

and simple safeguards for employees. Under the influence of this study the number of serious and fatal accidents is stated to have been reduced by half. The accumulated funds have also enabled the employers, through their trade associations, to establish hospitals and convalescent homes for workers, where a more prompt and complete recovery is possible, rather than leave the worker a permanent or prolonged charge on the funds.

INVALIDITY AND OLD AGE.

The third enactment, and what was looked upon as the coping-stone of the system, passed into law in 1889, and provided insurance against invalidity and old age.

Invalidity is also called "infirmity," and was defined as incapacity through physical or mental disability to earn at least one-third of the average local daily wage current in the particular trade, disability caused by trade accident always excepted, as this is covered by the accident law. The old-age pension was payable at age 70 whether the recipient was able or not to earn wages.

This is the only part of the system that is State-subsidised and State-controlled. For purposes of administration the Government established "Insurance Institutes" charged with the carrying-out of the Act in the various districts and provinces. The Boards of the Institute consist of Government officials, local and honorary authorities, but the State officers exercise the predominating power.

The cost of the allowances and pensions is met by three parties under this assurance—viz., the State, the employer, and the worker—in the following proportions: A minimum allowance of £5 10s. per annum was fixed, and £3 of this is found in equal shares by the employer and worker, the remaining £2 10s. representing the State subsidy paid for every person insured under this Act. The cost of this to the State was estimated to increase from £320,000 in the first year to £3,450,000 in the eightieth year, from which time it would gradually decrease and disappear.

The contributions are fixed by the Institute for terms: the first was for ten years, and thereafter for periods of five years. An illustration of the method of arriving at the contribution-rate for invalidity is now given. All the insured were grouped as already indicated into wage classes as follows:—

Class.	Wages earned.	Average.
Class 1	Up to £17 10s., inclusive	£ 15 0 0
" 2	From between £17 10s. and £27 10s.	25 0 0
" 3	" £27 10s. and £42 10s.	36 0 0
" 4	Upwards of £42 10s.	48 0 0

For the first contribution period the weekly contributions for invalidity were fixed at—

Class 1, about 1½d.	} One-half paid by worker, and one-half by employer.
" 2, " 2d.	
" 3, " 2½d.	
" 4, " 3d.	

The rate is expected to slightly increase until the financial equilibrium is reached.

The weekly-contribution rate for the old-age pension in the same wage classes is—

Class 1, about ½d.	} One-half payable by worker, and one-half by employer.
" 2, " ¾d.	
" 3, " 1d.	
" 4, " 1½d.	

The total contribution of the worker in the lowest class for invalidity and old-age pension comes out at about 1·5 per cent. of the standard wage.

The minimum allowance for invalidity is £5 14s. 8½d., and for old age £5 6s. 5d. The allowances are very small, but in each class they are equal to more than one-third of the average wages.

The benefits for invalidity increase with the length of the contribution periods. No claim is recognised until the insured has contributed for at least five years for invalidity or thirty years for the pension; but the Act makes exemptions in favour of workers who were over forty years of age at the inauguration of the system.

If a contributor should die before paying at least five years' contributions, or before receiving an allowance, his relatives are entitled to a refund of half the contributions.

Unemployment does not break the continuity of periods counting for the allowances, provided the unemployment does not exceed a certain maximum period altogether.

During illness contributions cease, provided a certificate is furnished from the Sick Fund authorities.

In cases where the invalidity claim is ultimately found to be a proper charge on the Accident Assurance Fund, the Institute funds continue the payment, but are entitled to claim a refund from the Accident Fund.

The pension allowance may be paid wholly or partly in kind in certain cases, such as, for instance, habitual drunkenness.

The Insurance Institutes are required to hold a reserve equal to one-fifth of the capital value of the liabilities estimated to fall due during the first contributory period. A portion of the accumulated funds is permitted by law to be loaned for the building of workers' dwellings, and in agricultural districts for enterprises such as local railways, public-road extensions, and educational advancement. Investments in the establishment of hospitals, sanatoria, &c., are also a feature of the administration