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PRESERVATION

DEPT. OF SOCIAL WELFARE
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**Ten years of
Social Security
in New Zealand**

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FOREWORD

ONLY ten years have passed since Social Security was introduced in New Zealand; yet within that time every-one of us has, in some measure, benefited from it.

New Zealand's Social Security Scheme is based on a broad and humane conception of citizenship. The principle behind the Act is the desire to provide for all who, through misfortune beyond their control, need help.

Until recently, the family was the only institution which gave this help—it was, among its other functions, the first social security organisation. The parent cared for the child in infancy, the child supported the parents in their old age, and all members of the family group combined to help one of their numbers who was in need or had suffered misfortune.

But the family could cope only with limited misfortune, and to-day the more humane attitude no longer assumes that the individual can or must provide for all contingencies through his own thrift and that the State has no obligation in the matter. It realises that the majority of wage-earners, however thrifty, are unlikely to be able to save enough to protect themselves against possible stoppages of earning power.

The passing of the Social Security Act in 1938 was a landmark of progress. By the end of the war, however, more and more nations were providing security for their citizens, and the experience gained from the New Zealand legislation has helped the introduction of similar schemes overseas. New Zealand can well be proud to have led the way.

W. E. PARRY,
Minister of Social Security.

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PRESERVATION

10 Years of Social Security

SOCIAL SECURITY is an ideal now accepted by almost all democratic countries; most of them have made some progress towards making the ideal a reality.

In New Zealand, Social Security means that to-day every citizen and his dependents are not only assured of enough to live on in reasonable comfort in any emergency which may deprive them of their normal income, but they are also provided with a wide range of free health services.

Only ten years have passed since a comprehensive system of Social Security was introduced. Until 1938 New Zealand's pensions were confined to the aged, widows, miners and blind people and a system of family allowances.

Social Security introduced a new concept, which was that every citizen had a right to a reasonable standard of living and that it was a community responsibility to ensure that its members were safeguarded against the economic ills against which they could not protect themselves.

The inspiration of the Social Security Act was the determination to end poverty in New Zealand. Social Security is inseparably linked with the name of Michael Joseph Savage, who was unremitting in

the war against poverty. In his own words:

"The fear of poverty in old age or invalidity is probably the greatest of all causes of worry ending in sickness of body and mind and even death."

A comprehensive system of benefits was thus established covering all the main economic hazards which had been, in the past, the cause of poverty—sickness, old age, invalidity, widowhood, orphanhood, injuries through accidents, costs of medical care, and maternity expenses.

The scope of all the existing pensions system was incorporated and new benefits were added. At the same time, the weekly rate of benefit was considerably increased above the level that formerly applied under the pensions system.

A notable step forward was the inclusion of the entirely new principle of universal superannuation. This provided that every person at the age of sixty-five—no matter what his or her income or property assets—is entitled to superannuation. Beginning in 1940 at the rate of £10 a year, these payments increase by £2 10s. a year until the maximum of £130 is reached in 1988.

The Act has also provided a new approach to the payment of benefits. Previously, the various schemes of pensions were not infrequently looked upon

as a form of charity, and many deserving people were diffident in claiming what was really due to them for their part in building up the Dominion. Under the Social Security legislation, all are required to contribute and all may benefit in one way or another.

In the field of health, the Social Security Act made a new approach. Not only did it provide for monetary aid in the form of pensions and payments, but it also recognised the importance of preventing disease, and laid the basis for free medical care and treatment.

The general health of the people of New Zealand has benefited considerably. There is now no economic barrier to prevent every citizen from obtaining the best of medical care. Free radiological and laboratory services assist the general practitioner in his diagnosis; treatment, pharmaceutical services, hospital services, massage services, and even a range of artificial aids, are now available free.

New Zealand's pension system had its beginnings as far back as 1882, when Major Atkinson (subsequently Sir Harry Atkinson and Prime Minister) proposed a scheme of National Insurance. Atkinson's proposals were defeated, but Richard John Seddon persevered with the idea and in 1898, came the Old Age Pension.

Speaking on the proposal Seddon said:

"When he (the wage-earner) has done his duty and raised a family . . . I say it is impossible for him either to pay an insurance premium or make any provision whatever for his old age. The better the father, the better the husband, the more he has done for his family, in my opinion, the poorer he will find himself in his old age."

The Old Age Pension was a new departure in social legislation, adopting the idea that the State had some responsibility for those citizens whose own efforts

were not enough to keep them from poverty in their old age. This measure was the first of its kind in any British country. The pension was small and hedged with restrictions—but it was a beginning.

In the following thirty years there were some improvements and extensions. Various contributory systems of provision for old age were introduced—superannuation for public servants, teachers, local authorities' and railway's employees in the early part of the present century, and in 1911 the National Provident Fund, an annuity scheme which the State administers, subsidising contributions by one-fourth. This was followed by pensions for needy widows; in 1919 pensions were granted to miners wholly incapacitated through phthisis contracted in New Zealand mines, and in 1926 small allowances were granted to parents with limited income who had more than two children.

Then came the slump of 1930-35, during which pensions were reduced by ten per cent.

But the people were ready for changes, especially changes in the direction of security. In 1935 the new Government restored these cuts and pledged itself to introduce "a complete co-ordinated national health service based upon universal insurance". In 1936 the Government set up a National Health and Superannuation Committee to investigate the problem, and their findings were the basis of the Social Security Act of 1938.

Such is the background to Social Security in New Zealand. The aim has been, and still is, to enable the people to share and enjoy the fruits of their labours for the nation.

Financial Security

THE monetary benefits are designed to cover the economic hazards associated with age, sickness, invalidity, widowhood, orphanhood, family responsibility and unemployment, as well as providing a general superannuation scheme. All monetary benefits came into force on April 1, 1939, except the Superannuation Benefit, which became effective from April 1, 1940. Figures showing the number of benefits in force and the amount expended are for the year ended March 31, 1949.

Superannuation Benefit

SUPERANNUATION

Benefits are payable at the age of 65 to all persons not in receipt of Age or other benefit irrespective of income or property owned. To qualify, those who were in New Zealand on March 15, 1938, require a 10-years residence, and others must show a 20-years residence.

Starting at a rate of £10 a year in 1940, this benefit increases by £2/10/- yearly until it reaches the maximum of £130 in 1988.

At March 31, 1949, a total of 65,839 persons were receiving these benefits at the rate of £30 a year. The amount paid during the twelve months totalled £1,850,079.



Age Benefit

THE qualifying age

for both men and women is 60 years, and residential qualifications are the same as for superannuation. The basic rate is £130 a year. If a wife is under 60 and therefore not eligible in her own right, the basic rate may be increased by up to £130 a year, provided the total income of the husband and wife, plus any benefit payable, does not exceed £312 a year. In determining the value of property no account is taken of a house or furniture, or of any interest in land, mortgage on land, annuity or life insurance policy, but if the other property, such as cash, shares, etc., exceeds £500 the benefit is reduced by £1 for every complete £10 of the excess. In assessing the property



of married couples it is considered that each party owns half the joint property, and in many cases this makes the maximum benefit payable to both. There were 116,254 benefits in force at March 31, 1949, the amount paid for the previous year being £13,790,971.



Widows' Benefit

WIDOWS with dependent children under 16 receive £130 a year, plus a mother's allowance of £78 a year and also 10/- a week family benefit for each child. They are permitted other income up to £78 a year, after which the benefit is reduced by £1 for each £1 in excess. Childless widows under 60 years of age who are eligible, receive £130 a year, with a limit



of benefit and income of £208. Deserted wives and the wives of patients in mental hospitals are regarded as widows for benefit purposes. The sum of £1,911,134 was paid for the year as Widow's Benefits, and at March 31, there were 14,883 beneficiaries.



Orphans' Benefit

LIKE Superannuation, Orphans' Benefits were one of the Social Security Act's original contributions. Up to £1/5/- a week may be paid to the guardian of the child, the rate being determined by the Social Security Commission in the light of any income or property the orphan may possess. The benefit ceases when the orphan reaches 16 years of age, although, to assist the



Protection of the family as a unit, as well as the individual, is the aim of Social Security.

child's education, the Commission may continue the benefit until the end of the school year in which he reaches the age of 18.

There were 518 children receiving benefits at March 31, and the amount paid for the year was £27,623.



Family Benefit

FROM April 1, 1946,

the parents of any children may apply for a Family Benefit of 10/- a week for each child.



Before that date, Family Benefits were subject to a means test, but they are now paid irrespective of income or property. Normally the benefit ceases when the child reaches 16 years, but it may be extended if the child's education is being furthered or if he is unable through some physical or mental defect to earn a living.

At March 31 there were 248,726 benefits in force in respect of 548,330 children. Expenditure on Family Benefits for the year amounted to £14,242,202.



Invalids' Benefits

INVALIDS' Benefits

are payable to persons between the age of 16 and 60 years who are totally blind or permanently incapacitated for work through accident, illness or congenital defects, provided they have been living in New Zealand for ten years. For single persons under 20 years the rate is £104 a year, and for all others £130. For a married man there is also £130 for his wife and a Family Benefit of 10/- a week for each dependent child. Qualifications regarding



Sickness benefits are paid to persons over 16 years who, by becoming temporarily incapacitated for work through sickness or accident, lose salary, wages or other earnings.



UNIVERSAL SUPERANNUATION



65,839



£1,850,079

INVALIDS



10,051



£1,348,616

WIDOWS



14,883



£1,911,134

EMERGENCY



£251,409



2,735

SICKNESS



30,421



£911,107

ORPHANS



518



£27,623

WAR VETERANS' ALLOWANCES



£562,634



3,367

UNEMPLOYMENT



344



£8,948

Monetary Benefits in 1948



548,330

FAMILY

AGE



116,254



£13,790,971



£14,242,202

MINERS



£113,659



660

WAR PENSIONS



46,581



£4,018,898

For the aged, there is comfort and an assured income . . . at 60, a basic Age Benefit of £2/10/- a week; at 65, Superannuation Benefits.



income and property are similar to those for Age Benefits. Personal earnings of a blind person up to £3 a week are not taken into account in assessing the benefit, and a subsidy on his earnings of 25 per cent may be made provided his total income does not exceed £5/10/0 a week.

There were 10,051 Invalids' Benefits in force at March 31, and the expenditure for the year was £1,348,616.

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Miners' Benefit

MINERS' Benefits are payable to miners who are seriously and permanently incapacitated through miners' phthisis or totally incapacitated by any other occupational or heart disease contracted while working in New Zealand mines. Five years residence in New Zealand and a total of 2½ years in the mines is necessary. The rate is £130 a year, plus £130 for a wife and 10/- a week Family Benefit for each dependent child. The widow of a miner who dies while in receipt of a benefit is entitled to £104 a year. There is no reduction in the benefit on account of



the income or property of a miner or his wife.

There were 660 benefits in force at March 31, and for the year, the amount paid was £113,659.

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Sickness Benefits

SICKNESS benefits are paid to persons over 16 years who are temporarily incapacitated for work through



sickness or accident and thereby lose salary, wages or other earnings. If the owner of a business is compelled to employ a substitute the remuneration paid to the substitute is regarded as loss of earnings. The rate is £1/10/- a week for those under 20 years, £2/10/- for others, plus £2/10/- for a wife and 10/- per child Family Benefit. A 12-months residence in New Zealand is necessary. The other income allowable is £1 a week, but this is increased to £2 a week where sick benefit is being received from a friendly society or similar body.

The number of benefits granted during the year totalled 30,421, with an expenditure of £911,107. The number in force at March 31 was 4,945.

Unemployment Benefit

PERSONS over 16 years

who have lived in New Zealand for 12 months are entitled to Unemployment

Benefits if they are unemployed, are capable and are willing to undertake suitable work, and have taken reasonable steps to secure suitable employment. Rates are the same as for Sickness Benefits. Only 344 persons required these benefits during the year, the amount involved being £8,948. At March 31, only 30 benefits were in force.



Emergency Benefit

A PERSON who does not

qualify for any other benefit but who is unable through physical or mental disability or domestic circumstances to earn a living is able to obtain an Emergency Benefit in cases where hardship is indicated. In each case the amount is determined by the Social Security Commission. During the year 2,735 benefits were granted, and the expenditure was £251,409. The number in force at March 31 was 2,026.



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War Pensions

WAR pensions are

handled by the War Pensions Division of the Social Security Department, and are paid out of the Consolidated Fund

from general taxation. Pensions or allowances are granted by the War Pensions Board, a body of four, one a doctor and another a representative of the Forces. Dissatisfied applicants may proceed to a War Pensions Appeal Board. Both boards are instructed to give the claimant the benefit of any doubt.



Disablement pensions are assessed according to the degree of disability and are not affected by other income. The total disablement rate is £3/10/- a week. An additional allowance of up to £2 may be paid for total blindness or two or more serious disabilities. An "economic pension" up to £2/5/- a week may also be granted if the disablement makes it difficult for the ex-serviceman (or woman) to hold



Invalids and the blind receive ample benefits, with a basic rate of £2/10/- a week.

suitable employment. To this may be added £1/5/- for a wife where there are no dependent children, or £1/15/- a week where there are dependent children. In addition, there is 10/- a week payable for each child.

There are also a number of special considerations—attendant's allowance up to £5/10/- a week to a totally disabled soldier who needs constant attention, up to £18 a year to pensioners wearing artificial limbs, and also travelling concessions.

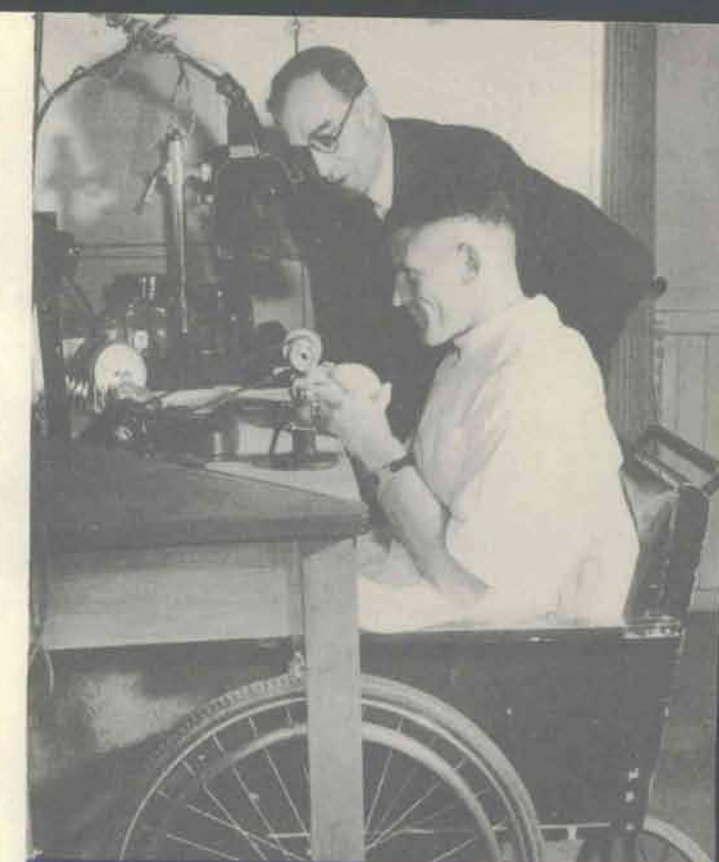
Widows of all below commissioned rank receive £2/10/- a week, plus £1/15/- Mother's Allowance if there is a child and 10/- per dependent child. In addition to her Widow's Pension, the widow may be granted an economic pension of £1/5/- a week.

War Pensions paid for the year amounted to £4,018,898.

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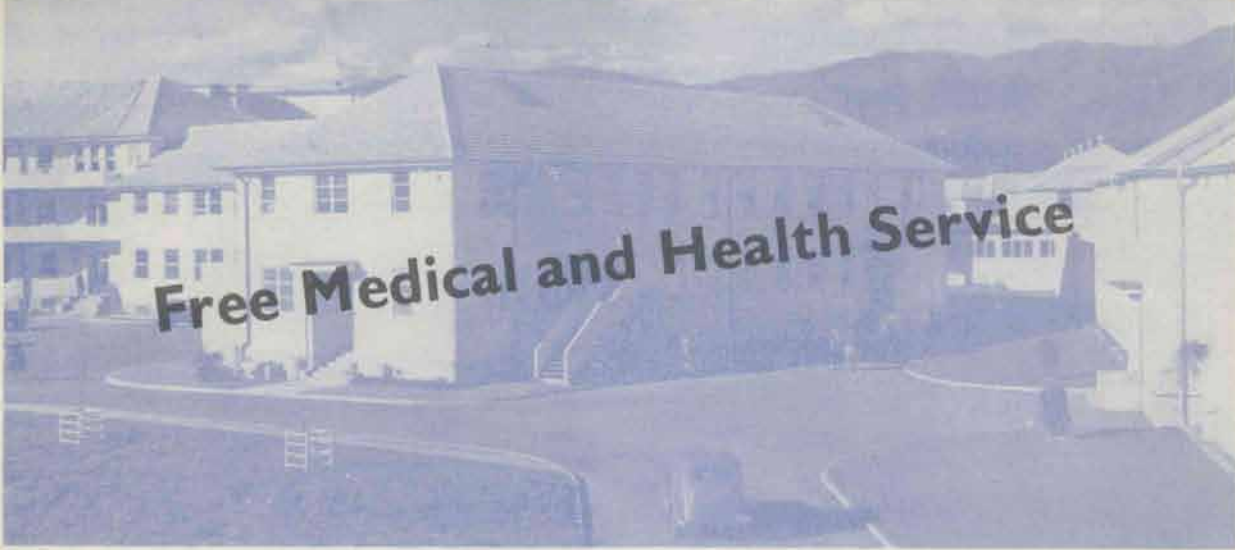
War Veterans' Allowances

ALLOWANCES are paid to ex-servicemen and servicewomen of the New Zealand Armed Forces who, apart from injuries, are ageing prematurely or becoming unfit for permanent employment. For a single



Disability war pensions are assessed according to the degree of disability and are not affected by other income.

veteran the rate is £130 a year with a total income limit of £182, and in the case of a married man £130 is also paid in respect of his wife. During the year, 3,367 allowances were paid, amounting to £562,634.



Free Medical and Health Service

Medical Benefits

UNDER the General Medical Services Scheme a doctor is paid 7/6 from the Social Security Fund for each consultation

at his surgery or at a patient's home, with additional payments for night and Sunday calls and mileage fees.

Patients either pay their doctor his full normal fee and then claim the appropriate refund from the Fund (supporting their claim with the doctor's receipt) or pay the doctor the balance of his fee above the Social Security payment, the doctor claiming the appropriate amount from the Fund. The doctors themselves determine which procedure is to be followed. A number of doctors accept the 7/6 from the Fund in full satisfaction and charge nothing to the patient.

There is also a medical benefits capitation scheme under which doctors may enter into contracts to provide individual persons with medical services. Under this scheme



★ *The health benefits ensure that every person, no matter what his income, can obtain the best of medical care.*

a doctor receives from the Fund a capitation fee of 15/- a year for each patient on his list, together with annual mileage fees. Only a few doctors have taken up this scheme.

General medical services do not include specialist services, but the patient may still claim 7/6 for each consultation. The expenditure on all classes of medical benefits during the year was £2,306,881.

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Pharmaceutical Benefits

PRACTICALLY all medicines and drugs prescribed by a doctor are supplied free. The scheme is carried out by contracts between the Minister of Health and individual chemists, who obtain payment from the Social Security Fund, supporting their claim with the prescription. The benefits are also available at the out-patients' department of some public hospitals, while in some remote country areas doctors dispense



medicines, with a 10 per cent. discount on official prices. Proprietary medicines generally are excluded from the scheme. During the year the amount paid for Pharmaceutical Benefits amounted to £1,793,159.



Hospital Benefits

PATIENTS now receive free treatment in public hospitals, the fees being paid by the Social Security Fund. For treatment in private hospitals payments from the Fund normally cover only part of the charges, the balance being paid by the patient. Outpatient treatment is free at public hospitals. Free maintenance and treatment is provided in the State mental hospitals, and also in approved institutions, such as the Karitane Hospital for women and babies, where both mother and child receive free treatment.



During the year payments for Hospital Benefits amounted to £1,997,375.



Maternity Benefits

MEDICAL services covering maternity work, including both ante-natal and post-natal advice and treatment, are paid for at an agreed scale from the Social Security Fund, although officially recognised obstetrical specialists may charge an additional fee. Mothers may have, free of charge, either public maternity hospital



For each consultation with a doctor the Social Security Fund contributes 7/6 towards the fee.



Practically all medicines and drugs prescribed by a doctor are supplied free.

HEALTH BENEFITS IN 1948



Medical
£ 2,306,881



Other Benefits
£ 861,913



Maternity
£ 916,120



Pharmaceutical
£ 1,793,159



Hospital
£ 1,997,375

care or the services of an obstetric nurse during labour and for 14 days after child-birth. All private maternity hospitals accept the standard rates as part payment.

Expenditure on these benefits during the year amounted to £916,120.

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Other Benefits

Other health benefits cover:—

1. X-ray diagnostic services, which are free if provided by hospital boards and part-paid if provided under specified conditions by radiologists in private practice.



2. Free laboratory diagnostic services if provided by a public hospital or by a recognised private pathologist.
3. Massage treatment given by private registered masseurs on the recommendation of a doctor, the benefit for each treatment amounting to 3/6 out of a total fee of 7/6.
4. The supply of artificial aids. Contact lenses are provided free and artificial limbs at four-fifths of the cost. New Zealand-made hearing aids are free if provided by a hospital board, and there is a subsidy of £13 towards the private purchase of an imported set.
5. A free district nursing service.

Expenditure on these services during the year amounted to £861,913.



GROWTH OF BENEFITS

	1929	1939	1949
UNIVERSAL SUPERANNUATION ..	Nil	£10	£32/10/-
AGE BENEFIT—			
Basic Rate	£45/10/-	£78	£130
Wife (not herself eligible) ..	Nil	£13	£130
Each Child	£13*	£13	Family Benefit of 10/- a week
FAMILY BENEFIT	2/- a week for each child in excess of 2	4/- for each child in excess of 2	10/- a week for each child
WIDOW'S BENEFIT—			
With Children	£26	£65	£208
Each Child	£26	£26	Family Benefit of 10/- a week
Without Children	Nil	£52	£130
INVALIDS' BENEFIT—	Provision for totally blind only		
Basic Rate	£45/10/-	£78	£130
Wife	Nil	£26	£130
Each Child	Nil	£26	Family Benefit of 10/- a week
Unmarried Under 20 years of age	Nil	£52 (under 21 years)	£104
ORPHANS' BENEFIT—			
Basic Rate	Nil	15/- a week	£1/5/- a week
MINERS' BENEFIT—			
Basic Rate	£65	£78	£130
Wife	£26	£26	£130
Each Child	Nil	£26	Family Benefit of 10/- a week
Widow	£45/10/-	£45/10/-	£104
SICKNESS BENEFIT—	<i>weekly</i>	<i>weekly</i>	<i>weekly</i>
Basic Rate	Nil	£1	£2/10/-
Wife	Nil	15/-	£2/10/-
Each Child	Nil	5/-	Family Benefit of 10/- a week
Under 20 Years of Age	Nil	10/-	£1/10/-
UNEMPLOYMENT BENEFIT—			
Basic Rate	Nil	£1	£2/10/-
Wife	Nil	15/-	£2/10/-
Each Child	Nil	5/-	Family Benefit of 10/- a week
Under 20 Years of Age	Nil	10/-	£1/10/-
EMERGENCY BENEFIT—			
Basic Rate	Nil	At the discretion of the Social Security Commission	At the discretion of the Social Security Commission

*Total allowance, and only
if two or more children.

FINANCE

A healthy and secure people, free from fears of old age and sickness, is an immeasurable asset in terms of pounds shillings and pence.

EXPENDITURE on Social Security has rapidly become the largest bulk expenditure of the Government. The 1949 Budget provides £46½ million for Social Security, including £1,800,000 for increased benefits.


















A separate Social Security Fund is operated on and financed by a special tax of 7½ per cent. (that is, 1/6 in the £) on all income, earned and unearned. The receipts from this tax cover approximately two-thirds of the present estimated expenditure, and most of the balance is made

up by a transfer from the Consolidated Fund. To meet outgoings in 1949-50 the sum of £12 million is provided for transfer from the Consolidated Fund.

Of this expenditure, Monetary Benefits (£37 million) constitute the largest part of the total, compared with £8 million spent on Health Benefits. Age Benefits (over £15½ million) and Family Benefits (over £14½ million) are the largest items.

Administration expenses are low, and are less than 2 per cent. of the total payments.

RECEIPTS ————— 1948 ————— Expenditure

		MONETARY BENEFITS		£	
1/6 in the £ SOCIAL SECURITY TAX £29,378,385		Universal Superannuation	1,850,079		
		Age	13,790,971		
		Widows	1,911,134		
		Orphans	27,623		
		Family	14,242,202		
		Invalids	1,348,616		
		Miners	113,659		
		Unemployment	8,948		
		Sickness	911,107		
		Emergency	251,409		
GENERAL TAXATION £15,000,000	HEALTH BENEFITS				
		Medical	2,306,881		
		Hospital	1,997,375		
		Maternity	916,120		
		Pharmaceutical	1,793,159		
Miscellaneous Receipts £122,080		Other Benefits	861,913		
TOTAL				TOTAL	42,331,196
£44,500,465					

No. 3629.

CLASS 368-400 9931

NEW

RECIPROCAL BENEFITS

NEW ZEALAND has reciprocity agreements in the field of Social Security with Australia, Great Britain and Northern Ireland.

Under the Social Security (Reciprocity with Australia) Act, 1948, an age, widow's, invalid's, family, unemployment or sickness benefit may be paid where an applicant has resided both in New Zealand and in the Commonwealth of Australia. Residence or birth in Australia may be treated as residence or birth in New Zealand, and any qualifying conditions which arose in Australia may be treated as having arisen in New Zealand to enable a grant of any of the specified benefits to be made by the Commission.

Under this reciprocal agreement, a New Zealander taking up permanent residence in Australia may apply for benefit under the Social Services Consolidation Act, 1947-48. Any person now living permanently in New Zealand who previously lived in Australia may qualify for a reciprocal benefit.

In addition, any New Zealander who takes up temporary residence only in Australia and who would qualify for a Social Security benefit but for his absence from New Zealand may apply to the Director-General of Social Services as agent for the Social Security Commission, which will consider the application as if it had been made in New Zealand.

A benefit granted before or during temporary residence in Australia may be paid to the beneficiary in that country, and in such circumstances the Director-General of Social Services makes the necessary payments on behalf of the Social Security Commission.

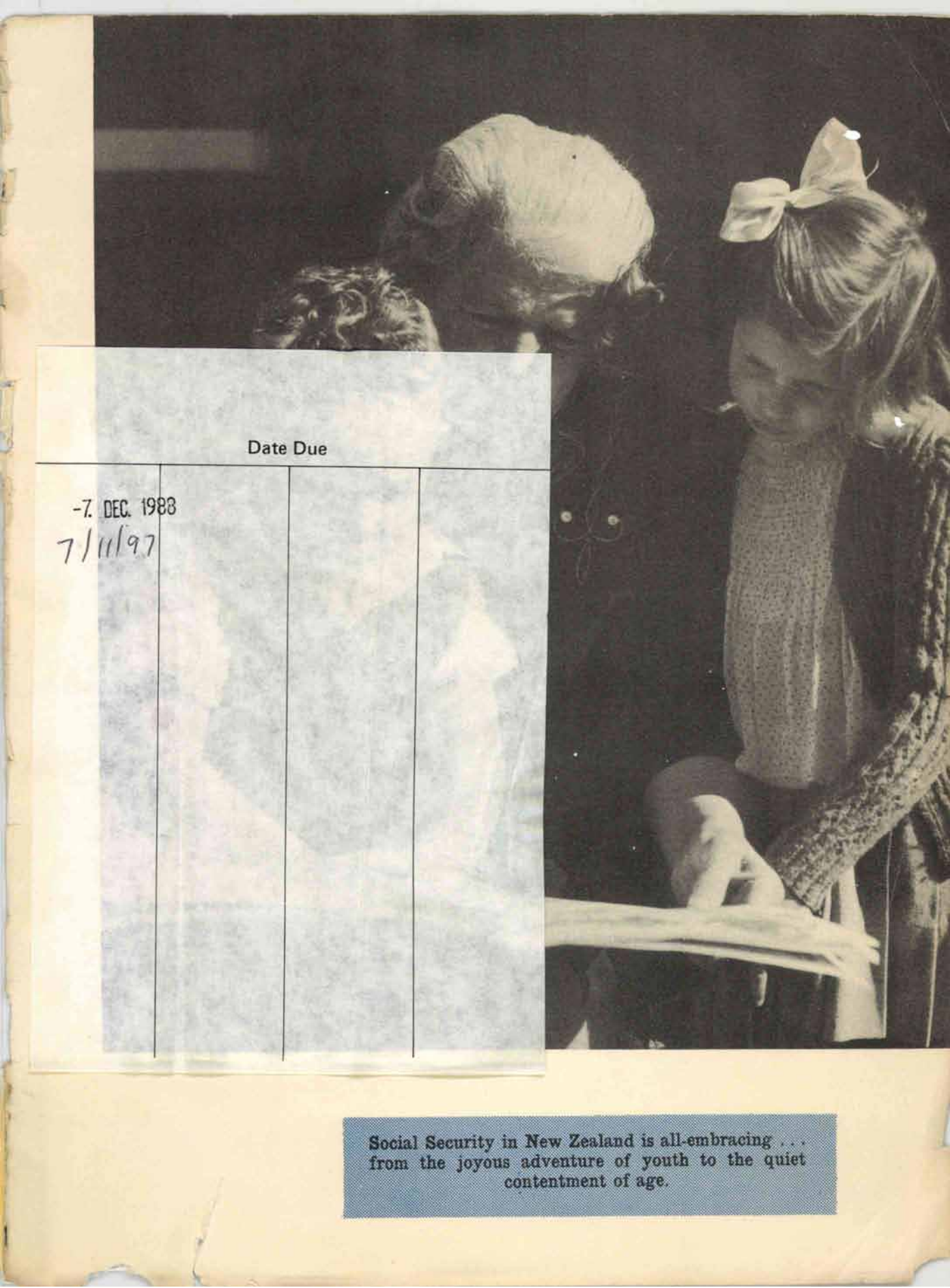
Somewhat similar arrangements for Family Benefit have been made with Great Britain and Northern Ireland under the Family Benefits (Reciprocity with Great Britain) Act, 1948, and the Family Benefits (Reciprocity with Northern Ireland) Act, 1948, which came into force on December 1, 1948.

Under these Acts a child born in Great Britain or Northern Ireland may be treated as a child born in New Zealand, and will accordingly qualify on residential grounds for Family Benefit immediately on arrival in New Zealand.

Residence in Great Britain and/or Northern Ireland of any other child who is a British subject is treated as residence in New Zealand in satisfying the residential qualification of one year generally applied to children born outside New Zealand.

It is hoped to extend this reciprocal agreement shortly to include age, universal superannuation, widows' and orphans' benefits.





Date Due			
-7. DEC. 1983 7/11/97			

Social Security in New Zealand is all-embracing . . .
from the joyous adventure of youth to the quiet
contentment of age.

