4. COSTS OF SCHEME.

The following estimates of cost have been prepared in respect of males only on the basis of the benefits suggested in Section 3 A.

Scheme A.—The following table assumes a flat-rate contribution and shows the initial capital deficiency and the minimum annual subsidy required from the State in perpetuity to meet the deficiency at various rates of contribution. This would be independent of any payment made by the State in respect of the flat weekly rate. It assumes also that all males between the ages of sixteen and sixty-five are covered.

Flat Weekly Contribution per Member.	Initial Capital Deficiency (Balance of Cost).	Minimum Annual State Subsidy (payable in Perpetuity) required to liquidate Deficiency.
	£	£
Non-contributory	207,400,000	8,296,000
3s. 6d.	150,000,000	6,000,000
6s.	109,100,000	4,364,000
7s. 6d.	84,500,000	3,380,000
10s.	43,550,000	1,742,000
12s. 6d.	2,600,000	104,000

A flat rate of 3s. 6d. per week is calculated to cover all the benefits for youths who enter the scheme at sixteen years of age. Any higher contribution would therefore be inequitable to such contributors.

On the basis of a flat weekly rate of contribution of 3s. 6d. per contributor, the cost to the State independent of any contribution to the flat weekly rate would be £6,000,000 per annum, and the initial capital deficiency would be £150,000,000.

These considerations clearly rule out a flat-rate basis of contribution covering all males between the ages of sixteen and sixty-five years at the commencement of the scheme.

Scheme B.—The following table assumes a flat-rate contribution, but is limited to those joining between the ages of sixteen years and forty-five years.

Flat Weekly Contribution per Member.	Initial Capital Deficiency (Balance of Cost).	Minimum Annual State Subsidy (payable in Perpetuity) required to liquidate Deficiency.
	£	£
Non-contributory	103,700,000	4,148,000
3s. 6d.	56,600,000	2,264,000
4s. 6d.	43,100,000	1,724,000
6s.	22,900,000	916,000
7s. 6d.	2,650,000	106,000

Scheme C.—The following table shows the cost to the State if weekly contributions were to be graduated, rising from 3s. 4d. at the age of sixteen years to a maximum of 9s. at and after thirty-five years, the contributions being shared equally between the employer, the employee, and the State. The State would also be responsible for any deficiency in the contributions of those between the ages of thirty-six years and forty-five years.

Ages.	Capital Cost.		Equivalent Minimum Annual State Subsidy payable in Perpetuity.
	Contributor (including Employer).	State.	
	£	£	£
17–35	36,000,000	18,000,000	720,000
36–45	24,000,000	25,800,000	1,032,000
Total	60,000,000	43,800,000	1,752,000