MEMORANDUM BY THE MINISTER OF LABOUR.

1. I circulate herewith for the information of my colleagues' copies of the two Unemployment Insurance Bills which I introduced this week and of the Government Actuary's Report on the larger Bill.

The Bills are framed in accordance with decisions already given by the Cabinet.

2. The smaller Bill, which has to be passed before Easter, is down for second Reading next Tuesday. I have given an undertaking, in answer to a question in the House, that this Bill will be in the Vote Office on Monday morning, and for general reasons of policy, which I have explained previously, I regard it as essential that this Bill should not be published before the larger Bill.

3. The Actuary's Report shows that the financial provision made in the larger Bill is adequate. I understand from this that owing to the pressure under which the Report has had to be prepared some of the figures are subject to further scrutiny, but I have his assurance that this is not likely to result in any material alteration.

4. In para. (3) of the Report there is certain comment implying that the assumptions as to future employment (viz:—an average of 1,100,000 up to next October, 1,000,000 during the rest of the deficiency period, and 600,000 thereafter) may be unduly pessimistic. These assumptions however are deliberately made on a conservative basis in order that the Unemployment Fund may be solvent even if our hopes
2.

hopes of an improvement in employment do not materialise. If the figures prove to be lower than those assumed, the deficiency period may be shortened and the financial basis of the scheme will be the more secure.

(Intd.) T. S.

Ministry of Labour.
5th April, 1934,
Unemployment Insurance (No. 2) Bill.

MEMORANDUM.

The principal provisions of this Bill are as follows:

**Period of Benefit.**—Up to a limit of one week of benefit for every six contributions paid, or of 26 weeks of benefit during a “benefit year” (whichever is the less), benefit is to be paid on conditions which are in the main the same as those applied by the existing law to convenanted benefit (clause 1 (1) and (2)). Certain modifications of the existing conditions in this respect are proposed in clauses 3 and 4. “Benefit year” is defined in clause 1 (5).

Further benefit for a period additional to the above is to be payable if and so long as the insured contributor satisfies not only the conditions already referred to, but also the additional conditions specified in clause 1 (3).

**Persons Insured.**—Boys and girls between the ages of 14 and 16 years are on and after 6th October, 1924, to be insured against unemployment on becoming employed in an insured trade (clause 5). Under the existing law no persons under the age of 16 years are insurable.

**Courses of Instruction.**—Provision is already made in section 7 of the Unemployment Insurance Act, 1920, for enabling unemployed persons to be required to attend courses of instruction, at Juvenile Unemployment Centres or elsewhere, as one of the conditions for the receipt of benefit. The Bill proposes to authorise the Minister of Labour, with the consent of the Treasury, to pay certain grants out of the unemployment fund towards the cost of such courses of instruction (clause 11).
Rates of Benefits.—The weekly rates of benefit under the existing law and those proposed by the Bill (clause 2 and Part II. of First Schedule) are as follows:

<table>
<thead>
<tr>
<th>Existing rate</th>
<th>Proposed rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>15s.</td>
</tr>
<tr>
<td>Women</td>
<td>12s.</td>
</tr>
<tr>
<td>Boys (16 to 18)</td>
<td>7s. 6d.</td>
</tr>
<tr>
<td>&quot; (14 to 16)</td>
<td></td>
</tr>
<tr>
<td>Girls (16 to 18)</td>
<td>6s.</td>
</tr>
<tr>
<td>&quot; (14 to 16)</td>
<td></td>
</tr>
</tbody>
</table>

Additional allowance—
for wife (or invalided husband) — 5s. 5s.
for each young dependent child — 1s. 2s.

Rates of Contribution.—No change is proposed in the rates of contribution payable for the time being (and until the end of the "deficiency period") by employers, employed and the Exchequer respectively, in respect of the classes of workpeople at present insured.

For boys and girls between 14 and 16 years of age the weekly rates of contribution proposed during the deficiency period are the same as those payable during that period in respect of boys and girls between 16 and 18 years of age (clauses 2 and 5) and are as follows:

<table>
<thead>
<tr>
<th>Employer</th>
<th>Employed person</th>
<th>Exchequer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boys</td>
<td>3d.</td>
<td>4½d.</td>
</tr>
<tr>
<td>Girls</td>
<td>4½d.</td>
<td>4d.</td>
</tr>
</tbody>
</table>

Section 4 of the Unemployment Insurance Act, 1923, provides that after the end of the deficiency period the rates of contribution from employers and employed shall be reduced so as not to exceed certain specified maximum rates and that the Exchequer contribution, which is at present approximately one-third of the combined contributions of employers and employed, shall become one-fourth of the combined contributions. The Bill leaves unaltered the maximum rates for employers and employed but proposes that the Exchequer contribution shall after the end of the deficiency period become one-half of the combined contributions of employers and employed (clause 6) i.e., one-third of the total contributions of
employers, employed and the Exchequer. Under the proposals of the Bill the maximum rates of weekly contribution when the reduction above referred to is made after the end of the deficiency period would be as follows:

<table>
<thead>
<tr>
<th></th>
<th>Employers</th>
<th>Employed</th>
<th>Exchequer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>6d.</td>
<td>6d.</td>
<td>6d.</td>
</tr>
<tr>
<td>Women</td>
<td>5d.</td>
<td>4d.</td>
<td>4d.</td>
</tr>
<tr>
<td>Boys (14 to 18)</td>
<td>3d.</td>
<td>3d.</td>
<td>3d.</td>
</tr>
<tr>
<td>Girls (,,,,)</td>
<td>2d.</td>
<td>2d.</td>
<td>2d.</td>
</tr>
</tbody>
</table>

"Deficiency period" is defined in section 16 (1) of the Unemployment Insurance (No. 2) Act, 1921, as follows:

"The expression 'the deficiency period' means the period between the passing of this Act and the date certified by the Treasury to be the date on which the unemployment fund, in the opinion of the Treasury, having regard to all the circumstances of the case, is solvent:

"Provided that the unemployment fund shall not be deemed to be solvent while any advances made by the Treasury for the purpose of discharging the liabilities of the unemployment fund are outstanding."

Trade Dispute Disqualification for Benefit.—Under section 8 (1) of the Unemployment Insurance Act, 1920, workpeople thrown out of work owing to a stoppage of work due to a trade dispute at the factory, workshop, or other premises at which they were employed, are in general disqualified for benefit so long as the stoppage continues. The Bill proposes to remove this disqualification if the insured contributor proves that he is not participating in the trade dispute which caused the stoppage of work and that he does not belong to a grade or class of workers members of which are participating in the dispute (clause 4 (1)).

Special Schemes of Insurance by Industries.—The power conferred by section 18 of the Unemployment Insurance Act, 1920, to make special schemes of insurance by industries is, by section 5 of the Unemployment Insurance (No. 2) Act, 1921, suspended during the "deficiency period" of the unemployment fund. The Bill proposes that the power to make special schemes...
shall be abolished for the future, subject to a saving clause in favour of the continuance of any special scheme already approved or submitted to the Minister in a complete form before 3rd April 1924.

No restriction is proposed in the power to make supplementary schemes of insurance by industries as conferred by section 20 of the Unemployment Insurance Act, 1920.

Refunds to Workpeople at age of 60 years.—Under section 25 of the Unemployment Insurance Act, 1920, workpeople reaching the age of 60 years (or their personal representatives) may, under certain conditions, obtain a refund of the contributions paid by them (less any benefit received by them) with compound interest at 2½ per cent.

The Bill proposes to abolish these refunds for the future (clause 9 (6)) but provides that:

(a) Valid claims for refund which could have been made before the passing of the Bill into law are to be paid in full if made within 12 months thereafter (clause 9 (6));

(b) Insured contributors aged 50 years or over when the Bill passes into law (or their personal representatives) in whose case a refund has not then become due, are to receive compensation on the terms specified in clause 9 (1) and (4) for the loss of their prospective rights to a refund, provided that they have paid at least 50 contributions before the passing of the Bill into law and make their claims within 12 months thereafter (clause 9 (1) and (2)).
Unemployment Insurance (No. 2) Bill.

ARRANGEMENT OF CLAUSES.

Clause.
1. Rights of insured persons to unemployment benefit.
2. Rates of unemployment benefit.
3. Amendment as to statutory conditions.
4. Amendments as to disqualifications for receipt of unemployment benefit.
5. Insurance of persons under the age of sixteen.
6. Amount of state contribution.
7. Amendment of s. 12 (3) of principal Act.
8. Abolition of power to make special schemes.
9. Amendment as to refunds of contributions.
10. Amendment as to forces of the Crown.
11. Power to make grants out of unemployment fund towards cost of approved courses of instruction.
12. Period within which proceedings may be brought for recovery of sums recoverable summarily as civil debts.
13. Power to make regulations with respect to appointment of persons to represent deceased or insane persons.
15. Consequential and minor amendments.
16. Short title, repeal, decision of questions, application and commencement.

SCHEDULES.
Draft of a Bill

To Amend the Unemployment Insurance Acts, 1920 to 1924.

Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

1.—(1) An insured contributor who is unemployed shall, if and so long as the statutory conditions are fulfilled in his case and he is not disqualified under the Unemployment Insurance Act, 1920 (in this Act referred to as "the principal Act"), for the receipt of unemployment benefit (in this Act referred to as "benefit"), be entitled, subject to the provisions of the Unemployment Insurance Acts, 1920 to 1924, and to the provisions contained in Part I. of the First Schedule to this Act (which re-enacts with modifications the provisions of the Second Schedule to the principal Act), to receive such benefit in accordance with the provisions hereinafter contained in this section.

(2) An applicant for benefit in whose case the requirements of subsection (1) of this section are fulfilled shall, unless the number of the contributions paid in respect of him since the beginning of the insurance year next before the beginning of the benefit year in which the application for benefit is made is less than twenty, be entitled to receive benefit in the proportion.

Rights of insured persons to unemployment benefit.

10 & 11 Geo. 5. c. 30.
tinues to receive wages or receives any payment by way of compensation for the loss of, and substantially equivalent to, the remuneration which he would have received if the employment had not terminated.

5 (5) For the purposes of this Act the expression "benefit year" means in relation to any insured contributor the period of twelve months commencing on the date on which that contributor first makes an application for benefit next after this Act comes into operation, and every subsequent period of twelve months commencing on the date on which that contributor first makes an application for benefit next after the termination of his last preceding benefit year:

Provided that if in the case of any insured contributor this Act comes into operation at a time when he is continuously unemployed, the benefit year current at the commencement of this Act shall, unless the Minister otherwise directs, continue in relation to him until the date on which the period of continuous unemployment ceases, but not in any case, namely, beyond the fifteenth day of October, nineteen hundred and twenty-four.

2.—(1) As from the second Thursday next after the commencement of this Act benefit shall be at the weekly rates set out in Part II. of the First Schedule to this Act.

(2) Section one of the Unemployment Insurance Act, 1922 (which provides that the weekly rate of benefit authorised by the Unemployment Insurance Acts, 1920 and 1921, shall be increased in respect of certain dependants), shall apply to the weekly rate of benefit authorised by this section as it applies to the weekly rate of benefit authorised by the said Acts, subject to the following modifications, namely, that the increase in respect of a child shall be two shillings instead of one shilling, and that no increase shall be allowed in respect of a child who is himself in receipt of benefit.

3.—(1) Section seven of the principal Act (which prescribes the statutory conditions for the receipt of benefit) shall be amended as follows:

(a) The following paragraphs shall be substituted respectively for paragraphs (i), (iii) and (iv) of subsection (1):

"(i) that he proves that not less than thirty contributions have been paid in respect of..."
A.D. 1924

him under this Act since the beginning of the first of the two insurance years next before the beginning of the benefit year in which the application for benefit is made;"

"(iii) that he is capable of and available for work;"

"(iv) that he is genuinely seeking work, but unable to obtain suitable employment;"

(b) After the words "than those" in paragraph (b) of the proviso to subsection (1) there shall be inserted the words "which he might reasonably have expected to obtain having regard to those."

(2) During the period between the commencement of this Act and the first day of October, nineteen hundred and twenty-five, a person shall be entitled to receive benefit if the Minister thinks fit so to direct in his case, notwithstanding that the first statutory condition may not have been fulfilled in his case.

Amendments as to disqualifications for receipt of unemployment benefit.

4.—(1) Subsection (1) of section eight of the principal Act (which imposes a disqualification for the receipt of benefit during a stoppage of work) shall not apply in any case in which the insured contributor proves that he is not participating in the trade dispute which caused the stoppage of work, and that he does not belong to a grade or class of workers members of which are participating in the dispute.

(2) Subsection (3) of section eight of the principal Act (which disqualifies an insured contributor for the receipt of benefit while he is an inmate of any workhouse or other institution supported wholly or partly out of public funds) shall not apply in the case of an insured contributor who is an inmate of an institution used as a place of residence for workers if he proves that he was an inmate of the institution immediately before he became unemployed and that during the time when he was employed he paid the whole or a substantial part of the cost of his maintenance as such inmate.

5.—(1) Section one of the principal Act (which provides that all employed persons of the age of sixteen and upwards are to be insured under that Act) shall have effect as if for the words "all persons of the age of
“sixteen and upwards” there were substituted the words “all persons of the age of fourteen and upwards.”

(2) This section shall come into operation on the sixth day of October, nineteen hundred and twenty-four.

6.-(1) The contribution to be made for the purposes of section five of the principal Act out of moneys provided by Parliament shall be at a rate equal to one-half of the aggregate amount of the contributions paid in respect of the employed person by himself and his employer, or, in the case of an exempt person, paid by his employer, and subsections (3) and (7) of the said section five shall have effect accordingly.

(2) This section shall have effect as from the date to be prescribed by the Minister under subsection (2) of section four of the Unemployment Insurance Act, 1923, as the date on which new rates of contribution are to come into force.

7. There shall be included among the expenses of which account may be taken for the purposes of the proviso to subsection (3) of section twelve of the principal Act (which provides that such sum as the Treasury may direct, not exceeding one-eighth of the receipts of the unemployment fund, shall be applied as an appropriation in aid of the moneys provided by Parliament for the purpose of the salaries, remuneration and expenses therein mentioned)—

(a) such sum as in the opinion of the Treasury approximately represents the amount in each year of the accruing liability in respect of the benefits to which any officers, inspectors or servants employed for the purposes of the principal Act will on their retirement become entitled under the Superannuation Acts, 1834 to 1919; and

(b) any capital expenditure incurred for the purpose of providing premises for the purposes of the principal Act:

Provided that if in any case where the amount of any such capital expenditure has been charged to the unemployment fund the premises in respect of which the expenditure was incurred are sold or are used for purposes other than those
A.D. 1924.

of the said Act, there shall be deducted from the amount thereafter chargeable to the unemployment fund under the said proviso such sum as may be determined by the Treasury, with the consent of the Minister, to represent the then value of the premises; and

c) in the case of any premises occupied for the purposes of the principal Act in respect of which no rent is payable and which have not been provided by means of any such capital expenditure as is mentioned in the last preceding paragraph, such an amount as is estimated by the Treasury to represent the rental value of the premises.

Abolition of power to make special schemes.

8.—(1) The power of the Minister under section eighteen of the principal Act to make special orders approving or making special schemes shall cease:

Provided that the foregoing provision shall not affect the operation of any special scheme duly approved by the Minister before the commencement of this Act, and nothing in this subsection shall affect the power of the Minister to approve a scheme if a draft thereof appearing to him to be complete was submitted to him before the third day of April, nineteen hundred and twenty-four, and application was before that date made to him to approve the scheme in accordance with the provisions of section eighteen of the principal Act.

(2) For the purpose of securing in the case of a special scheme (whether approved before or after the commencement of this Act) that like rates of benefit shall be payable to the persons to whom the scheme applies as are payable under this Act, and that the benefits under the scheme shall otherwise be not less favourable than those provided by the general provisions of the Unemployment Insurance Acts, 1920 to 1924 (but for no other purpose), the Minister may, after consultation with the body charged with the administration of the scheme, notwithstanding anything in the said section eighteen, by order vary or amend the provisions of the scheme, and any such order may provide for consequential amendments as to the rates of contribution and otherwise.

(3) Subsection (7) of section eighteen of the principal Act (which provides for the payment of a certain sum in
every year out of moneys provided by Parliament to the body charged with the administration of a special scheme) shall cease to have effect.

9.—(1) If on an application made under this section the Minister is satisfied that any person who is or has been an insured contributor had before the date on which this section comes into operation—

(a) paid contributions in respect of not less than fifty weeks in accordance with the general provisions of the principal Act; and

(b) reached the age of fifty years;

that person or his personal representatives shall be entitled to be paid out of the unemployment fund a sum representing the present worth as on that date of the excess value of the contributions paid by him together with (in the case of an insured contributor who has not attained the age of sixty years) compound interest at the rate of two-and-a-half per cent. per annum on the amount of that excess value from the date aforesaid until the date on which he would attain the age of sixty years.

(2) An application for a payment under this section must be made by the insured contributor in the prescribed manner and within twelve months after the date on which this section comes into operation.

(3) If an insured contributor dies at any time within the period of twelve months aforesaid, the application under this section may be made by his personal representative.

(4) For the purposes of this section—

(a) the amount of the excess value of the contributions paid by an insured contributor shall be taken to be the amount by which the total amount of the contributions actually paid by him exceeds the aggregate of the sums received by him by way of benefit, together with compound interest on that excess up to the date on which this section comes into operation at such rate and calculated in such manner as is directed by section twenty-five of the principal Act:
(b) in calculating the excess value of contributions—

(i) contributions and benefit paid subsequently to the seventh day of November, nineteen hundred and twenty, shall be reckoned as if they had been paid at the rates at which contributions and benefit were respectively payable under the principal Act as originally enacted; and

(ii) no account shall be taken of contributions repaid or refunded, or of benefit previously taken into account for the purposes of a refund under any of the provisions of the principal Act, of grants or contributions paid under the Unemployed Workers' Dependents (Temporary Provisions) Act, 1921, of contributions on account of which a payment has been made under subsection (10) of section eighteen of the principal Act to the body charged with the administration of a special scheme, or, where no contributions have been paid in respect of any person for a period comprising five insurance years, of contributions paid in respect of him, or benefit paid to him, before the last such period; and

(c) The present worth of the excess value of contributions shall be calculated in manner prescribed by regulations, and any regulations made for that purpose shall direct that in making the calculation regard shall be had, among other matters, to the fact that contributions may cease for a period comprising five insurance years to be paid in respect of the insured contributor, and, in the case of an insured contributor who has not attained the age of sixty years, to the fact that he may not live to attain that age.

(5) Payment to an insured contributor under this section shall not affect his liability to pay contributions.

(6) Section twenty-five of the principal Act shall cease to have effect, except that where any person had
before the commencement of this Act become entitled to claim a repayment under that section an application may be made in that behalf under that section instead of under this section at any time within twelve months after the said date.

10.—(1) Subsection (2) of section forty of the principal Act, which provides that a man of the Air Force Reserve shall be deemed while undergoing training to be an employed person in the service of the Crown, shall apply to men of the Auxiliary Air Force as it applies to men of the Air Force Reserve.

(2) The following subsection shall be substituted for subsection (1) of section nine of the Unemployment Insurance (No. 2) Act, 1921:

“(1) Where after the passing of this Act any person—

(a) being a naval pensioner or a man of the Naval Reserves, Army Reserve, or Air Force Reserve, is called into actual service on an occasion of great emergency or called out for service otherwise than for training, as the case may be; or

(b) engages as a seaman in the Navy, or enlists as a marine in the Royal Marines, as a soldier in the regular Army or as an airman in the regular Air Force, on an occasion of great emergency for service during the emergency; or

(c) being a man of the Territorial Army, is called out for actual military service or is embodied, or, being a man of the Auxiliary Air Force, is called out for actual Air Force service or is embodied;

he shall, during the period of four months from the date on which he is so called into actual service, called out for service, engages, enlists, is called out for actual military service or actual Air Force service, or is embodied, as the case may be, or during the period between that date and the date on which the service or embodiment terminates, whichever period is the shorter, be treated for the purposes of section forty of the principal Act, as amended A.D. 1924.
by any subsequent enactment, as if he were a man of the Naval Reserves, the Army Reserve, the Air Force Reserve, the Territorial Army, or the Auxiliary Air Force, as the case may be, undergoing training and in receipt of pay out of moneys provided by Parliament for the Navy, Army, or Air Force services."

(3) Section forty-one of the principal Act (which makes special provision with respect to discharged seamen, marines, soldiers, and airmen), as amended by any subsequent enactment shall have effect—

(a) As if the references therein to soldiers and airmen included respectively references to men of the Territorial Army and men of the Auxiliary Air Force who, having been called out for actual military service or actual Air Force service, or having been embodied, are not discharged within the period of four months mentioned in the section directed by this section to be substituted for section nine of the Unemployment Insurance Act, 1921; and

(b) As if in subsection (4) thereof the words "soldier or airmen who is discharged at his own request or at the request of his parent or guardian or of some other interested person, unless he is discharged within three months of the date when he is due for discharge for the purpose of taking up civil employment which would not otherwise remain open for him." were omitted, and after the words "civil court" there were inserted the words "or to any person discharged on account of fraudulent enlistment, and at the end thereof there were inserted the words "or, to any seaman, marine, soldier or airman who is discharged at his own request, or at the request of his parent or guardian, or of some other interested person, unless he is discharged within three months of the date when he is due for discharge for the purpose of taking up civil employment which would not otherwise remain open for him."

(c) As if in subsection (5) thereof, at the end of the definition of "seaman" there were added the words "but does not include native ratings, or Maltese recruited outside the United Kingdom," and at the end of the definition of "airman" there were added the words "other
11. Subject as hereinafter provided, the Minister may, with the consent of the Treasury, authorise the payment out of the unemployment fund of grants towards the expenses incurred by persons in providing a course of instruction approved for the purposes of paragraph (v) of subsection (1) of section seven of the principal Act:

Provided that no grant in respect of any such course of instruction shall exceed an amount representing a charge in respect of each daily attendance at the course at a rate equal to half the amount estimated by the Minister, with the concurrence of the Treasury, to be the average cost (as estimated in respect of the whole of Great Britain) of a daily attendance at such courses.

12. Proceedings for the summary recovery as civil debts of sums due to the unemployment fund may, notwithstanding anything in any Act to the contrary, be brought at any time within twelve months from the time when the matter complained of arose, or, where the complaint is in respect of a consecutive series of unpaid contributions or a consecutive series of payments on account of benefit, within twelve months from the date on which the last of the contributions became payable or the last payment on account of benefit was received.

13. Provision may be made by regulations under section thirty-five of the principal Act for the appointment of a person to receive on behalf of or as representative of an insured contributor who becomes of unsound mind or dies any sums payable out of the unemployment fund to or in respect of him.

14. The Minister may by regulations prescribe the date on which the period constituting the insurance year is to commence, and any such regulations may contain such consequential and supplemental provisions as appear to the Minister to be necessary for dealing with or regulating the transition from the old to the new period, and in particular for making provision with respect to any period of time between the end of one insurance year and the commencement of the next insurance year.
15. The amendments specified in the second column of the Second Schedule to this Act (which relate to consequential and minor matters) shall be made in the enactments specified in the first column of that Schedule.

16.—(1) This Act may be cited as the Unemployment Insurance (No. 2) Act, 1924, shall be included among the Acts which may be cited together as the Unemployment Insurance Acts, 1920 to 1924, and shall be construed as one with those Acts, and any reference in this Act to those Acts, or to any of them, or to any provision contained in any of them, shall, unless the context otherwise requires, be construed as a reference to those Acts, that Act, or that provision, as amended by this Act.

(2) The enactments set out in the Third Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Schedule.

(3) If a question arises whether a person satisfies the additional conditions required to be satisfied by a person applying for benefit under subsection (3) of section 20 one of this Act, or with respect to the date of the making of an application for benefit, that question shall be decided by the Minister, whose decision thereon shall be final.

(4) The Minister may, if he thinks fit, refer to any committee to which questions may be referred under subsection (5) of section thirteen of the principal Act any question which is to be decided by him under this Act, and any question arising under subsection (2) of section three of this Act whether a person should be allowed to receive benefit notwithstanding that the first statutory condition is not fulfilled in his case.

(5) This Act does not apply to Northern Ireland.
SCHEDULES.

FIRST SCHEDULE.

PART I.

SUPPLEMENTAL PROVISIONS RELATING TO RIGHT TO UNEMPLOYMENT BENEFIT.

1. Benefit shall be payable in respect of each week after the first week of a continuous period of unemployment.

2. No person shall receive benefit in respect of any period of less than one day.

3. The following provisions shall have effect for the purpose of determining the number of contributions which are to be taken as standing at any time to the credit of any person:

   (a) Where owing to the fact that the wages or other remuneration of an employed person are paid at intervals greater than a week, or for any other like reason, contributions are paid in respect of any person at intervals greater than a week, that person shall be entitled to treat each of those contributions as being such number of contributions as there are weeks in the period in respect of which the contribution was paid:

   (b) there shall be deducted from the aggregate number of contributions actually paid in respect of him one contribution in respect of each day of benefit previously received by him, exclusive of any benefit received between the seventh day of November, nineteen hundred and twenty, and the termination of the fourth special period, or in the case of benefit received before the eighth day of November, nineteen hundred and twenty, five contributions in respect of each week of benefit received.

4. Any time during which a person is under the provisions of the principal Act disqualified, otherwise than by reason of being in receipt of sickness or disablement benefit or disablement allowance under the National Health Insurance Acts, 1911 to 1922, for receiving benefit shall be excluded in the computation of continuous periods of unemployment under this Part of this Schedule.

5. A period of unemployment shall not be deemed to commence until the date on which the insured contributor makes application for benefit in the prescribed manner:
Provided that regulations may be made under section thirty-five of the principal Act for authorising some earlier date to be substituted for the date of the application in cases in which good cause is shown for delay in making the application.

Section 2.

WEEKLY RATES OF UNEMPLOYMENT BENEFIT.

<table>
<thead>
<tr>
<th>Class of Persons to whom Rate applies</th>
<th>Rate of Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>18 0</td>
</tr>
<tr>
<td>Women</td>
<td>15 0 10</td>
</tr>
<tr>
<td>Boys who have attained the age of sixteen years, but are under the age of eighteen years</td>
<td>7 6</td>
</tr>
<tr>
<td>Boys under the age of sixteen years</td>
<td>5 0</td>
</tr>
<tr>
<td>Girls who have attained the age of sixteen years, but are under the age of eighteen years</td>
<td>6 0 15</td>
</tr>
<tr>
<td>Girls under the age of sixteen years</td>
<td>4 0</td>
</tr>
</tbody>
</table>

SECOND SCHEDULE.

MINOR AND CONSEQUENTIAL AMENDMENTS.

<table>
<thead>
<tr>
<th>Enactment to be amended</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Unemployment Insurance Act, 1920:</td>
<td>20</td>
</tr>
<tr>
<td>Section 5 (5)</td>
<td>At the end of the subsection there shall be inserted the words &quot;nor in respect of any blind person who is in receipt of a pension under those Acts as extended by section one of the Blind Persons Act, 1920.&quot;</td>
</tr>
<tr>
<td>Section 7 (2) (c)</td>
<td>After the words &quot;the remuneration,&quot; wherever they occur, there shall be inserted the words &quot;or profit,&quot; and after the words &quot;is payable&quot; there shall be inscribed the words &quot;or is earned.&quot;</td>
</tr>
<tr>
<td>Section 8 (2)</td>
<td>The words &quot;not being less than one week&quot; shall be repealed.</td>
</tr>
</tbody>
</table>
Enactment to be amended.  

The Unemployment Insurance Act, 1920—continued.

Section 8 (4)  
The words from the beginning to "this Act and" shall be repealed.

Section 8 (5)  
At the end of the subsection there shall be inserted the words "or under those Acts as extended by section one of the Blind Persons Act, 1920."

Section 10 (1) (c)  
After the words "who is" there shall be inserted the words "or was."

Section 17 (1)  
For the words "exceeds by at least five "shillings per week in the case of men, "four shillings per week in the case of women, two shillings and sixpence per week in the case of boys, and two "shillings per week in the case of girls, there shall, as from the first day of October, nineteen hundred and twenty-five, be substituted the words "exceeds "in respect of periods of unemployment amounting in the aggregate to not "less than thirteen weeks in a period of twelve months by at least five "shillings per week in the case of men, "four shillings per week in the case of women, two shillings and sixpence "per week in the case of boys, and two "shillings per week in the case of girls, "and in respect of any further periods of unemployment in the same period of twelve months by at least half the "several amounts aforesaid."

Section 22 (7)  
After the words "within the meaning of this Act or not" there shall be inserted the words "or as to who is or was the employer of an employed person."

Section 28 (1)  
After the words "had not been paid" there shall be inserted the words "and the regulations may provide, in the case of contributions paid by an employer on behalf of the employed person and not recovered from him, for the repayment under this section being made to the employer instead of to the employed person."
A.D. 1924. Enactment to be amended.

The Unemployment Insurance (No. 2) Act, 1921:
Section 10 - For the words "the statutory condition that he is capable of and available for work but unable to obtain suitable employment" there shall be substituted the words "the second or the third statutory condition."

The Unemployment Insurance Act, 1923:
Section 11 (1) - For the words "beginning of the second benefit year" there shall be substituted the words "first day of October, nineteen hundred and twenty-five."
### THIRD SCHEDULE.

**Enactments repealed.**

<table>
<thead>
<tr>
<th>Session and Chapter</th>
<th>Short Title</th>
<th>Extent of Repeal</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 &amp; 11 Geo. 5. c. 30</td>
<td>The Unemployment Insurance Act, 1926.</td>
<td>Section two, subsections (1), (2), (4), (7), (10) and (11), section eighteen, section twenty-five, subject to the provisions of this Act, in paragraph (e) of subsection (1) of section forty-seven, the words from &quot;repealed by this Act&quot; to the end of the paragraph, and the Second Schedule.</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td>Sections one, three and six, section nine, except subsection (3) thereof, the First Schedule, and so much of the Second Schedule as amends sections seventeen and eighteen and the Second Schedule of the principal Act.</td>
</tr>
<tr>
<td>15</td>
<td></td>
<td>The whole Act, except sections nine to thirteen and sections fifteen and sixteen.</td>
</tr>
<tr>
<td>11 &amp; 12 Geo. 5. c. 1</td>
<td>The Unemployment Insurance Act, 1921.</td>
<td>Sections three, four, five, six, twelve and fifteen, and subsections (2) and (4) of section sixteen.</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td>Sections one, two, three, seven and ten, and subsection (1) of section eleven.</td>
</tr>
<tr>
<td>25</td>
<td></td>
<td>The whole Act.</td>
</tr>
<tr>
<td>11 &amp; 12 Geo. 5. c. 15</td>
<td>The Unemployment Insurance (No. 2) Act, 1921.</td>
<td></td>
</tr>
<tr>
<td>12 &amp; 13 Geo. 5. c. 7</td>
<td>The Unemployment Insurance Act, 1922.</td>
<td></td>
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<tr>
<td>30</td>
<td></td>
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<tr>
<td>13 &amp; 14 Geo. 5. c. 2</td>
<td>The Unemployment Insurance Act, 1923.</td>
<td></td>
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<tr>
<td>35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Geo. 5. c. 1</td>
<td>The Unemployment Insurance Act, 1924.</td>
<td>The whole Act.</td>
</tr>
</tbody>
</table>
DRAFT
OF A
BILL
To amend the Unemployment Insurance Acts, 1920 to 1924.

5th April 1924.
MEMORANDUM.

The Unemployment Insurance Act, 1923, provides that the periods for which unemployment benefit (whether covenanted or uncovenanted) may be received during the first benefit year (i.e., 18th October, 1923, to 15th October, 1924) shall not exceed in the aggregate twenty-six weeks; the Bill proposes to substitute for this a maximum of forty-one weeks of benefit.

The additional benefit allowed by the Bill will be governed by the conditions applying to uncovenanted benefit.

The financial effect of the Bill will be that an additional sum, estimated at between 2,000,000L and 2,250,000L, will be paid in benefit out of the unemployment fund in the period up to October next.
[14 Geo. 5.] Unemployment Insurance (No. 3).

Draft of a

Bill

To Extend the periods for which the receipt of unemployment benefit during the current benefit year may be authorised under section two of the Unemployment Insurance Act, 1923.

Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same,

1. Section two of the Unemployment Insurance Amendment Act, 1923 (which prescribes the conditions for the receipt of benefit in the benefit year ending on the fifteenth day of October, nineteen hundred and twenty-four), shall be amended so as to empower the Minister of Labour to authorise the receipt of benefit during the said benefit year for periods not exceeding in the aggregate forty-one weeks, and proviso (1) to the said section shall accordingly have effect as though for the words "twenty-six weeks," in both places where they occur, there were substituted the words "forty-one weeks."

2. This Act may be cited as the Unemployment Insurance (No. 3) Act, 1924, and shall be included among the Acts which may be cited together as the Unemployment Insurance Acts, 1920 to 1924.
Unemployment Insurance (No. 3).

DRAFT

OF A

BILL

To extend the periods for which the receipt of unemployment benefit during the current benefit year may be authorised under section two of the Unemployment Insurance Act, 1923.

LXXIV. (4.)

5th April 1924.
As instructed I have examined the provisions of the Unemployment Insurance (No. 2) Bill, and have to report as follows:

The principal provisions of the Bill which involve financial considerations are as follows:

(i) The extension of benefit beyond that allowed under the principal Act, under which (as subsequently amended) benefit was limited to one day's benefit in respect of each weekly contribution paid, with a maximum of 26 weeks benefit in any benefit year.

It is now proposed that, subject to special requirements being fulfilled, an unemployed insured person shall be entitled to benefit for each week of unemployment after the first.

Certain modifications are also made in the statutory conditions for the receipt of benefit.

(ii) The weekly rate of unemployment benefit is to be increased from 15/- to 18/- in the case of men, and from 12/- to 15/- in the case of women, the rates in the case of juveniles aged 16 to 18 remaining as at present. No increase is to be made in the 5/- a week grant in respect of an adult dependent, but
it is proposed to increase the allowance for each dependent child from one shilling to two shillings a week.

(iii) Persons at present disqualified from benefit, in certain circumstances, during a stoppage of work in connection with a trade dispute are now to be entitled to benefit subject to the conditions of Clause 4 (1) of the Bill.

(iv) Juveniles between the ages of 14 and 16 are to be brought into insurance subject to the rates of contribution at present applicable to juveniles between the ages of 16 and 18, but at somewhat reduced rates of benefit. Power is taken to make grants from the Unemployment Fund towards the expenses of Juvenile Unemployment Centres.

(v) The right, in certain cases, of insured persons to receive, on reaching the age of 60, the balance of their own contributions over the amount of benefit received (with interest), is abolished, subject to compensation, as provided in the Bill, for such persons as are at present over age 50.

The following provisions do not affect the finances of the Fund until after the end of the "deficiency period", i.e., the date when the Unemployment Fund is solvent.

(vi) After the end of the deficiency period, the contribution payable by the Exchequer is to be increased to one-half of the combined contributions of employers and employees, as against the proportion of one quarter, as provided by the Act of 1923.

(vii) The right of individual industries to set up special schemes, which under existing Acts is suspended during the deficiency period, is now definitely withdrawn. At the same time the Exchequer contribution to the two schemes already in being is no longer to be continued.
In the following paragraphs I show first what will be the estimated income and expenditure of the Unemployment Fund under the provisions of the Bill and I then proceed to examine the financial implications of the various proposals as summarised in the foregoing paragraphs.

I estimate that the number of persons at present insured under the Unemployment Insurance scheme is about 11,250,000 and that the proposed extension to include juveniles between the ages of 14 to 16 will eventually add some 600,000 to this number. In regard to this latter figure the Census of 1921 shows that some 750,000 persons of these ages were engaged in insurable occupations, but having regard to the probability that many will be working for parents or will escape insurance for other reasons, I do not think that any larger addition than 600,000 to the numbers of insured persons can safely be assumed. As regards the rate of unemployment I am instructed by the Minister of Labour that the present estimates should be based on the assumption that the numbers on the "live register" will average 1,100,000 up to the end of the present benefit year as to 15th October next, 1,000,000 thereafter until the end of the "deficiency period", and 800,000 after the end of the deficiency period.

It should be pointed out that these numbers are to be assumed to include "short-time" workers and juveniles between the ages of 14 and 16. The number on the live register (including an allowance for persons working "short-time") on 24th March last was 1,057,660, and whilst the newly included juveniles will add a number of persons, which I estimate at 20,000, to the register and the full effect of the recent relaxation in the rules regulating the grant of unearned benefit may not yet have been realised, it would appear that having regard to the general tendency of unemployment the assumptions as to numbers unemployed made by the Minister do not postulate any improvement over the present position until after October next.
Throughout this report, I assume that the new provisions will operate as from 1st July next, except that Juveniles aged 14-16 will not be included in the scheme until 6th October next.

On the basis above described I estimate that the total amount received in contributions from employers, employed and the State, from 3rd April 1924, up to 15th October next, the end of the present benefit year, will be £26,100,000, from which sum falls to be deducted the cost of administration, which I am instructed should be taken at the rate of £4,000,000 a year, or £2,200,000 for the period in question, leaving a net income of £23,900,000.

As regards the cost of benefits, it should be noted that the totals of the "live register" do not afford a correct index of the numbers of persons actually entitled to benefit. In the first place, they include a number of persons in uninsured occupations and a further number of persons in insured occupations who are disentitled to benefit for various reasons, but who continue to register. There is a further class of persons, included in the "live register", who have made a claim to benefit but who are undergoing the statutory "waiting week" at the commencement of their spell of unemployment.

In order to estimate the cost of benefits it is necessary to establish the proper relationship between the weekly benefit payments and the numbers on the live register, since it is the latter figure which has been furnished by the Minister of Labour as a basis for estimates. On this point I have been supplied by the Minister with a detailed analysis of the claims current and of the benefit payments made, at a number of representative employment exchanges, in respect of the week ending 29th March 1924. I have also examined the weekly statistics published by the Ministry as to numbers on the "live register" in conjunction with the weekly totals of benefit payments. In the result I arrive at the conclusion that it may properly be assumed that the total weekly benefit payments will be equivalent to a sum ascertained by taking 75 per cent of the persons on the "live register"
"live register" at the full weekly rate of benefit, including allowances to dependants. This figure has been reached after a consideration of the statistics in respect of a period during which the right to establish Special Schemes for individual industries has been suspended. It will, therefore, continue to be applicable when this right is definitely withdrawn under the terms of Clause 8 of the present Bill.

(6) On this basis, and allowing for the increase in the rates of benefit, as provided in the Bill, from 1st July next, I estimate that the expenditure in benefits up to the end of the present benefit year (including £25,000 for Juveniles Unemployment Centres) will be £21,500,000. To this sum falls to be added the sum of £200,000 in respect of interest on the debt of the unemployment fund, making a total expenditure of £21,700,000. As the net income as shown in para. (3) for the same period is estimated at £23,900,000, the estimated reduction in debt will be £2,200,000 and the debt will be diminished from its present figure of £10,030,000 to about £7,800,000 by 15th October next.

(7) Similarly, I estimate that with an average number of 1,000,000 on the "live register" the net income and expenditure in the succeeding period up to 31st March, 1925 will be £21,200,000 and £17,600,000 respectively, thus admitting of a further reduction in debt of £3,600,000. But during this period the bulk of the compensation in respect of the refunds under Sec. (25) of the Act of 1920, mentioned in para. 2 (v) above, will become payable, with a consequent addition to the debt of the Fund. As shown in para. (12) below, I estimate the sum, so payable, at £5,000,000, and the debt with interest on 1st April, 1925, is accordingly estimated at £7,700,000.

Assuming the continuance of 1,000,000 persons on the "live register" I estimate that the debt will be finally extinguished.
extinguished about April 1926, and, in view of the fact that the contingent liability for refunds at the age of 60 will, under the provisions of the Bill, have been extinguished, this date may be taken as the end of the "deficiency period."

(8) After the end of the "deficiency period", the maximum rates of contribution of employers and employed together are fixed by the Act of 1923 at 1/- a week for men, and 9d. a week for women, with half rates for juveniles. Under Clause (6) of the present Bill, the Exchequer contribution is fixed at one-half of these figures.

Taking the average numbers on the "live register" at 800,000 as instructed, I estimate that the total annual income from contributions at the maximum rates would be £35,000,000 from which has to be deducted expenses of administration, which I am instructed should be taken at £3,500,000, making a net annual income of £31,500,000.

I estimate that the cost of benefits in a year at the increased rates provided in Part II of the First Schedule to the Bill will amount to £30,500,000, thus leaving an annual balance of £1,000,000, which could be applied to build up a reserve against future contingencies.

(9) In all the above calculations I have taken no account of the possible effects of Clause (4) of the Bill in regard to payment in certain cases of trade disputes. In the nature of the case, this is a factor the cost of which is insusceptible of calculation.

The cost to the Exchequer.

(10) The cost to the Exchequer will be increased during the "deficiency period" for two reasons. In the first place the inclusion of juveniles between the ages of 14 and 16 increases
the numbers of insured persons in respect of whom an Exchequer grant is payable; I estimate the consequent annual charge upon the Exchequer at £440,000. In the second place, the provisions of the Bill in regard to increases in the weekly rates of benefit and in the periods for which benefit is payable, will result in increased charges upon the fund with a consequent extension of the "deficiency period" beyond the date when it would have terminated under the provisions of the existing Acts. On the other hand some profit to the fund will accrue from the contributions of the new class of juveniles now to be included. The net result is that the relief to the Exchequer arising from the reduction in its contribution after the end of the "deficiency period" which is provided for under the present statutory provisions, will be deferred for a period of about 12 months. I estimate the additional charge on the Exchequer during the period at £7,000,000. In this connection I do not regard the payment of the compensation referred to in para (7) above as involving an extension of the "deficiency period". If the right to refunds of contributions at age 60 had remained as part of the Scheme of Unemployment Insurance, it would have been necessary to build up reserves in the Unemployment Fund corresponding to the sums now to be paid in compensation, before the Fund could have been certified as solvent.

Under Clause (6) of the Bill the contribution from the Exchequer after the end of the deficiency period is to be increased from one-fourth to one-half of the total contributions of employers and employed. Assuming that the maximum contributions named in the Act of 1923 (i.e., 1/- a week for men, with corresponding rates for women and juveniles) would have been, and will be payable, I estimate that the annual cost to the Exchequer will be thereby increased from 25,600,000 to £11,600,000.
The inclusion of juveniles between the ages of 14 and 16 (Clause 5.)

(11) As stated in para (3), I estimate that the number of boys and girls who will be brought into insurance under this provision will be 600,000. The Bill provides that the weekly rates of benefit are to be 5/- for boys and 4/- for girls, the contributions being at the rates at present appropriate to juveniles aged 16 to 18.

No data exist as to the rates of unemployment at these ages, but after considering the rates of unemployment among young persons of the ages 15-18 I arrive at the conclusion that this rate is not likely to exceed 5 per cent, this figure being based, of course, on the assumption that the statutory conditions imposed by the Bill will be strictly adhered to, and that benefit will not be paid in any case between the date of leaving school and the date of entering employment.

On the above assumptions, I estimate that the position will be as follows, if, as I am informed by the Minister of Labour, the annual amount applied to Juvenile Unemployment Centres will not exceed £100,000.

| Estimated Annual Expenditure on benefits of juveniles aged 14 to 16 | £ 500,000 |
| Share of expenses of administration | £ 170,000 |
| Contribution to cost of Juvenile Unemployment Centres | £ 100,000 |
| Total Annual Expenditure | £ 550,000 |
| Total Annual Income from Contributions of Employers, employed, and the State | £ 1,500,000 |

The appropriate amounts are included in the totals shown in para. (7) above.
Compensation in respect of refunds of contributions at the age of 60 (Clause 2).

(12) Section (25) of the principal Act provides that an insured person on reaching the age of 60 may be repaid if he satisfies certain qualifying conditions, the difference between the total of the contributions which he has personally paid and the benefits which he has received with interest at the rate of 2½ per cent. per annum. It should be noted that this sum is only payable if the insured person survives to the age of 60, and in general, if he has paid at least 500 contributions.

Clause (a) of the Bill directs that the present worth of the excess value of contributions shall be calculated in the manner prescribed by regulations and that such regulations shall have regard, inter alia, to the fact that an insured person may lapse from insurance or may die before attaining the age of 60. These provisions are clearly equitable, and indeed, do no more than lay down a basis for calculations which takes in the actual facts of the case.

In regard to the other provisions of the Clause, it should be noted that

(i) compensation is restricted to persons aged 50 and over on the date when the section comes into operation,
(ii) contributions and benefits paid subsequently to 7th November, 1920, are to be reckoned as if they had been paid at the rates provided by the Act of 1920.

As to the first point, it has already been stated that the present value of any accrued balances must be ascertained as being subject to the contingencies of death and lapse from insurance. There is the further contingency that these balances
balances may be exhausted by payment of benefits should the
insured person become unemployed before attaining age 60.
Having regard to the various contingencies in question, no
assessable value can attach to such deferred and contingent
rights as are represented by the balances now existing in
respect of persons who have many years to run before attaining
the age at which a refund can be made; for this reason the
right to compensation is limited by the Bill to persons of the
age of 50 and upwards who have paid at least 50 contributions.

In order that an estimate of the cost of the proposed
compensation should be made, I have been furnished by the
Minister of Labour with a sample of about 6,000 accounts of
persons over the age of 50. On the basis of the information
afforded by this sample, I estimate that the total amount to be
paid by way of compensation, calculated in accordance with the
provisions of the Bill, will be about £3,300,000. This sum
has been included in the estimated charges on the fund as
shown in para. (7) above.

I am, Sir,

Your obedient Servant,

(Signed) Alfred W. Watson.