

The scope of a compulsory contributory national insurance scheme will obviously be limited by two factors :—

- (1) The cost of the scheme ; and
- (2) Administrative difficulties.

These are referred to later on in this report.

3. PRINCIPLES SUGGESTED.

A. BENEFITS TO BE COVERED.

The scale of benefits is, of course, directly dependent on the costs that can be borne by the several parties concerned, but, in this report, estimates of cost are based on the following scale :—

- (1) Superannuation (after sixty-five) of £2 per week.
- (2) Widow's pension of £1 per week, ceasing on remarriage.
- (3) Orphans' allowance (on death of father) of 5s. per week for each child till age of sixteen years.
- (4) Sickness allowance (during first six months of sickness) of £1 7s. 6d. per week till age sixty-five.
- (5) Invalidity allowance (excluding first six months' sickness) of £1 7s. 6d. per week till age sixty-five.
- (6) Children's allowance (during father's incapacity) of 5s. per week for each child till sixteen.

The above scale of benefits is intended to refer to married male contributors, the position of female contributors being considered later. It may be considered desirable to provide for a lower scale of old-age pensions to bachelors.

B. PERSONS TO BE COVERED.

It would be an advantage if any compulsory scheme applied to all males between specified ages, but, in view of the practical difficulties involved in respect of farmers and other workers on their own account, it would appear necessary, at any rate at the outset, to limit the compulsory provisions to those working for wages or salaries. The following could be exempted from compulsory membership :—

- (1) Persons already covered by existing superannuation or provident schemes—*e.g.*, Civil servants, certain local-body employees, and employees of banks, insurance companies, and other business houses which have *satisfactory* schemes.
- (2) Persons giving satisfactory evidence of an assured income of not less than £104 per annum on reaching pensionable age.

It is suggested that the following might be able to become voluntary contributors :—

- (a) Workers on own account—*e.g.*, farmers, professional men, shopkeepers, and others.
- (b) All wage and salaried workers over the maximum age for entry under the compulsory scheme.

In such cases the scale of contributions would be mutually agreed upon and the benefit would be based actuarially on the contribution.

In a country such as New Zealand, in which a change in status from worker-on-own-account to employee and *vice versa* is very common, provision for voluntary contributions would be very necessary.

Wage and salary workers excluded from the compulsory scheme on the grounds that old age is adequately provided for might have the opportunity of insuring under the scheme against contingencies other than old age.

The age limits within which insurance is compulsory will depend largely upon the decision of the Government as to the scale of maximum contributions which might reasonably be required, and the manner in which the cost is to be distributed.

It is an open question whether females should be included under the compulsory scheme. In the case of women who marry, the benefits of the scheme