NEW ZEALAND

NATIONAL SUPERANNUATION HEALTH AND UNEMPLOYMENT SCHEME.

Confidential

THIRD REPORT

of

Inter-Departmental Committee to Cabinet Committee.

WELLINGTON

NATIONAL SUPERANNUATION, HEALTH AND

--- UNEMPLOYMENT SCHEME. ---

CONTENTS SHEET.

WELLINGTON,

18th March, 1937.

The Chairman,
Cabinet Sub-Committee,
National Superannuation, Health
& Unemployment Insurance Scheme.

SECTION I. RESUMÉ OF FIRST REPORT.

1. In its first report of the 1st October, 1936, to the Cabinet Committee the Departmental Committee supplied approximate estimates of the initial annual cost of a complete scheme tentatively suggested by the Cabinet Committee to provide

(a) Universal superannuation or pensions for old age, widows and orphans without regard to the means of the recipients.

(b) A complete Health Service covering hospital, medical, dental and other requirements for the whole community.

(c) Provision for payment of allowances during unemployment, sickness and invalidity.

2. Reference to this report will show that for the first year the cost for all items would amount to nearly £30 millions. It was also shown that to provide this amount on the basis of finance suggested would involve increasing the tax on salary, wages, and other income as described in Part III of the Employment Promotion Act 1936 from 8d. to 2/6d. in the £ and finding a further £9 millions from general taxation.

The total taxation required when the additional cost of this scheme is added to existing taxation would amount to £52,500,000, equal to half the aggregate private incomes and falling largely upon persons earning less than £400 per annum, which class receives about three-fourths of the aggregate private incomes of the Dominion.

3. Of the estimated total of £30 millions per annum £15,750,000 would be required to give effect to the Superannuation proposal to pay 30/- per week at age sixty to males and at age fiftyfive to females without a means test or any qualification other than age. Furthermore, it should be noted that this would be only the initial annual cost. The Government Statistician estimates

that unless the birth rate increases substantially or large scale immigration is resumed, the total population of the Dominion in 1966 will be little, if any, greater than at present, but the number of persons eligible for the pension will have so increased that by the year mentioned the cost of pensions or superannuation on the basis suggested would increase to £28½ millions, that is almost double the annual cost at the inception of the Scheme.

In his discussion with the Committee in October last Sir Walter Kinnear of the British Ministry of Health stated that he had a staff of actuaries working on the same problem in connection with his investigations in Australia. He had found exactly the same trend in vital statistics there, indicating a large prospective increase in the number of persons of pensionable age over the next 30 years.

Moreover, if retirement took place at the specified ages, there would be substantially less workers than there are today to meet the cost.

The Departmental Committee, therefore, reached the conclusion that the complete Scheme as visualised by the Cabinet Committee was beyond the financial capacity of the Dominion at present.

SECTION II. TRANSITION TO A COMPREHENSIVE NATIONAL SCHEME.

4. In its second report dated 3rd February, 1937, the Departmental Committee answered as far as it was able to do so the question

> "What is the sum which is today set aside in all quarters to provide the services contemplated under the Scheme, and what are the agencies by which these services are provided"?

5. From all the information available the Committee estimated that including expenditure by the State, about £20½ million is expended on services similar to those envisaged under the National Scheme. Consideration of the items making up this total indicates, however, that the bulk of this expenditure could not be suddenly transferred or diverted into a National Scheme without grave

danger of disrupting Insurance Companies, existing Superannuation Funds, Friendly Societies and numerous other activities affecting the welfare of a considerable portion of the total population.

6. Apart from financial considerations the scheme is so huge and so far reaching that any attempt to bring the whole of it into operation within a short period would raise serious administrative difficulties and cause much confusion for a considerable time.

7. A scheme of this kind involving an understanding of new obligations and rights on the part of the majority of the members of the community naturally requires very thorough preparation and the provision of competent staff.

In this connection it is noteworthy that under the British National Health Insurance Scheme, limited to employed persons, a waiting period of six months was allowed after the passing of the Statute before the scheme actually came into operation. Moreover, although initiated there in the year 1911 it has been built up step by step e.g. The first National Scheme of compulsory and contributory insurance provided for sickness and unemployment. The original Act made no provision for widows, orphans, or old age pensions, but in 1925 these benefits were incorporated. In 1920 the scope of the scheme was widened to embrace practically all industries. Persons engaged as agricultural workers and domestic servants did not come into the scheme until last year.

8. These points are mentioned merely to emphasise the administrative difficulties of introducing a large scheme suddenly; in short, it is the opinion of the Departmental Committee that financial and administrative considerations together render it quite impracticable to introduce the complete scheme in a single step.

SECTION III. PRINCIPLES ADOPTED BY THE COMMITTEE.

9. After presentation of its second report this Committee was directed to submit definite proposals for a scheme which, having regard to the Government's objective, would be possible of inauguration in the immediate future.

10. In undertaking that task the Committee adopted the following guiding principles, namely:

(a) that the complete scheme, though not practicable at one step, constitutes a definite objective of the Government;

(b) that so far as appears compatible with that objective existing Government social services should form the nucleus of the present proposals.

The existing State services provided under Pensions, Unemployment and Hospitals legislation represent an accumulation of valuable experience and possess an organization and an established form of finance that, taken full advantage of, will undoubtedly greatly facilitate the inauguration of a substantial part of the Government's scheme.

(c) That existing arrangements or contracts in connection with superannuation funds, insurance companies, friendly societies and other organizations of a provident character should be disturbed as little as possible. Further, bearing in mind the unavoidable limitation in the measure of cash benefits under the State scheme, it is obviously the intention to encourage all proper voluntary arrangements that aim at making supplementary provision for old age, sickness etc. In this connection the Committee bears in mind the Government's expressed intention to do nothing that will prejudice existing institutions;

(d) that the scheme should be developed by stages with full regard, not only to the ability of wage-earners and others to adjust themselves to the changing incidence of taxation or contribution, but also to the need for securing smooth and efficient administration and the avoidance of hardship and anomalies. Each stage of development and extension should be consolidated before proceeding to the next;

(e) that the inauguration of a national health and superannuation scheme creates numerous contracts (some life long) of a kind that afterwards cannot always easily and with good conscience be interfered with; hence, the need for care and foresight in the development of all phases of the scheme;

(f) generally, the scheme should be so planned that as it is brought into operation the community will grow into the social transformation contemplated.

SECTION IV. HEALTH.

11. The particular problems and costs involved in the Health phase of the scheme are being considered by a Parliamentary Committee appointed for the purpose. We understand, however, that the Committee is not concerned with Superannuation or Unemployment and generally is not taking into account total costs involved in all three phases of the scheme.

12. If it is accepted that on financial and administrative grounds a portion only of the complete scheme can be introduced, it is a reasonable assumption that the health services will also be developed by stages. As to what should comprise the initial stage of the health services the Parliamentary Committee will doubtless indicate its view in due course.

13. In the meantime, however, so that regard may be paid to the total additional amount to be provided by wages and other taxes at the inception of the scheme, it is necessary for us to make an assumption regarding the cost of the health services at that initial stage.

Rough estimates of the cost of providing a complete health service indicate that an additional four to five million pounds is required for a complete service, and for present purposes the Committee assumes that an amount of two million pounds will be sufficient to meet the cost of the initial step which might embrace a limited medical and hospital benefit. We recognise that this phase is one to be weighed up by the Cabinet Committee and Government after the Parliamentary Committee has presented its views, and we wish not to trespass in any way on the work of that Committee.

SECTION V. UNEMPLOYMENT.

14. Adequate measures for providing unemployment relief on an emergency basis are already fully developed and generally may be said to be working smoothly, but these measures were especially designed to cope with what was regarded at the time as an emergency and are not altogether suitable as per-

manent provisions in a National Scheme such as now contemplated. There is always a danger that an indefinite continuation of emergency provisions tends to make unemployment attractive and that unemployment relief might take on the aspect of a premature pension for a fit man.

15. Expenditure out of the Employment Promotion Fund today amounts to over £4 million per annum, but this cannot be regarded as an indication of the amount that should be required under permanent provisions. It is generally agreed that with proper development the Dominion could support a much larger population, and while there is this room for expansion, unemployment in New Zealand should normally not be a serious factor.

16. As soon as the cost of unemployment assistance can be reduced there will be a corresponding increase in the yield from the taxation, thus creating a surplus in the fund. This surplus may be used partly as a reserve for future emergency conditions and also for the expansion of other services under the scheme for the benefit of the whole community.

Thus, under this scheme, the problem so far as unemployment is concerned consists of devising ways and means of changing over from an emergency basis to something akin to normal unemployment insurance.

17. In the transition from the scheme on an emergency basis to the more permanent form here proposed provision must be made to avoid the anomalies and weaknesses which, from experience here and abroad, appear to be inevitable in an emergency scheme.

18. Consultations with Mr. Ince of the British Department of Labour coupled with the knowledge gained by our own experience in New Zealand convinces us that the position will not be improved by merely reinstating the former means test. Under the Unemployment Insurance Scheme in England, unemployment relief given as-of-right is limited to a definite period and the worker has an additional incentive to regain employment

before that right expires. Otherwise he comes under the Unemployment Assistance legislation, with his need as the main test of eligibility.

19. The adoption of similar provisions in New Zealand would, the Committee firmly believes, place unemployment relief on a plane much more satisfactory from the point of view both of the community, and of the worker.

20. The Committee accordingly recommends the incorporation of the following broad principles in our legislation:

I. Every person who is genuinely unemployed through no fault of his own and who has contributed unemployment tax for at least 30 weeks during the previous two years, should be entitled to draw benefit as-of-right at the scale laid down for his conjugal classification without regard in any way to his means.

II. That such right should continue, subject to his unemployment remaining involuntary, for a period of 26 weeks.

III. When he has obtained 26 weeks benefit in the same year he should be deemed to have exhausted his benefit as-of-right. This would not necessarily mean that his benefit would be discontinued or reduced but that any continued assistance would be related to his needs and not granted as of right.

IV. To set up a reasonable guard against men leaving employment voluntarily in order to register for relief, consideration of the principle adopted under the British system of unemployment insurance is recommended.

Briefly the British practice involves the completion of a form by the last previous employer of each man registering for benefit. The British Statute provides that in the event of the report from the employer satisfying the insurance officer that the worker has left the employment of his own free will, or has lost the employment through his own fault or neglect, no benefit from the fund is payable for a period of six weeks. Provision is made for an appeal to a District Court of Referees and finally to an Umpire if the worker is aggrieved with the decision of the Insurance Officer. This machinery apparently works very smoothly and is regarded as a reasonable safeguard against exploitation of the funds, whilst protecting the applicant for benefit against any injustice arising from a report.

V. Another difficulty manifesting itself more clearly at the present time is the inclusion for relief benefit of men who are not regular wage earners, namely, small business men, small farmers, hawkers, and a class, not very large, who have never sought regular attachment to any particular job. The payment of relief to persons engaged in business, but who are earning very small profits therefrom has the undesirable result of subsidising competitive industry. In the case of hawkers, the same difficulty exists, with the further complication that no check on profits is possible.

21. The introduction of a system requiring proof of payment of the wage tax for at least 30 weeks during the two years prior to claiming benefit, and proof of genuine unemployment would mean that only those who were unable to satisfy the conditions would be excluded from benefits as-of-right and receive in their place assistance according to need. In this connection the Committee considers that the change over of the scheme from an emergency basis to a permanent basis would be facilitated if some provision could be made for spreading work when available more evenly over the mass of unemployed men. At the present time some men are being placed in permanent or semi-permanent employment while others are left entirely unemployed for long periods; if suitable work could be provided for the purpose groups of unemployed men might be allocated to such work for short periods in rotation thereby giving a wider spread of full-time employment and assisting a larger number of men to retain their skill and employability.

22. In a comprehensive scheme of social benefits the position of women presents a peculiar and difficult problem. At the present time it can be fairly claimed that there is no serious unemployment affecting women in New Zealand. In England where unemployment relief has been limited in scope to approved industries, and where the proportion of women workers in industry is considerably higher than in this country, women have been covered for unemployment insurance since the first measure was introduced in 1911.

With 25 years of experience, the administrators in Britain still find the problem of administering relief to women the most difficult of all. On one occasion a single decision varying the policy affecting eligibility for relief resulted in an immediate increase in the registrations of women for benefit by over 200,000, more than 50 per cent. of which were disallowed by the Courts of Referees.

Under a social system such as we propose, where benefit payment cannot be so closely related to contributions, the difficulty of determining eligibility would be much greater than under the British insurance system.

In the limited time at present available the Committee has not been able to formulate satisfactory proposals to overcome difficulties mentioned and is giving further consideration to that phase of the scheme.

23. The Committee recognises that the foregoing suggestions operate simply for the relief of unemployment and that the necessity for measures promoting employment still exists.

It is disturbing to find that the return of prosperity reveals a real shortage of labour in some fields side by side with a large number of unemployed indicating the necessity for positive measures of rehabilitation.

24. It will probably be found that the initial operations under the Health and Pension portions of the scheme, at any rate, cannot be commenced before the financial year beginning on 1st April, 1938. Allowing for a substantial amount stimulating the expansion of existing industries and the starting of new ones, it is difficult at this stage to say how much will be required for unemployment as a whole by that time. In the meantime the only safe course would seem to be to allow for say £4 million during 1938-39.

SECTION VI. SUPERANNUATION.

25. The Superannuation phase of the Scheme is by far the most costly of the three phases, and furthermore, as pointed out in the earlier portion of this report, (Section I paragraph 3), that cost is likely to be nearly doubled over the next thirty years. On the other hand all past experience has shown that when once benefits have been granted there is always very strong opposition to any suggestion to reduce them. Thus it is advisable to proceed with great caution with the development of this portion of the Scheme. Placing a man on superannuation means giving him a share of current production without his making any contribution towards that production. It follows that if there are too many claims from non-producers the standard of living of the whole community must be undermined. Believing that undue haste in developing National Superannuation **might** easily lead to a breakdown of the whole scheme in all three phases the Committee considers that the objective of providing pensions five years earlier than under our existing Pension system should definitely not be attempted at the outset. It would seem preferable to ensure a reasonable pension for all at the age of 65 before any attempt is made to provide pensions at age 60(men).

25A. There are special cases where the earning capacity of a person has become seriously reduced by the time he attains the age of 60 years or where other circumstances justify the granting of a pension at the earlier age. It is suggested that provision should be made enabling a reduced pension to be granted to a man between the ages of 60 and 65 years if by reason of an accident or general physical deterioration there is extensive permanent disability but not enough to establish the right to an invalidity pension. An ancillary discounted pension may be made available in these cases where the applicant could be allowed to anticipate the normal date for receiving the pension by not more than five years. His maximum pension for the rest of his life would then be reduced to an amount actuarially equivalent to the value of the pension over the shorter normal period. By this method special cases of distress could be assisted without endangering the stability of the fund.

26. The present legislation provides for an old age pension at age 65 for males and 60 for females up to a maximum of 22/6d. a week providing their other income does not exceed £1 per week. This means that existing single pensioners can have a maximum income including pensions of £110.10.0 per annum, and married pensioners a combined income, including pensions, £169 per annum. Thus under present arrangements the total income of pensioners, i.e., pension plus other income, varies from a minimum of 22/6d. a week to a maximum of £2/2/6 per week in the case of single persons and £3/5/- a week in the case of married couples. No deduction is now made from the pension on account of the value of any real property owned by the pensioner.

In the total population there are 129,000 persons of a pensionable age of whom 52,000 are receiving old age pensions costing at present £2,950,000 per annum.

27. As the ultimate objective of providing a pension of 30/- per week for all as-of-right without regard to other income is clearly not achievable immediately a logical starting point would be to guarantee an income from all sources of at least 30/- a week at the specified ages. This in effect means increasing the minimum income of pensioners that is pension

plus other income from 22/6d. per week to 30/- per week. It is estimated that the additional annual cost of this step will be £850,000 at the outset.

28. If this were done all of the 52,000 existing pensioners and all people who in future qualified under the existing pensions legislation would at the pensionable age be assured of an income from all sources of at least 30/- per week and so far as they were concerned the Government's objective would be achieved. In fact, this provision would mean that all persons reaching the pensionable age would be assured of that income excepting those who were debarred from receiving pensions on grounds other than their income. This category would consist chiefly of those who are debarred by the existing residential qualification of 20 years' residence in New Zealand. Ways and means of financing the initial cost of all three phases of the scheme are discussed later in this report, but it may be said here that if the Wage Tax is to be a predominant source of revenue - and there seems to be no alternative to that - such tax from the commencement of this scheme will be paid by those at present debarred by the residential qualification, which is not equitable. On the other hand some provision is necessary to prevent people coming to New Zealand at pensionable age solely for the purpose of obtaining the pension. A justifiable method of preventing this sort of thing would be to retain the residential qualification in respect of those persons entering New Zealand after a specified date, but a period of 10 years would probably be sufficient. In the case of Great Britain and may be of some other countries it should be possible to make reciprocal arrangements whereby contributions to pension insurance funds of the country of origin may be set off against the cost of the pension in the Dominion. In any such case the residential qualification may have to be modified. While in general it is not desirable to restrict immigration of British people it may be found adviseable to devise administrative methods with respect to immigrants from foreign countries. The cost of thus reducing the residential

qualification is almost impossible to estimate, pending receipt of calculations from the last Census which are not at present available, but the annual amount involved should not be large.

29. Assuming the two additions mentioned, i.e., guarantee of minimum income and removal as far as possible of residential qualification, could be attempted, practically the whole population could rest secure in the knowledge that they would have at least 30/- per week to live on when they reached the pensionable age.

30. The next step towards the ultimate objective should be in the direction of making a start on a contributory pension scheme under which the pensions would be payable as-of-right without any means test whatever. This might be achieved by providing a pension as-of-right of 10/- per week to all persons of pensionable age, provided they have paid at least 5 years contributions. Furthermore, in order to remove any feeling or suspicion of charity such as attached to the existing Pension system, it is recommended that these pensions as-of-right be given a definite insurance basis. If this is done the pension will rest on a definite contract which will give to the scheme a degree of stability not otherwise obtainable.

31. The British Pension Scheme is established on an actuarial basis but with a flat rate contribution calculated to defray the full cost of the pensions of those joining at the age of 16 years. The additional cost in respect of those joining at higher ages is borne out of taxation. A pension of 10/- a week for males payable at the age of 65 years would require a premium of about £2 a year for those joining between the ages of 16 years and 20 years. Accordingly a contributory pension scheme on a basis somewhat similar to that adopted in Great Britain could be established if the present unemployment levy were increased to 10/- a quarter and appropriated for the purpose. The additional cost on account of those

over 20 years of age at the commencement would have to be defrayed out of taxation and an allocation out of the wage tax would be an appropriate way of doing it.

Such a scheme will not reach the self-supporting stage until the whole of those drawing the 10/- per week pension as-of-right are contributors who entered the Scheme between the ages of 16-20 years but, year by year, that consummation will gradually be approached.

32. In the case of old-age pensioners, the contributory pension would be included in the proposed guaranteed minimum income of 30/- per week. In this way, if it were found possible later on to increase the contributory pension payable as-of-right the free pensions would be reduced correspondingly and eventually this would lead to the attainment of the ultimate object, that is the substitution of pensions payable as-of-right for the existing free pensions. Over the years during which the transformation was taking place people reaching pensionable age would always be protected by the provision of the guaranteed income of at least 30/- a week after the pension age is reached. Having regard to the huge immediate cost of the ultimate objective and the present taxation burden for commitments in other directions, the Committee considers that the best approach to the ultimate objective of Government is a scheme as outlined to provide for an immediate guaranteed income from all sources at pensionable age, together with a start on the contributory pension payable as-of-right. The contributory pension would be paid at the specified age as-of-right irrespective of the recipient's income. Therefore the payment of this pension unlike the free pension does not pre-suppose a man retiring from active work in industry. For this reason, if and when it can be financed without undue strain there would be far less objection to paying this pension at age 60 years for males than to reducing the qualifying age of free pensions from 65 years to 60 years. The earlier payment of this pension would have

the effect of supplementing the income of those wage-earners whose advancing years have reduced their earning capacity below that of younger men.

33. The present cost of paying a contributory pension of 10s/- per week at ages 65 years for males and 60 years for females excluding those in receipt of free pensions is estimated at £2,050,000 while the levy of £2 a year suggested would bring in about £1,000,000. This leaves £1,050,000 towards the pension to be found from the wage tax or some other source. To pay the pension at ages 60 years for males and 55 years for females would raise the immediate annual cost by a further £1,000,000.

34. The fixing of the contributory pension as-of-right at 10s/- per week has been due to the Committee's desire to avoid financial embarrassment to contributors on account of their present commitments for Insurance and other benefits.

These considerations apply particularly to those people who at the inception of the Scheme are over the age of about 20 years. In the case of those under that age it is unlikely that very much in the way of commitments for life insurance, friendly societies etc. have been made. Any forward plans for extending the Scheme for contributory pensions towards the ultimate objective can therefore readily be applied to wage-earners under 20. In fact any delay in introducing the more comprehensive scheme so far as they are concerned will only defer the complete realisation of Government's final proposals without any compensating advantages.

There would therefore appear to be no real economic reason why the class of wage-earners entering the scheme at age 20 or under should not be required to pay an additional levy which would ensure them payment of a pension as-of-right in excess of 10s/- a week. If this class of wage-earner were required to pay £4 per annum levy instead of the £2 proposed above, they would be entitled to a pension as-of-right equivalent to £1 a week on reaching the pension age. In this connection it is worthy of note that the contribution of £2 per annum for a 10s/- per week pension is equivalent to the premium on an endowment policy maturing at age 60 of a face value of only £100.

35. While economically there appears to be no objection to this suggestion, there may be difficulties in the imposition of a levy of, say, £4 a year in addition to wages tax on a youth just commencing work especially as up to the present time he has been required to make no contributions at all. The ultimate aim might therefore be achieved better if the levy were increased, say, by a rise every fifth year until the desired amounts were reached. This would enable the community as a whole to become accustomed to the levy when the absorption of a small increase would not be so serious.

36. Although it may be desirable to allow for increases at, say, five yearly period it would also be advisable to indicate the policy intended for the future so that the wage earners affected would not become involved in commitments which would become a hardship when higher levies became effective.

37. In any contributory scheme women again present a special problem. In the long run a man entering the Scheme at an early age would pay the full cost of his own pension on the contributory basis and the cost of a pension for his wife would be a fair charge against the tax on wages and other income paid by him. If the main proposals outlined above are accepted the Committee desires to give further consideration to this question also.

SECTION VII. PENSIONS FOR WIDOWS WITH DEPENDENT CHILDREN.

38. The present pension allowances for widows with children under 15 years of age are relatively generous, particularly in cases where there is a family of four or more children. The maximum pension payable where there are seven or more children is £4.10.0 per week and a further 30/- per week of private income is allowed before any reduction is made in the pension. Thus, on the maximum a widow with seven children may be in receipt of £6 per week without any deduction whatever in respect of property. In fact, in many cases it would appear that, as far as income is concerned, the family may be better off after the death of the father than during his lifetime, as his wages may have been substantially lower than £6. per week.

39. In the case of a widow with one child the present pension is 30/- per week which is not subject to deduction unless the additional private income exceeds 30/- per week. A widow and child thus may have an adequate pension if they have other income but 30/- per week for a widow and child (with no other income) compares unfavourably with the guaranteed minimum old-age pension of 30/- per week for a single person and £3. per week for a married couple.

The principle of a guaranteed minimum income could again be invoked. Having regard to the rate suggested for old age and the lower cost of maintaining a child a guaranteed income of 5/- a week in excess of the present pension scale is suggested with £234 per annum (i.e., £4.10.0 per week) as a maximum. If this proposal were put into operation the effect would be that widows with from one to six children under 15 years of age and no private income would receive an additional 5/- a week pension, but that in cases where there are seven or more children the pension would stop at the existing figure of £234 per annum or £4.10.0 per week. Under this proposal the additional cost per annum would be about £60,000. An anomaly exists in that a widow ceases to receive an allowance in respect of children on their reaching the age of 15 years whereas in respect of children of an invalid the allowance ceases on their attaining 16 years. The estimated cost of paying the allowance for dependent children of widows until they reach 16 years of age is £39,000 per annum.

SECTION VIII. WIDOWS WITHOUT DEPENDENT CHILDREN.

40. Under the existing legislation widows are entitled to a pension only while they have dependent children under the age of 15 years. A widow all of whose children are over the age of 15 is not entitled to a pension and at this stage of life she would have little chance of obtaining employment in industry or in office work.

Although their claims for assistance are not nearly so strong, childless women who have been widowed at an advanced age but short of the age to qualify for an old age pension are in a somewhat similar position. On the other hand some women become widows at an early age and have no difficulty in obtaining regular employment. A pension for widows in the circumstances under consideration, payable between the ages of 45 and 59 should meet the great majority of necessitous cases. A pension of £1 a week with provision for an additional income of £1 a week before the pension is reduced would relatively be in keeping with the rates for old age pensions and pensions for widows with dependent children. At the same time, if the guaranteed minimum income principle is adopted in the case of pensions to widows with children under 15 or 16 years, widows without children of pensionable age should also be guaranteed the extra 5/- per week making a guaranteed income of 25/- per week. To provide for all widows in the age group 45 to 59 on this basis is estimated to cost £585,000 per annum, if no account is taken of the additional private income of this group. No data is available as to the private means possessed by those widows but it seems reasonable that the net cost should not be more than £400,000. Deserted wives could be treated on the same basis.

SECTION IX. ORPHANS.

41. If a widow in receipt of pension with children under 15 dies, the pension for the children is continued and is paid to their guardian. Where both parents die simultaneously or where the mother dies first and the children subsequently become orphans no pension is payable under present legislation. This is a decided weakness in the pension system. The present pension rate for children under the widow's pension is 10/- a week, but this is too low for a single orphan, although adequate where there is a family of 4 or 5 children. It is accordingly suggested that provision be made for a pension to orphans of 10/- a week for each child with a limit of £1 a week other income before the pension is reduced, such income limit to apply to the orphan family where there is more than one child. At the same time, in order to make more adequate provision for cases where there is little or no private income and particularly where there are only one or two orphans in the family, we suggest that there should be a guaranteed income of 15/- per week per child, but with a limit of £234 per annum or 10/- per week for a child, whichever is the higher. These provisions would place the orphans on the same basis as dependent children of widows. Pensions for orphans payable until attainment of 16 years under the arrangements suggested would cost £100,000 per annum if none of them had any private income. No information is available as to the private income of orphans and there would be some saving in the cost of the Child Welfare section of the Education Department. The net cost should not exceed £75,000.

SECTION X. INVALIDS.

42. The present pension provision for invalids was also reviewed by the Committee. In principle, it would appear

that where the breadwinner of a family is permanently incapacitated and therefore unable to work his family is in the same position economically as though he were unemployed or dead; in fact they may be worse off. In these circumstances the pension rates (Invalid 20/-, wife 10/-, dependent child 10/- per week) for invalids are somewhat on the same basis as for widows and children (Widow 20/-, dependent child 10/- per week) although the income allowance before pension is decreased is somewhat greater in the case of the invalid pension than under the widows pension. It would thus appear that the pension scale is relatively adequate, but again in order to assist those who have no private income, it is suggested that the guaranteed minimum income principle be applied, thereby providing a guaranteed minimum income to an invalid of 25/- per week with 10/- per week for a dependent wife and 10/- per week for each dependent child. The additional cost will amount to £120,000 per annum.

SECTION XI. SICKNESS BENEFITS.

43. To be logical the allowances payable in respect of involuntary loss of wages should be the same whether the loss arises through unemployment, temporary incapacity, or accident. Definite rates are already in operation for sustenance payments for unemployment and it would appear that these rates will have to apply in the case of loss of wages or income through sickness. At the same time, experience in this and other countries has shown that full sickness rates cannot be paid indefinitely as this is liable to lead to absence from work for longer than is necessary. Accordingly, the full rates should be paid only for a definite period of say 26 weeks, after which the rates should drop to an appreciably lower scale. Even so, sickness payments need close local supervision to obviate abuse and the cost of the benefits on the basis suggested will be affected by the administrative methods that are adopted.

No attempt has yet been made to plan the administration in detail, but the cost on the basis of unemployment sustenance rates for 26 weeks with a lower scale thereafter has been provisionally set down at £1,000,000 per annum excluding the cost of accidents covered by the present provision for Workers' Compensation or Third Party risk against injury from Motor Vehicles.

44. The cost of Workers Compensation and Third Party Risk is at present borne by employers or by motorists respectively, and the Committee sees no justification for transferring these burdens to the taxpayer. Accordingly, it is recommended that these two classes of compulsory insurance be continued and that injury from accident arising under these two headings be excluded from the definition of sickness under the scheme now being considered or the compensation be paid into the Fund and disbursed in the form of allowances at scale rates. The essential point is that the burden should be left where it now lies.

45. The Committee considers that Workers Compensation Insurance should be made universal and compulsory so that in all cases industry should provide the cost resulting from such accidents. The method of compensation by lump sum payments is open to many objections and, for instance, the case could arise where an injured man would be entitled to sickness benefit or invalidity pension out of the fund when he had already received and spent the compensation payment. However unreasonable his action may be he cannot be left without some form of assistance once his money is gone. It is therefore recommended that that portion of lump sum compensation payments representing the capitalization of the worker's reduced earning capacity should be paid into the fund from which allowances at scale rates would be disbursed. Such a provision would not necessarily exclude payment of a

lump sum to the injured man to establish him in a more suitable business, but it would ensure supervision of the expenditure.

The foregoing comments apply with equal force to damages for personal injuries arising out of accidents outside the sphere of Workers Compensation claims and similar provisions would appear to be justified in these cases also.

46. Third Party Risk insurance covers accidents where the victim can prove negligence on the part of the motorist. Lack of proof (not necessarily absence of negligence) prevents the victim from obtaining any such redress and he is left to his own resources or becomes a charge on the scheme for sickness benefit or invalidity pension. The Committee considers that accidents not involving negligence should also be a charge on motoring and that in all motoring accidents the victim should have a valid claim on the insurance funds. Such a course will not only place the burden where it should rest but also would avoid the present waste in the costs of litigation.

47. Furthermore, whether the compensation is paid to the injured person as at present or into the Fund to provide for allowances at scale rates, it would appear that Workers Compensation Insurance and Third Party Risk insurance should be made a State monopoly in the hands of the State Fire Insurance Office. If the State is embarking on a comprehensive scheme to provide against loss of wages in every other contingency, it is quite illogical to leave the contingency of accident from motoring or during employment in the hands of private insurance companies. Another aspect of the matter is that if insurance against any risk is important enough to be made compulsory, cover against that risk should be provided at absolute cost. From this angle, the concentration of these two classes of insurance in the hands of the

State should mean lower premiums than would otherwise be the case.

SECTION XII. FINANCE.

48. On principle it is reasonable that industry should bear all charges incidental to keeping workers in good health and also the cost of superannuation for workers after they have served industry for 40 or 45 years. On the other hand the care of widows, orphans, invalids, and generally the support of those unfit to work should obviously be a charge on the community as a whole.

49. In view of the additional costs now being borne by industry it is not advisable to impose any further direct charges at present, but as an indirect charge the cost of superannuation benefits and sickness and accident costs under the proposals submitted should be borne by levy or the flat rate tax on wages and other income. The existing old age pensions and certain health charges, however, are already a charge on the Consolidated Fund and it is not suggested that any change should be made. As pensions payable as-of-right are increased under the scheme outlined the charge will be gradually transferred to industry, as no doubt the workers contribution will be taken into account in fixing wage rates in the future. The transfer, however, will be gradual and thus industry will have time in which to adjust itself to the additional cost.

50. In the opinion of the Committee, increasing the wage tax to 1/6d. in the £ and the levy to £2 per annum is as much as can be attempted at present without inflicting hardship and compelling people to give up their existing commitments for life insurance, provident funds, private superannuation funds and friendly societies.

51. On the figures supplied by the Government Statistician based on current wages tax receipts, value of production, wool values, etc., it is estimated that the taxable income under the

Scheme for 1936/37 will be £120millions. Provided the only exemptions are in respect of pensioners under the scheme every £1million of expenditure represents 2d in the £ wages tax.

52. The estimated total expenditure for the initial year to be found from Wages Tax, Quarterly Levy and Consolidated Fund is £18,330,300 which includes present expenditure on unemployment, pensions, and health services.

In the circumstances the charges that should be borne by the flat tax on wages and other income are as follows -

	Per Annum.	Tax in Pound in Pence.
Unemployment	£4,000,000	8.0
Health	2,000,000	4.0
Pensions:		
Minimum Guarantee for Old age pensions	850,000	1.7
Excess cost of 10/- pension as-of-right	1,050,000	2.1
Sickness Allowances	1,000,000	2.0
	£9,000,000	17.8

53. In addition the 10/- per week pension as-of-right will require a levy of £2 per annum, i.e., 10/- a quarter in lieu of the present Unemployment levy of 5/- a quarter. This levy will pay the full cost of the pension of those at present under 20 years of age, and an amount of £1,050,000 (see Table paragraph 52) payable out of the wage-tax is required to meet the additional cost for those at present above that age.

54. On the other side, the charges on the community generally through the Consolidated Fund will be as follows -

	Existing £	Additional. £	Total. £
War Pensions	1,775,000		1,775,000
Old-age pensions	3,600,000		3,600,000
Widows with children	510,000	99,000	609,000
Widows without children		400,000	400,000
Family allowances	135,000		135,000
Invalids	800,000	120,000	920,000
Orphans		75,000	75,000
Other Pensions	110,000		110,000
Health Services	1,050,000		1,050,000
Administration Expenses	406,300	250,000	656,300
	£8,386,300	£944,000	£9,330,300

55. It will be seen that the total charges on the Consolidat-

ed Fund will amount to over £9,000,000 per annum, approximately the same amount as estimated to be raised by the flat tax on wages and other income. The proposals are thus in accord with the Cabinet Committee's desire that the cost should be halved as between the Consolidated Fund and the Wages Tax. In any case the burden on the Consolidated Fund for social services is already so high that any undue increase is likely to make the whole scheme inherently unstable and, if Budget difficulties are encountered in the future, necessity may compel a revision of pension benefits. For that reason the proposal to find half the requirements by means of a tax on wages and other income not only places the Scheme on the broadest possible base but ensures the greatest possible measure of financial stability.

56. On the superannuation side the scheme is akin to life insurance in being a long term contract under which a man commences paying a levy or tax now in order to obtain a pension for himself perhaps 40 years hence. In these circumstances the highest possible degree of financial stability is essential to give the community complete confidence in the Scheme and this applies particularly to the pension payable as-of-right which should be placed as nearly as possible on a contractual basis.

57. It would appear that there is still a considerable element of emergency expenditure for unemployment relief but when economic circumstances permit its establishment on a normal basis about half the present expenditure should be sufficient which would release wages tax equivalent to about 4d in the £. The gradual replacement of non-contributory old-age pensions by pensions as-of-right will also release part of the Funds provided by the wages tax and eventually release a further 1 $\frac{7}{10}$d in the £ of the tax.

58. In England a Statutory Committee has been set up which examines the fund at regular intervals and makes a report to the Minister on the financial condition of the Unemploy-

Fund.
ment/ If the report indicates a prospective deficiency in the Fund or a greater surplus than required a recommendation must be made for such amendment to the Act as the Committee considers will restore the balance.

The Minister is required to lay the report before Parliament and to give effect either to the amendments recommended or to some other amendment that will have an equivalent financial effect on the condition of the Fund.

While the English provisions are not entirely suitable for complete application to our scheme, the Committee considers that the adoption of some similar arrangement would be advisable. A Committee of Departmental Heads or other persons could be appointed to keep a continual check on the condition of the fund of the whole New Zealand scheme and make reports to the Minister from time to time with recommendations as to desirable variations.

59. The Committee sees no option but to adopt the emerging cost principle as the financial basis of this scheme instead of building up a fund, the stability of which depends upon adequate interest earnings and conservation of capital. Expenditure each year will be provided for out of the income from the wages tax and levy and the contribution from the Consolidated Fund during that year. It has to be realised, however, that, proceeding on the basis suggested, the cost of contributory pensions will increase 50% by 1955 as shown in the attached Appendix A containing figures supplied by the Actuary. The cost of non-contributory pensions also will increase as pointed out in Section 1 paragraph 3 of this report. This additional burden, however, can, to some extent be set off against the saving resulting from the anticipated reduction in the cost of unemployment relief, and the eventual replacement of free pensions by contributory pensions.

60. The foregoing considerations as to planning on an emerging cost basis will definitely not be applicable to the

contributions by those entering the scheme before the age of 20 for pensions as-of-right in excess of 10/- per week as proposed in Section VI, paragraph 34. These contributions will be in the nature of insurance premiums and cannot be used for any purpose other than meeting the cost of the relevant pensions when the contributors reach the pension age. From the point of view of easy administration and to maintain the distinction from other classes of pensions these pensions and perhaps all pensions payable as-of-right could be administered by utilizing the existing machinery of the National Provident Fund where there is a definite contractual basis. The adoption of this method would not prevent the machinery for the payment of these pensions being linked up with that of the Pensions Department.

SECTION XIII. ADMINISTRATION.

61. In the time at its disposal in the preparation of this report, the Committee was not able to give consideration as to the form of administration that would be efficient and most economical. In any case this matter is largely contingent on the proposals that are finally approved by Government. It is clear, however, that the revenues will have to be consolidated in one fund. In view of the large amounts involved the financing of this scheme will largely overshadow the general budget, and for this reason the finances must obviously be under the control of the Minister of Finance.

62. As regards the administering of benefits the Committee at the moment sees two possible alternative methods. The three phases - Unemployment, Health and Pensions could be administered by the Ministers of Labour, Health, and Pensions respectively utilising the existing departmental organization expanded where necessary for the purpose. Adopting this course would mean a minimum of disturbance of existing organization, but may lead to overlapping and lack of co-ordination.

63. The other alternative is to set up a new organization to absorb the Pensions Department and to take the unemployment work from the Labour Department, and the general administration of the Health Scheme from that Department. Such an organization, however, would be very large and might prove unwieldy with consequent loss of efficiency. As previously indicated, however, the matter has not been considered in detail owing to lack of time and in any case it is advisable that it should be left until the scope of the proposals under the three phases has been determined.

SECTION XIV. FUTURE COST OF CONTRIBUTORY PENSIONS.

64. The Committee has obtained from the Actuary of the Government Life Insurance Department a report showing the annual cost of pensions of 10/- per week to all persons in the pension age group and alternatively only to those persons in the group who do not receive old age pensions. At the present time 40% of the total number of persons in the pension age group are in receipt of old age pensions. Exclusion of these from participation in the contributory pension of 10/- per week leaves 60% of the total group who will receive the contributory pension.

65. The table attached to the Actuary's report shows the rising cost of such pensions from 1940 until the year 2,000 is reached.

The report and Table are contained in Appendix "A".

SECTION XV. COSTS OF ALTERNATIVE PENSIONS PROVISIONS.

66. In order to facilitate the consideration of alternative and additional pensions benefits the Committee has set out in Appendix "B" the estimated costs of a number of proposals which it has investigated. These estimates are based on such figures as are at present available, and for the purpose of calculation it has been assumed that there will be no material change in such factors as the percentage of old age pensioners to the total number in the pension age group and the average

amount of private additional income possessed by pension claimants. In all cases the estimates are based on data worked out as at 31st December, 1936.

SECTION XVI ACKNOWLEDGMENTS.

67. The Committee desires to place on record its appreciation of the assistance received from Sir Walter Kinnear of the British Ministry of Health and Mr. Godfrey H. Ince, Chief Insurance Officer of the British Ministry of Labour during their visit to Wellington. From them we have obtained a great deal of invaluable information regarding the inception of the various British schemes, the reasons for the various alterations and extensions, the methods of administration and the difficulties encountered. In view of the importance of this information and its prospective value in the future administration of the proposed scheme here the Committee has thought it advisable to make a permanent record of the discussions with these gentlemen.

SECTION XVII. CONCLUSION.

68. Following the direction of the Cabinet Committee at the meeting on the 3rd February, 1937, the efforts of this Committee have been directed to working out an initial scheme which is not only practicable and within the financial ability of the Dominion but has been so designed as to facilitate gradual development towards the final objective envisaged by the Cabinet Committee.

As previously mentioned no time has been available in which to consider the administrative detail involved in the practical application of the scheme or to resolve the problem of the position of women in the scheme. At the same time the method of handling these questions depends so largely on the basis finally adopted that it will greatly facilitate the future work of the Committee if some indication can now be given as to whether and to what extent the proposals outlined by this Report are acceptable to the Government.

SUMMARY OF PROPOSED SCHEME.

69. For the reasons set out in the foregoing report the Committee has recommended the following benefits and services as the initial step in the development of the whole scheme as envisaged by the Cabinet Committee.

HEALTH.

SECTION IV. Paragraphs 11-13

Subject to the specific recommendations of the Parliamentary Committee the institution of a free health service embracing medical and hospital benefit.

UNEMPLOYMENT.

SECTION V. Paragraphs 14-24

Benefit as-of-right for a limited period followed by benefit at a rate modified in accordance with need.

PENSIONS.

SECTION VI-IX.

1. The existing pensions provisions are taken as a basis, adding thereto additional pensions for widows without children and orphans at rates relative to those already in existence to widows with children; increasing the age limit, in respect of dependent children from 15 to 16.

2. The proposal is to superimpose upon this pension system as augmented a guarantee of pension plus other income, ensuring the receipt by qualified pensioners of the following minimum amounts in total -

OLD AGE. SECTION VI. Paragraphs 25-29.

Single 30/- per week.

Married Couple £3 per week.

WIDOWS WITH DEPENDENT CHILDREN. SECTION VII

5/- above the present pension rates.

WIDOWS WITHOUT DEPENDENT CHILDREN. SECTION VIII

5/- above the pension rates actual and proposed.

ORPHANS. SECTION IX

5/- per week above the proposed pension rates.
Age limit to be 16 years.

INVALIDS. SECTION X

5/- per week above the present pension rate to the invalid.

CONTRIBUTORY PENSIONS SECTION VI. Paragraphs 32-33

The commencement of a contributory pension scheme under which pensions of 10/- per week are payable as-of-right without any means test.

The proposal is to provide the pension for everyone reaching pensionable age, with provision for this pension to be included in the guaranteed income at pensionable age.

CONTRIBUTORY PENSIONS (Increase) SECTION VI Paragraphs 34-36.

Inauguration of contributory scheme for benefits above 10/- per week for those joining at under 20 years of age, the object being that the pension as-of-right should be increased by this means, ultimately replacing the present free pensions.

SICKNESS. SECTION XI Paragraphs 43-47.

A sickness benefit to provide against the contingency of involuntary loss of wages or income arising through sickness or accident, rates to be those in operation for sustenance payments for unemployment for a period of, say, 26 weeks, after which rates should drop to an appreciably lower scale.

Special provisions are suggested in connection with Workers' Compensation and Third Party Insurance, see paragraphs 44 to 47 inclusive.

FINANCE.

SECTION XII Paragraphs 48-60.

The existing services with the extensions proposed in this report are estimated to cost in the initial year approximately £18 millions, of which one half will be found by the special tax on wages and other income, and one half from the Consolidated Fund.

The cost of the additional benefits involved will be found by :-

(a) Wage tax initially of 4d in the £ for health, and 6d in the £ for pensions, which added to the present 8d in the £ for unemployment will make a total of 1/6d. in the £.

(b) The present levy under the Employment Promotion Act increased from £1 to £2 per year and appropriated for pensions as-of-right.

(c) Consolidated Fund £944,000.? £4,330,300?

J. H. Boyes. (Chairman).
Public Service Commissioner.
B. C. Ashwin. Assistant Secretary to Treasury.
S. Beckingsale Actuary, Government Life Insurance Department.
H. L. Bockett Accountant, Labour Department.
G. E. Bradley Deputy Registrar of Friendly Societies.
W. Bromley Employment Division, Labour Department.
J. W. Butcher Government Statistician.
H. Digby-Smith
Commissioner of Pensions.
J. H. Jerram General Manager, State Fire Insurance Office.
A. Keisenberg
Secretary, Health Department.
J. Stanhope Reid
Office of the Minister of Finance.
R. Sinel Superintendent, National Provident Fund.
R. S. Wogan Secretary, Public Service Superannuation Board.

R. S. Wogan, Secretary,
Wellington, N.Z.,
18th March, 1937.

APPENDIX "A".

GOVERNMENT LIFE INSURANCE DEPARTMENT.

Head Office, Box 563,

Wellington, C.1.

15th March, 1937.

MEMORANDUM for:

The Secretary,
Departmental Committee on
National Superannuation, Health
and Unemployment Insurance.

The attached schedule shows estimates for quinquennial calendar years from 1940 onwards of the populations, males 65 and over, females 60 and over, and males 60 and over, females 55 and over. For both groups the annual cost of pensions of 10/- per week is given, and for the former group the cost of pensions of 10/- per week if payable to 60% only of the total population at these ages.

The populations quoted have been projected from the population at 1st April, 1935, as published in the N.Z. Year Book 1936. As the latest mortality tables constructed from the experience of the N.Z. population referred to the years 1921-22, it was necessary to construct more up-to-date tables. To expedite the matter, abridged mortality tables, reflecting the experience of the years 1933, 1934 and 1935 have been made. Although these tables give approximate results only I have no doubt that they are sufficiently accurate for the purpose.

It should be noted that no allowance has been made for migration and that Maoris are not included.

It will be appreciated that the further estimates are made into the future the less reliance can be placed upon the figures produced. Up to 1990 the estimated populations quoted arise from lives now in existence - their realization depends only on the rates of mortality used being experienced in future. During the last 50 years rates of mortality have been steadily declining and there is no reason to suppose that this movement has reached its limit. Estimates beyond 1990 are less reliable still as it is necessary in their production to make some assumption - which may be far from the truth - as to the future birth-rate.

S. Beckingsale.

Actuary.

APPENDIX "A".

Estimated Populations and Annual Cost of Pensions of 10/- per week.

Year	Males 65 and over	Females 60 and over	Total	Cost of 10/- per week: To total (millions)	Cost of 10/- per week: To 60% of total (millions)	Males 60 and over	Females 55 and over	Total	Cost of 10/- per week (millions)	Year
				£.	£.				£.	
1940	56,000	89,700	145,700	3.80	2.28	92,900	130,900	223,800	5.84	1940
1945	70,500	108,600	179,100	4,67	2.80	110,700	153,600	264,300	6.90	1945
1950	83,600	126,500	210,100	5.48	3.29	124,100	169,700	293,800	7.67	1950
1955	92,300	137,900	230,200	6.01	3.60	128,300	183,300	311,600	8.13	1955
1960	93,100	146,900	240,000	6.26	3,76	133,100	193,900	327,000	8.53	1960
1965	95,500	153,600	249,100	6.50	3.90	141,400	205,200	346,600	9.04	1965
1970	101,900	162,000	263,900	6.89	4.13	151,500	217,100	368,600	9.62	1970
1975	110,200	171,500	281,700	7.35	4.41	163,000	226,300	389,300	10.16	1975
1980	119,100	178,800	297,900	7.77	4.66	170,200	234,800	405,000	10.57	1980
1985	123,500	185,200	308,700	8.05	4.83	176,000	238,700	414,700	10.82	1985
1990	126,800	187,000	313,800	8.19	4.91	176,900	236,900	413,800	10.80	1990
1995	126,200	184,000	310,200	8.09	4.86	173,000	232,800	405,800	10.59	1995
2000	122,300	179,300	301,600	7.87	4.72					

APPENDIX "B".

Alternative and Additional Pension Benefits calculated on data available as at 31st December, 1936.

A. (I) OLD AGE PENSIONS (Non contributory).

(a) Pensions of 30/- per week payable at age 60 to males and age 55 to females without a means test and without the imposition of a residential qualification would, it is estimated, involve in the first year the sum of £15,675,000

At ages 60 for males and females the cost will be £12,560,000

At ages 65 for males and 60 for females the cost will be £10,065,000

(b) The qualifications for the old age pension are: The applicant, if a male, must have reached the age of 65 years, or if a female, 60 years; must have resided continuously in New Zealand for the period of 20 years preceding date claim is established and the yearly income including pension of the applicant must not exceed £110-10/- and if married the combined incomes including pensions must not exceed £169. 52,000 out of 129,000 persons in the age group are at present in receipt of the pension which is £58-10/- per annum (22/6d. per week) maximum, the annual value is £2,950,000

(II) If the pension is increased but not exceeding £78 per annum (30/- per week) maximum for recipients mentioned immediately above the annual value will be £3,800,000

If the pensions scale were altered to provide for the recipient group on the basis of £2 per week for single persons and £3 per week for married couples the annual value will be £4,810,000

(III) If the age qualification was reduced to males 60 years, females 55 years, but the present means test and residential qualification retained the granting of a pension at the rate of 30/- per week would require £4,600,000

If the age qualification was reduced to males 60 years, females 55 years, but the present means test and residential qualification retained, the granting of a pension of £2 per week to single persons and £3 per week to married couples would cost £6,179,000

B. CONTRIBUTORY PENSIONS.

A pension of 10s/- or 15s/- per week to persons of pension age to the following groups would involve the annual amounts as shown - -

	10s/-p.w. £.	15s/-p.w. £.
(I) At ages 65 males, 60 females		
(a) To every person in the age group	3,380,000	5,070,000
(b) Excluding persons at present in receipt of Old Age Pensions	2,050,000	3,075,000
(II) At ages 60 males, 55 females		
(a) To every person in the age group	5,260,000	7,890,000
(b) Excluding persons at present in receipt of Old Age Pension	3,100,000	4,650,000

I N D E X.

(Numbers refer to paragraphs)