS TO FARMERS WITHOUT THE INTERVENTION OF ASSOCIATIONS.

46. *Particulars of Direct Method of Application.*—Under the legislation originally submitted to Parliament in connection with the intermediate credit system, which followed the recommendations of the Royal Commission of 1925 on Rural Credits, loans were obtainable by farmers only through co-operative rural intermediate credit associations or through discounted promissory notes or bills of exchange; but it was considered that this restriction would prevent settlers in outlying districts, where it would be difficult or impossible to form associations, from obtaining assistance under the Act. Part III of the Act was accordingly introduced by the parliamentary Committee which considered the Rural Intermediate Credit Bill, and on which farming interests were extensively represented, enabling a farmer to apply direct to the Board for an advance, provided he is able to arrange for a guarantee satisfactory to the Board for such amount as might be required by it, being not less in any case than 20 per cent. of the original amount of the loan. This addition provided for the development and extension with adequate safeguards of the existing facilities under which loans on chattel securities can be obtained under the State Advances system. The collateral security afforded by the necessary guarantee replaces the collective responsibility of an association for advances made by the Board to the association to enable loans to be granted to its members. Section 64 (2) of the Act authorizes companies incorporated in New Zealand to guarantee loans under Part III of the Act, notwithstanding any provisions to the contrary contained in their memoranda and articles of association.

Loans may be granted under this Part of the Act for any of the purposes for which loans may be approved to members of associations, the relative sections in Parts II and III of the Act defining the purposes of loans being identical in their provisions. Similar conditions also apply to the rate of interest payable and the maximum amount of the loans. In practice the securities relating to both classes of loan are drawn so as to make the loans repayable on demand, but borrowers have the assurance that so long as their obligations are met and the securities maintained in a satisfactory condition the best possible treatment will be accorded to them and their loans will not be called up arbitrarily. The practice of requiring loans to be repaid by instalments suited to the individual cases is also made to apply to direct loans.

47. *Business transacted with Dairy Companies.*—The provisions regarding direct loans have continued to make a very substantial appeal to dairy companies, both co-operative and proprietary, and the larger proportion of direct-loan business transacted during the past year was put through upon the guarantees of such companies. The procedure is for a company desirous of assisting suppliers to secure loans from the Board to submit evidence of its financial position, mainly in the form of copies of the company's audited balance-sheets and profit and loss accounts for the last three complete financial years of the company. The information submitted is investigated by the Board, which decides to what extent it will accept the guarantees of the company, this limit being subject to review from time to time in sympathy with any alterations in the company's financial position. The information is treated as strictly confidential, and, if the companies prefer it, they may submit the information direct to the Board's Accountant at the Head Office. Once the limit is fixed for a particular company, it is free within the scope of this limit to submit applications from approved suppliers, which are then considered by the central Board or the district board upon their merits.

At the close of the year under review forty-six companies had concluded arrangements with the Board for the acceptance of their guarantees of loans. During the year a number of companies which had previously arranged for limits with the Board applied for increases of these limits to enable them to make still further use of the method for the purpose of providing financial assistance for their suppliers, and in practically every case it was possible to accede to these requests, in view of the improved financial positions of the companies concerned.

48. *Co-operative Principles apply.*—The provisions which appear in Part III of the Act have at different times been criticized upon the grounds that their existence is likely to prove an obstacle to the development of the co-operative method of financing provided by Part II of the Act, and that this is undesirable, as the best interests of the farming community in respect of their financial requirements regarding stock, as well as otherwise, would be served by the development of the principles of co-operation. It will be observed from this report that the existence of the direct method of application has not by any means prevented the formation of associations, as no fewer than twenty-seven of these concerns are in operation throughout the Dominion, and are serving the financial requirements of a considerable number of farmers. Apart altogether from this aspect, it is to be borne in mind that the major portion of the loans granted under the direct provisions of the legislation have been submitted through co-operative dairy companies with the guarantees of such companies, and their employment of the provisions of Part III of the Act has the same practical effect as the establishment by them of associations among their suppliers.

49. *Business transacted.*—The total of the loans granted under the provisions of Part III of the Act and outstanding at the close of the Board's financial year on the 30th June, 1929, was £92,334, which figure allows for substantial repayments received during the year, and compares with the sum of £2,034, representing loans of this description outstanding on the 30th June, 1928, up to which time the repayments received had, in view of the recent commencement of the Board's operations, been negligible in total. The figures as at the 31st August, 1928, and 31st August, 1929, respectively were £15,979 and £117,987, showing a satisfactory increase in the business recorded under this heading.

50. *Appreciations.*—As an expression of appreciation of the intermediate credit system having particular reference to the provisions of Part III of the Act, the following extract from an address delivered by the chairman of the New Zealand Co-operative Dairy Co., Ltd., at the annual general meeting of the company is of particular interest, as the company has transacted extensive business under these provisions of the Act with the Board :—

“The rural intermediate credit scheme has proved a valuable measure, having been placed on the statute-book over a year ago, and is, in our opinion, the best financial arrangement yet made to assist the producers, and we congratulate the Rural Intermediate Credit Board for their prompt attention and successful working.”

The remarks quoted hereunder are taken from the annual report for 1929 of the Farmers' Dairy Federation, Ltd., Invercargill, which is utilizing both the guaranteeing and discounting methods for assisting its suppliers to obtain financial accommodation :—

“ Under the rural credits scheme the federation has throughout the season assisted quite a number of suppliers with finance. Suppliers are recommended to study the advantages of the scheme, as, in co-operation with the federation, it presents a means of easing the financial strain which many suppliers may be subject to and generally opens a way to more independence of action in dealing with their stock and produce.”

DISCOUNTING.

51. *Method of Discounting.*—Under the provisions of paragraph 46 of the Rural Intermediate Credit Regulations of the 21st December, 1927, as amended by further regulations issued on the 17th September, 1928, the Board is authorized to discount promissory notes and bills of exchange in the following circumstances :—

- (a) The Board may determine the rate of discount chargeable :
- (b) The holder of the promissory note or bill of exchange is to be a bank, financial institution, company, firm, or person approved by the Board :
- (c) The maker of the promissory note or the acceptor of the bill of exchange is to be a farmer engaged in farming operations on his own account :
- (d) The note or bill is to be endorsed to the satisfaction of the Board :
- (e) The maximum amount of accommodation which a farmer or firm of farmers may obtain through applications under the Act and by means of discounted notes or bills is fixed at £1,000.

At the commencement of its lending business the Board did not put the discounting powers into immediate operation, as there were no means of judging to what extent the funds at its disposal would be sufficient to meet requirements in regard to applications for loans under Parts II, III, and IV of the Act, which it considered should be given preference. Later, however, certain dairy companies expressed themselves desirous of assisting their suppliers to secure small loans by this method upon the same favourable terms on which other classes of accommodation were provided by the Board, the loans being required mainly for seasonal needs, such as manure and seeds, as well as small purchases of stock. To meet this demand the Board decided to undertake the discounting of promissory notes and bills of exchange, fixing at the time a limit of £100 as the maximum sum which would be made available to any individual farmer by this method. During the year representations were made by dairy companies which were discounting notes with the Board that the limit should be increased, as the amount of £100 was not sufficient to provide for the seasonal needs of a number of their suppliers for whom they desired to arrange loans. After due consideration the Board decided to increase the maximum sum to be made available to £200, which is the present limit. The term fixed by the Board for advances by this method is two years, but it is found that, as it is used largely for providing for seasonal requirements, discounting companies generally prefer to make the notes payable within a period of twelve months or to have them cleared by the end of the milking season following the time of discounting. The Board's discount rate has remained throughout at 6½ per cent. per annum.

The procedure for companies desirous of arranging for the acceptance of their endorsements of notes and bills for discounting is similar to that followed in regard to the acceptance of the guarantees of companies in respect of loans under Part III of the Act. Evidence of the financial position of the company is submitted, mainly in the form of copies of the balance-sheets and profit and loss accounts for the last three complete financial years of the company, with such additional information as may be called for, and the Board fixes the limit up to which notes or bills will be discounted for it. Usually the Board is asked to fix a comprehensive limit in regard to the liability of the company in respect of both guarantees of loans and endorsements of notes.

Once the limit has been fixed in respect of a company, the procedure is simple, as all that is necessary is for the company to obtain the signatures of suppliers whom it desires to provide accommodation for to promissory notes, which are then handed over to the Board, with the endorsement of the company, for discounting. In comparison with the procedure under Parts II and III of the Act, the discounting procedure is extremely simple and inexpensive, as no valuations of stock or chattels are required, and the expense of legal documents is avoided.

52. *Utilization of Monthly Deductions from Cream Cheques.*—Dairy companies which endorse promissory notes of suppliers and present them to the Board for discounting usually arrange for an appropriate deduction from the suppliers' milk cheques in order that they may be in possession of sufficient funds to meet the notes on maturity, and during the period under review the question was raised as to how the monthly payments might be employed during the currency of the notes, so as to enable the suppliers affected to receive a rebate of interest in respect of the amounts held on their behalf. Where a discounting company is working on a bank overdraft it can, of course, apply the monthly payments in reduction of its account and pass on to the suppliers concerned the saving of interest thereby effected. To meet cases where this course is not practicable, however, the Board has approved of the following arrangement:—

Where the discounting system is adopted by a dairy company to any great extent the deductions received from the whole of the borrowing suppliers in each month will be considerable, and the Board is prepared to receive each month the total of the deductions made, allow promissory notes discounted by the company to an equivalent value to be retired, and grant a rebate of interest in regard to these notes upon condition that this saving of interest is passed on to all the suppliers affected, so that as a result they will be paying $6\frac{1}{2}$ per cent. only on the amount outstanding on account of their loans from month to month. This arrangement ensures that the discounting business of the Board is conducted on the most favourable terms to borrowers. The discounting method is simple in practice and most economical to borrowers, for, as mentioned above, no valuations are required and there are no legal documents to be prepared. It is not surprising, therefore, that dairy and other companies are becoming more alive to the advantages it presents to them for securing for their suppliers finance for minor farm requirements upon the most favourable terms. From the Board's point of view the discounting business is of a satisfactory character, as it is sound from an investing standpoint, in view of the fact that the discounting companies, the financial position of which has been ascertained in advance to be satisfactory, are fully responsible for payment of the notes on maturity; that consequently they are unlikely to endorse the notes of any farmers whose financial position is not favourably known to them; and, finally, that they will, in the majority of cases, provide for the payment of the notes on maturity by appropriate deductions from the milk cheques of the suppliers who have given the notes.

53. *Companies adopting System.*—The number of companies which had entered into discounting arrangements with the Board up to the 30th June, 1929, was twenty-six, and seven further companies have since concluded arrangements. It is unfortunate that in a number of cases the memoranda of association of companies desirous of entering into discounting transactions with the Board have not conferred upon them the requisite legal power to do so. In some cases applications have been made by the companies to the Supreme Court for authority to amend their memoranda of association so as to confer the requisite power, but in other cases the amount of discounting business in immediate view has not been thought sufficient to justify the expenditure involved.

54. *Volume of Business transacted.*—As at the 30th June, 1929, the face value of bills discounted by the Board and outstanding was £4,232. No discounts had been effected as at the 30th June, 1928; and the figures for the 31st August, 1928 and 1929 respectively, were £1,265 and £7,265, showing a substantial increase. Actually the business transacted under this heading was larger than the impression these figures convey, as, while bills may, by arrangement with the Board, be discounted for periods up to a maximum of two years, generally the periods are for twelve months or under, including terms expiring towards the close of the milking season

following the time of discounting; so allowance has to be made for a greater proportion of completed transactions than in the case of the larger loans under Parts II and III of the Act.

55. *Appreciations of Discounting System.*—The following extracts from a letter written to the Commissioner by the secretary of the Te Awamutu Co-operative Dairy Co., Ltd., which has discounted notes extensively with the Board, are interesting, as an expression of appreciation of the system by a company with extensive experience of its working:—

“We take this opportunity of extending to your Board our appreciation of this cheap and expeditious method of finance. From a recent press report we were surprised to find that so few co-operative dairy companies had availed themselves of the discounting provisions. It is an ideal system from a dairy-company point of view: it provides finance during the lean months of winter, and a graduated system of monthly deductions from suppliers' milk cheques, commencing from September, enables repayment to be made without difficulty.”

This company was also instrumental in the formation of a co-operative rural intermediate credit association among its suppliers, and, in acknowledging a copy of the circular letter which, as mentioned elsewhere in this report, was sent out during the year to all dairy companies, it expresses views as to the benefits of the intermediate credit system generally in the following words:—

“Our company has benefited very considerably by the Rural Intermediate Credit Act. You may remember that we took the lead in this district in the formation of a local rural intermediate credit association. Quite a number of our suppliers have had their finances placed on a most satisfactory basis through assistance received from that source. In addition we have availed ourselves of the discounting provisions of the Act, and the limit granted us by your Board has proved invaluable in letting out small sums to suppliers during the winter months for the payment of interest, purchase of manures, and additions to their herds. The rapid growth of our company during the past two years has made heavy demands upon our own financial resources for additions to buildings and plant, and if we had been unable to avail ourselves of the limit granted by your Board for the discounting of promissory notes we could not possibly have given adequate service and satisfaction to our suppliers in connection with advances of a temporary nature against the new season's supply. In our opinion, the Rural Intermediate Credit Act embodies a most practical method of promoting increased production in the dairying industry; and we should like to add that the expeditious manner in which your district office has handled the discounting arrangements leaves nothing to be desired.”

LOANS TO CO-OPERATIVE SOCIETIES.

56. Under the provisions of Part IV of the Act the Board is authorized to make advances to farmers' co-operative societies, to cover co-operative companies (not being associations established primarily for the purpose of the Act) incorporated under the Companies Act, 1908, and having for their principal object the production or sale of staple agricultural or pastoral products, including live-stock and including goods manufactured from any such products. To be competent to receive a loan from the Board a co-operative society answering to this description must have a subscribed capital of not less than £2,500 and be composed of not fewer than thirty members. To a society fulfilling these requirements the Board may grant advances, on the security of any live-stock or produce belonging to the society, of an amount not exceeding 80 per cent. of the fair market value of such live-stock or produce. Loans so granted are to be for terms of from six months to three years, and the rate of interest is not in any case to exceed 7 per cent. per annum. The rate of interest on loans of this class has been fixed by the Board at 6½ per cent. per annum.

The Act provides that a register shall be kept by the Board of co-operative societies to which this part of the Act is applicable, entry in the register being made only on the application of the societies.

Up to the present the provisions have not been utilized to any extent, one application only having been received for entry on the above register. This application was approved, but so far no applications have been received for advances.

FINANCE AND ACCOUNTS.

57. The system of accounts designed to record the business of the Board has continued to prove satisfactory, and throughout the year has admirably fulfilled all requirements. All accounts relating to advances are kept at the offices of the district boards, and thus information required by borrowers in relation to their accounts is readily available and District Supervisors are always completely informed without the necessity of reference to the Head Office.

The progress of the business in the various districts is closely watched, and the Head Office is kept in touch with the position by regular returns rendered by each District Supervisor. By this system the financial requirements of branches can be gauged and arrangements made to have funds available for settlement of loans when required. Remittances to branches for settlement of loans are made only when everything is in order for disbursement of the money, and this ensures that no large sums lie idle in the branch bank accounts.

Provision has been made for the temporary investment in Government securities of all funds not immediately required for payment of loans, &c., and these moneys have thus been enabled to earn interest while awaiting permanent investment. The system ensures that there shall be no delay in making temporarily invested funds available when they are required to settle with borrowers.

58. *Accounts to 30th June, 1929.*—This is the Board's first complete year, the period to 30th June, 1928, being of six months only from the date the Act came into force. This period of inauguration was naturally occupied mainly by the preliminary work in connection with the establishment of the Board and the district boards, and the setting-up of a system to ensure that the business would be dealt with on a sound basis.

Since the commencement of the year on the 1st July, 1928, the business has increased steadily. There has been nothing spectacular in its growth, but every month has seen a substantial increase. At the 30th June, 1928, the investments (excluding Rural Intermediate Credit Redemption Fund investments) were only £2,034. At the 30th June, 1929, they amounted to £165,115, excluding temporary investments, £34,000.

The income from the Board's investments was £5,940 11s. This amount does not, however, include the income earned by the investments of the Rural Intermediate Credit Redemption Fund, which amounted to £1,630 17s. 10d., and has been credited direct to the Rural Intermediate Credit Redemption Fund. The expenditure totalled £5,379 10s. 4d., and there was thus an excess of income over expenditure of £561 0s. 8d., which has been transferred to the Appropriation Account, and, in accordance with section 39 of the Act, appropriated one half to the Rural Intermediate Credit Redemption Fund and the other half to the Rural Intermediate Credit Reserve.

The figures published in the First Appendix to this report warrant the belief that the Board's business will show steady and satisfactory expansion, but until the volume has considerably increased it is unlikely that the expenditure necessary for efficient management can be fully met without utilizing to some extent the profit interest derived from the moneys advanced by the Legislature, which, in terms of the Act, are free of interest for a period of ten years. This result was obviously anticipated when the legislation was enacted by Parliament.

Advances totalling £197,100 have been received from the Consolidated Fund under the statutory provision in section 16 of the Act, authorizing advances to be made to the Board from the Consolidated Fund up to an amount not exceeding £400,000. The amount raised by the Board during the year by issue of bonds and debentures was £70,700.

The total investments and accrued interest thereon amount to £269,074 2s. 11d. Of this amount, however, £67,329 18s. 7d. represents the investments of the Rural Intermediate Credit Redemption Fund. One-third of all advances received by the Board from the Consolidated Fund under section 16 of the Act is required to be added to the Rural Intermediate Credit Redemption Fund and invested in Government securities. The interest on the investments as received is also invested and added to the Redemption Fund. The accretion to the fund by way of interest during the past year was £1,630 17s. 10d., and this amount, together with one-half share of the net profits, £280 10s. 4d., has been credited to the Rural Intermediate Credit Redemption Fund. The investments of the Redemption Fund are set aside for the redemption of debentures issued by the Board, and, under the provisions of the Act, cannot be used for any other purpose.

The investments in the course of the Board's ordinary business amount to £165,115 5s. 9d., classified as follows:—

	£	s.	d.
Advances to associations under Part II ..	68,828	15	8
Advances to farmers under Part III ..	92,334	5	5
Bills discounted	3,952	4	8
	<u>£165,115</u>	<u>5</u>	<u>9</u>

Temporary investments, representing funds held for settlement of loans on the point of completion, amount to £34,000.

59. *Issue of Debentures.*—In addition to providing for advances to the Board from the Consolidated Fund up to an amount not exceeding £400,000, the Act authorizes the Board, subject to certain conditions, to raise such further funds as may be required by the issue of debentures.

The Board has thought it advisable, as a matter of policy, to issue debentures to a limited extent for the purpose of supplementing the advances received from the Treasury. While no prospectus has been circulated and no general invitation has been given to the public to subscribe for these debentures, there have been numerous inquiries from investors interested in the scheme, and a total amount of £70,700 has been raised.

60. *Collection of Interest, Instalments, and Monthly Payments due by Borrowers.*—The Board appreciates the necessity for close supervision of all loan accounts, as, should borrowers fall into arrears with their payments, it is important that the position should be immediately brought under notice and receive proper attention.

A system has accordingly been provided whereby all loan accounts are regularly scrutinized, and cases where the stipulated payments have not been forthcoming or the payments received are insufficient to provide for interest and the required reduction of principal are recorded on a special "Arrears List." All cases on the Arrears List are kept under close observation and receive special attention until the accounts are again in a satisfactory position.

61. *Accounts of Associations.*—With a view to securing uniformity in the accounts of associations, the Board has laid down a suitable system to be followed in all cases, and has supplied carefully prepared instructions to the secretaries and treasurers of all associations. The District Supervisors and the Accountants at the Board's offices are at all times ready to give any further assistance and guidance that may be required.

In order to reduce the cost to associations, suitable accounting and statistical books and forms have been designed and printed in quantities. The Board is thus able to supply associations with the necessary books, and the small quantity of forms required, at a minimum cost.

62. *Increased Business for Year ended 31st August, 1929.*—The comparative statement published in the First Appendix to the report shows that the total investments of the Board increased during the year 31st August, 1928, to 31st August, 1929, from £30,945 to £215,176, an increase of 600 per cent., despite considerable repayments of loans effected during the year in accordance with the policy adopted by the Board of placing every loan granted on a reducing basis.

All classes of loans showed approximately an equal rate of increase. Loans granted to associations under the provisions of Part II of the Act outstanding increased from £13,655 to £89,530. Advances to farmers direct supported by guarantees increased from £15,979 to £117,987, the majority of the loans being granted as mentioned elsewhere upon the guarantees of dairy companies, and the face value of bills and notes discounted showed an increase from £1,265 to £7,265. The balance of the totals referred to above were made up of advances to associations for preliminary expenses, which amounted on the 31st August, 1929, to £394, as against £46 on the 31st August, 1928.

The total of loans paid and bills discounted from the inception of the scheme up to the 31st August, 1929, was £264,496, and apart from this there were then loans amounting to £42,874 granted, but not completed, and applications totalling £10,260 under consideration, bringing the total of the business actually completed, in prospect, or under consideration to £317,630.

DAIRY COMPANIES.

63. The facilities for rural finance provided by the Rural Intermediate Credit Act have proved to be specially suited to the needs of the dairying industry, and have been utilized very extensively in most parts of the Dominion where dairying is carried on. A substantial proportion of the loans have been made either directly or indirectly through the medium of dairy companies (co-operative and proprietary), which have made use of the various methods for securing financial assistance for their suppliers.

There are three ways in which a dairy company may assist its suppliers to obtain the benefits of the system, viz. :—

- (a) By guaranteeing direct loans from the Board to individual suppliers of the company. The use made by dairy companies of the system of direct loans has been particularly marked in the Waikato district, where the direct provisions of the Act have been largely availed of. In undertaking to guarantee 20 per cent. of each loan dairy companies are running little risk, since loans are made by the Board only on sound lending margins on valuations made by capable and experienced valuers. Moreover, the loans granted are definitely on a reducing basis, and repayments of principal and periodical payments of interest are secured by orders on the milk cheques which are lodged with the companies which guarantee the loans. The adoption of the system by the dairy companies assists their suppliers materially, and it is also of direct advantage to the factory by increasing the suppliers' production, and consequently the output of the factory. It seems undoubted that as the benefits of the new system become apparent to the dairy companies they will be prepared to utilize the provisions of the Act to an increasing extent. As already mentioned, the Act confers on every company power to enter into guarantees of this nature, even if the company is not authorized or is expressly forbidden by its memorandum of association to give guarantees.
- (b) By organizing the formation of a co-operative rural intermediate credit association among its suppliers and undertaking the secretarial duties in connection with the association when formed. In many cases where this is done the directors of the dairy company have further assisted by serving upon the board of directors of the association, their knowledge of local conditions being of great assistance both to the association and also to the Board when applications for loans are being considered.
- (c) In addition to the provisions which permit of the lending of moneys upon the security of a mortgage of stock and chattels, power is given to the Board by the Act and the regulations issued under it to discount promissory notes and bills of exchange given by farmers

and endorsed to the satisfaction of the Board. This system, which is explained in another portion of the report, is well suited to the requirements of dairy-factory suppliers requiring temporary financial assistance during the winter months, when the milk cheques have practically ceased, to enable urgent outgoings to be met, such as payment of interest on mortgages, living-expenses, cost of purchase of fertilizers, and similar expenses, and it is in active operation amongst dairy companies in various parts of the Dominion. It is the custom of these companies, towards the close of the production season, to invite applications from their suppliers for loans of amounts required to tide them over the winter months. These applications are scrutinized by the directors of the companies, who select those cases which they are prepared to assist. Promissory notes for the individual amounts are taken from the suppliers and endorsed by the dairy companies to the Board, and the total discounted value of the notes so endorsed is immediately made available to the companies for distribution to their suppliers.

The original limit observed in regard to this class of loan was £100, but in view of its usefulness as demonstrated in actual practice, and in response to a wide demand upon the part of companies discounting notes with the Board, the Board recently extended the limit and an amount of £200 may now be granted to a farmer by this method. Companies, as a rule, provide for the notes being liquidated by deductions from the milk cheques in the next farming season, and in practically every case the amounts outstanding have been repaid by the suppliers within the first few months of the season. Arrangements approved by the Board permit of the monthly repayments received from the milk cheques being paid over to the Board, and a rebate of interest is secured for the benefit of the borrowers, with the result that suppliers whose notes are discounted will be paying $6\frac{1}{2}$ per cent. only on the amount of their loans from month to month.

In view of the opportunity which the intermediate credit system affords dairy companies of co-operating with their suppliers in relation to their financial requirements, it was recently thought advisable to send a circular letter to all dairy companies, setting out the various methods as outlined above by which they might utilize the system for the benefit of their suppliers. This has been done, all companies, whether co-operative or proprietary, being circularized, and in response several companies have made application for the acceptance of their guarantee of loans under Part III or endorsement of notes for discounting.

Apart from this action, inquiries from dairy companies throughout the period under review for information regarding the system or its practical working have been given special attention, and in appropriate cases the Deputy Commissioner or the District Intermediate Credit Supervisor for the district has attended directors' meetings or meetings of suppliers convened for the purpose of receiving first-hand information regarding the scheme and the various ways in which advantage may be taken of the benefits provided by it.

Along with the development of the system there has been a marked increase in the business transacted by the Board either directly or indirectly through the medium of dairy companies, and it may be expected that steady progress will be recorded in this regard in the future.

VALUATIONS.

64. The practice of having the valuations in connection with loan applications made by private valuers, whose services are utilized as the necessity arises, has been continued during the past year, and has given every satisfaction. In several instances the Board agreed to accept the valuations of independent private valuers nominated by associations or by dairy companies proposing to put forward

applications by their suppliers under the provisions of Part III of the Act, the qualifications of the valuers having first been considered by the district boards and favourably reported on by them. In some cases the Board was requested to accept the valuations of directors or employees of guarantor companies, but considered it preferable that the valuations should be made by independent parties. Generally the wishes of such companies have been met through the appointment of some independent valuer of suitable qualifications nominated by the company.

Apart from valuers nominated in these circumstances, the Board has from time to time approved of additional valuers whose appointment has been necessary to meet needs occasioned by the extension of its lending business to districts which were not sufficiently served by the valuers already approved. Where it has been shown to the Board that the expenses involved in making valuations in certain districts would be materially reduced if the services of a valuer resident within the district or within easier reach of it than the valuers already available could be utilized, and that the services of a suitable person were available, the appointment has been made if the district board has been satisfied as to the qualifications of the proposed valuer.

A large number of names have been included in the lists of approved valuers in the various districts throughout the Dominion, and, as a result, in the case of practically every application a valuer is available at no great distance. It has therefore been possible to keep the expense involved in valuing securities at a minimum, and no necessity has arisen for setting up a general scale of charges governing the fees to be charged for valuations.

SUPERVISION OF SECURITIES.

65. The two methods by which loans are made by the Board to farmers upon the security of stock and chattels and other farming assets are of such a nature that the Board is provided with some measure of independent supervision over the securities.

In the case of co-operative rural intermediate credit associations members are collectively responsible, to the extent of the share capital which they have taken up for the repayment of all advances obtained by the association from the Board to permit of the loans being granted to the individual members, and a consequence of this liability will, it is anticipated, be the careful and prudent administration of the associations' lending businesses, including a close supervision over the securities for the loans. In general, the area over which an association will be operating will be restricted in extent, and it will be composed of farmers living at no great distances from each other. As a result it is unlikely that any developments adversely affecting the association's securities will occur without those responsible for the conduct of the lending operations being promptly acquainted with the happenings. Largely the value of the principles of co-operation as applied to rural intermediate credit associations will be demonstrated by the economies which may be effected in costs of administration through the co-operation of the members, and it is particularly in regard to the costs of supervision of the securities, which normally entail a considerable amount of expense, that savings can be effected through the mutual efforts of the members.

In the case of direct loans one result of the provision for all such loans being guaranteed for 20 per cent. or more as required by the Board in individual cases, should be the maintenance by the guarantors of close contact with the securities, thus reducing to a minimum extent the expenditure required on the part of the Board for this purpose. The more direct benefits of supervision by guarantors will be secured in cases where the loans are guaranteed by stock and station agents, dairy companies, and similar concerns, which have special organizations enabling them to keep in touch with the securities. In the case of one guarantor company with which a considerable volume of business has been transacted a special arrangement entered into with the company provides for periodical reports being furnished to the Board upon the securities at intervals ranging from three months to a year, according to the requirements of individual cases. It may be mentioned in this regard that provision is contained in the form of guarantee which is executed

by guarantors in respect of direct loans for the furnishing of periodical reports as called for by the Board. In the case of private guarantors, while the liability incurred by such persons secures a certain interest in the securities, the Board takes independent measures to satisfy itself that the securities are being maintained in a satisfactory condition.

Arrangements have been made with the Public Trustee for the services of the farm inspecting staff of the Public Trust Office to be made available when the officers are in the districts in which the securities for the Board's loans are situated, for the purpose of making whatever inspections are considered necessary. This action is taken mainly in cases where the guarantor is not resident in the district, or, in selected cases, as a means of checking the supervision which is exercised by associations or guarantors in respect of the loans. These inspections are kept at a minimum, so that the expenses involved in the administration of the system will be kept as low as possible. Moreover, to a large extent, as indicated above, the Board is able to rely upon the independent supervision which is ensured by the loan methods provided by the Act.

Apart from these steps, however, a useful check is provided in the case of dairy-farmers, to which class of farmer the bulk of the advances up to the present have been made, by the payments received under the partial order on the cream cheques taken to cover interest and repayments of principal, the payments furnishing a guide to the productivity of the farm and the progress which the borrower is making. The payments are received by the Board in the case of loans under the provisions of Part III of the Act and by associations in the case of loans granted through the medium of these concerns. In the latter cases periodical inspections of the associations' accounting records relating to loans are made by the accounting officers of the Board, and in this manner the Board keeps in touch with the position of the associations' loans, so that any unsatisfactory features disclosed or suggested by the payments received may be speedily followed up. In the case of sheep and other securities the proceeds of the produce are received by the Board or the association concerned, and again are an index to the borrower's financial position. In addition to this, in all cases the registration of the chattels security taken by the Board or by an association ensures that the proceeds of the partial realization of securities is paid to the Board or association, and adequate control over stock changes is thereby provided.

The Board is satisfied that the methods by which loans are granted and the measures taken independently to safeguard the securities result in an adequate degree of supervision being maintained on the most economical basis.

INSTRUCTIONS TO OFFICERS.

66. Standard instructions summarizing the Board's policy in regard to its lending business, and incorporating instructions for dealing with matters of detail, provide for uniformity in the handling of loan applications and other matters by the local representatives of the Board and the district boards. These instructions are supplemented monthly by a circular issued to all officers, which contains advice of new developments in the business and changes of policy or procedure, and which is published in a form enabling suitable extracts to be included in the main book of instructions.

It is stated elsewhere in this report that a similar publication was issued during the year to facilitate the transaction of the business of co-operative rural intermediate credit associations by the directors and secretary-treasurers, and has proved of great practical benefit to them.

INSPECTION OF WORK.

67. In common with other systems in operation in the Public Trust Office which have proved their value over a period of years, the system for the inspection of clerical and accounting work has been extended to cover the intermediate credit work performed by the Public Trust Office organization. As a result of the

periodical inspection of the work made by experienced officers, the most efficient standard of work is achieved, and uniformity of practice and procedure in the various branch offices is assured. During the past year a considerable portion of the time of the Reviewing Inspectors was devoted to the inspection of the intermediate credit work.

SYSTEMS OF RURAL FINANCE IN OTHER COUNTRIES.

68. The experience of institutions in other countries administering systems of rural finance is of special interest to the Board in the administration of the intermediate credit system in the Dominion. The novel features of schemes introduced in other countries and the practical experience of institutions administering existing schemes are carefully noted, so that should it be thought advisable to make any modifications in the New Zealand system the Board will have the experience of other countries to guide it in formulating or discussing proposals for modification of the scheme. Steps have accordingly been taken to ascertain and keep the Board fully advised of developments in connection with systems of rural finance abroad.

69. *Ireland.*—Interesting particulars were received during the year regarding the commencement of the operations of the Agricultural Credit Corporation set up in the Irish Free State under the provisions of the Agricultural Credit Act of 1927. The corporation, which has State backing both in regard to its initial share capital and additional funds raised afterwards by debenture issues, is authorized to make loans upon the security of farming-land, and to advance funds also upon securities similar to those which the Board may accept, both direct to farmers and indirectly to them through the medium of co-operative creameries. A pamphlet issued by the corporation indicates that it is making a special endeavour to develop its lending business through the latter channel, recognizing that the creameries have a vital interest in the increase of production by their suppliers. The experience of the corporation in dealing with individual farmers has been that in many cases creameries could secure a larger milk-supply if some simple means of obtaining capital were available locally to farmers. It is stated that many dairy-farmers who might stock more cows are unable to do so for want of capital, while others who are anxious to change over to dairying cannot do so for the same reason, and business is thus lost to the creameries.

The scheme placed before the creameries by the corporation is that each of the creamery societies should set up a special credit section to consider applications for loans from its farmer members. The credit section will be controlled by a sub-committee of the committee of management of the society, to be known as the "Credit Committee," which will recommend or reject applications for loans made by members of the society. The loans recommended will then be reported to the committee of management, which will have an absolute veto on the recommendations of the credit committee. Application will then be made to the Agricultural Credit Corporation, for an advance equivalent to the total amount sanctioned by the committee of management, and the society will assume full legal responsibility in respect of advances made by the corporation in response to applications made from time to time by the committee of management.

Before the corporation will make advances to a creamery it will require the society to enter into an agreement under which the society agrees to adopt certain standard rules approved by the corporation, and undertakes not to alter its rules without the approval of the corporation. The society is also required to open a special account with a bank approved by the corporation, and to authorize the bank to hold to the use of the corporation all moneys lodged or credited to the account, and to refuse to honour any cheques drawn on the account except cheques drawn by the corporation. Thus all moneys paid to the creamery society by borrowers in reduction of their loans are immediately at the absolute disposal of the corporation and cannot be utilized by the society for any purpose whatever.

Another feature of the loans to be made through creamery societies is that it is contemplated that each individual borrower through the society shall obtain from two or more other farmers a guarantee for the repayment of the whole debt, supported

by an agreement by the guarantors that, in the event of default being made by the borrower, the guarantors will not sell any milk, cream, or cheese produced upon their farms otherwise than through the society, and that it shall be lawful for the society to make such deductions from the amounts due by the society to the guarantors for the price of such milk, &c., as the society in its absolute discretion thinks fit.

The maximum amount which the committee of a society may advance to any one borrower is £150, and applications for loans in excess of that sum are to be referred to the corporation. The purposes for which loans may be granted are practically the same as those for which loans may be granted by the Board, and the loans are also to be repayable by instalments, with a maximum period for repayment of seven years. In this regard creameries are recommended, in the interest of borrowers, to arrange for deductions to be made from the monthly milk cheques to meet the annual repayments.

The operations of the Agricultural Credit Corporation are of particular interest to the Board, and it will be observed that the endeavours made to secure the co-operation of the creamery societies correspond in the case of the Dominion with the successful efforts made by the Board to secure the active interest of dairy companies in the intermediate credit system. The method by which loans may be obtained in Ireland through the medium of the creameries combines characteristics both of the discounting system and the procedure in obtaining loans through the medium of co-operative rural intermediate credit associations, and the Irish system generally reproduces many of the principal characteristics of the system which the Board is administering.

70. *Scotland.*—In Scotland, by the Agricultural Credits (Scotland) Act, 1929, the establishment of a company with the object of making advances upon the security of agricultural land is authorized. In addition, with the object of facilitating the obtaining of credit by societies engaged in the provision of agricultural requisites for their members and the sale of agricultural produce purchased from the members, provision has been made for a special form of charge, called an "agricultural charge," to be given by the societies over their stocks of merchandise in favour of banks of currency. To be competent to avail themselves of the facilities provided, such societies must be registered under the Industrial and Provident Societies Acts.

71. *England.*—The means provided for assisting farmers in Scotland to obtain loans on the security of their farm properties are practically identical with the facilities provided for in England by the Agricultural Credits Act of 1928, which made provision for the formation and administration of a limited-liability company with the principal object of making long-term advances upon farming lands. The corporation has been set up and is now in active operation. The position in England regarding credit for shorter terms for agricultural purposes is, however, different. Further provisions of the Act of 1928 legalized a form of security, also called an "agricultural charge," which may be taken by a bank to secure moneys advanced on a farmer's stock, crop, implements, machinery, and similar assets. It has been stated that by the end of April last applications totalling two and a half million pounds had been made for loans upon the security of long-term mortgages of farming-land and in respect of major permanent improvements to such lands, and that in the same period over one thousand applications had been made for short-term credit from the ordinary banks by farmers and co-operative societies.

72. *Other Countries.*—The Board has also received reports and publications issued by the Farm Loan Board of the United States of America and by various institutions in the Union of South Africa and the Commonwealth of Australia engaged in the provision of credit facilities for farmers. Arrangements have been made in all cases for copies of further publications to be forwarded to the Board as they are issued by these concerns.

CONCLUSION.

73. It will be recognized that the new system of rural finance which the Board is charged to administer is still largely in the developmental stage, and that, whilst a satisfactory amount of business has been transacted during the year under review, the Board has also been largely concerned with laying down lines for future progress and establishing the necessary machinery to deal with the increased amount

of business which may be reasonably anticipated. The comparative statement published in the Appendix to this report, giving the total amount of business transacted or under consideration as at the 31st August in the years 1928 and 1929 respectively, shows that there has been a very satisfactory growth in the business during the period covered by the statement. In estimating the prospects of future business it must be borne in mind that many valuable points of contact have been established by the Board with the farming industry, and that from these a steadily increasing volume of business may be anticipated. Up to the present the scheme has been almost exclusively utilized by the dairying industry, the loans granted to other classes of farmers, such as sheep-farmers and grain-growers, being very limited in number and amount. This result is attributable to a number of special causes. In the first place, the limit of £1,000 fixed under the existing legislation, has proved inadequate for the requirements of sheep-farmers and grain-growers during the "dead" season of the year, when no revenue is being obtained and the expenses connected with farming operations, including the planting of crops, have to be met. In the second place, it would appear that the same facilities have not been at the disposal of the sheep-farmers as was the case with the dairy-farmers in obtaining guarantees of loans to enable the provisions of Part III of the Rural Intermediate Credit Act to be utilized. The third cause is probably to be found in the fact that, whilst a fixed loan to be liquidated over a period of years is usually suited to the requirements of the dairy-farmer, who is able to pay his interest and the instalments of principal required by the Board by deductions from his milk cheques throughout the productive season, such a loan is not equally applicable to the circumstances of the sheep-farmer, whose indebtedness steadily increases during the major portion of the year and is then rapidly liquidated either in whole or in part during the production season.

The Board has given careful consideration to these disabilities, and arrangements are in hand which it is anticipated will make the scheme equally popular with the sheep and grain farmers as it has proved with the dairy-farmers. On the representations of the Board, supported by a resolution of the last Dominion Conference of the New Zealand Farmers' Union, the Right Hon. the Prime Minister has undertaken to introduce legislation during the present session of Parliament raising the limit to be obtained by any borrower from the Board to £2,000. The Board has also devised a system for the fixing of limits up to which sheep-farmers and those engaged in mixed farming will be able to draw for their seasonal requirements, the amounts being reduced or liquidated from the proceeds of the next season's produce. Details of the Board's proposals in this connection are contained at an earlier stage of this report.

The difficulty of obtaining guarantees to support the loans of sheep-farmers will largely be disposed of by the formation of rural intermediate credit associations in the sheep-farming and grain-growing districts. It is of interest to record that the first of the associations in such districts has been formed in Mid-Canterbury, with headquarters at Ashburton. It is undoubted that the formation of this association has been stimulated largely by the public notification of the Right Hon. the Prime Minister that the limit for loans will be raised to £2,000, and by the Board's announcement of its new proposals relating to loans to sheep-farmers and grain-growers.

With these modifications of the system the Board confidently expects that the volume of business to be transacted with farmers other than dairy-farmers will show a marked and substantial increase.

74. In an earlier portion of this report reference has been made to certain complimentary comments which have been passed on the various modes of lending adopted by the Board. These expressions of satisfaction are the more gratifying in that the operations of the Board have been subjected to a certain amount of criticism during the year, some of which was obviously based on imperfect acquaintance with the facts, as the Board was able to demonstrate. It is obvious that in the early stages of the scheme, when the lines of organization were being laid down and the policy of the Board in its lending operations was being developed, it was not reasonable for applicants to expect exactly the same promptitude as though the Board's organization were fully established. The Board is in a position

to state that its organization is now complete, and that where an applicant has a satisfactory security to offer no delay in dealing with the application need be anticipated. The powers of district boards to deal with applications have been extended during the year, and a substantial proportion of the Board's lending is now carried out in the districts where the borrowers are located. In the other cases the applications are submitted to the central Board for final decision, but in order that such applications may be dealt with expeditiously the Board has delegated the power to deal with such loans to a local committee consisting of Board members who are resident in Wellington. This committee meets each week to deal with applications, and any apprehension of delay under this heading is thus removed.

The Board will continue to give constant attention to the speeding-up of the administration and the elimination of any unnecessary work, as it realizes to the full the necessity of providing money for the farming industry not only at reasonable rates of interest, but with a minimum of machinery and delay.

75. The amount of business already transacted by the Board has been sufficient to demonstrate the need and value of such a scheme as the rural intermediate credit system, and is an indication that there is scope for considerable expansion in the business to be transacted. The value of the scheme cannot be measured solely by the direct lending which it has effected, as the establishment of the scheme and the operations of the Board have undoubtedly served to concentrate attention on the problem of rural finance, and have led to more sympathetic consideration of this type of finance by other financial institutions, with consequent benefit to the farming industry. It is felt that, as the system extends, its benefit will become more and more apparent, and it will assist in the attainment of a closer approximation to the ideal conditions under which the farmer will arrange for his long-term credit by means of a mortgage of his land, secured under the amortization or instalment system, and will obtain the additional finance requisite for stocking and working the property by means of a loan from the Rural Intermediate Credit Board, which will also be on a definitely reducing basis. The closer the approximation to this ideal, the more stable will become the position of the farmer, and the better able he will be to meet the inevitable fluctuations which take place from time to time in the prices of our primary products. A system of long-term amortized loans will also have a most valuable effect in serving to stabilize the values of land, and tend to reduce the possibility of rapid inflation and deflation, which in the past few years have caused such hardship to the farming community.

76. The Board desires to place on record its sincere appreciation of the valuable services rendered by the members of district boards, including leading farmers, representatives of the stock and station companies, and Government officials, such as the Commissioners of Crown Lands, and officers of the Valuation or Agriculture Departments, together with the District Public Trustees who are chairmen of the boards in the various districts. The Board also desires to tender its thanks to those public-spirited farmers in the various districts who have promoted the formation of rural intermediate credit associations and are serving on the directorates of such associations in an honorary capacity.

I have, &c.,
(For and on behalf of the Board),

J. W. MACDONALD,
Commissioner.

The Right Hon. the Prime Minister.

APPENDICES.

APPENDIX I.

COMPARATIVE STATEMENT OF TRANSACTIONS AS AT 31ST AUGUST, 1928, AND 31ST AUGUST, 1929.

	31st August, 1928.			31st August, 1929.		
	£	s.	d.	£	s.	d.
Investments (including loans made and face value of bills and notes discounted)	30,945	0	0	215,176	0	0
Loans granted but not completed	34,214	0	0	42,874	0	0
Applications entertained and in course of consideration	31,510	0	0	10,260	0	0
Total	£96,669	0	0	£268,310	0	0

The investments referred to above were made up as follows:—						
	£	s.	d.	£	s.	d.
Advances to associations for preliminary expenses	46	0	0	394	0	0
Advances to associations under Part II of the Act	13,655	0	0	89,530	0	0
Advances to farmers under Part III of the Act	15,979	0	0	117,987	0	0
Bills and notes discounted (face value)	1,265	0	0	7,265	0	0
Total	£30,945	0	0	£215,176	0	0

The business dealt with by the Board up to the 31st August, 1929, or under consideration at that date, reached the total of £317,630, made up as under:—

	£	s.	d.
Applications under consideration	10,260	0	0
Loans granted but not completed	42,874	0	0
Loans paid and bills and notes discounted since the inception of scheme	264,496	0	0
Total	£317,630	0	0

APPENDIX II.

DIRECTORS AND SECRETARY-TREASURERS OF CO-OPERATIVE RURAL INTERMEDIATE CREDIT ASSOCIATIONS.

NORTH AUCKLAND DISTRICT.

- Bay of Islands Association* (Headquarters: Kaikohe. Registered 10th September, 1929)—
 Provisional directors: Hubert Knox Hatrick, Waimate North; William Joseph Pole, Kaikohe; James Gray Ritchie, Kaikohe; Herbert Martin Rockell, Kaikohe.
 Secretary-Treasurer: Kenneth William Harold, Kaikohe.
- Northern Waeroa Association* (Headquarters: Dargaville. Registered 9th October, 1928)—
 Directors: Henry Polden Walton, Tokatoka (Chairman); George Drutt, Mamaranui, John Irwin, Ruawai; Frank Joseph Johanson, Parore; Arthur Leslie Williams, Dargaville.
 Secretary-Treasurer: Douglas Leith Ross, Dargaville.

AUCKLAND DISTRICT.

- Helensville Association* (Headquarters: Helensville. Registered 11th October, 1928)—
 Directors: Alexander Ernest Diprose, Kaukapakapa (Chairman); James Mackie, Helensville; Harold Phillip McLeod, Helensville.
 Secretary-Treasurer: Frank Taylor, Kaukapakapa.
- Wauku Association* (Headquarters: Wauku. Registered 12th June, 1928)—
 Directors: Colonel Maxwell Aldred, Whiriwhiri (Chairman); Archibald White, Glenbrook.
 Secretary-Treasurer: John Murray Heise, Wauku.

WAIKATO DISTRICT.

- Hamilton Association* (Headquarters: Hamilton. Registered 7th May, 1928)—
 Directors: Walter Cooper-Smith, Frankton Junction (Chairman); Herbert John Coxhead, Claudelands; Charles Edwards, Frankton Junction; Arthur Wallace, Frankton Junction.
 Secretary-Treasurer: Thomas Gordon Reynolds, Hamilton.
- Te Awamutu Association* (Headquarters: Te Awamutu. Registered 12th June, 1928)—
 Directors: Charles Monrath Alexander, Te Awamutu (Chairman); Walter Frederick Woodward, Te Awamutu.
 Secretary-Treasurer: James Gladwin Wynyard, Te Awamutu.

- Otorohanga Association* (Headquarters · Otorohanga. Registered 21st June, 1928)—
Directors · Herbert Arthur Lurman, Otorohanga (Chairman); George Dixon Hall, Otorohanga;
Jens Christen Petersen, Otorohanga; James John Walker, Otorohanga.
Secretary-Treasurer · John Francis Trapski, Otorohanga.
- Te Kuiti Association* (Headquarters: Te Kuiti Registered 11th July, 1928)—
Directors: James Nicol Boddie, Te Kuiti (Chairman), Richard Robert Dean, Te Kuiti; Arthur
Llewellyn Flux, Te Kuiti, Alexander John Sutherland, Te Kuiti.
Secretary-Treasurer · Albert William Whyte, Te Kuiti.
- Taumarunui Association* (Headquarters · Taumarunui Registered 18th October, 1928)—
Directors · Arthur Wesley King, Taumarunui (Chairman), Joseph Fry, Owhangō; Geoffrey
John Hammond, Owhangō; George Peterson, Taumarunui.
Secretary-Treasurer · William Alexander Nisbet Campbell, Taumarunui.
- Hauraki Association* (Headquarters · Paeroa Registered 21st July, 1928)—
Directors · Murdo Archibald Carter, Awairi (Chairman), George Death, Netherton, James
Irwin, Paeroa, Vivian Young, Hikutaia
Secretary-Treasurer · Arthur Thomas Jones, Paeroa
- Te Aroha Association* (Headquarters · Te Aroha. Registered 23rd November, 1928)—
Directors · Francis William Walters, Waitoa (Chairman), John Dennerly Johns, Te Aroha;
John David MacKay, Waihou, Peter Alexander Swney, Waihou
Secretary-Treasurer · Horace Rowbotham, Te Aroha
- Morrinsville Association* (Headquarters · Morrinsville Registered 22nd September, 1928)—
Directors · Frederick William Seferit, Morrinsville (Chairman), John Henry Geddes, Morrins-
ville; Frederick Chafe Kennedy, Morrinsville, George Henry Pirnt, Morrinsville.
Secretary-Treasurer · Joseph Lewis Faulkner, Morrinsville
- Katikati Association* (Headquarters · Katikati. Registered 18th September, 1929)—
Directors · John Dugald Morrison, Katikati (Chairman); Samuel Charles Barron, Katikati,
David Charles Douglas Thomas, Katikati, Marcus Nicholson Trotter, Katikati.
Secretary-Treasurer · James Frederick Russell Wallace, Tauranga.

NORTH TARANAKI DISTRICT.

- North Taranaki Association* (Headquarters · New Plymouth. Registered 19th July, 1928)—
Directors · Samuel Vickers, Omata (Chairman); Arthur Robert Alpe, Urutu; Henry Ernest
Blyde, Lepperton, William Henry Whittaker, Okoke.
Secretary-Treasurer · Dann Le Cren Morgan, New Plymouth.
- Kaimata Association* (Headquarters · Inglewood. Registered 1st October, 1928)—
Directors · Henry Jones, Kaimata (Chairman); Alfred Maurice Allen, Inglewood; John Klenner,
Kaimata; William Murray Willans, Ratapiko.
Secretary-Treasurer · Ian Percy Grant, Inglewood.

SOUTH TARANAKI DISTRICT.

- South Taranaki Association* (Headquarters · Hawera Registered 21st March, 1928)—
Directors · John Cocker, Eltham (Chairman), James David Conagien, Pihama; Alfred
Benjamin Muggerdge, Manutahi; Thomas Wilson, Ararata.
Secretary-Treasurer · Edward Knowles Cameron, Hawera.
- Stratford Association* (Headquarters · Stratford. Registered 25th July, 1929)—
Directors · Alfred David, Stratford (Chairman), Ernest Albert Adlam, Waipuku; Herbert
James Shrimpton, Lowgarth; William George Thurston, Stratford.
Secretary-Treasurer · Robert Reid Tyrer, Stratford.

MANAWATU-WELLINGTON DISTRICT.

- Waimarino Association* (Headquarters · Ohakune. Registered 10th October, 1928)—
Directors · George James Goldfinch, jun., Ohakune (Chairman); Louis Fetzter, Ohakune; Arthur
Benjamin Harris, Raetihi; Herbert Rieper, Raetihi.
Secretary-Treasurer · Joseph Jones, Ohakune.
- Oroua Association* (Headquarters · Feilding. Registered 7th June, 1928)—
Directors · Walter Lough Grice, Cunningham's (Chairman); John Bernard Bradley, Feilding;
Cyril Guy Conduit Dermer, Cheltenham; George Watt, Kimbolton.
Secretary-Treasurer · Thomas Leonard Seddon, Feilding.
- Horowhenua Association* (Headquarters · Levin. Registered 29th October, 1928)—
Directors · Robert Gilles Wall, Kuku, Ohau (Chairman); Sam Atkinson Broadbelt, Ihakara;
Raymond Vickers Brown, Weraroa; Ronald Joseph Law, Shannon.
Secretary-Treasurer · George Dacre Hamilton, Levin.

WAIRARAPA DISTRICT.

- Wairarapa Association* (Headquarters · Masterton Registered 11th December, 1928)—
Directors · Alexander Ross, Longbush (Chairman); Charles Churchill Jackson, Kopuaranga;
James Miller Laing, Tinni; Walter Asker Tate, Greytown.
Secretary-Treasurer · James Watson, Masterton

MID-CANTERBURY DISTRICT.

Mid-Canterbury Association (Headquarters: Ashburton. Registered 24th July, 1929)—
 Directors: Henry Charles Bayly Withell, Ealing (Chairman); James Carr, Methven; Alfred
 Gregory, Seafield; William Thomas Lill, Willowby.
 Secretary-Treasurer: William Horace Woods, Ashburton.

OTAGO DISTRICT.

Tapanui Association (Headquarters: Tapanui. Registered 18th October, 1928)—
 Directors: Edward Henry Murney, Tapanui (Chairman); Alfred Squires Herbert, Kelso; Mark
 McAuley, Tapanui; Arthur James Stuart Sim, Heriot.
 Secretary-Treasurer: William Benjamin Naylor; Tapanui.

SOUTHLAND DISTRICT.

Mataura Association (Headquarters: Mataura. Registered 13th May, 1929)—
 Directors: William Young Dickie, Ferndale (Chairman); Henry Cockburn, Mataura; *Angus
 MacKay Robertson, Mataura; Donald Wight, Tuturau.
 Secretary-Treasurer: Charles Harold Hargest, Mataura.

Central Southland Association (Headquarters: Wright's Bush. Registered 12th January, 1929)—
 Directors: David Teviotdale, Isla Bank (Chairman); Robert Beggs, Wright's Bush; John
 James Blakie, Ryal Bush; Andrew Hannah Hall, Thornbury.
 Secretary-Treasurer: Thomas McKenzie, Wright's Bush.

The statutory meetings of the Te Puke and Rangitaiki Associations not having yet been held
 the directors have not yet been elected or the secretary-treasurers appointed.

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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

FIRST PROGRESS REPORT

OF THE

ROYAL COMMISSION

ON

NATIONAL INSURANCE.

CASUAL SICKNESS, PERMANENT INVALIDITY,
MATERNITY, OLD-AGE.

Presented by Command; ordered to be printed, 10th June, 1925.

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COMMONWEALTH OF AUSTRALIA.

GEORGE THE FIFTH, by the Grace of God, of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas King, Defender of the Faith, Emperor of India :—

TO our trusty and well-beloved SENATOR JOHN DUNLOP MILLER, SENATOR JAMES FRANCIS GUTHRIE, SENATOR ALLAN McDOUGALL, JOSIAH FRANCIS, Esquire, M.P., ALBERT ERNEST GREEN, Esquire, M.P., JAMES ATCHISON JOHNSTON HUNTER, Esquire, M.P., WILLIAM GEORGE MAHONY, Esquire, M.P.

GREETING :

KNOW YE that We do, by these Our Letters Patent, issued in Our name by Our Deputy of Our Governor-General of Our Commonwealth of Australia, acting with the advice of Our Federal Executive Council, and in pursuance of the Constitution of Our said Commonwealth, the *Royal Commissions Act 1902-1912*, and all other powers him thereunto enabling, appoint you to be Commissioners to inquire into and report upon :—

- (a) National Insurance as a means of making provision for casual sickness, permanent invalidity, old age, and unemployment, and
- (b) The operation of the maternity allowance system, with a view to the incorporation with national insurance of a scheme for securing effective pre-natal and other assistance to mothers.

AND WE appoint you, the said SENATOR JOHN DUNLOP MILLER, to be the Chairman of the said Commissioners.

AND WE direct that, for the purpose of taking evidence, four Commissioners shall be sufficient to constitute a quorum, and may proceed with the inquiry under these Our Letters Patent.

AND WE require you with as little delay as possible to report to Our Governor-General of Our said Commonwealth the result of your inquiries into the matters intrusted to you by these Our Letters Patent.

IN TESTIMONY WHEREOF we have caused these Our Letters to be made Patent, and the Seal of Our said Commonwealth to be thereunto affixed.

(SEAL OF THE COMMONWEALTH.) WITNESS Our Trusty and Well-beloved SIR WILLIAM HILL IRVINE, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Our Deputy of the Governor-General in and over Our Commonwealth of Australia, this seventh day of September, in the year of Our Lord, One thousand nine hundred and twenty-three, and in the fourteenth year of Our Reign.

(Sgd.) W. H. IRVINE,
Deputy of the Governor-General.

By His Excellency's Command,
(Sgd.) LL. ATKINSON,
for Acting Prime Minister.

Entered on Record by me in Register of Patents, No. 25, page 234, this eighth day of September, One thousand nine hundred and twenty-three.

(Sgd.) W. N. ROWSE.

Commonwealth Gazette, No. 69, 4th October, 1923.

The Governor-General in Council has accepted the resignation of SENATOR JAMES FRANCIS GUTHRIE as a member of the Royal Commission appointed to inquire into National Insurance, &c.

(Sgd.) LL. ATKINSON, for Acting Prime Minister.

The Governor-General in Council has been pleased to appoint SENATOR BENJAMIN BENNY a Commissioner to inquire into National Insurance, &c., vice SENATOR J. F. GUTHRIE, resigned.

(Sgd.) LL. ATKINSON, for Acting Prime Minister.

Commonwealth Gazette, No. 49, 17th July, 1924.

The Governor-General in Council has accepted the resignation of JAMES ATCHISON JOHNSTON HUNTER, Esquire, M.P., as a member of the Royal Commission appointed to inquire into National Insurance, &c.

(Sgd.) S. M. BRUCE, Prime Minister.

The Governor-General in Council has been pleased to appoint ROLAND FREDERICK HERBERT GREEN Esquire, M.P., a Commissioner to inquire into National Insurance, &c., vice J. A. J. HUNTER, Esquire, M.P., resigned.

(Sgd.) S. M. BRUCE, Prime Minister

COMMONWEALTH OF AUSTRALIA.

GEORGE THE FIFTH, by the Grace of God, of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas King, Defender of the Faith, Emperor of India :—

TO Our Trusty and Well-beloved SENATOR BENJAMIN BENNY, SENATOR JOHN DUNLOP MILLEN, SENATOR ALLAN McDUGALL, JOSIAH FRANCIS, Esquire, M.P., ALBERT ERNEST GREEN, Esquire, M.P., ROLAND FREDERICK HERBERT GREEN, Esquire, M.P., WILLIAM GEORGE MAHONY, Esquire, M.P.

GREETING :

WHEREAS by Letters Patent (hereinafter referred to as "the said Letters Patent") issued in Our name by Our Deputy of Our Governor-General of Our Commonwealth of Australia, on the seventh day of September, in the year of Our Lord, One thousand nine hundred and twenty-three, and by Our Governor-General of Our Commonwealth of Australia on the twenty-sixth day of September, in the year of Our Lord, One thousand nine hundred and twenty-three, and on the sixth day of October, in the year of Our Lord, One thousand nine hundred and twenty-three, and on the third day of July, in the year of Our Lord, One thousand nine hundred and twenty-four, We did, with the advice of Our Federal Executive Council, and in pursuance of the Constitution of Our said Commonwealth, the *Royal Commissions Act 1902-1912*, and all other powers Us thereunto enabling, appoint you to be Commissioners to inquire into and report upon :—

- (a) National Insurance as a means of making provision for casual sickness, permanent invalidity, old age, and unemployment; and
- (b) The operation of the maternity allowance system, with a view to the incorporation with national insurance of a scheme for securing effective pre-natal and other assistance to mothers :

AND WHEREAS it is desirable that, in addition to the matters specified in the said Letters Patent, you should inquire into and report upon the question of amending the *Invalid and Old-age Pensions Act 1908-1923* so as to provide for the payment of destitute allowances,

NOW THEREFORE We do, by these Our Letters Patent, issued in Our name by Our said Governor-General, acting with the advice of the Federal Executive Council, and in pursuance of the Constitution of Our said Commonwealth, the *Royal Commissions Act 1902-1912*, and all other powers Us thereunto enabling, require you to inquire into and report upon the question of amending the *Invalid and Old-age Pensions Act 1908-1923*, so as to provide for the payment of destitute allowances in addition to the matters specified in the said Letters Patent.

AND We do declare that these Letters Patent shall be deemed to be and to have been of the same force and effect as if the matter specified in these Letters Patent had been included among the matters specified in the said Letters Patent.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent, and the Seal of Our said Commonwealth to be thereunto affixed.

(SEAL OF THE
COMMONWEALTH.)

WITNESS Our Right Trusty and Well-beloved HENRY WILLIAM, BARON FORSTER, a Member of Our Most Honorable Privy Council, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, Our Governor-General and Commander-in-Chief in and over Our Commonwealth of Australia, this eighth day of August, in the year of Our Lord, One thousand nine hundred and twenty-four, and in the fifteenth year of Our reign.

(Sgd.) FORSTER,
Governor-General.

By His Excellency's Command,
(Sgd.) LL. ATKINSON,
for Prime Minister.

Entered on Record by me in Register of Patents, No. 25, page 277, this sixteenth day of August, One thousand nine hundred and twenty-four.

(Sgd.) J. ULMER,

Commonwealth Gazette, No. 2, 15th January, 1925.

The Governor-General in Council has been pleased to appoint SENATOR JOHN GRAY a Commissioner to inquire into National Insurance, &c., vice SENATOR A. McDUGALL, deceased.

(Sgd.) LL. ATKINSON, for Prime Minister.

FIRST PROGRESS REPORT.

To His Excellency the Right Honorable HENRY WILLIAM, BARON FÖRSTER, a Member of His Majesty's Most Honorable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Governor-General and Commander-in-Chief in and over the Commonwealth of Australia.

MAY IT PLEASE YOUR EXCELLENCY.

In accordance with the Commission issued by Letters Patent dated the 7th September, 1923, the 26th September, 1923, the 3rd July, 1924, the 8th August, 1924, and the 14th January, 1925, empowering us to inquire into and report upon—

- (a) National Insurance as a means of making provision for casual sickness, permanent invalidity, old age and unemployment ; and
- (b) the operation of the maternity allowance system, with a view to the incorporation with National Insurance of a scheme for securing effective pre-natal and other assistance to mothers ; and
- (c) the question of amending the *Invalid and Old-age Pensions Act 1908-1923* so as provide for the payment of destitute allowances,

we have the honour to submit the following First Progress Report of our proceedings and of the conclusions at which we have arrived to the present date.

1. *Scope of the Inquiry.*—The duties entrusted to us by Your Excellency necessitated the investigation of several questions which are not only most complex and varied, but which also involve an exceptionally wide range of social problems of the greatest magnitude and national importance. Your Commissioners, therefore, considered it to be essential at the initial stage that the several questions should be grouped in such manner as would enable each phase of the inquiry to receive that adequate, detailed, and individual attention which its importance merited. In order that the most effective and suitable arrangements might be accordingly made, your Commissioners, before commencing the taking of evidence, undertook considerable research and analysis in connexion with the published reports of the operations of the numerous organizations which are at present functioning in Australia in connexion with the various phases of the inquiry, and also with respect to the reports on National Insurance schemes which have been instituted in other countries. At the same time the several questions involved were discussed with prominent Commonwealth, State, and other officials of the various organizations which are, at the present time, interested in the administration of certain functions relating thereto. As the result of this initial work, it was decided to divide the inquiry into the following three sections, and to take evidence consecutively in the order in which they are placed, viz. :—

- (a) Sickness, Invalidity, Maternity ;
- (b) Old-age ;
- (c) Unemployment.

Arrangements were made in such manner that whilst evidence was taken with respect to one section only at a time, yet the necessary research work relating to the other sections was undertaken concurrently so that all phases of the inquiry were constantly kept in view. Evidence relating to the first two sections has now been taken in all the States, and arrangements are in hand for completing the taking of evidence relative to unemployment, and also concerning the question of the payment of destitute allowances which was referred to this Commission on the 8th August, 1924.

Many organizations, which have been established in Australia, include in their objects the provision of certain benefits and relief to the wage-earner and his dependants during periods in which he is incapacitated from earning his usual livelihood, and it was ascertained, as will be fully indicated in subsequent pages of this Report, that the following organizations are at the present time functioning in some manner in connexion with certain questions upon which we

have been instructed to report, viz. :—Friendly Societies, Friendly Societies' Dispensaries and Medical Institutes, Trade Union Benefit Funds, Establishment Benefit Schemes, Industrial Assurance and State Insurance Offices, Hospitals, Sanatoria, Charitable Institutions and Societies, Commonwealth and State Health Departments, Commonwealth Old-age and Invalid Pensions and Maternity Allowance Scheme, Government Laboratories, Welfare Schemes, Clinics, Bush Nursing and District Nursing Associations, Ambulance Services, and the Medical Branch of the Commonwealth Repatriation Department.

Your Commissioners have made every effort to definitely ascertain the necessity, desirability, and practicability of effective provision for the circumstances resulting from sickness, invalidity, maternity, and old age being incorporated in a scheme of National Insurance in Australia, and it has been the aim of your Commissioners to obtain authoritative and detailed statements with respect to the functions, objects, operations, administration, and experience of the above-mentioned organizations so far as the questions under consideration by your Commission are concerned. One hundred and fifty-three witnesses were examined in the several States of the Commonwealth and, in addition, the principal organizations interested in the inquiry in each State were asked to appoint a representative to act in an honorary capacity as an independent adviser to the Commission in respect of the organization represented. In the majority of instances such advisory representatives were appointed, and their valuable experience and cordial co-operation have been of the greatest assistance. In New South Wales 33 witnesses were examined; Victoria, 40; Queensland, 21; South Australia, 14; Western Australia, 26; and Tasmania, 19. The number of such witnesses who gave evidence in connexion with the various organizations concerned was as follows:—Friendly Societies, 42; Friendly Societies' Dispensaries and Medical Institutes, 12; Government Statisticians, Registrars, and Actuaries of Friendly Societies, 10; Trade Union Benefit Funds, 12; Establishment Benefit Funds, 8; Pharmaceutical Associations, 17; Government Health Departments and Hospital Administrations, 14; British Medical Association, 12; State Insurance and Industrial Assurance Offices, 7; Medical Branch, Commonwealth Repatriation Department, 9; Dentists' Associations, 3; and various Public Health, Nursing, and Ambulance organizations, 7. Of the above-mentioned witnesses, 34 were medical practitioners and 9 were actuaries. In addition, Dr. W. Mayo and Dr. R. H. Harte, the eminent American surgeons who were visiting Australia, kindly consented to give their valuable opinions on the general questions of Health Insurance.

2. *Need for National Insurance in Australia.*—The estimated number of wage and salary earners in Australia, males between the ages of 16 and 65 years, and females between the ages of 16 and 60 years, as at the 30th June, 1924, was as follows:—

Age Groups	Males	Females	Total
16-19	172,000	100,000	272,000
20-24	192,000	102,000	294,000
25-29	179,000	58,000	237,000
30-34	172,000	35,000	207,000
35-39	142,000	24,000	166,000
40-44	117,000	18,000	135,000
45-49	96,000	14,000	110,000
50-54	87,000	11,000	98,000
55-59	71,000	8,000	79,000
60-64	50,000	..	50,000
Total	1,278,000	370,000	1,648,000

The estimated average adult wage for a full week's work as at the 30th June, 1924, was £4 14s. 3d. for males, and £2 10s. for females.

The wage-earner is generally unable to provide, unaided, for the circumstances arising from his incapacity to work. His economic position is also seriously affected by the sickness of his wife or dependants. Very often, under present conditions, these unfortunate circumstances necessitate an immediate request for charitable assistance. Efforts, similar to those in most countries, have been made by the people in Australia towards mutual assistance during periods when, as the result of sickness, accident, or old age their earning capacity is reduced, and when, in addition, the exceptional requirements of the occasion have to be met. Some wage-earners have voluntarily made efforts to provide for themselves through the formation of friendly societies, trade union benefit funds, establishment funds and other mutual associations: many employers of labour have assisted in the establishment of benefit funds for their employees; workers' compensation legislation has enforced provision for compensation for industrial accidents and

diseases ; State Governments provide funds for charitable relief and institutions for free treatment of the indigent sick and for the care of the aged and the infirm ; numerous private, religious, and local government organizations provide nursing and other charitable assistance ; whilst the Commonwealth Government has made provision for the payment of old-age and invalid pensions and the maternity allowance. Some provision is, therefore, being made in Australia at the present time for the wage-earner during such periods of incapacity to work, but only in a moderate and generally inadequate manner, by organizations which, in many cases, have the inherent defects of all similar voluntary schemes. It is obvious from the efforts of these organizations that the main principle of National Insurance, i.e., the provision of assistance to the wage-earner when incapacitated for work, is generally acknowledged throughout Australia. These existing organizations represent a stage in the evolution of National Insurance, and furnish conclusive evidence of the necessity for the institution of a national scheme in Australia.

Existing systems of mutual and other assistance in Australia have failed to adequately assist the majority of wage-earners to make provision for the difficult circumstances in which they may be placed as the result of sickness, accident, permanent invalidity, and old age. It is estimated that only approximately 524,000 out of a total of 1,648,000 wage and salary earners have made voluntary efforts to provide for themselves through mutual associations. The majority, although they have a constant anxiety as to the possibilities of such unfortunate circumstances, have failed owing either to financial inability, lack of thrift and foresight, or to a number of other causes, to make provision voluntarily against the risks of sickness and accident. Most schemes in operation in Australia have certain restrictions placed upon them which debar many wage-earners from availing themselves of the benefits offered, and thus often fail to provide assistance for those who most need it. Nevertheless, many of the numerous existing schemes are worthy of encouragement as they are carrying out very desirable objects, and have undoubtedly, in many instances, been of great assistance and benefit. Some are mainly charitable organizations, and it is not desirable that the philanthropic motives of the people should be discouraged, but on the other hand the recipient of charity in many instances loses his self-respect and spirit of independence. As the result of the multiplicity of these organizations throughout the Commonwealth, and the diversity of the purposes for which they have been created, there is considerable overlapping, duplication, unnecessary competition, waste of effort, and a very apparent lack of co-ordination and uniformity, together with numerous resultant anomalies arising from unscientific methods. The majority operate mainly in the more heavily populated areas, and lack suitable machinery for the less populated areas, where often assistance is as urgently required. A systematic method of relieving the economic burden resulting from the wage-earner's incapacity to work will considerably reduce the number of cases of destitution, and the only equitable method of distributing the burden is by insurance.

Your Commissioners are, therefore, of the opinion that it is both desirable and necessary that the Commonwealth Government institute a compulsory system of National Insurance in Australia which will provide for the payment of sickness, invalidity, maternity, and superannuation benefits to insured members. It is considered that only by governmental control and supervision can equitable arrangements be made whereby definite and adequate benefits will be guaranteed to all insured members, with that necessary economy in cost of administration, uniformity of method, effective co-ordination and unbiased control of the various sections of one comprehensive scheme. A compulsory basis is recommended provided the system is supervised by the Government, as compulsory provisions can be effectively controlled by a national organization only, and there are no valid reasons why the Government should transfer its functions and responsibilities to private institutions. Where voluntary schemes have been established in other countries they have generally failed to satisfactorily achieve their purpose, as is indicated by the universal tendency to change from voluntary to compulsory principles. There are no grounds for the assumption that if a voluntary scheme were instituted in Australia it would not have the inherent defects of all such schemes, which, as has been conclusively proved, fail to provide for those who most need assistance, cannot be effectively and generally applied, and only attract the more thrifty. Nevertheless, the continuance of existing voluntary mutual associations should be encouraged as supplementaries to the national scheme.

On reviewing such reports and data as are available relating to the operations of national schemes of insurance in other countries, it was found that provision for incapacity is generally made by the payment of a cash benefit during incapacity, by arrangements for medical treatment during sickness, and by the organization of preventive measures against sickness and accident. Your Commissioners are of the opinion that casual sickness, permanent invalidity, old age, and maternity should be similarly provided for in Australia as follows :—

- (A.) Under a National Insurance Fund, in which provision is made for definite financial assistance to insured members which will relieve the economic stress occasioned by the above-mentioned circumstances. The greatest and constant

anxiety of the worker is the possibility of the serious financial difficulties in which he and his dependants will be placed as the result of these contingencies. The average wage-earner is unable during his working life to provide, unaided, for all circumstances throughout life, and only by a governmental system of insurance can the wage-earner be assisted to make adequate financial provision which will give him that essential feeling of security, and which will have beneficial results in encouraging thrift and mutual assistance, mitigating poverty, allaying social unrest, and furthering national efficiency. For this reason it is considered that a National Insurance Fund providing for the payment of definite cash benefits to all insured members should be instituted.

- (B) Under a National Health scheme, which will aim at adequate medical treatment for the people, and which will also provide the requisite machinery for the prevention of sickness and accident. It is generally recognized that the payment of a cash benefit does not alone provide the essential and desirable objects of any scheme from the standpoint of national health; adequate facilities for medical treatment should also be made available and, in addition, as much sickness and accident is undoubtedly preventable, efficient preventive measures must be put into operation in the interests of the insured member, of national health, and of the insurance scheme itself. Your Commissioners, however, after reviewing the reports of the experience of other countries, are of the opinion that it is not desirable that these provisions should be included in any scheme providing for financial benefits, but that they should be dealt with under a definite National Health scheme which, although closely related to the objects of the National Insurance Fund, can be more effectively and satisfactorily dealt with if dissociated from the administration of the financial benefits. Where medical benefits have been administered under a scheme providing for cash benefits also, they have invariably been limited and have proved inadequate, whilst the increasing cost of the former has had a detrimental effect on the provision of the latter.

A considerable amount of valuable evidence has been submitted to your Commissioners with respect to the various benefits and facilities, allied to the subject of this inquiry, provided at the present time in some manner in Australia, and these data, together with our recommendations as to the method under which the several questions could, in our opinion, be most advantageously dealt with, are submitted hereafter in the following order :—

(A) National Insurance Fund—

- (1) Sickness Benefit.
- (2) Accident Benefit.
- (3) Invalidity Benefit.
- (4) Maternity Benefit.
- (5) Superannuation Benefit.
- (6) Funeral Benefit.
- (7) Child Allowance.

(B) National Health Scheme—

- (1) Medical Benefits.
- (2) Institutional Treatment.
- (3) Preventive Health Services.

(A) NATIONAL INSURANCE FUND.

1. SICKNESS BENEFIT.

(a) *Australian Morbidity Experience.*

(i) *Friendly Societies.*—Casual sickness is responsible for a more serious loss in wages and production than industrial accidents, and, although legislation has been introduced which compels provision for the latter, that enacted with respect to sickness benefits has merely aimed at the supervision of existing mutual organizations. As friendly societies are established largely for the purpose of medical relief during sickness, each society in Australia provides a benefit for its members when they are certified by a lodge doctor as incapacitated for work as the result of sickness. The records of the sickness experience of such members would be of very considerable value if a comprehensive system of statistical tabulation and analysis were instituted; the records are now kept mainly for financial purposes, but they present a wide and valuable

field for investigation as to morbidity according to sex, age, occupation, locality, disease, duration of incapacity, &c. The value of such analysis is especially important when the total membership of friendly societies is taken into consideration. At the end of 1923 the adult membership was as follows:—New South Wales*—males 182,564, females 15,704, total 198,268; Victoria—males 140,181, females 10,589, total 150,770; Queensland—males 54,663, females 4,986, total 59,649; South Australia—males 61,304, females 11,150, total 72,454; Western Australia—males 17,810, females 1,008, total 18,818; Tasmania—males 22,866, females 1,501, total 24,367; Commonwealth—males 479,388, females 44,938, total 524,326. The total adult membership in 1923 was equivalent to approximately 9 per cent. of the total population and to 30 per cent. of the total wage-earners in Australia, whereas in 1917 it was equivalent to 9·7 per cent. and to 36 per cent. respectively.

The average period of sick pay per member in New South Wales during the year 1922 was 10 days, having increased from 7 days during the last ten years; in Victoria the average per member was 12 days per annum, the rate of the leading societies having increased by 2 days in the last fifteen years; in Queensland the average was 8 days, whereas it was formerly 6 days; the average in South Australia was 10 days; in Western Australia and Tasmania 9 days, having in Tasmania increased from 5·7 days during the last 30 years. The average period of sickness per friendly society member in Australia during the year 1922 was, therefore, approximately 10 days, equivalent to 3 per cent. of the total working days in that year. When this average is applied to the total number of wage and salary earners over fifteen years of age in Australia, the result is as follows:—1,284,700 males lost in one year a total of 1,739,000 weeks' work, with a consequent average loss of £5 17s. 10d. in wages by each male wage-earner, and a total loss in wages of approximately £7,569,000 in one year. Taking the total number of female wage and salary earners as 388,000, the total time lost as the result of sickness amounted to 399,000 weeks, and the average wage lost £2 4s., representing a total loss of £843,000 in wages by female wage-earners. The total loss in wages in one year by male and female wage and salary earners in Australia, on account of lost time resulting from sickness was, therefore, £8,412,000. During this period of lost time a number of wage and salary earners would be on sick leave with pay granted by their employers, and a total sick pay benefit of £561,000 was paid by friendly societies during the year 1922. Twenty-eight per cent. of the unemployment recorded at the 1921 Census was due to sickness or accident. This enormous loss in wages, and the heavy consequent loss in production estimated at four times the loss in wages, as the result of sickness and accident, which in many instances is preventable, reveal the necessity that a national scheme should be put into operation which will provide relief and reduce this heavy and increasing annual loss.

Friendly society sickness experience should be better than that for the general population, but although an applicant for membership of a friendly society must be medically examined and certified by the lodge doctor as sound in health, and is thus a selected risk when joining the society, his health is not further inquired into during the period of his membership. The statistics of mortality, however, show that the death-rate for members of friendly societies is lower than that for the general population, and it is anticipated that the rate of sickness amongst the insured population under National Insurance will be, in the earlier years at least, in excess of that experienced by friendly societies. Before sick benefit is paid the societies generally insist on the production of a certificate from the lodge doctor that the member is unfit for work; further progressive medical certificates being required, usually at fortnightly intervals, until he is fit to return to work. In the event of any doubt arising, an independent medical officer may be asked to examine the sick member. Friendly societies endeavour to keep their sick payments down to a minimum, and each branch appoints certain of its members to visit its sick, usually once a fortnight, and to report to the branch secretary. Notwithstanding these precautions, there has been a very considerable and serious increase in the average period of sick pay per member in recent years. This increase is ascribed by some to the fact that the average age of friendly society members has increased, as sufficient young members are not being admitted to rejuvenate the societies, and, as sickness increases with age, members are now drawing on the funds towards which they contributed during their earlier years. Others suggest that the heavier payments of sickness benefits are due to the consolidation of funds which has taken place in several of the societies, as previously, when each branch administered its own funds, many branches were financially unable to pay the full sickness benefit, and some even paying as low as only one-fourth benefit, but under consolidation every incapacitated member of the society now receives full benefit. It has also been stated that under consolidation the same supervision is not taken in the administration of one central fund as was taken previously in connexion with the branch fund, notwithstanding that the central administration urges branches to exercise care that progressive medical certificates are produced, and that sick visitors are efficiently carrying out their duties,

* New South Wales, 30th June, 1923.

An analysis of the available data relating to the duration of sickness amongst friendly society members shows that 7 per cent. of the cases were under one week's duration, 49 per cent. were for a period of one and under four weeks, 29 per cent. four and under thirteen weeks, 7 per cent. thirteen and under twenty-six weeks, and 8 per cent. over twenty-six weeks. It will thus be seen that only a small percentage of the cases are of such short duration that financial relief is not required, whereas 44 per cent. of the cases are incapacitated for a period of over four weeks, which would, in all probability, necessitate the provision of financial assistance to the wage-earner and his dependants. Approximately 18 per cent. of friendly society members receive sick pay in one year, and the average duration of sickness per member drawing sick pay is nine weeks per annum, which indicates that at least one-sixth of the wage-earners in Australia require financial assistance and medical treatment for a similar period in each year.

(ii) *Trade Union Benefit Funds*.—Very few trade unions in Australia have sickness benefit funds available for their members, and it is estimated that of the 700,000 members only about 30,000 are contributing for the sickness benefits provided by the various unions. Trade unions have been organized more for industrial reasons than for the purpose of providing sickness benefits, which, when available, are very limited in their operation, with the exception of those of two large unions. The contributions are not generally based on actuarial calculations, but form portion of the fortnightly contributions to the general union funds, and there is little evidence available as to the sickness experience of the members of these funds. Distress funds are administered by the central organizations, but are very limited in extent, and so many calls are made upon them through sickness troubles of all kinds that only a few cases can be adequately met.

(iii) *Government Departments*.—An analysis of investigations carried out by the Commonwealth Department of Health into the sickness experience of the employees of the following Government Departments:—Victorian Education Department, for the years 1914, 1920, 1921, 1922; New South Wales Education Department, for the years 1920, 1921; Postmaster-General's Department, New South Wales, Victoria, and South Australia, 1921; Federal Taxation Department, Central, Victoria, and South Australia, 1921; Treasury Note Issue Branch, 1921; and Victorian Government Railways, 1921, employing a total of 75,218 officers, revealed the fact that during the abovementioned years an average of 31 per cent. of male, 38 per cent. of female, and 33 per cent. of all employees were granted sick leave of more than two days' duration. The resultant effects on the administration of the departments are detrimental to efficiency, and clearly indicate that adequate preventive measures should be instituted. The average number of days' sickness per officer per annum was 7·7, and is lower than that for friendly society members, which is probably due to the fact that officers are retired from Government Departments on account of ill-health, and when the maximum age of retirement has been reached, whereas friendly societies retain their members throughout life.

(iv) *Other Organizations*.—Benefit funds which have been put into operation by employers for the benefit of their employees are not compelled to register as such. These funds usually provide sickness benefits, but only large firms are able to institute schemes which would adequately meet all requirements, as the cost in small enterprises would be prohibitive. Certain industrial establishments throughout Australia now forward statements of the sickness experience of their employees to the Commonwealth Health Department, and in four of these firms the sickness rate ranged from 3·1 to 9·7 days per male employee and from 6·1 to 8·3 days per female employee per annum. Most of the larger benefit schemes instituted by employers have been established on a fairly sound basis, and in some instances an actuarial examination and report is made every five years. During 1922 a total of 218,209 indoor patients were treated in public hospitals in Australia, and, in addition, about 300,000 outpatients also received treatment; the average period of treatment per indoor patient being approximately 21 days.

(v) *Sickness according to Age*.—Friendly societies accept as members only those who are within certain definite age limits; the average earliest age of admission to the adult branch is 16 years, and the maximum age 45 years, although in some societies members are accepted for partial benefits up to age 55. In the early years of the friendly society movement in Australia the membership more than kept pace with the growth of population, and this was reflected in the average age of members. In recent years, however, the movement is not holding its own, as sufficient young members are not being initiated, or at least retained, to compensate for the increasing age of all members, and to thus keep the average age constant. The annual loss in membership, as the result of secessions from friendly societies is equivalent to 6 per cent. of the total membership, and to 70 per cent. of the total initiations in each year. Many factors have retarded this rejuvenation process, and the societies have endeavoured to make amends for the deficiency, but without complete success. This has a serious effect on the outlook of friendly societies, as sickness increases with age and the average age of members of the society bears a definite relationship to the average sickness experience. Some members at the older

ages are continuously on the sick fund, and in branches where there are a number of aged members, sick payments are consequently heavy. The experience of some societies indicates that members between the ages of 16 and 21 years are also a heavy burden on the funds. The wage-earner with dependants endeavours to keep at work as long as he can, as the sickness benefit is insufficient to enable him to stop work owing to a slight illness, but it has been stated this does not apply to members under 21 years of age who are eligible for the same sickness benefits, but against this statement is the fact that the growing youth is more susceptible to sickness and accident. The experience of the New South Wales Education Department in the years 1920 and 1921 indicated that the healthiest period was in the under 21 years of age group, which is probably accounted for by the strict medical examination which each applicant for appointment is required to undergo. The average age of insured members is a very important factor which must be adequately considered in connexion with the institution of a National Insurance scheme, but it has been submitted that under a compulsory system the average age will not vary to any appreciable extent from year to year, and will thus tend towards that financial stability which a voluntary scheme does not ensure.

(vi) *Sickness according to Sex.*—The number of female lodges is small, and the female membership of friendly societies in Australia is limited, the total as at the 31st December, 1923, being 44,938. As the longevity of females is greater than that of males, it follows that in the community there is a relatively large proportion of females of advanced ages subject to the higher sickness rates. Married women have a heavy sickness experience, as is indicated by the demand which they make on the services of the lodge doctor, and in some instances a regulation has been brought in which provides that as soon as a female member marries she ceases to be entitled to sick pay. The sickness experience per male member in one large friendly society in New South Wales in 1923 was 11·4 days, and per female member 8·6 days; in Victoria it averaged 14·8 days for males, and 10·8 days for females; in Queensland in one society in 1922 the average was 8·3 days per male member, and 6·6 days per female member; in Tasmania the average duration for males was 9·7 days, and for females 8·5 days, which is accounted for by the fact that the greater proportion of female members eligible for benefits are single and of younger age than the males. The average period of sickness of females in Government Departments was 10·9 days per annum, as compared with 6·2 days for males; two days and under absences represented 7·7 per cent. of the total days lost by male officers, and 16·9 per cent. of the days lost by female officers; whilst 31 per cent. of male and 38 per cent. of female officers were granted sick leave of more than two days' duration. In certain industrial establishments the experience for females was 6·2 days, and for males 7·8 days. The friendly societies' experience of females from the sickness stand-point has not been satisfactory, and that of female societies in Victoria has warranted the statement that from ages 18 to 50 the sickness rate of female societies is about 50 per cent. in excess of the sickness rate of male societies. At the inception of National Insurance in Great Britain the basis of the provision made for female insured members was the same as for male members, but experience proved that the incidence of sickness amongst women was considerably underestimated, with the result that the income of the women's fund was insufficient, and the relatively heavy liability of married women has been corrected by an annual grant from public funds. It, therefore, is essential to the financial stability of any National Insurance scheme which may be instituted in Australia that the question of contributions in respect of female insured members should be given very careful consideration at the inception of the scheme.

(vii) *Sickness according to Disease.*—The records of sickness experience of friendly society members according to disease have not been tabulated nor analysed, and, as they present such a valuable field for inquiry, it is desirable that such analysis should be undertaken. The investigation of the sickness experience in various Government Departments indicated that the disease groups responsible for sickness in male officers were as follows:—epidemic, endemic, and infectious diseases, 24·2 per cent.; external causes (accidents), 21·3 per cent.; diseases of the digestive system, 15·5 per cent.; respiratory diseases, 12·3 per cent.; and nervous diseases, 8·8 per cent. In female officers, epidemic, endemic, and infectious diseases, 25·2 per cent.; digestive diseases, 22·7 per cent.; nervous diseases, 15·9 per cent.; and respiratory diseases, 14·2 per cent. The distribution of days lost according to disease groups was as follows:—Male officers—epidemic, endemic, and infectious diseases, 19·1 per cent.; external causes, 18·2 per cent.; nervous diseases, 13·7 per cent.; digestive diseases, 10·7 per cent.; respiratory diseases, 9·5 per cent.; and two days and under absences, 7·7 per cent. Female officers—nervous diseases, 18·7 per cent.; epidemic, endemic, and infectious diseases, 17 per cent.; two days and under absences, 16·9 per cent.; digestive diseases, 14·3 per cent.; general diseases, 9·8 per cent.; and respiratory diseases, 9·3 per cent. It is obvious from these percentages that a considerable amount of the sickness experienced is preventable, and would be avoided if adequate preventive measures were put into operation. No complete analysis has been made of the records of all public hospitals showing the diseases for which patients were treated, although such records also present an exceptionally

valuable field for investigation. The particulars with respect to the disabilities of claimants for Commonwealth invalid pensions are not regularly tabulated and analysed, and it is most desirable that such statistical compilation should be immediately put in hand. The experience of national schemes in other countries has had an important effect on the application of statistical data to public health purposes, and the comprehensive compilation of such data has considerably increased the knowledge concerning the health of the people. It is very essential that similar statistical investigations should be undertaken in Australia.

(viii) *Sickness according to Occupation.*—A summary of the sickness experience during the years 1918 to 1922 of 14 dividing societies in Victoria with a total membership of 5,261, which societies do not admit the general public, but have a membership confined to the particular industrial organizations concerned, showed that the average duration of sickness per member per annum was 4.3 days; liquor trade employees, rubber workers, and explosives workers having heavier experience than the average. In a period of seven years the members of mining branches in one friendly society received £23,000 more in sick pay than they paid in contributions; the average period of sick pay per member per annum for the whole society was 11.14 days, but for mining members in one district it was as high as 20.67 days. Friendly societies are now very careful about opening branches in mining areas, and do not give encouragement in that respect. In mining lodges in Western Australia the expected sickness at the last valuation of friendly societies was 19,249 weeks, and the actual sickness experienced was 30,298 weeks, being 57 per cent. in excess of expectations, whilst the other lodges were normal. A number of miners are on the lodge funds practically for life, as the result of miners' phthisis. An inquiry into the operation of the Mine Workers' Relief Fund in Western Australia disclosed the fact that the average age of incapacity as the result of miners' phthisis was 51 years, the average number of years employed in the mining industry being 26.5. Members residing in farming districts are the best risks from a friendly society stand-point; in manufacturing centres the sickness experience is high, whilst in timber areas the payments are heavy owing to the numerous accidents to members. This fact emphasizes the necessity for a national scheme, as serious objection is raised to sectional schemes, under which those with heavy sickness experience receive lower benefits, whilst others with better experience are able to accumulate huge reserves, and to pay higher benefits, for the same rate of contribution. The essential basis of a National Insurance scheme is the even distribution of the risks amongst all insured members in one collective group.

(b) *Sickness Benefits Available.*

The sickness benefits provided by the friendly societies, with a total membership of 524,326, operating in Australia are generally fairly similar as to the amount of benefit payable per week, and as to the period during which such benefit is payable. The rates of sick pay granted per week are generally the same to-day as they were over 40 years ago. The period of 26 weeks, during which each of the various rates of sick benefit is paid, is adopted practically by all societies and has been the same for very many years. Male members are entitled, according to the society to which they belong, to from 20s. to 22s. 6d. per week sick pay for the first 26 weeks' sickness; from 10s. to 22s. 6d. per week for the second period of 26 weeks; from 5s. to 10s. per week for the third period of 26 weeks; and thereafter 5s. per week so long as the illness continues. The majority of the societies pay at the lower rates quoted for each period, the higher rates being paid by a few societies only. Female members are usually entitled to half benefits, for which they pay half contributions. Juveniles are seldom eligible for a sickness benefit.

The maximum sickness benefit payable per week is laid down by the Friendly Societies Act in each State, viz. :—New South Wales, £2 2s; Victoria, £3; Queensland, £2; South Australia, £1; Western Australia, £3; Tasmania, £1 1s. In some societies members may contribute for additional sickness benefits where the maximum provided by the Act is in excess of that provided under the rules as ordinary sickness benefit, but such provision has not been much availed of by members to date, although there is an indication that it will become more popular as the members become more fully aware of the provision. The Government Actuary decides what benefits shall be paid on the basis of the contribution payable. The rate of contribution varies with the age of the member when joining the society, and no loading is made on account of the risk of special occupations. There are instances where persons are members of more than one friendly society, and eligible for the sickness benefits of each society, and occasionally of some other benefit fund also. The total amount of benefit payable, or the period during which benefit is payable, is limited by the societies; after having received full sickness benefit a member cannot draw on the sickness fund again for a period of usually one year. It is undesirable that any such restriction should be placed in a National Insurance scheme. A member is not eligible for benefits when he is unfinancial, and in some cases he is penalized for a period of one month after again becoming financial before he is re-entitled to sickness benefit. The societies generally have benevolent

funds available for the purpose of assisting a member during periods when he is, owing to unfortunate circumstances, unable to pay his contributions, although no provision for this exists in the rules, and no member can make any claim to such funds.

A member of a trade union, with provision for a benefit fund, may voluntarily contribute for such benefits if he so desires, but only a small percentage do so. Sickness benefit is provided in a few unions only, and, when available, generally ranges from 10s. to 20s. per week for the first six months' incapacity, 5s. to 10s. per week for the second six months, and 5s. per week for a further period of from six months to one year, after which the liability to provide sickness benefit ceases. The contributions payable for such benefits are not actuarially certified as adequate, and the funds are not supervised by the Government Actuary, with the result that they are not generally maintained on solvent lines.

In a few friendly societies members are entitled to sickness benefit from the day of joining, but in the majority of cases a member is not entitled to full sickness benefit during a probationary period, which varies from three to twelve months from the day when he becomes a member, only half benefits being paid during this probationary period. This basis has been adopted by the actuaries in their calculation of the rates of contributions, and has been the custom for many years past, no strong opposition having been made to the system. The principle of paying full benefits to members immediately upon their joining is opposed by several societies, as members may become unfinancial in one society and then drift into another, thus being immediately eligible for benefits. Under National Insurance in England no benefit is paid for the first three days of sickness, and for this period, so it is stated, the members, in many cases, avail themselves of the benefits of the voluntary mutual associations. Under the additional benefit schemes in England it is possible for an approved society to pay sickness benefit from the first day, if members so desire, but that there is no general demand for such payment is indicated by the fact that less than 1 per cent. of the societies have elected to make sickness benefit available from the first day of sickness. An analysis of the sickness statistics of one society for four years subsequent to the institution of the Workers' Compensation Act in Australia revealed the fact that the number of members receiving sick pay for two, three, or four day periods subsequent to the Act coming into operation was considerably less than previously. From the evidence available with respect to duration of sickness, it appears that 7 per cent. of the cases of sickness amongst friendly society members were under one week's duration.

Sick pay for a limited period at full salary rates, with reductions in pay for continued sickness, is provided in the various Government services in Australia, while financial and other institutions employing large staffs usually grant limited periods of sick leave on full pay. Sickness of a permanent character is also provided for under certain conditions under the Commonwealth Invalid Pension scheme. Government subsidies in a few instances are paid to approved schemes for providing relief for the sufferers from certain industrial diseases, where incapacity is attributable to the industry concerned. The State Governments also provide funds for charitable relief of those in distressed circumstances, as the result of sickness or of other causes. Some insurance companies issue policies insuring the holder against sickness and accident.

(c) Adequacy of Existing Sickness Benefits.

The average sickness benefits of friendly societies, and the period during which each benefit is payable, have, as previously indicated, been in operation for many years, and, owing to the considerable increase in the cost of living in recent years, these benefits have become of considerably less value for the purpose intended, and are inadequate for the requirements of the present time, although actuarially certified as adequate for the contributions paid. Some larger amount is required, under present conditions, to provide the relief for which the benefits are intended. The smallness of the sickness benefit has been stated as one of the reasons why friendly societies are not attracting so many new members to-day. The intention of the provision of such benefit is not to make available an adequate amount to maintain the member of the society during the period of his incapacity, but to assist him during such period, and if the benefit payable were considered the only available financial resources of a member it would undoubtedly be inadequate for all requirements. The same rate of benefit is paid to married and single adult members, as they both pay the same rate of contributions, and it has been suggested that some consideration should be given to the question of equitably providing for the additional responsibilities of the married man with dependants. The payment of a sick benefit above £1 per week to young unmarried men, it is stated, has resulted in malingering, especially where facilities are readily available for joining more than one society. A member of a friendly society, after the probationary period of membership of six or twelve months, has the same financial standing as a member of many years, as both may become unfinancial after the same period of arrears in the payment of contributions. Several societies have indicated their desire that members' contributions should cease at age 65; this is at present provided for to a certain extent by the Government subvention scheme in New South Wales. Under that

scheme of subvention the State Government pays half the cost of sick pay granted after twelve months' continuous sickness in respect of male members under age 65, and of female members under age 60; the whole cost of sick pay to male members age 65 and over, and to females age 60 and over provided that the amount payable by the State does not exceed 5s. per week per sick member; an amount equal to the total contributions for medical benefits in respect of aged members, and to assure the claim of a funeral benefit not exceeding £50. In the year 1922 £43,000 was paid by the Government, making a total subvention of £308,000 since the scheme was instituted in 1908. The subvention is looked upon by the societies with considerable favour as it is of great assistance to aged members, who have paid contributions for many years. In National Insurance schemes in other countries it has not been the intention to provide an amount which will meet all the wage-earner's requirements, but to provide for a benefit which will relieve him of the need for other forms of assistance.

(d) *Malingering for Benefits.*

A certain amount of malingering, so it is stated, occurs amongst members of friendly societies, in order to obtain sick pay benefits, although such malingering is difficult to detect. Various preventive measures have been instituted, and in instances where special committees were appointed to deal with this question, the organized supervision is stated to have reduced the amount of sick pay in a remarkable degree. The societies depend chiefly upon their secretaries and sick visitors to prevent malingering, and very little is experienced where an adequate system of sick visitors is in operation. A person may belong to more than one society and to other benefit organizations, with the result, it is stated, that some have been able to draw more in benefits than their ordinary income. The experience of friendly societies shows that when people join more than one society they are seeking sick-pay benefits in particular. There is not much inducement, however, in the amount of friendly society benefit for a member to malingering in order to draw sick pay, as in practically every case where a married man leaves his work and goes on the sick fund he loses money. It has been suggested that under the German insurance scheme, notwithstanding improving medical and surgical methods, the duration of cure in some ailments and accidents is greater than it was in pre-insurance days, and that, under the Dutch system, there also appears to be an objective aggravation of ill health, but this may be due to the fact that National Insurance enables a member to receive more adequate treatment than formerly. In Great Britain special whole-time medical referees are appointed, to whom doubtful cases are referred, and it should be possible under Government supervision of a National Insurance scheme in Australia to provide adequate machinery which will safeguard the fund against any irregular claims for benefits.

(e) *Sickness Benefit Recommended.*

In order that the question of the amount of benefit payable under a National Insurance scheme in Australia might be fully considered, your Commissioners realized that it was essential that actuarial tables should be available, showing the weekly rates of contribution required to provide each of the several benefits under consideration. Mr. C. H. Wickens, F.I.A., F.S.S., Commonwealth Statistician and Actuary, and President of the Actuarial Society of Australasia, at our request, undertook the preparation of the various actuarial statements required, which are included in this Report.

The weekly rates of contribution required to provide a sickness benefit of 20s., 30s., and 40s. per week during the first six months of sickness are as follows:—

Sickness Benefit—Weekly Rates of Contribution.

Age at Entry.	Males (to Age 65)			Females (to Age 60)		
	20s. Per Week.	30s. Per Week.	40s. Per Week.	20s. Per Week.	30s. Per Week.	40s. Per Week.
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
16	0 4·1	0 6·2	0 8·2	0 4·0	0 6·0	0 8·0
17	0 4·1	0 6·2	0 8·2	0 4·0	0 6·0	0 7·9
18	0 4·1	0 6·2	0 8·2	0 4·0	0 5·9	0 7·9
19	0 4·1	0 6·2	0 8·2	0 3·9	0 5·9	0 7·9
20	0 4·1	0 6·2	0 8·2	0 3·9	0 5·9	0 7·9
21	0 4·1	0 6·2	0 8·2	0 3·9	0 5·9	0 7·9
22	0 4·1	0 6·2	0 8·2	0 3·9	0 5·9	0 7·9
23	0 4·1	0 6·2	0 8·3	0 3·9	0 5·9	0 7·9
24	0 4·2	0 6·2	0 8·3	0 4·0	0 5·9	0 7·9
25	0 4·2	0 6·3	0 8·4	0 4·0	0 6·0	0 7·9
26	0 4·2	0 6·3	0 8·5	0 4·0	0 6·0	0 8·0
27	0 4·3	0 6·4	0 8·5	0 4·0	0 6·0	0 8·0

Sickness Benefit—Weekly Rates of Contribution—continued.

Age at Entry.	Males (to Age 65).			Females (to Age 60).		
	20s. Per Week.	30s. Per Week.	40s. Per Week.	20s. Per Week.	30s. Per Week.	40s. Per Week.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
28	0 4.3	0 6.5	0 8.6	0 4.1	0 6.1	0 8.1
29	0 4.4	0 6.5	0 8.7	0 4.1	0 6.1	0 8.2
30	0 4.4	0 6.6	0 8.8	0 4.1	0 6.2	0 8.3
31	0 4.5	0 6.7	0 9.0	0 4.2	0 6.3	0 8.4
32	0 4.5	0 6.8	0 9.1	0 4.2	0 6.4	0 8.5
33	0 4.6	0 6.9	0 9.2	0 4.3	0 6.4	0 8.6
34	0 4.7	0 7.0	0 9.4	0 4.3	0 6.5	0 8.7
35	0 4.8	0 7.2	0 9.5	0 4.4	0 6.6	0 8.8
36	0 4.9	0 7.3	0 9.7	0 4.5	0 6.7	0 9.0
37	0 4.9	0 7.4	0 9.9	0 4.5	0 6.8	0 9.1
38	0 5.0	0 7.6	0 10.1	0 4.6	0 6.9	0 9.2
39	0 5.1	0 7.7	0 10.3	0 4.7	0 7.0	0 9.4
40	0 5.2	0 7.9	0 10.5	0 4.8	0 7.2	0 9.6
41	0 5.3	0 8.0	0 10.7	0 4.9	0 7.3	0 9.7
42	0 5.5	0 8.2	0 10.9	0 4.9	0 7.4	0 9.9
43	0 5.6	0 8.4	0 11.2	0 5.0	0 7.6	0 10.1
44	0 5.7	0 8.6	0 11.4	0 5.1	0 7.7	0 10.3
45	0 5.9	0 8.8	0 11.7	0 5.3	0 7.9	0 10.5

The above rates provide for the payment of a sickness benefit during the first six months of sickness, but not for any sickness experienced after age 65, in the case of males, or after age 60, in the case of females, and are computed on the assumption that contributions are not payable while the person concerned is in receipt of any benefit payable under the scheme.

After consideration of the circumstances associated with sickness benefit payable under the various national and mutual schemes of which particulars are available, your Commissioners recommend:—

- (i) That a sickness benefit of 30s. per week be payable to adult insured members during the first six months when incapacitated for work as the result of sickness;
- (ii) That a sickness benefit of not exceeding 20s. per week be payable to insured members under 21 years of age during similar incapacity.

2. ACCIDENT BENEFIT.

(a) Australian Accident Experience.

Any inquiry with respect to provisions for casual sickness and permanent invalidity must necessarily involve the question of the provision of benefits to the wage-earner when he is incapacitated as the result of accident. Although workers' compensation legislation provides for accidents traceable to industry, yet there are many cases of accident which cannot be so defined. These also throw a heavy burden upon the wage-earner, thus necessitating that some provision should be made under National Insurance for such circumstances. The provision of sickness benefit by friendly societies includes the payment for incapacity as the result of accident, and the foregoing statement as to sickness experience and benefits in friendly societies includes those relating to accident. It is not possible to obtain particulars for accidents separately, as no such analysis of friendly society records has yet been undertaken.

A large number of deaths in Australia are due every year to accidents, and male deaths predominate. In 1923 the deaths from accident represented approximately 5 per cent. of the total deaths, 7 per cent. of the male deaths, and 2 per cent. of the female deaths. Under the Workers' Compensation Act of the State of Queensland alone the number of policies taken out has increased from 29,159 in the year 1918-19 to 46,089 in 1922-23, with a corresponding increase of premiums payable from £277,826 to £348,191 respectively; 9,768 accident claims were reported in the year 1918-19, and 12,758 in the year 1922-23, the total for the period from 1916 to 1923 being 60,076. The average time lost through incapacity per claimant under workers' compensation in that State during the year ended 30th June, 1923, was 22.62 days; the majority of workers returned to work within 24 days, and the greater portion of that number within 12 days; 14 per cent. averaged from 3 to 6 days; 29 per cent. from 7 to 12 days; 19 per cent. from 13 to 18 days; 12 per cent. from 19 to 24 days, and 26 per cent. for a longer period.

During the period 1913-1922 in New South Wales 99,638 accident claims were reported, and 34,963 in Victoria for the period 1920-22. During the ten years mentioned in New South Wales it is stated that an average of 6.4 per cent. of the total insured persons were injured annually,

and of these 0·05 per cent. were fatally injured. In the same State during the period 1920-22 the average percentage of persons injured annually for all occupational groups was 6·83 per cent. In the Government Departments for which particulars are available 21·3 per cent. of the cases of illness of male officers was the direct result of accidents.

(b) *Accidents according to Occupation.*

In Queensland the experience under workers' compensation to the 30th June, 1923, indicated that the relative distribution of compensation according to occupation was as follows:—Clerical, 0·7 per cent.; commercial, 4·67 per cent.; handicraft and factories, 21·4 per cent.; engineering, construction, mining and timber, 32·8 per cent.; transport, 8 per cent.; local authorities and other public service, 5·8 per cent.; farming and pastoral, 23·6 per cent.; sports and amusements, 0·7 per cent.; hotels, restaurants, &c., 1·3 per cent.; and miscellaneous, 1·1 per cent. In all primary industries the claims ratio has been much higher than in other industries, which may be due to fact that the injured worker is some distance from medical aid, as it is noticeable that the cases which do not receive immediate medical attention are much longer in duration of incapacity. An analysis of accidents in New South Wales in the years 1920-22, according to occupational groups, showed that the highest accident rate occurred in the smelting and mining groups, 19 per cent. of the persons engaged therein being injured annually. The accident incidence in other groups was as follows:—Motor car and motor bus services, 16·4 per cent.; sea transport, 14·8 per cent.; pastoral and rural, 14·6 per cent.; quarrying, 14·3 per cent.; mineral treatment, 13·0 per cent.; iron trades, metals, machines, implements, conveyances, 11·1 per cent.; brick, cement, pottery, &c., 10·3 per cent.; building, 10 per cent.; furniture and woodworking trades, &c., 9·4 per cent.; electric power supply, 9·2 per cent.; labouring, general, 9·2 per cent.

Accidents are obviously more preventible than disease, and it is essential that adequate measures should be introduced which will aim at their prevention. In Queensland during the year 1922-23, 7·2 per cent. of the non-fatal accidents resulted from machine labour; 47·1 per cent. from hand labour; and 45·7 per cent. from other non-machine labour.

(c) *Accident Benefits Available.*

Friendly society members are entitled to the usual sickness benefits in the case of incapacity as the result of accident. The Workers' Compensation Acts provide that an employer is liable for the personal injury of his employee arising out and in the course of his employment. There is no liability, however, in New South Wales and Victoria in respect of any injury which does not disable the worker for a period of at least one week from earning full wages, and in Queensland, South Australia, and Tasmania for a period of at least three days. In Western Australia the liability commences on the date of the accident. Where an employee has given notice of an accident, he shall, if so required, submit himself for examination by a duly qualified medical practitioner. Under the Queensland, South Australian, Western Australian, and Victorian Acts insurance is obligatory, and must be made in Queensland with the State Office, but in Victoria it can be made either with private companies or with the State Office; in the other States insurance is not obligatory, and may be made with private insurance offices, and with the State Office also in Tasmania. Under the Workers' Compensation Acts in the several States the weekly payments are based on a percentage of average earnings, and the maximum weekly payment and maximum total liability are prescribed as follows:—New South Wales, £3 per week, with a maximum payment of £750; Victoria, £2 per week, and £600 respectively; Queensland, £3 10s. per week, and £750; South Australia, £5 per week, with a maximum of £700; Western Australia, £3 10s. per week, and £750; Tasmania, £2 per week, and £500; for Commonwealth workmen, £2 per week, and the total amount is unlimited; the Seamen's Compensation maximum is 30s. per week, and the total amount is unlimited.

In the year 1918-19 in Queensland 7,959 claims, representing 81·5 per cent. of those intimated, were paid; in 1922-23 the number of claims paid increased to 10,406, equivalent to 81·6 per cent. of the total intimated. It is estimated that workers' compensation in Australia cost £350,000 in the year 1921.

(d) *Recommendation.*

As workers' compensation legislation has made the question of industrial accidents a matter of national importance, it is essential that steps should be taken to collect and analyse the records of the experience of accident frequency in the different trades, as the collection of such statistics upon uniform lines is an urgent necessity. It has been suggested that the most satisfactory scheme of National Insurance from many points of view will be one combining workmen's compensation with other benefits. One of the difficulties of the British scheme is that the worker, when he is eligible for the various benefits, has to apply to a number of different organizations for payment. The desirable object of a system of National Insurance is the combination under one administration of all provisions for assistance to the wage-earner during all circumstances of incapacity to work. In other countries provision is made that where incapacity

results from an accident for which compensation is payable under the Workers' Compensation Act, the National Insurance benefit payable is restricted to the amount by which such workers' compensation is less than the benefits provided under the scheme. Your Commissioners, therefore, recommend that equivalent benefits be payable to insured members when incapacitated for work as the result of accident, and that the question of including workers' compensation legislation under the National Insurance fund administration should be fully considered.

3. INVALIDITY BENEFIT.

(a) *Invalidity Benefits Available.*

(i) *Friendly Societies.*—The provision of a financial benefit during a period of casual sickness is very necessary, but in cases of extended sickness or permanent invalidity, when the wage-earner is temporarily disabled for a longer period, or permanently incapacitated from work there is an even greater need that financial assistance should be provided, as under these unfortunate circumstances the financial resources of the wage-earner are soon exhausted, and he is generally compelled to seek charitable or other assistance. Members of friendly societies in Australia are eligible for a payment varying in the societies of from 10s. to 20s. per week during the second period of six months' illness, and to a payment of 5s. to 10s. per week thereafter, so long as illness continues. Some members are stated to have been drawing the smaller invalidity benefit continuously for 20 or 30 years; in mining lodges especially, many members are on this benefit for a number of years. Friendly societies will only admit persons to membership who are certified by the lodge doctor as being in sound bodily and mental health, consequently a percentage of the population who most need assistance are unable to obtain the mutual benefits of friendly societies owing to this restriction.

It is undesirable that any restriction as to physical fitness should be placed upon membership of the national scheme, as it is essential that facilities for insurance should be available to those who, through physical incapacity, may most need it. The usual benefit of 5s. per week paid to friendly society members during continued sickness is considered to be totally inadequate, as during the period when an incapacitated member requires the most assistance he receives a small rate of benefit. A member may in some cases contribute for double sick-pay benefits, but only a small number have taken advantage of this provision. The contributions of a member drawing benefits are generally deducted from the benefits payable, but in some societies when a member is reduced to the 5s. per week rate of sick pay, the society pays his contributions from a fund which has been instituted for the purpose so that he may receive his cash benefits without deduction.

Some friendly society members are, in addition, drawing the Commonwealth invalidity pension; certain trade unions and employees' benefit funds provide invalidity benefits of a generally limited nature for their members, who in some instances are members of friendly societies also, but the total membership of such benefit funds is, however, comparatively very small. In Government Departments and in many large institutions, schemes have been instituted whereby employees who are permanently invalidated are retired on pension. In some of these schemes it is necessary for the applicant for membership to undergo a medical examination.

(ii) *Commonwealth Invalid Pensions.*—Under the *Commonwealth Invalid and Old Age Pensions Act 1908-1923* an invalid pension of 17s. 6d. per week is payable, subject to certain property and income qualifications, to all persons over 16 years of age who are permanently incapacitated for work. The invalidity must be permanent, and at the present time considerable difficulty is experienced with respect to the person who is only temporarily incapacitated for work. According to the strict interpretation of the Act, an invalid must have no earnings at all, as incapacity to work means total incapacity to earn, and a further provision prevents the grant of a pension to a person who is adequately maintained by his or her parents, but such provisions are not literally enforced, as the Commissioner has been granted powers under which he may authorize the payment of pensions in such circumstances. 1,878 invalidity claims were rejected during the year 1923-24, mainly owing to the property and income clauses of the Act. The fact that income is derived by aged and infirm pensioners from an employees' benefit fund is taken into consideration, and a deduction made from the pension accordingly, but no deduction is made with respect to friendly society, trade union, provident society or other mutual association benefits.

At the 30th June, 1911, the total number of invalid pensioners was 7,451, equivalent to approximately 0·2 per cent. of the population; at the 30th June, 1924, the number of pensioners had increased to 42,617, equivalent to 0·7 per cent. of the population and indicating an increase far in excess of the increase in population; the percentage of invalid pensioners on the total population of each State being—New South Wales, 0·79 per cent.; Victoria 0·75 per cent.; Queensland 0·72 per cent.; South Australia 0·53 per cent.; Western Australia 0·62 per cent.; Tasmania 0·95 per cent. Of the total number of invalid pensioners, 19,391 were males and 23,226 females.

No particulars are available showing the ages of those drawing invalid pensions, but of 3,073 male pensioners admitted during the year 1923-24, 9 per cent were under 20 years of age, 12 per cent, 20 and under 30 years, 14 per cent, 30 and under 40 years; 22 per cent, 40 and under 50 years, 37 per cent, 50 and under 60 years, and 6 per cent over 60 years. Of 3,000 females admitted in the same year 8 per cent were under the age of 20 years, 12 per cent, 20 and under 30 years; 14 per cent, 30 and under 40 years; 18 per cent, 40 and under 50 years, 43 per cent, 50 and under 60 years, and 5 per cent over 60 years. The loss in production as the result of workers in the early and middle ages becoming permanently invalided, and the increasing financial burdens which the payment of these pensions involves, indicate that urgent action should be taken to institute preventive health services which will aim at a reduction in the incidence of invalidity. A considerable portion of the invalidity for which Commonwealth invalid pensions are now being paid is stated to be the result of diseases which are preventable, and that 32 per cent of the persons to whom invalid pensions were paid during the period 1910-1915 were suffering from the after-effects of infectious diseases. As previously indicated, it is desirable that a systematic tabulation with respect to the disabilities of claimants for invalidity pensions should be undertaken.

Of the male pensioners admitted in 1923-24, 44 per cent were single; 49 per cent married, and 7 per cent widowed. Of the female pensioners admitted, 45 per cent were single, 25 per cent married, and 30 per cent widowed. The unfortunate circumstances in which the dependent children are placed owing to the invalidity of the breadwinner necessitate, under present conditions, urgent requests for charitable assistance, and this question requires very careful consideration from a National Insurance stand-point. At the 30th June 1924, the Commonwealth Government's annual liability in respect of invalid pensions payable to 12,611 pensioners was £1,897,246; 91 per cent of the pensioners being in receipt of full pensions, the average pension being 17s 1d per week. It has been suggested that invalid and aged persons should be assisted by the Government to become members of friendly societies, but it is considered that the necessary assistance required could be more satisfactorily furnished under a scheme of National Insurance.

(b) *Invalidity Benefit Recommended.*

The following rates of contribution provide for the payment of an invalidity benefit 20s., 30s., and 40s. per week during that period of sickness extending beyond the first six months of sickness, but not for any sickness experienced after age 65 in the case of males, or after age 60 in the case of females.

Invalidity Benefit—Weekly Rates of Contribution.

Age at Entry	Males (to Age 65)			Females (to Age 60)		
	20s Per Week	30s Per Week	40s Per Week	20s Per Week	30s Per Week	40s Per Week
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
16	0 2 0	0 2 9	0 3 9	0 1 4	0 2 2	0 2 9
17	0 2 1	0 3 1	0 4 1	0 1 5	0 2 3	0 3 0
18	0 2 1	0 3 2	0 4 3	0 1 6	0 2 4	0 3 2
19	0 2 2	0 3 4	0 4 5	0 1 7	0 2 5	0 3 3
20	0 2 3	0 3 5	0 4 7	0 1 7	0 2 6	0 3 4
21	0 2 4	0 3 7	0 4 9	0 1 8	0 2 7	0 3 5
22	0 2 5	0 3 8	0 5 1	0 1 9	0 2 8	0 3 7
23	0 2 6	0 4 0	0 5 3	0 1 9	0 2 9	0 3 9
24	0 2 8	0 4 1	0 5 5	0 2 0	0 3 0	0 4 0
25	0 2 9	0 4 3	0 5 6	0 2 1	0 3 2	0 4 2
26	0 3 0	0 4 5	0 6 0	0 2 2	0 3 3	0 4 4
27	0 3 1	0 4 7	0 6 3	0 2 3	0 3 4	0 4 5
28	0 3 3	0 4 9	0 6 7	0 2 4	0 3 5	0 4 7
29	0 3 4	0 5 1	0 6 8	0 2 5	0 3 7	0 4 9
30	0 3 6	0 5 3	0 7 1	0 2 6	0 3 8	0 5 1
31	0 3 7	0 5 6	0 7 4	0 2 7	0 4 0	0 5 3
32	0 3 9	0 5 8	0 7 8	0 2 8	0 4 2	0 5 5
33	0 4 1	0 6 1	0 8 2	0 2 9	0 4 3	0 5 8
34	0 4 3	0 6 4	0 8 5	0 3 0	0 4 5	0 6 0
35	0 4 5	0 6 7	0 9 0	0 3 2	0 4 7	0 6 3
36	0 4 7	0 7 1	0 9 4	0 3 3	0 5 0	0 6 6
37	0 4 9	0 7 4	0 9 9	0 3 5	0 5 2	0 6 9
38	0 5 2	0 7 8	0 10 4	0 3 6	0 5 4	0 7 2
39	0 5 5	0 8 2	0 10 9	0 3 8	0 5 7	0 7 6
40	0 5 7	0 8 6	0 11 5	0 4 0	0 6 0	0 8 0
41	0 6 0	0 9 1	1 0 1	0 4 2	0 6 3	0 8 4
42	0 6 4	0 9 6	1 0 7	0 4 4	0 6 6	0 8 8
43	0 6 7	0 10 1	1 1 4	0 4 6	0 6 9	0 9 2
44	0 7 1	0 10 6	1 2 2	0 4 9	0 7 3	0 9 7
45	0 7 5	0 11 2	1 3 0	0 5 1	0 7 7	0 10 2

Your Commissioners recommend that an invalidity benefit of 20s. per week be payable to insured members during that period when incapacitated for work as the result of sickness or accident extending beyond six months' duration.

4. MATERNITY BENEFIT.

(a) *Maternity Benefits Available.*

In recent years the necessity for the provision of maternity benefits has been recognized in most countries. The legislation introduced varies in the several countries, but there has been an increasing tendency to include maternity benefits in the scope of National Insurance. Such benefits usually provide for the payment of a weekly amount to the mother for a stated period before and after confinement, and in some cases for medical attendance. The former benefit is granted partly in order that the wage-earner may be assisted to meet the financial obligations of the time, whilst the latter aims at the provision of adequate medical services which will protect the health of the mother and the child. The family man, especially the wage-earner, is at an economic disadvantage, which necessitates his being granted financial assistance on such an occasion, and it is especially desirable that a National Insurance scheme should assist the wife of the wage-earner, and also women in employment. Friendly societies do not provide maternity benefits for their members, but the member usually makes arrangements with the lodge doctor for the attendance to his wife at a reduced accouchement fee, of usually three guineas. Married women who are members of friendly societies are not eligible for sick pay during a period of confinement. Friendly society dispensaries usually supply, free of cost, the materials required in maternity cases, the member paying the cost price of any extras required.

Under the *Commonwealth Maternity Allowance Act 1912*, a sum of £5 is payable to every mother, other than an Asiatic, or an aboriginal native of Australia, Papua, or the Pacific Islands, who gives birth to a child in Australia; only one allowance being payable in cases of multiple birth. For the year ended 30th June, 1924, the allowances paid totalled £670,175; the total payments from the inception of the allowance to that date aggregated £7,733,858. During the year ended 30th June, 1924, there were 133,382 births, and 134,035 claims for maternity allowances were paid during that year, the discrepancy between the totals being due to still-births, indicating that in practically every instance the allowance was automatically claimed, irrespective of whether the parents required this financial assistance or not. There is no income restriction on claimants, as is the case in the granting of old-age and invalid pensions. The maternity allowance undoubtedly provides a considerable amount of the assistance required by many mothers in providing the necessities of the time. From the national financial stand-point alone it is most economical to provide for the cost of maternity benefit in order that the subsequent heavy expenditure resulting from invalid mothers and from defective and invalid children may be reduced; from the stand-point of national health it is even more important that an adequate maternity benefit be made available. In the year 1913-14 a total of 86,003 mothers, or 64 per cent., were attended by a doctor at confinement, and 48,595, or 36 per cent., were not attended; during the year 1923-24, 106,277 mothers were attended, and 27,758 were not attended by a doctor, being equivalent to 79 per cent. and 21 per cent. respectively of the total cases. No particulars are available from which can be ascertained the attention, if any, which the 27,758 mothers received. The allowance has resulted in many women, who otherwise would have done without medical attendance, now calling in a doctor, as is shown by the increase of from 64 per cent. in 1913-14 to 79 per cent. in 1923-24 in the number of mothers who were attended by a doctor at confinement; but in the interests of the health of the mother and of the child it is desirable that measures should be instituted which will provide for adequate medical attendance at every case of confinement.

A comparison with other countries shows that Australia's birth rate of 23·8 births per thousand of population is fairly low, but it is higher than that for the United States, 22·5 per thousand, and Great Britain 19·9 per thousand. Infantile mortality has been decreasing in Australia for the last 40 years, and in 1922 the rate of 53 deaths per thousand births registered was the lowest ever recorded, and with the single exception of New Zealand, was the lowest in the world. The infantile mortality rate in 1905 was 81·8; in 1910, 74·8; in 1915, 67·5; in 1920, 69·1; in 1923, 60·5 per thousand births registered. In regard to deaths which occur under one month of age the rate per thousand births in 1907 was 32·0; in 1910, 30·4; in 1915, 32·4; in 1920, 31·8; and in 1923, 30·7. The puerperal death rate in 1905 was 5·9 deaths for every thousand registered births; in 1910, 5·1; 1915, 4·3; 1920, 5·0; 1923, 5·1. These statistics show that, so far as infantile mortality and puerperal deaths of mothers are concerned, the maternity allowance has not had any apparent effect.

(b) Maternity Benefit Recommended.

It has been suggested that the payment of a definite amount per week to the wife of an insured member of a National Insurance scheme for a period prior and subsequent to confinement, would be of much greater value than the present system. A further suggestion has been made that alternative arrangements could be provided for portion of this allowance to be paid to the institution in which the mother is confined, or that the maternity allowance funds could be utilized for establishing maternity hospitals, maternity wards attached to public hospitals, ante-natal and post-natal clinics, and midwifery training schools. Your Commissioners are of the opinion however, that a cash maternity benefit should be made available to the wife of every insured member and to every female insured member of the National Insurance Fund, as it is desirable that the payment of all such benefits should be incorporated in one comprehensive scheme under one administration. The provision of adequate facilities for pre-natal care, for medical attendance at confinement, and for post-natal care, form an essential part of the national health scheme.

The following rates of contribution are required to be paid in order to provide a maternity benefit of 20s., 30s., and 40s. per week, payable for two weeks prior to, and for four weeks after, the confinement of the wife of the insured member :—

Maternity Benefit.—Weekly Rates of Contribution.

Age at Entry.	Males (to Age 65).					
	20s.		30s.		40s.	
	Per Week.		Per Week.		Per Week.	
	s.	d.	s.	d.	s.	d.
16	0	1·9	0	2·9	0	3·9
17	0	2·0	0	3·0	0	4·1
18	0	2·1	0	3·2	0	4·3
19	0	2·2	0	3·4	0	4·5
20	0	2·4	0	3·5	0	4·7
21	0	2·5	0	3·7	0	4·9
22	0	2·6	0	3·8	0	5·1
23	0	2·6	0	4·0	0	5·3
24	0	2·7	0	4·0	0	5·4
25	0	2·7	0	4·0	0	5·4
26	0	2·7	0	4·0	0	5·4
27	0	2·7	0	4·0	0	5·3
28	0	2·6	0	3·9	0	5·2
29	0	2·5	0	3·8	0	5·1
30	0	2·4	0	3·7	0	4·9
31	0	2·3	0	3·5	0	4·7
32	0	2·2	0	3·3	0	4·5
33	0	2·1	0	3·2	0	4·2
34	0	2·0	0	3·0	0	4·0
35	0	1·9	0	2·9	0	3·8
36	0	1·8	0	2·7	0	3·6
37	0	1·7	0	2·5	0	3·3
38	0	1·5	0	2·3	0	3·1
39	0	1·4	0	2·1	0	2·8
40	0	1·3	0	1·9	0	2·5
41	0	1·1	0	1·7	0	2·2
42	0	1·0	0	1·5	0	2·0
43	0	0·9	0	1·3	0	1·8
44	0	0·8	0	1·2	0	1·6
45	0	0·7	0	1·0	0	1·4

No data are available in respect of the confinement of female insured members, but the number of such cases would be relatively small. The above rates provide for maternity benefit for a period of six weeks in respect of the confinement of the wife of an insured member resulting in a live birth, but not for any such confinement after the insured male member reaches the age of 65, nor for any confinement resulting in stillbirth only. If stillbirths are included an addition of about 3 per cent. must be made to the above-mentioned rates of contribution.

(i) Your Commissioners recommend that a maternity benefit of 20s. per week be payable for a period of two weeks prior to, and for four weeks after the confinement of a female insured member or the wife of an insured member.

(ii) As the cost of the existing maternity allowance is at present borne solely by the Commonwealth, your Commissioners are of the opinion that this responsibility should continue with respect to the maternity benefit provided under National Insurance.

5. SUPERANNUATION BENEFIT.

(a) *Superannuation Benefits Available.*

(i) *Mutual Benefit Associations, &c.*—Mutual benefit associations do not provide for the whole range of benefits which come within the scope of a comprehensive National Insurance scheme, but they mainly aim at partial relief during temporary incapacity, and, to a very limited extent, towards assistance during an extended period of invalidity. They fail to make any adequate provision for permanent incapacity to work as the result of invalidity or old age. In more recent legislative enactments in various countries old-age pensions are payable not as a matter of charity, but, in the majority of cases, are included within the scope of compulsory National Insurance. It has been suggested that the payment of old-age pensions on the basis of services rendered to the community tends to discount thrift, whilst voluntary schemes fail to attract other than the more thrifty. There is no evidence, however, to support the former suggestion.

The objects of certain friendly societies include provision for the establishment of a superannuation fund for aged members, but no society at present provides superannuation benefits as such for its members, although in some instances small financial relief for a member between the ages of 60 and 65 is made available, whilst in other societies the contributions of all members over age 70 are paid by the society, and there appears to be a desire that this provision should be adopted generally as soon as the societies' financial position will enable it to be arranged. Very few trade unions have instituted superannuation schemes for their members, and where such are made available they generally provide for a small weekly benefit varying according to the number of years during which contributions have been paid by the member. Numerous Government, municipal, banking, financial, and other institutions have established superannuation funds for their employees, the benefits payable varying according to the nature of the institution. In some cases it is compulsory for all employees to join the superannuation fund, whilst it is voluntary in others, and occasionally provision is made for voluntary contributions towards a benefit additional to that which must be compulsorily contributed for. The employers generally pay the cost of administration of the fund and a subsidy in respect of each member. It has not been possible to definitely ascertain the total membership of the various superannuation funds at present in operation in Australia, but it is estimated at approximately 140,000, the great majority of whom are public servants. In the Commonwealth Public Service superannuation scheme at the end of 1923 there were 26,644 officers contributing with an average salary of about £235 per annum, for an average pension of £1 17s. per week payable at age 65. The usual pensions provided in the large schemes are based on the unitary system, whereby the employee contributes for so many units of pension in accordance with the rate of wage or salary earned, the contributions being deducted from the employee's wages, and the amount of pension automatically increasing with wage until the maximum pension is reached. Pensions are paid to employees on retirement through old age, generally at 60 to 65 years. The funds are on a sound actuarial basis, with the contributions varying according to the age of the employee on joining the fund, and sometimes special concessions are provided in respect of employees who, at the inception of the scheme, were above a certain age. Such funds can necessarily only be provided where there is continuity of employment, as the right of pension terminates with employment, in which case a refund of contributions is generally made, temporary employees not being eligible for membership. The cost to employers is usually heavy, and it is thus only possible for employers who are in a large way of business to establish such superannuation funds. It is desirable that something be done to enable others to provide old-age pensions for their employees, and it has been suggested that if such pensions are not made available under National Insurance, the alternative would be to encourage employers, by the assistance of a Government subsidy, to provide pensions voluntarily, but similar optional arrangements have failed in other countries to achieve their objects. Many life insurance companies provide for the purchase of annuities, and several small firms have been able to provide superannuation benefits for their employees by this means. State Governments and charitable organizations also assist in the maintenance of homes for the aged.

(ii) *Commonwealth Old-age Pensions.*—The payment of old-age pensions under the Commonwealth Invalid and Old-age Pensions Act commenced on the 1st July, 1909, and that portion of the Act which authorizes payment to women attaining the age of 60 years came into operation on the 15th December, 1910. Under the Act an old-age pension of 17s. 6d. per week is payable to every male aged 65 and over and to every female aged 60 and over, subject to certain property, income, and length of residence qualifications. The rate of pension was originally 10s. per week, but was increased to 12s. 6d. in October, 1916; to 15s. in January, 1920; and to 17s. 6d. in September, 1923. Documentary evidence must be produced as to the age of the claimant for old age pension, or the Commissioner may himself accept the claimant's statement

as to age if no documentary evidence is available. The financial status is in the first place dependent upon the statutory declaration of the applicant, who must then appear before a magistrate for examination thereon, reference being made also to the police. Once a year pensioners are required to submit a further statement of their financial position. At the 30th June, 1924, the annual liability of the Commonwealth Government in respect of old-age pensions payable to 113,054 pensioners was £4,927,780; 80 per cent. of the pensioners were in receipt of the full pension, the average pension being 16s. 9d. per week.

Statistics indicate that of every 100 people born in Australia, approximately 50 will be living at age 65, and, of these, 16, representing 32 per cent. of the survivors at that age and 16 per cent. of those born in Australia, will be claimants for the old-age pension. Practically no variation has taken place since the institution of the Commonwealth old-age pension in the percentage of the population of eligible age who claim the pension, but it is an astounding fact that one in every six persons born in Australia will eventually become a claimant for the old-age pension. At the 30th June, 1912, 34,897 males and 44,174 females, totalling 79,071 persons, were in receipt of Commonwealth old-age pensions, being equivalent to 33 per cent. of the male population, 31 per cent. of the female, and 32 per cent. of the total population eligible according to age. At the 30th June, 1924, the numbers in receipt of old-age pensions had increased to 45,117 males and 67,937 females, totalling 113,054 persons and equivalent to 34 per cent. males and 32 per cent. females, and approximately 33 per cent. of the total population at the eligible ages; the larger number of females being due to the fact that women are admitted at age 60. Australian conditions tend towards a greater probability of people reaching old age than in other countries, and this fact must be taken into consideration when ascertaining the necessity that adequate superannuation benefits should be provided under National Insurance in Australia.

At the census of 1881, the number of males aged 65 and over in Australia was 34,433, representing 2·8 per cent. of the total male population; the number of females aged 60 years and over at the same date was 37,281, representing 3·6 per cent. of the total female population. At the census of 1921, the number of males had increased to 122,841, or 4·5 per cent., and the females to 194,983, or 7·3 per cent., of the male and female population respectively in the above-mentioned age groups, and a comparison with other countries shows that the age distribution of the Australian population is steadily approaching that of older countries.

When old-age pensions were first introduced they were surrounded with so many restrictions that it has been suggested they were allowances in case of poverty, and consequently applicants did not like having such an imputation placed upon them. Nowadays there is less reluctance to claim the pension, and the number of claimants, so it is stated, is now greater because of the liberalization of the scheme, and the greater adequacy of the pension, which now attracts more people, especially as the cost of living has increased considerably in recent years. It will be seen, however, from the above-mentioned statistics, that although the number of old-age pensioners has increased very considerably, the percentage of the population eligible according to age in receipt of such pensions has remained practically stationary, the increase in numbers being due to the growth in population, and to the fact that, as previously indicated, a greater percentage of the population is now in the eligible age groups. During the year ended 30th June, 1924, 1,545 old-age pension claims were rejected mainly owing to the property and income clauses of the Act, and it is desirable that under National Insurance a definite superannuation benefit should be paid to every insured person, irrespective of property or income qualifications.

(b) *Superannuation Benefit Recommended.*

The average working life of the wage-earner varies in the several industries, and a satisfactory basis of insurance for all wage-earners is possible under a national scheme only, as under sectional schemes the varying circumstances are advantageous to a group of wage-earners in some instances and disadvantageous to others. The provision of an adequate superannuation benefit under National Insurance is a great incentive to the wage-earner, as it assists him to provide against impecunious old-age, the possibility of which probably weighs more heavily upon him than the risks of sickness or accident. A systematic method of providing for a definite superannuation benefit will grant such relief that the wage-earner will be enabled to give more effective consideration to the questions associated with the proper upbringing and maintenance of his children. It has been suggested that an annuity system should be instituted enabling those who so desire to contribute for a larger amount of pension, as such provision should be attractive to many who are in receipt of higher wages, but where such optional provisions have been included in national schemes in other countries they have not proved satisfactory, owing to the inability of many wage-earners to accurately forecast their capacity to regularly pay the additional contributions required, with the result that many members discontinue contributing for the higher benefits. Benefits and contributions based on wages make the system very complex and necessitate a very appreciable increase in the administration cost of the scheme, which is not compensated for by the increase in benefits.

The weekly rates of contribution required to provide a superannuation benefit of 20s., 30s., and 40s. per week, payable to males after attainment of age 65, and to females after age 60, are as follows:—

Superannuation Benefit—Weekly Rates of Contribution.

Age at Entry.	Males (to Age 65).			Females (to Age 60).		
	20s. Per Week.	30s. Per Week.	40s. Per Week.	20s. Per Week.	30s. Per Week.	40s. Per Week.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
16	0 9·4	1 2·0	1 6·7	1 7·3	2 5·0	3 2·7
17	0 9·8	1 2·8	1 7·7	1 8·4	2 6·6	3 4·7
18	0 10·4	1 3·5	1 8·7	1 9·5	2 8·2	3 6·9
19	0 10·9	1 4·4	1 9·8	1 10·6	2 9·9	3 9·3
20	0 11·5	1 5·2	1 11·0	1 11·9	2 11·8	3 11·7
21	1 0·1	1 6·2	2 0·2	2 1·2	3 1·8	4 2·4
22	1 0·8	1 7·2	2 1·6	2 2·6	3 3·9	4 5·2
23	1 1·5	1 8·2	2 3·0	2 4·1	3 6·2	4 8·2
24	1 2·2	1 9·4	2 4·5	2 5·7	3 8·6	4 11·5
25	1 3·0	1 10·6	2 6·1	2 7·5	3 11·2	5 2·9
26	1 3·9	1 11·9	2 7·8	2 9·3	4 2·0	5 6·6
27	1 4·8	2 1·2	2 9·6	2 11·3	4 5·0	5 10·7
28	1 5·8	2 2·7	2 11·6	3 1·5	4 8·2	6 3·0
29	1 6·9	2 4·3	3 1·7	3 3·8	4 11·7	6 7·6
30	1 8·0	2 6·0	3 4·0	3 6·3	5 3·5	7 0·6
31	1 9·2	2 7·9	3 6·5	3 9·0	5 7·5	7 6·0
32	1 10·6	2 9·8	3 9·1	4 0·0	5 11·9	7 11·9
33	2 0·0	3 0·0	4 0·0	4 3·1	6 4·7	8 6·3
34	2 1·5	3 2·3	4 3·1	4 6·6	6 9·9	9 1·3
35	2 3·2	3 4·8	4 6·4	4 10·4	7 3·6	9 8·9
36	2 5·0	3 7·5	4 10·0	5 2·6	7 9·9	10 5·2
37	2 7·0	3 10·5	5 2·0	5 7·2	8 4·7	11 2·3
38	2 9·2	4 1·8	5 6·3	6 0·2	9 0·3	12 0·4
39	2 11·5	4 5·3	5 11·1	6 5·8	9 8·6	12 11·5
40	3 2·1	4 9·2	6 4·3	6 11·9	10 5·9	13 11·9
41	3 5·0	5 1·5	6 10·0	7 6·8	11 4·3	15 1·7
42	3 8·1	5 6·2	7 4·3	8 2·6	12 3·9	16 5·1
43	3 11·6	5 11·4	7 11·3	8 11·3	13 4·9	17 10·6
44	4 3·5	6 5·3	8 7·0	9 9·2	14 7·7	19 6·3
45	4 7·8	6 11·8	9 3·7	10 8·4	16 0·7	21 4·9

(i) Your Commissioners recommend that a superannuation benefit of 20s. per week be payable to male insured members after attainment of age 65 and to female insured members after attainment of age 60.

(ii) Your Commissioners are of the opinion that the existing rights of pensioners under the *Commonwealth Invalid and Old-age Pensions Act 1908-1923* should not be interfered with.

As previously stated, your Commissioners are now taking evidence with respect to the further question of amending the *Commonwealth Invalid and Old-age Pensions Act 1908-1923* so as to provide for the payment of destitute allowances, which enquiry will form the subject of a separate Report.

6. FUNERAL BENEFIT.

(a) *Australian Mortality Experience.*

In the various schemes where provision has been made for the payment of sickness, invalidity, and superannuation benefits, it has generally been found necessary to take into consideration the question of providing a funeral benefit for the members, as the demand for this benefit has always been very popular in such funds. With the exception of New Zealand, where the death rate is 9·0 per thousand of the mean population, Australia's death rate of 9·9 per thousand is the lowest in the world, the rate for Great Britain being 11·7, and for the United States of America 11·8. The male death rate for Australia in 1923 of 10·9 per thousand of population was considerably higher than the female rate of 8·8, notwithstanding the fact that the sickness experience of females is much heavier than that of males. The mortality rate for those under one year of age was equivalent to 58·4 deaths per thousand of population under that age; for the group aged one year and under 20 years the rate was 2·5; 20 years and under 40 years, 3·8; 40 years and under 60 years, 10·1; and 60 years and over, 56·6; approximately two-thirds of the population being within the age group one year and under forty, and subject to a much lower death rate than those in the other age groups. The heaviest mortality is

experienced in the group under one year of age, and indicates the necessity that adequate steps should be taken to remedy this heavy annual loss of life, which represents one-seventh of the total deaths.

An enquiry made in respect to the decennium 1901-1910 revealed the fact that the probable lifetime of males born in Australia was 64·3 years, as compared with 58·3 years in England and Wales, and 57·4 years in the United States of America; that for females being for Australia, 68·5 years, England and Wales 62·9 years, and the United States of America 61·9 years, and this factor of longevity has an important bearing in the annual contributions required toward the cost of benefits under any proposed National Insurance scheme in Australia, where conditions are apparently favorable towards longer lives than those experienced in other countries. During the year 1923, the total number of deaths in Australia was 56,236, of which 31,622 were males and 24,614 were females. Of the males that died in that year 4·2 per cent. were engaged in professional occupations; 2·5 per cent. domestic; 9·2 commercial; 6·1 per cent. transport and communication; 30·1 per cent. industrial; 18·7 per cent. agricultural, pastoral, mining; 23·3 per cent. were dependants; and 5·9 per cent. occupation indefinitely stated; and when the numbers engaged in these occupations are taken into consideration it is apparent that the heaviest rate of mortality is amongst industrial workers, who represent the largest section in need of the assistance of a National Insurance scheme.

The mortality rate for the whole population of Australia is stated to be heavier than that for friendly society members; the average mortality rate per thousand members of three of the leading Victorian friendly societies was 9·7 as against 13·9 for the Australian population of similar ages; in Tasmania for the year 1922 the mortality rate of friendly societies per thousand members was 7·7 as against 11·4 for the total population, which indicates that friendly society members are, owing to the restrictions as to age and physical standard, selected lives.

(b) *Funeral Benefits Available.*

(i) *Mutual Benefit Associations.*—Friendly societies generally provide for the payment of a funeral benefit at the death of a member, and the majority of members are contributing for such benefit; the cost of funeral benefit varying in accordance with the age of the member when joining. The Friendly Society Act in each State prescribes the maximum amount of funeral benefit payable, and there is a lack of uniformity in the Acts in this respect: the maximum amount payable in New South Wales being £200; Victoria, £100; Queensland, £200; South Australia, £50; Western Australia, £300; and Tasmania, £100. The amount of ordinary funeral benefit provided under the rules of the numerous societies in each State also varies to a considerable extent, the minimum amount payable on the death of a male member usually being £20, and the maximum benefit in a few instances being £100; the average ordinary funeral benefit, however, is about £35. If the wife of a member predeceases her husband, a funeral benefit of from £10 to £15 is paid to the member in some societies, whilst in a few instances a benefit of from £3 to £5 is paid on the death of the member's child. The total expenditure of friendly societies in Australia during the year 1922 in respect of funeral benefits was £155,949. Several societies provide for the taking of additional funeral benefits up to the maximum provided by the Act by the payment of further contributions. The Victorian Act, however, has only recently been amended, and no particulars are as yet available as to the extent to which such amended provisions have been availed of. In New South Wales the extended funeral benefits are very popular in certain societies, as the premiums payable are usually lower than those charged by life assurance companies, owing to the fact that practically no expenses of management are charged by friendly societies against these policies, which are practically life assurance policies payable at death, and are on much the same basis as those provided by life assurance societies. Provision is made also in some societies whereby a member may, by an extra payment, draw a portion of the amount of benefit at age 60. There appears to be a desire that funeral benefits be still further increased and that friendly societies should further enter into the field of life assurance, although the Acts do not at present permit such action being taken. A funeral benefit of £50 is stated as being sufficient to meet the necessities of the circumstances for which it is provided, and the statement has been made that it was not the intention that friendly societies should engage in life assurance business. The amount of benefit provided is often on the basis of a graduated scale according to the duration of membership. In other societies funeral benefit is increased on the death of a member by a special levy of from 6d. to 1s. per member, which system is unscientific in its basis, and is carried out by the societies of their own accord, and shows that the benefit otherwise provided is in these cases considered inadequate. In trade union benefit funds, when the receipts do not come up to expectation, the fund has a right to levy on its members for the balance, and in such funds, especially where there is often a rapid succession of deaths, the levies become frequently necessary, as it would be practically impossible to pay death benefits unless such levies were made; although a smaller funeral benefit is paid if death were the result of an accident at work, as the Workers' Compensation Act provides a certain sum under those circumstances.

(ii) *Industrial Assurance.*—At the end of the year 1922, fourteen assurance organizations in Australia were transacting industrial assurance business, the total number of policies in force being 1,061,569, and the total amount assured £35,303,233, representing an annual premium income of £2,087,148. There has been a considerable growth in this class of business in recent years, as is indicated by the fact that at the end of 1917 there were 725,637 policies in force, the amount assured being £17,750,883, representing an annual premium income of £1,094,333. It is a noticeable fact that the annual premiums paid towards industrial assurance policies in Australia amounted to more than the total contributions towards all the benefits of other mutual benefit associations. The operations of industrial assurance societies are restricted to the capital cities and large towns: it being estimated that 80 per cent. of the industrial assurance business is in the capital cities. This insurance is usually for small amounts, which in 1922 averaged £33 per policy, payable at death or in some cases at the end of a specified period, in return for small weekly premiums, averaging less than 1s. per policy, generally collected by authorized agents at the home and places of business of the policy-holders. Most of the industrial assurance organizations in Australia are mutual societies, and consequently there is no profit to other than the policy-holders. When a profit has resulted on the year's transactions, bonuses are usually issued to holders of policies which have been in operation for a period of five years; such bonuses have averaged from 1 per cent. to 2 per cent. of the sum insured. The societies operate mostly amongst the industrial section of the population whose incomes are small and are paid weekly, and who are unable to pay the annual premiums necessary in connexion with ordinary life assurance. The mortality amongst this section is slightly higher than that for the general population. No medical examination of applicants is required unless the policy is for a large sum, but a restriction is made that during the first six months, unless death be due to accident, only one-quarter of the amount assured would be paid, and for the second six months half of the amount; the full amount being paid after the policy has been in force for twelve months.

A policy can be terminated at death, maturity, by surrender or exchange for a fully paid up policy issued, or by lapsing. The greatest cause of termination of contracts during the early stages of industrial assurance is by lapsing; the smaller the amount assured, the greater the possibility of lapsing, hence the experience of lapses in England is higher than that in Australia. Many factors operate amongst those who take out industrial assurance policies. Premiums must be paid within a period of four weeks from the date due, and if then not paid the policy automatically lapses, but the policy-holder has the right to revive the policy at any time during a period of twelve months from the date of such lapse, subject to certain limitations. Of every 1,000 entrants into industrial assurance in 1918 in one industrial assurance society in Australia, 289 lapsed in the first year, 91 in the second year, 44 in the third, 25 in the fourth, and 22 in the fifth year, or a total of 471, equivalent to 47·1 per cent., lapsed within five years. Another society had 28 per cent. lapses in the first three months, 13 per cent. in the second three months, 6 per cent. in the second half of the first year, 5·3 per cent. in the second year, 3·7 per cent. in the third year, 3·0 per cent. in the fourth year, and 2·5 per cent. in the fifth year, or a total lapse rate of 61·5 per cent. within five years. This clearly shows that lapsed policies represent a considerable waste of effort.

It has been stated that industrial assurance has not interfered very much with the work of friendly societies, and that industrial life assurance aims, in a measure, at compensating the loss of the bread-winner, as well as making provision for the children. Industrial assurance societies insure infants from one month old upwards, about 40 per cent. of the policies in one large society being issued on lives of children under age of five years, and about 11 per cent. for those between the ages of six and fifteen years. During the first year of life mortality amongst children is high, after one year of age there is a considerable improvement in the mortality rate, and when a child has reached five years of age the expectation of life is good, and any lapse which takes place thereafter is of benefit to the society, and is regarded as a set-off against losses arising from lapses in the earlier years. The cost of management of one industrial assurance society in Australia totalled 31·5 per cent. of the premium income; in another the expense rate was 33 per cent.; the expense rate in another instance increased from 34·1 per cent. to 43 per cent. in a period of three years, owing to the increased cost of obtaining new business. As the societies are now writing larger policies than formerly, there is generally an average reduction in the expense rate, but the system under which premiums are collected by agents necessarily results in a very heavy percentage of expenditure on administration.

At the end of 1922 there were 245,728 ordinary whole-life policies in force in Australia, the total sum assured being £102,921,179, the average sum assured per policy being £419. The endowment assurance policies totalled 461,616 for a total sum assured of £82,514,293, the average per policy being £179. Other assurance policies totalled 3,392, for a total sum assured of £4,882,161, the average per policy being £582, and pure endowment policies 54,157, for a total of £5,527,177 assured, or an average of £121 per policy. The total number of policies for all classes was 769,893, for a total sum assured of £196,844,810, or an average sum assured per policy of £256. As many

policy-holders have more than one policy, the average amount of assurance per policy-holder would be higher than the average per policy shown by these figures. At the end of 1922 the sum assured by 769,893 ordinary and 1,061,569 industrial policies combined totalled £232,000,000, equivalent to approximately £41 per head for the population of Australia, and in addition the great majority of the 524,000 friendly society members were contributing for the funeral benefits provided by the various friendly societies.

(c) *Funeral Benefit Recommended.*

In view of the above-mentioned statistics, the same necessity for the provision of a funeral benefit under National Insurance does not exist as in the case of other benefits under consideration. The provision of a funeral benefit, however, would guarantee a definite benefit in respect of those insured members who may not become eligible for the other benefits provided. Under National Insurance in England no provision is made for the payment of a funeral benefit, but many industrial assurance societies have registered as approved societies under the Act for the administration of health benefits, and their total membership represents 44 per cent. of the total insured persons in Great Britain.

The following weekly rates of contribution will be required to provide a funeral benefit of £20, £30, £40, and £50 on the death of an insured person, whether the death occurred when the insured member was still contributing, or was in receipt of any benefit:—

Funeral Benefit—Weekly Rates of Contribution.

Age at Entry.	Males (to Age 65.)				Females (to Age 60.)			
	£20.	£30.	£40.	£50.	£20.	£30.	£40.	£50.
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
16	0 1·0	0 1·5	0 2·0	0 2·5	0 0·9	0 1·4	0 1·8	0 2·3
17	0 1·0	0 1·5	0 2·1	0 2·6	0 0·9	0 1·4	0 1·9	0 2·4
18	0 1·1	0 1·6	0 2·1	0 2·7	0 1·0	0 1·5	0 2·0	0 2·5
19	0 1·1	0 1·7	0 2·2	0 2·8	0 1·0	0 1·5	0 2·0	0 2·6
20	0 1·1	0 1·7	0 2·3	0 2·9	0 1·1	0 1·6	0 2·1	0 2·7
21	0 1·2	0 1·8	0 2·4	0 3·0	0 1·1	0 1·7	0 2·2	0 2·8
22	0 1·2	0 1·9	0 2·5	0 3·1	0 1·1	0 1·7	0 2·3	0 2·9
23	0 1·3	0 1·9	0 2·6	0 3·2	0 1·2	0 1·8	0 2·4	0 3·0
24	0 1·3	0 2·0	0 2·7	0 3·3	0 1·2	0 1·9	0 2·5	0 3·1
25	0 1·4	0 2·1	0 2·8	0 3·5	0 1·3	0 1·9	0 2·6	0 3·2
26	0 1·4	0 2·2	0 2·9	0 3·6	0 1·3	0 2·0	0 2·7	0 3·3
27	0 1·5	0 2·2	0 3·0	0 3·7	0 1·4	0 2·1	0 2·8	0 3·5
28	0 1·6	0 2·3	0 3·1	0 3·9	0 1·4	0 2·2	0 2·9	0 3·6
29	0 1·6	0 2·4	0 3·2	0 4·0	0 1·5	0 2·3	0 3·0	0 3·8
30	0 1·7	0 2·5	0 3·4	0 4·2	0 1·6	0 2·4	0 3·1	0 3·9
31	0 1·7	0 2·6	0 3·5	0 4·4	0 1·6	0 2·5	0 3·3	0 4·1
32	0 1·8	0 2·7	0 3·7	0 4·6	0 1·7	0 2·6	0 3·4	0 4·3
33	0 1·9	0 2·9	0 3·8	0 4·8	0 1·8	0 2·7	0 3·6	0 4·5
34	0 2·0	0 3·0	0 4·0	0 5·0	0 1·9	0 2·8	0 3·7	0 4·7
35	0 2·1	0 3·1	0 4·2	0 5·2	0 2·0	0 3·0	0 3·9	0 4·9
36	0 2·2	0 3·3	0 4·4	0 5·4	0 2·1	0 3·1	0 4·1	0 5·1
37	0 2·3	0 3·4	0 4·6	0 5·7	0 2·2	0 3·2	0 4·3	0 5·4
38	0 2·4	0 3·6	0 4·8	0 6·6	0 2·3	0 3·4	0 4·5	0 5·7
39	0 2·5	0 3·8	0 5·0	0 6·3	0 2·4	0 3·6	0 4·8	0 6·0
40	0 2·6	0 4·0	0 5·3	0 6·6	0 2·5	0 3·8	0 5·1	0 6·3
41	0 2·8	0 4·2	0 5·5	0 6·9	0 2·7	0 4·0	0 5·4	0 6·7
42	0 2·9	0 4·4	0 5·8	0 7·3	0 2·8	0 4·3	0 5·7	0 7·1
43	0 3·1	0 4·6	0 6·1	0 7·7	0 3·0	0 4·5	0 6·1	0 7·6
44	0 3·2	0 4·9	0 6·5	0 8·1	0 3·2	0 4·9	0 6·5	0 8·1
45	0 3·4	0 5·2	0 6·9	0 8·6	0 3·5	0 5·2	0 7·0	0 8·7

The suggestion that a funeral benefit be included in the scheme has been considered, and your Commissioners are of the opinion that the provision of a funeral benefit is not essential at the inauguration of a National Insurance scheme, but may be worthy of further consideration when the experience of the administration of the other benefits can be reviewed.

7. CHILD ALLOWANCE.

In order to equitably provide for the distinction between the single men, married men without dependants, and married men with dependants, a supplementary allowance in respect of each dependent child under age sixteen should be paid to the wage-earner during incapacity resulting from sickness, accident, and old age; such allowance to be additional to other benefits receivable by him. The payment of this allowance will remove many anomalies which arise where a flat rate of benefit only is paid, and is a necessary extension to any system of National Insurance

which aims at an equal distribution of the risks and an equal distribution of benefits amongst all wage-earners insured under a collective scheme. The incidence of the burden on the wage-earner when incapacitated for work varies in accordance with the number of his dependent children, and National Insurance is an especially suitable method of assisting him to make provision to meet future contingencies. The necessity that some satisfactory and adequate distribution of benefits should be made is shown by the fact that of the male population between ages 16 and 65 in Australia 50 per cent. are married, and of those married 13 per cent. have no children, 15 per cent. have one child, 15 per cent. have two children, 12 per cent. have three children, 10 per cent. have four children, 8 per cent. have five children, and 27 per cent. have over five children, and obviously it would be anomalous for a flat-rate benefit only to be made available in each instance of incapacitation of the wage-earner. In support of this suggestion it has been stated that the payment of similar allowances during the war in respect of soldiers' children resulted in a very noticeable improvement in the children's health and was also of great assistance in their maintenance.

The weekly rates of contribution required to provide a child allowance of 3s., 4s. and 5s. per week in respect of dependent children under the age of 16 during the incapacity of the insured member are as follows:—

CHILD ALLOWANCE—DURING INCAPACITATION.
Weekly Rates of Contribution.

Age at Entry.	Males (to Age 65).		
	3s. Per Week.	4s. Per Week.	5s. Per Week.
	s. d.	s. d.	s. d.
16	0 0·9	0 1·2	0 1·5
17	0 0·9	0 1·2	0 1·5
18	0 0·9	0 1·3	0 1·6
19	0 1·0	0 1·3	0 1·6
20	0 1·0	0 1·3	0 1·6
21	0 1·0	0 1·3	0 1·6
22	0 1·0	0 1·3	0 1·7
23	0 1·0	0 1·4	0 1·7
24	0 1·0	0 1·4	0 1·7
25	0 1·1	0 1·4	0 1·8
26	0 1·1	0 1·4	0 1·8
27	0 1·1	0 1·5	0 1·8
28	0 1·1	0 1·5	0 1·9
29	0 1·2	0 1·6	0 1·9
30	0 1·2	0 1·6	0 2·0
31	0 1·2	0 1·6	0 2·1
32	0 1·3	0 1·7	0 2·1
33	0 1·3	0 1·7	0 2·2
34	0 1·3	0 1·8	0 2·2
35	0 1·4	0 1·8	0 2·3
36	0 1·4	0 1·9	0 2·4
37	0 1·5	0 2·0	0 2·5
38	0 1·5	0 2·0	0 2·6
39	0 1·6	0 2·1	0 2·6
40	0 1·6	0 2·2	0 2·7
41	0 1·7	0 2·3	0 2·8
42	0 1·8	0 2·4	0 3·0
43	0 1·8	0 2·5	0 3·1
44	0 1·9	0 2·6	0 3·2
45	0 2·0	0 2·7	0 3·3

Your Commissioners recommend that provision be made for a child allowance of 5s. per week in respect of each dependent child under age 16, to be payable to the insured member when incapacitated for work.

(B) NATIONAL HEALTH SCHEME.

As previously stated, your Commissioners are of the opinion that a National Health Scheme should be instituted which will aim at adequate medical treatment for the people, and which will provide the requisite machinery for the prevention of sickness and accident; and also that the Health Scheme should be dissociated from the administration of the National Insurance Fund. It is further recommended that the functions and objects of the Health Department be extended in such manner as will enable provision to be made as early as possible for the effective supervision of adequate medical services, especially with respect to maternity treatment.

The functions and operations of existing organizations in Australia and the questions which will require consideration at the inception of a National Health Scheme are as follows :—

I. MEDICAL BENEFITS.

(a) *Medical Attendance.*—Friendly societies in Australia make arrangements wherever possible with local medical practitioners for medical attendance on members, such arrangements being generally in the form of a contract, although not always signed, between the individual branch of the society and the medical practitioner, in accordance with the model form of agreement accepted by the State branch of the British Medical Association and the Friendly Societies' Association. The medical benefits are supervised by the branches of the society, and the members thereof have freedom of choice with respect to the lodge doctor by whom they desire to be attended. These agreements are terminable at any time upon three months' notice by either party. The form of agreement is the result of considerable negotiations between the parties concerned, and there is a variation between those entered into in the several States owing to each State organization having settled the question separately.

A member joining a friendly society since the date of the agreement is only entitled to medical attendance if his income (including, if married, that of his wife) at the time of joining is less than the income stated in the agreement. The annual incomes prescribed by the agreements in the several States are as follows:—New South Wales, £260; Victoria, single £260, married £312; Queensland, single £208, married £260; South Australia, £312; Western Australia, single £260, married £320; Tasmania, £208. The member continues to be entitled to medical attendance so long as his income does not exceed in New South Wales £364 per annum, in Queensland £400, in South Australia £450, in Western Australia £400, and in Tasmania, £312. A special proviso is usually made with respect to members having a large number of dependants.

The lodge doctor is remunerated on the basis of an agreed contract rate per member per quarter, and in accordance with the number of members on the list forwarded to him by the secretary of the branch of the society at the beginning of each quarter. The medical fee is paid irrespective of whether the member receives medical attendance or not. This remuneration covers the cost of treatment of the lodge member, his wife and dependent children up to the age of sixteen in the case of males, and to age eighteen in the case of females; the widowed mother of an unmarried member, if wholly dependent; the widow of a deceased member and dependent children; and the dependent brothers and sisters of an unmarried member.

The most important variation in the terms of the agreement is that relating to the contract rate of remuneration payable to the medical practitioner, which varies appreciably in each State: the annual rate per adult member payable in the metropolitan area in the several States being as follows:—New South Wales, 26s.; Victoria, 20s.; Queensland, 24s.; South Australia, 41s. (including medicine); Western Australia, 24s.; and Tasmania, 20s. The country rate varies considerably according to the district, and is invariably higher than that for metropolitan areas, being in some districts as high as 44s. per member per annum for medical attendance only. In country districts a mileage fee at a rate varying from 2s. 6d. to 7s. 6d. per mile is charged in addition for travelling to the patient's home. Junior members and single female members in some instances are charged lower rates, but in others they must pay the same rates for medical attendance as an adult married wage-earner; such fees helping to pay for the cost of attendance on members' wives and dependants; the contract rate of remuneration being thus regarded from an insurance standpoint. A lodge doctor is not precluded from entering into an agreement to receive more remuneration than the minimum stated in the model form of agreement, but according to the British Medical Association's ruling he must not agree to do the work for less than that minimum. A medical practitioner may, and often does, enter into an agreement with more than one friendly society branch.

The services to be given by the doctor cover ordinary general practice only, special services, if required, being performed by the doctor at an additional fee privately arranged between the friendly society member and the doctor, in which case a reduced fee is usually charged. A list of minimum charges for such special treatment is, in some States, attached to the agreement. As the scope of treatment is thus limited to minor ailments only, it has been suggested that the agreement should be extended to provide for treatment of a special nature, and which must now be paid for separately, in order that breadwinners may obtain the services of surgeons for major operations at reasonable rates, as the majority are unable to afford major operations, and many are debarred from entering public hospitals. The National Insurance scheme in England only provides for a somewhat similar medical service to that now in operation under the friendly societies system in Australia. It has been suggested that an agreement, having as its basis the payment of a flat rate per attendance, would be more satisfactory and equitable for all concerned than the present contract rate.

It is estimated that in Australia about 40 per cent. of the medical practitioners who are in practice at the present time are carrying out friendly society work. Most doctors when commencing in a new district are available for friendly society work; most country medical practitioners undertake lodge practice, and it is stated that most metropolitan doctors have at one stage in their career carried out the duties of a lodge doctor. On the other hand, many medical practitioners will not undertake friendly society practice, as their services are otherwise fully engaged. No limit is placed on the number of friendly society members allotted to a doctor, as the largest branch of a society seldom exceeds 500 members, and the occasion or necessity for such limitation does not often occur, although under the present system one medical practitioner may be appointed lodge doctor for several lodges in the district. A medical practitioner cannot satisfactorily and adequately deal with more than a certain number of patients. In some areas the people are more liable to disease, consequently a standard number of patients cannot be set for all localities; in other districts a large percentage of lodge patients seldom require the doctor's services. Wives and children of members make a heavy practice, and the doctor generally requires considerable time for his ordinary private practice. It is stated that 500 members can be adequately attended by one doctor, 800 become a burden, and 1,000 are considered overwork. In some localities the lodge doctors have an arrangement whereby they work in pairs, and this arrangement, together with a system of centralization of patients, tends to increase the number that can be attended. In country areas, where there are difficulties in organizing the work, and considerable travelling involved, 300 members are considered the maximum. In the early days of National Insurance in England there was no limit to the number of insured persons allotted to a doctor, but now, as the result of experience, it has been found necessary to fix a limit.

Friendly societies in some districts have associated together for the purpose of forming a medical institute, having as its object the provision of medical attendance for members, such medical attendance being carried out by a full-time medical officer employed by the institute. There has been considerable difficulty, however, in obtaining medical practitioners who will do the work under those conditions, as the British Medical Association is entirely opposed to such arrangements. The annual rate of contribution paid by members for the services of the medical institute doctor is generally less than that paid under the common form of agreement entered into with private practitioners. In a few instances a hospital has been established in connexion with medical institutes for the institutional treatment of members, it being provided that the patient must have been a member of the institute for a period of twelve months prior to treatment, in which case a nominal amount of from 15s. to £1 per week is charged to the member for his treatment and maintenance whilst in hospital.

It has not been possible to obtain complete data as to the average number of occasions on which a lodge doctor is required to attend a lodge member, and his dependants, during the course of a year. The particulars available, however, show a variation of from seven to fifteen visits per annum for the lodge member, his wife and family, representing an approximate average of about ten visits per member per annum, of which three would represent visits to the patient's home, and seven consultations in the doctor's surgery. Under National Insurance in England the average is 3.5 visits per member per annum for the insured person alone, and in Scotland the average is approximately four visits for the member annually; medical benefit in the United Kingdom being provided for the insured person only, at a contract rate of 9s. per member per annum; medical benefit for a member's wife and family being obtained, if required, through the voluntary friendly society system.

During the year 1922 medical attendance and medicine made available to friendly society members in Australia cost £871,921. During the period from 1870 to 1915, the cost of medical benefit per friendly society member throughout Australia oscillated slightly from year to year, and was on the average less than 21s. per member for medical attendance and medicine. In 1915 it was 20s. 5d., and since then there has been a continuous increase up to 26s. 5d. in 1922, representing an increase of 29 per cent. as compared with a rise of 25 per cent. in wholesale prices, and 62 per cent. in wages for the same period.

Medical benefits are considered by friendly societies to be essential to their objects, as they are a great attraction to new members, and the societies do not favour opening a branch where a doctor is not available. The majority, so it has been stated, join friendly societies in order to obtain medical benefits, and this statement supports the opinion that the medical service is satisfactory and is now working fairly smoothly, although with a service providing in Australia for over 524,000 friendly society members and their dependants it is only to be expected that difficulties will occasionally arise.

The present system of medical attendance arranged by friendly societies is stated to be fairly adequate for the purpose required, although the tendency in recent years, so it is suggested, has been to cut down the service included in the contract to the lowest possible limit, but there is no complaint, however, as to the standard of the service rendered. In the metropolitan areas medical benefits are more nearly adequate than in country districts, as public hospitals usually

provide facilities for special treatment such as X-ray, bacteriological or vaccine treatment. If the aim to be attained is that adequate medical treatment shall be available for all requirements, the present arrangements will require considerable extension and co-ordination. Outside the metropolitan areas there are few doctors who practice as specialists, and there are inadequate facilities locally for special examination and treatment.

At the present time there is one doctor to every 1,400 of population in Australia, and it has been stated that the population of Australia is well served as regards medical attendance; on the other hand, although the poor are provided for by public hospitals, and the rich by private hospitals, yet the middle class, wherein is included the majority of the population, is debarred the benefits available to the needy and has to provide for itself without any assistance. National Health Insurance, so it is stated, tends to commercialize medical practice, and the medical profession is not agreeable to any existing form of National Health Insurance being instituted in Australia, although it has no objection to the principle of the friendly societies' medical service, but it objects to an extension of contract practice. No doctor, so it has been suggested, should be compelled to undertake contract practice, as his services would be of less value if such compulsion were used, and further, that under a national insurance medical service the relations between the patient and the medical practitioner are changed, generally to the detriment of the patient's interest, by the intrusion of a third party in the form of a Government representative. Once a doctor agreed to do such work, however, he should be compelled to act in accordance with the regulations, and be subject to a penalty for any failure to do so. It has been further suggested that the cost of providing adequate medical service in the sparsely populated areas of Australia would be very heavy. In recent years in England, a gradual change is said to have taken place in the character of the medicines ordered by medical practitioners, as the result of the institution of national insurance and the establishment of the Ministry of Health, and since the inception of national insurance in England the medical profession is on a better financial basis than formerly.

The provision of medical benefit under National Insurance in the United Kingdom has resulted in a most involved and difficult problem of administration, and it has been suggested that far more satisfactory results would be obtained in Australia if arrangements were made whereby the insured person received an amount of sick-pay per week which would enable him to make his own arrangements with any medical practitioner for the services required. Alternative suggestions have been made that the Government should engage whole-time doctors on a salary basis for any medical attendance required under National Health Insurance, or that the medical profession should be nationalized. Your Commissioners are of the opinion, however, that health supervision is not necessarily a subject for insurance, and medical benefit is essentially a matter for the Health Department, as a part of a National Health System, as distinct from a National Insurance Scheme.

(b) *Supply of Medicine.*—The arrangements for the supply of medicine to members of friendly societies are delegated by the society to the individual branches. In the metropolitan and provincial urban districts most of the lodge dispensing work is undertaken by friendly society dispensaries which have been established for the purpose. In the smaller provincial towns and in the country districts, where there are no friendly society dispensaries available, or where the number of members is insufficient to warrant the formation of a dispensary, the branches have entered into contracts with private pharmaceutical chemists to undertake the work for a remuneration based on a contract rate per member per quarter. In some parts of the Commonwealth somewhat similar contracts are entered into with the lodge doctor, who does the dispensing work himself; but this practice is not generally approved of and is discouraged as much as possible, although in many country districts there is insufficient population to support a chemist under present conditions, and it is thus impossible in those districts to separate prescribing from dispensing. In other localities where the remuneration contracted to be paid to the lodge doctor also covers the cost of medicine, the doctor sometimes enters into a private arrangement with the chemist for dispensing the prescriptions which he issues.

Friendly society dispensaries are separately constituted organizations, the capital, at the establishment of the dispensary, having been furnished by the branches of the friendly societies, which have affiliated for the purpose, by debentures, or by loans, or in a few instances by loans from the State Government. In some instances dispensaries have registered under the Shops Act in order to be in a position to retail chemists' sundries, &c., to the general public as well as to members. Each dispensary is governed by an executive appointed from representatives of the various societies connected with it. All the societies in the district generally participate in a dispensary when available. Members of trade union and employees' benefit funds in some instances are admitted to membership of the dispensaries, and are eligible for the benefits provided. The majority of friendly society members usually contribute to the local dispensary, although a small percentage prefer to make their own

private arrangements for the supply of medicine. Each society regularly forwards to the dispensary a list, showing the names of the members who are contributing for the supply of medicine, and the executive of the dispensary assesses the amount of the members' contributions required on the basis of the cost of maintaining the dispensary; in the event of the contribution proving insufficient, it is automatically increased to meet requirements. The average contribution for the supply of medicine to a member, his wife, and dependants (males under age sixteen, females under age eighteen) ranges from 8s. to 12s. per annum; for a single member 4s., and for a juvenile member 1s. 6d. to 2s. In industrial areas, where there is a heavy demand for medicine, a larger annual subscription is required from members. In cases where the dispensaries make a profit from the sale of chemists' sundries, this profit is used in the reduction of the quarterly contribution required from members. For this contribution anything within the *British Pharmacopœia*, when prescribed by a qualified medical practitioner, is issued by the dispensary, but patent or proprietary medicines must be paid for in addition, usually at a reduced price. Where special medicines form a part of a prescription, they are generally dispensed without additional charges; certain sundries, if included in a prescription, are also supplied without charge. Some dispensaries lend certain surgical appliances to their members, usually at a small fee, but special surgical appliances must be purchased by the member at his own cost. Most dispensaries have been able to accumulate sufficient funds to repay the original loans obtained at their establishment, and also to pay for the cost of the buildings occupied. The arrangements for the supply of medicines by dispensaries to friendly society members are generally held to be adequate for the purpose required, although it has been suggested there should be an extension of such benefits, which would enable all drugs to be supplied under the same conditions as now operate in respect to those drugs included in the *British Pharmacopœia*.

The contracts entered into with private pharmaceutical chemists vary throughout the Commonwealth, the contract rate per member ranging from 8s. to 15s. per annum, and for this remuneration the chemist undertakes to supply medicine for the member, his wife, and dependent children, males under age sixteen, and females under age eighteen, in accordance with the prescriptions issued by the lodge doctor. The member has the right of selecting on which available chemist's list he requires to be placed. Special prescriptions must be paid for in addition, and similar provisions apply to patent medicines, but in such cases a reduction in current prices is usually made. In some districts the chemist, instead of accepting the usual per capita rate payment, undertakes to dispense all medicines for friendly society members at a fixed percentage, usually from 25 per cent. to 33 per cent. below current retail prices. The services rendered by private pharmaceutical chemists under these contracts are generally stated to be satisfactory, but the chemists, however, consider lodge work to be somewhat uncertain, as they are unable to estimate whether the contract rate will be sufficient to cover the expenditure during any period. The charges made by dispensaries for the supply of medicine to members are generally lower than those of private chemists for similar work, as there is a greater volume and continuity of dispensing work in a dispensary, which is also not subjected to the same overhead expenses as a private chemist, and also owing to the fact that lodge prescribing is usually based on a standard pharmacopœia, and this system enables a large percentage of stock medicines to be used.

Full particulars, showing the average number of prescriptions dispensed per friendly society member per annum cannot be readily obtained from private pharmaceutical chemists undertaking lodge work, but considerable data have been made available by the various united friendly society dispensaries operating in the several States of the Commonwealth. Particulars were furnished from 38 dispensaries in the Commonwealth, showing that in the year 1923 a total of 1,918,484 prescriptions were dispensed for 231,039 members, representing an average of 8.3 prescriptions dispensed per annum in respect of the member, his wife, and dependants. The estimates supplied by private chemists indicated a range of from six to fifteen prescriptions per member per annum. It is estimated that from 50 per cent. to 60 per cent. of the prescriptions were mixtures, 5 per cent. to 9 per cent. ointments, 5 per cent. to 8 per cent. lotions, 5 per cent. to 10 per cent. liniments, 5 per cent. to 7 per cent. powders, 3 per cent. to 4 per cent. pills, and the balance consisted of special preparations. Estimates which have been made by dispensary officials show that about 35 per cent. of the prescriptions are repeated. Repeat prescriptions were abolished under National Insurance in England in 1920, owing to the danger of a repeat prescription being issued to other than the insured member, and also on account of the time occupied by the chemist in looking up the original prescription record. The above prescriptions dispensed by the friendly society dispensaries averaged a total cost of 12.6d. per prescription, representing 5.3d. for drug contents, and 7.3d. for the cost of dispensing and overhead charges, although, owing to the fact that profit is made on cash sales, it is not always possible to accurately arrive at the actual cost per prescription. In private pharmacists' business this is especially so, and particulars were furnished showing that the cost of lodge prescriptions ranged from 15d. upwards. It has been stated that if chemists were fully occupied on dispensing

work, and the doctors wrote prescriptions in accordance with a uniform pharmacopœia, the dispensing work might be done at a total average cost of 1s. per prescription, the cost of dispensing in friendly society dispensaries being similarly reduced as the result of a larger membership.

Under the National Health Insurance scheme in England the cost per insured person for medicine only is about 2s. 7d. per annum, the cost of ingredients per prescription being approximately 4d., to which a dispensing fee of from 5d. to 6d. per prescription is added, the whole of the dispensing work under the National Insurance Act being carried out by private chemists. If the National Insurance system in the United Kingdom had provided medical benefits for the family of the insured person, such would, so it is suggested, have had a serious effect on the voluntary side of friendly societies' efforts, because the most important factor in friendly society work is stated to be the desire of the bread-winner to have his wife and children included under the medical benefits provided by the friendly societies' medical service.

Under the present contract system, a definite rate is paid per quarter for each member, irrespective of whether the member receives medicine or not, with the result that the remuneration is higher per prescription when members are healthy and when fewer prescriptions are dispensed than at the time of an epidemic, when more prescriptions are dispensed. The average cost of prescriptions varies in certain districts, owing to some medical practitioners prescribing more expensive ingredients than others. The most desirable system for payment of medicines is stated to be that having for its basis payment for services rendered at an average flat rate per prescription dispensed, a uniform pharmacopœia being adopted for the purpose, and the cost of special prescriptions being met from a special fund earmarked for the purpose. A uniform pharmacopœia would be essential in order that the scheme could be run on economic lines, as it would be a means towards quick work and time saving, and in order that a basis for the calculation of a prescription flat rate could be effectively ascertained.

(c) *Other Medical Benefits.*—No general arrangements for dental treatment have been adopted by friendly societies, although in some branches arrangements have been made for the provision of dental benefits for members at reduced rates. Provision is made by some societies whereby, for the payment of a contribution of 2s. 6d. per annum a payment of from 15s. to 20s. per week is made in respect of a member undergoing treatment in any hospital in the Commonwealth.

2. INSTITUTIONAL TREATMENT.

(a) *Hospitals.*—At the end of the year 1922 there were 161 general hospitals in New South Wales; Victoria, 53; Queensland, 97; South Australia, 41; Western Australia, 52; Tasmania, 15; Northern Territory, 5; making a total of 424 for the Commonwealth. The number of beds available in these hospitals was as follows:—New South Wales, 7,382; Victoria, 3,627; Queensland, 3,872; South Australia, 1,578; Western Australia, 1,729; Tasmania, 736; Northern Territory, 45; representing a total of 18,969 beds available in all general hospitals throughout Australia, and equivalent to only 3·3 beds available for each thousand of population. The number of beds available in proportion to the population in the metropolitan areas is, however, considerably lower than this figure.

The number of persons who received indoor treatment in such hospitals in 1922 was as follows:—New South Wales, 96,978; Victoria, 34,161; Queensland, 45,622; South Australia, 16,340; Western Australia, 14,487; Tasmania, 10,470; Northern Territory, 151; a total of 218,209 for Australia, comprising 118,845 males and 99,364 females, equivalent to 39 per thousand of the total population; the estimated average period of indoor treatment per patient being 21 days. In addition a large number of out-patients also received treatment, concerning which no definite particulars are available, but the total number is estimated at 300,000.

Many public hospitals are controlled directly by the Government, whilst others are controlled by a specially constituted central body for the State and are administered by local organizations, which endeavour to obtain as much local financial support as is possible by subscriptions, fees from patients and other efforts, and are subsidized by the Government. Some hospitals have accumulated large balances for building purposes.

During 1922 the expenditure in connexion with general hospitals in Australia totalled £2,441,075, distributed amongst the several States as follows:—New South Wales, £1,051,405; Victoria, £385,186; Queensland, £510,672; South Australia, £245,140; Western Australia, £166,072; Tasmania, £77,015; and Northern Territory, £5,585; the total cost per in-patient per day ranging from 8s. to 12s. The revenue of £2,498,177 consisted of Government grants, £1,106,160; fees from patients, &c., £408,336, and other sources, £938,681, the Government grants being equivalent to 45 per cent. of the total expenditure. The expenditure on general hospitals has increased from £1,396,361 in 1917 to £2,441,075 in 1922. The bed accommodation in the same period has increased from 16,763 to 18,969, and the number of indoor patients treated from 174,387 to 218,209. The increase in accommodation has not conformed to the increase in expenditure.

The system under which a patient pays for treatment in public hospitals varies in each State. In some cases a fixed rate of 7s. 6d. per day is charged to cover all treatment with the exception of operations, which must be paid for in addition when the patient is in a position to pay the fees. In other States the patient is charged according to his means to pay, the charge ranging from 6s. to 9s. per day, indigent patients being treated free of charge, the hospital committee having the responsibility of deciding what fees, if any, the patient is in a position to pay. In some instances a wage restriction is placed upon persons applying for treatment in public hospitals, but generally every case is considered on its merits, each patient's circumstances being investigated by a hospital official, and the fee which he is asked to pay is arranged according to his ability to pay.

Hospitals have different methods with regard to arrangements made with medical practitioners. In country hospitals they usually enter into an agreement to pay an annual salary, with the right of private practice and the right to charge for operations. This arrangement is not encouraged, because it is considered that if a person is a proper subject for hospital treatment, such treatment should include everything necessary. In the large public hospitals the honorary doctors are not permitted to charge for operations, and the Government subsidy is generally granted with the object of providing treatment for indigent patients.

The voluntary system of contributing fees to general hospitals together with a system of Government subsidies is stated to be more desirable than a system whereby the whole cost of hospital treatment would be borne by the Government, and the necessary funds raised by means of taxation.

Hospital accommodation in the capital cities throughout Australia is generally inadequate, the larger hospitals being often overcrowded. In most country hospitals, however, this state of affairs does not exist, as there are very often beds vacant, due to the fact that some of the hospitals were built at a time when considerable progress was expected in the districts concerned, but the expectations have not been realized. In mining areas where there has been a reduction of population owing to a slackening of industry, there is generally at the present time more than sufficient hospital accommodation available. Hospital accommodation throughout the Commonwealth could be more effectively and evenly distributed than at present. There is a centralization on metropolitan institutions owing to the fact that patients are of the opinion that they can receive more satisfactory treatment therein than in country hospitals; full facilities for adequate treatment not being available in some country hospitals. It has been suggested that these could be utilized for the semi-chronic cases now treated in the city hospitals, thus relieving to some extent the congestion which undoubtedly exists in metropolitan institutions. During the winter and at the time of an epidemic the facilities for institutional treatment are totally inadequate to meet demands. In out-back areas it is stated to be impracticable to supply adequate institutional treatment owing to the great sparsely populated areas, but that state of affairs can be met to a great extent in many areas by an effective system of ambulances whereby patients can be transported to the nearest centre for treatment.

Maternity hospital accommodation is generally inadequate and the establishment of more maternity hospitals is very necessary in the interests of women and children, as well as for the training of nurses, the facilities for obtaining that training being considered insufficient at the present time; in the country districts especially there is a great paucity of maternity hospital accommodation, and the extension of facilities for maternity treatment in country hospitals is essential. In the more populous districts maternity centres should be efficiently staffed training schools from which capable nurses could be requisitioned for domiciliary cases. With skilled medical attendance in well conducted hospitals, the mortality and morbidity amongst maternity cases is low. Nursing homes of the simplest and most economical character should be established within easy reach of the people's homes. Clinics for pre-natal and post-natal care should be available, as well as child-welfare centres or baby clinics, either in connexion with public hospitals or preferably as separate institutions in order to provide sufficient facilities for the wives of bread-winners who are at present very often precluded from the benefits of public hospitals. There should be effective co-ordination of the various services operating under the maternity scheme.

A serious shortage of hospital accommodation for infants is also apparent, facilities for such treatment having only recently been instituted, and it is found that the bed accommodation available has not met the demand, considerable extension being imperative and essential. Private hospitals are registered under the local authority, and must conform to a certain standard, the registration dealing more particularly with the question of sanitary arrangements and the suitability of the hospital for the purpose for which it is intended, inspections being made by the public health authorities. It has been suggested that private hospitals could be largely extended under a system of Government subsidies, as a valuable adjunct to medical attendance.

A great deal could be done in increasing the equipment of hospitals and in bringing it up-to-date. New discoveries and new methods render it necessary that a continual expenditure is involved in supplying the various institutions with modern equipment.

It is rapidly becoming important that adequate provision should be made in the more settled country districts for wards or hospitals for infectious diseases, and in view of the close relationship of the public health administration, a more complete association between the local health authorities and the hospital authorities is possible and desirable.

It is stated that under our present system the rich and the very poor are the best provided for as regards medical attendance, the former being able to obtain adequate medical treatment in private hospitals, and the latter in public hospitals, but the intermediate income class who do not wish to go into or are debarred from entering public hospitals, and who cannot afford to pay private hospital fees, are unable to obtain adequate institutional treatment. Intermediate wards where private practitioners could attend their own patients and where fees would be lower than in private hospitals should be made available in connexion with the public hospital system. Every member of the community should be able to receive adequate hospital treatment, and there is no doubt that the provision of an intermediate hospital system would give a great measure of relief, as it would enable adequate institutional treatment facilities to be made available to the large section of breadwinners who can afford to pay something, but not the full cost of the treatment they receive, and who thus require a certain amount of Government assistance.

(b) *Sanatoria*.—Government and private sanatoria have been established in each State for patients suffering from incurable diseases, and for tubercular patients, the functions of a sanatorium being the education and care of the patient and the prevention of the spread of the infection to others. The question of payment by patients in State sanatoria is purely optional and is not pressed. At the present time there are insufficient sanatoria in Australia to cope with the demand. Some existing institutions have developed into homes for chronic cases which are kept indefinitely so long as they wish to remain, and, owing to the lack of adequate sanatorium accommodation, persons in advanced stages are treated in the same institution as curable cases, which is a most undesirable arrangement. Tubercular patients are not at present compelled to enter or remain in a sanatorium and a great number of people suffering from tuberculosis are not in such institutions. Even if accommodation were provided for all cases, they would not all avail themselves of it, as many could not be induced to enter such an institution unless compulsory methods were used. A considerable proportion of pulmonary tuberculosis is directly passed from individual to individual, and a careless patient or sufferer is a menace to his near associates, especially to his children. A person who has spent a few months in a sanatorium has a far better chance of overcoming the disease and far lesser chance of spreading the infection than one who has not had sanatorium treatment.

Sufficient sanatoria should be established for the treatment of special diseases, and any person in need of such institutional treatment should be able to receive it at once, and should be compelled to enter a sanatorium. Patients should be trained in suitable light occupations which may be useful to them when they leave the institution, and convalescent farms should be established where tubercular ex-patients can do remunerative work under medical supervision, whilst being trained in suitable branches of farming. Effective provisions for after-care should be instituted as it is stated that unless patients are regularly examined after they leave the sanatorium, they show symptoms of early relapse. When a patient leaves the sanatorium he should not be permitted to return to the same environment or occupation as that which caused the disease, and he should be compelled to report at specific periods after release.

(c) *Laboratories*.—Most of the bacteriological investigations required are undertaken in the capital cities by the Government laboratories or public hospitals. There is very little bacteriological equipment, however, outside the metropolitan areas. The Commonwealth laboratories have been of very considerable assistance, but the laboratory system in Australia should be considerably extended, as it is considered that the purchase of equipment and the cost of its maintenance is so expensive that the Government should provide this service. The erection of Government laboratories in the various districts throughout the State is considered essential to an adequate medical service, as no scheme for medical attendance and public health would be adequate unless it included an effective laboratory system, comprising serum laboratories which make biological products, and diagnosis laboratories established to serve as public health agencies, and which aim at providing service for the medical practitioner to enable him to make an early and accurate diagnosis of his patients. A medical practitioner under present conditions is unable to treat as many patients as was possible formerly, and it would not be possible to carry on any national system of contract practice effectively without such laboratories.

(d) *District Nurses*.—Associations have been formed in the various States for the purpose of providing trained nurses for the outlying districts which are far from medical and nursing aid. The nurses treat sickness, accident, and maternity cases, and when necessary accompany patients

to a doctor or hospital. The districts concerned raise the necessary funds locally, and these are supplemented by the central organization from funds mainly obtained from charitable donations, or in some cases with the assistance of a Government subsidy. Similar organizations are operating amongst the poorer class of people in the metropolitan areas, and are really charitable organizations providing nursing assistance and relief for the sick poor in their own homes. The extension of these nursing societies is very desirable, as they afford a considerable amount of relief to necessitous cases, and it is considered that Government assistance should be granted to such voluntary organizations.

(e) *Ambulance Transport Services.*—Ambulance transport services have been established in several States; their functions being to render first-aid and to transport cases of sickness and accident to hospital. Funds are raised by voluntary subscriptions and by fees for services rendered, together with Government subsidies. In Queensland alone last year the Ambulance Transport Brigade attended 97,399 calls, and travelled over 615,000 miles in connexion with the transport of patients to hospital. It is considered that ambulance services should be instituted and extended throughout the Commonwealth, as by such means it will be possible to make institutional treatment available to the population residing in less populated areas, as well as providing facilities for immediate first-aid treatment. In the large areas in Australia where the population is very sparse and scattered, and where it is extremely difficult to provide medical services, friendly societies do not provide such services to-day. The people who go out-back are deserving of every help and consideration and it is essential that they should be included in the national health scheme. Your Commissioners are of the opinion that a system whereby aeroplanes would be available for transporting patients from out-back stations to a centre should be given full consideration. In view of the aerial mail services which have been established in Australia and the possibility of the extension of these services it should be possible to arrange for the aerial transport of patients to certain centres, at each of which it is desirable that a medical practitioner should be located.

3. PREVENTIVE HEALTH SERVICES.

(a) *Public Health Organizations.*—The control of public health in the several States is usually vested in local government authorities who operate, under the supervision of a central health authority, in the administration of the Public Health Act. Public health legislation in Australia embodies supervision over the following:—Protection of water supplies from pollution; sewers and drains and disposal of sewage; removal and disposal of night-soil; scavenging, removal of refuse, cleaning of streets, &c.; dwellings, boarding-houses, and lodging-houses; public buildings; nuisances and offensive trades; foods and disinfectants; infectious diseases; venereal diseases; vaccination; private and public hospitals; morgues, cemeteries and crematories; registration of midwives, and general and mental nurses; the maintenance of laboratories; the medical and dental inspection of school children; the medical care of aborigines; the supervision of industrial hygiene regulations. This is a composite list representing the whole range of activities, but in no one State does the Health Act include all these functions. The Commonwealth Health Department's functions relate to quarantine, laboratories, prevention of disease, industrial diseases, the Institute of Tropical Medicine, and to infectious diseases.

In public health legislation there is an increasing tendency to control sanitation by means of by-laws and regulations, which, owing to their flexibility, are specially adapted for the purpose. With the increase in population throughout Australia there has been a corresponding increase in the responsibility of local government authorities, and the administration of public health matters throughout Australia has been decentralized to such an extent that it is overburdened with administrative bases, few of which are in receipt of revenues which will enable them to carry out the duties evolved upon them. Inadequacy of effort and lack of funds have resulted in the aim of effective control and prevention of infectious diseases not being fully achieved. The local part-time medical officer of health is not made fully responsible for health matters, whereas his functions in the community should be preventive. Until a full-time medical health officer is retained as an active unit of public health administration, responsible to the central authority, no considerable progress can be expected. The local health inspectors generally have insufficient status to enable them to properly perform their duties. Local authorities should be grouped into districts in each of which a full-time medical officer of health would act as authorized deputy of the central health authority.

The health of the people is of paramount importance, and should be dealt with by the Government on more scientific lines than at present. A healthy community is the greatest asset, as every incapacitated bread-winner is a loss to the State, and the sooner he is made fit, the sooner he will be of some economic value to the community. Notwithstanding the fact that Australia's general mortality rate compares very favorably with that of other countries, yet in the question

of preventive medicine we are far behind. The science of preventive medicine is concerning itself more and more with the health of the individual and the medical supervision of large numbers of individuals has become recognized as an integral part of the campaign to prevent the inception or the progress of disease. At the present time there are extensive legal provisions relating to the environment, whilst there is practically no legal provision with respect to the health of the individual, which is of the most vital importance in any system of insurance. Friendly societies have never dealt with their members from the preventive aspect. Public health activities should be extended in very many ways.

Experience shows it is now essential for the success of preventive medicine that all practising physicians should become actively engaged in the official health campaign. The general practitioner should be co-opted in the scheme to work with the public health authorities, as by such means a great advance should be made in the direction of making preventive medicine an essential part in the practice of medicine generally without affecting the independence of the practitioner.

Adequate provision should be made for wards or hospitals for infectious diseases, and a more complete association between health authorities and hospital authorities is very essential. It has been suggested that all health matters should be supervised by the Commonwealth, and that a National Health Scheme should be formulated whereby there would be a combined Commonwealth and State Health Service under which general questions would be dealt with by the Commonwealth, whilst questions of local application would be dealt with in the States under a system of district administration. It is essential that practical co-operation and efficient standards of administration throughout Australia should be realized, as it is only by such means that an adequate National Health Service can be attained.

(b) *Maternal Hygiene*.—The principal causes of deaths of mothers in child-birth are five in number, viz., accidents of pregnancy; puerperal hæmorrhage; other accidents of labour; puerperal septicaemia; puerperal albuminuria and convulsions. It would appear that in hospitals or where skilled attention is available these last four causes of death can be largely eliminated. Pre-natal influences together with injuries at birth accounted for 48 per cent. of all deaths under one year of age in Australia during the year 1923. Skilled assistance should be available to all mothers before, during, and after labour, as in all cases it demands the attendance of an adequately trained doctor and an adequately trained nurse. The legislation with respect to the registration of midwifery nurses, and to the control of private maternity hospitals could be improved. In some States maternal welfare is not associated in any way with the Health Department, which should be the official agency charged with the supervision and direction of maternal hygiene.

(c) *Child Welfare*.—Baby clinics and child welfare centres are maintained by private organizations, usually assisted by municipal or Government subsidies, in the metropolitan areas and also in some country centres, for the purpose of giving pre-natal and post-natal advice to mothers. Some of the organizations endeavour to co-ordinate and extend the various activities dealing with the welfare of mothers and babies, others care for the young children of poor working women during the hours when the mothers are at work. Homes for foundlings and for infants where parents are unable to provide proper care have also been instituted, and temporary homes for unmarried mothers with their first child. Full-time nurses are maintained in some cases by State Departments to visit expectant mothers and the homes of people in distressed circumstances, for the purpose of rendering assistance and giving advice in connexion with the care of infants and the principles of personal and general hygiene.

At the present time a system of medical examination of school children has been put into operation in the various States, but owing to the inadequacy in numbers of the staff engaged on the work—the number of scholars in the State Schools in Australia totals over 830,000—and the tremendous area to be covered, it has not been found possible to adequately carry out the work which requires to be done. Dental clinics have been established in some metropolitan areas for free dental treatment of children of parents who are unable to pay for treatment, but these clinics only deal with urgent cases, and whilst doing good work, are unable to cope with the full demands. A system of motor vans, properly equipped as travelling surgeries, for country districts would be a very important feature of dental treatment. The need for medical care of school children in Australia, especially in regard to their teeth is apparent when it is appreciated that 50 per cent. of adult sickness is stated to be due to the neglect of the teeth in childhood and early adult life. The schools are a very important feature of any preventive health work, and periodical examinations of school children are considered to be most important from the national health stand-point. A child should be medically examined when entering school life, again when about half-way through school life, and again just before leaving school and going into industry. Health lectures should form part of the school curriculum and an educational publicity campaign should also be undertaken in an endeavour to impress the importance of this question upon the people.

(d) *Industrial Hygiene*.—As industrial workers will constitute a large majority of the insured members of any National Insurance scheme instituted in Australia, it is essential that the question of industrial hygiene be given the utmost consideration. Medical examinations of recruits during the war revealed an extraordinary amount of disease and defects. The national loss in wages and production as the result of sickness amongst wage-earners is enormous; such illnesses, largely preventable, cause an absence each day of about 3 per cent. of the wage-earners in Australia. The Commonwealth Statistician has estimated that the accumulated cost of maintenance and education, &c., of a boy to age fifteen, is £430, and that the capitalized present value of his future earnings at age sixteen is £2,025. It is apparent, therefore, that if the question of the wage-earner's health and value to the community is considered merely from the financial stand-point, every effort should be made to safeguard him from the time he first enters into industry. More effective governmental control over health conditions in industry is necessary. Although it is practically impossible to provide regulations which will cover every possible cause of accident or danger to health, it is essential that the more dangerous trades be effectively controlled. Such regulations should not only prescribe measures for eliminating or minimizing the risks concerned, but in the more dangerous occupations should require periodical medical examination of employees to be made by an authorized medical practitioner. An attempt should be made to define the majority of diseases which should be covered by such regulations, and it has been recommended that regulations modelled on those operating in England should be brought into force for the industries concerned in Australia. Unless any particular climatic conditions in any locality necessitate a modification it is desirable that industrial legislation in Australia should be uniform.

Some employers of labour have established rest-rooms and provided skilled medical attendants for their staffs, surgeries being equipped in the factory and the warehouse; rest homes in some cases are maintained in the country, and physical culture, recreation, and athletic facilities are also, in many instances, provided. An increasing number of employers of labour is making arrangements with medical practitioners in order to reduce the amount of sickness amongst their employees. In Queensland the State Insurance Department provides substantial discounts to employers who maintain an approved ambulance service on their premises as a means towards minimizing the results of accidents. Some American insurance companies examine their policy-holders free every two years in an endeavour to prevent disease and lessen the risks covered. Friendly societies generally have no welfare schemes in operation for the benefit of their members, apart from the sickness and hospital benefits, and this is a most serious omission from their functions. A few industrial assurance companies in Australia have established welfare schemes and nursing services in the interests of their policy-holders, with an aim to the prolongation of life of the policy-holder and the consequent reduction in claims, and, although such schemes have only been in operation for a few years, it has already been claimed that the beneficial results have more than justified the expenditure. Employers should be encouraged to start similar systems of medical supervision for their employees, and some arrangement whereby they would receive a rebate on contributions to the insurance fund if they adopted approved methods of medical examination of employees is worthy of consideration, as it is of the greatest importance not only to the insurance scheme but in the interest of national health that skilled medical advice for the worker should be constantly available.

National Health Insurance schemes in other countries have not yet, in any instance, provided for periodical medical examinations of insured members, although it has been suggested that such would be an excellent provision if it could be carried into effect. It has been stated that the only system which would provide for adequate medical supervision of insured persons would be that making the medical examination compulsory each year. This periodical medical examination of insured persons, which must be very exact and scientific would be of great value from the stand-point of national health, as numerous instances of disease would thus be discovered in the early stages when a speedy cure could be effected, and in many cases a loss of working time prevented. The periodical compulsory medical examination of disabled returned soldiers is a striking instance of the beneficial effect of a system of periodical examinations. At Broken Hill compulsory routine examination of miners is enforced for the specific purpose of protecting their own health. It should be possible to classify the various occupations according to the physical standard required of the workman to adequately perform the work, and applicants for employment should undergo a medical examination which would indicate their physical fitness for the position for which they are applicants. Under such system, however, adequate arrangements would be necessary to provide for that small percentage of sub-standard men who would be unable to secure normal employment.

(e) *Medical Research Work*.—Extensive medical research work is being carried out in other countries and as the conditions in Australia differ appreciably from those which exist elsewhere it is very desirable that they should be investigated. At the present time there are many diseases about which little is known for the purpose of prevention, and it is important that

full investigation with respect to these should be undertaken. A certain amount of research work has already been carried out in Australia by private practitioners and in the laboratories of the Health Departments and at public hospitals, but this work should be very considerably extended, as health research should be closely associated with health administration. It is suggested that a central establishment for the investigation of preventable diseases, working in association with existing institutions, with branch establishments throughout the Commonwealth, should be instituted. Investigations should be undertaken with the object of elucidating the principal factors concerned in the spread of infectious diseases and as to the means of arresting their spread. Although the diphtheria mortality rate has been reduced yet there has been a very serious increase in the number of cases of diphtheria; the cancer death rate has shown a steady and serious increase for a considerable number of years; no reduction in the mortality of women during child-birth has taken place; and there has been no reduction in the mortality rate from congenital causes during the first month of life. A considerable portion of the invalidity for which Commonwealth invalid pensions are now paid is stated to result from diseases which are preventable. The above are instances of the important investigations which should be undertaken under Government supervision in the interest of national health.

SUMMARY OF RECOMMENDATIONS.

Your Commissioners recommend —

(a) that a National Insurance Fund be instituted which will provide for the payment of sickness, invalidity, maternity and superannuation benefits to insured members, and

- (i) that membership of such fund be compulsory;
- (ii) that a sickness benefit of 30s. per week be payable to adult insured members during the first six months when incapacitated for work as the result of sickness;
- (iii) that a sickness benefit not exceeding 20s. per week be payable to insured members under 21 years of age during similar incapacity;
- (iv) that equivalent benefits be payable to insured members when incapacitated for work as the result of accident, and that the question of including workers' compensation legislation under the National Insurance Fund administration be fully considered;
- (v) that an invalidity benefit of 20s. per week be payable to insured members during that period when incapacitated for work as the result of sickness or accident extending beyond six months' duration;
- (vi) that a maternity benefit of 20s. per week be payable for a period of two weeks prior to and for four weeks after the confinement of a female insured member, or the wife of an insured member;
- (vii) that, as the cost of the existing maternity allowance is at present borne solely by the Commonwealth, this responsibility should continue with respect to the maternity benefit provided under the National Insurance Fund;
- (viii) that a superannuation benefit of 20s. per week be payable to male insured members after attainment of age 65 and to female insured members after attainment of age 60;
- (ix) that the existing rights of pensioners under the *Commonwealth Invalid and Old-age Pensions Act 1908-23* should not be interfered with;
- (x) that a child allowance of 5s. per week, in respect of each dependent child under age 16, be payable to the insured member when incapacitated for work;

(b) that a National Health Scheme be instituted which will provide adequate medical treatment for the people, and which will provide the requisite machinery for the prevention of sickness and accident, and

- (i) that such scheme be dissociated from the administration of the National Insurance Fund;
- (ii) that the functions and objects of the Health Department be extended in such manner as will enable provision to be made as early as possible for the effective supervision of adequate medical services, especially with respect to maternity treatment.

As previously indicated, the inquiry in connexion with unemployment and destitute allowances is now proceeding, and, as the questions of membership, finance and administration of any proposed National Insurance scheme must be considered in relation to all sections of the inquiry, these questions will form the subject of a further report when the inquiry with respect to unemployment and destitute allowances has been completed.

In order that a comparison may be made of the main features of the schemes in operation in various countries, your Commissioners have compiled a conspectus of the legislation which has been enacted in the several countries with respect to the provision of (a) sickness, maternity and funeral benefits and (b) old-age, invalidity and survivors' benefits. The conspectus, which has involved very considerable and detailed research, is appended to this Report.

We have the honour to be,

Your Excellency's most obedient Servants,

J. D. MILLEN, Chairman.

ROLAND F. H. GREEN.

J. GRANT.

W. G. MAHONY.

JOS. FRANCIS.

A. E. GREEN.

BENJ. BENNY

H. C. GREEN, Secretary.

Melbourne, 3rd March, 1925.

CONSPECTUS OF ACTS RELATING TO SICKNESS, MATERNITY, AND FUNERAL BENEFITS IN
VARIOUS COUNTRIES.

Country.	Date of Original Act and Method of Organization	Scope of System	Sources of Income	Benefits
A.—VOLUNTARY INSURANCE.				
<i>(a) Societies not subsidized by the State.</i>				
Australia	Registered friendly societies under State supervision	Generally, persons in good health, between the ages of 16 and 45. Some societies have religious, local or other restrictions	Contributions of members. In New South Wales only, a subvention is made by the State in cases of aged persons in receipt of continuous sick pay	(a) Medical attendance (b) Sick pay, generally £1 per week for 26 weeks, 10s. for a further 26 weeks, and 6s. per week thereafter (c) Funeral benefit varying from £10 to £200
Canada	1919 Friendly societies under State supervision	According to the rules of the society	Contributions of members	According to the rules of the society
Finland	1897 Mutual benefit societies under State supervision	According to the rules of the society	Contributions of members	The majority of the societies provide medical attendance and funeral benefits; a few also provide for old-age pensions or funeral expenses
Holland	Mutual and other benefit societies, many of which are organized by trade unions or employers' associations Medical institutes founded by physicians	According to the rules of the society	Contributions of members In some instances, employers also contribute	About one-third of the societies provide medical attendance only, more than one-half provide sickness benefits only, the remainder provide both benefits
Italy	1886 Mutual benefit societies, the registration of which is dependent on conditions of organization and exempts from stamp and other duties	According to the rules of the society	Contributions of members	According to the rules of the society
New Zealand	1909 Registered friendly societies under Government supervision	According to the rules of the society	Contributions of members	According to the rules of the society
South Africa	Friendly societies	According to the rules of the society	Contributions of members	According to the rules of the society
Spain	1887 Mutual and commercial sickness insurance societies and companies	According to the rules of the society or company	Contributions of members, ranging from one-half to two pesetas per month	All furnish medical attendance, and mutual societies, in some instances, also provide sick pay and funeral benefit 1 peseta = 9½d.
<i>(b) Societies subsidized by the State.</i>				
Belgium	1851 Mutual benefit societies, of which those situated in Belgium and restricted to one function must be recognized, others may be recognized Reinsurance funds	According to the rules of the society	Contributions of members State does not subsidize recognized or other societies, but only the Reinsurance Funds, which are supported by the societies	Generally, a society pays benefits for six months, after which period a member receives benefits from the Reinsurance Funds, up to a period of four and one-half years
Denmark	1892 Sick funds which, in order to be recognized, must comply with certain conditions and be under the supervision of the Sick Funds Inspector	Recognized societies must have a minimum membership and trade or local limitations and admit all persons between the ages of 14 and 40 years, subject to certain property and income qualifications	Contributions of members State contributes 3 kroner per member per annum, and one-quarter of the amount expended on sickness benefit and a further amount for chronic or incurable cases Communes must also contribute towards chronic and incurable cases	(a) Medical and hospital treatment must be provided for members and their children under 15 years of age (b) Sick pay, minimum 40 öre, maximum 6 kroner per day (c) Maternity benefit, minimum 1 kroner per day for ten days 1 kroner = 1s. 1½d.

CONPECTUS OF ACTS RELATING TO SICKNESS, MATERNITY, AND FUNERAL BENEFITS IN VARIOUS COUNTRIES—
continued.

Country.	Date of Original Act and Method of Organization.	Scope of System.	Source of Income.	Benefits.
A.—VOLUNTARY INSURANCE—continued.				
(b) Societies subsidized by the State—continued.				
France	1850 Independent societies, not entitled to subsidies. Approved societies, and establishments of public utility, entitled to subsidies and to certain advantages	According to the rules of the society	Contributions of members State subsidy fixed from year to year, according to the amount voted by Parliament	According to the rules of the society Some societies have special funds for cases of long-continued sickness
Iceland	1911 Recognized sick funds	A sick fund must comprise a definite district, accept any person between 15 and 40 years of age below certain income limits, and consist of at least 50 members	Contributions of members State subsidy, 1 krone per member per annum in a town in which a doctor resides, 1½ krone in other places	(a) Medical and hospital treatment (b) Sick pay, minimum 50 ore per day, maximum two-thirds of the daily earnings of the sick member 1 krone = 1s. 1½d.
Sweden	1891 Recognized sick funds Reinsurance funds	A recognized fund must have 100 members, may provide sickness and funeral benefits only, must not pay more than 200 krone in funeral benefit, and must not admit a member of another fund A reinsurance fund must have 300 members	Contributions of members State subsidies to (a) Sick funds, 1 krone per member per annum 25 ore per day sick pay, and one-quarter of the expenditure on medical treatment up to 1 krone per member; (b) Reinsurance funds, 25 ore per member per annum and 25 ore per day sick pay; (c) Maternity benefit, 60 ore per day up to 42 days	Minimum benefits in order to obtain subsidy:— (a) Medical attendance, medicine of value at least 90 ore (b) Sick pay, minimum 50 ore, maximum 2 krone per day for 90 days. Further 90 days provided for by reinsurance funds (c) Maternity benefit, 90 ore per day for 14 days, provided person has been a member for 270 days 1 krone = 1s. 1½d.
Switzerland	1911 Registered sick funds, under the supervision of the Federal Office of Social Insurance	A registered sick fund must guarantee good management, equality of sexes and unrestricted transfer from one fund to another	Contributions of members State subsidy, one-eighth of the contributions of each insured person, whose annual income does not exceed 4,500 francs Special subsidies in mountainous districts	Minimum benefits:— (a) Medical attendance and medicine or sick pay of 1 franc per day for 180 days in each period of 360 days (b) Maternity benefit, ordinary sick benefit for six weeks (c) Nursing benefit, 20 francs 1 franc = 9½d.
B.—COMPULSORY INSURANCE.				
Austria	1883 District funds Establishment funds Buildings funds Guild funds Association funds Agricultural sick funds All under State supervision	All wage-earners, including agricultural and home-workers, without restrictions as to amount of income Employees classified according to earnings	Contributions, district funds, per week normally five-tenths of the average daily wage; other funds in accordance with benefits provided Employer contributes one-third, employee two-thirds	(a) Medical attendance, medicine and therapeutical appliances (b) Sick pay, 80 per cent. of average daily earnings for 26 weeks (c) Maternity benefit, sick pay for 6 weeks before and six weeks after confinement (d) Nursing benefit, half sick pay for 12 weeks (e) Funeral benefit, thirty times the average daily earnings
Bulgaria	1918 Social insurance office Local factory inspection departments	All wage-earners and salaried employees in public and private undertakings, without regard to sex, nature of employment, or rate of remuneration Employees classified according to wages	Contributions of employees range from 1.06 to 1.11 per cent. of wages. Employer and State each contribute similar amount	(a) Medical attendance, medicine and hospital treatment (b) Sick pay, from 80 to 60 per cent. of earnings for nine months (c) Invalidity pension after expiration of sick pay (d) Maternity benefit, medical and midwifery attendance and sick pay for six weeks before and six weeks after confinement

CONSPICUOUS OF ACTS RELATING TO SICKNESS, MATERNITY, AND FUNERAL BENEFITS IN VARIOUS COUNTRIES—
continued.

Country.	Date of Original Act and Method of Organization.	Scope of System.	Source of Income.	Benefits.
B—COMPULSORY INSURANCE—continued.				
Czecho Slovakia— (a) General workers	1919 Workers' insurance department District sick funds Establishment sick funds Guild sick funds Association sick funds Agricultural sick funds	Practically all wage-earners	Contributions of employees graded according to their income classification Employer contributes an equal amount to his employees	(a) Medical attendance, medicine and therapeutical appliances (b) Sick pay, 80 per cent. of earnings for 39 weeks (c) Maternity benefit, sick pay for six weeks before and six weeks after confinement (d) Nursing benefit, half sick pay for twelve weeks (e) Funeral benefit, 30 times average daily earnings, minimum 90 krona 1 krona = 1s. 1½d.
	(b) Miners 1922 Central benefit society District benefit societies under supervision of mining authorities	All persons employed in the mining industry	Contributions of employees and employers in equal amounts, fixed according to anticipated expenditure	Benefits similar to those provided for general workers
Denmark— Alien seasonal workers	Special sick funds	Alien seasonal workers	Contributions payable wholly by employers State subsidy, 1 krona per insured person per annum	Medical attendance, medicine and hospital treatment up to six months 1 krona = 1s. 1½d.
Estonia	1922 Insurance institution Trade funds, managed by representatives of insured persons	All workers, with the exception of agricultural workers, irrespective of the amounts of their incomes	Contributions, not exceeding 6 per cent. of daily wage, payable in equal proportions by employee, employer and the State Employer pays cost of medical attendance and medicine	(a) Medical attendance and medicine (b) Sick pay, one-half to two-thirds of daily wage for 26 weeks (c) Maternity benefit, one-half wages for two weeks before and four weeks after confinement (d) Dependants, benefits optional
France— Miners	1894 Mutual benefit societies, established by employers	All workers and salaried employes on mines	Employees, not exceeding 2 per cent. of earnings or 48 francs per annum Employers, one half that of employees State subsidy fixed annually	Benefits fixed by societies, which may also grant relief to members' families in cash and kind At least 5 per cent. of expenditure on sick pay must be paid into the old-age insurance fund in respect of each member of such fund 1 franc = 9½d.
Germany	1883 Local sick funds Rural sick funds Establishment funds Guild funds Miners' sick funds Substitute funds All under supervision of the Imperial Insurance Bureau	All workmen, journeymen, apprentices and servants without regard to amount of income Officials, clerks, teachers, tutors, homeworkers, crews of ships, &c., with incomes within certain limits	Contributions, not exceeding 7½ per cent. of the basic wage of each class of workers, payable two-thirds by insured persons and one-third by employers	(a) Medical attendance, medicine, spectacles, trusses, &c. (b) Sick pay, one-half basic wage for 26 weeks (c) Hospital treatment with half sick pay (d) Maternity benefit, medical attendance and sick pay for ten weeks and an allowance equal to six times the index-number (e) Nursing benefit, half sick pay for twelve weeks (f) Funeral benefit, an amount equivalent to 20 times the daily basic wage (g) Dependants receive maternity benefits
Holland	1913 Insurance councils Labour councils	All workers with incomes up to an amount fixed by the Labour Councils (not less than 2.50 gulden per day) Employees classified according to wages	Contributions, payable in equal proportions by employers and employees, fixed by the Government for each Labour Council and based upon classified daily wages	(a) Sick pay, 70 per cent. of basic daily wage for six months, excluding Sundays (b) Maternity benefit, similar to sick pay 1 gulden = 1s. 8d.

CONSPICUOUS OF ACTS RELATING TO SICKNESS, MATERNITY AND FUNERAL BENEFITS IN VARIOUS COUNTRIES—
continued.

Country.	Date of Original Act and Method of Organization.	Scope of System.	Sources of Income.	Benefits.
<i>B.—COMPULSORY INSURANCE—continued.</i>				
Hungary	1891 National Workmen's Sickness and Accident Insurance Fund District workmen's insurance funds Establishment sick funds	All workers in industries and trade and employees in Government undertakings, earning less than 2,400 krona per annum or 8 krona per day	Contributions, payable in equal proportions by employers and employees, not less than 2 per cent. and not more than 4 per cent. of average daily wage	(a) Medical attendance, medicine, baths and therapeutical appliances for 20 weeks (b) Sick pay, half basic wage for 20 weeks (c) Maternity benefit, midwife and sick pay for six weeks after confinement (d) Funeral benefit, 20 times the daily basic wage (e) Dependents, the same with the exception of funeral benefit 1 krona = 10d.
Irish Free State	1923 National Health Insurance Commissioners Insurance committees Approved societies	All employed persons of both sexes, over 16 years of age, excepting those employed otherwise than by manual labour with incomes of over £250 per annum	Employee, male, 4d.; female, 3d. per week Employer, 4d per week State pays two-months of the cost of insurance	Same as United Kingdom, except no medical attendance or medicine, and with the addition of sanatorium benefit
Italy	1910 National Invalidity and Old-age Fund Maternity Branch, administered by a board of nine persons	All women between the ages of 15 and 50 years employed subject to the Factory Act of 1907	Employee, 1 lira per annum Employer, 1.25 lira per annum State subsidy, 12 lira for each case of confinement	Maternity benefit, after six months' membership, 100 lira 1 lira = 9½d.
Japan	1922 Health Insurance Societies Persons not insured in these are insured directly by the State	All persons working in factories and mines, to whom the Factory or Mining Acts apply Administrative employees with annual incomes over 1,200 yen are exempt from insurance	Employee, up to 3 per cent. of daily remuneration Employers, same amount as employees State, 10 per cent. of the expenditure, maximum 2 yen per insured person	(a) Medical or hospital treatment for 180 days (b) Sick pay, 60 per cent. of daily wage for 180 days (c) Maternity benefit, 20 yen and sick pay (d) Funeral benefit, 20 times the daily wage, minimum, 20 yen 1 yen = 2s.
Jugo Slavia	1922 Central workers' insurance institution Local workers' insurance institutions Workers' insurance funds for transport undertakings Miners' mutual benefit societies	All persons who perform physical or mental work for remuneration, including home-workers and seamen Employees classified according to earnings	Weekly contributions range from 24 to 42 per cent. of the basic daily wage Fixed contribution for funeral benefit, which is included with old-age and invalidity insurance Employer and employee each pay one-half of the contributions	(a) Medical attendance, medicine, baths, &c., for 26 weeks (b) Sick pay, two-third basic wage for 26 weeks (c) Maternity benefit, medical attendance and midwife and three-quarters basic wage for two months before and two months after confinement (d) Nursing benefit, half basic wage for 20 weeks (e) Child endowment, 14 times basic wage (f) Funeral benefit, 30 times basic wage (g) Dependents, similar modified benefits
Latvia	1922 Special sick funds Joint sick funds Under supervision of Minister of Labour	All workers in private, communal and State undertakings who receive remuneration	Employee, from 1 to 3 per cent. of wages Employer and State pay the same amount as employee, and the employer also pays the cost of medical attendance	(a) Medical attendance for 26 weeks (b) Sick pay, from two-thirds to full wages for 26 weeks (c) Maternity benefit, full wages for four weeks before and eight weeks after confinement (d) Child maintenance, one-fourth wages for eight months (e) Funeral benefit, 20 to 30 times daily wage (f) Dependents, similar benefits
Luxemburg	1901 Recognised mutual benefit societies Establishment funds and district funds, under supervision of the State	All workers in industrial trading and transport establishments in which motive power is used, exclusive of agricultural workers	Contributions, normally up to 3 per cent. of wages, but may be raised to 5 per cent., payable one-third by employers, and two-thirds by employees	(a) Medical attendance and medicine for thirteen weeks (b) Sick pay, one-half average wage for thirteen weeks (c) Maternity benefit, sick pay for four weeks (d) Funeral benefit, 20 times daily wage

COMPENDIUM OF ACTS RELATING TO SICKNESS, MATERNITY, AND FUNERAL BENEFITS IN VARIOUS COUNTRIES—
continued.

Country.	Date of Original Act and Method of Organization.	Scope of System.	Sources of Income.	Benefits.
B.—COMPULSORY INSURANCE—continued.				
Norway	1909 Royal insurance institution Local fund in each municipality or town Establishment funds Private funds	All workers in public and private service over 15 years of age, and other persons with incomes under 6,000 krone per annum Employees classified according to income	Contributions fixed by local fund Compulsorily insured person pays six-tenths, employer one-tenth, municipality one-tenth, and state two-tenths Voluntary insurer pays seven-tenths, municipality one-tenth, and State two-tenths	(a) Medical attendance and surgical appliances for 26 weeks (b) Sick pay, 62½ per cent of classified daily wage for 26 weeks (c) Maternity benefit, nursing care and at least 1½ krone per day for two weeks before and six weeks after confinement (d) Funeral benefit up to 50 kr. (e) Member's wife, maternity benefit, midwife and 30 krone 1 krone = 1s. 1½d.
Poland	1920 Central insurance office District sick funds	All workers of both sexes, irrespective of incomes, including agricultural workers, domestic servants, home-workers Employees classified according to wages	Contributions, 6½ per cent. of classified wage Employer pays three fifths, employee two-fifths State refunds one-half of cost of maternity and nursing benefits	(a) Medical attendance, medicine, dressings, for 26 to 39 weeks (b) Sick pay, 60 per cent. of basic wage for 26 to 39 weeks (c) Maternity benefit, medical attendance and midwife and full basic wage for eight weeks (d) Nursing benefit, 2 to 5 marks per day for twelve weeks (e) Funeral benefit, three times basic weekly wage (f) Dependants, similar modified benefits
Portugal	1919 Mutual insurance association in each municipality, under supervision of Compulsory Social Insurance and General Provident Institute	All employed persons between 15 and 75 years of age, whose incomes do not exceed 900 escudos per annum Persons with higher incomes must also contribute, but are not entitled to benefits	Persons entitled to benefits, from 0.30 to 0.50 escudos per month Persons not entitled to benefits, from 0.50 to 3.00 escudos per month	(a) Medicinal baths and open-air treatment (b) Sick pay, 0.16 to 0.30 escudos per diem for 30 days, 0.12 to 0.22 escudos per diem for a further 30 days, 0.08 to 0.14 escudos per diem for a further 30 days, and 0.06 to 0.10 escudos per diem for a further period of 275 days (c) Funeral benefit (d) Wife and children's benefits, clinical services and medicine 1 escudo = 4s. 6d.
Rumania	1912 Central fund Guild funds Establishment funds District funds	Every member of a guild or trade union Employees classified according to wages	Contributions paid wholly by employees, ranging from 1¼ to 2½ per cent. of daily classified wage	(a) Medical and hospital treatment, medicine, dressings, &c. for sixteen weeks (b) Sick pay, 35 and 50 per cent. of basic wage for sixteen weeks to single and married men respectively (c) Maternity benefit, sick pay for six weeks after confinement (d) Nursing benefit, sick pay for three months (e) Funeral benefit, 60 to 9 lei (f) Wife and children's benefit, medical treatment 1 lei = 9½d.
Russia	1912 Administered in accordance with instructions issued by the Council of People's Commissaries, the Council of Labour and Defence and the People's Labour Commissariat	All employees	Employer pays all contributions, which are fixed by orders of the Council of People's Commissaries according to the undertaking	(a) Sick pay, full wages (b) Maternity benefit, full wages for eight weeks before and eight weeks after confinement for manual workers, six weeks for intellectual workers, and a supplementary benefit of one month's wages (c) Nursing benefit, quarter wages for one month (d) Funeral benefit, up to one month's wages
United Kingdom	1911 Ministry of Health (England and Wales) Insurance Commissioners (Scotland) Ministry of Labour (Northern Ireland) Insurance committees Approved societies, Deposit contributors	All employed persons, of both sexes, over 16 years of age, excepting those employed otherwise than by way of manual labour with incomes over £250 per annum	England, Wales and Scotland, employee, male 5d.; female, 4d. per week, employer, 6d. Northern Ireland, employee, male, 4d.; female, 3d.; employer, 4d. Where wages do not exceed 4s. per day employer pays a larger proportion, and where they do not exceed 3s., employer pays the whole State pays two-thirds of the cost of insurance	(a) Medical attendance, medicine and appliances (except in Northern Ireland) (b) Sick pay, 15s. per week for males, 12s. for females for 26 weeks (c) Disablement benefit, 7s. 6d. per week, after expiration of sick pay (d) Maternity benefit, £2 (e) Sanatorium benefit in Northern Ireland only

CONSPECTUS OF ACTS RELATING TO OLD-AGE, INVALIDITY, AND SURVIVORS' BENEFITS IN
VARIOUS COUNTRIES.

Country.	Date of Original Act and Method of Organization.	Scope of System.	Sources of Income.	Benefits.
A.—VOLUNTARY INSURANCE.				
<i>(a) Not subsidized by the State.</i>				
Canada	1908 Government	Any person domiciled in Canada	Premiums paid by instalments or in a lump sum, according to amount of annuity, which must not be less than 50 dollars nor more than 5,000 dollars per annum	(a) Immediate annuity (b) Deferred annuity, with or without repayment of premiums (c) Deferred annuity, with or without guarantee of payment for 20 years or death, whichever period is longer (d) Annuity on joint lives 1 dollar = 4s. 2d.
Finland	1897 Mutual benefit societies	According to the rules of the society	Premiums fixed by the society	Annuities as fixed by the society
United Kingdom	1833 Government Post Office insurance system	Any person over the age of five years	Premiums paid by instalments or in a lump sum, according to amount of annuity, which must be not less than £1 and not more than £100 per annum	(a) Immediate annuity (b) Deferred annuity (c) Lump sum payable at ages 55, 60 or 65 years, or sooner in the event of death
<i>(b) Subsidized by the State.</i>				
Belgium	1850 General Pensions Fund, either directly or through mutual benefit societies	Any person over 18 years of age Annuities may also be acquired for other persons over six years of age	Premiums payable at any time, minimum one franc, for annuities ranging from 12 francs 50 centimes to 1,200 francs State subsidy—(a) for persons not members of mutual benefit societies, 60 centimes for each franc paid up to 15 francs; (b) for members of mutual benefit societies 2 francs, for each account opened and in which 3 francs have been paid 1 franc = 9jd.	(a) Annuity on alienated capital, payable at age 65 (b) Annuity on reserved capital, payable at age 50 to 65, with return of 97 per cent. of deposits at death (c) Anticipative annuity, maximum 360 francs in case of invalidity after five years' standing (d) Immediate annuity, not exceeding 300 francs (e) Temporary annuity, payable until date when beneficiary enters upon ordinary annuity
France	1850 National Old-age Retirement Fund, by individual deposits, collective deposits by third parties to the credit of individual beneficiaries, or deposits through mutual benefit societies	All persons living in France	Premiums payable at any time, from 1 franc to 500 francs in one year. Total deposits not to exceed amount sufficient for pension of 1,200 francs per annum State subsidy, one-fifth of pension due at age 65 Special subsidy for parents who have reared four or more children	(a) Old-age pension at from 50 to 65 years of age, with or without return of capital at death. Minimum 2 francs, maximum 2,400 francs per annum (b) Invalid pension, at any age in case of invalidity 1 franc = 9jd.
Holland	1919 State Insurance Bank Insurance Councils Labour Councils	Every inhabitant of the Kingdom of Holland	The amount of premium is determined by regulation and depends (a) for a pension up to 6 gulden weekly, beginning at age 65, upon age at entry and upon amount of pension, provided that the taxable income is less than 2,000 gulden per annum; (b) in other cases on the age of the insured person, the amount of pension and the expenses of management	An old-age pension of not less than 3 gulden nor more than 20 gulden weekly 1 gulden = 1s. 8d.
Hungary	1900 National Insurance Fund, under supervision of Government Local Committee in each Commune	All workers of either sex connected with agriculture, forestry and hydraulic engineering Four classes of ordinary members—(a) agricultural and forest workers with workers' books; (b) other similar workers between 14 and 35 years of age; (c) persons up to 60 years who insure against death only; and (d) those who insure against old age	Weekly contribution from group (a) 28 heller; (b) 11 heller; (c) 5 heller; and (d) 10 heller. Exemption from contributions after paying for 25 years Employer pays 1.20 krona for every employee per annum State subsidy, 150,000 krona per annum	Group (a), (i) Invalid pension, at least 10 krona per month; (ii) Old-age at 65 years, lump sum 100 krona; (iii) Survivors benefit, lump sum, 200 to 270 krona (b) Half the benefits under (a) (c) Survivors benefit from 60 to 200 krona per annum (d) Old-age pension at 65 years, from 65 to 215 krona. Contributions refunded, plus 15 per cent, if insured person dies before drawing pension 1 krona = 1s. 1jd.

CONSPECTUS OF ACTS RELATING TO OLD-AGE, INVALIDITY, AND SURVIVORS' BENEFITS IN VARIOUS COUNTRIES—
continued.

Country.	Date of Original Act and Method of Organization.	Scope of System	Sources of Income	Benefits.
A.—VOLUNTARY INSURANCE—continued.				
<i>(b) Subsidized by the State—continued.</i>				
Italy	1898 National Workmen's Invalidity and Old-age Fund, under supervision of the Department of Agriculture, Industry and Commerce, with branches in provinces and communes	Any Italian citizen, of either sex, occupied in manual work, provided he does not pay taxes to the State in excess of 30 lire per annum	Contributions of members, minimum 6 lire per annum, paid into alienated or reserved fund, in latter case they are refunded if insured person dies before drawing any pension State subsidy, 10 lire per annum for each insured member, whose pension does not exceed 1,000 lire, with additional 10 lire for members of mutual benefit societies	(a) Old-age pension based on amount of contributions paid, commencing at age 60 for males and age 65 for females after payment of contributions for 25 years (b) Invalidity pension, after five years' membership, increased to a minimum of 120 lire from a special invalidity fund 1 lira = 9½d.
New Zealand	1908 National Provident Fund, with a Board of five members appointed by Government	Any person who (a) is resident in New Zealand; (b) is over 16 and under 50 years of age; and (c) has an income of less than £300 per annum	Weekly contribution for pension of 10s. weekly, from 9d. to 9s. 4d., according to age at entry State subsidy equal to one-fourth of the total contributions, or one-half for those who are also members of friendly societies Cost of administration borne by the Government	(a) Old-age pension at age 60, 10s. to 40s. per week, according to contributions paid (b) Invalidity benefit, 7s. 6d. per week for each child under 14 years (c) Survivors' benefit, 7s. 6d. per week for each child under 14 years; if no children, contributions refunded (d) Maternity benefit, £6, if income of insured person and wife does not exceed £300 per annum
Portugal	1907 Pension fund for the working classes, administered by the General Deposit and Provident Institution	All workers, who are Portuguese subjects between 15 and 60 years of age, provided they are not already entitled to a pension of more than 15 milreis per month	Contribution for single pension, 250 reis per month, proportionately higher for double, treble or quadruple pension State subsidy, 200,000 milreis yearly and an additional amount equal to each premium but not payable in respect of a pension above 15 milreis per month	(a) Old-age pension, payable at end of period to which his premiums relate, minimum 3 milreis monthly (b) Invalidity pension, corresponding to amount of contributions or refund of contributions 1 milreis = 4s. 6d.
Switzerland— (i) Canton Neuchâtel	1898 Cantonal Fund for People's Insurance under State control District assemblies and committees Administrative Councils Committees of Control	Persons domiciled in the Canton, without restriction as to nationality Natives domiciled outside the Canton may insure against old age	Contributions of insurers based on age at entry No contributions required after reaching age 80 State subsidy ranges from 48 cents per 100 francs of capital insured at age 18, to 19 cents at age 39, and for old-age pensions from 2 76 francs per monthly pension of 10 francs at age 18 to 1.32 francs at age 39 State pays cost of administration	Lump sum payable at death or old-age pension at 60 years, or both, in accordance with arrangements made at time of entry Lump sum must not be less than 100 francs nor more than 5,000 francs and old-age pension must not exceed 100 francs per month 1 franc = 9½d.
(ii) Canton Vaud	1907 Cantonal Fund for People's Insurance (mutual fund under guarantee of the State)	Every person domiciled in the Canton, also natives domiciled outside the Canton	Contributions paid into alienated or reserved fund, payable at any time, and immediately converted into capital provision for pension. Maximum premium in first year, 3,000 francs, in subsequent years, 1,000 francs, and in last ten years, 500 francs State subsidy from 6 to 10 francs for each annual contribution of from 6 to 60 francs State pays cost of administration	(a) Old-age pension dependent upon amount of contributions, payable between ages of 50 and 65, in accordance with arrangements at time of entry (b) Invalid pension corresponding to age and amount of contribution
B.—COMPULSORY INSURANCE.				
Argentina— (a) General workers	1923 One Provident Fund for each group of insured persons administered by a Board of Management of nine members (chairman and four representatives each of employers and employees)	All wage-earners and salaried workers in—(a) the Argentine mercantile marine; (b) industrial establishments; (c) printing industries; (d) commercial establishments	Five per cent. deduction from wages First month's wages in instalments First month's increase in wages Employers, 6 per cent. of wages Interest on funds Fines Guarantee funds set apart Wages over 1,500 pesos per month not considered	(a) Special superannuation allowance for invalidity (b) Same for employees when incapacitated during employment (c) Ordinary superannuation allowances (d) Survivors' pensions The amounts are fixed by the Board of Management

CONSPICUOUS OF ACTS RELATING TO OLD-AGE, INVALIDITY, AND SURVIVORS' BENEFITS IN VARIOUS COUNTRIES—
continued.

Country.	Date of Original Act and Method of Organisation.	Scope of System.	Sources of Income.	Benefits.
B.—COMPULSORY INSURANCE—continued.				
Argentina— <i>contd.</i> (b) Bank Employees	1923 Provident Fund administered by Chairman and three representatives each of employers and employees	Bank employees	Same as for general workers, except— Employers, 8 per cent. of wages Extra contributions of employees and employers are required in order to meet any deficit	Same as for general workers
(c) Employees of private companies	1921 National Pension and Subsidy Fund, administered by a President and one representative each of the employers and employees of each public service included in the Act	All permanent employees of the private companies engaged in the various lines of public service, excepting railways	Five per cent. deduction from wages One month's pay in 36 instalments Payments on account of increased wages Employers, 8 per cent. of wages Previous pension funds of companies State subsidy of an amount to be determined Wages in excess of 1,000 pesos per month not considered	(a) Ordinary pension, after 30 years service, at age 50 ranging from 95 per cent. of wages downwards; or if conditions not fulfilled, refund of contributions with 5 per cent. interest (b) Invalidity pension, 5 per cent. of ordinary pension for each year of service (c) Survivors' benefit, 50 per cent. of deceased's pension
Austria— (a) Private employees	1906 Pensions Institute, administered by a President and 20 members, half of whom are employers and half employees Provincial branches in capital towns of provinces	Employees in private service over 18 years of age, with earnings over 600 krone per annum Employees in public service who have no claim to other pension Persons engaged in manual labour expressly excluded Employees classified according to salaries	Monthly contributions from 6 krone in Class I to 30 krone in Class VI. Employer pays two-thirds of premiums in Classes I to IV, and one-half in Classes V, and VI. State contributes 100,000 krone annually towards cost of Pensions Institute Contributions cease after 480 monthly payments have been made Persons with incomes over 6,000 krone pay their own premiums	(a) Old-age pension. After 480 contributions, from 500 krone in Class I. to 2,500 krone in Class VI. per annum (b) Invalidity pension. After 120 contributions, 180 to 900 krone per annum, plus 9 to 45 krone for each extra twelve payments (c) Widow's pension. One-half that of the deceased husband (d) Children's maintenance. One third of deceased's pension for each child, two-thirds for full orphans up to 18 years of age
(b) Miners	1854 Miners' Relief Funds	All persons working in mines in which "reserved" minerals are obtained, and workers in establishments connected with mining	Contributions vary according to the industry and are paid in equal proportions by employer and employee The rates for females are one-half those for males Employee with over 3,500 krone per annum pays his own contributions	(a) Old-age and invalidity pension, minimum 200 krone for males, 100 krone for females per annum (b) Widow's pension, one-half that of the deceased husband, each child one-sixth up to maximum three-fourths, full orphan one-third 1 krone = 10d.
Belgium— Miners	1868 General Pension Fund Provident Funds, administered by committees of employers and employees under supervision of Minister of Labour Mutual Benefit Societies	All workers in coal mines, below the age of 60 on the 1st January, 1912 All workers in metalliferous mines under concessions	Contributions to General Pension Fund by employees under 21 years, 18 francs; over 21 years, 24 francs, minimum per year Contributions to Provident Funds—Employee, 1 franc monthly; employer, 2½ per cent. of wages Surplus paid to National Miners' Pension Fund. If there is a deficit, State and province each contribute one-half of deficiency	(a) Old-age pension, not less than 720 francs per annum to insured persons who have worked for 30 years and are 60 years of age (b) Widow's pension, 360 francs per annum, at age 60 1 franc. = 9d.
Bulgaria— (a) General workers	1918 Social Insurance Office under the Ministry of Commerce, Industry and Labour Local Factory Inspection Departments act as local organizations	All wage-earners and salaried employees in public or private undertakings, without distinction as to sex or income Employees classified according to wages	Employees contribute from 1 66 per cent. of their wages for the lowest class to 1.11 per cent. for the highest class Employers and the State each contribute an equal amount to employees	(a) Old-age pension, payable at age 60, after payment of 1,040 contributions, 30 per cent. of earnings and a proportional pension for contributions over 156 (b) Invalidity pension, between ages of 14 and 60 years, on same basis, after payment of 156 contributions (c) Refund of contributions to deceased's nearest relative, provided his annual income does not exceed 6,000 levaes, and provided no pension has been drawn 1 leva = 9d.

COMPACTUS OF ACTS RELATING TO OLD-AGE, INVALIDITY, AND SURVIVORS' BENEFITS IN VARIOUS COUNTRIES—
continued.

Country.	Date of Original Act and Method of Organization	Scope of System.	Sources of Income.	Benefits.
B—COMPULSORY INSURANCE—continued.				
Bulgaria— <i>contd.</i> (b) State workmen	1906 The Act is administered by the financial department of the central administrative authority in each district	State employees	One per cent. of wages One month's increase in wages Donations and bequests State subsidy to make up any deficiency	(a) Invalidity pension, one-third to three-quarters annual earnings according to degree of invalidity, minimum 240 levas, maximum 1,800 levas per annum (b) Widow, from 50 to 100 per cent. of deceased's pension, according to number of children (c) Full orphans, 25 per cent. each up to maximum 100 per cent. of deceased's pension
Canada—Railway employees	1907 Provident fund	Employees of the intercolonial and Prince Edward Island Railways	Employee, 3 per cent. of wages for first month, 1½ per cent. subsequent months State, same amount, up to a maximum of 100,000 dollars per annum	Pension after fifteen years (except in case of permanent disablement) equal to 1½ per cent of average monthly wages, multiplied by number of years of service, maximum 30 dollars per month or two-thirds wages (a) At age 70, (b) incapacitation, (c) voluntary retirement at age 60, (d) permanent disablement 1 dollar = 4s. 2d.
Czecho-Slovakia— (a) Salaried employees	1920 General Pensions Office Recognised mutual benefit societies	All employees in offices, commercial establishments and shops, and supervising staffs, between 16 and 55 years of age, provided they are not solely engaged in manual work Employees classified according to annual incomes	Contributions, from 6 krone per annum for Class I to 90 krone for Class XVI Employer, two-thirds contributions for Classes I to IV, one-half for Classes V. to XVI, employee pays the balance	(a) Old-age pension payable at age 65. Basic pension for Classes I to VI, from 180 krone per annum to 900 krone; for other classes, basic pension 900 krone, plus from 1.50 krone to 15 krone for each month's registration during the waiting period (b) Widow's pension, one-half of deceased's pension (c) Children's maintenance, one-sixth of the basic pension for each child up to maximum 50 per cent. thereof 1 krone = 10d.
(b) Miners	1922 Central Benefit Society District benefit societies	Every person employed in the mining industry	Contributions, payable one-half each by employers and employees, based on wages or on a fixed scale or on both	(a) Old-age pension—(i) at age 55 with 30 years' service, (ii) at age 60, with fifteen years' service; basic sum 900 krone per annum with not less than 8 krone extra for each month of contributions after five years (b) Invalidity pension for same amount without any waiting period (c) Survivors' benefits, widow not less than one-half the husband's benefit, each child one-fourth, full orphans one-half. Maximum three-fourths
Denmark	1921 Invalidity Insurance Fund, managed by a board of three directors Invalidity Insurance Court investigates cases of invalidity	Every person over eighteen years of age, who is a member of a sick fund, if possessed of national rights and resident in Denmark, subject to certain property and income qualifications	Employee, at date of Act, 5 krone 40 øre per annum, thereafter at rate according to age Employer, 5 krone 40 øre per adult worker per annum Balance derived from subsidies from State and communes, one-half each	Invalidity pension, 800 krone per annum; if pensioner reaches age 62 the pension is continued until death, the cost being defrayed one-half each by the State and the commune of residence; three-fourths of the latter is refunded by the commune of settlement 1 krone = 1s. 1½d.
France— (a) General workers	1910 National Old-age Retirement Fund Mutual benefit societies Departmental retirement funds Establishment funds Funds of guarantee syndicates Funds of occupational unions Last five funds under control of Minister of Finance	All employees, of both sexes, in industry, commerce, the liberal profession, agriculture, servants, employees of Departments and communes, whose annual remuneration does not exceed 10,000 francs	Employees, minimum, males, 9 francs; females, 6 francs, minors, under eighteen years, 4.50 francs per annum Employers also pay the minimum rate of contribution State increases pension by 100 francs, plus 10 francs if insured person has brought up at least three children, provided that 30 annual payments of 15 francs each have been paid by a male or 10 francs by a female 1 franc = 0¼d.	(a) Old-age pension, at age 60, dependent on age at entry and number of contributions (b) Invalidity pension, anticipated liquidation of pension, plus state subsidy, maximum 100 francs, or three times the liquidation amount (c) Survivors' pension, 50 francs per month for—(i) 3 months, widow; (ii) 6 months, 3 or more children under 16 years; (iii) 5 months, 2 children; (iv) 4 months, 1 child

COMPENDIUM OF ACTS RELATING TO OLD-AGE, INVALIDITY, AND SURVIVORS' BENEFITS IN VARIOUS COUNTRIES—
continued.

Country	Date of Original Act and Method of Organization.	Scope of System	Sources of Income.	Benefits.
B—COMPULSORY INSURANCE—continued.				
France— <i>continued</i> (b) Seamen	1873 Naval Invalids Fund	All French registered seamen, including officers	Employees, 5 per cent. of wages Employers, a sum equal to three-fifths of that paid by employees, and 8 per cent. of wages of foreign seamen	(a) Old-age pension at age 50, after 360 months' service, from 300 to 1,000 francs per annum (b) Invalidity pension, after 180 months' service, on same scale (c) Widow's or children's pension from 290 to 680 francs per annum (d) Supplementary pension of 4 francs per month for each child under thirteen years
(c) Miners	1894 Autonomous pensions fund for miners, administered by a council of eighteen members, comprising 6 employers, 6 employees, and 6 representing the State	All miners and persons of French nationality employed on mines—Foreign miners, but these do not participate in the State subsidy Miners' delegates Earnings over 3,000 francs per annum not considered	Ordinary fund—Miners, 2 per cent. of earnings; employers, same amount Special fund for guaranteeing and increasing benefits—Miners, 2½ per cent. of wages; employers, same amount; State subsidy, not less than 1 per cent. of total wages	(a) Old-age pension, at age 55, after working 7,920 days in 30 years, increased by State subsidy of 100 francs annually; minimum of 2,000 francs guaranteed by special fund (b) Invalidity pension. Liquidated pension at any age brought up to minimum of 2,000 francs per annum (c) Widow's pension, at age 55 one-half of her deceased husband's pension (d) Orphans' pensions. Same as that provided for general workers under the 1910 Act
(d) Railway employees	1890 Pensions fund, for which the railway companies are responsible and of which quinquennial statements are to be furnished to the Ministry of Public Works	All officials, employees and workers on the larger railway companies and State railways, who, insured under the previous Act, elect to come under this, or who have had one year's continuous service	Employees, 5 per cent. of wages, the whole of the first month's pay and one-twelfth of every increase in wages Railway companies and State railways contribute an amount prescribed by regulations	(a) Old-age pension, after 25 years' service, at ages 50 or 55 years, one-half average wage, plus one-fiftieth for each year of service over 25 years (b) Invalidity pension, after 15 years' service (c) Widow's pension, one-half of her deceased husband's pension (d) Children's pension, full orphan under 18 years of age, same as widow's pension
Germany— (a) General workers	1889 Insurance institutes for the territory of the federal state, unions of communes and other parts of the territory, managed by directorates of official members and representatives of employers and employees	All workmen, journeymen and household servants, crews of German vessels and assistants and apprentices, if over 16 years of age and working for remuneration, and home workers Employees classified according to earnings	Contributions of employers and employees in equal proportions graduated in accordance with the wage classification and subsidized by the State	(a) Old-age pension at age 65 after 1,200 weekly contributions have been paid (b) Invalidity pension, after the expiration of the 26 weeks during which sick pay has been paid and aft 5 500 weekly contributions have been paid Pension consists of a basic amount, with additional for extra contributory weeks (c) Widow's pension, if incapacitated annual State subsidy and four-tenths of her deceased husband's pension (d) Orphan's pension, annual State subsidy and two-tenths of the deceased's pension
(b) Salaried employees	1911 Imperial insurance institute for salaried employees, managed by a directorate of a president, officials appointed by Government and representatives of insured persons and employers	Salaried employees who are under 60 years of age, and whose annual earnings do not exceed an amount fixed by the Ministry of Labour Employees classified according to earnings	Equal contributions by employers and employees, varying according to the wage classification	(a) Pension payable at age 65 or in event of permanent incapacitation, one-fourth of contributions paid in during 120 months and one-eighth of those paid in subsequently (b) Survivors' benefits—Widow, two-fifths of that of the deceased; each child, one-fifth of the widow's pension; and full orphans, one-third thereof up to age 18

CONSPICUOUS ACTS RELATING TO OLD-AGE, INVALIDITY, AND SURVIVORS' BENEFITS IN VARIOUS COUNTRIES—
continued.

Country.	Date of Original Act and Method of Organisation	Scope of System	Sources of Income.	Benefits
<i>B.—COMPULSORY INSURANCE—continued.</i>				
Greece— (a) General workers	1922 Pension funds of specified undertakings, of workers' organizations and of mining undertakings, and State pension funds for wage-earning and salaried employees In the former, two-thirds of the governing body must represent insured persons, and one-third employers and public officials	All persons engaged otherwise than on their own account in industrial handicraft and commercial establishments, including building and transport industries	The rates of contributions are fixed by regulations issued on the recommendation of the Ministry of National Economy	Pensions, the amounts of which are fixed by regulations, are granted—(a) in the event of accident in connexion with employment, (b) in cases of incapacity due to old-age or long period of work or to physical or mental disorders Pensions are also granted to the survivors of a deceased insured person
(b) Seamen	1907 Marine Invalidity Pension Fund	All registered seamen	Contributions by seamen, seamen's marriage fees, sale of service books, wages of deserters, fines, flootam and jetsam, contributions by maritime communes, from port funds and from shipowners, &c. Contributions by seamen, from 1.5 drachmas to 15 drachmas monthly 1 drachma = 9½d.	(a) Old-age pension, at age 56, after 25 years of service, the twenty-fifth part of the basic sum multiplied by seven and by the number of years served (b) Invalidity pension, basic sum multiplied by seven, plus two-seventy-fifths for each year's service over ten (c) Widow's pension, one half that of her deceased husband's, plus 2 drachmas monthly for each child (d) Survivors' pension, from one-half to one-third of the deceased's pension
Holland	1913 State Insurance Bank Labour councils, with insurance councils for groups of labour councils	All workers, over 14 years of age, with incomes of less than 1,200 gulden per annum as well as workers employed abroad by Dutch firms or on Dutch ships Employees classified according to wages	Weekly contributions ranging from 16 cents from the employer and 4 cents from the employee for Class I, to 24 cents from each for Class V. State subsidy 21,500,000 gulden annually 1 gulden = 1s. 8d.	(a) Old-age pension, at age 70, is 325 times the amount of contributions divided by the number of weeks insured, plus 14 per cent of the premiums paid (b) Invalidity pension on same basis after 150 contributions are paid (c) Orphans are also entitled to pensions
Hungary Miners	1854 Miners' guilds	All miners	Contributions by members, according to rules of guild	Old-age, invalidity, widow's and orphans' pensions according to the constitution of the guild
Iceland	1909 Funds established in every town and commune	Every man and woman between the ages of 18 and 60 years	Males 1.50 krone annually Females, 75 öre annually State, 50 öre annually for each contributor 1 krone = 1s. 1½d.	Annual distribution of two-thirds of the contributions, one-half of the State subsidy and one-half of the interest to indigent persons over 60 years of age, in amounts of not less than 20 nor more than 200 krone
Italy—(a) General workers	1919 National Social Insurance Institution with branch provincial institutes	Workmen, learners, apprentices, persons in public offices and in liberal professions, domestic servants and similar persons in private service, between the ages of 15 and 65 years Employees with monthly incomes exceeding 800 lire are exempt	Employees, from 0.50 lire per fortnight to 3 lire, according to income Employers pay the same contribution State contributes 50,000,000 lire annually 1 lira = 8½d.	(a) Old-age pension, at age 65, after 240 contributions paid (b) Invalidity pension, after 120 contributions paid Pension, 65 per cent. of first 120 fortnight's contributions, 50 per cent of next 120 fortnight's contributions, and 25 per cent of further contributions, plus State subsidy of 100 lire (c) Widow's pension, 50 lire for six months, provided no liquidation of pension has taken place

CONSPICUOUS ACTS RELATING TO OLD-AGE, INVALIDITY, AND SURVIVORS' BENEFITS IN VARIOUS COUNTRIES—
continued.

Country.	Date of Original Act and Method of Organization.	Scope of System.	Sources of Income.	Benefits.
B—COMPULSORY INSURANCE—continued.				
Italy—continued. (b) Seamen	1913 Invalidity Fund for the Mercantile Marine	All persons engaged on board ships, including officers, deck hands, engineers, firemen, &c.	Contributions of employees from 2 50 lire to 1,50 lire per 30 days at sea Contributions from employers, from 7 50 to 1 50 lire for each employee per 30 days at sea Fines, bequests and legacies Sale of unclaimed goods of deceased seamen State subsidy fixed annually	(a) Old-age pension at age 60, after 20 years service, from 240 to 900 lire per annum, also increased by one-twentieth for each year of service over 33 years (b) Invalidity pension on same scale after 10 years' service (c) Widow's pension, one-half, and each child one-tenth of old-age pension up to total amount of deceased's pension
Jugo-Slavia	1922 Central Workers' Institution Local workers' insurance institutions Workers' insurance funds for transport undertakings Miners' mutual benefit societies	Every person who performs manual or mental work for remuneration, without distinction of sex, age or nationality Employees classified according to earnings	Employees, 1½ per cent. of the daily basic wage Employers contribute the same amount State subsidy to increase pensions of less than 1,500 dinar per annum and the corresponding widows' and orphans' pensions 1 dinar = 9½d.	(a) Old-age pension, at age 70, after 500 weekly contributions, equal to twelve times the average annual contributions (b) Invalidity pension, after 200 contributions eight times, after 500 contributions twelve times the average annual contributions (c) Widow's pension one-fourth for three years, and children's one-fourth of deceased parent's pension to age sixteen
Luxemburg	1911 National Insurance Fund Act administered by a committee of management, composed of president, councillors and members nominated by employers and employees	All workmen, assistants, journeymen, apprentices, servants, employees in industries and offices, foremen, clerks and commercial apprentices, with incomes under 3,750 francs for annum	Contributions of 2.1 per cent of wages payable one-half each by employers and employees State reimburses to Insurance Fund one-third of each pension Commune refunds to State, one-fifth of each pension State subsidizes Insurance Fund with 125,000 francs annually from receipts of mine-rents 1 franc = 9½d.	(a) Old-age pension at age 65, after 2,700 days work. Basic pension 180 francs for males, and 140 francs for females, plus 7½ centimes for each six days work over 1,350, to maximum 420 francs for males and 400 francs for females (b) Invalidity pension, after 1,350 days' work, on same basis as old-age pension, but with 15 cents increase instead of 7½ cents (c) Survivors' benefits. Lump sums for periods up to six months
Portugal	1918 Compulsory Social Insurance and General Provident Institute	All persons earning less than 900 escudos per annum	Employees, 1½ per cent. of wages Employers, 6 per cent. on all wages up to 900 escudos State subsidy of 13.33 escudos for each soldier recruited 1 escudo = 4s. 6d.	(a) Old-age pension, at age 70, after payment of 1,410 weekly premiums (b) Invalidity pension, after 235 weekly premiums, one-sixth of old-age pension, plus one-sixth for each additional 235 premiums (c) Lump sums for survivors provided for by additional contributions of 1 per cent. of earnings
Rumania	1919 Invalidity and Old-age Insurance Fund, managed by a board of nine members, appointed by the State, including two employers and two employees	All master workmen, journeymen, apprentices and labourers in mines, quarries, factories and trades, between the ages of 16 and 65 years	Employee, 15 bani per week Employer and State each contribute the same amount 1 lei = 9½d.	(a) Old-age pension at age 65, after 1,200 weekly contributions, 150 lei per annum, but if pensioner is unable to work, this amount is increased by 10 bani for each week of contributions in excess of 200 (b) Invalidity pension, after 200 contributions, on same basis
Russia	1922 Administered in accordance with instructions issued by the Council of People's Commissaries, the Council of Labour and Defence and the People's Labour Commissariat	All workers in all undertakings	Insurance contributions borne by employers solely	The scope and form of old-age and invalidity pensions are determined by the Council of People's Commissaries.

COMPENDIUM OF ACTS RELATING TO OLD-AGE, INVALIDITY, AND SURVIVORS' BENEFITS IN VARIOUS COUNTRIES—
continued.

Country.	Date of Original Act and Method of Organization.	Scope of System.	Sources of Income.	Benefits.
B—COMPULSORY INSURANCE—continued.				
Spain	1919 National Institution of Public Welfare Savings banks collaborating with the institution in each province Supplementary Insurance Institutions	All wage-earners between the ages of 16 and 65 years, whose annual incomes do not exceed 4,000 pesetas	For persons under 45 years of age (i) State, 12 pesetas per head annually (ii) Employer, balance necessary to provide initial pension (iii) Initial pension converted into normal pension by contributions from insured persons For persons over 45 years of age contributions paid into savings bank Contributions may be supplemented by regional, provincial, or municipal authorities	(a) Initial pension, at 65 years' 365 pesetas per annum, increased by contributions to maximum of 2,000 pesetas or to capital sum of 5,000 pesetas payable at death (b) If amount in bank insufficient pension brought up to 180 pesetas by the National Institution for Public Welfare (c) In case of invalidity, capital may be repaid or pension provided by the institution (d) Premiums refunded with interest if insurer dies before reaching 65 years 1 peseta = 9½d.
Sweden	1913 Pensions Board, with subsidiary committees in parishes in rural areas, in towns and in market towns	Every Swedish man and woman between the ages of 16 and 66 years Insurers classified according to annual incomes	Basic annual premium of 3 krona payable by each insured person Annual premiums of from 2 krona to 30 krona from persons whose incomes range from 600 krona to over 10,000 krona State subsidy. Bonuses on pension of 225 krona for males and 210 krona for females with incomes of less than 425 krona and 400 krona respectively. One-eighth of these are paid by both provinces and communes	(a) Old-age pension at age 67 according to age at entry, from 70 to 15 per cent. of contributions for males and from 56 to 12 per cent. for females (b) Invalidity pension, at any age over fifteen years, on same basis as old-age pension. The bonus is also granted where no contributions have been paid 1 krona = 1s. 1½d.
Switzerland— Canton Glaris	1916 Old-age and Invalidity Insurance Fund Communal councils Ministry of the Interior State Council	Every person, between the ages of 17 and 50 years domiciled in the Canton	Insured person, 6 francs annually or lump sum of from 125 to 470 francs according to age Cantonal subsidy of 85,000 francs annually Communal subsidy, 1 franc per head of population annually Interest, donations and legacies	(a) Old-age pension, at age 65 after payment of 400 francs in contributions or lump sum; 180 francs per annum for males, 140 francs for females per annum (b) Invalidity pension, after five years' contributions; 150 francs per annum, increasing by 10 francs for each year to maximum of 300 francs for males and 250 francs for females 1 franc = 9½d.
United Kingdom and Ireland	1911 Same as sickness insurance	Same as sickness insurance	Included with contributions to sickness insurance	Invalidity Benefit. After expiration of 26 weeks' sick benefit, 7s. 6d. per week during disablement, provided 104 weeks' contributions have been paid
C.—NON-CONTRIBUTORY PENSIONS.				
Australia	1908 (N S W and Vic., 1901; Qld., 1908) Commissioner of Pensions, with Deputy Commissioners in each State	Persons—(a) residing in Australia; (b) resident for 20 years for old-age pension, five years for invalidity pension; (c) of good character; (d) not possessing over £400 in property	Commonwealth bears whole cost of pensions	(a) Old-age pension, at age 65, for males, and age 60 for females, £45 10s. per annum. Total income (including pension) not to exceed £78 (b) Blind persons, same pension Income (including pension) not to exceed £221 per annum or amount of basic wage (c) Invalidity pension, after age sixteen, of same amount as old-age pension
Belgium	1920 Communes divided into classes— (a) with over 25,000 inhabitants (b) with from 5,001 to 25,000, and (c) with 5,000 or less Department of Industry, Labour and Supplies pays pensions	Every Belgian resident in Belgium before the 1st January, 1858, who has not means equal to or greater than the amount of the pension	State pays five-eighths, provinces one-eighth and communes two-eighths of the cost of pensions	Old-age pension, in communes— (a) 720 francs, (b) 660 francs, (c) 600 francs per annum payable at age 65 1 franc = 9½d.

CONSPICUOUS ACTS RELATING TO OLD-AGE, INVALIDITY, AND SURVIVORS' BENEFITS IN VARIOUS COUNTRIES—
continued.

Country.	Date of Original Act and Method of Organisation.	Scope of System.	Sources of Income.	Benefits.
C.—NON-CONTRIBUTORY PENSIONS—<i>continued.</i>				
Denmark	1891 Ministry of the Interior Communal authorities	Every person in possession of national rights and resident for five years, if of good character and not in receipt of poor relief, nor with income equal to half pension plus 100 kroner	The cost of pensions is borne by the communes, but the State Treasury refunds seven-tenths of the expenditure	Old-age pension, at age 65 years, from 1,008 kroner to 600 kroner per annum according to the place of residence for a married couple, from 652 kroner to 402 kroner for a bachelor and from 605 kroner to 300 kroner for a spinster 1 kroner = 1s. 1½d.
France	1905 Ministry of the Interior Departmental authorities Communal authorities	Every Frenchman, without permanent resources, who is not in a position to earn a living by work and is over 70 years of age	The payment of pensions depends on the domicile of the pensioner; generally communes are responsible for it, otherwise the Departments The State defrays the cost for those who do not belong to a commune or department, subsidises communes and pays the cost of administration	Old-age pension, from 5 francs to 20 francs per month. No deduction made where income is less than 60 francs per annum or 120 francs if three children have been reared. Whole income, including pension, must not exceed 475 francs per annum 1 franc = 9½d.
Holland	1919 State Insurance Bank	Every inhabitant, who at the 31st December, 1919, was over age 65, and not in receipt of a pension and who was not assessed for property tax or income tax on 1,200 gulden	The cost of pensions is defrayed by means of an annual subsidy from the State	Old-age pension, 3 gulden per week for single person, 2.50 gulden each for a married couple 1 gulden = 1s. 8d.
New Zealand	1898 Government	Residents of New Zealand for 25 years, of good character, without income exceeding £78 if single, £130 if married, and without property exceeding £350 in value	The cost of pensions is borne by the State	(a) Old-age pension, at age 65 for males, or age 60 for females, £39 per annum. Total income, including pension, not to exceed £78 (b) Widow's pension, with one child under age 14, maximum £39 per annum, plus £19 10s. for each additional child under age 14
Norway	1923 State Insurance Office Municipal Old-age Assistance Commissions	Norwegian citizens, who have resided in the country for one half of the period since attaining the age of 16 years	Pensions are paid by municipalities, the State refunding 50 per cent. up to a maximum of 300 kroner for a single person, and 450 kroner for a married couple 1 kroner = 1s. 1½d.	Old-age pension at age 70, an amount corresponding to 60 per cent. of the discrepancy between the income of the beneficiary and a basis securing 60 per cent. of the necessities of life
United Kingdom	1908 Local Government Board with local pension committees in the larger Boroughs and Urban Districts	British subjects of ten years' standing, resident for twelve years before attaining age of 50, or, if naturalised, resident for 20 years, and with income not exceeding £49 17s. 6d.	Pensions paid by Government	Old-age pension at 70 years, 10s. per week, where income does not exceed £26 5s., reduced by 2s. per week for every £5 5s. in excess

1926.

COMMONWEALTH OF AUSTRALIA.

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SECOND PROGRESS REPORT

OF THE

ROYAL COMMISSION

ON

NATIONAL INSURANCE.

UNEMPLOYMENT.

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ROYAL COMMISSION ON NATIONAL INSURANCE.

SECOND PROGRESS REPORT.

To His Excellency the Right Honorable JOHN LAWRENCE, BARON STONEHAVEN, a Member of His Majesty's Most Honorable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Distinguished Service Order, Governor-General and Commander-in-Chief in and over the Commonwealth of Australia.

MAY IT PLEASE YOUR EXCELLENCY.

We, your Commissioners, appointed by Letters Patent to inquire into and report upon :—

- (a) National Insurance as a means of making provision for casual sickness, permanent invalidity, old-age, and unemployment; and
- (b) the operations of the maternity allowance system, with a view to the incorporation with National Insurance of a scheme for securing effective pre-natal and other assistance to mothers; and
- (c) the question of amending the *Invalid and Old-age Pensions Act 1908-1923* so as to provide for the payment of destitute allowances,

have the honour to submit to Your Excellency our Second Progress Report.

In our First Progress Report certain recommendations with respect to the questions of casual sickness, permanent invalidity, maternity, and old-age were submitted.

The taking of evidence relative to the question of unemployment has now been completed. Every effort has been made to obtain accurate data as to the volume and extent of unemployment in the various industries throughout Australia and for this purpose the statistical departments of the Commonwealth and the States, together with the trades and labour councils, the principal trade unions, the State labour exchanges, and the various charitable and other organizations which dispense relief were asked to submit details as to their operations and functions so far as unemployment was concerned. A questionnaire was also forwarded to the secretary of every trade union in Australia asking for certain information with respect to unemployment amongst members during the year. A total of 154 witnesses was examined, comprising representatives of the various organizations as follows:—Trade unions, 60; employers' associations, 30; charitable organizations, 19; child welfare departments and destitute boards, 8; pensions departments, 10; Government labour exchanges, 6; returned soldiers' organizations, 8; and other organizations, 13. The number of witnesses examined in each State was as follows:—New South Wales, 54; Victoria, 20; Queensland, 14; South Australia, 22; Western Australia, 29; and Tasmania, 15.

It was ascertained that the States do not collect complete data as to unemployment, but the Commonwealth Statistician, since the year 1912, has regularly collected information as to the prevalence of unemployment amongst members of certain trade unions throughout Australia. These statistics are derived from quarterly reports made by trade union secretaries, showing the total membership of their unions and the number of members who were out of work for three days or more during the last week of the middle month of each quarter, excluding persons out of work through strikes and lock-outs. They are thus point statistics and refer to a particular week only and not to the experience for the whole quarter. The annual average percentage of unemployment is based thereon and is the average of the four quarterly returns.

The trades and labour councils in some instances have endeavoured to tabulate statistics of unemployment based on figures also supplied to them by the individual unions, but it has not generally been found possible to obtain accurate particulars and the collection of this information has been discontinued in most States. The returns furnished by the trade unions are in most cases estimates only based on the secretary's general knowledge of the position.

In the year 1925, there were 743 unions in Australia with a total membership of 795,722 and for the first quarter of 1926, 371 unions, representing a total membership of 415,612, furnished unemployment returns to the Commonwealth Statistician; unions whose members are casual workers, such as wharf labourers and rural workers, or who are in regular employment such as railway and tramway employees and public servants, are excluded. It has been suggested that the percentage of unemployment ascertained in this manner approximates closely to the percentage of unemployment generally, and that it can be taken as definitely indicating the trend of unemployment from one period to another since the data are derived in each case from the same sources. It does not necessarily follow, however, that the rate so ascertained is a fair average applicable to all employees in Australia, totalling 1,648,000.

At each census every individual in Australia was asked to furnish particulars with respect to unemployment at the time of the census, and the results so obtained approximated closely to the percentage of unemployment derived from the quarterly returns from trade unions; the last census in 1921 showing 10·2 per cent. unemployed and the trade union returns 11·4 per cent. An analysis of the census returns, however, shows that 29 per cent. of the unemployed stated the cause of their unemployment as either illness, accident, or old-age.

Some unions keep a record of the employment of members, but many do not as it is practically impossible for them to obtain accurate data from members. Several unions keep an unemployment register, but the average unemployed member does not sign regularly and many do not advise when they obtain employment, especially those in outlying districts. In those unions in which contributions are not payable by members when unemployed, it is to the member's interest to register, but such registrations would only benefit financial members who desired a remission of the union subscriptions. Most establishments of any size have a union representative who is able to check the returns, and from such information the unemployment register is periodically adjusted.

In the case of unskilled workers a man may look to several industries for employment and may in some instances be a member of more than one union. In one of the largest unions the members are nomadic workers and travel from job to job, and it is extremely difficult for that union to trace its members from place to place and also to ascertain definitely the number of members in any particular district at any time as they register their addresses as the place in which they are then working. Craft union members are in a different position, as they generally follow a particular class of work, but it is difficult to get them also to register, although they are asked to do so. It is thus impossible in most cases to ascertain accurately the number unemployed; the union secretary, except in the case of some skilled workers, being only able to make an estimate. The returns submitted are useful only from the point of view that they represent as fair an estimate as can be obtained under the present circumstances.

The Government Labour Exchange in New South Wales asks the unions to furnish unemployment statistics each month, but some unions do not forward the required information although it is known that unemployment exists amongst their members. It is stated that those returns, together with information obtained from the country agencies of the labour exchange and from newspaper and police reports, enable the position to be ascertained. The accuracy of the union returns is checked by the labour exchange's demand for and the supply of labour each month. Casual workers are not classified by the exchange as unemployed, but as part-time workers, whilst the union figures are said to include part-time workers in addition to the wholly unemployed. It was stated that certain unions have been known to inflate their figures, and that in some cases where there has been an absolute shortage of men the returns furnished at the end of the month by the unions have been such as to indicate unemployment which was known not to exist. Some witnesses expressed the opinion that the unemployment returns supplied by the unions were not the correct figures because it might be injurious to supply them. The exchange figures have been checked when there has been a complete call up by the Government when providing relief works to absorb the unemployed, and have then been found to be almost exact. In some States an unemployed union has been formed for the purpose of organizing the unemployed, but the representatives are unable to supply independent data.

The unemployment statistics of the labour exchanges in most States, however, cannot be regarded as a complete statement of the general unemployment existing at any time as a great number of tradesmen exhaust every possibility of obtaining work in their own trade before registering at the Government labour exchanges for employment, as they do not look with favour upon those exchanges. In most States the exchanges have no definite means of ascertaining the number of unemployed, as they collect particulars with respect to only those who register at the exchange, the majority of whom are nomadic and unskilled workers.

The various employers' associations were unable to furnish statistics of unemployment, as they have no means of ascertaining such information.

It will thus be seen that it has been a very difficult matter to obtain statistics which are sufficiently accurate and complete to enable a reliable decision to be made as to the volume and extent of unemployment in the various industries throughout Australia, but the results of our detailed inquiries and the conclusions at which we have arrived after consideration of such data as has been made available are submitted hereinafter.

1. VOLUME OF UNEMPLOYMENT IN AUSTRALIA.

(a) GENERAL STATISTICS.

The statistics of unemployment compiled by the Commonwealth Statistician show that for the period from 1891 to 1913 the volume of unemployment amongst trade unions reporting amounted to 10 per cent. of their total membership in only one year, 1896. The subsequent period from 1914 to 1925 was so affected by the war of 1914-18 and the exceptional circumstances of the post-war period of 1919-21 that it is impossible to make any detailed conclusions as to the unemployment tendencies in Australia. During the fourth quarter of the year 1924 and the second quarter of 1925 unemployment reached disturbing proportions; the estimated percentage of unemployed having been exceeded only at two periods since the year 1901, viz.:—during the three quarters following the outbreak of war in 1914, when trade and commerce were dislocated and during the three quarters following the burst of the trade boom in 1920. It has been estimated that the average pre-war percentage of unemployment amongst unions reporting was about 5 per cent., with an increase to 6 per cent. during the war period of 1914-18, and a somewhat similar increase during the post-war period. In reply to a questionnaire forwarded to the various trade unions, particulars with respect to unemployment amongst members were furnished by unions representing a total membership of approximately 200,000; from the particulars furnished the average unemployed was estimated as being 6.7 per cent.

During the first three years of the post-war period the highest average percentage of unemployment in all the States in each year was experienced in Queensland, and in each of the last four years in New South Wales. A comparison of the percentage of unemployment in the year 1913 with that for 1925 in each State shows an increase in New South Wales from 5.7 per cent. to 10.9 per cent.; Victoria from 7.4 per cent. to 8.6 per cent.; Queensland from 5.6 per cent. to 6.5 per cent.; Western Australia, from 5.8 per cent. to 6.1 per cent.; Tasmania from 4.7 per cent. to 7.9 per cent., and in South Australia a decrease from 8.3 per cent. to 4.3 per cent. Between these years considerable fluctuations took place from year to year in most States; the trend of unemployment being somewhat similar throughout all the States generally, although the extent of the fluctuations varied in the several States. The greatest fluctuations were experienced in the two periods 1914-16 and 1921-23.

The unemployment estimates being made in the middle month of each quarter, the results should furnish some indication of seasonal variation in unemployment, but it is apparent from an examination of the quarterly percentages of unemployment for the period 1913 to 1925 that the volume of unemployment does not regularly vary in the four quarters in each year, but that the general trend of unemployment in the respective quarters from year to year is somewhat similar and has been affected more, throughout most of the year, by other than seasonal influences.

In response to a questionnaire, 104 trade unions with a total membership of approximately 165,000, furnished particulars with respect to the periods of the year in which their respective trades were normal, active or slack. From the information furnished the following table was prepared showing the percentage of members employed, classified according to the state of trade in each month:—

Month.	Percentage of members engaged in trades which were—		
	Normal.	Active.	Slack.
	%	%	%
January	16	31	53
February	40	23	37
March	75	15	10
April	79	12	9
May	70	9	21
June	22	35	43
July	19	36	45
August	24	36	40
September	38	42	20
October	44	50	6
November	23	63	9
December	17	72	11

The particulars furnished in respect of unemployment amongst members of trade unions are not sufficiently detailed to enable the experience of skilled workers to be distinguished from that of unskilled workers. At the time of the census of the 4th April, 1921, a total of 137,675 males and 21,405 females stated that they were unemployed. The census returns show that 42,021 males, equivalent to 30·5 per cent. of the total males unemployed, stated their occupation as that of "labourer" (industry undefined); a comparison with the total number of persons enumerated under this heading indicates that 44·4 per cent. of the labourers (undefined) in Australia were unemployed at the date of the census. This apparently high rate of unemployment is said to be due to the fact that particulars were not furnished which would enable those labourers to be allotted to their respective industries. The experience of the operations of the Government labour exchanges in the several States, however, indicates that from 55 per cent. to 60 per cent. of those who register for employment are general labourers; the percentage is even higher in some States in which the great majority are registered for labouring work. There is no doubt that the casual and unskilled labourers constitute the greatest difficulty in the unemployment problem.

General statistics of unemployment are not a reliable index of unemployment throughout the various industries, as the unemployment risk varies appreciably with each industry. The trade union returns for the fourth quarter, 1925, show that the percentage of unemployment in the various industrial groups was as follows, viz.:—Food, drink, tobacco, &c., 10·9 per cent.; wood, furniture, &c., 8·0 per cent.; engineering, metal works, &c., 7·5 per cent.; mining, quarrying, &c., 7·2 per cent.; land transport, excluding railways and tramways, 5·2 per cent.; building, 5·0 per cent.; clothing, hats, boots, &c., 3·3 per cent.; books, printing, &c., 1·8 per cent.; and other manufacturing, 10·9 per cent.

The 1921 census returns show that the following numbers were unemployed in the various occupational classes, viz.:—Males—professional, 2,647; domestic, 3,359; commercial, 13,868; transport and communication, 10,944; industrial, 81,373; primary producers, 24,354; and occupations unspecified, 1,130. Females—professional, 2,021; domestic, 8,223; commercial 3,658; transport and communication, 98; industrial, 7,185; primary producers, 59; and, occupations unspecified, 161. The percentage unemployed in the various classes was:—Males—professional, 3·0 per cent.; domestic, 9·7 per cent.; commercial, 7·2 per cent.; transport and communication, 6·3 per cent.; industrial, 16·1 per cent.; primary producers, 8·4 per cent.; total males, 10·7 per cent. Females—professional, 3·7 per cent.; domestic, 5·9 per cent.; commercial, 5·3 per cent.; transport and communication, 1·4 per cent.; industrial, 7·0 per cent.; primary producers, 2·0 per cent.; total females, 5·7 per cent. It will thus be seen that the greatest volume of unemployment at the time of the 1921 census was amongst industrial workers.

Although the particulars of unemployment furnished by the trade unions relate to those who were out of work for three days or more during a specified week in each quarter, yet it is not possible to ascertain from their records the average duration of unemployment in the various industries in each year. At the date of the 1921 census, of 137,675 males unemployed, 22,029 stated that they had been out of employment for a period of less than 10 days; from 10 to 19 days, 18,910; 20 to 29 days, 12,787; 30 to 39 days, 10,173; 40 to 49 days, 6,103; 50 to 59 days, 3,759; 60 to 69 days, 5,756; 70 to 79 days, 4,181; 80 to 89 days, 2,405; 90 days and over, 30,501; period not stated, 20,671. These figures include 36,423 males, who stated that their unemployment was due to sickness, accident or old age. Of the total number of males unemployed 16·0 per cent. were unemployed for less than 10 days, 39·0 per cent. for less than one month, 14·5 per cent. between one and two months, and 8·9 per cent. between two and three months. Excluding those unemployed for over three months the average period of unemployment for males was 28 days. Of the 21,405 females unemployed 3,419 stated that they had been out of employment for less than 10 days; from 10 to 19 days, 2,870; 20 to 29 days, 1,983; 30 to 39 days, 1,591; 40 to 49 days, 997; 50 to 59 days, 624; 60 to 69 days, 917; 70 to 79 days, 673; 80 to 89 days, 341; 90 days and over, 4,513; period not stated, 3,477. These totals include 9,868 females who stated that their unemployment was due to sickness, accident, or old-age. The percentages of females unemployed for the various periods correspond closely to those for males, 16·0 per cent. having been unemployed for less than 10 days; 38·7 per cent. for less than one month; 15·0 per cent. between one and two months; 9·0 per cent. between two and three months; and 21·1 per cent. over three months. Excluding those unemployed for over three months the average period of unemployment was 28 days in the case of females also.

The 1921 census results show that of 159,080 who stated that they were unemployed at the time of the census, 20,221, or 12·7 per cent. were under 20 years of age; 47,353 or 29·8 per cent., aged 20 to 29 years; 31,589 or 19·9 per cent., aged 30 to 39 years; 23,045 or 14·5 per cent., aged 40 to 49 years; 20,122 or 12·6 per cent., aged 50 to 59 years; 8,546 or 5·4 per cent., aged 60 to 64 years; and 7,809 or 4·9 per cent., aged 65 years and over. It will thus be seen that

42.5 per cent. of those unemployed at the census of 1921 were under 30 years of age; the largest number of whom were males between the ages of 20 and 25 years, who totalled 20,650, representing nearly 10 per cent. of the total male population in that age group.

(b) PRIMARY INDUSTRIES.

Unemployment is usually regarded as having reference to the cities only as it is there that the majority of the unemployed usually congregate. The demand for labour in the country generally exceeds the supply, and if an experienced man wants work in the country, he can practically always obtain employment, except in periods of drought and in bad seasons. Usually there is a big demand for farm youths and a considerable number could be placed if they were available. Periods often occur when farmers are unable to obtain the required experienced labour; sufficient labour is generally available, however, for shearing and cane-cutting, as the high wages paid at such times attract a considerable number of town workers into the country; practically all such work being done at piece-work rates. It used to be the custom for a large number of men to travel from the other States for the cane-cutting season, but that is now altering and the majority of labour required is obtained locally. When the season is over some avenues for employment are available, and some of these workers remain in the country and obtain other employment, but the majority return to the cities.

It is customary in the rural industries to permanently employ a certain proportion of married men, who reside with their families upon the stations and farms, and whose wives and families are frequently employed also and paid for their services, and also a certain proportion of single men. These permanent employees continue in their employment so long as they are willing to stay and give satisfaction. A considerable amount of pastoral, farming and dairying work is done by members of the family of the owner of the property, and this is neither looked upon nor treated as ordinary employment. Certain classes of station and farm work, such as dam-sinking, well-boring, fencing and clearing are usually done by contract arrangement, the contractor engaging his own employees. A large proportion of rural work is done on the share-farming system, as it is found impossible to obtain sufficient satisfactory labour to carry on farming operations in any other way. The bulk of the work is confined to certain months of the year, but during the slack seasons many workers are able to find other employment in the country until the next season's operations commence, as the peculiarities of Australia tend to reduce unemployment amongst rural workers. Statistics show that comparatively little variation has taken place since 1912 in the total number of persons engaged in rural occupations, the totals for 1912 being—males, 338,384; females, 113,724; total, 452,108; and for the year 1923-24 males 367,233; females, 91,187; total, 458,420.

Employment in the coal trade is intermittent, some of the collieries work fairly regularly, but others do not average four working days a week. Both skilled and unskilled workers are at times idle, and in the winter trade is usually slack. About 75 per cent. of the employees in the industry in New South Wales are engaged under contract. In Broken Hill the supply was about equal to the demand, miners were wanted, but unskilled labour was available, there being little unemployment owing to the activity of the mining companies and the prices of metal.

The goldfields of Australia depended at one time in most instances solely upon the mining industry, and according to the fluctuations of that industry, so the number of unemployed in the district increased or decreased. Nowadays, however, industries have been commenced which provide other avenues of employment. Throughout Australia generally there has been a considerable decline in gold-mining, and consequently in the number of men employed; in Western Australia the number employed decreased from 13,204 in the year 1912 to 5,122 in 1924, and is still diminishing. This reduction, however, has been gradual, and most of those who left the industry have been absorbed in other employment. A comparison of the census records for the years 1911 and 1921 shows that 2.4 per cent. of the population of Australia was employed in the mining group in the year 1911 and 1.2 per cent. in 1921.

(c) SECONDARY INDUSTRIES.

A satisfactory comparison is not possible as to the position in one trade with that in another as the continuity of employment varies in the several trades. In most of the States considerable unemployment is experienced at times in the manufacturing industries which are dependent to a certain extent on finance.

The boot trade and the textile industries are of a seasonal nature and are specially subject to the vagaries of the industrial and financial weather as regular rush periods take place in each season annually. At certain periods manufacturers work overtime in order to complete the orders received from the warehouses or retailers, and usually when these orders are fulfilled there is quite a slump in the factories for the time being, a large percentage of the operatives are then either

out of work or working part-time. Importations from overseas have a certain effect upon the trade, whilst in some States interstate importations also have an appreciable influence. Part-time employment is put into operation at certain periods, and a number of factories close down for a period ranging from a fortnight to a month at Christmas. The percentage of unemployment in these industries, for the fourth quarter of the year 1925, however, was considerably lower than the average for the two previous years.

Owing to the abnormal conditions which have been associated with the pastoral industry severe unemployment has been experienced in the meat industry. The flour milling industry is of considerable dimensions and is of a somewhat seasonal nature; during the slack season little suitable work is offering elsewhere. The average unemployment amongst employees in the food and drink industrial group in the year 1925, although less than that for 1924, was higher than that for all industrial groups.

The iron, steel and engineering industry is one of the basic secondary industries, and should be most prosperous, as Australia is so advantageously situated as regards raw material for its development, and notwithstanding the measure of protection provided, yet there is a fairly large percentage of unemployment at the present time. Employment in the iron and steel industry, taken over a number of years, is somewhat intermittent. During the slump periods the employers take advantage of the circumstances to make alterations to plant and to install changes of machinery. This industry cannot carry many old men as a large percentage of the workers are of little use for this class of work when they reach middle age. In the smelting industry, a considerable number of foreigners are continuously employed, and although a number of men are generally seeking work at the smelter gates, yet seldom do they include other than foreigners amongst them. The volume of unemployment in the engineering group during 1925 was appreciably less than that experienced in the previous year.

The number of unemployed in the timber trades at the end of 1925 was considerably in excess of that for previous years, as there has been a depression in the industry in recent years.

The building trades can be divided under two headings, building workers engaged in industries and building workers engaged in construction; the former, although representing the minority, are practically permanent employees; the greater number, however, are engaged on construction work which constitutes intermittent employment. During the winter months there is a reduction in the amount of employment offering. During the first three quarters of 1925 this industry experienced considerable unemployment, but there was an appreciable improvement at the end of the year, although conditions were not as favorable as those which obtained in 1923. This industry is dependent to a great extent upon the prosperity of other industries.

Employment in the brick and tile industry has varied considerably in recent years, and employers have been compelled to close down their works on occasions, owing to the accumulation of stocks. Employers are generally reluctant to close their works and stack their yards to the utmost capacity, in the expectation of trade becoming brisk again.

Generally the percentage of unemployment amongst skilled workers is not high, whilst in some industries sufficient skilled men are not always available.

(d) OTHER EMPLOYEES.

Since the various forms of trade and commerce are interdependent it follows naturally that slackness in one branch affects others. Consequently, any depression in the primary or secondary industries is soon reflected in the volume of unemployment amongst those usually employed on transport and communication, in commercial enterprises and professional occupations. Although the total number of persons employed in the professional, commercial and transport groups in Australia combined approximates to the number engaged in the industrial group, yet the unemployment experience of the latter is generally more severe, as many of the former are engaged in practically permanent employment.

Domestic service, except at high rates of wages and under the most favorable conditions, is not attractive nowadays; employment in factories or shops being preferred. It is almost impossible to obtain good domestic labour in either the metropolitan areas or country districts, and every domestic who arrives from overseas is placed in employment almost immediately. During the year there is practically constant employment for most of those engaged in hotels, cafés, tea-rooms, restaurants, coffee palaces and boarding-houses, whilst for a certain period the supply of labour is not always equal to the demand.

RECOMMENDATION.

In most industries where trade fluctuates, there is a small number above those who find employment, except in busy periods. During most of the year there is usually employment for the great majority of willing and employable men, but on the other hand, during certain months of the year, there is a varying tide of unemployment. These ever-recurring periods of

unemployment represent a serious loss, not only to the worker, but also in the country's productivity as the result of a percentage of the available labour forces being periodically idle. It is, therefore, obvious that a steady and systematic increase in production cannot be anticipated until methods are devised by which the supply of labour is more fully utilized. The whole community realizes the evils that arise from unemployment; every employed man or woman is an asset to the nation, everyone unemployed is a liability.

Your Commissioners recommend that, although it is not possible to obtain exact figures as to the volume and incidence of unemployment in the various industries throughout Australia, sufficient evidence is available to indicate that unemployment is a prevalent factor in some industries in certain periods of the year and that action should be taken by the Commonwealth Government towards minimizing the risks of unemployment and towards the provision of relief of distress arising therefrom.

2. CAUSES OF UNEMPLOYMENT.

In order to ascertain whether the risks of unemployment are such as could be covered by a system of insurance, it was essential that information be obtained as to the factors which affected those risks. A considerable amount of data and numerous opinions and suggestions have been submitted relative to the various factors which tend to cause unemployment and also with respect to the methods by which those risks may be lessened. According to the 1921 census results, of 159,080 persons recorded as unemployed, 74,843 or 47·1 per cent. stated that their unemployment was due to scarcity of employment; 39,350 or 24·7 per cent. to illness; 4,802 or 3 per cent. to accident; 4,539 or 2·9 per cent. to industrial disputes; 2,139 or 1·3 per cent. to old-age; 25,991 or 16·3 per cent. to other causes; and 7,416 or 4·7 per cent. cause not stated; taking all the causes into consideration 29 per cent. of the unemployment in Australia at the time of the 1921 census was stated to be due to sickness, accident or old-age.

Unemployment in Australia may be generally classified under two main headings:—(i) unemployment as the result of casual sickness, permanent invalidity or old-age, and (ii) unemployment of those who are physically fit for work. The former class comes within the scope of the National Insurance Fund recommended in our First Progress Report and, when incapacitated for work as the result of those causes, will be eligible as insured members for the benefits recommended. The latter class includes those in seasonal and casual occupations, those in trades which regularly experience slack periods in each year, those who suffer from cyclical depressions in industry, and those voluntarily unemployed. The principal factors which influence unemployment in Australia are stated to be as follows:—

(a) SEASONAL AND CASUAL EMPLOYMENT.

Seasonal fluctuations in industry are one of the chief causes of unemployment. It is as difficult to reduce seasonal unemployment as it is impossible to regulate the demand for seasonal goods. The variation in the volume of our primary products in successive seasons entails a variation in the demand for labour in those, and allied industries. Many trades become slack during the winter and general labouring is also very quiet at that period of the year. As the wheat and wool are handled in the summer, there is consequently a marked difference in the supply of employment when that work is finished.

Industries dependent upon the seasons have their somewhat regular rush periods and depressions; in the busy season the work is concentrated into a short period, during which in some cases overtime and extra shifts are worked. In many trades which depend to a great extent upon seasonal industries the unemployment position has been accentuated by the growth of the seasonal industries in recent years. In some trades there is regular unemployment at Christmas time when in some cases all hands are out, and also in the middle of the year during the stock-taking period, whilst in other cases there is a periodical shut-down for the purpose of plant overhaul. In some industries, wet weather causes unemployment, whilst there is also considerable intermittency of employment arising from the time lost between the completion of one job and the commencement of another. In many instances seasonal workers obtain other employment during their slack period, whilst others only accept seasonal employment owing to its temporary nature.

The greatest proportion of unemployment is amongst unskilled and casual workers. The wages paid for unskilled work attract many young men into the ranks of unskilled labour, whilst the restrictions placed on the employment of apprentices also tend to increase the supply of casual labourers. As the result of their following blind-alley occupations they eventually become unemployed and have only a limited opportunity of obtaining continuity of employment.

Seasonal and casual employment, in many instances, are both taken into consideration by industrial arbitration tribunals in fixing wages.

(b) DROUGHTS AND ECONOMIC DISLOCATION.

Throughout all countries there are ever-recurring periods of prosperity and depression in trade and consequent prevalence of unemployment; this unemployment being principally confined to large centres of population. These bad times occur more frequently in some countries than in others and each in its turn possesses its own peculiar features as the result of complex and different circumstances associated with the international supply of and demand for goods.

In Australia in times of drought practically all industries are seriously affected and the dislocation which follows necessitates special machinery being provided to meet the exceptional circumstances of the time. No system of insurance could adequately provide for such a risk. The late war created considerable unemployment in many countries as men were displaced from their normal occupations and a post-war period of adjustment was necessary. Australia, however, was more fortunate in this respect and recovered its normal state more quickly than other countries, although the post-war economic position was surrounded by many difficulties.

(c) CURRENCY AND CREDIT.

The opinion has been expressed that the action of those who control the supply of currency and credit has an appreciable influence on employment, and that a restriction of credit is associated with a price fall and with an increase in unemployment whilst an increase in the supply of credit is associated with a price rise and with a reduction in unemployment. Further, that a restriction of credits may accelerate a crisis and that during periods when there is a lack of loan money owing to caution on the part of financial institutions there is a consequent increase of unemployment in some industries. Failure to deal satisfactorily with the exchange problem is also stated to affect employment. The responsibility for the oscillations in unemployment is said to rest with the currency authorities, the bankers, and the merchants, and it has been suggested that the Government should collect detailed statistics as to banking transactions, production, stocks, sales, &c., which will assist these authorities to forecast and minimize fluctuations in credit, and also that the various banks should be co-opted with a view to a solution of unemployment. The flotation of loans within Australia is also suggested as one of the reasons for unemployment, as this form of investment is attractive to many who would otherwise invest in buildings and industry. It is said to be the co-operation of the monetary authorities that has had the effect of producing an amelioration of the trade conditions in other countries.

Variations in the supply of credit have an important effect on trade fluctuations and on the volume of employment, but are usually dependent upon the relationship between the supply of and demand for commodities. The question of speculation also must be taken into consideration. There is no doubt that the question of providing adequate financial machinery to meet the necessary expansion of industry is of extreme importance and requires serious consideration. The fluctuations in industry would be considerably reduced if the monetary and banking system were so arranged as to lessen the oscillations in the cost of living.

(d) PRIMARY INDUSTRIES.

One of the peculiarities of this country is that considerable areas of suitable land are not as yet used in a productive capacity or utilized to the fullest extent. Some witnesses have stated that if more land were used for intensive production, and to the fullest extent, it would greatly relieve the unemployment that exists to-day, and the increased population that could then be absorbed would be a vast contributing factor, because of its consumptive capacity. Australia has an area of approximately 3,000,000 square miles and the average population is only about two persons to the square mile. Although a considerable amount of this country could not be utilized, yet on the other hand, there is an enormous area of suitable land which is not utilized or is put to a limited use only, and it is said that so long as large areas of productive land are held out of use unemployment will continue. Further, that the demand for land made available by the Government is considerably in excess of the supply. A large number of Australians would be only too willing to go on the land if it were made available at a reasonable price, and on reasonable terms, and would thus become producers of wealth and also employers of labour.

On the other hand, it is contended that the settling of any material number on the land is at present impracticable. With every year agriculture is becoming less and less an avenue for providing employment because of the increasing use of machinery. A smaller number of men is required to produce what are called the necessaries of life than formerly. At the census of 1911, 9.8 per cent. of the population was engaged in rural industries in Australia, and 8.8 per cent. in 1921, although the total area under crop rose from twelve to fifteen million acres during the intervening period. This involves an entirely different distribution of the labour forces of society. Some witnesses have expressed the opinion that it is not to the land that we must look mainly for avenues to provide employment, but to manufacturing industries. Further, that if

land were made available it might help to decrease the unemployment difficulty, but not to the same extent as if secondary industries were encouraged, and that it would not reduce unemployment in the manufacturing industries, although it would increase production. There is also the danger that if primary production is increased there may be over-production, with the consequent problem of obtaining sufficient overseas markets, owing to the fact that it is not possible to produce in certain cases in Australia as cheaply as in some countries. Australia being a great primary producing country, is seriously affected by frequent fluctuations in the volume of primary production which depend on climatic conditions, and such variations must necessarily have an appreciable influence upon the amount of employment available.

It is said that if land were made available in sufficient quantities it would not affect the unemployment question, as there is usually little unemployment in the rural industries. The labour exchanges generally experience difficulty in inducing men to accept employment in the country. There is usually a lack of labour for country work owing to the rate of wages and the difficulty of a married man maintaining a family in town on such wages. The hours to be worked and the smallness of the wage are not attractive. The majority of the unemployed have not sufficient experience which would enable them to obtain employment in the country; many show a great dislike to timber work and farm work, and young lads decline to accept such employment because of the wage offered and the lack of amusement in the country. Many workers will not stay in the country, but drift to the cities.

The quantity of coal being sold to-day in Australia is affected to a certain extent by the increasing number of oil-burning ships and vessels fitted with internal combustion engines. The export trade with the Pacific Coast of America has fallen off owing to the general use of oil. The China trade has also declined and a considerable portion of the Indian trade has been lost owing to the use of Japanese coal. The finding of good coal in South Africa, together with the installation of facilities for loading, has also reduced the sales from Australia. In the winter trade is usually slack up to about September or October, as the ships that come to lift the wool and wheat supply a very big part of the demand for coal outside of the normal interstate demand. In other mining industries the volume of employment in the mines depends upon the market price of the metals produced. Owing to war conditions and the inflation of paper currency gold has lost much of its purchasing power, and in addition the average cost of raising and treating a ton of ore has increased considerably. The gold producer cannot, as in other industries, pass on the increase in the form of an extra price, and consequently there has been a serious decline in the gold-mining industry in recent years with a considerable reduction in the number of persons engaged in the industry, as only the higher grade ore can, under the present conditions, be treated. In the mining industry, particularly with the alluvial mines, there is unemployment during a dry season, or at periods when there is insufficient rain.

(e) SECONDARY INDUSTRIES.

The main problem in connexion with unemployment is said to be in our secondary industries. At the date of the 1891 census, 13·2 per cent. of the population of Australia was employed in the industrial group and at the 1921 census the percentage was practically the same, 13·3 per cent. From the year 1901 to the year 1923-24 the total annual value of manufacturing production in Australia increased from £27,000,000 to £132,000,000. Some witnesses have expressed the opinion that Australia's progress in manufactures compared with that of other countries has been slow, whilst in some industries there has been a reduction in output in recent years. The majority of the exports comprise unmanufactured goods, whilst practically the whole of the imports consists of manufactured goods. Further, that the enormous and increasing volume of imports is one of the governing factors in the amount of unemployment, as under the present condition of affairs Australia is continually exporting raw material and importing the finished article, although it would seem natural that Australia, being a great primary producer, would make every endeavour to manufacture the required goods locally.

An abundance of raw materials is now exported which could be advanced several stages towards the finished article here; this is especially so in the woollen industry, and it has been stated that such a policy with respect to the export of semi-manufactured wool textile materials would provide employment for thousands of additional workers. The proceeds of Australia's wool, wheat and all other products exported are paid away for manufactured goods brought from other countries. More than three-quarters of the value of the wool clip is paid away for imports of apparel, textiles and manufactured fibres alone. Owing to the importation of timber which has been cut and milled by cheap foreign labour the local mills in many cases have been unable to successfully compete against the imported article. When imports flood the market of any industry the local product is no longer saleable at prices that will give a reasonable return, and the inevitable result is the discharging of operatives whose industrial training has been costly.

Although there are unemployed in Australia, yet an unprecedented volume of goods is flowing into this country from the other side of the world. Many of those commodities could be manufactured here, and indeed, in some cases, large and efficient plants have been erected specifically to do so, but are not fully utilized. The assertion has been made that while work is sent abroad that can be done locally, Australian enterprises must necessarily languish and Australian citizens be deprived of employment and that if this state of affairs were remedied ample employment would be provided. The real remedy for unemployment in Australia is said to be in the expansion of secondary industries. Workmen with the necessary skill are available in many instances and the placing of contracts in other countries deprives them of a considerable amount of employment.

With its comparatively small population Australia is not, as yet, able to manufacture certain commodities as cheaply as other countries which are able to dispose of their goods to all parts of the world, but that a large market already exists is indicated by the quantity of imports. Unfortunately, the locally made article often has to meet that unjustifiable prejudice which exists against Australian-made goods. There should be a national view in purchasing Australian goods and products of all kinds. It will be difficult for Australia to provide employment for her future increase in population unless there is extensive fostering of manufacturing industries, so that the local market may be secured to the local manufacturer in order that the advantages of volume production may be gained. If the standard of living in Australia to-day is to be maintained local manufacturers should be placed on an equal footing with overseas manufacturers by taking into consideration conditions and wages. It has been suggested that America's progress has been achieved under a protective policy framed to suit the American market to American manufacturers, and that Australia should follow that plan.

On the other hand, it is contended that even if manufacturers are encouraged to the utmost degree the planting of factories in this country will not cure unemployment, as the conditions in cheap labour countries would enable them still to compete with us; and that although secondary industries have been greatly expanded in other countries yet they still experience unemployment. It is also stated that the present protection is quite adequate but will, no doubt, require amendment as new industries are commenced, also that the tariff, whilst it may help manufacturers, is having a serious effect on primary industries, and further that it is useless to apply a tariff that is not a commercial proposition. There is, also, a point beyond which goods cannot be manufactured in Australia until such time as an export trade is established. In some industries the local demand for goods can be met in a few months and the manufacturer then has to look for overseas markets to provide sufficient trade for the balance of the year. Further, the serious difficulty has to be faced that Australia, being a great primary producer, must find an outlet for its products and thus the questions of overseas markets and exchange must be taken into consideration. Viewed internationally, however, a tariff is not a perfect instrument for remedying unemployment, because the logical sequence of stopping heavy imports into Australia would mean the causation of unemployment in the countries which had hitherto been exporting to Australia. Although the imports from cheap labour countries are increasing, yet the bulk of the imports are from Great Britain.

Australia's progress in manufactures is said to be retarded to a considerable extent by the cost of production brought about by the rates of wages and other influences which increase the cost of living to such an extent that the local manufacturers are unable to compete with overseas manufacturers. The opinion has been expressed that the conditions are more onerous than those in most countries and that if certain of them were removed there would be less unemployment. If trade is slack the cost of production arising from high wages must necessarily reduce the output. Production is also hampered by uneconomical methods of transport that make the expansion of industry extremely difficult. The basic wage system as at present constituted is said to have an effect on employment to a certain extent, as the consequence of any increase in the basic wage is at once seen in the cost of living which subsequently increases. The more the basic wage is put up, the higher the cost of living necessarily goes, and immediately the wage, which has been decided upon as adequate to supply the wage-earner with the necessaries of life, has been determined the rise in the cost of living takes the wage to a higher platform. Some witnesses consider that this system is calculated to fix a high cost of living which will tend to isolate Australia from the rest of the world and will interfere with the possibility of our successfully competing in overseas markets. Further, that certain industries have not been able to pay the basic wage and have declined.

The Australian manufacturer's overseas competitors have the privilege of employing men on piece-work rates and of employing semi-skilled workers. In Australia, however, there is not a general application of piece-work in the various industries owing to the fact that considerable opposition is raised to the basis of payment by results. It has been suggested that the adoption of piece-work would enable local manufacturers to compete with those overseas. Further,

that such a system would materially help the workers to obtain increased wages, would create better conditions and would also ensure better co-operation in reducing the cost of production and thus in increasing production. Piece-work will not, however, admit of application to certain forms of employment. Although the increased cost of production has, in some cases, decreased the amount of business, yet in other industries the busiest time ever experienced has been since the introduction of the wages awards.

Others have advocated that a reduction in the number of working hours might relieve the position to some extent, and that in certain industries the working of part-time has had an appreciable effect, but experience has proved, however, that the reduction of working hours has not prevented the periodical recurrence of unemployment.

It has been submitted that there are no well-ordered methods of production at the present time and that this unregulated and inefficient system of producing human requirements must lead to periodical depressions. Many factors are constantly operating on the economic machinery of the community, and when the resultant dislocations occur certain workers become unemployed. There is said to be considerable overlapping and duplication which causes unemployment and that a considerable number of men are now employed on work which would not be required under an efficient system. At times there is unemployment in some industries as the result of unbalanced production, whilst in other cases where there is restriction of output unemployment follows. It is stated that increased labour efficiency allied with machine power is responsible for a certain amount of unemployment, but the introduction of new machinery has given a great impetus to trade and has also reduced the cost of production whilst unemployment is, in many instances, no greater to-day than prior to the introduction of improved machinery. Notwithstanding that modern methods and plant enable one operative to produce much more than hitherto and the proportion of labour to output must consequently decrease, yet better organization of industry and a more effective use of plant and machinery would result in an increase in production and a consequent reduction in unemployment.

The present heavy importations from abroad from countries with a lower standard of living and with depreciated currencies, the maintenance of a desirable high standard of living in Australia, the continued payment of living wages and the provision of a fair and reasonable return for capital, all call for the most thoughtful consideration. It is essential that there be a proper adjustment between production and consumption. In Australia, where a high standard of living is in operation, fluctuations in industry have a very appreciable effect on unemployment. The fact that there is a limited local market must be recognized. A wide field of research is available with respect to the fluctuations in trade in order that a systematic attempt may be made to provide a basis for forecasting business conditions. There should also be an investigation and ascertainment of the normal amount of labour which each industry can carry. The lay-off in one industry may, as the result of organization, be absorbed by the busy period of another industry. The value of such investigations is appreciated in other countries, and it is imperative in Australia that similar research work should be put in hand by the Government. With Australia's vast natural resources it ought to be possible to produce and distribute at greatly lessened prices and on a much greater scale. The solution of the problem is said to be found in the full development of Australia's national and natural resources and in the scientific organization of production.

(f) INDUSTRIAL DISPUTES.

One of the causes of unemployment in Australia in recent years has been industrial unrest. Strikes and lock-outs are a peculiar feature of modern industry in many countries and form a reason for a number of unemployed, notwithstanding that tribunals have been established for the express purpose of settling industrial disputes. During the period from 1920 to 1924 inclusive, it is estimated that 7,796,760 working days and £6,285,574 wages were lost by workers directly and indirectly involved in industrial disputes in Australia. In some instances there has been very little unemployment which was not caused by industrial disputes in allied trades. Industrial unrest disorganizes the whole of industry with the result that many become unemployed and avenues of employment are closed.

(g) IMMIGRATION.

The statement has been made that unemployment is accentuated by immigration. In some States there has been a large influx of foreigners, a percentage of whom could neither speak nor understand the English language, yet these immigrants immediately on arrival were directed to industrial centres, timber areas and country districts where employment was found for them. The responsibility for placing assisted immigrants in employment rests with the immigration offices, and it is stated that a small percentage of the unemployed who apply at the labour exchanges for employment originally came from overseas as immigrants, work having been found for them in the country districts when they first arrived, but they drifted back to the city.

It has been suggested that foreign workmen should not be admitted into Australia until such time as all local workers are absorbed by a necessary extension of industries, and that, although a substantial increase in the population in Australia is a matter of necessity, yet before immigration is forced or assisted it should first be seen that local workmen are in employment, and also that a reservoir of employment is available for the absorption of immigrants as they arrive. British immigrants come, in the majority of cases, from industrial centres, and if these are to be encouraged as immigrants it will be necessary to foster secondary industries, otherwise many will swell the ranks of the unemployed in this country. There is no doubt, however, that as the result of immigration the volume of employment in some industries has been increased.

(h) PERSONAL CAUSES.

Unemployment is sometimes due to personal causes, such as inefficiency or improper conduct. The unemployment risk varies to a considerable extent with the characteristics of each individual worker. Some persons are always on the margin of unemployment; in bad times they are the first to be discharged, and in good times they are the last to be employed. Some are not so adept at their work and consequently find difficulty in obtaining continuous employment. In every large business there are certain employees who remain only for a while and then desire a change, whilst there are others who remain in practically constant employment throughout their working lives. A percentage of the unemployed has been incapacitated through industry, others are unemployable as the result of sickness or old-age. Although it is often difficult to find employment in the city, yet some prefer to be voluntarily unemployed in the cities rather than to accept employment in the country. Many of those engaged in seasonal industries are not physically fitted to undertake labouring work which may be offering at the end of the season.

In order that the unemployment problem may be adequately considered it would appear desirable that some attempt be made to ascertain details relating to the individuals unemployed, as their circumstances so far as health, physique, age, education and industrial training may, in some cases, have a direct relationship to their unemployment experience. The question of employability requires serious consideration. In certain industries action is being taken to withdraw those who are suffering from certain industrial diseases and in assisting them to obtain employment in healthier occupations. The unemployed to-day frequently becomes the unemployable to-morrow, because some deteriorate physically and morally when they are unemployed, as enforced idleness has a very harmful effect on some men. The unemployables, although not numerous, are said to constitute a serious problem, but many would, with a little patience, be restored to the ranks of the employable. It is suggested that their number is increasing rather than decreasing, and the experience of benevolent and benefit funds has shown that there are always instances where men will linger on the funds if they are allowed to do so.

Some unemployment is said to be inevitable and unavoidable, but a large proportion could be overcome if industry were classified according to the standard required for each occupation, as by this means many partly disabled and incapacitated workers could be absorbed into employment. The general tendency in modern industry is to minimize sickness and accident amongst employees, and similar efforts should also be made towards minimizing unemployment.

RECOMMENDATION.

It is obvious that it is not possible with the information at present available to calculate with any degree of certainty, as in the case of physical risks, the unemployment risk associated with each of the abovementioned factors. There is no doubt that a systematic enquiry into the unemployment experience in each industry would enable many of these factors to be minimized and probably in some cases to be practically eliminated. No combined effort has as yet been made by the employers, the employees and the Government towards a settlement of the unemployment problem. Insurance against unemployment does not alone provide a solution of the difficulty, as experience has shown that systems of unemployment insurance have not had any appreciable effect in reducing unemployment or in creating avenues for employment.

An enormous amount of research work has yet to be done in respect of the many factors affecting industry before the unemployment problem can be effectively grappled with, and your Commissioners therefore recommend that an Unemployment Council, comprising representatives appointed by the Government, the employers' organizations, and the trade unions should be constituted for this purpose.

3. RELIEF AVAILABLE FOR THE UNEMPLOYED.

(a) TRADE UNIONS.

Trade unions have not taken any concerted action in an endeavour to eliminate unemployment. Although voluntary provision for unemployment benefit has rarely been made by trade unions it cannot be inferred that the need for it has not been pressing. Unions generally make a rebate of contributions to members in respect of the time they are out of employment; the contributions being reduced or remitted and membership continued during the period of unemployment. There is no systematic method, generally, of providing unemployment funds, although in some cases there is a contingency fund from which members are entitled to receive grants, and to which members voluntarily contribute quarterly. Where an incidental or contingent fund has been established, cases of distress are relieved as long as the funds last, and then a levy is made. In some unions the rules will not permit a levy to be struck to meet distress, and in those cases the immediate requirements are met by voluntary effort within the union. A committee is usually appointed to investigate each case of unemployment distress, the amount granted as financial assistance varying in accordance with the circumstances of each case considered.

Where organized methods have been put into operation the unemployment benefit paid is usually on the basis of £1 per week to married men and 10s. per week to single men, and in some cases a child allowance is also paid. A member must usually have been idle for four weeks before receiving relief, must not refuse work if available, and must be a financial member of the union. It is usually provided that the member in receipt of financial assistance must sign the unemployment book a stated number of times each week. Some unions keep in touch with employers in order to obtain work for their members.

(b) CHARITABLE ORGANIZATIONS.

Many charitable organizations in the various States provide food or financial assistance to the families of the unemployed who are in necessitous circumstances. As the result of the operations of the various charitable organizations in the capital cities throughout Australia, there need be few persons in genuine distress who would actually go without some sustenance during periods of unemployment. This phase of the question will be dealt with fully in a subsequent report with respect to the question of the payment of destitute allowances.

(c) WAGES AWARDS.

All awards which have been issued since 1907 by the Commonwealth Arbitration Court are based upon the Harvester award, which is said to have consisted of £1 12s. 5d. to cover the cost of rent and food for the average family and 9s. 7d. to cover miscellaneous items. Many witnesses have expressed the opinion that the basic wage included some provision for loss of employment, and that by incorporating the basic wage every award of the court has automatically made provision for loss of employment, as in each subsequent award the basic wage has been increased in accordance with the increased cost of living, and the amount allowed for loss of employment has thereby automatically and proportionately increased. Further, that it must, therefore, be taken into consideration whether this payment during employment should not be regarded as an offset against any period of unemployment which may occur.

Arbitration courts have often been asked to include in awards an amount for unemployment, and under certain awards such provision is made in that a rate above the minimum standard is prescribed in each instance where there is casual or intermittent employment, or where time is necessarily lost through climatic or other conditions. The tribunals also make certain provisions with respect to payment for public holidays and to the payment of a weekly wage which tend to prevent loss of wages. The court has in many instances taken into consideration time lost for various reasons; in the case of wharf labourers the awards are based on an estimated loss of eighteen hours a week; the builders' labourers' award is based on an estimate that the time lost through wet weather and in travelling between jobs amounts to 12½ per cent.; in the shearers' award allowance was made for the time occupied in travelling from one shed to another, as the total amount of work available was considered on the basis of the actual time worked and the time occupied in travelling between sheds; those engaged as timber workers in the bush receive an additional 2s. per week to compensate them for lost time; in the flour-mill employees' award an addition of 2s. 6d. was made to the weekly wage to provide for time lost through mill breakdowns, illness, accident, or on account of mills not working at different periods; in the sugar industry, the shearing industry, and also in the meat export industry the daily or weekly wages prescribed are higher than those prescribed in respect of work of a more regular nature. Higher rates are generally provided for casual labour, and in the case of carpenters and joiners, timber workers, seasonal hands in the wool stores, and other casual labourers, the hourly rate is considerably higher than

that for weekly workers, and in the fruit-picking industry higher rates are fixed where the engagement is by the week; if engaged by the day the employees receive a further addition to the daily rate. The court also provided 3s. per week for contingencies to be added to wages, which is stated to constitute a contribution by employers towards the worker's sustenance when unemployed. Where workers are paid piece-work rates provision is made for time lost in waiting for work through any fault of the employer.

(d) GOVERNMENT RELIEF.

The problem of unemployment is neither a new nor modern difficulty in Australia, as over 40 years ago it was causing considerable anxiety, with the result that large sums were expended by the State Governments in maintaining a number of men on works which would not otherwise have been required for many years. The State Governments at present provide employment for increased numbers during the winter months, and this action, to a certain extent, relieves those suffering from seasonal unemployment; the organization of relief works under Government or local authorities being the means adopted to meet periods of severe unemployment. Unfortunately, relief work is often improvised as the emergency which calls for it arises, consequently the results obtained are not always satisfactory. Such emergency provisions do not represent a solution of the problem.

In some States food and sustenance are granted in cases of need by the Government to the unemployed and their families. The giving of food or sustenance money is not advocated, as it is stated that there is no other solution worth considering than that of providing work for the unemployed in order that they may maintain their self-respect and independence. There should be no payment without service in return, as the genuine unemployed wants work and not charity. Further, that it is undesirable to hand out charity to men willing to work when so much national work of a reproductive character is required to be done in Australia. It is contended that every person in the community should have the right to work, and that if a man is willing and able to work, and work is not forthcoming, then the Government should provide full sustenance for him and his family whilst he is unemployed. Full sustenance is said to be the basic wage which has been laid down as the minimum upon which the worker, his wife, and three children can exist, as any payment which amounted to less than the basic wage would be a direct blow at the standard of living. It is suggested that this financial responsibility would force the Government to provide work for the unemployed. The opinion has also been given that in view of the fact that the States have a closer view of local conditions, and also mostly control the land, railways, public works, and the systems of education and legislate in industrial matters, it appears that the unemployment problem might well be left for the respective States to deal with. There is no doubt, however, that the Commonwealth could usefully co-operate in this matter.

(e) QUEENSLAND UNEMPLOYED WORKERS' INSURANCE SCHEME

The Unemployed Workers' Insurance Act came into operation in Queensland on the 1st March, 1923. The object of the scheme is to provide a basis for the payment of sustenance to insured persons who are involuntarily unemployed. The fund is administered by an Unemployment Council, consisting of five members, viz., the Minister for Works, a representative of the employers elected by the employers' organizations, a representative of the employees elected by the trade unions, the Registrar of Friendly Societies, and the Director of Labour. The employees' and employers' representatives hold office for three years. The Act is broad and general, most of the administration being done by regulations. No amendments to the Act have been made, but several amendments to the regulations have been found necessary in the interest of efficient administration; such regulations being recommended by the Unemployment Council and made under Statutory Rules approved by the Governor in Council.

The scope of the scheme extends to all workers over eighteen years of age who are working in any part of the State under an award or an industrial agreement under the Industrial Arbitration Act. Agricultural workers, with the exception of those engaged in the sugar industry, are not included, although the question of bringing rural workers under an award and thus under the scheme is now under consideration. Many rural workers at some period of the year obtain employment in an industry which is covered by an award and thus accumulate contributions towards insurance benefit. Domestic workers are also not included. Certain voluntary contributors may be admitted to the scheme at the discretion of the Unemployment Council; such are not numerous, being those not covered by awards who have co-operated with their employers in asking to be admitted to the scheme as contributors on the same basis as other insured workers. Approximately 150,000 persons are at present insured under the Act, and it is estimated that about 75 per cent. are males and 25 per cent. females.

The Unemployment Insurance Fund is constituted by equal contributions from the employer, the employee, and the State. The rate of contribution is a flat-rate, irrespective of the age, sex, or occupation of the worker. Each insured employee contributes 3d. per week, the

employer contributes 3d. per week for each insured employee, and the Government adds 3d. per week for each insured member in a lump sum annually. With the exception of permanent employees of the State, contributions in respect of whom are credited direct to the fund by the Treasury, the contributions are collected by means of stamps, the employer purchasing the stamps at the various agencies established throughout the State and deducting the employee's contribution from his wages every pay-day. Stamps to the value of the employer's contributions are affixed to the wages sheets. A contributions book is supplied for each employee; the employer retains this book during the whole period of the worker's engagement, and immediately after each pay-day affixes to the book stamps to the value of the amount of contribution deducted from the employee. Every employer of labour must furnish an annual return showing the number of workers employed, the classes of employment, the wages earned, and the contributions to the Unemployment Insurance Fund during the year. No contributions are payable in respect of the unemployed. The rate of contribution can be varied at the discretion of the Unemployment Council, but no alteration has been made, as it has been found possible to finance the scheme on the original rate of contribution.

Contributions for the four months 1st March, 1923, to 30th June, 1923, were as follows:—workers and employers, £41,952; State, £15,000; total, £56,952. For the year 1923–24, workers and employers, £155,378; State, £70,683; total, £226,061. For the year 1924–25, workers and employers, £165,779; State, £82,879; total, £248,658. The increase in total contributions is due to an extension of awards and to the general development of the State and consequent increase in population.

The payments of sustenance commenced on the 14th September, 1923; it being provided that no person could receive sustenance unless he had contributed to the fund for six months prior to his application for such allowance. A waiting period of fourteen days from the date of registration of unemployment is prescribed, the first payment being made at the end of the third week. The maximum period during which sustenance is payable is fifteen weeks in each year, although the Unemployment Council may, at its discretion, extend the payments beyond fifteen weeks without limit in special circumstances. Married workers with dependants receive a higher rate than individual workers and, in addition, a child allowance is payable in respect of each dependant child under sixteen years up to a maximum of four children.

For the purpose of paying sustenance the State has been divided into three districts:—Southern, Central, and Northern, and these districts are each subdivided into two subdivisions. Different rates of sustenance are payable per week in each subdivision in accordance with the varying cost of living recognized by the Arbitration Court at the time of the inception of the scheme:—Southern District, subdivision (1)—individual workers 15s., married workers 25s., child allowance 4s.; subdivision (2)—individuals 16s. 3d., married 27s. 6d., child allowance 5s.; Central District, subdivision (1)—individuals 16s. 3d., married 27s. 6d., child allowance 4s.; subdivision (2)—individuals 17s. 6d., married 30s., child allowance 5s.; Northern District, subdivision (1)—individuals 17s. 6d., married 30s., child allowance 4s.; subdivision (2)—individuals 20s., married 35s., child allowance 5s.

There is a differentiation in the payment of sustenance to workers in some occupations; special provision having been subsequently made by which waterside workers, owing to the casual and intermittent nature of their work, may be paid at a daily rate, equal to one-sixth of the weekly rate prescribed, for the days unemployed during the month, provided that the worker's average earnings for the month have not amounted in each week to the average basic wage for all industries in the State. Whereas ordinary workers are paid week by week, waterside workers are paid monthly. Sustenance is not paid for unemployment due to illness, nor for any day when there was a shortage of labour on the water front. Casual storemen and packers, coal-miners, and certain casual employees in the railways are also paid on a somewhat similar basis to the waterside workers, with the exception that they lose a fortnight's sustenance every thirteen weeks, the fourteen days' waiting-time to which other employees submit being thus made applicable once every quarter.

Sustenance payments during the period from 14th September, 1923, to 30th June, 1924, in Brisbane amounted to £52,255, and outside Brisbane £96,854, totalling £149,109; and during the year 1924–25 Brisbane £71,577, outside Brisbane £116,434, total £188,011. During the latter year 71 per cent. of the total sustenance granted was paid to workers engaged in the industrial group, 11 per cent. to those engaged in transport and communication, and 8 per cent. to those engaged in the commercial group. Of the total applicants, 51 per cent. of the males and 91 per cent. of the females were single or without dependants. During the year 1923–24 the total amount of sustenance paid was equivalent to 66 per cent. of the total contributions, and in the year 1924–25 to 75·6 per cent.

In order to be entitled to receive sustenance from the fund the unemployed insured contributor must register as unemployed at the Government Labour Exchange, must hand in his contribution book obtained from his employer at the termination of his employment, and, whilst drawing sustenance, must return at least once in every seven days in order to renew his registration

and to report himself as still unemployed. Those registered for employment must notify the exchange immediately they obtain employment, and if they continue to draw sustenance they are liable to a penalty provided in the Act. Every effort is made to check the accuracy of the claim. Imposition when detected is severely dealt with through the police court. The checking system has been altered as the result of experience during each year since the scheme was instituted in order to effect necessary improvements. Arrangements are made whereby the unemployed are able to draw the allowance in country districts, and whereby they may transfer to any part of the State whilst drawing sustenance; these arrangements tending to reduce the drift of the unemployed to the city.

Of the estimated total of 150,000 contributors approximately 25,000 draw sustenance in one year. Many do not draw the maximum fifteen weeks' benefit during the year, but may only draw for a short period or for several short periods, although it is estimated that a big percentage draw the full fifteen weeks' benefit. The workers engaged in seasonal industries constitute the heaviest drain on the fund. Many shearers, sugar-workers, and cane-cutters regularly draw the maximum amount each year whilst they are waiting for seasonal work to re-commence. Only a small percentage of those who apply for sustenance do not receive it, but where it can be established that responsibility for unemployment rests with the applicant, benefit is withheld for varying periods not exceeding two months at the discretion of the Unemployment Council.

The total cost of administration for the year 1923-24 amounted to 3.3 per cent. of the total contributions for that year and to 6.5 per cent. for the year 1924-25. In addition, a certain amount of service is rendered by officers in other departments which is not charged against the Unemployment Insurance Fund.

The excess of receipts over disbursements during the period from 1st March, 1923, to 30th June, 1923, amounted to £55,787; for the year 1923-24, £68,607; and for 1924-25, £44,568; representing a total accumulated surplus of £168,962 as at the 30th June, 1925. The surplus earned was equivalent to 98.0 per cent. of the total contributions during the period from 1st March, 1923, to 30th June, 1923; to 30.3 per cent. during the year 1923-24; and to 17.9 per cent. for the year 1924-25. The accumulated surplus is not invested and does not earn interest, but is held by the Treasury Department and is available to the Unemployment Council for appropriation as required.

The Act does not claim to solve the unemployment problem but to provide a scheme whereby the distress resulting from unemployment may be alleviated without recourse to charity. In the year 1921-22, immediately preceding the inception of the scheme, the Government distributed from Revenue £177,019 in outdoor charitable relief, but since that year this expenditure has been gradually reduced, and in the year 1924-25 amounted to only £20,833. The scheme was not intended to do away with unemployment or to provide employment, and there has been no apparent lessening in the quantity of unemployment since its inception. The average monthly payments of sustenance in each respective quarter of the year have not decreased, and the regular increase in the volume of unemployment during the first quarter is still experienced. The transactions of the Government labour exchanges show that although the number of registrations for employment has considerably increased since the inception of the Unemployment Insurance Scheme—such registration being essential in order to obtain sustenance benefits—yet the total number placed in employment has not increased. In the year 1921-22 the registrations for employment totalled 54,090, applications for labour 13,897, and persons sent to employment 13,102, representing 24.2 per cent. of the total registrations for employment. In the year 1924-25 the registrations for employment totalled 117,496, applications for labour 13,338, and persons sent to employment 13,095, equivalent to 11.1 per cent. of the total registrations. Owing to the duplication that arises in the records as the result of an applicant re-registering on several occasions during the year, the total registrations are considerably in excess of the number of applicants. During the year 1924-25 the minimum number of registrations for employment was 7,167 in the month of August, 1924, and the maximum, 12,821, in January, 1925. Under the Unemployment Insurance Scheme, if a worker without reasonable cause refuses to accept work offered to him he is disentitled to receive sustenance allowance for such period as the Council may decide, not exceeding two months. It will be seen, however, that it has not been possible for the exchanges to offer suitable employment in a large percentage of cases, although the failure to considerably reduce the number drawing sustenance allowance is stated to be due to the lack of support from private employers. Queensland is dependent to a considerable extent on seasonal industries, and during the interval between seasons many workers do not seek employment, unless it becomes necessary, but are quite satisfied to draw sustenance, to which they are entitled, from the fund. If employment were offered by the exchanges this heavy drain on the fund would be considerably reduced.

Free railway tickets are issued to the unemployed to enable them to travel to any place in the State where there is prospective employment. Provision was also included in the scheme for the creation of labour farms to which those whom the Unemployment Council considered as

normally unemployable could be admitted, but no such farms have been established, as the number of these cases is stated to represent a very small percentage of the total applicants. Certain other powers under the Act with respect to loans to local authorities for relief work, and with respect to instructions to employers to take measures for temporarily or permanently reducing unemployment, have also not been put into operation.

(f) LABOUR EXCHANGES.

In each State a system of Government labour exchanges has been instituted for the purposes of registering applicants for employment and of supplying employers with labour, but the extent to which they are utilized varies greatly in the different States. The exchanges do not create any avenues of employment, but are only a method of communication between employers and the unemployed. Persons seeking employment and employers having vacancies are invited to communicate with the exchange.

Every effort is made to select suitable persons for the positions offering. The Government labour exchanges are free, no charges being made; the whole expenditure in connexion with the central office and in payment of district representatives being borne solely by the Government. Representatives of the exchanges are appointed in country districts, in some States the services of the police or the clerks of petty sessions are utilized, whilst in other cases council clerks or local stock and station agents are appointed. In some cases the agents are paid by results, a small payment being made for every person placed in employment; but in other States this work is done gratuitously. At the offices of the exchange a register containing the particulars concerning applicants for employment is kept; each applicant being provided with a registration card which must be renewed, usually at the expiration of each month. A register of employers and their requirements is also kept. In the records of registration for employment there is a considerable amount of duplication arising from the fact that one applicant may re-register on several occasions during the year. Consequently the total registrations at the exchanges for the year must be considerably reduced in order to arrive at the actual number of persons unemployed. In the year 1925 the number of applications for employment in New South Wales totalled 45,434; Victoria, 28,141; Queensland, 80,028; South Australia, 18,352; Western Australia, 8,030; Tasmania, 2,900; total for Australia, 182,885. The number of positions filled in each State in 1925 was as follows:—New South Wales, 33,609; Victoria, 2,987; Queensland, 16,400; South Australia, 12,698; Western Australia, 7,175; Tasmania, 2,308; total for Australia, 75,177. The ratio of positions filled to applicants varies greatly in the several States as follows:—New South Wales, 74 per cent.; Victoria, 11 per cent.; Queensland, 20 per cent.; South Australia, 69 per cent.; Western Australia, 89 per cent.; Tasmania, 80 per cent.; and for all States, 41 per cent.

The agents of the exchange are generally advised regarding the men offering for employment, which information is intended to be circulated throughout their respective districts. In the country the agents are expected to inquire from employers as to whether suitable employment is available for those unemployed, but generally this action is not undertaken in the city, although in some cases the factory inspectors have been instructed to watch for vacancies and to report same to the exchange. The work offered is chiefly Government work, such as on railways, waterworks, drainage schemes, harbours and jetties construction, sewerage, and road-making; most of the big works of this nature being outside the capital cities. The exchanges usually make advances for railway fares where required, and the employer is generally instructed to deduct the fare advanced from wages. The exchanges to a certain extent control the engagement of labour for most Government Departments, and assist private employers in obtaining the labourers and tradesmen required. In some States it is compulsory for Government Departments to obtain all manual labour required through the State exchanges. In some cases provision is made for the registration of women unemployed, but owing to the scarcity of female labour available they have not been able to supply the demand from employers. In 1925, of 182,885 applications for employment, 172,963 were from males and 9,922 from females; the ratio of positions filled to the total number of applications being males, 39 per cent., and females, 86 per cent.

Various factors have militated against the Government labour exchanges. Employers, in some cases, hold the opinion that those who register at the exchanges are not the most suitable persons available, and that those who may be considered the most necessitous are not always the most suitable for the work offered. They prefer to obtain the labour required through other channels, and this lack of co-operation by employers has seriously restricted the operations of the Government exchanges. The exchanges, in fact, are now compelled to concentrate to a great extent on the placing of men in Government employment, as sufficient private employment is not offered. In many cases the trade unions do not look with favour upon the operations of the Government labour exchanges; their members, especially the skilled men, explore every other avenue for obtaining work before registering at the exchanges. Certain unions have their own labour agencies, which are fairly effective in obtaining work for their members in their own

trades. Consequently, a very large percentage of those who register at the Government labour exchanges, especially during the winter months, are unskilled workers. A total of 75,177 positions were filled by the exchanges during the year 1925, of which 46 per cent. were in the general labour and miscellaneous group, 16 per cent. pastoral, agricultural, &c., 15 per cent. railway and tramway services, 12 per cent. domestic, hotels, &c., and 5 per cent. in the building group. Experience has shown that many of those who register for employment will not be available for, nor accept the work offered; this being especially so in the case of country work.

When a worker loses employment in some country districts it is often impossible for him to find another position in the same district immediately, as the engagements are generally made through the cities. Consequently, many of these men return to the cities, whereas if efficient sub-bureaux were arranged in country centres they would greatly relieve the unemployment difficulty in the city.

In addition to the Government labour exchanges, there are many licensed privately-controlled employment agencies in operation in the several States. Some of the private exchanges in the cities do a considerable business in supplying labour to employers and in placing applicants in employment, but many small agencies do very little. These agencies operate on a profit-earning basis, and generally charge a registration fee to both the employer and the applicant for employment, and a further fee to the successful applicant based on the weekly wage, and in some cases on the duration of the employment obtained. Most of the country employers usually obtain the labour required from the private agencies in preference to the Government exchanges, and, although the operations of the Government exchanges are increasing, yet it is estimated that the private agencies average considerably more engagements per month. The unemployed apply to the private offices and pay the required fees, because certain classes of employment are available there which are not available at the Government bureaux. Although the majority of the Government work passes through its own exchanges, yet the private agencies supply most of the private employers' requirements, as they advertise more extensively and this is an important factor in their operations. The opinion has been expressed that many of the private agencies serve a useful purpose, and that their abolition is not advocated, although certain abuses do occasionally arise under the system. Some agencies take particular care to ascertain that suitable applicants are selected for the employment offering, but in other cases, provided the applicant is prepared to pay the necessary fees, he can obtain the employment offered. Objection is raised to the principle under which the unemployed are unable to obtain available employment unless they are prepared to pay certain fees.

The returned soldiers' associations have their own employment bureaux in the several States, and endeavour to secure employment for returned men who are registered as unemployed; no charges are made, as the cost has been met since September, 1921, by a subsidy from the Commonwealth Government. From the commencement of the scheme to the 30th June, 1925, a total of 47,627 positions was found by the bureaux.

4. THE PREVENTION OF UNEMPLOYMENT.

The problem of finding employment for the steady increasing population in most countries has to-day reached serious proportions, and this difficult question, associated with that of maintaining the present standard of living in Australia, is one which should be immediately dealt with. There is no simple remedy for the present conditions, and the introduction of a scheme of unemployment insurance will not alone meet the case. There are no grounds for the assumption that the present volume of unemployment in Australia is inevitable and will continue, but an analysis of the factors operating clearly indicates that the volume of unemployment can be considerably reduced and in some industries practically eliminated. In Australia, where considerable developmental work still requires to be undertaken, conditions should be much better for labour than in other countries.

A considerable amount of money is expended annually by central and local governments in Australia on public works on which large numbers of workers are employed. The reduction of public works at certain periods of the year considerably affects the question of unemployment. It should be possible to so anticipate and regulate the construction of these works that the heaviest demand for the labour required will be made during the winter months when a considerable volume of suitable unemployed labour is regularly available, and so that men would not be drawn from their ordinary avocations. A considered system of reserve employment would be a means of combating unemployment, and would embrace a forward programme of works which could be put in hand at any time when necessary. It should thus be possible to at once employ men who find their ordinary channels of employment closed. It is estimated that a reserve of about 10 per cent. on the present average annual construction expenditure would tend to level out the fluctuations in employment. In this way a considerable amount of the present unemployment

amongst general and unskilled labourers would be relieved. The organization of the labour market in order to minimize unemployment should be undertaken by the Commonwealth Government acting in co-operation with the various State Governments and local government authorities by means of a systematic programme of public works.

Such action will not by itself present a solution of the problem but must be co-ordinated with the necessary action in regularizing employment in industry. Industries which provide seasonal employment should be organized and co-ordinated in an endeavour to provide regular employment. There should be a deliberate national attempt to stabilize industry and to efficiently distribute labour. For this purpose it is imperative that adequate and relevant statistics as to production, stocks and credits should be available. Machinery must be provided for dealing with casual labour, as there is no doubt that this constitutes the greatest problem in connexion with unemployment. It is essential if the scheme is to meet with success that representatives of the employers' organizations and the trade unions should co-operate in its administration.

It is submitted that a national system of employment bureaux will enable the unemployment difficulty to be relieved. If an effective system of employment bureaux were instituted and employers advised as to the supply of labour available, it should then be possible in certain industries to arrange for a considerable amount of this avoidable unemployment to be systematically reduced. Such bureaux should provide not only for registration of the unemployed but also for the registration of all demands for labour; the principle function being to find work for the unemployed. Experience has proved that a system of employment bureaux is the indispensable basis for the foundation of an unemployment insurance scheme. It is not possible from the data at present available to accurately determine the volume of unemployment in the various industries throughout Australia. Owing to the absence of detailed statistics of unemployment experience, it is impossible to furnish any reliable estimate as to the effect of a limitation of the benefit period upon the cost of an unemployment scheme, or for the rates of contribution to be accurately determined. The complete statistics obtained from an extensive system of employment bureaux would enable the variation in risks to be definitely ascertained and suitable action to be then taken.

Until a thoroughly organized national system of employment bureaux has been instituted the efficient administration of an unemployment insurance scheme is impracticable. It is impossible to apply the necessary test as to the availability of suitable employment until satisfactory arrangements for offering employment have been put into operation. The question as to whether employment is available can only be definitely ascertained when the labour market has been properly organized. The association of an employment bureaux system with an insurance scheme is practicable and is essential. In Great Britain and other countries a comprehensive system of labour exchanges was instituted as a necessary preliminary to the introduction of the unemployment insurance scheme. The exchanges made available statistical information which was essential for the preparation of a national programme of systematic relief. The necessity for co-ordination between the various employment agencies throughout Australia, so as to aid in the transfer of labour from places where the supply exceeds requirements to where labour is in demand, renders it desirable that these organizations should be controlled by the Government. It is, therefore, essential that the private labour exchanges should be included under the centralized system of employment bureaux.

Many youths, owing to insufficient training, drift into unskilled occupations and eventually become subject to the heavy risk of unemployment that is associated with this class of labour. Although technical training is provided in the various States it is not availed of to the desired extent. It is essential that facilities for technical training and apprenticeship should be considerably extended in order that those entering industry should be prevented from drifting into dead-end occupations. A classification of occupations according to the physical standard required would enable an effective system of technical training to be put into operation.

Your Commissioners recommend that an Unemployment Council, comprising representatives appointed by the Government, the employers' organizations and the trade unions, be constituted :—

- (i) to establish and supervise a national system of employment bureaux throughout Australia ;
- (ii) to regulate and supervise the existing private labour exchanges ;
- (iii) to collect, tabulate, and analyze detailed statistical data as to the supply of, and demand for, employment in the various industries throughout the year ;

- (iv) to conduct special inquiries as to the incidence and causation of unemployment in the various industries ;
- (v) to co-operate with private employers, Government departments and local authorities in an endeavour to provide avenues of employment and to regulate the demand for labour ;
- (vi) to co-operate with the educational departments in an endeavour to institute an effective and extensive system of technical training ;
- (vii) to co-operate with the immigration departments with respect to the employment of immigrants ;
- (viii) to regularly furnish detailed information as to the trend of employment.

5. INSURANCE AGAINST UNEMPLOYMENT.

Unemployment is experienced in practically every civilized country throughout the world, and many countries are making efforts to cope with the problem and the disabilities which it entails. It has been suggested that Australia has arrived at a stage in industrial matters where some form of assistance for a man not able to find employment must be provided. This question is surrounded with many difficulties, especially that of providing ample sustenance for the unemployed, whilst at the same time giving them every encouragement to obtain employment. There is a wide divergence of opinion as to the methods which should be adopted in order to meet and alleviate unemployment, but the majority are of the opinion that some action should be taken, provided a scheme can be evolved that will safeguard the interests of both employers and employees. Many are genuinely unemployed as the result of circumstances over which they have no control, and it is suggested that the average Australian worker has a moral right to be provided with the opportunity of obtaining the necessities of life when he is genuinely unable to find employment.

The fundamental principle of unemployment insurance is that of mutual thrift by means of which provision is made to meet the financial disabilities under which members of the community suffer during periods of unemployment. Some witnesses have advocated the introduction of an unemployment insurance scheme by the Commonwealth Government, as they are of the opinion that experience has proved that other than governmental controlled schemes are unable to adequately meet the circumstances ; a Commonwealth scheme being considered essential in order that there may be uniform legislation throughout Australia. In particular industries where skilled men are usually employed for short periods, a national system of insurance is stated to be the only satisfactory arrangement by which such men would be enabled to retain connexion with their own particular industry in which they have become skilled. It has been suggested that a distinction should be drawn between seasonal unemployment, which is a normal characteristic of a trade, and unemployment over and above this, as the latter is a matter for insurance, but not the former. Further, that it should be made optional for industries to contract out of the national insurance scheme and to manage their own insurance systems, as this would provide an incentive for each industry to make every effort to minimize unemployment and to create additional avenues for employment.

On the other hand, it has been contended that although there is a tendency in European countries to establish unemployment insurance schemes, yet Australia should not follow their lead, because compulsory insurance against unemployment is only a palliative ; and because social and climatic conditions in the densely-populated countries in Europe are entirely different from those in Australia, where there is so much developmental work to be done. Further, that no system of insurance against unemployment includes the provision of benefit for unemployment arising from all causes and that during periods of acute unemployment most insurance schemes are unable unaided to meet the financial strain placed upon them.

Some witnesses have expressed the opinion that there would be a tendency to continually look to the Government for assistance and in some cases to do away with the will to work by partially removing the necessity for it and that the characteristics of self-reliance, thrift and initiative would be discouraged whilst the industrious would be taxed and the non-industrious rewarded. Further, that any scheme that provides payment without service is demoralizing to the recipient, and it is economically unsound for any country to have a number of able-bodied men idle and supported by those who are working. The payment of unemployment insurance benefit might also be the means of driving young men into the ranks of the unskilled workers, in order that they could obtain insurance benefits which would not be available to them as apprentices, consequently many would not be induced to go through the ordinary form of apprenticeship. Others have stated that an unemployment insurance scheme would be an additional tax upon industry and would tend to aggravate the very evil it is intended to relieve. Unemployment insurance presents quite a different aspect to most other forms of insurance in which the amount of premium paid invariably determines the amount of benefit paid, whereas in unemployment insurance the

benefits generally accrue to those who contribute the least to the general fund. Consequently, the more provident and also those in regular employment are not keen to contribute to any such scheme. It is a particularly noticeable fact that although insurance companies operating for profit and mutual societies are considerably extending the field of their operations, yet there is no instance where a scheme of insurance against unemployment has been instituted by them.

In the present regulation of wages and working conditions provision has been made for unemployment in some cases, and if an insurance scheme were introduced such awards would have to be revised, as certain employees now receive a special payment in respect of any unemployment liability which their industry may have. It has been stated that employers who give, and employees who receive, constant employment could not equitably be included in the scheme. In all unemployment insurance schemes in operation certain industries are excluded, as it has been found that, owing to the nature of the industry or to the casual and intermittent employment therein, it is impossible to provide a satisfactory system of administration which would cover the special circumstances associated with those industries.

The Commonwealth Statistician and Actuary has estimated that, on the basis of an average rate of 7 per cent. unemployment in Australia, the following rates of contribution would provide for the payment of unemployment benefit to insured members, on the assumption that (a) benefit started from the commencement of unemployment, (b) the right to benefit commenced at the date of insurance, and (c) benefit were payable irrespective of duration of unemployment.

UNEMPLOYMENT BENEFIT.—WEEKLY RATES OF CONTRIBUTION,

Unemployment Benefit per week	Weekly Contribution required when benefit is supplemented by Child Allowance of—	
	4s per week	5s per week
	<i>s. d.</i>	<i>s. d.</i>
20s.	1 10	1 11
30s.	2 7	2 8
40s.	3 4	3 5

No allowance for the cost of administration is included in the above estimate. If provision were made for (a) a period of contributions before the right to benefit commences; (b) an initial period of unemployment before benefit commences, and (c) a limitation as to the duration of payment of benefit in each year, the above-mentioned rates would be appreciably reduced. In the absence of appropriate data, however, it is not possible to compute the actual effect of each of these allowances.

Your Commissioners recommend that a system of insurance against unemployment be instituted to meet those risks which are found to be unavoidable and where assistance to necessitous cases is warranted.

SUMMARY OF RECOMMENDATIONS.

Your Commissioners recommend that, although it is not possible to obtain exact figures as to the volume and incidence of unemployment in the various industries throughout Australia, sufficient evidence is available to indicate that unemployment is a prevalent factor in some industries in certain periods of the year and that action should be taken by the Commonwealth Government towards minimizing the risks of unemployment and towards the provision of relief of distress arising therefrom :—

(a) that an Unemployment Council, comprising representatives appointed by the Government, the employers' organizations and the trade unions, be constituted—

- (i) to establish and supervise a national system of employment bureaux throughout Australia ;
- (ii) to regulate and supervise the existing private labour exchanges ;
- (iii) to collect, tabulate and analyze detailed statistical data as to the supply of, and demand for, employment in the various industries throughout the year ;
- (iv) to conduct special inquiries as to the incidence and causation of unemployment in the various industries ;

- (v) to co-operate with private employers, Government departments and local authorities in an endeavour to provide avenues of employment and to regulate the demand for labour ;
 - (vi) to co-operate with the educational departments in an endeavour to institute an effective and extensive system of technical training ;
 - (vii) to co-operate with the immigration departments with respect to the employment of immigrants ;
 - (viii) to regularly furnish detailed information as to the trend of employment ;
- (b) that a system of insurance against unemployment be instituted to meet those risks which are found to be unavoidable and where assistance to necessitous cases is warranted.

A conspectus of the legislation enacted in various countries in which (a) a system of National Insurance against Unemployment has been instituted, and (b) a system of Government Employment Agencies has been put into operation, is appended hereto.

The preparation of reports relative to the questions of membership, finance and administration of the National Insurance Fund and to the payment of destitute allowances is being expedited.

We have the honour to be,

Your Excellency's most obedient Servants,

J. D. MILLEN, Chairman.

JOS. FRANCIS.

W. G. MAHONY.

ROLAND F. H. GREEN.

A. E. GREEN.

J. GRANT.

H. C GREEN, Secretary,
Melbourne, 30th July, 1926.

CONSPECTUS OF ACTS IN FORCE IN VARIOUS COUNTRIES.

CONSPECTUS OF ACTS RELATING TO UNEMPLOY

Country and Date of Original Act and Act in Force	Method of Organization	Persons Liable to Insurance	Persons Exempt from Insurance
A—COMPULSORY			
AUSTRIA 1920 1922	Federal Ministry of Social Administration Public Employment Agencies, each with committee of equal numbers of employers and employees, with independent chairman	All workers in occupations which entail liability to compulsory sickness insurance under Act of 16th December, 1921 Apprentices in last year of apprenticeship Employees classified according to wages, as with sickness insurance Seasonal workers are excluded from benefit during the period in which there is ordinarily seasonal unemployment	(a) Agricultural and forestry workers (b) Domestic servants (c) Persons employed with alternating employers or by several employers (d) Middlemen and job-masters (e) Persons employed in undertakings employing less than five workers in exclusively rural communes (f) Public servants (g) Persons employed by relatives, unless paid (h) Home workers
BULGARIA 1925	Ministry of Commerce, Industry and Labour Public Employment Agencies with Local Labour Councils Labour Inspectors	(a) All wage-earning and salaried employees between the ages of 15 and 60 years (b) Seamen (c) Non-permanent wage-earning employees in State, departmental, communal and public departments and undertakings Seasonal workers excluded from benefit during period in which there is ordinarily seasonal unemployment	(a) Domestic servants (b) Agricultural workers in undertakings not conducted on modern lines (c) Permanent wage-earners in State, departmental, communal and public departments and undertakings
GREAT BRITAIN AND IRISH FREE STATE 1911 1920	Board of Trade Local Employment Agencies Insurance officers Courts of Referees Umpire Unemployment fund under control of Minister of Labour	All persons aged sixteen years and upwards engaged in the United Kingdom under contract of service or on any ship registered in the United Kingdom or under any local or public authority, unless specially excluded Persons may be exempted with assured annual incomes of £26 or who are dependent on others or on an insurable employment for their livelihoods	(a) Agricultural, horticultural and forestry workers (b) Domestic servants (c) Persons in the military, naval or air service of the Crown (d) The police force (e) Nurses (f) Permanent officers under a local authority or public company (g) State school teachers (h) Commission agents (i) Persons employed otherwise than by way of manual labour at over £250 per annum (j) Casual and subsidiary workers
ITALY 1919 1923	National Social Insurance Institution National Unemployment Fund Provincial and inter-provincial funds Trade Funds	All wage-earners between the ages of 15 and 65 years and employees with remunerations less than 800 lire per month Seasonal workers, who are insured, are not entitled to benefit during the period in which there is ordinarily seasonal unemployment	(a) Agricultural workers (b) Domestic servants (c) Public servants (d) Permanent employees in private service (e) Artists and theatrical employees (f) Seasonal workers whose work does not last longer than six months in a year (g) Casual workers (h) Home workers (i) Profit-sharers (j) Persons maintained by their employers

MENT INSURANCE IN VARIOUS COUNTRIES.

Sources of Income.	Benefits.	Payment of Benefits.	Registration for Employment.
<p>INSURANCE.</p> <p>State, 12 per cent. Employers, 42 per cent. Employees, 42 per cent. Communes, 4 per cent. Rates of contributions equal to 83 per cent. of sickness contributions Employees' contributions deducted from wages simultaneously with contributions for sickness insurance State advances all moneys necessary, 88 per cent. repayable by employers, employees and communes</p>	<p>(a) Rates—Persons with dependants or not living with their family, 110 per cent. of sick pay with 5 per cent. extra for each child up to four; others $\frac{1}{2}$ of sick pay. Maximum $\frac{1}{2}$ of wages (b) Waiting Time—Seven days (c) Period—Twelve weeks in twelve consecutive months, extendable to 30 weeks in cases of distress</p>	<p>Claimant must — (a) have been during the last 12 months employed in Austria for 20 weeks in an insurable occupation; (b) be capable of work and unable to find suitable employment; (c) not be in receipt of sick or maternity benefit (d) not be unemployed on account of a strike or lock out (e) not have been dismissed for misconduct or have left his employment voluntarily Benefit is withheld for from four to six weeks for misdemeanour</p>	<p>Claimant must report at employment agency twice a week, otherwise is suspended from benefit for two weeks. Suitable work must be accepted, otherwise right to benefit is forfeited for eight weeks Employment need not be accepted where there is a strike or lock-out Refusal to be medically examined entails loss of benefit during such refusal Employer must furnish particulars as to nature of work, remuneration and cause of dismissal Benefit paid weekly through public paying office</p>
<p>Contributions from employers, employees and the State amounting to 1 leva a week for every wage-earning or salaried employee liable to insurance</p>	<p>(a) Rates—Sixteen leva a day for workers with dependants, 10 leva a day for others (b) Waiting Time—Eight days (c) Period—Twelve weeks in a year</p>	<p>Claimant must have been employed and paid contributions for not less than 52 weeks during two years Benefit is not paid if— (a) claimant falls ill (b) unemployment is the result of a strike or lock out, during the duration thereof (c) claimant has left his employment voluntarily (d) claimant is in prison (e) claimant engages in remunerative employment while in receipt of benefit without notifying the employment agency</p>	<p>Claimant must — (a) report at least once a day (b) accept suitable work (c) if no suitable employment is obtained within eight weeks, accept any work offered Work need not be accepted where there is a strike or lock out Benefit paid at end of each week through prescribed bodies</p>
<p>(a) For ordinary worker weekly:— M. F. Employee .. 7d. 6d. Employer .. 8d. 7d. State .. 8d. 6d. (b) For worker under 18 years of age weekly:— Employee .. 3d. 3d. Employer .. 4d. 3d. State .. 4d. 4d. Contributions collected by stamps on cards, employees' contributions being deducted from wages</p>	<p>(a) Weekly Rates—Men 18s., women 15s. (in Irish Free State, men 15s., women 12s.) Boys under 18 years, 7s. 6d. Girls under 18 years, 6s. Dependent wives and house-keepers, 5s. additional Each child under 14 years, 2s. (b) Waiting Time—One week (c) Period—26 weeks in a year</p>	<p>Claimant must:— (a) have paid 30 contributions during preceding two years (b) have been unemployed since applying for benefit (c) be capable of and available for work (d) be unable to obtain suitable work (e) prove that he has attended a course of instruction, if required to do so (f) not have lost his employment through a trade dispute in which he is a participant (g) not be an inmate of a prison or workhouse or public institution (h) not be in receipt of benefit under the Health Act or of an old-age pension Benefit is withheld for six weeks or less if the claimant has left his employment voluntarily or lost his employment through his own misconduct</p>	<p>Claimant must lodge his unemployment book at a local office and furnish proof of having fulfilled the statutory conditions Previous employer to be notified Claimant must report daily at the local office and sign the unemployment register Claimant is disqualified for benefit if he refuses to accept suitable employment Employment need not be accepted where there is a strike or lock out or where a lower wage than customary is offered Benefit paid weekly at the local office</p>
<p>Fortnightly contributions, employer and employee each paying half, 70 centesimi where wages not exceeding 4 lire; 1, 40 lire, where from 4 to 8 lire; and 2, 10 lire where over 8 lire No State subsidy Contributions collected by stamps on cards, those of employees deducted from wages concurrently with those for sickness or old-age insurance</p>	<p>(a) Daily Rates— Group I, 1, 25 lire Group II, 2, 50 lire Group III, 3, 75 lire Maximum, one half daily wages (b) Waiting Time—Seven days (c) Period—90 days, if from 24 to 36 contributions paid during preceding two years; 120 days, if 36 or more paid during that period</p>	<p>Claimant must have paid at least 24 fortnightly or 48 weekly contributions Unemployment must be involuntary and due to lack of work Where unemployment is due to an industrial dispute, no benefit is paid during its duration Where unemployment is due to the worker's own fault, no benefit is payable for one month</p>	<p>Unemployed persons must register and report daily at an employment agency Refusal to accept suitable employment entails forfeiture of the right to benefit Discharge certificate must be furnished by late employer Claims paid through provincial or inter-provincial funds, which may delegate duty to credit institutions, post offices or communal authorities</p>

CONSPECTUS OF ACTS RELATING TO UNEMPLOYMENT

Country and Date of Original Act and Act in Force	Method of Organization.	Persons Liable to Insurance.	Persons Exempt from Insurance
A.—COMPULSORY			
MEMEL DISTRICT 1920	Unemployment Insurance Office Board of four representatives of insured persons, three of employers, one of City of Memel and one of State General Meeting of 50 representatives	All men and women who have attained their sixteenth year and are liable for compulsory sickness insurance	(a) Employees, whose annual incomes exceed 12,000 marks (b) Workers, who are entitled to a pension or who have permanent positions
POLAND 1924	Ministry of Labour and Social Welfare Central Administrative Council Local Committees Unemployment Fund	All workers of both sexes over 18 years of age, in an industrial, commercial or transport undertaking employing at least five persons Seasonal workers whose work lasts usually for not less than ten months in a year have no claim to benefit Part time workers are entitled to a proportion of the whole benefit	(a) Agricultural and forestry workers (b) Domestic servants (c) Seasonal workers who work for less than three months in a year (d) Unskilled workers in certain railway construction and embankment works (e) Home workers
QUEENSLAND 1922	Unemployment Council, consisting of Minister of Labour, Registrar of Friendly Societies, Director of Labour, one employer and one employee	All workers of both sexes, over 18 years of age, whose rates of wage are fixed by awards or industrial agreements	(a) Professional workers (b) Contractors (c) Auctioneers and agents (d) Apprentices (e) Aboriginal alien natives of Asia, Africa, and the Pacific Islands
RUSSIA 1917 1922	Council of People's Commissaries	All wage-earners over sixteen years of age	(a) Seasonal workers (b) Casual workers (c) Day labourers
B.—COMPULSORY			
Country and Date of Original Act and Act in Force	Method of Organization	Persons Liable to Insurance	Persons Exempt from Insurance.
GERMANY 1923 1924	Federal Ministry of Labour Federal Employment Service Communal authorities	All workers, including seamen, who are liable to sickness insurance under the Workers' Insurance Code, or in a Miners' Fund	(a) Persons earning more than 2,700 marks per annum (b) Part-time workers in agriculture, forestry, fishery, and their wives and children (c) Domestic servants (d) Agricultural and forestry workers engaged for one year or entitled to three months' notice or living with their employers (e) Share partners in fisheries (f) Apprentices

INSURANCE IN VARIOUS COUNTRIES—continued.

Source of Income.	Benefits.	Payment of Benefits.	Registration for Employment.
INSURANCE—continued.			
Employees, five-tenths Employers, three-tenths State, one-tenth Communes, one-tenth Females and youths pay two-thirds contributions Employees' contributions deducted from wages	(a) Rates—Fixed annually, not to exceed one-third of average local wage Additional for dependants up to three-fifths of wages. Females and youths under 18 years receive two-thirds of benefits (b) Waiting Time—Three days (c) Period—Thirteen weeks in a year	Claimant must :— (a) have paid 26 weekly contributions (b) be capable of work and not able to find suitable employment (c) not have exhausted his right to benefit Benefit is not paid where claimant withdraws from control, is sick or in prison or draws an income equal to the amount of benefit, nor during a strike	Unemployed persons must report at least twice daily The right to benefit is forfeited if suitable work is refused, except in case of a strike or where lower wages than customary are offered Benefits are paid through trade organizations
Contributions 2 per cent. of wages (excess of wages over 5 zloty per day not considered) employer paying three-fourths, employee one-fourth State subsidy, 50 per cent of contributions Employees' contributions deducted from wages	(a) Rates—30 per cent. of wages, increased up to 50 per cent. if with dependants. Excess of wages over 5 zloty per day not considered (b) Waiting Time—Ten days (c) Period—Thirteen weeks in a year, exceptionally seventeen weeks in a year	Claimant must have worked for at least 20 weeks during the preceding year in an insurable undertaking Benefit is not paid where the claimant has left his employment voluntarily or on account of sickness, invalidity or a strike Benefit is forfeited for four weeks if employment is left without sufficient cause	Claimant must report within 30 days, as well as periodically, at an employment agency and furnish proof of unemployment The right to benefit is forfeited if the unemployed person refuses to accept suitable employment Employment may be refused where there is a strike or lock out or the customary conditions are not observed Employer must furnish a certificate of discharge, if demanded Employers may, in certain districts, be compelled to notify vacancies at a public employment agency Payment of benefit is made through the local committees
Contributions—Employers, employees and State, one-third each At present 3d each weekly Employees' contributions deducted from wages and collected by stamps on cards	(a) Rates—According to district, weekly :— Single worker, 15s. to 20s. Married worker, 25s. to 35s. Each child up to four 4s. to 5s. Maximum, one half of the basic wage (b) Waiting Time—Fourteen days (c) Period—Fifteen weeks in a year, extensible in certain cases of want and destitution Special provisions in respect of certain casual workers	Claimant must :— (a) have paid contributions for six months prior to his application for benefit (b) not be a returned soldier in receipt of a pension (c) not be an old-age pensioner (d) not be in receipt of any payment under the Workers' Compensation Act Benefit may be suspended for a period up to two months, if unemployment is voluntary	Claimant must apply for benefit to a State Labour Agency, deposit his unemployment card and report weekly or oftener, if required Benefit is forfeited for 30 days, if suitable work is refused Employment may be refused where there is a strike or lock out Benefit is paid by labour agents
Contributions by employers only, fixed by Council	(a) Rate—From 7.50 to 10 chervonets-roubles per month. Minimum, one-sixth of average local earnings (b) Period—Fixed by the authorities. Maximum, not less than six months		

RELIEF FUNDS.

Source of Income.	Benefits.	Conditions for Relief.	Method of Granting Relief
Employers, four-ninths Employees, four-ninths Communes, one-ninth Employers' and employees' contributions each equal to not exceeding 1½ per cent. of basic wage Contributions collected together with those for sickness insurance	(a) Rates.—The country is divided into three divisions, and each division into five subdivisions Rates of benefit vary from 72 to 110 renten-plening per day, with from 19 to 33 renten-plening for dependants Relief dependent upon work being performed, if available (b) Waiting Time.—At least one week (c) Period.—Twenty-six weeks in twelve months	The unemployed person must have been employed for at least three months during the preceding year in a trade to which sickness insurance applies, and must be in necessitous circumstances A worker who is unemployed on account of a strike or lock-out is not entitled to relief until at least four weeks after the termination of the dispute	An unemployed person must accept suitable work, which is offered, provided that the customary wage is paid Applications for relief are decided by the President of the Public Employment Agency, and payment of benefit is made through that agency

CONSPECTUS OF ACTS RELATING TO UNEMPLOYMENT

Country and Date of Original Act and Act in Force.	Method of Organization.	Persons Liable to Insurance.	Persons Exempt from Insurance
B—COMPULSORY			
LUXEMBURG .. 1921	Communal committees, consisting of equal numbers of employers and employees	All workers .. No relief is granted during the period in which there is ordinarily seasonal unemployment	.. .. .
C.—SUBSIDIZED			
Country and Date of Original Act and Act in Force.	Administration of Act.	Constitution of Unemployment Funds	Conditions for Recognition of Unemployment Funds
BELGIUM 1920 1924	Ministry of Industry and Labour National Crisis Fund	Unemployment societies, usually connected with trade organizations, under the control of unemployment funds established and managed by communal authorities National Crisis Fund provides benefits when a society's fund is exhausted, also for dependants of necessitous persons, and may grant loans for relief works	A society must submit to the control of the Minister of Industry and Labour and comply with the conditions laid down by him
CZECHO-SLOVAKIA .. 1921 (not in force until 1925)	Minister of Social Welfare, in consultation with the other Ministers concerned	Trade union unemployment funds The State subsidy is administered by a committee of each trade organization	(a) The only conditions for membership may be employment in the trade and payment of contributions (b) A member may draw benefit through one fund only (c) The conditions for benefit must be exactly defined (d) Unemployment accounts must be kept separate from others (e) Submission to State supervision
DENMARK 1907 1924	Directorate in the Ministry of the Interior Employment Committee, in three sections dealing with— (a) Employment agencies (b) Unemployment insurance (c) Exceptional unemployment	Mutual unemployment funds for one or more occupations Central unemployment fund for providing relief in cases of exceptional unemployment, for paying continued or family assistance, for instituting relief works and for paying for instructional courses	(a) Minimum membership, 100 (b) Fund must operate for one or more occupations or be confined to one locality (c) Only persons with limited means may be admitted to full membership (d) Persons under 18 or over 60 years of age not to be admitted to full membership (e) No qualified persons may be refused admission (f) Incapacitated or unsuitable persons may not be admitted

INSURANCE IN VARIOUS COUNTRIES—*continued.*

Source of Income.	Benefits.	Conditions for Relief	Methods of Granting Relief	
RELIEF FUNDS—<i>continued.</i>				
Employers and employees combined, one-half, in a ratio to be determined State, one quarter Communes, one quarter	(a) Rates.—Single persons over eighteen years of age, one-half daily wage up to 5 francs, wife and each child, 1 franc. Maximum, 8 francs. Persons under eighteen years of age, half wage up to 2.50 francs per day (b) Waiting Time.—Three days (c) Period.—Twenty-six weeks in twelve months	Claimant must— (a) be a native of Luxemburg, and reside therein (b) be involuntarily unemployed (c) be over sixteen years of age (d) not be on strike or dismissed for misconduct (e) not be in receipt of sick pay (f) be in a complete state of necessity (g) have worked for 200 days during the preceding twelve months	An unemployed person must report daily at his commune, and have his card stamped An unemployed person who refuses suitable employment without sufficient reason is not entitled to relief Relief is granted by the communal unemployment committees	
UNEMPLOYMENT FUNDS.				
Source of Income	Benefits	Payment of Benefits	Registration for Employment	Seasonal or Intermittent Employment
Contributions— (a) Societies.—Fixed by the rules of each society (b) National Crisis Fund.—Fifteen per cent. of the expenditure of the Crisis Fund must be refunded by the societies Subsidies— (a) State subsidy to societies equal to 50 per cent. of the contributions of members (b) Communes must repay to the Crisis Fund 10 per cent. of its expenditure on their inhabitants (c) Communes and Provinces also subsidize unemployment funds	(a) Rates— (1) Societies.—Not exceeding two-thirds of wages (2) Crisis Fund.—Maximum, 4 francs per day for the head of a family, 3 francs for others Family benefit in necessitous cases, wife and each child 1 franc per day. Total not to exceed two-thirds of wages or 10 francs daily (b) Waiting Time.—Three days, with retrospective effect to the second day (c) Period.—Determined by the rules of each society	The unemployment must be involuntary, and the unemployed person must have belonged to a society, and have paid contributions for one year Benefit is not paid when claimant is incapable of work, on strike, interested in a strike, or in a sympathetic strike The right to benefit is suspended for one month when the unemployment is voluntary	Benefit is forfeited when suitable employment at the customary local conditions is refused	Benefit is not paid during intermittent employment of less than two days in a week, or four days in a fortnight
Contributions— Fixed by the rules of the fund Subsidies— The State subsidy equals the amount of benefit paid by the trade organization, increased to one and a half times for certain persons. The maximum daily subsidy is fixed at 12 krona	(a) Rate.—The total amount of benefit, including the State subsidy, must not exceed two-thirds of the last-earned wages (b) Waiting Time.—Eight days, after which an unemployed person is entitled to State subsidy on and after the day on which he applies for benefit (c) Period.—Three consecutive months in one year, or four months if not consecutive	Fixed according to the rules of each organization A claimant is not entitled to State subsidy if— (a) not subject to compulsory sickness insurance (b) not entitled to benefit under the rules of his organization (c) has not been a member for three months (d) on strike or locked-out (e) has been dismissed, or is voluntarily unemployed (f) incapacitated for work	Claimant must report at least three times a week State subsidy is forfeited if a claimant refuses to accept suitable employment at the customary local wages or temporary work of public utility Employment may be refused where there is a strike or lock-out	The State may extend the operation of the Act to particular groups of seasonal workers
Contributions— (a) Unemployment Funds. Members' contributions fixed by the rules of the fund (b) Central Fund. State, one-third of the expenditure on relief, &c., plus 10 per cent. of the contributions to the funds. Employers, 5 krona per employee per annum Workers on relief works, 15 per cent. of their wages Subsidies— (a) State, 35 per cent. of the contributions of members (b) Communes, 30 per cent. of the contributions of members	(a) Rate. Maximum 4 krona per day for members with dependants, 3-50 krona for those without. Central fund adds 45 ore per day for each child and communes may pay families not more than 1 krona per day. Total not to exceed two-thirds of wages (b) Waiting Time. Six days, but may be increased by the rules of a fund to fifteen days (c) Period. Not less than 70 days within twelve consecutive months	A member must have been employed for ten months during the preceding two years and have been a member of a fund and have paid his contributions for at least one year An unemployed person is not entitled if— (a) on strike or locked-out (b) incapacitated (c) unemployed on account of having left his work on insufficient grounds, or because of drink, &c. (d) in prison (e) in custody awaiting trial (f) in receipt of regular poor relief (g) his working hours reduced by one-third or less	An unemployed person must accept suitable work, if the customary local wage is offered Unemployed workers must not be directed to a place where there is a strike or lockout	(a) Seasonal. Benefit is determined by the Minister of the Interior (b) Part-time. Benefit is paid for the days lost when the reduction of working hours brings them to less than two-thirds of the normal

CONSPECTUS OF ACTS RELATING TO UNEMPLOYMENT

Country and Date of Original Act and Act in Force	Administration of Act	Constitution of Unemployment Funds	Conditions for Recognition of Unemployment Funds
SUBSIDIZED			
FINLAND 1917	Government authorities appointed by the Senate	Unemployment funds connected with trade organizations	<p>(a) Minimum membership, 50</p> <p>(b) Separate accounts to be kept</p> <p>(c) Member to be admitted between the ages of 15 and 60 years only</p> <p>(d) No worker between ages of 15 and 60 years and fulfilling the statutory requirements to be refused admission</p>
FRANCE 1905	Minister of Commerce Unemployment Societies Committee	<p>(a) Funds connected with trade organizations</p> <p>(b) Funds connected with benefit societies</p> <p>(c) Independent funds</p>	<p>(a) Trade funds, minimum membership, 100</p> <p>(b) Trade or local funds subsidized by local authorities, minimum membership, 50</p> <p>(c) Fund must maintain a gratuitous employment agency</p> <p>(d) Accounts must be kept separate</p> <p>(e) Two-thirds at least of the benefits must be provided for by members' contributions</p>
HOLLAND 1906	Minister for Waterworks, with an advisory committee Bureau of Labour Communal supervision	Organizations of workers and employees supported by voluntary contributions	<p>(a) Conformation to the rules laid down</p> <p>(b) Rules of funds and alterations thereof must be approved by the Minister</p> <p>(c) Books and documents must be at the disposal of the Minister and communal authorities</p> <p>(d) Annual reports must be furnished to the Minister</p>
NEW SOUTH WALES 1916	Minister of Labour	Unemployment Insurance Committee	Board of Trade must certify that the fund is contributed to in proper proportions by employers and employees engaged in the industry and is administered by a committee representative of employers and employees
NORWAY 1906 1916	State Communal Committees.	Unemployment funds usually connected with trade organizations	<p>(a) Members must be Norwegian citizens or domiciled during the last two years</p> <p>(b) One-half the revenue at least must be derived from contributions</p> <p>(c) A special levy must be made if contributions insufficient</p> <p>(d) A fund connected with a trade union must admit all persons in the trade</p>

INSURANCE IN VARIOUS COUNTRIES—*continued.*

Sources of Income	Benefits	Payment of Benefits.	Registration for Employment	Seasonal or Intermittent Employment.
UNEMPLOYMENT FUNDS—<i>continued.</i>				
<p>Contributions— Fixed by each fund according to the classification of its members, sufficient to defray expenses and to provide for a reserve fund</p> <p>Subsidies— (a) State. Two-thirds of the expenditure on members with dependants, one-half of that on others (b) Communes must refund one half of the State subsidy</p>	<p>(a) Rate. From 1 to 10 marks per day, according to the classification of members. Minimum, 1 mark per day. Subsidy is not paid on a greater benefit than 3 marks per day (b) Waiting Time Six to fifteen days, according to the rules of the fund Minimum where subsidy is granted, six to seven days (c) Period. Maximum 90 days during twelve consecutive months</p>	<p>A claimant must have been a member and paid his contributions for at least six months. Benefit is only paid after a member fails to find suitable employment through the communal employment agency An unemployed person is not entitled to benefit who— (a) has left his employment voluntarily (b) has been dismissed on sufficient grounds (c) is on strike or locked-out (d) is sick or invalid (e) refuses suitable work</p>	<p>Employment not due to a strike or lock-out, for which the customary tariff or local wage is paid, must be accepted</p>	<p>If the wages earned by a beneficiary by casual labour are less than the amount of benefit, the difference may be made up</p>
<p>Contributions— Fixed by the rules of each individual fund</p> <p>Subsidies— (a) State 20 per cent. of benefits paid by local societies and 30 per cent. of those paid by societies acting over three departments and having at least 1,000 members. Benefit over 4 francs per day not considered (b) Local authorities may also grant subsidies</p>	<p>(a) Rate. Fixed by the rules of each individual fund (b) Waiting Time Fixed by the rules of each individual fund (c) Period Fixed by the rules of each individual fund. Subsidy is not paid for a longer period than 60 days in a year</p>	<p>A member— (a) may only obtain benefit from one fund (b) must have belonged to a fund for six months at least</p>	<p>An unemployed member— (a) must sign the unemployment register at least three times a week (b) must accept work found for him by his fund</p>	
<p>Contributions— Fixed by the rules of each fund, but must be sufficient, with the subsidy, to provide for benefits as well as for a reserve for extraordinary unemployment</p> <p>Subsidies— Paid in equal proportions by the State and communes, equal to 150 per cent. of the contributions, or in exceptional cases to 200 per cent.</p>	<p>(a) Rate. Maximum from 2 25 gulden to 2 85 gulden for married persons, from 1 75 gulden to 2 15 gulden for unmarried persons, and from 90 to 120 cents for those residing with their parents, according to classification of commune. Total not to exceed 60 per cent. of wages (b) Waiting Time. According to the rules of the fund (c) Period Sixty days in a year for ordinary members, 36 days for seasonal workers</p>	<p>According to the rules of each individual fund</p>	<p>Registration at official employment agency compulsory for all unemployed persons in receipt of relief</p>	<p>(a) Seasonal. Each fund must fix the months during which benefit for seasonal workers is payable (b) Part-time. Benefit is not paid unless the working hours do not exceed one-third of the normal</p>
<p>Government subsidy not to exceed 5 per cent. of the total amount of wages paid to any employees represented by the committee for a period of not less than one year</p>				
<p>Contributions— Fixed by the administration of each individual fund</p> <p>Subsidies— (a) State. Equal to one-half of the expenditure of the funds, but may be raised to two-thirds thereof (b) Communes of residence must refund two-thirds of the State subsidy</p>	<p>(a) Rate. One-half of the average daily wage as maximum (b) Waiting Time. Three days (c) Period. Ninety days in one year</p>	<p>A claimant for benefit must— (a) have been a member for the last half-year and have paid contributions for 26 weeks. (b) be involuntarily unemployed (c) be capable of work (d) have applied in vain for work at a public employment agency An unemployed person is not entitled to benefit if— (a) drawing benefit from another unemployment fund (b) drawing benefits from a sick fund (c) on strike or locked-out</p>	<p>Unemployed persons must report at official employment agencies An unemployed person must accept suitable work otherwise has right to benefit is forfeited</p>	

CONSPECTUS OF ACTS RELATING TO UNEMPLOYMENT

Country and Date of Original Act and Act in Force	Administration of Act.	Constitution of Unemployment Funds	Conditions for Recognition of Unemployment Funds
C.—SUBSIDIZED			
SPAIN 1919	Ministry of Public Works General Commission for Insurance	(a) Workers' associations entirely in the hands of workers (b) Mixed associations adminis- tered by and contributed to by workers, employers, pro- vinces and communes (c) Provincial and communal associations (workers take part in administration but need not contribute) (d) Employers' associations en- tirely in the hands of employers	(a) Unemployment funds must be kept separate from other funds (b) Associations must be constituted under the Associations Act of 1887 (c) No profit may be made (d) The management must be honorary (e) Minimum membership, 100 (f) A fund must be confined to one oc- cupation or group of allied occupations
SWITZERLAND (A) FEDERATION 1917 1924	Federal Council	(a) Cantonal funds (b) Communal funds (c) Funds of trade organizations (d) Private funds Funds must be recognized by the Federal Department of Labour	(a) Profit-making forbidden (b) Accounts to be kept separate (c) Definite rules to be made as to con- tributions and expenditure (d) No person may belong to more than one fund
(B) CANTON BASEL-TOWN 1909	State Council Department of the Interior Administration Board Public Labour Bureau	State Unemployment fund	Membership confined to any wage-earner of either sex, resident in the Canton for six months, who works for another person, if— (a) not a member of a private subsi- dized fund (b) over seventeen years of age (c) able-bodied (d) employed for the last three months within the Canton
		Private Unemployment funds	An unemployment fund must— (a) have been in existence for six months (b) be situated in the Canton, or have a branch therein (c) fulfil all the required conditions (d) have a minimum membership of 50 in the Canton

INSURANCE IN VARIOUS COUNTRIES—*continued.*

Sources of Income.	Benefits.	Payment of Benefits.	Registration for Employment	Seasonal or Intermittent Employment.
<i>UNEMPLOYMENT FUNDS—continued.</i>				
<p>Contributions— Fixed by the constitution of each individual fund</p> <p>Subsidies— State. Equal to the amount paid in contributions. Also a special subsidy equal to one-quarter of the expenditure of a fund on the prevention of unemployment</p>	<p>(a) Rate. Maximum 60 per cent. of the daily wage</p> <p>(b) Waiting Time. Six days</p> <p>(c) Period. Ninety days in one year</p>	<p>Benefit is not paid—</p> <p>(a) to workers under 18 or over 60 years of age</p> <p>(b) to salaried employees with annual incomes of more than 4,000 pesetas</p> <p>(c) when the unemployment is voluntary</p> <p>(d) to a member who has not belonged to a fund, nor has paid contributions for three months</p> <p>(e) when the unemployment is due to incapacity, sickness, accident, strike, or lock-out</p>		<p>(a) Seasonal. No State subsidy is payable in cases of seasonal unemployment</p> <p>(b) Part-time. When less than 70 per cent. of the ordinary wage is earned the difference is made up</p>
<p>Contributions— Fixed by the rules of each individual fund</p> <p>Weekly contributions must be at least 30 per cent. of the daily wage</p> <p>Subsidies— Federal. Equal to 40 per cent. of the benefits paid by public and joint funds, 30 per cent. of those paid by others. Subsidy may be made conditional on Canton or communes granting similar subsidy</p>	<p>(a) Rate. Fixed by the rules of each individual fund. Maximum, 60 per cent. of loss of normal earnings for persons with dependants, 50 per cent. for others</p> <p>(b) Waiting Time. Three days</p> <p>(c) Period. Ninety days in 360 days, unless the unemployment is exceptional</p>	<p>Benefit is only paid when—</p> <p>(a) a member has belonged to a fund and paid his contributions for 180 days</p> <p>(b) the unemployment is involuntary</p> <p>(c) member has registered at a public employment agency and has not been able to obtain employment</p> <p>No benefit is paid—</p> <p>(a) to incapacitated persons</p> <p>(b) during an industrial dispute nor for a period of 30 days after its termination</p>	<p>(a) Registration at a public employment agency is compulsory</p> <p>(b) The right to benefit is forfeited if the unemployed person does not accept suitable employment or conform to control</p>	<p>Part-time. Benefit, including earnings, must not exceed 80 per cent. of normal earnings, if with dependants, or 70 per cent., if without dependants</p>
<p>Contributions— Rate, 0.70 francs per month for persons earning less than 4.50 francs per day; 1.10 francs for those with from 4.50 to 5.50 francs and 1.50 francs for those with over 5.50 francs per day</p> <p>Subsidies— Canton pays the cost of administration and any expenditure not covered by the contributions of members</p>	<p>(a) Rate, 2 francs, 2.20 francs, or 2.40 francs per day for persons without dependants; 2.80 francs, 3 francs, or 3.20 francs for those with dependants according to wage classification</p> <p>(b) Waiting Time. Three days</p> <p>(c) Period. Full benefit for 50 days, half benefit for 20 days in one year</p>	<p>Benefit is only paid when—</p> <p>(a) the member has belonged to a fund for six months and has fulfilled all obligations thereto</p> <p>(b) the unemployment is involuntary</p> <p>(c) suitable employment cannot be found</p> <p>No benefit is granted where the member—</p> <p>(a) leaves employment voluntarily</p> <p>(b) is justifiably dismissed</p> <p>(c) participates in a strike or lock-out</p> <p>(d) is incapacitated</p> <p>(e) furnishes incorrect information</p>	<p>An unemployed member must register at the State employment agency</p> <p>Suitable employment must not be refused</p> <p>A single man must accept work offered outside the Canton</p> <p>Preference for employment is granted to members by the State employment agency</p>	
<p>Contributions— Fixed by the rules of each individual fund</p> <p>Subsidies— Cantonal. Equal to 20 to 40 per cent. of contributions, to reserve fund; 30 to 60 per cent. of benefits towards ordinary expenditure of the fund</p>	<p>(a) Rate. Not to exceed two-thirds of the wages of the beneficiary</p> <p>(b) Waiting Time. According to the rules of each individual fund</p> <p>(c) Period. Seventy days in one year</p>	<p>Benefit is only paid when—</p> <p>The member is able-bodied, has belonged to a fund for six months and has paid all contributions</p>	<p>An unemployed member must register at the State employment agency if his fund does not immediately find work for him</p> <p>Preference for employment granted to members by the State employment agency</p>	

CONSPICUOUS OF ACTS RELATING TO UNEMPLOYMENT

Country and Date of Original Act and Act in Force	Administration of Act	Constitution of Unemployment Funds	Conditions for Recognition of Unemployment Funds
C.—SUBSIDIZED			
(C) CANTON GENEVA 1909 1919	State Council	Unemployment funds of trade organizations	The fund must conform to the prescribed conditions and to the provision that no Swiss citizen be precluded from membership
(D) EMBROIDERY TRADE CRISIS FUND 1916	Commission comprising representatives of the Federation, Cantons and trade organizations	Crisis Fund of the Embroidery Trade (only availed of when there is a general crisis in the trade)	Membership confined to male and female workers in the embroidery trade in Cantons Zürich, Appenzell a/R, St. Gall and Thurgau, who are insured in communal or trade unemployment funds

INSURANCE IN VARIOUS COUNTRIES—*continued.*

Source of Income.	Benefits	Payment of Benefits	Registration for Employment.	Seasonal or Intermittent Employment.
UNEMPLOYMENT FUNDS—<i>continued.</i>				
<p>Contributions— Fixed by the rules of each individual fund</p> <p>Subsidies— Cantonal Equal to 60 per cent of the benefits paid</p>	<p>(a) Rate. Fixed by the rules of each fund</p> <p>(b) Waiting time Fixed by the rules of each fund</p> <p>(c) Period. Fixed by the rules of each fund, but subsidy is not paid for longer than 60 days in one year</p>	<p>Benefit is only paid when— The claimant has resided in the Canton or has been a member of a Swiss association for at least one year</p> <p>No benefit is paid where the unemployment is due to a strike, illness, industrial accident, or incapacity</p>		
<p>Contributions— No contributions are paid by members to the Crisis Fund</p> <p>Subsidies— The income of the fund is derived from one quarter per cent. of the average amount of the turn-over in 1913 to 1915, together with gifts, &c.</p>	<p>(a) Rate. 50 per cent. of the outlay of an individual crisis or unemployment fund is refunded. Minimum, 1 franc per day, maximum, full wages. Additional 20 per cent. for dependants</p> <p>(b) Waiting time. Fixed by the rules of each individual unemployment fund</p> <p>(c) Period. Sixty days in a calendar year</p>	<p>Benefit is only paid when— The claimant has complied with the rules of the fund regarding the necessary length of membership</p>	<p>Instead of paying benefit, the Commission may direct the unemployed person to suitable employment</p>	<p>Part-time. Benefit is granted only when work is reduced by 50 per cent. within two weeks</p>

CONSPECTUS OF ACTS RELATING TO EMPLOYMENT AGENCIES IN VARIOUS COUNTRIES.

Public Employment Agencies				Private Employment Agencies.
Country and Date of Act	Method of Organization	Source of Income	Arrangements for Employment	
ARGENTINE, 1913	National labour office State employment agencies in principal towns Provincial employment agencies Communal employment agencies Agencies may work in conjunction with Immigration Agency	State agencies, State Provincial agencies, Provinces Communal agencies, Communes	All State Departments which employ labour, must obtain same through the public employment agencies State employment agencies must keep in touch with the questions of wages and hours of labour in industries	Private agencies, which do not charge fees, are entitled to State subsidy Other private agencies in capital city and National Territory must be registered
AUSTRALIA— New South Wales, 1918	Department of Labour State Labour Exchanges in various centres Agencies may co-operate with other agencies and with private licensed agencies	State	Advances of travelling expenses may be made, to be repaid out of wages	Private agencies must be licensed by the Minister of Labour Scale of fees fixed Fee to be refunded if no work found within fourteen days, less expenses
Victoria, under Departmental Regulations	Department of Labour Government Labour Exchange Representatives in larger towns Sub-agencies in smaller towns	State	Most Government undertakings must engage their labour through the State Labour Exchange or a branch thereof Advances of railway fares may be made on guarantee of repayment from wages	Private agencies must be licensed by the Inspector of Factories and Shops Scale of fees may be prescribed
Queensland, 1915	Department of Labour Central Labour Office, with branches in various towns Clerks of Petty Sessions where there is no State agency State agencies may co-operate with other agencies, including private	State	Advances of travelling expenses may be made, to be repaid out of wages Works undertaken by local authorities may be postponed until the slack period of the year	Private agencies must be licensed by the Secretary for Public Works Maximum scale of fees for placing fixed
South Australia, under Departmental Regulations	Department of Public Works Government Labour Exchange with branches in country towns	State	All Government Departments must engage all daily-paid men through the Government Labour Exchange Government pays travelling expenses, if worker remains for a certain period Advances of travelling expenses, to be repaid from wages, made to workers going to private employment	Private agencies must be licensed by the Chief Inspector of Factories Scale of fees fixed Fee to be refunded if no engagement is made
Western Australia, under Departmental Regulations	State Labour Bureau with branches in various places	State	Advances of travelling expenses may be made in necessitous cases, if repayment is guaranteed	Private agencies must be licensed by Licensing Magistrates and registered Fees payable by employers and workers must be equal
Tasmania, under Departmental Regulations	State Industrial Department State employment agencies at Hobart and Launceston	State	Advances of railway fares may be made, to be repaid out of wages	No special regulations
AUSTRIA, 1917	Ministry of the Interior Imperial State Labour Office District Labour Offices with advisory committees Official employment agencies with committees of workers and employers	Imperial and District Offices, State Communal agencies, Communes Employers may be charged a small fee	Activities may be suspended in case of an industrial dispute, otherwise the existence of the dispute must be notified to applicants	Non-official gratuitous agencies are supervised by the Imperial Labour Office Fee-charging private agencies must be licensed by Government, but practically no new licences are now granted

CONSPICUOUS OF ACTS RELATING TO EMPLOYMENT AGENCIES IN VARIOUS COUNTRIES—*continued.*

Public Employment Agencies.				Private Employment Agencies
Country and Date of Act.	Method of Organization.	Sources of Income	Arrangements for Employment.	
BELGIUM, 1924 ..	Ministry of Industry and Labour. State official employment agencies with committees of delegates of public authorities and associations and supervising committees of employers and workers Recognized public and private employment agencies	State and establishing authorities	In case of an industrial dispute, the agency continues to operate, but must notify applicants of the existence of the dispute A supervising committee may fix a scale of wages below which the agency will not operate Weekly and daily railway tickets are issued at low fares	No special legislation The activity of private agencies is greatly curtailed by the operations of the subsidized official agencies
BULGARIA, 1925	Department of Labour .. Government labour agencies Local public employment agencies with labour councils and consultation committees	State .. ..	.. . . . .	Private agencies, except free or connected with workers' organizations, to be replaced by free public agencies
CANADA— Federal Government, 1918	Ministry of Labour Federal Clearing Houses Free employment agencies in provinces in which such do not exist	Federal Government	Reduced fares are granted for railway journeys of 116 miles or more A commission has been appointed to place State orders when business is slack	Provinces, which receive subsidies, must not issue new licenses to private agencies
Alberta, 1919..	Government Employment Bureau Free employment agency in each district with advisory committee attached to agency	Provincial Government with Federal subsidy	.	Private agencies abolished gradually or prohibited absolutely after proclamation has been issued
British Columbia, 1917	Department of Labour .. State employment agencies	Provincial Government with Federal subsidy	..	Private fee-charging employment agencies are prohibited
Manitoba, 1918	Department of Agriculture and Immigration Government Employment Bureau with Advisory Board State employment agencies in various places Municipal employment agencies	State agencies, Provincial Government with Federal subsidy Municipal agencies, Municipalities	No agency may send a worker to a place at which there is an industrial dispute without informing him of the existence thereof	Private employment agencies of all kinds are prohibited, except those maintained by employers for engaging their own workers
Ontario, 1916-1921	Department of Labour .. State employment agencies at various places Provincial Employment Service Council Local Employment Service Councils	Provincial Government with Federal subsidy	Advances of travelling expenses may be made, provided that the employer agrees to repay them	Private agencies must be licensed by the Department of Labour Scale of fees may be fixed
Quebec, 1910..	Department of Public Works and Labour State employment agencies in cities and towns	Provincial Government with Federal subsidy	.. . . . .	Private agencies must obtain permits from Government, and, except those for women only, be also licensed
Saskatchewan, 1919-20	Bureau of Labour and Industry State employment agencies in various centres Municipal employment agencies	State agencies, Provincial Government with Federal subsidy Municipal agencies, Municipalities and fees	.. . . . .	Private employment agencies, except teachers' agencies, are forbidden to charge fees

CONSPICUOUS OF ACTS RELATING TO EMPLOYMENT AGENCIES IN VARIOUS COUNTRIES—*continued.*

Public Employment Agencies.				Private Employment Agencies
Country and Date of Act	Method of Organization	Sources of Income.	Arrangements for Employment	
CZECHOSLOVAKIA, Bohemia, 1903 "	Central employment office Central provincial employment agencies District employment agencies connected with Relief Stations Communal agencies Committees of employers and workers for each agency Independent district agencies with committee and staff appointed by districts	Central office, and central provincial agencies, State District and communal agencies, Establishing authorities	Employers and workers are expressly left free to make use of the public agencies or not, as they prefer	Private agencies, which charge fees, especially those for women, are expected to be superseded by the public agencies
DENMARK, 1921..	Directorate of the Ministry of the Interior with advisory committee Central office Recognized employment agencies set up by county communes, other communes and groups of communes with managing committee of employers and employees for each agency	County agencies, Joint county funds Communal agencies, Communes State subsidy, not exceeding one-third of expenditure	Recognized unemployment funds must notify their unemployed members to a public agency Preference for employment given to members of unemployment funds Agencies must not direct workers to establishments while there is an industrial dispute therein Communal agencies may make travelling grants	Private employment agencies, which charge fees, are prohibited, except those for domestic servants, which must be licensed by the public authorities
FINLAND, 1917 .	Imperial Senate Central Office Communal employment agencies Commissioners in small communes	Central office, State Communal agencies, Communes State pays cost of co-ordination	In case of an industrial dispute, agencies continue to operate, but must notify applicants of the existence of the dispute Agencies must assist applicants to stand by existing collective agreements Railway tickets may be issued at half rates Committees appointed to draw up programme of works	Private employment agencies are prohibited, except special agencies set up by trade organizations, which may be subsidized by the State
FRANCE, 1904 .	Ministry of Labour Central Office Regional Offices Departmental employment agencies Communal employment agencies Trade Union employment agencies State agencies with committees of employers and workers	Central and regional offices, State Other agencies, Establishing authorities with State subsidy	In case of an industrial dispute, the agency continues operations, but must notify applicants of the existence thereof Railway fares are granted at half rates Most large towns have vocational branches for young persons connected with the agencies A permanent committee has been formed to deal with the reservation of public works for periods of depression	Private employment agencies must obtain permits from the communal authorities
GERMANY, 1922..	Federal Employment Board State Employment Boards Provincial employment offices Communal employment agencies with committees of employers and workers Special agencies for seamen	Federal Board, Federal Government State Boards, States Communal agencies, Communes Seamen's agencies, Shipowners' association	Agricultural and forestry employers must notify agencies of their vacancies Minister of Labour may compel certain other employers to notify vacancies Notification of industrial disputes must be given to agency, which must notify applicants, who may only be placed where there is a dispute at their own request Agency may only fill positions where collectively agreed or customary wages are paid Free railway tickets may be granted Complete system of vocational guidance offices now in existence	No new permits granted to fee-charging agencies, which must be abolished by the end of 1930

CONSPICUOUS ACTS RELATING TO EMPLOYMENT AGENCIES IN VARIOUS COUNTRIES—*continued.*

Public Employment Agencies.				Private Employment Agencies
Country and Date of Act.	Method of Organisation	Sources of Income.	Arrangements for Employment.	
GREAT BRITAIN, 1909	Board of Trade . . . Central Office Divisional Offices Labour Exchanges in various centres with advisory committees	State	Unemployed insured workers must register at a Labour Exchange Notification of an industrial dispute may be made to an agency, and applicants must be informed as to the existence thereof Railway fares may be advanced, but not to where an industrial dispute is in progress Committees formed for vocational guidance	Private employment agencies for female domestic servants must be registered with local authorities Licensing compulsory in the County of London, and in such places in which the local authority makes by-laws to that effect
GREECE, 1922 . .	Department of Labour and Social Welfare State employment agencies at various places with committees for each agency	State	.	
HOLLAND, 1916. .	Department of Unemployment and Employment Exchanges Central employment bureau District employment agencies Communal employment agencies	Central bureau, State District agencies, State and Communes jointly Communal agencies, Communes	Some agencies notify applicants of the existence of an industrial dispute, others cease activities with regard to an establishment in which an industrial dispute is in progress A commission has been formed for developing and regularizing possibilities of work	No special legislation
HUNGARY, 1916. .	Ministry of Commerce . . Central employment office Communal employment agencies with committees of employers and workers	Central office, State Communal agencies, Communes with State subsidy Fees may be charged for domestic servants	Applicants must be informed of the existence of an industrial dispute Conditions of work must be communicated to applicants Collective agreements may be recognized by agencies	
ITALY, 1918 . .	Ministry for Labour National Office for Employment Agencies and Unemployment Insurance with advisory committee Provincial employment agencies with councils of officers, employers, and workers Communal, co-operative, &c., employment agencies with committees of employers and workers	Provincial offices, Provinces Communal agencies, Communes Agencies placing manual workers may be subsidized by State	Employers either may engage workers directly or must engage them through a public or recognized agency An agency must not send an applicant to an establishment while an industrial dispute is in progress therein An agency must not offer work at a lower rate of wages than that specified in collective agreements Travelling expenses may be advanced A committee has been formed to co-ordinate public works, with a technical council	Private agencies, which do not charge fees, may be recognized Fee-charging agencies are prohibited
JAPAN, 1921 . .	Ministry of Home Affairs . . Central employment agency District employment agencies Communal employment agencies	Central and District agencies, State Other agencies, State half and Communes half Extra subsidy if establishment of agency compulsory	Travelling expenses may be advanced	Free agencies must obtain permits from administrative authorities Fee-charging agencies must be licensed and will be gradually abolished
YUGO-SLAVIA, 1922	Ministry of Social Affairs . . Central employment agency Local employment agencies in larger places Branch agencies	State, but communes must find accommodation for local and branch agencies	Any employer dismissing over five workers at one time must notify the nearest agency State and local authorities holding concessions must engage workers through a public agency Agencies must not send applicants to an establishment at which an industrial dispute is in progress Railway fares at half rates may be granted on State railways	Private agencies must obtain permits from the Ministry of Social Affairs, but no permit is granted in a place at which there is a State agency

CONSPICUOUS OF ACTS RELATING TO EMPLOYMENT AGENCIES IN VARIOUS COUNTRIES—*continued*

Public Employment Agencies				Private Employment Agencies
Country and Date of Act	Method of Organization	Source of Income	Arrangements for Employment	
LUXEMBURG, 1912	Central employment agencies (2) Local employment agencies	State grants and communal subsidies		Private agencies must be specially authorized by Government (none in operation)
NEW ZEALAND, under Departmental Regulations	Department of Labour State employment agencies Postmasters as employment agents	State Postmasters may charge a small fee		Private fee charging agencies must be licensed by the Inspector of Factories. Scale of fees may be prescribed.
NORWAY, 1906	Ministry of Social Affairs Communal employment agencies with committees of employers and workers	Communes with State subsidy, if establishment of agency compulsory, otherwise communes only	Preference for employment must be given to residents of the commune. Notice of an industrial dispute must be posted up in agency, with list of occupations affected. Railway and steamer fares granted at half rates. A commission has been appointed to prepare legislation regarding the reservation of public works for times of depression.	Private employment agencies must be licensed.
PERU, 1913	Labour offices (2)	State		
POLAND, 1910	Department for Employment Insurance and for Labour Agencies, with advisory committee. State Office for finding employment for workers and for assisting emigrants. State employment agencies with committees of employers and workers.	State Employers charged fees	Employers must notify vacancies to a public agency. Unemployed persons must register at an agency. A Bill is drafted for setting up vocational guidance committees. A central advisory committee is proposed for the reservation of public works for times of depression.	Fee charging agencies must be licensed by the Ministry of Labour and Social Welfare. Those for domestic servants to be abolished within five years. No licence granted where there is a free agency.
PORTUGAL, 1922	Ministry of Labour State employment agencies	State		
RUMANIA, 1921	Ministry of Labour and Social Welfare Directorate of Employment Service, with committee. Central employment exchange (rent employment) agencies Regional employment agencies with advisory committees Communal employment agencies Communal registration offices	Central employment exchange, State All other agencies, Communes, 40 per cent Circuits, 40 per cent State, 20 per cent	In case of an industrial dispute, an agency continues operations, but must inform applicants of its existence prior to offering them work in an establishment in which a dispute is in progress. Travelling expenses are granted at half rates.	Free private agencies must be licensed by a Regional Inspector of the Ministry of Labour. Fee charging agencies are to be abolished without compensation.
RUSSIA, 1924	Committee of Labour State employment agencies	State	The utilization of the State agencies is optional for both employers and workers.	
SPAIN, 1930	Ministry of Labour Department for Employment Agencies Employment agencies set up by communes, provinces, districts and organizations of employers and workers with committee of employers, workers and experts for each agency	Department for Employment agencies, State Employment agencies, Establishing authorities with State subsidies	An agency may not send workers to an establishment while there is an industrial dispute in progress therein. An agency must refuse to fill a position if the wages offered are below a certain minimum or if other conditions are unsatisfactory.	

CONSPICUOUS OF ACTS RELATING TO EMPLOYMENT AGENCIES IN VARIOUS COUNTRIES—continued

Public Employment Agencies.				Private Employment Agencies.
Country and Date of Act	Method of Organization	Sources of Income	Arrangements for Employment	
SWEDEN, 1912	Department of Labour and Social Welfare Employment agencies set up by the State, communes and other institutions with committee of employers and workers for each recognized agency	Establishing authorities State subsidies to recognized agencies	Travelling expenses granted at half-rates in necessary cases Vocational Guidance Bureau established by city school board	Fee charging agencies must be licensed by Government
SWITZERLAND, 1924	Federal Department of Public Economy Federal Office of Labour Cantonal central offices Cantonal employment agencies	Establishing authorities, with Federal subsidies	Employers must report vacancies, but are not obliged to accept the workers sent to them Railway tenders must notify vacancies In case of an industrial dispute, an agency continues operations, but must notify applicants of the existence thereof Vocational guidance offices set up in most towns An advisory commission has been appointed to distribute work	A Bill has been introduced to abolish private fee charging employment agencies
UNION OF SOUTH AFRICA under Departmental Regulations	Department of Labour State employment agencies	State	Free railway passes granted to agricultural and domestic workers	
UNITED STATES OF AMERICA Federal Government, 1907	Department of Labour Federal Employment Service, with representatives in States Clearance Office	Federal Government	National Bureau of Economic Research making inquiries into cyclical unemployment	United States Supreme Court has decided that States have not power to prohibit private employment agencies
States	Department of Commissioner of Labour (in most States) State Boards Industrial Commissions Free State Employment Agencies (in most States) Municipal Employment Agencies	State agencies, State Municipal agencies, Municipalities	The existence of industrial disputes must be notified in some States In three States preference for employment is given to residents	Owners of private agencies must pay license fee of from \$2 to \$1,000, and bond of from \$100 to \$5,000 Maximum fees and provisions for return of fee, if no position found, presented in many States

1926-27.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

THIRD PROGRESS REPORT

OF THE

ROYAL COMMISSION

ON

NATIONAL INSURANCE.

DESTITUTE ALLOWANCES.

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ROYAL COMMISSION ON NATIONAL INSURANCE.

THIRD PROGRESS REPORT.

To His Excellency the Right Honorable JOHN LAWRENCE, BARON STONEHAVEN, a Member of His Majesty's Most Honorable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Distinguished Service Order, Governor-General and Commander-in-Chief in and over the Commonwealth of Australia.

MAY IT PLEASE YOUR EXCELLENCY :

We, your Commissioners, appointed by Letters Patent to inquire into and report upon—

- (a) National insurance as a means of making provision for casual sickness, permanent invalidity, old-age, and unemployment; and
- (b) the operations of the maternity allowance system, with a view to the incorporation with national insurance of a scheme for securing effective pre-natal and other assistance to mothers; and
- (c) the question of amending the *Invalid and Old-age Pensions Act 1908-1923*, so as to provide for the payment of destitute allowances,

have the honour to submit our Third Progress Report.

In our previous reports we have stated that as the scope of our Commission was so extensive we found it desirable to deal with the various subjects of inquiry in sectional groups, and to furnish progress reports as the taking of evidence relative to each section was completed. The First Progress Report related to national insurance as a means of making provision for casual sickness, permanent invalidity, maternity, and old-age. The Second Progress Report dealt with the question of unemployment.

The taking of evidence with respect to the question of amending the *Invalid and Old-age Pensions Act*, so as to provide for the payment of destitute allowances, has now been completed. Representatives of the charitable organizations, child welfare departments, and pensions departments in each State were examined in an endeavour to ascertain particulars concerning the cases of destitution dealt with and the assistance at present available for the relief of indigent persons.

As the result of our investigations it has been ascertained that although the great majority of the community are able to provide for themselves during normal times yet a number of cases of distress are always to be met with in the cities and occasionally in country districts. The incidence of destitution is heaviest among the women and children, as the default of the breadwinner in not supporting his family results in a considerable amount of poverty. Often this unsatisfactory condition arises from causes quite beyond his own control; unemployment due to sickness, accident, old-age, inefficiency, or to depression in industry at certain seasons of the year being the main contributing cause. The death of the breadwinner generally creates a difficult position and often results in distress; in many cases where a widow and young family are left unprovided for, assistance is necessary for several years until the children are able to maintain themselves.

Although most families in distress have been reduced to such circumstances involuntarily, yet there are cases where destitution is brought about by the actions of the parties concerned. Drunkenness causes numerous cases of poverty. Destitution is often due to gambling and other forms of vice, and is also brought about in cases where families have been deserted, women have been divorced or separated from their husbands, parents are in gaol, and single women with children. Often there are underlying or indirect causes, and unfortunately a small percentage are thriftless and make no effort to provide for times of emergency.

An analysis of the particulars furnished by the various charitable organizations shows that 44 per cent. of the applicants for relief were unemployed as the result of shortage of work; 23 per cent. were in distress as the result of sickness, accident, physical or mental defect, and old-age; 13 per cent. were widows with young families; 8 per cent. were deserted wives, and 6 per cent. were in destitute circumstances arising from personal causes. The majority of the applicants are the dependants of unskilled labourers, and reside in the industrial suburbs.

1. CHARITABLE RELIEF AVAILABLE.

(a) PRIVATE ORGANIZATIONS.

Numerous charitable organizations are operating in the several States of the Commonwealth. Some of these organizations have been in operation for many years. Many were founded by the principal religious denominations; their objects being, generally, to relieve the poor, the distressed, and afflicted and also to assist in the suppression of begging and in the encouragement of self-help. In most cases personal application for assistance is voluntarily made direct to the organizations by the destitute persons themselves, or applications are made through the police or other officials, or recommended by the societies' visiting staffs, who locate persons in need of relief. Many people, although in difficulties, are diffident about seeking the assistance offered, but there are others, however, who attempt to impose on the societies. Special investigation officers are employed by the various charitable organizations to visit the cases regularly in their homes, and to ascertain the character and general circumstances of applicants for relief. Full particulars are collected and recorded for future reference; the investigations being made in a sympathetic and tactful manner.

The charitable organizations furnish outdoor and indoor relief. In the former case assistance is granted to distressed or afflicted persons in their own homes, whilst in the latter numerous institutions have been established for the purpose of providing accommodation for those in need. Outdoor relief usually consists of assistance in the form of food, fuel, clothing, bedding, financial aid, in finding employment, in purchasing tools for employment, and in starting small businesses, or in providing arrangements for rest and change in the country. When work is offering in other parts of the State, fares are often provided for the unemployed. The rations issued are generally based on a definite weekly scale according to the number of dependants. Orders on storekeepers are sometimes issued and a few societies have instituted their own stores for this purpose. Cash is seldom given, and only in very special cases would an allowance be granted for the payment of arrears of rent, as such assistance is generally considered to be unsatisfactory. Relief is granted immediately the claim is substantiated and is continued for as long as is necessary; the cases being regularly visited in their own homes by representatives of the societies, which endeavour to give service as well as material relief. Single men are provided with food and shelter, but those who have had experience in the administration of relief funds are not desirous of extending assistance to able-bodied men. In some cases brick-cleaning yards and wood-yards have been established in order to provide temporary assistance to the deserving unemployed and to help in eliminating the malingeringer.

The indoor relief comprises benevolent asylums, even-tide homes for the aged, homes for patients awaiting hospital treatment, hospices providing free shelter and food for destitute men, refuges for women in distress, industrial homes for adults, homes for the care of girls and boys, and homes for infants and young children. Some organizations have adopted the policy that as far as possible every inmate of an institution shall do some work towards earning his support and towards making the institution self-supporting, but that is impossible in some types of institutions. In the industrial homes the inmates are employed on light work, such as salving waste paper and rags from the warehouses in the city. Market gardens and piggeries are maintained in connexion with a few institutions, and at certain seasons of the year toy-making is undertaken. The charges for accommodation, when made, are very small, but if applicants are genuinely destitute, free food and lodging are immediately granted. Admittance is never refused in such cases when accommodation is available. There is no specified limit to the period

of residence in the homes, although every effort is made to find employment for those able to work. At times the accommodation of some of the institutions is heavily taxed, especially during the winter months.

Many organizations supply relief for the same class of person and in the cities a number of societies are doing similar work in the same area, but they generally carefully investigate the cases before relief is granted in order to prevent imposition and overlapping; in some cases the societies operate within definite geographical boundaries. It frequently happens, however, that more than one society may give outdoor relief to the same person and, although it is desirable that overlapping should be prevented, no association has been effectively organized in each State for that purpose. Several attempts have been made in the direction of establishing a central co-ordinating organization, but it has been found that many factors prevent co-operation between the various charitable societies. There is no doubt, however, that the problem of relief of distress cannot be successfully attacked until there is systematic co-operation between the various charitable organizations in the several States. In one State last year several societies satisfactorily co-operated through a central committee for the purpose of providing unemployment relief.

The funds for the societies' general work are privately donated by or collected from charitably-disposed people, and are generally subsidized by the State Governments, although some societies have never asked for Government aid and prefer to manage their own affairs. Appeals are constantly being made through the daily press for assistance in special cases of extreme distress. Many societies receive annual donations from firms and private citizens, and also derive regular income from interest on bequests. The cost of providing relief for industrial distress is usually borne by the State Governments, the societies generally undertaking the administration work free of cost. Most of those employed by the charitable organizations dispensing outdoor relief render their services gratuitously.

(b) GOVERNMENT RELIEF.

In addition to making annual grants to charitable organizations which provide outdoor and indoor relief, the Governments in the several States also directly furnish assistance to destitute or afflicted persons. The institutional relief comprises homes for the aged, institutions for the blind, deaf and dumb, asylums for the insane, and reformatories and homes for boys and girls. Under the child welfare systems the State accepts the responsibility for the care and maintenance of neglected, destitute, uncontrollable, and convicted children, and also for infant life protection and the employment of children. The boarding-out system has been extended so that the child of a widow, deserted wife, single woman, or wife whose husband is incapacitated by mental or bodily infirmity, or is in gaol, may be boarded out to the mother herself. This provision is much availed of by the distressed, as it enables a family to live together in their own home without interference. Machinery has also been brought into existence for the legal adoption of children, and this is an effective and permanent method by which these children may be absorbed into the community.

The Commonwealth invalid and old-age pensions scheme provides relief to a very large number of deserving persons. In addition to the ordinary, hospital, and asylum pensions payable to individuals, the Commonwealth pays to the various institutions the sum of 10s. 6d. per week in respect of certain inmates who are eligible for the old-age pension; the charitable organizations being relieved to that extent of the cost of maintaining the pensioner in an institution. Since the inception of the invalid and old-age pensions scheme there has been less destitution, and most cases of genuine distress amongst the aged and permanently incapacitated come within its scope. The various liberalizing amendments to the Act and regulations during recent years have removed many of the anomalies that previously operated. The Commissioner has been granted wide discretionary powers which enable many deserving cases to be admitted. A test examination of the claims shows that at least one-third of the successful applicants for the old-age and invalid pensions are neither in receipt of any other income nor in possession of any property. An analysis shows that 46 per cent. of the claims rejected for the old-age pension were due to the income and property qualifications, and 25 per cent. because age was not proved; in the case of the invalid pension claims rejected, 57 per cent. of the rejections were due to the fact that the claimants were not permanently incapacitated for work, and 12 per cent. as the result of the income and property qualifications. Many of the rejected claims are subsequently re-opened and granted if the previous disability is removed. In connexion with the rejected claims for invalid pensions cases of hardship are often met with in which the claimant, although not totally and permanently incapacitated, has been unable to work for a long period as the result of sickness and is in destitute circumstances. It is essential that some provision should be made for such cases of temporary incapacity.

(c) EXPENDITURE ON CHARITABLE RELIEF.

The following statement has been prepared from the latest information available, showing the total annual expenditure on indoor and outdoor relief by the principal private charitable organizations and Government institutions in Australia :—

Organization	Number of Organizations.	Revenue			Expenditure		
		From Government	From Other Sources.	Total	Outdoor Relief	Other	Total
		£	£	£	£	£	£
1. Homes for the Aged	34	264,296	133,001	397,297	2,762	371,810	374,572
2. Homes for Adults	24	6,454	44,944	51,398	2,022	42,481	44,503
3. Maternity Homes	14	7,332	39,047	46,379		48,816	48,816
4. District and Bush Nursing Societies	33	2,824	22,380	25,204	255	27,520	27,775
5. Refuges, &c.	46	3,511	101,100	104,611	534	123,480	124,014
6. Institutions for the Deaf, Dumb, and Blind	16	34,612	168,895	203,507		185,874	185,874
7. Benevolent Societies	185	31,212	122,593	153,805	105,648	22,944	128,592
8. Government Outdoor Relief	4	459,673		459,673	459,673		459,673
9. Boarded-out Children Departments	6	645,673	51,476	697,149		697,149	697,149
10. Homes and Reformatories for Children	110	173,816	176,551	350,367	244	319,984	350,228
11. Infants' Homes and Mothers' Welfare Societies	13	39,509	30,239	69,748		68,140	68,140
Total	485	1,668,912	890,226	2,559,138	571,138	1,938,198	2,509,336

Complete particulars concerning the total number of persons who received outdoor assistance are not available, but it is estimated that the number of adults and children assisted in this manner last year in the Commonwealth totalled 150,000. In addition 30,000 persons were admitted to the various charitable institutions during the year. The number of persons and families who require assistance has not varied to any appreciable extent in recent years, there having been a constant demand for relief and assistance. The increase in indoor relief is no greater than the increase in population, but the expenditure on outdoor relief has increased as the result of the severe unemployment experienced during the winter months.

In addition to the abovementioned expenditure on charitable relief the sum of £1,400,000 is expended annually in connexion with the maintenance of mental hospitals, and £2,600,000 on general hospitals, making a total annual expenditure of £6,500,000 on all charitable services, of which amount £4,000,000 is met by the State Governments. If the annual cost to the Commonwealth Government in respect of the invalid and old-age pensions scheme is added, it will be seen that the present annual expenditure in Australia on charitable relief, hospitals, invalid and old-age pensions is approximately £15,000,000.

The operations of the numerous charitable organizations, together with those of the various Government institutions, provide considerable relief for the majority of the needy and deserving destitute and voluntary charity to a certain extent meets the needs of the casually dependent. Where the need is not being met the principal cause is lack of funds. The assistance granted, however, is only a palliative and from the experience of the charitable organizations it is evident that the institution of a comprehensive system of national insurance is highly desirable.

In our previous reports certain definite recommendations have been submitted with respect to the question of instituting a system of national insurance covering the risks of casual sickness, permanent invalidity, old-age, maternity, and unemployment, and we are of the opinion that if such recommendations are put into operation the great majority of the causes of destitution will be systematically provided against in a more equitable and satisfactory manner than would be the case if a system of destitute allowances were instituted. The incidence of the risk of destitution will also be lessened. The payment of such allowances would probably impede the introduction of a comprehensive system of national insurance including, in one scheme, provision against the numerous risks to which the breadwinner is subject and eliminating systems of payments which depend on charity. The payment of destitute allowances would also result in further undesirable and unnecessary overlapping in administration, which National Insurance is intended to reduce.

2. WIDOWS' AND ORPHANS' PENSIONS.

The question of including widows' and orphans' pensions within the scope of National Insurance is receiving consideration in most countries, and in many instances such benefits are now provided by the national insurance scheme. By this means an adequate pension is made available to widows with dependent children who are left without adequate means of support; the child welfare departments being thus relieved of the cost of their maintenance. At the present time provision is made for widows and orphans in the case of the death of the breadwinner through industrial accident or disease. It is essential that adequate assistance should be available, where necessary, to all widows with young children in order to provide for their maintenance and upbringing.

At the time of the 1921 Census the number of married, widowed, and divorced females in Australia totalled 1,168,166, of whom 164,480, or 14 per cent., were widows. The number of widows under age 50 totalled 39,408. The percentage who were widows in the various age groups was as follows:—Under age 30, 2 per cent.; 30 to 39 years, 4 per cent.; 40 to 49 years, 9 per cent.; 50 to 59 years, 10 per cent.; 60 to 69 years, 39 per cent.; 70 to 79 years, 65 per cent.; and 80 years and over, 82 per cent.

It is estimated that the number of children under age 15 whose fathers are dead totalled 101,000, being equivalent to 5.9 per cent. of the total number of children in Australia under that age. In addition there are 90,000 children of ex-nuptial birth, making a total of 191,000 orphans and ex-nuptial children under 15 years of age, many of whom require some form of assistance.

Some mutual benefit societies have established widows' and orphans' funds to which a member may voluntarily contribute each week, and upon his death his widow receives a lump sum and also a grant in respect of each dependent child under 16 years of age. The objects of other societies include provision for the establishment of an orphan's home for the care and education of children of deceased members, but only in a few instances have such homes been instituted. In other cases a benevolent fund has been founded from which disbursements for relief are made to widows in financial difficulties. Certain trade unions also provide similar funds for the relief and assistance of widows and orphans of deceased members.

Many of the superannuation schemes at present in operation for the benefit of employees in certain government departments and large commercial organizations in Australia also provide for a pension to be payable upon the death of the insured person to his widow and children; his provision being usually for the payment of one-half pension to the widow, with a minimum of £1 per week, and 5s. per week in respect of each child under age 16.

Under the New South Wales *Widows' Pension Act* 1925 a pension of £1 per week is payable to every widow with a dependent child, provided she was resident in the State at the death of her husband and has continuously resided therein for three years, together with an additional 10s. per week for each dependent child under the age of 14 years, less a deduction in respect of any amount by which the net income of the widow exceeds £78 per annum. For the purpose of calculating net income the house rental paid up to an amount of £78 per annum is deducted from income, whilst 25 per cent. of the earnings of each child over 14 years residing with the claimant and 5 per cent. of the value of any property owned by the widow or her children—other than the house in which residing and personal effects—and all income from other sources are included. The pension is forfeited during any period in which the pensioner permanently resides outside New South Wales, also if the pensioner marries or becomes qualified to receive a Commonwealth invalid or old-age pension. On the death of the widow the orphan's pension of 10s. per week is paid to the guardian of the children. The cost of the pension scheme and its administration is borne by the State Government.

The Commonwealth Statistician and Actuary, Mr. C. H. Wickens, F.I.A., F.S.S., has estimated that the following weekly rates of contribution will be required to provide a pension of 10s., 20s., and 30s. per week to the widow of every male insured person, commencing at the death of the insured member, provided that where a male pensioner has married after becoming a pensioner no pension is payable to the widow:—

WIDOWS' PENSION.—WEEKLY RATES OF CONTRIBUTION.

Age at Entry.	Males (to Age 65).		
	10s. per week.	20s. per week.	30s. per week.
	s. d.	s. d.	s. d.
16	0 10·3	1 8·6	2 6·9
17	0 10·8	1 9·7	2 8·5
18	0 11·4	1 10·8	2 10·2
19	1 0·0	2 0·0	3 0·0
20	1 0·7	2 1·3	3 2·0
21	1 1·4	2 2·7	3 4·1

WIDOWS' PENSION.—WEEKLY RATES OF CONTRIBUTION—*continued.*

Age at Entry	Males (to Age 65)					
	10s. per week		20s. per week		30s. per week.	
	s.	d.	s.	d.	s.	d.
22	1	2·1	2	4·2	3	6·3
23	1	2·9	2	5·7	3	8·6
24	1	3·7	2	7·4	3	11·1
25	1	4·6	2	9·2	4	1·8
26	1	5·1	2	10·1	4	3·2
27	1	5·5	2	11·0	4	4·5
28	1	6·0	3	0·1	4	6·1
29	1	6·6	3	1·2	4	7·8
30	1	7·2	3	2·3	4	9·5
31	1	7·8	3	3·5	4	11·3
32	1	8·4	3	4·8	5	1·2
33	1	9·1	3	6·2	5	3·3
34	1	9·8	3	7·6	5	5·4
35	1	10·6	3	9·1	5	7·7
36	1	11·4	3	10·8	5	10·2
37	2	0·2	4	0·5	6	0·7
38	2	1·1	4	2·3	6	3·4
39	2	2·1	4	4·2	6	6·2
40	2	3·1	4	6·1	6	9·2
41	2	4·1	4	8·3	7	0·4
42	2	5·3	4	10·6	7	3·8
43	2	6·5	5	0·9	7	7·4
44	2	7·7	5	3·5	7	11·2
45	2	9·1	5	6·2	8	3·3

The following weekly rates of contributions will be required to provide a pension of 5s. and 7s. 6d. per week to age 16 in respect of each child of any deceased male insured member; the pension to commence at the death of such insured person, provided that where such children are the offspring of a marriage effected after the father became a pensioner no pension is payable:—

ORPHANS' PENSION—WEEKLY RATES OF CONTRIBUTION

Age at Entry	Males (to Age 65)			
	5s. per week to Age 16		7s. 6d. per week to Age 16	
	s.	d.	s.	d.
16	0	3·4	0	5·1
17	0	3·6	0	5·4
18	0	3·8	0	5·7
19	0	4·0	0	6·0
20	0	4·2	0	6·3
21	0	4·4	0	6·6
22	0	4·7	0	7·0
23	0	4·9	0	7·3
24	0	5·1	0	7·7
25	0	5·4	0	8·2
26	0	5·7	0	8·5
27	0	6·0	0	8·9
28	0	6·2	0	9·3
29	0	6·5	0	9·7
30	0	6·7	0	10·1
31	0	6·9	0	10·4
32	0	7·2	0	10·8
33	0	7·4	0	11·1
34	0	7·6	0	11·3
35	0	7·7	0	11·6
36	0	7·9	0	11·8
37	0	8·0	0	11·9
38	0	8·0	1	0·0
39	0	8·0	1	0·0
40	0	7·9	0	11·9
41	0	7·9	0	11·8
42	0	7·8	0	11·7
43	0	7·6	0	11·4
44	0	7·4	0	11·1
45	0	7·3	0	10·9

It will be seen from the abovementioned estimates that the cost of making adequate provision for the payment of pensions to widows and orphans of insured members under a national insurance scheme will be heavy. The provision of such pensions, however, has generally been found essential in schemes which provide for the payment of superannuation benefit, in order that equitable assistance for his dependants may be available in the event of the insured person's death before the superannuation age has been reached. There is no doubt that such provision would considerably reduce the number of genuine and most deserving cases of destitution in Australia.

From the evidence submitted we are of the opinion that the Government should seriously consider the institution of widows' and orphans' pensions after the inception of the general scheme recommended in our previous reports.

RECOMMENDATIONS.

Your Commissioners recommend—

1. that more effective provision can be made by a comprehensive national insurance scheme than by amending the Invalid and Old-age Pensions Act so as to provide for the payment of destitute allowances ;
2. that pending the institution of a national insurance scheme the Commissioner of Pensions be granted certain discretionary powers with respect to rejected claims for pensions in cases where the claimant is in destitute circumstances.

We have the honour to be,

Your Excellency's most obedient Servants,

J. D. MILLEN, Chairman.

JOS. FRANCIS.

A. E. GREEN.

J. GRANT.

ROLAND F. H. GREEN.

W. G. MAHONY.

H. C. GREEN, Secretary.

Sydney, 15th December, 1926.

1926-27.

COMMONWEALTH OF AUSTRALIA.

FOURTH AND FINAL REPORT

OF THE

ROYAL COMMISSION

ON

NATIONAL INSURANCE.

MEMBERSHIP, FINANCE, AND ADMINISTRATION.

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ROYAL COMMISSION ON NATIONAL INSURANCE.

FOURTH AND FINAL REPORT.

To His Excellency the Right Honorable JOHN LAWRENCE, BARON STONEHAVEN, a Member of His Majesty's Most Honorable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Distinguished Service Order, Governor-General and Commander-in-Chief in and over the Commonwealth of Australia.

MAY IT PLEASE YOUR EXCELLENCY.

We, your Commissioners, appointed by Letters Patent to inquire into and report upon:—

- (a) National Insurance as a means of making provision for casual sickness, permanent invalidity, old-age, and unemployment; and
- (b) the operation of the maternity allowance system, with a view to the incorporation with National Insurance of a scheme for securing effective pre-natal and other assistance to mothers; and
- (c) the question of amending the *Invalid and Old-age Pensions Act 1908-23* so as to provide for the payment of destitute allowances,

have the honour to submit to Your Excellency our Fourth and Final Report.

In our previous Progress Reports we stated that the questions of membership, finance, and administration of the proposed National Insurance Fund would form the subject of a final report when the other sections of our inquiry had been completed. Our First Progress Report, dated the 3rd March, 1925, contained the conclusions at which we arrived on the questions of casual sickness, permanent invalidity, maternity, and old-age. Our Second Progress Report, covering the question of unemployment, was presented on the 30th July, 1926, and our Third Progress Report, dated the 15th December, 1926, completed our investigations concerning the payment of destitute allowances.

With respect to the question of making provision for casual sickness, permanent invalidity, old-age and maternity, we have recommended that the payment of cash benefits should be separated from the provision of medical benefits; the former being provided through a National Insurance Fund and the latter co-ordinated with the public health services. As an essential preliminary to the introduction of any system of unemployment insurance, we have recommended that certain action should be taken towards minimizing the risks of unemployment.

It will thus be seen that in both the questions of public health and unemployment, we have indicated that certain action should be taken in connexion with such matters apart from the National Insurance Fund. We have, therefore, in this Report limited ourselves to the questions of membership, finance, and administration of the proposed National Insurance Fund in which the cash benefits, previously recommended, will be made available to insured persons.

1. MEMBERSHIP.

Early national insurance legislation covered the employees in specially defined industries only, but the tendency in recent years has been to extend the field of application of national insurance to all persons working under a contract of work, service or apprenticeship without regard to the trade in which engaged; the aim being to make national insurance available for all whose economic position is such that they need to be safeguarded against the effects of the incidence of the various social risks. Nevertheless, in many countries there are still certain conditions limiting the number of persons covered by the insurance system; the conditions being usually those dependent on citizenship, the age of the insured person, the amount of wages received, and the nature of the occupation in which engaged. In only the minority of cases are all persons performing manual and non-manual work included without restriction as to age or wage conditions. Certain countries have instituted a system of classification of insured persons according to the trade in which engaged; the list of trades included comprising practically all the important industries in each country.

(a) LIMIT AS TO EMPLOYMENT.

The systems of national insurance in operation make provision in most cases for wage-earners only, and are thus systems of workers' insurance rather than of national insurance. In some instances certain classes of workers, particularly non-manual workers, are not subject to the insurance scheme. Agricultural and forest labourers, domestic servants and casual workers are, in several instances, excluded, whilst those employed by the State, local or other public bodies, or by companies which provide benefits at least equal to those given under the national scheme, are in certain cases exempted.

The usual restrictions as to the employments which do not come under the insurance scheme are those relating to employees receiving above the maximum wage limit, employment without wages, subsidiary employment not the principal means of livelihood, employment which secures benefits of equal value to those given under the national scheme, pensioners, dependants, persons mainly dependent on earnings derived from an occupation outside the scope of the scheme, persons engaged only occasionally or temporarily, small employers, certain classes of home-workers, crews of sea-going vessels, and persons detained in reformatories. Other provisions are designed to meet the special circumstances of those who are in hospitals, or receiving compensation from employers, also soldiers, sailors, and airmen in the defence forces. The scope of national insurance, however, is continually growing wider; the tendency being to extend its benefits to all workers in all industries.

Employment is usually the basis of membership, and the provision of benefits for persons not usually employed is generally regarded as supplementary to the main object. Any scheme of national insurance which includes as insured persons other than employees involves considerable difficulties of administration. Membership ceases automatically with cessation of employment unless the insured person continues as a voluntary contributor at his own expense. In one system provision is made that every person who, having been insured as an employed contributor, ceases to be employed remains an insured person and is entitled to all benefits for one year after employment ceases.

Married women who are home-workers are stated not to be an insurable proposition, as there cannot be that necessary supervision which operates over women in other employment, and in some schemes it is definitely laid down that a married woman cannot under any circumstances become a voluntary contributor. Special consideration is required with respect to the difficult questions arising in connexion with women who give up work on marriage, as the change in the economic circumstances of the woman which normally takes place at marriage introduces a complication into insurance administration, and often the status of the insured woman after marriage cannot be immediately determined.

Apprentices and others undergoing a period of industrial training are in most cases included within the scope of compulsory insurance. Seasonal workers and casual workers when employed in certain industries are usually compulsorily insured on the same basis as other workers, provided they depend for their livelihood on such employment. In those countries which have adopted a system of general workers' insurance, domestic servants are also included amongst those eligible for insurance.

The following persons are generally excluded from the provisions of the various Workers' Compensation Acts in operation in Australia:—Workers over a certain income limit, outworkers, casual workers, members of the employer's family residing in his house, members of the public service and police force, and those in the naval or military service of the Crown. The workers included are those who have entered into or work under a contract of service or apprenticeship or otherwise with an employer, whether by way of manual labour, clerical work or otherwise, and whether the contract is expressed or implied or is oral or in writing.

Casual workers, workers on their own account, employers with small incomes, agricultural workers, domestic servants, seamen, immigrants, and war pensioners will require special consideration at the inception of the scheme. Nevertheless it is desirable that efforts should be made to include all breadwinners earning less than a certain income within the scope of the scheme, irrespective of whether such workers are employees or workers on their own account, as the exclusion of any section of those workers will necessitate the provision of other forms of assistance being made for them.

(b) AGE LIMITS.

In most systems the age limits to membership of the scheme are prescribed, but are generally somewhat similar, the minimum being usually about age 15, and the maximum about age 65, although in some countries no mention is made of a minimum or maximum age.

(c) WAGE LIMITS.

Although it has generally been found unnecessary to prescribe an income limit in the case of manual workers, yet in many countries the maximum wage which the non-manual worker may

receive and still remain a member of the insurance fund is fixed, as it is not considered necessary to compel those to insure who receive wages which are considered sufficient to enable individual provision to be made against the risks of incapacitation for work. The wage limit depends upon the economic conditions and on the standard of wages in the various countries, and as a result there is considerable variation with respect to the income-limit of wage-earners eligible for the benefits provided. In determining the rate of remuneration of the wage-earner the value of all emoluments received by him in return for his services is taken into account. Where a person is engaged in more than one employment each employment is considered separately.

It has been suggested that the proposed national insurance scheme in Australia should not cover all wage and salary-earners, but should be restricted to those receiving less than a certain income, as it is considered that if an income limit is not fixed many people who do not require assistance would be eligible for the benefits provided. It has also been suggested that if the scheme were made applicable to all persons in receipt of salary or wages not exceeding £500 per annum, with provision for an extension in the case of married men with dependants, the position would be fairly met. A similar limit might also be applied to workers on their own account and to the small employers of labour admitted to a voluntary scheme.

Under the Workers' Compensation Acts of the several States, an employee whose remuneration exceeds the following maximum is excluded from the provisions of the Act, viz. :— New South Wales, (manual) without income limit, (non-manual) £750 per annum; Victoria, (manual) without income limit, (non-manual) £350 per annum; Queensland, (manual and non-manual) £10 per week; South Australia, (manual and non-manual) £10 per week; Western Australia, (manual and non-manual) £400 per annum; Tasmania, (manual and non-manual) £5 per week.

The agreements between friendly societies and medical practitioners exclude from medical benefit all members in receipt of annual incomes exceeding in New South Wales, £364; Victoria, £312; Queensland, £400; South Australia, £450; Western Australia, £400; and Tasmania, £312. When receiving more than the maximum income prescribed a member may continue to be eligible for certain medical benefits if he has dependants. The main objection raised by friendly societies to the model agreement relating to medical attendance is in regard to the income limit, as they are generally opposed to any income-limit.

It has been estimated that in the year 1921, 68·5 per cent. of the total wage and salary earners in Australia were in receipt of an income of less than £200 per annum, 94·4 per cent. less than £300 per annum, 97·5 per cent. less than £400 per annum, and 98·6 per cent. less than £500 per annum. It will thus be seen that, even when allowance is made for the increase in wages since 1921, the percentage in receipt of higher incomes is relatively small. If an income limit is placed on membership any future alteration in the standard of wages may have an important influence on the eligible membership of the scheme and a consequent effect on its financial basis. As the result of an increase in wages since the institution of national insurance, it has been necessary in some countries to raise the maximum income-limit in order to avoid excluding a large number of workers who would normally have benefited by the scheme if wages had not increased. When an insured person's income is raised to more than the maximum prescribed, he generally ceases automatically to be liable to the compulsory provisions, but in some cases may continue insurance under voluntary provisions, and experience has shown that where a low income-limit is prescribed the number of compulsory exits from insurance on this account is very appreciable, and results in many anomalies.

(d) GEOGRAPHICAL LIMITATION OF THE SCHEME.

It has been suggested that in many districts in Australia in which the population is very scattered it will be extremely difficult to administer a national insurance scheme, and that if those areas were temporarily eliminated from the scheme, the total number affected would not be large, as only a small percentage of the population is located in such outback areas. It is desirable, however, that the scheme should cover all in need of insurance, and the remoteness of a person or of his residence need not exclude him from benefits so long as satisfactory certification as to eligibility for benefit can be obtained. It is considered that workers in the outback areas should be given special consideration and not penalized by any such exclusion from the benefits of the scheme.

(e) VOLUNTARY MEMBERSHIP.

In the event of a system of compulsory insurance being instituted with certain limitations, many employees, workers on own account, and employers in small businesses who are exempt from the compulsory provisions of the scheme may desire to contribute for similar benefits to those available for employed contributors, and it is desirable that such provision should be made available. Many breadwinners who are not employees and who are in receipt of small incomes

are often in urgent need of the benefits provided by national insurance. In some schemes provision has been made for the following to insure voluntarily, viz. :—Persons exempted from insurance ; members of the family of the employer without any specific employment and without remuneration ; also proprietors of establishments who regularly employ at the most two persons subject to insurance, provided that their incomes do not exceed a prescribed amount.

Although it is estimated that the majority of the insured population will remain wage-earners for the whole of their working lives, yet it is essential that provision be made for those who cease to be wage-earners and still desire to be eligible for the benefits provided by the scheme and towards which they have contributed for many years. The provision of a surrender value on termination of insurance has not been introduced into any system of national insurance against contingencies, as such is undesirable and would considerably affect the financial basis if instituted. Notwithstanding that the voluntary provisions in other countries have not proved entirely successful, yet efforts should be made to devise a scheme which will make adequate insurance benefits available for this section of the community.

RECOMMENDATIONS.

Your Commissioners recommend :—

- (i) that the compulsory provisions of the National Insurance Fund shall apply to all wage and salary-earners in Australia who are over the age of 16 years ;
- (ii) that the voluntary provisions shall apply to all workers on own account and proprietors of small establishments ;
- (iii) that exemption from the compulsory provisions shall be granted to members of mutual benefit associations which guarantee, and to those in employment which secures, equal benefits to those provided by the National Insurance Fund.

2. FINANCE.

The financial basis of the national insurance systems in operation in the various countries depends, to a certain extent, upon the nature of the system instituted and upon the social and economic conditions operating in the country, but is generally either (i) the distribution of the cost each year amongst the contributors on the basis of the actual expenditure plus a certain percentage for the formation of a reserve fund, or (ii) the accumulation by regular contributions of a capital fund which will meet the estimated cost in future years.

The former, or assessment method, although less costly in the earlier years, is objected to as improvident, and as being actuarially unsound. It can only be applied in compulsory schemes which embrace a large membership, the standard of which will be maintained in future years, as experience has clearly shown that any scheme which provides for a variable premium in accordance with the expenditure of the fund in each year is generally administratively impracticable.

The latter, or premium system, is based on ordinary insurance principles which demand that the regular contribution must be actuarially calculated as being of such amount as will provide a reserve fund sufficient to meet future anticipated liabilities, the present value of the contributions being equal to the present value of the benefits. This system is sometimes opposed on the grounds that enormous reserve funds are accumulated.

It is essential that the national insurance scheme should be placed on a sound financial basis from its inception, and, as the result of well-organized statistical departments, adequate data is available to enable the several risks to be insured against to be fairly accurately measured and for the National Insurance Fund to be established in accordance with insurance principles.

(a) METHOD OF RAISING FUNDS.

The estimated cost of a national insurance scheme can be met in several ways, and the methods by which the necessary funds are obtained vary in the several countries in which a scheme has been instituted.

Prior to the inception of any national insurance scheme, a considerable and costly burden is in existence as the result of the wage-earner's incapacity for work, and the aim of national insurance is to institute a co-operative system which will distribute this burden in an equitable manner. It is generally considered desirable that all parties who will possibly benefit from the scheme should be compelled to contribute to the funds, the cost being usually borne on a contributory basis by the insured persons and their employers with, in some countries, the participation of the State and or other public authorities. The Russian code is the only legislation which throws the burden of the whole contribution on the employer, whilst the only system which excludes

the employer's contribution is that of Roumania. The division of the amount of contribution between employers and insured persons differs considerably in the several countries, the direct contribution by the insured person varying from one-third to two-thirds of the total contribution, and the employer's contribution varying within the same limits. In the case of employees on a small wage, the employer's contribution is in some cases increased and that of the employee decreased proportionately. The total contribution payable by the employer and the insured person is usually augmented by a Government contribution covering either a proportion of the cost of insurance or certain expenses accepted by the Government.

It has been suggested that the cost of national insurance should be a direct charge upon each industry, but a system of insurance which provides for the grouping of insured persons according to the industries in which they are employed is unsatisfactory, as every industry cannot satisfactorily carry its own burden or pass it on to the consumer, this being especially so in metalliferous industries. It is also administratively impossible to classify the industrial population into definite industrial groups. Certain industries may possibly be able to provide similar benefits for employees within the industry at a lower cost than by the national fund, but on the other hand in other industries the cost would be considerably greater. The essential basis of national insurance is the equal distribution of the risk amongst all exposed to that risk in one collective scheme.

Some witnesses have expressed the opinion that it might be more economical to raise the funds by a system of direct taxation and to pay the benefits from Consolidated Revenue, as it is considered that if taxes were scientifically levied the contributions would be on a more equitable basis than in the case where a direct uniform contribution is prescribed. But it is contended that as long as the Government meets the whole cost, the benefits provided will inevitably be looked upon as a gratuity or charity, whereas a scheme based on direct contributions from those who will directly benefit is the only system which embodies the principles of insurance. The majority of witnesses stated that an equitable scheme would provide for the National Insurance Fund to be financed by contributions payable by the insured person, the employer and the Commonwealth.

(b) CONTRIBUTIONS BY INSURED PERSONS.

The aim of national insurance is to assist the wage-earner to provide for future emergencies and to encourage thrift, and in most countries the insured person's contribution forms the essential basis of the scheme. Contributions are not usually required during periods when the insured person is unemployed or when incapacitated and in receipt of benefits, and it is thus possible that the financial position of the scheme may be affected by any serious variation in the unemployment or sickness experience of insured members.

Prior to the introduction of national insurance the wage-earner bears a considerable portion of the loss arising from his incapacity to work, by lost wages and reduction in his earning capacity. Employees who are members of benefit funds operated by trade unions and mutual benefit societies contribute to such funds voluntarily. It is not only reasonable but also equitable that every person who is likely to benefit should contribute towards the scheme, and any system which provides for insured persons obtaining benefits from a fund to which they have not directly contributed would be most unsatisfactory. The contribution required from the worker is not usually sufficiently large to necessitate an increase in the rate of wages nor does it lower his standard of living, but the knowledge that it is his own provision for the future inspires him with a spirit of thrift and self-reliance which would be lacking under a non-contributory scheme. It has been suggested that as wages in certain industries include some provision for the maintenance of the worker when incapacitated for work, insurance contributions can be paid from that part of wages which is intended as provision for such incapacity.

(c) CONTRIBUTIONS BY EMPLOYERS.

Contributions to the fund by employers are provided for similarly to those from employees, but the ratio of the employer's contribution to the employee's contribution varies in several countries. In some cases an additional premium is payable by the employer in undertakings where there is a particular risk of illness. Such contributions are payable for every calendar week during which the worker is employed, the employer contributing only in respect of those in his employment. It is desirable that the same rate of contribution be payable by employers for both male and female employees, so that the question of preference in employment to either sex will not arise. Contributions are also payable by the employer in respect of those employees who have been granted exemption from the scheme, it being considered that the employer's contribution should be payable according to the number of employees without regard to their individual circumstances.

The employer's contribution is regarded as the price which industry pays for its share in the diminution of the worker's earning capacity. A proportion of the wage-earner's sickness is stated to be due to the conditions of employment, and national insurance directs attention to the need for providing for the maintenance of workers during incapacity for work, and also for improving their working conditions in order to minimize sickness and accident. The employer now bears a portion of the loss arising from the wage-earner's incapacity for work by a reduction in production. In many instances, employers either continue paying the wages of their employees during periods of sickness or contribute towards the cost of the establishment benefit funds which have been instituted for the purpose, or in some cases pay portion of the contributions for their employees who are friendly society members. Under an effective national insurance system the employers are relieved to a considerable extent from contributing towards benefit funds and charitable institutions. The benefits provided reduce existing expenditure on other forms of relief and a considerable amount of the money now spent in this manner is saved or diverted into more effective channels of assistance.

Contributions by employers constitute a factor in the cost of production but, nevertheless, do not necessarily result in a higher price being charged to consumers, as the cost may be met in various ways. When the employers contribute an equal proportion to their employees they are thereby entitled to and receive an equal voice in the administration of the scheme, and considerable improvement in the relations between employee and employer is stated to result from such co-operation. An employer in some cases may contract out of the scheme where he is under obligation to afford his employees equivalent benefits to those provided by the national insurance scheme.

(d) GOVERNMENT SUBSIDY.

Experience has proved that wage-earners have the greatest difficulty in maintaining, unaided, a system of insurance which requires regular contributions over long periods and, with the object of making such insurance benefits effective, provision is made in most countries for the financial participation by the Government; the Government subsidy enabling benefits to be provided equivalent to the minimum insurance benefits considered necessary. Provision also is made in some countries for the local government authority to contribute to the scheme in a similar manner to the central government. The Government contribution is in the form of a fixed subsidy payable each year in respect of each insured person or based on the total amount of benefits paid. In other cases it represents a grant of a fixed or variable amount each year, whilst in others it covers the cost of the administration of the scheme. The Government subsidy is justified by the needs of the wage-earner, by the relief guaranteed, and by the fact that it provides an absolute guarantee and security to the scheme. The Government now bears a portion of the loss arising from the wage-earner's incapacitation for work by the provision of institutional care and of charitable assistance. In some cases it has been provided that the Government subsidy may be paid in arrears instead of in advance, and this arrangement is said to be actuarially sound and avoids the accumulation of large reserves from public revenue.

(e) RATE OF CONTRIBUTION.

The contribution in respect of the insured person is sometimes fixed at a uniform rate for all insured persons, irrespective of their rate of wages, but in other countries it is proportional to wages; a maximum limit, however, based as a percentage of the wages paid and beyond which the total contribution may not be increased, is generally stated in such circumstances. This percentage varies considerably in the several countries. In some schemes all workmen are assigned to definite wage-groups with a rate of contribution assessed according to their respective groups. This system of grouping insured persons according to wages and of fixing contributions in proportion to the wages earned by each group is adopted in many countries, but has the disadvantage that it is not possible to arrange satisfactory groups without rendering the system most complex and without consequently increasing the cost of administration very considerably. Experience has shown that any scheme which provides for a variable premium is unsatisfactory, and the tendency is to replace the variable contribution by a fixed premium independent of wages, although a distinction is made between the rate of contribution for male and female insured persons. Where a flat-rate of contribution is applied to all insured persons the rate is based on the minimum wages paid, with a consequent minimum of benefits. In calculating the weekly contribution required, adequate provision must be made for periods in which insured persons may be unemployed or incapacitated for work and thus unable to pay contributions.

National insurance does not provide, as is the practice in commercial insurance, for a premium varying in accordance with the age of entry into insurance as the administration of such scheme would be much more complicated and costly, and may prejudice the employment of those with higher rates of contribution. It is desirable that a flat rate of contribution should be adopted as such rate would be more equitable at the inception of the scheme. Where membership is compulsory, individual variation of the rate of contribution in respect of age at entry into insurance is

not necessary, as the average age of insured persons is generally maintained under such conditions. The average premium method which assumes a constant age distribution of insured persons, has many advantages over other systems. If the total insured persons are to be considered as one group only for the Commonwealth, an average scheme with a flat-rate of contribution would be equitable, but, on the other hand, such provisions have been found to be anomalous and inequitable in those schemes which permit insured persons to group themselves into special administrative and financial sections, each with a different experience and with consequent variation in benefits available. Such sectional grouping is inconsistent with the basis of a national insurance scheme aiming at a pooling of risks.

In the British scheme the rate of contribution applicable to age 16 is payable for all insured persons irrespective of age at entry into insurance, and if a similar basis is adopted in Australia it has been estimated that the following weekly contributions will be required in respect of each benefit recommended in our First Progress Report :—

Benefit	Males.		Females	
	s.	d.	s.	d.
Sickness, 30s. per week	0	6·2	0	6·0
Invalidity, 20s. per week	0	2 0	0	1 4
Maternity, 20s. per week	0	1·9	..	..
Superannuation, 20s. per week	0	9 4	1	7·3
Child Allowance, 5s. per week	0	1·5	..	..

No allowance for the cost of administration is included in the above estimates.

In those schemes where a flat-rate of contribution, based upon an age below the average age at entry into insurance, and a uniform scale of benefits are adopted for all insured persons irrespective of their age at entry to the fund, a heavy initial liability is incurred at the inception of the scheme in respect of all persons who on account of age are entitled to certain benefits towards which they pay an insufficient rate of contribution. The capital sum required to meet this estimated liability is known as the reserve value and provision is generally made for liquidating this initial liability in a term of years, a proportion of each weekly contribution being set aside to form a sinking fund for the purpose. The reserve values vary for each benefit and are not required in respect of those persons who enter into insurance at or below the age for which the flat-rate of contribution has been fixed. It has been stated that the introduction of a flat-rate system of contributions providing for the liquidation of the initial liability makes it essential that such a system of actuarial reserves be instituted, and this entails considerable record work and administrative cost. Under the approved society method of administration the question of reserve values is heavily complicated by transfers from one society to another, and by changes in the status of individual members. It is one of the most complex factors in the scheme as it is necessary to calculate the transfer value of every individual. Under a national pooling system the administrative difficulties associated with transfers from section to section would be overcome,

Mr. C. H. Wickens, F.I.A., F.S.S., Commonwealth Statistician and Actuary, has estimated that if all insured persons contribute at the rate applicable to age 16, the following uniform weekly contributions will be required in order to liquidate the initial deficit within a period of 25 years, 35 years, and 45 years from the commencement of the scheme :—

Benefit.	Males.			Females.		
	25 Years.	35 Years.	45 Years.	25 Years.	35 Years.	45 Years.
	s.	d.	s.	d.	s.	d.
Sickness, 30s. per week	0	0 8	0	0·7	0	0·6
Invalidity, 20s. per week	0	2·2	0	1·7	0	1·5
Superannuation, 20s. per week	1	9·4	1	5 0	1	2·7
Child Allowance, 5s. per week	0	0·7	0	0 5	..	..

It has been suggested that where a compulsory system of insurance providing for a collective national grouping of insured persons is instituted the same necessity for the accumulation of a large reserve fund does not exist as in a system of voluntary insurance in which the individual factor is the main consideration. National insurance is a different proposition to commercial insurance. The national insurance fund is guaranteed by the Government and the annual number of new entrants into insurance is controlled, as all juniors entering into employment are compelled to join the fund, which is thus constantly being rejuvenated and its composition and average

experience is thus fairly constant. As it may be assumed that a national scheme of compulsory insurance once instituted would become a permanent social institution, it is suggested that it would not be essential to the solvency of the fund that the initial liability be liquidated, but that the interest on the initial liability must be met annually, and certain reserves against emergency accumulated in order to avoid fluctuations in the rate of contributions. A Government scheme can offer absolute security without the accumulation of a large reserve fund. On the other hand, it is contended that, if adequate reserves are not provided against probable increased risks and emergencies, a heavy liability may be thrown on future years.

(f) COLLECTION OF CONTRIBUTIONS.

The system universally adopted for the collection of contributions is that of deduction from wages at their source, whereby the employer is required to pay the whole of the joint contribution of the employee and employer, and is authorized to deduct the share payable by the insured person from his wages. Under such system the onus is thrown upon the employer who is liable if an employee is not insured. This method of collection is simple, inexpensive, and easily administered, the contributions of employers and employed persons being collected in most cases by means of insurance stamps, sold through the Post Office, which must be affixed by the employer to a contribution card issued by the insurance office to each employed contributor. The normal time for stamping cards is at the time when wages are paid. The due payment of contributions is supervised by inspectors appointed for the purpose. At the end of each half-year the insured person obtains the stamped card from his employer, forwards it to the insurance office and is issued with a new card.

Under the approved society system the central administration collects the revenue from the sale of stamps and acts as banker for all financial transactions involved in the scheme, and is, in effect, a bank in which the various approved societies have current accounts. In the case of insured members who are employed in the mercantile marine, the collection of contributions by means of a schedule is favoured instead of the card system. The system of affixing stamps to cards has many advantages over that which provides for employers to pay the contributions by cheque. If a system of administration by approved societies or wage-groups is not adopted the same necessity for a card system does not arise, although this system is valuable for purposes of record. Nevertheless, it is essential that the insured person should have some document which is producible as evidence of title to benefits. During periods of unemployment arrangements can be made for labour exchanges to regularly record on the insured person's card the fact that he is unemployed and that consequently no contribution is required.

(g) COST OF ADMINISTRATION.

The cost of administration of national insurance is a very important factor and it is essential that the scheme should be so constructed that the administration costs may be kept to a minimum. The system of administration by approved societies is cumbersome and correspondingly expensive, as the societies' methods of administration, their administrative policies, and their aims vary considerably. Under such system numerous societies may be operating in the same district with numerous competing agents and officers with consequent overlapping and an unnecessary increase in the expense of administration of the scheme.

In England the amount which may be used by approved societies for administration expenses is limited by regulation, and an allowance of 4s. 5d. per annum in respect of each compulsory insured member, equivalent in the year 1924-25 to approximately 9 per cent. of the total income of the scheme, is carried to the administration account of the various approved societies from the contributions paid. Any deficiency on the administration account, if not otherwise made good, has to be met by a special levy. As the rate of remuneration is fixed at a flat-rate per insured person per annum for all societies there is no great incentive to the societies to reduce their cost of administration much below the fixed allowance, which is mainly absorbed by salaries and allowances to agents. Many approved societies have been able to accumulate surpluses on the administration account, and also to administer their voluntary sections more economically as the result of the inception of the compulsory system. Where the administration of approved societies has been centralized a considerable saving on administration has resulted therefrom. When a society has reached a certain minimum membership essential for efficient and economical working the addition of further members should involve a lower administrative cost per member, and it has been suggested that for this reason the administration allowance under an approved societies' system should be on a sliding scale reducing with increasing membership. The cost of the central administration of the scheme in England, including also the cost of audit, valuations, sale of stamps, printing, &c., is equivalent to about 3 per cent. of the total income, and the cost of administration of local insurance committees to 1 per cent. of the total income of the scheme. The total cost of administration of approved societies, local committees and central organization combined is therefore equivalent to approximately 13 per cent. of the total income of the scheme, or 6s. 5d. per insured person per annum.

The cost of administration of national insurance in Australia will be one of the greatest difficulties to be contended with, and considerable modification of the schemes of administration in operation in other countries will be necessary in order to meet conditions in Australia. If a system of approved societies' administration is adopted, the cost of administration will depend to a great extent on the rate of remuneration which the Government decides to pay for the work done by the societies. The cost of administration of existing mutual benefit societies in Australia is heavy, and varies considerably in the several societies. The total cost of administration of all friendly societies in Australia in the year 1924-25 was £373,546, equivalent to 20 per cent. of the total contributions for the year and to 13s. 10d. per benefit member, having increased from an average of 10s. 5d. per member in the year 1915. In some societies the cost of administration is as high as 33 per cent. of the total contributions, and equivalent to 20s. 4d. per member per annum. This increase is said to be due to an increase in the remuneration paid to the various officials, to the extension of propaganda work in an endeavour to obtain new members, and to the cost of administering the investment of accumulated funds. Although it might be anticipated that the cost of management per member would decrease as membership increased, yet it is found that the cost of management is heavier in the largest societies and has not decreased with an increase in membership. No particulars are available as to the relative cost of administration of each benefit provided. The Government Registrar has no control over the societies with respect to extravagance in their management expenses, although the societies must raise sufficient contributions to cover the cost of management in each year.

Friendly societies in Australia had 5,465 branches operating in the year 1924-25, and a considerable amount of the administration work is being carried out voluntarily, but under a national insurance scheme incorporating an approved societies' system the cost of administration would probably be increased, as the societies would desire to maintain their present organization and consequent management expenses, whilst, in addition, remuneration for all officials would probably be demanded. It has been stated that in England voluntary service in connexion with the approved societies' administration of national insurance has almost entirely disappeared. The cost of paying adequate remuneration to the administrative officers of 5,465 branches and 162 head offices of approved societies in Australia would throw a very heavy and unnecessary burden on the National Insurance Fund.

The result of investigations shows that a Government controlled national insurance system can operate more cheaply than other organizations, and if insurance in a unified National Insurance Fund is made compulsory in Australia a considerable saving will be effected in agency and operating expenses. The average percentage of overhead charges for the administration of State Accident Insurance offices in Australia is less than 15 per cent. of the premium income, and is lower than that of other offices transacting similar business. The cost of administering the Commonwealth Invalid and Old-age Pensions scheme is equivalent to about 1½ per cent. and War Pensions to 2 per cent. of the total amount of pensions paid. If the question of cost of administration were the only consideration, then the national insurance scheme would necessarily be administered by similar administrative methods to those by which Commonwealth Invalid and Old-age Pensions and War Pensions are now paid.

(h) PAYMENT OF BENEFITS.

In most countries definite conditions are prescribed which must be complied with before the insured person is eligible for the benefits provided. These conditions vary in the several countries, but in most schemes the insured persons are required to have paid a minimum number of contributions during a qualifying period before being eligible for certain benefits. A waiting period of incapacity is also generally prescribed before the payment of benefit commences, and the period during which the various benefits are payable in each year is usually limited. In some cases there is a relationship between the number of contributions paid and the rate of benefit payable, but this provision involves an elaborate system of book-keeping. It is essential that the insured person must produce proof as to his eligibility for the benefit claimed; in order to obtain sickness benefits a medical certificate must generally be produced, as proof of his bodily or mental incapacitation for work. It is usually provided that all benefits to which insured persons are entitled are inalienable and cannot be made subject to any charge.

Where a system of administration through approved organizations is in operation the payment of cash benefits is made in accordance with arrangements adopted by the various organizations in the several countries, and the method of payment varies with the type of organization approved. The most common methods are by payment at a branch office of the insurance organization, by postal remittance and by payment at the insured person's residence through a duly appointed local agent. Under a system of district administration the method of payment of benefits can be satisfactorily arranged for each district independently in order to meet local conditions. Under a unified system of national insurance all contributions are paid to a central fund from which all benefits are disbursed.

(i) INVESTMENT OF FUNDS.

The investment of accumulated funds requires special consideration, and it is desirable that such funds should be invested in works which will extend the social institutions available to insured persons and in furtherance of the aims of the national insurance scheme. The national schemes do not interfere in any way with the private funds accumulated by the voluntary friendly societies and which are invested in accordance with the rules of each society and with the Friendly Societies Act. Many friendly societies invest their funds with their members for the purpose of providing their own homes on a system of monthly repayments of principal and interest similarly to a building society. The accumulated funds of voluntary societies have no relationship to the national insurance scheme, and no attempt has ever been made to utilize them for that purpose, as they belong solely to the societies for the purpose of providing for the members of the voluntary mutual associations.

Under the national insurance system in England one-half of the sum available for investment, representing the employer's share of the contribution, is invested by the central administration, whilst the remaining half, representing the insured person's share of the contribution, is handed over to the approved societies if they so desire, and may be invested by them in such securities as they may choose; the interest earned on such investments being credited to the societies. Any interest earned by investments in excess of the interest rate adopted as the basis for the scheme is available for an extension of the benefits or a reduction of the rate of contributions.

(j) AUDIT.

It is absolutely essential under any system of approved society administration that Government auditors should supervise and check the work of the approved societies; this audit inspection of the accounts of numerous organizations involves considerable expense, whereas under a Government unified scheme the work could be effectively and economically supervised by the Auditor-General's Department. Although the Treasury auditors in England have striven for years to obtain improvement in the bookkeeping methods and standards of approved societies, yet in the year 1922 of 4,530 certificates issued by auditors 1,810, or 40 per cent., were qualified certificates with certain reservations. It has been stated that with respect to approximately half the insured population in England the actual amount spent in administration expenses is not subject to detailed audit by the Government auditors. Although the insurance funds are statutory funds and may be used only in accordance with the provisions of the Act, yet the audit provisions do not include the power of disallowance and surcharge in the case of improper expenditure by approved societies. The present system generally as regards the auditing of branches of friendly societies in Australia is not entirely satisfactory. The branch auditors are appointed by the branch members, and it is not always necessary that the Government Registrar should approve of such appointments. In cases where the Registrar has appointed an officer to make an inspection of the books and records of a society a very appreciable improvement has usually resulted. The audit of the central accounts of friendly societies, however, is generally made by qualified accountants.

(k) ACTUARIAL VALUATIONS.

Valuations by actuaries which show the results of the working of the scheme are made normally at three-yearly or five-yearly periods on such basis as may be prescribed. No profit may be made by an approved society, and any surplus found at a valuation is disposed of by increasing benefits or by reducing contributions. Where the approved society method of administration is in operation a separate valuation in respect of every approved society must be made, and this throws a tremendous volume of work upon the actuarial staff, and is a very costly process when compared with the valuation of one centralized fund or of a limited number of district funds. Unless very special reasons arise, it is unnecessary to value the district sections of a unified national fund separately, as the benefits are exactly similar for each insured person irrespective of the district in which he resides. Separate valuations are inconsistent with the principle of a unified national system of insurance.

RECOMMENDATIONS.

Your Commissioners recommend :—

- (i) that the total cost of the national insurance scheme shall be met by regular weekly contributions payable in respect of each insured person by the Commonwealth, the employer and the insured person ; . .
- (ii) that contributions shall not be payable during any period in which the insured person is unemployed or in receipt of benefit ;
- (iii) that a flat-rate of contribution be adopted for all insured males and similarly for all insured females ;

- (iv) that the rate of contribution for each benefit shall be that actuarially calculated for entrants at age 16 together with provision for the accumulation of adequate reserves ;
- (v) that the employee's contribution shall be deducted from wages and the employer's and employee's contributions collected by means of insurance stamps to be affixed by the employer to the employee's contribution card ;
- (vi) that all contributions shall be payable to a central National Insurance Fund ;
- (vii) that the accumulated funds be invested in the extension of social services available to insured persons ;
- (viii) that actuarial valuations of the Fund shall be made at regular periods.
- (ix) that the Fund shall be subject to audit by the Commonwealth Auditor-General.

3. ADMINISTRATION.

The systems of administration adopted for the supervision and control of compulsory national insurance in the various countries differ very widely in accordance with the political organization and social institutions of each country, but may, however, be generally classified into two main groups—(i) administration through approved organizations which are subject to certain Government supervision, (ii) administration through a central organization embracing all the insured persons.

(a) ADMINISTRATION THROUGH APPROVED ORGANIZATIONS.

In many countries the national insurance schemes which have been instituted are not national in the full meaning of that term, but only to the extent that the Government enforces the payment of contributions in respect of those to whom the scheme applies. In the majority of countries compulsory insurance has been brought into effect by the transformation of voluntary mutual aid into compulsory insurance and, consequently, the system of administration in operation is based to some extent on the voluntary mutual organizations existing at the inception of the scheme. Mutual benefit societies have thus been adopted in many instances as the main insurance organizations. In other cases they have been adopted as substitute organizations working in co-operation with a national organization established for the purpose. Although subject to Government supervision, yet they are free to control their own affairs within prescribed limits ; the board of management of such societies being in some systems entirely composed of representatives of the society's members, or in other countries of representatives of both the employers and insured persons, whilst in other cases representatives appointed by the local government authorities are also included on the executive. In those countries in which a classification according to trades has been adopted, the societies belonging to individual business undertakings are the only insurance organizations recognized.

In Great Britain a system of approved societies was instituted in order to avoid the difficulties associated with the administration of the scheme by existing mutual benefit societies. Under the approved societies system any existing mutual benefit organizations which have accepted the special regulations, and made their constitution and management conform to requirements, may apply for registration by the State as approved societies in order to obtain the advantages reserved for such societies. The national insurance section of their work is generally kept quite separate from the voluntary section, and the control, membership and funds of the voluntary society are not interfered with in any way. Any group of people may form an approved society and apply for registration under the scheme. The different types of organizations which act as approved societies include friendly societies, trade union benefit funds, guild funds, employees' provident funds, establishment or shop funds, co-operative societies, and mutual societies formed by life assurance companies. The societies vary in membership from that with over 2,000,000 members to those with a membership of less than 50.

One of the fundamental principles of insurance is that a required number of people must be exposed to the risk insured against, and a system which provides for small approved societies is contrary to this principle. Although it may be considered desirable that the numerous existing mutual benefit societies should be incorporated in the national insurance scheme, yet it has been suggested that some of the disadvantages of the approved society system would be removed if it is prescribed that only those possessing a certain minimum membership can be eligible as approved societies, as it is the multiplicity of small societies which burden the scheme. On the other hand, however, experience has also shown that there is a danger of creating vested interests which are not of benefit to the national scheme.

The segregation of insured persons into particular societies is considered to be inequitable as there is a consequent variation in the average risk, with the result that a preponderance of healthy lives may be grouped together in one society, and a preponderance of unhealthy lives exist in others, and this segregation of membership leads to widely divergent rates of benefits.

A scheme which provides for the selection of members and consequent variation in rates of benefits is incompatible with the essential basis of a national pooling of risks. The approved society system is not national in practice, as equal benefits are not available for all insured persons and an inequality arises in the benefits paid to different persons for the same contribution. It has been authoritatively stated that in a national system of compulsory insurance, with uniform contributions, the provision of uniform benefits for all insured persons is incompatible with administration through approved societies.

Where provision is made for the payment of a flat-rate premium, the members of particular trades may be seriously prejudiced, as the results of actuarial valuations of approved societies generally show that the occupation of insured members is mainly responsible for the financial divergencies between societies. Nearly two million insured persons in England were unable to participate in the additional benefits available in other societies from the surplus on valuation. The statement that competition between approved societies is good for the scheme is not supported by experience, which shows that segregation gives some societies an unequal advantage over others and thus destroys any incentive for competition. Further, no competition can take place with respect to certain benefits provided, as other factors determine the cost of such benefits. The great disparity which has arisen between the financial status of the numerous approved societies was not generally anticipated at the inception of the scheme, and owing to the disparities existing between various branches of certain societies the valuation of each society as one complete unit has been advocated strongly. In some cases the various branches of an approved society contribute to a central fund from which the amount of any branch deficiency is drawn, and there is no doubt that the question of inequality of benefits will not arise if all contributions are paid into one National Insurance Fund covering the whole of Australia.

Mutual benefit societies which become approved societies usually desire to continue their restrictions on membership, even with regard to their compulsory members, and the Government under the approved society system has to specially provide for those who owing to ill-health, age, or to the special provisions of the society, are ineligible for membership, and also for the person who does not wish to join any existing society. It is anticipated that a fairly large percentage of wage-earners in Australia would require such arrangements to be made. Any person entitled to insurance may apply to become an insured member of an approved society, which may admit or reject such applicant in accordance with its rules, but must not reject an applicant on the grounds of age alone, although those who are likely to be a charge upon the funds are generally excluded by medical examination. The insured person has a statutory right to transfer from one approved society to another, if he so desires, and the burden of proof in any case of refusal of an application to transfer rests upon the society from which the member wishes to withdraw. The question of transfers involved in a system of approved society administration is very complicated owing to the mobility of labour, and renders the administration of scattered members a very difficult problem. Where an insured person transfers from one society to another, or even from one branch to another branch of the same society, he usually loses his rights to additional benefits. Under a national unified system the question of transfers from district to district would present no difficulties.

The approved society system involves enormous and complicated administration. Although it was intended at the inception of the scheme that each society should be controlled by its members, that intention has not always been carried out owing to the apathy of members and the size of the societies. Even with provision for self-government the control is, in practice, in the hands of the society's officials, and the question of democratic control is largely theoretical, and owing to the constitution of the societies is inoperative; in the larger organizations especially the machinery for self-government is found to be impracticable. There is also a great diversity of interests amongst the various societies, and, consequently, it is not possible to obtain effective co-ordination in the working of the national scheme on such lines. It has been suggested that the administration of national insurance by mutual associations is more personal and democratic than if it were directly administered by a Government Department, but experience shows that the majority of members do not take any interest in the administration of their society, and in many cases they only know it through the society's local agent.

It is extremely difficult for the average insured person to understand the method by which his arrears in contributions, benefits, &c. are calculated. Disputes are continually arising between the societies and insured persons concerning the question of title to and payment of benefits, and these have necessitated the establishment of elaborate systems of courts of arbitration and of insurance courts. There are also strong complaints by employers against the amount of clerical work necessitated by the regulations made under the approved society system, but this has been overcome to a great extent where the control is centered in one administrative organization instead of the dual control of approved societies. In connexion

with the arrangements for medical benefit it was found to be impracticable for the societies to establish a satisfactory basis, and this duty necessarily devolved on the central administration. There is no doubt that the impersonal factor in Government administration has many advantages.

Experience has proved that national schemes which provide for administration through approved organizations are cumbersome, complex, and not the most satisfactory or desirable basis, as they lead to overlapping, unnecessary competition, and high administrative expenditure. Numerous societies of various types compete with one another in each district, with consequent overlapping in activities and increase in administrative expenses. It is stated that in England 65 per cent. of the total number of societies comprise only 2 per cent. of the total number of insured persons, whilst on the other hand 2½ per cent. of the societies include 76 per cent. of the insured persons. It is stated that there are instances where in one district over 500 societies are operating, some of which have only ten local members each, whilst in another district there are 100 societies represented by only one local member each. Some schemes are said to be overburdened with their relationship to approved societies, and the complexity of the schemes has resulted from the attitude adopted towards existing organizations and from attempts to utilize their machinery. If the administrative difficulties had been fully appreciated at the inception of the various schemes, many unsatisfactory developments would probably have been avoided if a new administrative system had been planned at the inception of the scheme instead of adopting that of existing organizations.

As the field of application of national insurance is extended, the predominant tendency is to replace such mutual organizations by a system of administration founded on a district or territorial basis; the district office being responsible for the insurance of all persons liable to insurance who are working in the area administered by the office, the board of management of which includes, in the majority of cases, representatives of the employees and the employers. This district organization enables the most effective system of administration to be made available in accordance with local conditions, and also results in an average grouping, as it provides an equalization between the various occupations of insured persons. Where approved societies are not organized on a geographical basis it is impossible to ascertain from their records the sickness experience among insured persons in any locality.

(b) MUTUAL BENEFIT SOCIETIES IN OPERATION IN AUSTRALIA.

The friendly society system in Australia is said to be established upon a sufficiently sound basis to enable it to be utilized, if such were considered the most desirable method of administration and control of a national insurance scheme in Australia. Considerable variation exists, however, in the financial status, scope, and membership of the societies, whilst the extent of their operations also varies appreciably in each State. The method suggested by which friendly societies could be adapted to a national insurance scheme has generally been upon the approved society basis. Some witnesses have expressed the opinion that friendly societies should be given sole control, or a monopoly, over the administration of national insurance throughout Australia, but this suggestion is not generally supported as the total membership of existing friendly societies is at present equivalent to only approximately 9 per cent. of the total population and to about one-third of the wage-earners of Australia. National insurance is, as its name implies, a matter of national concern and should not be used as a monopoly by any group of individuals, but should embrace all in one mutual association. That which is a national need should be nationally applied and controlled. One of the reasons advanced in favour of control by friendly societies is that of the local supervision which exists in respect of sickness benefit, which entails the heaviest management cost, and also because the societies' administrative machinery is available at the present time in most of the more densely populated areas of the Commonwealth. Branches of approved societies, however, would necessarily have to be opened in many populated localities where at present no friendly society is operating, and any provision for the inclusion of additional societies would unnecessarily extend the present undesirable position resulting from the fact that more societies are now operating in Australia than the population warrants. Friendly societies which have formed approved societies comprise about 46 per cent. of the insured population in England.

At the end of the year 1924-25 there were 162 registered friendly societies operating in Australia, with a total of 5,465 branches. Similar friendly societies operate in most of the States and although linked together from the point of view of sentiment, they are in the majority of cases quite administratively independent of similar societies in the same State or in other States; there being in the majority of cases no Commonwealth controlling body for each society. Many are branches of societies which have their head-offices overseas and have been built on the peculiar traditions and political conditions of older countries. The societies are governed in accordance with their constitutions and by their rules, which must receive the approval of the Government Registrar of Friendly Societies, and must be in accordance with the Friendly Societies Act of the

State. They are all subject to the supervision of the Registrar, and to regular valuations by the Government Actuary, but the Registrars have generally adopted the policy of leaving the societies as free as possible to carry out their own rules. The Friendly Societies Acts in force in the several States, whilst generally similar, yet differ in some very important provisions, and it has been suggested that the application of the friendly society system to national insurance would necessitate an amendment of the Friendly Societies Act in each State in order to make an uniform Act for the whole of the Commonwealth.

The societies are based on various principles and those principles direct their administration, and their financial position depends to a great extent on the nature of their administration. The general system of administration of friendly societies in each State is fairly similar. The government of the societies usually consisting of a central executive, trustees and directors, which comprise the grand lodge and control the administration of the society generally, and organize the various branches under their control. The financial members who attend the meetings of the various branches elect representatives to the annual session of the order, which decides the question of alteration of rules, &c., and elects grand lodge officers. The members thus have a direct representation in the control of the society through the branch meetings, but this is mainly theoretical, as the percentage of members which attends meetings is small and is diminishing. The rules of some societies are cumbersome and it is said that many members do not understand them. The general secretary of the society is usually a full-time officer specially selected for the work. Each branch manages its own local affairs, subject to the supervision of the central executive; in some societies inspectors are appointed to visit and inspect the various branches. The branch accounts are not always kept satisfactorily, owing to the difficulty of obtaining a competent local secretary who is able to devote sufficient time to his duties, the branch officials being not as a rule trained business men, but in most instances they have volunteered their services in the interests of the society, and do fairly well under the circumstances. The friendly society system of book-keeping varies in method and efficiency practically in every society, and it would need considerable re-organization for national insurance purposes, as a uniform system in a prescribed form would be essential.

The opinion has been expressed that it is unnecessary that a number of societies, working under different forms of management, and all doing practically similar work, should be operating in the same district and for the same people, and that mutual benefit societies could amalgamate into one approved organization for the purpose of administering the compulsory national insurance scheme, whilst retaining their separate entities under the voluntary friendly societies' system. The work could be better and more effectively done by amalgamation, especially in rural districts where branches are often very small and involve unnecessarily heavy expenditure and administrative work. Experience in other countries has proved that the multiplicity of organizations does not tend towards efficiency, and consequently steps have been taken in many cases towards amalgamation; the consolidation of branches of some societies and amalgamation of others on a geographical basis resulting in more efficient and less complicated administration. The friendly societies in Australia have already formed an association in each State for the consideration of general questions, and have also associated in many districts for the purpose of forming dispensaries, and it should be possible for them to co-operate in a similar manner for the purpose of taking part in the administration of national insurance in the various districts throughout Australia. If total amalgamation in each State for national insurance purposes were impossible of achievement, it has been suggested that many difficulties would be overcome by an amalgamation of the smaller societies, as careful combination of smaller societies would produce larger societies with a sickness experience nearer the average for all insured persons. A system of district co-operation for the purpose of administering national insurance benefits, however, should be possible and is essential to the effective and economical management of any system of administration through mutual benefit societies in Australia. It is considered that such co-operation would in no way hamper the various societies' freedom of control in the administration of their voluntary benefits, and their present membership and separate entity with regard to funds would not be encroached upon, whilst their special restrictions as to membership of the voluntary section would be preserved and their work would continue to be supervised by the Government Registrar and Actuary. It has been suggested that by this means the administration of national insurance would work in harmony with the existing friendly society system.

Evidence is divided on the question of trade unions being accepted as approved societies, whilst it is generally opposed to commercial institutions being permitted to take part in the control of a national scheme. In the year 1925 there were 743 trade unions operating in Australia, with a total of 1,651 branches. In some unions the State organizations are bound together under a system of unification and centralized control, there being 382 district organizations and inter-state groups of organizations, with a total membership of 795,722. If a system of approved societies were adopted there is no reason why trade union benefit funds and establishment funds

do not have the same opportunities as other mutual benefit associations registering approved societies for the administration of the national insurance scheme. Great Britain mutual insurance societies have become approved societies under the National Insurance Act, but such organizations can only effectively operate in the capital cities, large towns in India, and their administrative cost for industrial assurance business is very heavy owing to a system of collecting premiums by agents. It has been stated, however, that the success of the scheme in England has depended to a great extent upon the effective administration of industrial insurance companies as centralized approved societies, and which include two-fifths of total insured persons.

(c) ADMINISTRATION THROUGH A CENTRAL ORGANIZATION

Most important schemes in operation in other countries have a central organization supervised with the general supervision and inspection of the national insurance scheme; the structure of this organization differs widely in the several countries, as it depends upon the political and social systems in operation in each country. Actuarial valuations in other countries have shown that the financial success of the national insurance scheme is to a great extent dependent upon the quality of the administration, and experience has generally shown that a unified administration is essential to efficiency, with the result that efforts have been made towards the establishment of a central Government organization which will co-ordinate the work and bring together several systems together. It is absolutely essential that there must be effective governmental supervision and control over a national scheme of insurance to which employers, employees, and the Government are compelled to contribute. It is the duty of the Government to take the effective supervision of the compulsory institutions which has created.

The general administration of National Health Insurance in England and Wales is controlled by the Minister of Health, on whom has been conferred legislative, administrative, and judicial powers. The organization includes three departments, viz.:—The Ministry of Health, the Government Actuary's Department, and the Audit Department. The central Government's functions are confined to supervision only, and it is not possible for the central Government to exercise effective disciplinary control over the various societies; the department has no power to enter the internal affairs of a society. Although model rules are issued to approved societies by the central administration, their adoption is purely optional, as there is no regulation which enforces the rules as the basis of the rules of all societies. It has been stated that the Government administration under the scheme does not possess adequate powers which would enable effective control to be taken in cases where the administration of a society falls below the required standard. Special committees are created for every county to administer medical benefits by special statutory corporations, local government bodies, county borough, comprising elected representatives of employers, local government officials, medical practitioners, and others in the area. The Post Office is utilized in the administration for the collection, through the sale of insurance stamps, of contributions and for the issue of contribution cards in special cases. The unemployment insurance and the old-age, widows' and orphans' pensions, however, are administered directly by the Government and not by the approved society system.

The national insurance schemes instituted in other countries have been in the nature of amendments in social legislation, and their experience has shown in many cases that amendments to the original system of administration were essential. It has been suggested that considerable success will be met with in operating national insurance over such large territory with such a widely scattered and diverse population as Australia, and that conditions of work, wages, and living are so different in different parts of the country that it would be more desirable to leave mutual insurance operating in other countries to be administered entirely on a local basis. Further, that it would be more desirable to leave mutual insurance organizations free to continue their operations, or for the Government to undertake the administration of National Insurance in a similar manner to that in which the Commonwealth Government administers the Old-age Pensions and the Maternity Allowance, in which the mutual benefit societies do not take part, the Post Office being utilized for the payment of benefits. The existence of mutual benefit associations must be taken into consideration, and it is suggested that their continued existence will be more encouraged if they remain to continue their present functions unhampered in the national insurance scheme. The effort should be made to prevent any injury being done to the friendly society system. The fact has been expressed that a comprehensive system of national insurance will have an injurious effect on existing mutual benefit societies, but although such predictions were made in England, experience has now proved that the voluntary societies are now in a better numerical and financial position than they were prior to the inception of the national insurance scheme. National Insurance would not provide adequate maintenance, and thus wage-earners would not be enabled to provide adequate benefits by means of voluntary mutual arrangements. Such an arrangement for additional benefits has many advantages. It is estimated that one-third of the compulsory insured persons in England are also voluntary members of mutual societies.

The advantages of one administrative organization far outnumber any other considerations. The most desirable, effective and economical system will be attained if a central organization is established to administer a unified National Insurance Fund for the whole of Australia through district offices. Such administrative authority should include representatives of the three contributing parties, viz.:—the Government, employers, and insured persons, as it is desirable that all interested sections should take part in the administration of the National Insurance Fund. The various States should be divided into suitable administrative districts, each supervised by a District Insurance Office under the control of the Central Administration. Each district organization will be a complete administrative unit, but it is essential that insurance funds be pooled for the whole of the Commonwealth. A local advisory committee of management could be appointed in each administrative district to enable the most suitable administrative arrangements to be made to meet local conditions, such committee being comprised of representatives of the various mutual benefit societies operating in the district, trade unions, medical practitioners, and other organizations interested in the national insurance scheme. The local agents appointed in the sub-districts or branches would be in most cases, part-time officers under the direct supervision and control of the district administration. It will be also necessary to establish an inspection staff to superintend the arrangements for the collection of contributions.

In determining whether the claimant for sickness or invalidity benefit is incapacitated for work, the administrative officials in other countries are ordinarily guided by the certificates issued by medical practitioners and suitable arrangements will need to be made with general medical practitioners throughout Australia for the production of certificates as to the insured person's incapacity for work. It is very desirable that such medical certificates should afford sufficient information with respect to the nature and cause of incapacity, as these records will be of great value for statistical investigations which should be instituted in connexion with the scheme. A system of district medical officers is essential to cope with the questions of malingering and certification, which may seriously affect the solvency of the Fund. Such full-time officers would supervise the arrangements for medical certification in each administrative district, and would be available as medical referees when required, their duties, however, would not include any disciplinary powers or right to treatment of patients. It is desirable that the district medical officers should be associated with the Health Department in order that they may thus establish co-ordination between the public health services and the National Insurance Fund.

Experience in other countries has shown that it is most essential that the many units administering the various social services should be amalgamated or co-ordinated. In Australia at the present time several more or less independent units have functions which are closely related to the proposed national insurance scheme, and endeavours should be made so far as the Commonwealth Departments at least are concerned, to co-ordinate them with the administration of the National Insurance Fund.

RECOMMENDATIONS.

Your Commissioners recommend :—

- (i) that the central administration of the National Insurance Fund include representatives of the contributing parties, viz.:—the Commonwealth, employers, and insured persons ;
- (ii) that a system of district administration be instituted with a district office in charge of the administration of the Fund within each district ;
- (iii) that a local advisory committee comprising representatives of existing mutual benefit societies, employers' associations, trade unions, medical practitioners and other interested organizations be appointed in each district ;
- (iv) that arrangements be made with general medical practitioners for the medical certification of applicants for sickness and invalidity benefits ;
- (v) that a district medical officer be appointed to supervise the arrangements for medical certification in each district ;
- (vi) that efforts be made to co-ordinate the administration of the National Insurance Fund with the administration of Commonwealth Invalid and Old-age Pensions, Maternity Allowances and War Pensions ;
- (vii) that the system of labour bureaux recommended in our Second Progress Report be utilized for the purpose of certification of unemployment in connexion with exemption from contributions ;
- (viii) that, wherever practicable, the administrative machinery of existing mutual benefit associations be availed of in the administration of each district.

SUMMARY OF RECOMMENDATIONS.

Your Commissioners recommend :—

A.—Membership.

- (i) that the compulsory provisions of the National Insurance Fund shall apply to all wage and salary-earners in Australia whose over the age of 16 years ;
- (ii) that the voluntary provisions shall apply to all workers on own account and proprietors of small establishments ;
- (iii) that exemption from the compulsory provisions should be granted to members of mutual benefit associations which guarantee, and to those in employment which secures, equal benefits to those provided by the National Insurance Fund.

B.—Finance.

- (i) that the total cost of the national insurance scheme shall be met by regular weekly contributions payable in respect of each insured person by the Commonwealth, the employer, and the insured person ;
- (ii) that contributions shall not be payable during any period in which the insured person is unemployed or in receipt of benefit ;
- (iii) that a flat-rate of contribution be adopted for insured males and similarly for all insured females ;
- (iv) that the rate of contribution for each benefit shall be that actuarially calculated for entrants at age 16 together with provision for the accumulation of adequate reserves ;
- (v) that the employee's contribution shall be deducted from wages and the employer's and employee's contribution collected by means of insurance stamps to be affixed by the employer to the employee's contribution card ;
- (vi) that all contributions shall be payable to a central National Insurance Fund ;
- (vii) that the accumulated funds be invested for the extension of social services available to insured persons ;
- (viii) that actuarial valuations of the Fund shall be made at regular periods ;
- (ix) that the Fund shall be subject to audit by the Commonwealth Auditor-General.

C.—Administration.

- (i) that the central administration of the National Insurance Fund include representatives of the constituent parties, viz. :—the Commonwealth, employers, and insured persons ;
- (ii) that a system of district administration be instituted with a district office in charge of the administration of the Fund within each district ;
- (iii) that a local advisory committee comprising representatives of existing mutual benefit societies, employers' associations, trade unions, medical practitioners, and other interested organizations be appointed in each district ;
- (iv) that arrangements be made with general medical practitioners for the medical certification of applicants for sickness and invalidity benefits ;
- (v) that a district medical officer be appointed to supervise the arrangements for medical certification in each district ;
- (vi) that efforts be made to co-ordinate the administration of the National Insurance Fund with the administration of Commonwealth Invalid and Old-age Pensions, Maternity Allowances, and War Pensions ;
- (vii) that the system of labour bureaux recommended in our Second Progress Report be utilized for the purpose of certification of unemployment in connexion with exemption from contributions ;
- (viii) that, wherever practicable, the administrative machinery of existing mutual benefit associations be utilized in the administration of each district.

In concluding our Final Report, we desire to place on record our high appreciation of the invaluable services rendered by our Secretary, Mr. H. C. Green, of the Commonwealth Bureau of Census and Statistics, in the conduct of our extensive inquiry, in collating the immense volume of data submitted, and in the exacting work involved in the preparation of our Reports. Our complex and onerous task has been very materially lightened by the exactitude and technical knowledge which Mr. Green has repeatedly on all occasions brought to our guidance in connexion with the many intricacies of the inquiry, and also by the efficiency and resource which he has applied to the considerable research undertaken with respect to the development of national insurance legislation in other countries. Throughout our lengthy inquiry we have been greatly indebted to him for his unfailing courtesy, tact, and organizing ability.

We would also express our appreciation of the services of the Staff of the Commission who have willingly undertaken every task we have placed upon them.

We also acknowledge our obligations to Mr. C. H. Wickens, Commonwealth Statistician and Actuary, for his very valuable assistance in the preparation of the many actuarial statements required, to Mr. M. Hillier, Pensions Officer, Australia House, London, for his comprehensive reports on the legislative provision for national insurance in other countries, and to the many witnesses who have given us the benefit of their valuable knowledge and experience.

Throughout the inquiry our Commissioners have made every effort to obtain all available local evidence which would assist in the consideration of the many important social questions referred to them, but the fact that detailed first-hand information has not been available concerning the experience of the various national insurance schemes operating in other countries has often proved a very considerable disadvantage during the inquiry.

Your Commissioners sincerely hope, however, that, as the result of their labours extending over a period of three and a half years, their recommendations, which are based on humanitarian lines and offer such great benefit to the individual and the community and on all of which there has been complete unanimity by your Commissioners, will find a ready acceptance by the Government and people of the Commonwealth.

We have the honour to be,

Your Excellency's most obedient Servants,

J. D. MILLEN, Chairman,
J. GRANT,
ROLAND F. H. GREEN,
W. G. MAHONY,
JOS. FRANCIS,
A. E. GREEN.

H. C. GREEN, Secretary,
Melbourne, 11th March, 1927.