

133. Can you tell us, shortly, what differences exist between members in societies at Home who are getting full benefits and members who are to an extent forced into the societies under the Lloyd George Act?—I am not quite clear as to the difference between the two, except that the one is admitted into the fraternal portion, which provides that they can claim all the benefits that the fraternal portion provides—that is, they can have the full benefit for the full period, and then they are entitled to all the consideration which is given to members in connection with the society for twenty and thirty years; and that same consideration is not extended to those who are in the State portion.

ROBERT E. HAYES further examined.

Mr. R. E. Hayes handed in the Department's proposals relative to position of friendly societies in social insurance [see Exhibit B].

FRIDAY, 31ST OCTOBER, 1913.

ANTONIO THOMAS TRAVERSI examined. (No. 4.)

1. *Hon. the Chairman.*] You are Actuary of Friendly Societies, Mr. Traversi?—Yes.

2. I think if we had a statement from you outlining the proposals made here it would be useful to the Committee, and comparing the proposals made here with those in force in New South Wales?—You would like me to state what is the difference between the two proposals. It may be said that the sickness proposals here agree pretty well with those of New South Wales, with the exception that we have limited our proposed subvention to 2s. 6d. per week, whereas in New South Wales it might go up to 5s. Then, the other part of the proposals in New South Wales consists of paying for medical benefits and medicines over 65, and also funeral contributions over the same age. In place of that we propose a subsidy towards funeral benefits up to £15. The first point there is, that in dealing with the sickness benefit it was thought that the New South Wales scheme of paying all sickness up to 5s., over 65 years of age would have the effect of too largely taking away the responsibility from the society to keep the sickness benefit down. We propose to leave the society to find a more substantial quota itself, so that it has a greater responsibility to see that the sickness claims are kept down. As a matter of actual fact, the report of the Registrar of New South Wales shows that the immediate effect of the subvention of sickness was apparently to send up the claims for old-age sickness. At any rate, it was thought desirable to limit the subvention on account of sickness benefit. We put the subvention at 2s. 6d., leaving societies to find, at the very lowest rates of sick-pay—2s. 6d. per week. I may say that the lowest payment by societies (which will be in protracted sickness) is usually 5s. per week. It may be as high as 10s. in such prolonged sickness, or as low as 5s. So that in the case of a society paying 10s. we would subvent to the extent of 2s. 6d., leaving the society to find 7s. 6d.; whereas where the society pays on the lower scale (5s.) we would pay 2s. 6d., leaving the society to find the other 2s. 6d.

3. *Hon. Mr. Fisher.*] What would New South Wales do under the same circumstances?—In New South Wales when a society pays 10s. in a case of protracted sickness the State would pay 5s. In a similar case of protracted sickness where the society paid 5s. New South Wales would pay 2s. 6d. if the member were under 65, but over age 65 it would pay the whole 5s. The main point I would like to emphasize there is what the society is left to find itself. At the very least in our scheme half the sickness pay has to be found by the society itself. In regard to the matter of the subventions, in New South Wales they pay medical expenses over 65. That is rather delicate to deal with, because the matter of medical pay is a matter which has to be arrived at between the societies and outside bodies; and another point about it is this: that in New South Wales I gather that the subvention goes direct to the member in that particular case irrespective of the society's position. In New Zealand it was thought desirable to secure the financial soundness of the society as a important consideration. I would like to say that the payment of a funeral subvention or funeral benefit was really intended as an indirect means of subventing sickness. I point out in my memorandum that the funeral benefit to the society is, roughly, equivalent to a further sickness subsidy of 2s. 3d. in addition to the 2s. 6d. specifically set out. The great point is this: that the funeral subvention does not encourage in any shape excessive claims for sickness, as it is paid on the death-rate, which is a dependable quantity. The New South Wales scheme, I think, gives too much play to the human will. That appears to be a weak point in connection with it.

4. Can you explain the reason of the *per capita* cost in New Zealand as compared with New South Wales?—Yes; several points enter into that, but I would say that perhaps the shortest way of explaining it is this: that, although the membership in New South Wales is double that of New Zealand, their membership over 65 years of age is only half as much again, and that would at once account for a greater *per capita* cost. There are no exact figures on the point. The figures have to be estimated. But taking the estimate of Mr. Trivett, the New South Wales Actuary, and an independent estimate made by me, I take it that their membership over 65 years of age is about half as much again as ours, and it follows that their total cost ought to be, roughly, about half as much again as ours. Then, again, the New South Wales figures are for 1911, whereas our estimate was made for 1913. They estimate £20,000 for 1912, and that is, roughly, a little more than 50 per cent. over our estimate. There are other points which help to explain the difference—points of detail, which I do not know that I need enter into.

*Hon. Mr. Fisher:* Is there any reason for that?

*Mr. Hayes:* The reason assigned is this: the very large influx of membership over there during the last few years would have the effect of bringing down their old-age rate.

*Hon. Mr. Fisher:* It decreases the proportion?

*Mr. Hayes:* Yes.