

bodies should make available, free of cost to the Board, their existing departments and administrative machinery for advice and assistance in carrying out its duties. We do not desire at this stage to hamper or restrict the Board in creating its own machinery by specifying too exhaustively the details of the organization and working which we contemplate as the most economical and efficient for the Board's requirements, but it would be well for the purposes of consideration and discussion to indicate generally the methods we contemplate should be followed.

For the purpose of the individual tax we recommend that all persons be required to register and make their first payments of the tax within a specified time to be prescribed of the coming into operation of the Act, receiving therefor a certificate of registration: the certificates to be signed by the recipients for identification purposes, and to be carried as evidence of compliance with the law. The machinery of the Post Office could be used for this purpose, and the system would be somewhat on the lines followed under the Military Registration Act during the war, the registration of aliens, the motor registration and motor-drivers' licenses, &c.

For new arrivals and visitors to New Zealand the organization of the Customs Department may be used to effect registration and collect the tax, the latter in whole or in portion being refunded to visitors leaving within, say, six months, as is done in the case of persons entering and leaving the United States of America.

We have considered carefully the method of collecting the individual tax from wage-earners. Under the insurance schemes of other countries investigated by us the general practice is to deduct workers' contributions weekly. There are, however, objections to that method, the principal one being the amount of work involved in the case of employers, such as coal companies, who have a large pay-roll.

After due consideration we are of the opinion that provision should be made for the payment of the tax annually, half-yearly, or quarterly, as the individual taxpayer may select, and in the case of workers in employment deductions shall be made by the employer once in each month from wages paid. It is probable that the majority of taxpayers would pay annually, but for those who might find it difficult to make an annual payment in one sum we recommend the alternatives mentioned.

We consider the means of payment should be by a special adhesive stamp printed for and used for this purpose only, supplies of stamps to be on sale at all post-offices, and we contemplate that employers would be required to have stocks available for their employees.

Penalties for evasion of registration and of the payment of the individual tax must be provided, and we consider these should be substantial. It should be made an offence for an employer to take into his service (or to continue in his employ) any worker unless such worker produces his registration certificate showing that he has complied with the Act and has paid all tax due. Where, however, an employer engages an employee who is in arrears with his tax-payment he should be permitted to deduct the arrears of tax from the first wages payment and stamp the employee's certificate accordingly.

If the collection of the proposed employment-tax on individual incomes over £300 per annum, on the undistributed profits of companies, on the dividends of absentee shareholders, and the alternative land-tax on farmers be undertaken by the Land and Income Tax Department no new machinery will be required.

The principal responsibility and duty of the Employment Board will be to so stimulate and encourage the development of industry and the unproductive resources of the country by all means in its power that all persons seeking employment will be absorbed in productive avenues in the ordinary course. As already indicated, we recommend granting the Board wide powers to arrange for the planning and co-ordination of necessary public works, both Government and local authority, to suit the labour position, so as to avoid as far as possible violent and frequent fluctuations in the labour demand for these works. A further sphere of action and responsibility of the Board will be the placing of unemployed persons in employment, and the bringing-together of the employers seeking labour and the unemployed seeking work. For this purpose it would be necessary that the present employment bureaux of the Labour Department should be transferred to the control of the Board and reorganized on an efficient basis as labour exchanges. All unemployed seeking the assistance of the Employment Board should be required to register for employment at the nearest labour exchange; any person so registering for employment should be required to present his registration certificate showing that his individual tax has been paid, without which no benefit—work or sustenance—could be obtained. In dealing with the unemployed, the Board would operate through labour exchanges taken over and to be established and organized as it deems necessary. Where there is no labour exchange, the branch offices of the Labour Department or other existing Government or local-body office may be made use of.

The Employment and Sustenance Fund we recommend should be under the sole control of the Employment Board, and we suggest should by special arrangement be invested in the Common Fund of the Public Trust Office, with favourable conditions as to withdrawal as required.

We recommend that the whole efforts of the Employment Board should be directed and devoted to finding work for all unemployed seeking their assistance through registration at a labour exchange, but there will be many instances where for various reasons work cannot immediately be found, and in such cases it will be necessary for the Employment Board to pay "sustenance allowance" payments until such time as work can be found. We recommend that sustenance payments should not be made to persons with independent incomes, nor to any persons for the first week of unemployment, nor in any case for a period or periods exceeding thirteen weeks in any one year. We have given the matter as to what scale of sustenance payments should be allowed under the Act very careful consideration.

In connection with the proposals we are recommending we are convinced of the very great importance of conserving the Employment and Sustenance Fund in the earlier years. The success of the work of the Employment Board depends on the fund at their disposal being adequate and