

NATIONAL PROVIDENT FUND BILL.

MEMORANDUM.

THIS Bill embodies a scheme for the establishment of a National Provident Fund, contributors to which are thereby enabled and encouraged to make provision for old-age and sickness, and for the maintenance of their widows and orphans.

The fund is subsidised and guaranteed by the Government, in the same manner as the Public Service Superannuation Fund.

All persons may become contributors who are resident in New Zealand and are between sixteen and forty-five years of age, and whose income does not exceed £200 a year.

The contributions to the fund are weekly payments, the amount of which depends (1) on the age at which the contributor first joins the fund, and (2) on the amount of the pension for which he elects to contribute. Thus, for a pension of 10s. a week the weekly payment varies from 9d. a week at the age of seventeen to 4s. 11d. a week at the age of forty-five.

Provisions are made for the payment of contributions by lump sums in advance, and for the benefit of contributors who fall into arrears.

A contributor may at any time elect to withdraw from the fund, and is then entitled to a return of all his contributions, less any payments already received. The benefits secured by contributors are the following:—

(1.) A pension at the age of sixty, varying in amount from 10s. a week to 40s. a week according to the rate of contribution.

(2.) Widows' and Orphans' Pensions: If any contributor dies, after he has been a contributor for not less than five years, leaving children under the age of fourteen years, a sum of 7s. 6d. a week is payable to each child until the age of fourteen, and also to the widow so long as she has any child under fourteen dependent upon her.

(3.) Sickness and Accident Insurance: If any contributor becomes, after five years, incapacitated by sickness or accident for a period of more than three months while he is under the age of sixty years, and has children under fourteen dependent upon him, he receives an allowance of 7s. 6d. a week for each of those children during the subsequent period of his incapacity.

As an illustration of the operation of the scheme, a man who joins the fund at the age of twenty-five and elects to contribute at the rate of 1s. 3d. a week, and who subsequently marries and has four children, secures for himself the following benefits:—

- (a.) A pension of 10s. a week at sixty for the rest of his life:
- (b.) An allowance of 30s. a week during any period of incapacity exceeding three months, so long as he is under sixty years of age and his children are under fourteen:
- (c.) An allowance for his wife and children, on his death, of £1 17s. 6d. a week so long as those children are under fourteen:
- (d.) The right at any time, on giving twelve months' notice, to obtain a refund of all his contributions, less any benefits already received from the fund.

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Right Hon Sir J. G. Ward

NATIONAL PROVIDENT FUND.

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A BILL INTITULED

AN ACT to encourage the making of Provision against Destitution arising from Old-age, Sickness, Widowhood, and Orphanage. Title.

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows :—

1. (1.) This Act may be cited as the National Provident Fund Act, 1908. Short Title.

(2.) This Act shall come into operation on the first day of January, nineteen hundred and *nine*, save that all appointments and regulations required or authorised by this Act may be made at any time after the passing hereof.

2. In this Act, unless a contrary intention appears,—

Interpretation.

15 "Board" means the National Provident Fund Board established by this Act :

"Child" includes a posthumous child, but does not include an adopted child :

"Contributor" means a contributor to the National Provident Fund established by this Act :

20 "Fund" means the said National Provident Fund.

National Provident Fund.

National Provident Fund.

3. (1.) There is hereby established a fund to be called the National Provident Fund.

(2.) The fund shall consist of—

(a.) The contributions of contributors :

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(b.) Moneys paid into the fund under section twenty-three hereof or otherwise in pursuance of this Act :

(c.) Interest accruing from investment of the fund.

(3.) The fund shall be vested in the Public Trustee, who shall invest all moneys belonging thereto in such manner as is prescribed by regulations. 10

National Provident Fund Board.

4. The fund shall be administered by a Board called the National Provident Fund Board, consisting of the Minister of the Crown who is for the time being charged with the administration of this Act, together with four other persons appointed by the Governor and holding office during his pleasure. 15

Secretary and officers.

5. The Governor may appoint a Secretary to the Board, and such other officers as are deemed necessary for the due administration of this Act; and all or any of the persons so appointed may be paid such salaries or other remuneration as the Governor thinks fit out of moneys to be appropriated by Parliament for the purpose. 20

Regulations.

6. The Governor may from time to time by Order in Council make regulations consistent with this Act as to any of the following matters :—

(a.) The powers and procedure of the Board :

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(b.) The investment of the moneys of the fund by the Public Trustee :

(c.) The manner in which persons become contributors to the fund :

(d.) The manner in which contributions to the fund shall be paid, received, collected, transmitted, or accounted for :

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(e.) The manner in which payments out of the fund shall be made :

(f.) The medical examination of contributors who claim or are in receipt of allowances from the fund :

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(g.) The evidence required from persons claiming benefits from the fund :

(h.) The administration of this Act through the agency of the Post Office or any other branch or branches of the Executive Government :

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(i.) All other matters in respect of which regulations are deemed to be required or expedient for the effective administration of this Act.

Decision of the Board as to claims on fund to be final.

7. The decision of the Board on any matter affecting the rights of a contributor, or of any person claiming to be a contributor, or of any person claiming through a contributor or otherwise claiming any right or benefit under this Act shall in all cases be final and conclusive. 45

Contributors.

Who may be contributors.

8. (1.) Any person may become a contributor to the fund who at the time when his first contribution thereto is paid— 50

- (a.) Is resident in New Zealand ;
 (b.) Is over sixteen years of age ;
 (c.) Is under forty-five years of age ; and
 (d.) Is in receipt of an income not exceeding two hundred
 5 pounds a year.

(2.) For the purposes of this section the income of a contributor shall be deemed to be the average yearly income received by him during the period of three years next preceding the date at which he becomes a contributor.

- 10 (3.) Every person shall be deemed to become a contributor to the fund on the day on which he pays his first contribution thereto.

9. (1.) Contributions to the fund shall be payable by uniform weekly payments.

Contributions, how to be paid.

(2.) Contributions may be paid in advance.

- 15 (3.) Any contribution may be paid within six months after the due date thereof without any fine.

(4.) Any contribution may be paid after the expiry of six months from the due date thereof but within eighteen months from the due date thereof on payment at the same time of a fine equal to one-
 20 fourth of the contribution.

(5.) Every such fine shall be paid into the fund, but shall not be deemed for any purpose to be part of the contributions of the contributor by whom it was paid.

- 25 (6.) If any contribution to the fund is in arrear for more than eighteen months, the contributor shall thereupon cease to be a contributor to the fund and to be entitled to the benefits of this Act in respect thereof, but he shall be entitled to receive from the fund a return of all contributions theretofore made by him, less any sums which he has theretofore received from the fund in respect of
 30 the benefits hereinafter provided.

- (7.) When any moneys become payable out of the fund to or in respect of any contributor, all arrears of the contributions of that contributor, together with all fines payable in respect thereof, shall be a charge on the moneys so payable out of the fund, and shall be
 35 deducted therefrom accordingly.

10. (1.) A contributor to the fund may at any time elect in the prescribed manner to cease to be a contributor thereto.

Contributor may cease to contribute

- 40 (2.) Every person who so ceases to be a contributor shall on the expiration of twelve months thereafter be entitled to receive from the fund a return of all contributions theretofore made by him, less any sums which he has theretofore received from the fund in respect of the benefits hereinafter provided.

- 45 11. (1.) Every contributor shall contribute to the fund at such rate as is sufficient, in accordance with the scale set forth in the *First* Schedule hereto, to secure for that contributor when he attains the age of sixty years a weekly pension of *ten* shillings, *twenty* shillings, *thirty* shillings, or *forty* shillings, as the case may be ; and on so attaining the age of sixty years he shall be entitled, without making any further contribution, to receive for the rest of his life a
 50 pension of the said amount accordingly.

Contributions and pension.

(2.) Every such pension shall be payable at intervals of one month.

(3.) Every contributor shall at the time when he first becomes a contributor make his election as to the rate of pension for which he will contribute.

Contributions on higher scale.

(4.) A contributor may at any time while he is under the age of forty-five years elect, in the prescribed manner, to increase the rate of his contribution by such an amount as is sufficient, in accordance with the *First* Schedule hereto, having regard to the age to which he has then attained, to increase his pension to one of the higher rates specified in that Schedule. 5

Contributions on lower scale.

(5.) A contributor may at any time elect, in the prescribed manner, to reduce his contributions to such a rate as is sufficient, in accordance with the *First* Schedule hereto, if paid continuously as from the date at which he became a contributor, to secure a pension at one of the lower rates specified in the said Schedule, and he shall thereafter be entitled on attaining the age of sixty years to a pension of that smaller amount only. 10 15

(6.) On the expiration of twelve months after any such reduction of the rate of contribution, the contributor shall be entitled to receive from the fund a return of all contributions theretofore made by him in excess of the rate as so reduced, less any sums already received by him from the fund in respect of the benefits provided by this Act. 20

Return of contributions in lieu of pension.

12. Every contributor who becomes entitled to receive a pension may at any time before receiving and accepting the first payment thereof elect in the prescribed manner to accept in lieu of his pension a return of all contributions made by him to the fund, less all sums theretofore received by him from the fund in respect of the benefits provided by this Act. 25

Benefits to widow and children on death of continuous contributor.

13. (1.) If any person who has been a contributor for not less than five years continuously (hereinafter called a continuous contributor), dies while he is still a contributor, or if any person dies while in receipt of a pension under this Act, and (in either case) the deceased contributor leaves surviving him a child or children under the age of fourteen years, the following provisions shall apply. 30 35

(2.) There shall be payable out of the fund to or for the benefit of the said child or children and the widow (if any) of the deceased contributor an allowance in accordance with the scale set forth in the *Second* Schedule hereto.

(3.) The allowance so payable out of the fund may, at the discretion of the Board,— 40

- (a.) Be paid to the said widow for the maintenance of herself and the said children; or
- (b.) Be divided between the said widow and children, or any of them, in such proportions as the Board from time to time determines; or 45
- (c.) Be expended by the Board for the benefit of the said widow and children, or any of them, in such manner as the Board thinks fit; or
- (d.) Be paid to any other person or persons to be expended on behalf of the said widow and children, or any of them, in such manner as the Board directs. 50

(4.) Every such allowance shall be paid at intervals of one month, or at such shorter intervals as the Board in any case directs.

(5.) If owing to the death of children or to their attaining the age of fourteen years or through any other cause the allowance ceases to be payable before the aggregate payments are equal to the contributions made to the fund by the contributor in his lifetime (less any moneys received by the contributor out of the fund in his lifetime), the difference between those two amounts shall thereupon be payable out of the fund to the widow of the deceased contributor, or (if there is no such widow then surviving) to the children (if any) of the deceased contributor in equal shares.

(6.) Nothing in this section applies to the death of a contributor who at the time of her death is a married woman.

14. If a contributor dies under such circumstances that no allowance is payable out of the fund in pursuance of the *last preceding* section, all the contributions made to the fund by that contributor (less any moneys received by him from the fund in his lifetime) shall be paid out of the fund to the personal representatives of the deceased contributor in trust for the persons entitled thereto under his will, or, in case of his intestacy, in trust for the persons entitled to share in the distribution of his intestate estate.

Benefits on death of contributor in other cases.

15. (1.) If and as often as any continuous contributor who is under the age of sixty years becomes by reason of any illness or personal injury wholly incapacitated, either permanently or temporarily, from carrying on his trade, business, employment, calling, or occupation, the following provisions shall apply.

Benefits during incapacity in certain cases.

(2.) If and so long as at any time during any such period of incapacity the contributor is the parent of any child or children under the age of fourteen years, the contributor shall be entitled to receive from the fund during the period of his incapacity (subject, however, to the conditions and limitations hereinafter expressed) an allowance in accordance with the provisions of the *Second Schedule* hereto.

(3.) No contributions to the fund shall be payable by a contributor in respect of any period during which he is in receipt of any such allowance, but he shall for all other purposes be deemed to remain a contributor to that fund during that period.

(4.) No such allowance shall be payable in respect of any incapacity which is due to the serious misconduct of the contributor.

(5.) No such allowance shall be payable in respect of any incapacity which lasts for a shorter period than three months, and if the incapacity lasts for more than three months no such allowance shall be payable in respect of the first three months.

(6.) No such allowance shall be paid in respect of any period of incapacity arising out of any illness or injury which commenced or happened at any time before the person so incapacitated had been a contributor for five years at least.

(7.) No such allowance shall exceed in respect of any period of incapacity the amount of the pecuniary loss which in the opinion of the Board the contributor has probably suffered during that period by reason of his incapacity.

(8.) If during the period of incapacity, or any part of that period, the income of the contributor (apart from any allowance under this

section) exceeds four pounds a week, no such allowance shall be payable in respect of that period, or of that part thereof, as the case may be.

(9.) Every person claiming any such allowance, or in receipt of any such allowance, shall at all times and from time to time submit to such medical examination as is required by the Board in accordance with regulations; and if any person refuses without lawful justification to submit to any such examination, or in any manner obstructs or delays any such examination, his allowance may be forfeited or suspended by order of the Board. 5 10

(10.) Any such allowance may, if the Board thinks fit, instead of being paid to the contributor, be expended by the Board in such manner as it thinks fit for the benefit of any child or children of the contributor under the age of fourteen years, or be paid to any other person to be expended for the benefit of any such child or children in accordance with the directions of the Board. All sums so expended or paid by the Board shall for all the purposes of this Act be deemed to have been received by the contributor out of the fund. 15

(11.) Every such allowance shall be payable at intervals of one week, or at such longer intervals (not exceeding one month) as the Board determines. 20

(12.) If, while any such allowance continues to be made, the contributor attains the age of sixty years, the allowance shall thereupon cease.

Benefits of this Act extended to children under eighteen years of age if disabled from earning their own living.

16. All the provisions of this Act with respect to a child under the age of fourteen years shall extend and apply to a child who is under the age of eighteen years, and who by reason of bodily or mental infirmity is in the opinion of the Board unable to maintain himself by his own exertions. 25

Miscellaneous.

Contributor ceasing to reside in New Zealand.

17. If a contributor, at any time before he attains the age of sixty years, ceases to reside in New Zealand, the Board may by a resolution declare that he has ceased to be a contributor, and he shall thereupon cease to be a contributor accordingly and to be entitled to the benefits of this Act; but he shall thereupon be entitled to receive from the fund a return of all contributions theretofore made by him, less all sums that have been already received by him from the fund. 30 35

Benefits not assignable.

18. In no case shall any moneys payable out of the fund to any person be in any way assigned or charged or pass to any other person by operation of law; nor shall any moneys payable out of the fund on the death of a contributor be assets for the payment of his debts or liabilities. 40

Old-age Pensions Act modified.

19. Moneys payable out of the fund to any person in pursuance of this Act shall not be deemed to be income or accumulated property within the meaning of the Old-age Pensions Act, 1908. 45

Expenses of administration.

20. All expenses incurred in the administration of this Act, other than the moneys payable out of the fund in pursuance of this Act, shall be paid out of moneys from time to time appropriated by Parliament. 50

21. (1.) Before the first day of April in each year there shall be prepared by the Board, in such form as may be prescribed, a statement of its revenue account for the year ending on the thirty-first day of December preceding, and of its balance-sheet at the close of that year, together with a statement of membership and of retiring and other allowances at the close of that year.

Statement of accounts.

(2.) Every such statement, accompanied by a report from the Board, after being audited by the Audit Office, shall, within ten days after the completion of the audit, be forwarded by the Board to the Minister of Finance, who shall within ten days after the receipt thereof lay the same before Parliament if then sitting, or if not, then within ten days after the commencement of the next ensuing session.

22. (1.) For the period ending on the thirty-first day of December, nineteen hundred and *eleven*, and for each triennial period thereafter, an examination of the fund shall be made by an Actuary appointed by the Governor.

Triennial examination.

(2.) The Actuary shall set forth the result of his examination in a report, which shall be so prepared as to show the state of the fund at the close of the period, having regard to the prospective liabilities and assets and the probable annual sums required by the fund to provide the pensions and other allowances falling due within the ensuing three years without affecting or having recourse to the actuarial reserve appertaining to the contributors' contributions.

(3.) A copy of the report shall be sent by the Actuary to the Minister of Finance, and shall within ten days after it is received be laid before Parliament if then sitting, or if not, then within ten days after the commencement of the next ensuing session.

23. (1.) The benefits provided by this Act are hereby guaranteed to every contributor by the Government of New Zealand.

State guarantee and subsidy.

(2.) The Minister of Finance shall in the month of April in each year, commencing with the year nineteen hundred and *ten*, pay into the fund by way of subsidy out of the Consolidated Fund, without further appropriation than this Act, a sum equal to one-fourth of the total contributions paid into the fund during the last preceding year ending on the thirty-first day of December, together with such further amount (if any) as is deemed by the Governor in Council, in accordance with the aforesaid report of the actuary, to be required to meet the charges on the fund during the current financial year.

(3.) A statement of all amounts so paid into the fund shall be laid before Parliament within ten days after the payment thereof if Parliament is then sitting, or if not, then within ten days after the commencement of the next ensuing session.

Schedules.

SCHEDULES.

Section 11.

FIRST SCHEDULE.

SCALE OF CONTRIBUTIONS.

Age of Contributor when First Contribution is made.	Weekly Contribution required to secure a Pension of Ten Shillings a Week at Sixty Years of Age.		Weekly Contribution required to secure a Pension of Twenty Shillings a Week at Sixty Years of Age.		Weekly Contribution required to secure a Pension of Thirty Shillings a Week at Sixty Years of Age.		Weekly Contribution required to secure a Pension of Forty Shillings a Week at Sixty Years of Age.	
	s.	d.	s.	d.	s.	d.	s.	d.
17	0	9	1	6	2	3	3	0
18	0	10	1	8	2	6	3	4
19	0	10	1	8	2	6	3	4
20	0	11	1	10	2	9	3	8
21	1	0	2	0	3	0	4	0
22	1	0	2	0	3	0	4	0
23	1	1	2	2	3	3	4	4
24	1	2	2	4	3	6	4	8
25	1	3	2	6	3	9	5	0
26	1	4	2	8	4	0	5	4
27	1	5	2	10	4	3	5	8
28	1	6	3	0	4	6	6	0
29	1	7	3	2	4	9	6	4
30	1	8	3	4	5	0	6	8
31	1	9	3	6	5	3	7	0
32	1	10	3	8	5	6	7	4
33	2	0	4	0	6	0	8	0
34	2	2	4	4	6	6	8	8
35	2	3	4	6	6	9	9	0
36	2	5	4	10	7	3	9	8
37	2	7	5	2	7	9	10	4
38	2	10	5	8	8	6	11	4
39	3	0	6	0	9	0	12	0
40	3	3	6	6	9	9	13	0
41	3	6	7	0	10	6	14	0
42	3	10	7	8	11	6	15	4
43	4	2	8	4	12	6	16	8
44	4	6	9	0	13	6	18	0
45	4	11	9	10	14	9	19	8

Each age referred to in this Schedule is the age of the contributor on his next succeeding birthday.

Sections 13, 15

SECOND SCHEDULE.

SCALE OF ALLOWANCES FOR INCAPACITATED CONTRIBUTORS AND FOR THE WIDOWS AND CHILDREN OF DECEASED CONTRIBUTORS.

(1.) IN respect of every child of a deceased or incapacitated contributor, so long as that child is under the age of fourteen years, an allowance shall be payable at the rate of seven shillings and sixpence a week.

(2.) IN respect of the widow of a deceased contributor, if and so long as any child of that contributor is under the age of fourteen years, an allowance shall be payable at the rate of seven shillings and sixpence a week.

(3.) The above-mentioned allowances shall be calculated from time to time in accordance with the number of children for the time being under the age of fourteen years, and shall cease when there is no longer any child under that age.

(4.) No allowance under this Schedule shall be payable for a longer aggregate period than fourteen years, whether in respect of the incapacity or the death of a contributor, or partly in respect of his incapacity and partly in respect of his death, and whether in respect of the same or of different periods of incapacity.