MEMORANDUM FOR THE CABINET.

UNEMPLOYMENT BENEFIT.

MEMORANDUM BY THE MINISTER OF LABOUR.

1. The Unemployment Insurance Act passed on 1st August, 1924, made it one of the conditions for the receipt of unemployment benefit whether "standard" or "extended" that the individual applicant should have paid at least 30 contributions (i.e., should have been employed in insurable employment in each of 30 separate calendar weeks) since the beginning of the first of the two preceding "Insurance Years". The "Insurance Year" runs from July to July. The period during which the 30 contributions must have been paid is thus from 2 years, as a minimum, to 3 years, as a maximum, according to the time of year at which the question arises; at present (and up to July next) it is the period from the beginning of July, 1922, to the date of the claim.

2. Before the Act of August, 1924, was passed the corresponding requirement was the payment of at least 12 contributions at any time (i.e., not within any specified limit of time); this requirement moreover applied only to "covenanted" benefit and not to "uncovenanted" benefit.

3. A period of transition was clearly necessary for the application of the new requirement. The Act accordingly authorises the Minister of Labour during the period up to 1st October, 1925 to dispense with compliance with the new requirement in any case in which he thinks fit to do so. From 1st October, 1925, the new requirement comes fully into force, without power of mitigation.
4. In accordance with the instructions given by my predecessor, full advantage was taken of the temporary power to waive compliance with the new requirement, and this requirement has in fact been up to the present of little or no effect, although of course all the other tests with regard to the genuineness of claims have continued to be carefully applied. On coming into office I examined the position and came to the conclusion that it would not be advisable or possible to make any change during the stress of winter unemployment. I feel, however, the time has now nearly come when we should begin to apply the new requirement to at any rate some appreciable number of the cases intended to be covered by it. This is necessary because -

(a) it is in most cases intrinsically desirable to base the qualification for benefit on payment of at least a small number of contributions at a comparatively recent date; and

(b) the new requirement is, under existing legislation, to come into full force on 1st October next, and unless some approximation to it is reached before that date the numbers deprived of benefit by it at one blow will be so large as to make its application impossible.

5. To shew the effect of the new requirement I should mention that if applied fully now it would cut off about one quarter of those in benefit, or 250,000 persons. Large numbers of them would be workmen in engineering and shipbuilding who paid contributions steadily up to 1920 or 1921 but have been almost continuously unemployed since.

6. The action which I have in mind to take is to lay it down that, except in the case of disabled ex-Service men, benefit will not be payable unless either
(1) 8 contributions have been paid since the beginning of the first of the two preceding Insurance Years (i.e., within a preceding period of from 2 to 3 years); or

(2) a total of 30 contributions has been paid at any time.

I insert the second of these alternatives in order to cover the case particularly of the engineering or shipbuilding workman who has had little opportunity of work during the last 2 or 3 years.

As regards disabled ex-Service men I propose to ask the Local Employment Committees to consider specially any cases in which the new conditions are not satisfied, and when the Committee come to the conclusion that the failure to satisfy the conditions is due to the man's disability and recommend that benefit should be granted, this will be done. For the present purpose I include among "disabled men" all those who are now, or have at any time been, in receipt of a disability pension in respect of war service.

7. The number of cases in which benefit will be stopped under this proposal is not precisely known but is not likely to be large, - not more, probably, than 15,000, at a maximum. Most of those now on benefit who do not satisfy the suggested conditions are disabled men and they are not likely to be affected in the main. In fact, it should be appreciated that the value of the present proposal lies not in its actual effect in reducing the numbers on benefit, but in its being a first step towards sounder administration, and unless we are prepared to pass legislation postponing the date (1st October, 1925) when the new requirement is to come fully into force, the present proposal must be followed within the next few months by others of a more drastic character.
8. As to the date when the suggested new conditions are to be applied, I think this should not be before the unemployment curve shows a definite downward tendency, and I think further that the proposal should be announced in the House before it is actually put into force. Accordingly, unless there is some material change in the situation meanwhile, the best course in my opinion would be to make the proposal known in the House during the first week after resumption of the Session, and to bring it into operation on Thursday, February 19th - Thursday being the day of the week most convenient for administrative reasons; no actual cessation of payment would take place till the succeeding pay-day on February 26th or 27th and adequate notice would thus be given to anyone wishing to raise objection in the House.

9. If my colleagues see no objection I propose to take this course, and I have already given instructions for the carrying out of the necessary administrative measures, which will take from three to four weeks to complete.

(Ministry of Labour, 30th January, 1925) (Intd.) A. S - M.