

1894.

NEW ZEALAND.

# OLD-AGE PENSIONS COMMITTEE

(REPORT OF THE), TOGETHER WITH APPENDIX.

*Brought up 27th September, 1894, and ordered to be printed.*

## ORDER OF REFERENCE.

*Extract from the Journals of the House of Representatives dated the 26th day of June, 1894.*

Ordered, "That a Committee, consisting of ten members, be appointed to examine into and report upon the question of making provision for old age: with power to call for persons and papers: three to form a quorum. The Committee to consist of Mr. Bell, Mr. Buddo, Mr. Green, Mr. Hall, Mr. G. Hutchison, Mr. W. Hutchison, Mr. R. McKenzie, Mr. Pirani, Mr. G. W. Russell, and the mover."—(Hon. Mr. CARROLL.)

## REPORT.

THE Committee have the honour to report that they have had numerous meetings, and have had several specific schemes (copies of which accompany this report) before them for consideration. After mature deliberation they have arrived at the following resolutions:—

- (1.) That a system for the provision of pensions for the old of both sexes should be established by the State if a practicable method for providing the necessary funds can be devised.
- (2.) That, though it would for many reasons be desirable to fix the age for commencement of pensions at sixty years, the Committee are of opinion that it would not be within the scope of practicable finance to fix it below sixty-five.
- (3.) That all applicants for a pension must have resided in the colony for at least twenty years immediately previous to their application.
- (4.) No pension will be granted to any applicant who has been convicted of an indictable offence, unless he or she has received a free pardon from the Governor; or to any one who has been convicted of drunkenness three times during the last seven years previous to his or her application.
- (5.) That every male and female pensioner should be entitled to a weekly sum of 8s., and in the case of a husband and wife the joint allowance be 15s. per week.

The subject, however, is so large, and has so many ramifications, that, with the limited time at their disposal, your Committee are unable to recommend any particular scheme without further statistics; and they are of opinion that the Government should appoint a Royal Commission during the recess to inquire fully into the question, take evidence as to the numbers and condition of the aged in the colony, the probable annual increase of such numbers, as to the financial methods possible; also that statistics be obtained giving the amount earned in wages by persons receiving less than £300 per annum, and as to the amount which will annually be required for the necessary provision, besides other questions which may be precedent to the determination of any of the various proposals.

The Committee desire to record their thanks to the officers of the Government with whom the Chairman had occasion to communicate for their uniform courtesy and readiness to afford such information as was required, especially to Mr. Richardson, the Commissioner of the Government Insurance Department, for the able and comprehensive *résumé* of schemes for old-age pensions as formulated in various countries of Europe.

Your Committee had also important evidence from Mr. Mark Cohen, of the Dunedin *Evening Star*, giving his view of old-age pensions as bearing upon friendly societies. His evidence is not attached because the Committee were unable to go exhaustively into that view of the question.

27th September, 1894.

WILLIAM HUTCHISON,  
Chairman.

## APPENDIX.

## PROPOSAL BY THE CHAIRMAN.

LOOKING at the precarious nature of the employment of working-men in the colony—one week in work and another out of it—only the smallest number of this class could contribute regularly to the establishment of any pension fund, and where the contribution cannot be general it would be unfair to make it particular. I am, therefore, of opinion that such a fund should be provided

entirely by the State, as a compensation in old age to persons who have given their labour during all the best years of their life, at a very inadequate remuneration, for the public benefit.

Assuming the resolutions agreed to in the report as a basis on which to formulate a scheme of old-age pensions, we have to deal with the following figures, as supplied by the Registrar-General:—

Persons of sixty-five years of age and upwards in the colony number 15,359 (divided into 8,940 males and 6,419 females). These are the latest returns; and dealing with the figures therein more closely, it may be safely reckoned that one-third—it may possibly be more—of the above number (keeping in view the exceptions and limitations already noted) will not apply or be eligible for a pension, a reduction which leaves the result thus:—

Males	...	...	...	...	...	8,940	
Less one-third	...	...	...	...	...	2,980	
							5,960
Females	...	...	...	...	...	6,419	
Less one-third	...	...	...	...	...	2,139	
							4,280
							<u>10,240</u>
Of these 10,240 it may be reasonable to assume that 3,500 of them are married—husband and wife living together—and pensioned at £30 a year	...	...	...	...	...	...	£ 105,000
Males	...	...	...	5,960	...	...	
Less married men	...	...	...	3,500	...	...	
					2,460 at £20 16s. a year	...	51,168
Females	...	...	...	4,280	...	...	
Less married women	...	...	...	3,500	...	...	
					780 at £20 16s. a year	...	16,224
							<u>£172,392</u>
A primage duty of 3 per cent. upon all imports, dutiable and free alike, will produce a revenue of	...	...	...	...	...	...	£ 195,243
Pensions	...	...	...	...	...	...	<u>172,392</u>
Surplus	...	...	...	...	...	...	<u>£22,851</u>

#### A PROPOSAL *RE* STATE-AIDED INSURANCE OLD-AGE PENSIONS.

By Mr. D. BUDDO.

THAT it is advisable that all persons over the age of sixty-five years who have lived in the colony of New Zealand for not less than twenty years, who have not been convicted of a crime for fifteen years, or of drunkenness for five years, and who have not been in receipt of charitable aid, shall be eligible to receive a pension if they have no other means of support. Such pension not to exceed 8s. per week, and be provided for as follows—and I might here point out that it is next to impossible to get statistics for my purpose: but, considering that all incomes of employes who do not contribute to income-tax should contribute to the pension fund, I estimate that £12,000,000 is earned by employes earning less than £300 per annum in this colony; this at 1d. in the pound would give £50,000, and this to be collected by the Insurance Department would be a very expensive matter; but it could be easily and cheaply collected by making the employer collect it as receipt stamps on the receipt for wages, every sum given for wages from £1 upwards to bear a penny stamp for every £1 of the amount.

There are nearly 15,000 persons in this colony over the age of sixty-five years, and I estimate that one-quarter of that number, or 3,750, will be in a more or less needy condition and require a pension in their closing years. To provide this number with a weekly pension each of 8s. would require £78,000, and, possibly, liabilities in consequence of increased numbers and expenses might make up altogether £100,000.

I might say here that I believe 3d. should be provided for every £1 earned by employes earning less than £300 per annum, and that the employe should contribute two-fifths and that the State should find the other three-fifths, and that the average of this fund should, if it raises more than is required, be used to assist more, by lowering the age of those who would receive a pension rather than raising the rate of pension.

Further contingencies may occur that might require providing for, such as that the number of persons over sixty-five years of age that are indigent may amount to one-third the total number instead of one-quarter; and also for the next twenty-five years there will be a steadily increasing number of old people as the colony grows older.

Therefore, I may fairly assume that the amount of 1d. in the pound from the employe and 2d. to be added from the State will eventually just about balance the liability.

In conclusion, I might add that no scheme based upon State-aided insurance lines can be made complete without evidence as to the indigent aged over sixty-five years, and also the amount of wages or salary earned by employes earning less than a specified amount; and I would here recommend that the Old-age Pensions Committee recommend the Government to appoint a Royal Commission to get evidence toward that end.

## The REGISTRAR-GENERAL to the CHAIRMAN, Old-age Pensions Committee.

SIR,—

Registrar-General's Office, Wellington, 9th July, 1894.

In compliance with your request of the 5th instant, I enclose a statement of the population over sixty years of age, according to sexes, in groups of age-periods, and the number of deaths at those ages, for 1893.

With a population amounting to 672,265 persons (males 357,635, females 314,630), and the existing proportions at the various age-periods, there would be 28,402 persons (males 17,201, females 11,201) over sixty years of age to be provided for under a scheme of old-age pensions beginning with that year. Judging from the results of past censuses, the proportion to the whole population of persons over sixty years of age will increase by slow degrees, but regularly, for some time. Although there were 1,396 deaths of persons over sixty years of age during the year 1893, the number living and coming forward from the previous ages would be rather more than sufficient to replace these.

I attach another statement, which shows that the death-rate among males over sixty would be about 53·48 per 1,000, and among females 46·15 per 1,000. The rates are also given for groups of quinquennial periods of age between sixty and eighty years, to show the rapid advance in mortality at the higher age-periods. The results are arrived at from the experience of the period 1887–91, because the actual numbers living in March, 1886, and April, 1891, are ascertainable by the censuses of those years.

The question of cost of a scheme of pensions I take to be one for the Actuaries of the Government to work out, and the principle of any scheme would have to be settled before anything could be done.

For a proposal involving State aid and taxation to meet the same, I believe the Registrar and Actuary of Friendly Societies, Mr. E. Mason, has some information to afford. For a scheme of compulsory contributions there must be records of the work done by Mr. Frankland in 1884, before the introduction to Parliament of the Bill for national insurance; and beyond these, the Actuaries of the Government Insurance Department no doubt have the very latest information on the subject.

I have, &amp;c.,

E. J. VON DADELSZEN,  
Registrar-General.

William Hutchison, Esq., M.H.R.

MEAN POPULATION at each Age-period from Sixty Years upwards for the Five Years 1887–91, with the Yearly Average Number of Deaths registered and the Death-rate per 1,000 living.

Ages.	Number living.		Deaths.		Rate per 1,000.	
	Males.	Females.	Males.	Females.	Males.	Females.
60–65 ...	6,332	3,820	202	90	31·90	23·56
65–70 ...	3,486	2,345	166	86	47·62	36·67
70–75 ...	2,039	1,557	140	91	68·66	58·45
75–80 ...	1,022	805	105	65	102·74	80·75
80 upwards	621	509	109	85	175·52	166·99
Total ...	13,500	9,036	722	417	53·48	46·15

CLOSELY connected with the subject of old-age pensions is the question of providing annuities for orphan children left by fathers dying before they have attained the age of sixty-five. This matter is now claiming the attention of actuaries and others in England engaged in the investigation of State insurance schemes, and is a very important feature.

In order to be prepared with data for calculating the values of premiums for such family annuities, particulars as to the number and ages of all children left by married men dying between the ages of twenty and sixty-five have been taken from the death registers. These particulars have been arranged in tabular form and printed in the statistical volume for 1893. The results are shown in two tables (copies attached), one of which deals with the year 1893 only, the other showing the aggregate results of the four years 1890–93.

E. J. VON DADELSZEN.

Registrar-General's Office, 9th July, 1894.

ESTIMATED NUMBER of PERSONS at each Age-period from Sixty Years upwards living in New Zealand on the 31st December, 1893; also the Number of Deaths registered during 1893.

Ages.	Estimated Number living, 31st December, 1893.			Actual Number of Deaths registered, 1893.		
	Males.	Females.	Total.	Males.	Females.	Total.
60–65 ...	8,261	4,782	13,043	281	118	399
65–70 ...	4,220	2,737	6,957	175	86	261
70–75 ...	2,682	2,014	4,696	177	102	279
75–80 ...	1,287	1,007	2,294	121	88	209
80–85 ...	501	472	973	93	62	155
85 and over	250	189	439	52	41	93
Total ...	17,201	11,201	28,402	899	497	1,396

## DEATH-RATES OF MARRIED MEN AND ORPHANHOOD OF CHILDREN.

"THE Registration of Births and Deaths Act Amendment Act, 1882," requires that on the registration of the death of any person the age of each living child of the deceased shall be entered in the register. The particulars so recorded for several years have been tabulated, and the detailed results are shown in the two tables on pages 62 and 63 of the "Statistics of New Zealand, 1893." One of those tables deals with the year 1893 only; the other gives the aggregate results for the four years 1890 to 1893 inclusive. They show the total number of men who died at each year of age from twenty to sixty-five, the number of married men (husbands and widowers) stated in the registers to have died childless, the number who died leaving children living, and the number and ages of the children so left.

From the first table it is found that during 1893 there died 1,610 men between the ages of twenty and sixty-five, of whom 836 were married; 701 married men left children at their deaths, while 135 are stated to have been childless. The proportions of married men and bachelors in every 100 males dying were 51·93 and 48·07 respectively. The proportions at the census of 1891 for the total number living at the above ages were: Married men, 56·81 per cent.; bachelors, 42·92 per cent.; and unspecified, 0·27 per cent. The differences here shown would tend to prove that the death-rate amongst married men at the ages under review is lighter than amongst bachelors; but it must be borne in mind that when registering a death the informant is not always in possession of full particulars as to the conjugal condition of the deceased, and that therefore the number of married men as shown in the tables may be somewhat short of the actual fact.

Assuming the ratio of married men at twenty to sixty-five to the total male population at those ages to be the same in 1893 as obtained at the census of 1891, the death-rate is found to be 8·69 per 1,000 living, whereas the rate for all males at the same age-period was in 1891 9·60 per 1,000.

Ages.	1891.			1893.		
	Total Number of Males living at each Age-period.	Total Number of Male Deaths.	Death-rate per 1,000 living.	Estimated Number of Married Men living.	Number of Deaths of Married Men.	Death-rate per 1,000 living.
20-25 ..	28,337	148	5·22	2,473	5	2·02
25-30 ..	23,704	108	4·56	9,213	45	4·88
30-35 ..	22,021	114	5·18	13,668	45	3·29
35-40 ..	20,513	139	6·78	15,052	80	5·31
40-45 ..	17,755	139	7·83	13,444	87	6·47
45-50 ..	17,028	183	10·75	13,572	108	7·96
50-55 ..	16,770	272	16·22	13,534	143	10·57
55-60 ..	10,945	252	23·02	8,933	139	15·56
60-65 ..	7,685	227	29·54	6,319	184	29·12
	164,758	1,582	9·60	96,208	836	8·69

The total number of children left by the 836 married men who died in 1893 was 3,352. Of these, 1,577 were under fifteen years of age, 673 between fifteen and twenty-one, and 1,031 over twenty-one, leaving seventy-one in respect of whom no information could be obtained. Thus the average number of children of all ages left by each married man dying between twenty and sixty-five would be 4·01, or 1·89 under fifteen, 0·80 between fifteen and twenty-one, 1·23 over twenty-one years of age, and 0·09 of unspecified age. Discarding the number (135) of fathers said to have died childless, the average number of children left by each of the others would be 4·78 of all ages—2·25 under fifteen, 0·96 between fifteen and twenty-one, 1·47 over twenty-one, and 0·10 of unspecified age. Almost identical results are obtained if the figures for the four years 1890-93 be used instead of those for 1893 only.

Ages.	Estimated Number of Hus-bands and Widowers living in 1893.	Total Number of Male Deaths.	Number of Married Men who died		Number and Ages of Children left.				
			Child-less.	Leaving Child-ren.	Under 15.	15 to 21.	21 and upward.	Unspec-ified.	Total.
20-25	2,473	154	2	3	3	..	..	..	3
25-30	9,213	161	14	31	61	..	..	..	61
30-35	13,668	107	8	37	103	..	..	6	109
35-40	15,052	145	15	65	202	10	..	11	223
40-45	13,444	131	9	78	308	55	2	..	365
45-50	13,572	166	9	99	301	114	41	23	479
50-55	13,534	249	22	121	272	177	192	12	653
55-60	8,933	216	19	120	196	164	286	19	665
60-65	6,319	281	37	147	131	153	510	..	794
	96,208	1,610	135	701	1,577	673	1,031	71	3,352

An important fact brought out by the statistics quoted above is that every year upwards of 1,500 children under fifteen years of age are left fatherless—how many without adequate means of living it is not possible to say.





The COMMISSIONER, Government Life Insurance Department, to the CHAIRMAN, Old-age Pensions Committee.

Government Life Insurance Department, Head Office, Wellington,  
30th July, 1894.

DEAR SIR,—

Adverting to our conversations regarding the various schemes which have been suggested for dealing with the aged poor, I beg to inform you that I have asked the Actuary to prepare a synopsis of the papers in this department which relate to the matter. The synopsis has now been completed, and I hand you herewith twenty copies of it. I am sorry that they are a little blurred, but our machine is working badly. In case, however, they may not be entirely legible, I attach the original synopsis,

W. Hutchison, Esq.,  
Chairman Old-age Pensions Committee.

And remain, &c.,

J. H. RICHARDSON, Commissioner.

## I.—A BRIEF SUMMARY OF STATE PROVIDENT SCHEMES PROPOUNDED DURING THE LAST FIFTEEN YEARS, BUT NOT YET ADOPTED.

THESE schemes may be classified in two leading divisions: Division A—those which demand specific contributions, to be applied to create a specific fund; and Division B—those which do not build up such a fund, but provide each year for the benefits out of some form of taxation. Division A may be subdivided into—(1) Compulsory schemes; (2) voluntary schemes. All the schemes will fall into one or other of these categories, as set forth in the following schedule:—

### A.—SPECIFIC CONTRIBUTIONS TO CREATE A SPECIFIC FUND.

1. The Blackley type, compulsory.
2. The Chamberlain type, voluntary.

### B.—PENSIONS PAYABLE TO ALL WITHOUT DIRECT CONTRIBUTIONS.

The Booth type, indirectly compulsory.

#### DIVISION A.—1.

##### 1. CANON BLACKLEY'S ORIGINAL SCHEME.

*Payments.*—Every person to pay £10, or thereabouts, between eighteen and twenty-one.

*Benefits.*—Sick-pay, 8s. a week till seventy, and pension 4s. a week after seventy.

This scheme was eventually modified by Canon Blackley, principally through the opposition of the friendly societies, by eliminating the sickness benefit and lowering the pension age to sixty-five.

##### 2. CANON BLACKLEY'S AMENDED SCHEME.

*Payments.*—(a.) £10 in a lump sum from all persons with means, through the tax- or rate-collector. (b.) 1s. 3d. a week for three years between eighteen and twenty-one from wage-earners, the State paying half the premium. The fund to be valued yearly, and the payments to be increased if found necessary.

*Benefit.*—Apparently, 4s. a week pension after age 65.

##### 3. THE LATE SIR HARRY ATKINSON'S SCHEME (a Modification of Blackley's Scheme).

*Payments.*—Every person to pay 2s. 3d. a week between sixteen and twenty-three, or 3s. 3d. a week between eighteen and twenty-three, and also 2s. a week between twenty-three and twenty-eight.

*Benefits.*—Sick-pay till sixty-five: 15s. a week single people, £1 2s. 6d. a week married men, and 7s. 6d. a week married women. Pension: 10s. a week after sixty-five. Widowhood benefit: 15s. to £1 10s. a week, according to size of family, till each child is fifteen. Orphanhood benefit: 10s. a week to each orphan under three, and 6s. a week from three to fifteen.

Every man over twenty-three (excepting those provided for in friendly societies, and possibly excepting men over fifty) to be compelled to provide for 15s. a week sick-pay up to age 65; weekly payments according to age.

It was proposed to maintain all the existing indigent people over sixty-five out of the Consolidated Fund. The above scheme would then provide for all the existing population except orphans and widows. Sir H. A. Atkinson made the following suggestions (not included in the scheme) to provide for existing widows and orphans: (1.) That existing orphans should be allowed to make lower payments between sixteen and twenty-three to become entitled to the benefits. (2.) That rents from Crown lands should be put aside in perpetuity to make a provision for the widows of the present generation till the scheme should be in full operation: estimated to take £30,000 a year.

Sir H. A. Atkinson also proposed to use the remainder of the land-rents to endow each child born with £5 or less, which should be invested till sixteen, and then set off against the payments required. Emigrants under twenty-three would come under the scheme; those over twenty-three would pay for sick benefits only. Immigrants to draw all benefits except sick-pay. No surrender values to be given on leaving the colony.

*Machinery for securing Premiums.*—The colony to be divided into districts, conterminous with local bodies, which would be intrusted with registration. Employers to stop payments from wages and pay into Post-Office Savings-Bank; the payments of well-to-do people to be a debt due to the Crown.

## 4. DR. HUNTER'S ORIGINAL SCHEME, FOR SCOTLAND ONLY.

The rates were as follows:—

Rate of Weekly Wages.			Weekly Payments till Sixty-five.			Benefits: Weekly Pension.	
			Workman.	Employer.	State.	After Sixty-five.	Incapacity before Sixty-five.
s. d.	s. d.	...	d.	d.	d.	s. d.	s. d.
6	0 to 11	11	1	1	4	5 0	...
12	0 to 17	11	2	2	4	7 0	...
18	0 and upwards	...	4	4	4	10 0	10 0

Dr. Hunter has since merged his scheme with that of Mr. Chamberlain.

## DIVISION A.—2.

## 1. M. CONSTANS'S SCHEME.

This scheme was embodied in a Bill brought forward in the French Chamber in 1891. It is open to all men and women of French nationality who at twenty-five are earning less than £120 a year. Any one can refrain from joining the scheme by objecting before a Magistrate. All who do not so object are assumed to wish to join, and their employers are compelled to deduct from their wages from 5 to 10 centimes a day, and contribute an equal amount. This is to be paid into the State office, and the State will add two-thirds of the combined contributions of masters and men. The pension received in return for this after age 55 is either £24 or £12 a year, whereas the contribution of the workman himself would have provided only £7 8s. 4d. or £3 14s. 2d. But if the workman have an income of more than £24 at age 55 he loses the State grant entirely. The Bill also provides for the payment of their pensions to contributors who have become permanently incapacitated through sickness, and for the relief of those who may be obliged on account of accident to interrupt their payments into the fund. Every contributor may insure his life under certain conditions, the State also contributing one-third of the premium. There are also provisions relating to those of the present generation over twenty-five.

One of the suggestions for raising the necessary funds was a sliding scale of succession duty, rising from 1 per cent. to as high as 75 per cent.; and M. Constans proposes to raise £1,160,000 per annum for the fund by taxing every foreign workman employed in France 10 centimes a day.

## 2. ITALIAN SCHEME.

This was embodied in a Bill brought before the Chamber in 1892, which provides for a National Pension Institute, to administer funds subscribed by authorised savings-banks and friendly societies, by individuals, and by the State. Every Italian working-man or -woman may subscribe to the extent of £20 per annum, and is then entitled at age 60, and after twenty years' payments, to a pension proportioned to his or her accumulations, but not exceeding £20 per annum, any surplus capital being returned with interest. At death before sixty all contributions, with interest, are returned to representatives.

## 3. MR. CHAMBERLAIN'S ORIGINAL SCHEME.

This scheme provided for voluntary contributions towards a pension after sixty-five, based on 2 per cent. interest, while the State was to guarantee their accumulations at the rate of 5 per cent. It was abandoned for—

## 4. MR. CHAMBERLAIN'S SECOND SCHEME.

Payments to be made to the Post Office or a friendly society.

*Payments.*—Men: For every £5 paid before twenty-five, the State gives £15. From twenty-five to sixty-five, forty annual payments of £1 have to be made.

*Benefits.*—5s. a week pension after sixty-five. At death before sixty-five—(a), 5s. a week for the widow for twenty-six weeks; (b), 2s. a week for each child till twelve years old (but not to exceed 12s. in all for the first twenty-six weeks, and 8s. a week afterwards); (c), if neither widow nor children are left, the original £5 to be returned to the depositor's representatives at his death.

Every man under twenty-five may insure for 5s. a week pension, but not more than 10s. a week.

*Payments.*—Women: For every £1 10s. paid before twenty-five the State gives £8; from twenty-five to sixty-five, forty annual payments of 8s. 8d.

*Benefits.*—3s. a week pension after sixty-five.

*Alternative Scheme for Men.*

*Payments.*—Men: For every £2 10s. paid before twenty-five the State gives £10; from twenty-five to sixty-five, forty annual payments of 10s.

*Benefits.*—5s. a week pension after sixty-five.

For men over twenty-five and under fifty at the time of the commencement of the scheme the annuitant must have secured a pension of 2s. 6d. a week, and pay in from £4 to £10, and the State will double the pension.

## 5. MR. JAMES RANKIN'S SCHEME.

It is based on two main principles: (1.) That the contractors for pensions be required to make a contribution from their own resources. (2.) That the contract be only aided by the State if effected through some financially sound organization—a friendly society or annuity office, a pensions trust fund established by Parliament, or the Post Office.



For every annuity of 2s. 6d. after sixty-five provided by the member the State gives another of the same amount, making the total annuity 5s. a week after sixty-five. At death before sixty-five nominee to receive a sum not exceeding £5.

Every contributor who has completed payments to receive a certificate which will entitle him or her to any "provident relief which may be necessary during life, in the form of outdoor relief, if so desired."

#### 6. MR. NAYLOR-LEYLAND'S SCHEME.

This is a variation of Mr. Chamberlain's. Investments are to be made only in the National Debt. Friendly societies are to be allowed to employ their agents to collect the premiums, in return for which they have the use of the money for an average of six months.

#### 7. MR. VALLANCE'S SCHEME.

Voluntary as regards the workmen, but compulsory as regards the employer. This is a proposal to encourage workmen to put by small sums weekly, 1d. or 3d. in the pound on their wages, by compelling employers to add a similar sum. The workmen's payments may be withdrawn with interest at any time, but the employers' payments with interest will only be paid at death before sixty-five. After sixty-five the total goes to purchase pensions. This is very similar in principle to the scheme of M. Constans, except that the French scheme is State-aided.

#### 8. MR. T. FATKIN'S SCHEME.

This scheme points to the investment of savings, under the management of municipal bodies, in local securities yielding a higher rate of interest than that given by the Government, the compound interest on which at 3 or 3½ per cent. would give greater benefits to the investor.

#### 9. SIR ROBERT STOUT'S SCHEME.

This is an old-age-pension scheme pure and simple. The State is to guarantee a rate of interest equal to 5 per cent. on all investments. If this is done, £50 accumulated before age 25 will serve to provide a pension of 17s. 6d. per week after age 60.

### DIVISION B.

#### 1. MR. BOOTH'S SCHEME.

This scheme is simplicity itself, except as to the means of raising the money. It proposes simply that every person reaching the age of sixty-five should be entitled, without a specific contribution, to a minimum pension of, say, 5s. a week for the rest of his life.

#### 2. REV. MOORE EDE'S SCHEME (outlined at the 1892 Session of the British Association).

This is a combination of Mr. Booth's system of universal pensions with an attempt to endow thrift. It is to be administered by County Councils, and is supposed to encourage thrift and abolish outdoor relief; inability to claim pension will leave no alternative but the workhouse. It is limited to those with an income under £50. 2s. 6d. per week is to be granted to those incapacitated before age 65, and a pension of 2s. 6d. a week after 65, provided they can so supplement this allowance from any private source as to maintain themselves without further recourse to State aid.

#### 3. MR. BARTLEY'S SCHEME (Old-age Provident Pensions Bill).

Based on the lines of the existing poor-law system. It provides for three classes of pensions (ranging from 3s. 6d. to 7s. per week): (1) To those who have never received any poor relief; (2) to those who have provided partially in some way for their old age, in any manner which they may have preferred; (3) to those whose special misfortunes render them deserving of aid though they have not been able to provide even partially for themselves. It also provides for the imposition of a special rate to be called the pension rate, replacing the poor rate. It is limited to those of sixty-five, who will not be eligible unless they have a clean record, and have been unconvicted of crime for fifteen years or drunkenness for ten years. The object of the Bill is to help the deserving poor and leave the undeserving to the poor-laws.

#### 4. MR. T. W. FOWLE'S SCHEME.

He advocates the gradual extinction of outdoor relief in not less than twenty-five years, and the allocation to the friendly societies of the sums thus saved (which he estimates at £3,000,000 per annum) on condition that they should guarantee a sufficient maintenance to all their members permanently disabled by sickness or old age.

#### 5. REV. J. F. WILKINSON'S SCHEME.

District Councils shall be empowered to grant a minimum maintenance endowment of 5s. a week to all aged persons who send in a demand note, except such as are held to have forfeited their pension—these to go to the workhouse. The pension to begin when decay of working-powers becomes manifest. Municipal or village cottages to be purchased or erected by the Councils and let for a small weekly sum to aged inhabitants. The old-age endowment fund to come from Imperial rather than local taxation.

II.—A BRIEF SUMMARY OF STATE PROVIDENT SCHEMES NOW BEING ADMINISTERED IN VARIOUS COUNTRIES.

(A—1.) THE GERMAN SYSTEM.

The complete scheme was brought into operation gradually between 1883 and 1889 by—  
 (1) The Sickness Insurance Law of 1883; (2) the Accident Insurance Laws of 1884 and 1885;  
 (3) the Law of Insurance against Invalidity and Old Age, 1889.

*Payments.*

*Sickness.*— $1\frac{1}{2}$  to 2 per cent. of earnings: one-third paid by employer, two-thirds by employé.

*Accident.*—2 per cent. of earnings: all paid by employer, *nil* by employé.

*Old Age, &c.*— $1\frac{1}{2}$ d. to 3d. per week: half paid by employer, half by employé.

The sickness and accident laws apply to the whole of the wage-earning class, *i.e.*, upwards of twelve millions of workpeople.

The old-age law is compulsory upon all men and women over sixteen in the following three classes: (1.) Persons who are employed as workmen, assistants, apprentices, or servants, and receive for their service a payment or wage. (2.) Persons who are engaged in business as assistants in shops, and apprentices whose regular yearly earnings do not exceed £100. (3.) Persons employed for payment or wage as members of the crews of German ships.

*Benefits.*

*Sickness.*—A minimum of free medical attendance and medicine, and one-half daily wages; or free admission to hospital, with one-half sick-pay for family. Sick benefit runs for thirteen weeks only, and member then goes on to the accident fund. Women receive sick-relief for four weeks after confinement. Burial-money is paid equal to twenty times the average daily wages.

*Accident.*—Two-thirds average wages during total, and less during partial, disablement. Burial-money in fatal cases, and allowances to widows, children, and parents.

*Old Age and Invalidity.*—After five years an invalidity allowance, ranging from £5 14s. 8 $\frac{1}{2}$ d. to £7 0s. 3d. per annum, and a pension after seventy ranging from £5 6s. 5d. to £9 11s. per annum, according to the wages, which are divided into four classes. If death occurs before seventy, one-half of contributions are returned.

(B.) THE DANISH SYSTEM (under the New Law of 1891).

The leading principle of this law is that after age 60 there shall be two classes of assisted poor—the *deserving* poor, in receipt of pensions; and the *undeserving* poor, in receipt of poor-law relief. It is administered by local authorities, called Communal Councils, who are assisted by the Government to the extent of £111,000 per annum, derived from a tax on lager beer.

All persons over sixty who are unable to maintain themselves, who have been in the country ten years, have never been convicted of crime, and who can prove that they have not received poor-law relief or been convicted of vagrancy or begging for ten years, may claim a pension. The Council then makes inquiries, and if they find that the poverty is not caused by extravagance or evil living, or by transference of property to relations or others, they are bound to allow a pension. If the pensioner should hereafter be guilty of any penal offence, squander his pension, or marry and require a larger measure of support, he is transferred to the poor-law and becomes an ordinary pauper.

Persons now living who are over sixty may receive pensions if their record has been clear between the ages of fifty and sixty.

The pensions are very indefinite, and may be given in money or kind, or by admitting to any institution, provided no workhouse people are inmates, at the discretion of the Communal Council. Very great care is taken to dissociate the old-age relief from the parish relief; workhouse officials cannot be employed in any way in connection with the old-age relief, and the money is not raised by the poor-rate, but by a special rate levied in each commune. A writer in the *London Globe* says that the law is very popular with all classes of Danes but loafers, whose lot is made harder by it.

(B.) THE AUSTRIAN SYSTEM.

Under the Austrian poor-law it appears that a man can claim a pension. The Emperor Joseph II. decided that at sixty a man should have the right to claim from his native town or commune a pension equal to one-third of the average daily wage he had received during his working years. This pension was to be regarded in exactly the same light as a soldier's pension—not as a charity, but as a reward for past services.

MORRIS FOX.

WEEKLY PAYMENTS at Age 16 necessary to purchase a Pension of 10s. a Week under a Compulsory State Scheme in New Zealand.

Pension after Age 60.		—	Pension after Age 65.	
s.	d.		s.	d.
3	3	Payments cease at 21 (5 years)	1	11
2	5	" at 23 (7 years)	1	5
1	9	" at 26 (10 years)	1	1
1	6	" at 28 (12 years)	0	11
0	9	" when pension commences	0	6

The REGISTRAR, Friendly Societies, to the CHAIRMAN, Old-age Pensions Committee.

SIR,—

Friendly Societies Registry Office, Wellington, 10th July, 1894.

In reply to your inquiry as to the bearing of a scheme for providing old-age pensions of small amounts upon the operations of friendly societies, I have the honour to point out that, unless the principle of the scheme be defined, it would be difficult to say whether the establishment of a pension fund would interfere with the thrift of friendly-society members.

1. Is it proposed that the pension shall be provided out of (a) general taxation, (b) contributions of individuals, (c) partly taxation and partly contribution?

I think that a voluntary-pension scheme may be dismissed from consideration, because the number who would take advantage of an optional insurance benefit, however attractive it might be made, would be few, and, in such case, special legislation would not seem necessary. The possible objection of members of friendly societies to a compulsory-pension scheme is that it might prevent many members from joining who were unable to contribute for both insurances. This view appears to prevail among friendly societies in England. I do not think that this objection would apply so forcibly in New Zealand, at least in respect of workers in constant employment.

2. The first question having been decided, is it proposed to grant the pension to all, or to those only who are in need?

The members of friendly societies, and the thrifty classes generally, would probably disapprove of the latter principle. I respectfully suggest that the opinions of leading members of friendly societies be taken, as I do not feel entitled to speak from their point of view.

If the scheme is to be based on the principle of encouragement to thrift, perhaps it might be thought well to grant the pension to members of friendly societies under certain conditions. This proposal is put forward by the Grand Master of the Manchester Unity of Oddfellows in England; but I should add that the majority of the leaders of English friendly societies appear to object to State help in any form.

In order to give you some idea of the cost, I submit the following figures: At age 60 the present value of £1 a year for life, payable quarterly, calculated on a New Zealand mortality table at 4 per cent. per annum, is £10.33. At that age, therefore, the present value of a life annuity of £26 (10s. a week) is £268. At the census in 1891, the number of persons aged sixty and upwards was 26,374. The present number of such persons may be put at 30,000. In order, therefore, to provide a life annuity of £26 to each person above sixty years of age, immediate additional taxation would be required to the amount of £780,000 per annum. As the percentage of persons above sixty years of age is rapidly increasing, it may be reasonably assumed that, when the population of the colony reaches one million, more than 8 per cent. will be above that age. On this assumption, the annual charge for pensions would then exceed £2,080,000. Ultimately the ratio of pensioners to the total population will probably rise as high as 15 per cent. Moreover, unless sufficient safeguards are provided, the normal ratio of pensioners to population will be exceeded. Also, should population increase in greater ratio than taxable values, a tax whose amount varies as the population tends to become more and more burdensome.

The above figures do not include cost of management or collection of tax.

I have, &c.,

EDMUND MASON,

Registrar Friendly Societies.

W. Hutchison, Esq., M.H.R., Chairman Old-age Pensions Committee.

*Approximate Cost of Paper.*—Preparation, not given; printing (1,500 copies), £8 12s.

By Authority: SAMUEL COSTALL, Government Printer, Wellington.—1894.

Price 6d.]

