

PRESERVATION

A RESEARCH PAPER

ON

"WIDOWS AND DESERTED WIVES ON WIDOWS BENEFIT"

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RESEARCH REPORTPRESERVATIONWIDOWS AND DESERTED WIVES ON WIDOWS BENEFITLIST OF CONTENTS

<u>Section</u>		<u>Page</u>
I	INTRODUCTION AND SUMMARY	
	Introduction	1
	Summary	2
II	COVERAGE OF WIDOWS BENEFIT	9
III	SUMMARY OF PRESENT WIDOWS AND WAR WIDOWS BENEFITS AND ELIGIBILITY CRITERIA AS FROM 12 JUNE 1968	9
IV	SOME STATISTICS ON WIDOWS AND DESERTED WIVES IN TOTAL AND BENEFICIARY POPULATIONS	10
V	POSSIBLE REASONS WHY WIDOWS AND DESERTED WIVES WOULD CONTINUE, OR CHOOSE NOT TO WORK, TO WORK PART-TIME OR TO WORK FULL-TIME	14
VI	SUMMARY OF AN ANALYSIS OF 1962-66 WIDOWS BENEFIT GRANTS	16
VII	THE SIGNIFICANCE OF INCOME EXEMPTION FOR THOSE WITH AND WITHOUT CHILDREN	20
VIII	RECENT CHANGING PROPORTIONS OF WIDOWS WITH DEPENDENT CHILDREN ON BENEFIT	26
IX	FACTORS WHICH CAN ACT AS A DISINCENTIVE TO WOMEN'S EMPLOYMENT	28
X	SUMMARY OF ANSWERS GIVEN IN THE PAST TO TWO REMITS RELATING TO THE RAISING OF THE LEVEL OF INCOME EXEMPTED	30
XI	CONCLUSIONS	
	A. Specifically relating to the removal of the income test from widows benefits	33
	B. General conclusions	35

APPENDIX A. COST OF REMOVING THE INCOME TEST

I INTRODUCTION AND SUMMARY

This study was undertaken in response to a representation which stated that:-

"Widows.... are in effect discouraged from taking up full employment and... they should not in our view, be subject to an income test to qualify for full benefit if they are able to work, and have the welfare of infant children to consider".

The basic assumption underlying this proposal is that the income test is wholly or mainly responsible for discouraging women from full employment in cases where it is unreasonable that any disincentive exist. Before it is possible to assess the validity of the statement and the consequent advisability of the proposed change, certain facts relating to the characteristics and behaviour of widows must be examined. These are:-

1. Who receives widows benefit and at what rates?
2. How do those who receive benefits differ from those who do not?
3. Why do some widows choose not to work, or to work part-time, or full-time? What circumstances are likely to cause them to reconsider such decisions?
4. How do the characteristics and behaviour of widows without dependent children compare with that of widows with dependent children?
5. What is the significance of 'income exemption' for widow beneficiaries?
6. What factors other than the income test could possibly act as disincentives to women's employment?

Ideally, information under each of the above headings should then be examined over time in an attempt to see relationships between changes in legislation affecting widows, and changes in the behaviour of beneficiaries. In this way it should be possible to assess the desirability of any legislative action such as the change proposed above in terms of its probable effect on the welfare and behaviour of beneficiaries.

By 1945, eligibility had been extended to include widows without dependent children, deserted wives and the wives of certain mental hospital patients. Changes since 1945 have been to rates of benefit generally and to differentials between rates for those with children and those without. Because of comparability of coverage over the whole period, the 22 years since 1945 would seem a suitable period to examine changes in trend. However, comparison over these years is complicated by the following factors:-

- (a) Immediately after World War II widows formed a higher percentage of the total population in each age group 16 - 60, than at any time since then. This was partly because of loss during the war of a larger than usual number of young husbands, and partly because there were many widowed in the 1st World War still in the widowed population in the 40 - 60 age group

- (b) Also at 1945 a higher percentage of widows were working, at all age groups 16 - 60, than since this time. This may be partly because the benefit rate, at \$4 a week, comparatively low and no additional payments were made to mothers of dependent children.
- (c) Over the same time widows benefit income exemptions have not only been increased several times but income exemptions as a percentage of other benefits have varied considerably, not only between size of family at any one point in time, but also for any particular family type over time.
- (d) During the years 1945-67 the age distribution of widows has changed considerably - the numbers of widows below age 50 falling and the numbers above age 50 rising.
- (e) The final complicating factor, which is not measurable, is the relation between changes in the acceptance of women in employment and great increases in the numbers of women employed.

Clearly the inter-relation of such variables makes it difficult to isolate the effects that changes in policy alone would have. However, while it is impossible to assume why the employment of any particular widow at any time is encouraged or discouraged, analysis of available statistical variables over time may suggest which of them have a bearing on policy changes.

Summary

1. Who receives widows benefits and at what rates?

Social security widows benefits are paid not only to widows but also to some deserted wives, who must therefore be included among the beneficiaries considered. To be eligible a wife must usually have been deserted by, rather than have deserted her husband, and must have 'taken proceedings against her husband for a maintenance order'.

The other eligibility criteria, for both widows and deserted wives, relate to:-

- (1) Age, length of marriage, whether there are children, length of residence etc.
- (2) Income - which must not exceed benefit plus any relevant supplements or allowances plus the appropriate level of exempted income. The exempted income limits are currently \$12 for a widow beneficiary with dependent children and \$8 for a widow beneficiary without dependent children.

At March 31 1966 -

- Over 13,000 widows were receiving widows benefit:- 61% of these had no dependent children, 34% had 1 to 3 dependent children and 5% had 4 or more dependent children.
- Nearly 1,300 deserted wives were on widows benefit: -

31% of these had no dependent children, 54.5% had 1 to 3 dependent children and 15% had 4 or more.

The current basic weekly rates of widows benefit are:-

\$12.25	- for a widow or deserted wife without dependent children.
\$12.25 + \$8.75	- for a widow or deserted wife with one dependent child.
\$12.25 + \$8.75 + \$1.00 for each other child	- for a widow or deserted wife with more than one dependent child.
e.g. \$22 for 2 children, \$23 for 4 children, etc.	

(Mothers receive, in addition, the usual \$1.50 family benefit for each child).

N.B. The rates given here came into effect on 12 June 1968.

2. How do those who receive benefits differ from those who do not?

This is one of the main problem areas in research on this topic because information for comparison is limited to records of former beneficiaries, and to general Census information on widows and the number of their dependent children. The Census does not include a separate marital status category for wives living apart from their husbands but not legally separated or divorced. Thus while it is possible to estimate that about 60% of all widows under 60 are on widows benefit, no comparable estimate can be made of deserted wife beneficiaries in terms of their total number in the general population.

What does emerge very clearly from this study is that current beneficiaries far from being a homogenous group fall into three clearly separated categories:-

1. Those without dependent children - whose average age at grant is 54.
2. Widows with dependent children - whose average age at grant is 44.
3. Deserted wives with dependent children - whose average age at grant is 34.

Each of these 3 groups appears to have far more in common with certain marital status, age and income groups on other benefits or in the general population than with either of the other two widow groups. For example, the widowed mothers of young children differ from deserted wives with young children in the important fact of possible remarriage. While a deserted wife is still married, a widow resembles a divorced or single woman in this respect. On the other hand if she wishes to supplement her income she faces problems shared by all mothers of young children, who feel they need to work, whatever their marital status, in terms of the need for child care arrangements, and finding suitable work, hours and rates of pay to make working worthwhile.

3. Why do some widows choose not to work, or to work part-time, or full-time? What circumstances are likely to cause them to reconsider such decisions?

This section will be confined to widows and deserted wives who are on benefit, or who are not on benefit but are eligible in all criteria except income.

Those not on benefit

1. Some women will be ineligible for benefit whatever decision they make about working, because their unearned income exceeds the maximum permitting eligibility.
2. Some women will be ineligible because their income, (earned, or earned + unearned), exceeds the maximum. This could arise if a woman:-
 - (a) prefers to work regardless of the resulting ineligibility;
 - or (b) feels benefit income inadequate and can earn more;
 - or (c) feels benefit income inadequate but has only the choice of no work, or of hours that provide insufficient earnings and hours that provide the amount required but result in ineligibility for benefit.

Those on benefit and working full or part-time

1. Wages for women can sometimes be so low that women could work full-time and retain benefit eligibility for a reduced benefit. This is only likely to occur if a woman:-
 - (a) Prefers to work certain hours regardless of benefit being reduced.
 - (b) Benefit income is felt to be inadequate and a woman would prefer part-time work to supplement it but no suitable hours or work are available which would enable her to earn only the exempted amount.
2. A decision to work part-time depends upon suitable work and hours being available, which will not always be the case. But, assuming that a job is available, a decision to work part-time could result if:-
 - (a) regardless of benefit adequacy a woman prefers working part-time to not working or working full-time. (Included here would be those whose family responsibilities require this);
 - or (b) she feels that benefit income is inadequate without the supplement of earnings;
 - or (c) she receives as much or more from total benefit income + other income (earned, or earned + unearned) up to the exempted limit as she could earn in full-time work;
 - or (d) she would prefer higher income from full-time work but either suitable work not available or she feels unable

to work because inexperienced/untrained, or is reluctant to lose security of benefit eligibility or is unable to arrange for child care.

Those on benefit and not working

Such a decision may result for a widow or deserted wife who:-

1. finds total benefit income (+ unearned income) up to the exempted limit adequate for her needs;
- or 2. receives as much or more from total benefit income + unearned income up to exempted limit as she could earn in the available part or full-time work;
- or 3. prefers not to work (included here would be those whose family responsibilities require this);
- or 4. would like a supplement from part-time earnings or a higher income from full-time work but suitable work is not available or she feels unable to work because she is inexperienced/untrained or is reluctant to lose security of benefit eligibility or is unable to arrange for child care.

Circumstances likely to cause work decisions to be reconsidered

Some women are not able to make a work decision in line with their preferences, but changing circumstances, such as the availability of new jobs or more suitable hours, or young children going to school, may mean that work or hours can be changed to fit their preferences.

But the most important factors likely to affect decisions about working, whether this involves one decision at the loss of the husband, or many over the following years, invariably will relate to fluctuations and possible discrepancies between income and current needs.

Thus, if at the loss of her husband the income of a widow or deserted wife without dependent children falls sharply without a comparable fall in expenditure she is likely to have to consider a long-term solution by working, either full or part-time, depending on the amount of the deficiency.

A similar long-term decision will come at a later stage for widows and deserted wives with children at grant, when their last child ceases to be dependent, and mothers allowance ceases. A decision at the loss of the husband, will, of course, also have been necessary but for most women the difference between a husband's income, and benefit plus mothers allowance plus supplements for children will be much less than the difference between a husband's income, and basic benefit.

Also, it is likely that more fluctuation in expenditure needs will occur for a widow beneficiary with children than for one without. Increased costs as children grow up, (accompanied by an increased ability to be out of the home) may cause beneficiaries to decide to work, at least part-time.

4. How do the characteristics and behaviour of widows without dependent children differ from those with dependent children?

The 3 main widow beneficiary groups have already been seen to differ widely in age, which in turn largely explains differences in age and range of any dependent children.

An analysis was done of 1962-66 grants in order to look more closely at differences between the groups - particularly relating to reasons for cessation of benefit.

The three most important reasons for cessation are: -

1. Transfer to age benefit at age 60.
2. Excess income - which will usually mean resumed employment or an increase of hours to full-time employment.
3. 'Marriage and other' unspecified reasons. (This term is the official category used, and for these purposes is not particularly satisfactory, but will be retained here, with additional explanation if required).

The great majority coming onto benefit at 55 or over cease benefit when transferred to age benefit at 60, and widows without dependent children form the majority of this group,

Two-thirds of those 50-54 at grant are widows without dependent children, and most of these women will also stay on benefit until transferred to age benefit. However, a small proportion of these plus a larger proportion of widows in the same age group with dependent children will cease benefit because of excess income.

A widow with dependent children at grant usually ceases benefit either because of excess income, or because of remarriage. The closer she is to the 50-54 age group when benefit is granted, the more likely she is to come off benefit because of excess income; the younger she is at grant the more likely she is to cease because she remarries. (By the 40-44 age group equal numbers of widows with children were ceasing benefit for these two reasons).

Deserted wives with children appear to cease benefit for similar reasons - the younger they are the more likely they are to fall into the 'marriage and other unspecified' classification. This is clearly not open to easy interpretation in the case of deserted wives, and yet it probably accounts for at least half of deserted wife cessations in the long term.

Causal relationships are not easily inferred from such a variety of variables, nor from behaviour over such a short time span, but certain tentative explanations are possible.

Widows or deserted wives within the middle age span are quite likely to have worked, at least part-time while their children were growing up, and to resume full-time employment and come off benefit when their children cease to be dependent and their benefit income falls. In contrast, widows and deserted wives without dependent children are likely to decide at the loss of their husbands whether or not they will

work, and will make a long-term choice of full-time work, in which case few will be eligible for benefit; or they will choose part-time work or no work, in which case they are more likely to eventually cease benefit because of transfer to age benefit than because of excess income due to another change to full-time work.

Deserted wives stay on benefit for an average of about 7 years - over a year longer than widows, but this average masks the considerable range of benefit duration that deserted wives exhibit. The younger a deserted wife is at grant the more likely she is to cease benefit within well under 5 years, and conversely, the older she is at grant the longer she is likely to remain on benefit. From evidence fully explained in a supplementary appendix available from the department, but too complex to be summarised here, it appears that those deserted wives ceasing benefit within the shortest time do so mainly because of excess income which will usually mean employment. This could mean that they come onto benefit as a temporary measure only because they could not find a suitable job, or that they intended to remain on benefit but did not find it adequate for their needs, or that benefit may have been a temporary stop-gap when other income such as maintenance payments were interrupted or ceased, before a long-term situation of employment could be arranged.

5. What is the significance of the income exemption for widow beneficiaries?

It was found that:-

- A. The potential cash significance of exempted income has fluctuated over the years as changes in rates have varied the proportion of benefit that income exemption constitutes.
- B. Income exemption has always represented a larger proportion of basic benefit for those without than for those with dependent children, decreasing as a percentage of the total of widows and family benefits as the number of children increases. To put this another way, the assumption apparently underlying this provision is that a beneficiary's ability to achieve a total income equal to the maximum income consistent with eligibility depends upon the number of her dependents. Consequently the more dependents a widow beneficiary has the higher the proportion of maximum potential income is guaranteed; the fewer dependents she has the higher the proportion of maximum potential income she is expected to be able to achieve by her own efforts.
- C. Adequacy of benefit income (including exempted income where this is realisable) will inevitably be assessed by an individual partly in terms of its relation to her income before the loss of the husband. When benefit rates were compared with certain wage rates it was found that a widow on benefit without children and earning to the limit of the income exemption would receive just below the minimum full-time wage of a sales assistant selling clothes. (1) This is just under the benefit income that the mother of one dependent child would receive from benefit income alone. If, the mother of one child also had income -

(1) The minimum (award) weekly wage for a shop assistant retailing apparel at March 1967 was \$22.55 (See also note following).

earned or unearned - to the exempted limit, she would receive income considerably more than the minimum wage of a general labourer (2) and little below the average wage in surveyed industries (3). A beneficiary with seven children would receive income just below the average wage in surveyed industries from benefit alone.

D. A beneficiary's assessment of her own financial situation will also depend upon:-

- (a) her other resources, if any, such as unearned income from pension, insurance or maintenance payments, and her type of tenure and outgoings on accommodation;
- (b) the adequacy of her benefit plus any other resources to meet her current needs;
- (c) her ability to make up any discrepancy between needs and income by her own efforts. This will in turn depend upon her earning potential and the factors which aid or hinder this, such as:- her domestic responsibilities, the availability of child care services if she requires them, the availability of suitable local jobs and the wages offered.

E. The significance of exempted income can vary widely even between individuals with similar financial needs and domestic responsibilities. If a woman's earning potential is low because of lack of training, experience, or the lack of suitable or well-paid work, she may, in full-time work, earn only marginally more than a woman working a few hours only in another job. This may be the result of differences in training or past experience, or simply that some employers and types of work pay better than others.

6. What factors other than the income test could possibly act as disincentives to women's employment?

- (a) Dependent children could act as a disincentive, discouraging women's employment if she does not wish to leave the home on their account, or if she cannot make arrangements for their care.
- (b) Employers policies and wage rates could also, intentionally or unintentionally discourage widows and deserted wives from seeking employment.
- (c) Social security department policies could also, intentionally or unintentionally discourage widows and deserted wives from seeking employment, particularly when a woman has dependent children. It is also possible that if a widow or deserted wife were eligible on all accounts except income, that she would cease work, or limit her earnings in order to obtain benefit plus income exemption.

(2) The minimum (award) weekly wage for a general labourer at March 1967 was \$29.11. These figures are quoted in the 1968 Yearbook in the section on wages and wage rates.

(3) The average wage in surveyed industries at April 1967 was \$40.19 as reported in Summary Table 1 of the August 1967 issue of the Labour and Employment Gazette. A fuller note on this source appears at the beginning of Section 7 following.

Thus it can be seen that not only do widow beneficiaries fall into at least three separate groups of differing age and family structure, but also that they share many of the characteristics which distinguish their financial situation and earning potential not so much with other widow beneficiaries as with other types of beneficiary or with other marital status and age groups, within the population. The Social Security Department recognises two distinct groups of widow beneficiaries - those with and without dependent children - while the availability of supplementary assistance to those who are themselves unable to meet any deficit that remains also gives recognition to the fact that some women will not be able to earn, or will not be able to earn enough.

The removal of any income limit to benefit eligibility would give most help to those who currently restrict their earnings, or who are at present ineligible because their income is in excess of the limits. But for the unknown number of women unable to work, or only able to earn low wages, or with dependent children whom they choose not to leave, removal of income limits would result in no improvement whatsoever. As such a change would increase inevitable differentials between beneficiaries in different circumstances, and also place all widows and deserted wives at a potential advantage, compared with other marital status groups, within the general population, the removal of income limits can only be regarded as inequitable and undesirable unless done for all categories of benefit.

What has emerged from the present study is that although many widows and deserted wives of all ages and family size are likely to be as well provided for as non-widows and non-beneficiaries, of the same age and family size, nevertheless, some hardships resulting from differences in financial, social and employment needs are probably not being adequately identified and met. And any benefits that would accrue from pin-pointing weaknesses of provision for widows and deserted wives would inevitably also apply to many non-widows and non-beneficiaries similarly placed.

II COVERAGE OF WIDOWS BENEFITS

Social Security widows benefits are paid not only to widows but also to certain deserted wives. War widows are another category of beneficiary who must receive comparable treatment if limits of income exemption are changed. While data on age, number of dependent children, and earnings or other income is available for all beneficiaries, comparable census data for the general population is only available on the ages and employment of widows and legally separated wives, and on the dependent children of widows. Thus, for certain characteristics, estimates have to be made which can only be considered tentative.

III SUMMARY OF PRESENT WIDOWS AND WAR WIDOWS BENEFITS AND ELIGIBILITY CRITERIA - AS FROM 12 JUNE 1968

(a) Widows and deserted wives

Basic annual benefit and additions

Basic benefit	\$637.00 p.a. (\$12.25 p.w.)
Mothers allowance for 1 child	\$455.00 p.a. (\$8.75 p.w.)
For each child after the 1st	\$ 52.00 p.a. (\$1.00 p.w.)

(b) Income exemption and concessions

For widows/deserted wives with no dependent children there is an income exemption of \$416.00 p.a. (\$8.00 p.w.)

For widows/deserted wives with dependent children there is an income exemption of \$624.00 p.a. (\$12.00 p.w.)

A nursing or domestic concession allows \$156.00 p.a. (\$3.00 p.w.) annual earnings from nursing or domestic service in homes and approved institutions to be disregarded when income is computed.

Friendly Society sickness benefit received of up to \$104.00 p.a. (\$2.00 p.w.) may also be disregarded when income is computed. (This also applies to a similar benefit from any other source).

War servicemens dependents' allowance: A person receiving a widows benefit who was the mother of a serviceman dying as a result of war service may be entitled to an additional allowance of \$52.00 p.a. (\$1.00 p.w.).

(c) Eligibility

Unless there is a dependent child who was born in New Zealand certain residential qualifications must be met, and also various other conditions relating to length of marriage, age of children and age when widowed. Transfer to age benefit is usual at age 60.

War Widows(a) Basic annual benefit and additions

Economic pension \$637.00 p.a. (\$12.25 p.w.)
(The economic pension is the only part of a war widows pension subject to an income test).

Basic pension \$452.40 p.a. (\$8.70 p.w.)

Mothers allowance \$455.00 p.a. (\$8.75 p.w.)

For each child after 1st \$52.00 p.a. (\$1.00 p.w.)

(b) Income exemption and concessions

As for widows/deserted wives above.

(c) Eligibility

Death of the husband must either have been due to war service or the husband must before his death have been in receipt of, or judged eligible to receive, a permanent disablement pension of not less than 70%.

IV SOME STATISTICS ON WIDOWS AND DESERTED WIVES IN TOTAL AND BENEFICIARY POPULATIONS

1945 figures have been used in part of this study, (when the relationship between numbers on benefit and changes in benefit rates are examined) but 1945 figures have been omitted here as the figures are known to be inflated by young, childless widows, many of whom shortly remarried.

TABLE 1**(a) Total population - widows and *'legally separated' wives under 60**

	1951		1956		1961		1966	
	Nos	%	Nos	%	Nos	%	Nos	%
All widows	19,459	(75.5)	19,533	(77.5)	20,132	(76.5)	22,149	(74.6)
All 'legally separated'	6,315	(24.5)	5,684	(22.5)	6,236	(23.5)	7,543	(25.4)
TOTALS	25,774	(100.0)	25,217	(100.0)	26,368	(100.0)	29,792	(100.0)

(* - this census category is the closest to 'deserted wives' that is available, and it is obviously far from satisfactory. While it appears that many deserted wives are included here, no purer figure is available).

(b) Widows and deserted wives on widows benefit

	1951		1956		1961		1966	
	Nos	%	Nos	%	Nos	%	Nos	%
Beneficiaries who are								
- widows	11,707	(92.0)	10,575	(91.0)	11,829	(90.5)	13,321	(91.0)
- deserted wives	1,071	(8.0)	1,045	(9.0)	1,282	(9.5)	1,270	(9.0)
TOTALS	12,778	(100.0)	11,620	(100.0)	13,111	(100.0)	14,591	(100.0)

(c) Beneficiaries as a percentage of the relevant total population

	1951	1956	1961	1966
	%	%	%	%
% of widows on benefit (1)	(60.0)	(54.0)	(58.5)	(60.1)
% of deserted wives on benefit (2)	Unknown	Unknown	Unknown	Unknown

(1) - Of 11,717 widows benefits granted from January 1962 to December 1966, 317 (3.7%) were to women 60 and over - usually either because their children were still dependent, or because they had insufficient residence for age benefit. Assuming a similar incidence of women aged 60 and over at 1951, 1956, 1961 and 1966 then the percentages given here are a slight over-estimate because of a 2-5% inflation of beneficiary numbers by the inclusion of women over 60.

- (2) - Because of the eligibility requirements, virtually no legally separated wives are on widows benefit, although they may be on emergency benefit which this paper does not cover. As the only total population available for comparison contains an unknown number of legally separated wives, no percentage of deserted wives on benefit can be obtained.

(d) Widow beneficiaries with/without dependent children

	1951		1956		1961		1966	
	Nos	%	Nos	%	Nos	%	Nos	%
Widow beneficiaries								
- with children	3,897	(33.5)	3,989	(37.5)	4,872	(41.0)	5,199	(39.0)
- without children	7,810	(66.5)	6,586	(62.5)	6,957	(59.0)	8,122	(61.0)
TOTALS	11,707	(100.0)	10,575	(100.0)	11,829	(100.0)	13,221	(100.0)

(e) Deserted wife beneficiaries with/without dependent children

	1951		1956		1961		1966	
	Nos	%	Nos	%	Nos	%	Nos	%
Deserted wife beneficiaries								
- with children	715	(66.5)	731	(70.0)	932	(72.5)	877	(69.0)
- without children	356	(33.5)	314	(30.0)	350	(27.5)	393	(31.0)
TOTALS	1,071	(100.0)	1,045	(100.0)	1,282	(100.0)	1,270	(100.0)

Main points of interest arising from Table 1

With little variation over the 4 census years shown there are about 3 times as many widows as 'legally separated' wives in the total population, and 9 times as many widows as deserted wife beneficiaries. (See tables 1a and b). Eligibility for widows and deserted wives varies in that only a wife deserted, rather than deserting, and who has "taken proceedings against her husband for a maintenance order" is eligible for benefit. It can be assumed therefore that about half of all deserted and deserting wives could be eligible for benefit on the 'at fault' basis, although all of these will not have taken proceedings for maintenance orders. However, no total of deserted wives alone is available and it is therefore not possible to know how numbers of deserted wife beneficiaries compare with the numbers in the population who are eligible.

Table 1a shows a slight increase in numbers of widows under 60 over the 4 census years. The figures mask quite widely differing trends between age groups. The increase is confined to the age group 40-49 where it is slight, and 50-59 where it is greater - the percentage of the widow population under 60 who come into this age group rising from 60% in 1951 to 61.5% in 1956, to 63.0% in 1961 to 65.5% in 1966. Below age 40 the numbers and percentages fell in each age group.

Table 1c shows that widow beneficiaries as a percentage of the total widow population had fluctuated around 60%.

Table 1d and 1e show beneficiary figures for the same years as the censuses quoted. Over the first 3 census years clear trends are visible in the proportion of widow and deserted wife beneficiaries with dependent children - the numbers rising substantially for both groups. At 1961 more than 4 out of 10 widows on benefit had at least one dependent child. This increase is probably due in part to the increased percentage of widows on benefit in the 40-59 age groups who are likely to have been married longer and to have had on average more children than those widowed at younger ages. At 1961 more than 7 out of 10 deserted wife beneficiaries had dependent children. However, by 1966, this trend had been substantially reversed for both groups.

Table 2 looks more closely at the difference between the dependent children of widow and deserted wife beneficiaries at 1961 and 1966. (For the additional years 1951 and 1956, used in Table 1, the number of children is not available).

TABLE 2: Widows and deserted wife beneficiaries and their dependent children at March 31 1961 and 1966

	<u>1961</u>		<u>1966</u>	
<u>Widows</u>	<u>Nos.</u>	<u>%</u>	<u>Nos.</u>	<u>%</u>
No dependent children	6,957	(59.0)	8,122	(61.0)
1-3 dependent children	4,294	(41.5) { (36.0)	4,531	(39.0) { (34.0)
4 or + dependent children	578	{ (5.0)	668	{ (5.0)
Totals	11,829	100.0	13,321	100.0
<u>Deserted Wives</u>				
No dependent children	350	(27.5)	393	(31.0)
1-3 dependent children	734	(57.0) { (72.5)	694	(54.5) { (69.0)
4 or + dependent children	198	{ (15.5)	183	{ (14.5)
Totals	1,282	100.0	1,270	100.0

Main points of interest arising from Table 2

Between 1961 and 1966 numbers of widow beneficiaries without children rose so greatly that the total percentage increased by comparison with widows with children, although these also rose in number. The number of widows without children rose by over 16% between these years while the number of deserted wives without children rose by 12% over the same time.

Between the same years the numbers and percentages of deserted wives with children fell, by 5.5% for those with 1-3 children and by 8% for those with 4 or more children. The percentage of deserted wives with 4 or more children was almost 3 times as great as for widows, probably due at least in part to the lower age structure of deserted wives.

Possible reasons for this change will be suggested in Section 8.

V POSSIBLE REASONS WHY WIDOWS AND DESERTED WIVES WOULD CONTINUE, OR CHOOSE, NOT TO WORK, TO WORK PART-TIME OR TO WORK FULL-TIME

An extensive analysis was done of 1962-66 grants to examine in more detail the characteristics of all recipients of widows benefit (1). A very important aspect of the findings from this analysis relates to reason for cessation, particularly when cessation was due to income, either earned or unearned. Clearly research into why widow beneficiaries behave as they do is hampered by lack of comparable knowledge about non-beneficiaries. Motivation to come onto benefit, or to cease benefit, when either or both decisions concern income is of central importance to the question of incentive to work that was raised by the letter prompting this study. Before going on to summarise the findings on 1962-66 grants, therefore, it would be as well to look at various suggestions as to why widows and deserted wives at or during widowhood or desertion, may choose the alternatives they do choose, why they may work, full or part-time, or why they may not work, and how this decision could affect their benefit eligibility. Chart 1 suggests the main alternatives. (Widows and deserted wives who are ineligible for reasons other than income, i.e. because of insufficient residency or length of marriage, are not included in this chart).

Interpretation of these possible alternatives also involves certain generalisations about differences between beneficiaries. Thus, a widow with or without children may be left a home with any outstanding mortgage covered by insurance. She may also receive some income from insurance, pension or workers compensation by which her husband was covered, which would, in some way, be included in calculations of her income for benefit purposes. On the other hand she may be left with neither of these types of provision and dependent on benefit, plus supplements or supplementary assistance and any earnings she chooses or is able to make.

A deserted wife may have quite adequate financial and accommodation provision made by her husband, although such provision is probably more likely if there has been a divorce or separation agreement where she is unlikely to be eligible for widow's benefit. Maintenance payments particularly when made as the result of an order are notoriously hard to enforce, and also are usually low in amount, and yet deserted wives, being on average the youngest group of potential beneficiaries are likely to have young children in their care, limiting the hours and types of work that they can take to supplement an inadequate income.

Also it must be remembered that the financial situation of many widows and deserted wives will change greatly throughout their widowhood or desertion as their children grow up and cost more to keep, and later, as the children cease to be dependent and family benefit and allowances for children and, finally, mothers allowance, cease. This means that while a woman without dependent children when widowed or deserted is likely to make a once and for all choice about whether she will work, or go onto benefit, or both, a woman with dependent children will make a series of such decisions over time related to her current needs and resources and the care requirements of her children.

(1) The appendix, consisting of the graphed results and commentary on these graphs, is available on request from the department.

ALTERNATIVE WORKING SITUATIONS AND THEIR RELATIONSHIP TO WIDOWS BENEFIT ELIGIBILITY FOR THOSE WITH/WITHOUT DEPENDENT CHILDREN

(Relates to all widow/deserted wives eligible for benefit re age, length of marriage, residence, children and/or maintenance proceedings)

	and receiving full or reduced widows benefit:	and <u>NOT</u> receiving widows benefit:
Possible reasons for continuing or choosing		(A woman is <u>not eligible</u> for benefit if income, i.e. earned or + unearned, equals or exceeds the maximum permitted income appropriate in her case).
<u>FULL-TIME WORK</u>	<ol style="list-style-type: none"> 1. prefers to work full-time, and full-time earnings + benefit + any supplements less than maximum permitted income (= benefit + supplements exempted income). 2. would prefer part-time work but none available/suitable and full-time earnings less than maximum permitted income. 3. would prefer not to work at all but benefit income + supplements + supplementary assistance, if eligible, inadequate for needs, and, choice of no work or full-time work. Benefit + supplements + earnings less than maximum permitted income. 	<ol style="list-style-type: none"> 1. chooses ineligibility because finds benefit + any supplement + supplementary assistance, if eligible, inadequate for needs and can earn more by full-time work. 2. prefers to work and earns as much or more than the relevant rate of maximum permitted income for benefit eligibility (or has earned + unearned income in excess). 3. would not be eligible for benefit even if not working because other income exceeds exempted limit.
<u>PART-TIME WORK</u>	<ol style="list-style-type: none"> 1. income from part-time work + benefit + any relevant supplements adequate for income needs. (i.e. inadequate without working). 2. earns as much or more from part-time work (making use of income exemption) + benefit + any relevant supplements as could earn from full-time work. 3. prefers work part-time to no work or working full time, (including because of demands of child care) regardless of income. 4. would prefer a higher income from working full-time but available work or hours unsuitable. Or reluctant to increase hours and cease benefit (may fear that future eligibility would be affected). Or may be unable to arrange for child care. 	<ol style="list-style-type: none"> 1. income from part-time work above exempted limit but finds benefit + any relevant supplements inadequate and cannot find work with fewer preferred hours. 2. income from part-time work above exempted limit but prefers part-time work to not working regardless of income. 3. income from part-time work above exempted limit but works part-time rather than full-time from preference (including because of demands of child care). 4. would not be eligible for benefit even if not working as income exceeds exempted limit.
<u>NOT TO WORK</u>	<ol style="list-style-type: none"> 1. income from benefit + any relevant supplements + any unearned income adequate for needs. 2. receives as much or more from benefit + any relevant supplements (including supplementary assistance if eligible) + any unearned income than could earn in part-time work (that is available). 3. would like a supplement from part-time work or a higher income from full-time work but work or hours not suitable. Or feels unable to work because inexperienced/untrained etc. Or is reluctant to come off benefit (may fear that future eligibility would be affected). Or may be unable to arrange for child care. 4. prefers not to work (including because of demands of child care) regardless of income. 	<ol style="list-style-type: none"> 1. receives as much or more from unearned income as needs, Or receives as much as would get from benefit + relevant supplements and prefers not to work. Ineligible for benefit because unearned income exceeds exemption limit.

VI SUMMARY OF AN ANALYSIS OF 1962-66 WIDOWS BENEFIT GRANTS

From an analysis of all widows benefits ceasing in 1965 and 1966 it is known that the average duration on benefit was 5.6 years for widows and 6.7 years for deserted wives. At the same time it was found that data on variables such as age at grant and number of dependent children is unreliable for all grants before 1962, when a new system of data recording was effectively introduced. For this reason an analysis was done of all grants 1962-66 in order to examine some of the most important variables in detail.

Total 1962-66 grants, ceased and current, were analysed into 5 year age groups at grant. Grants current at July 1967 were also broken down into single years of age at grant. While this means that detail is more precise for benefits current, (i.e. single years compared with 5 year age groups) the average ages at grant that are all the ages available, give a clear picture of the very different age structures for the 4 types of widow beneficiaries (i.e. widows and deserted wives with and without children). This is shown in Table 4 below.

TABLE 4

Median age at grant for 1962-66 widow benefits - current or ceased at July 1967

	WIDOWS				DESERTED WIVES			
	Without dep. childrn at grant		With dep childrn at grant		Without dep. childrn at grant		With dep childrn at grant	
	Current/Ceased at July 1967		Current/Ceased at July 1967		Current/Ceased at July 1967		Current/Ceased at July 1967	
(a) Median age or age group at grant	54	55-59 prob-ably over 57	44	40-44 prob-ably 42	49	50-54 prob-ably 54	34	40-44 prob-ably 44
(b) Total numbers	3,461	2,367	3,856	1,300	23	17	452	241

11,717 widows benefits were granted between January 1962 and December 1966 (See Table 4). 50% of these were to widows without dependent children, 44% were to widows with dependent children and 6% were to all deserted wives, only 40 (0.3%) of whom were without dependent children at grant. There were too few deserted wives on benefit without dependent children for the median given to be taken as accurate to the very year, but, it nevertheless does show that, as with widows, eligibility requirements mean that the median age for deserted wives without children is considerably higher than for those with children.

Widows without dependent children at grant

The majority of widows in this category were over 50 at grant, and throughout the 5 years' grants examined, the percentage of total grants going to widows without dependent children rose consistently. (A possible explanation of this finding will be given in Section 8).

By the end of the 5½ year period that cessations were studied, over 50% of those coming onto grant at age 50 and over had already ceased benefit mostly for transfer to age benefit at 59. Over all ages 40% had ceased benefit by the end of the period; 55% of these had transferred to another benefit and 20% ceased because of 'excess income' - which will usually mean resumed employment.

The younger the widow without dependent children was at grant, the greater the chance that a benefit ceasing would be because of 'excess income'. The older the widow at grant the greater the chance that cessation would be due to transfer to another benefit. At ages 50-54 and 55-59, both widows with and without dependent children most frequently cease benefit for one of these reasons. However, the percentage of widows with dependent children ceasing because of 'excess income', which will usually mean resumed employment, exceeds that of widows without children. (55% compared with 45% for ages 50-54, and 21% compared with 12% for ages 55-59).

It is possible that widows without children who have been working either full or part-time at widowhood are less likely to come onto benefit in the first place, and therefore that the potential labour force recruits from this group is comparatively low from the beginning. It is also probable that their outgoings are lower, and less subject to fluctuation than those of widows with dependent children. In other words, if a widow without dependent children comes onto benefit having decided that she can manage on the amount paid, with or without making use of the income exemption to cover earned or unearned other income, there are likely to be few contingencies which will increase her financial needs to the extent where she decides to relinquish her benefit to resume full-time employment.

Eligibility requirements for widows without dependent children at grant mean that this group have a shorter potential time on benefit than other widow groups. Almost 50% (+6%) of the total grants current for widows without dependent children at March 1967 were granted before 1962, and 50% (+6%) between 1962 and 1966. The cessation rate for the majority of this group - those between 50 and 59 - was steady and high. Between ages 40 and 49, however, the rate of cessation is lower and less regular, few being eligible for transfer to other benefits, and reasons for cessation were similar in range to the other types of widow beneficiaries.

Widows with dependent children at grant

Eligibility criteria permits the distribution of widows with children over the entire age range, although the majority fell between 35 and 55 - and the median age group was 40 to 44. Below age 50 the majority of all beneficiaries in each age group, both current and ceased, were widows with dependent children at grant.

44% of all grants 1962-66 were to widows with dependent children and 1 in 4 of the grants had ceased by July 1967. Time on benefit seems to be related to age at grant, the percentage of each age group who ceased benefit by July 1967 decreasing as age at grant increased.

Up to age 50-54 the younger a widow was at grant the more likely that a cessation was stated to be due to 'marriage or other' reasons; the closer to 50-54 she was at grant the more likely that a cessation was because of 'excess income' which is only convincingly explained by a decision on the part of widows with older or no longer dependent children to increase or resume working.

50% of all cessations for widows with dependent children at grant were for 'marriage and other' reasons, and, while the age distribution suggests that remarriage is probably the main reason, the term 'marriage and other' is not explicit enough to be satisfactory. (The Statistical Appendix, available on request, contains a fuller discussion of this point).

Widows with dependents at grant have the highest overall percentage, (over 33%) of cessations because of 'excess income', but they also have the lowest overall cessation rate for all reasons of any of the widows benefit groups, only $\frac{1}{4}$ of the 1962-66 grants having ceased by July 1967. This is undoubtedly a function of their age distribution. Widows without dependent children at grant, being on average the oldest group, are the ones most likely to transfer to age benefit. Deserted wives, being on average the youngest group, most frequently cease for some reason within the 'marriage and other' category of stated reasons. By contrast, most widows with dependent children at grant cover the middle age range which means that few are eligible for transfer to another benefit, and, as expectation of remarriage decreases with age and with number of children, their chances of remarrying are less than the younger age groups. Thus their alternatives to benefit are likely to be slightly more restricted than those of other groups. On the other hand, their financial needs with growing children are likely to increase over time, while their income for dependent children of all ages remains constant, and when their children cease to be dependent their benefit income will sharply decline. (Widows without dependent children, by contrast, are likely to have relatively stable needs and stable benefit income).

Being on average older than deserted wives, their children will also tend to be older and they are thus more likely to be able to resume full or part-time work after a shorter period of being partially or wholly dependent on benefit income than deserted wives.

The majority of this group - widowed with children - who did cease benefit were between the ages of 40 and 49, for whom the cessation rate at the beginning of the $5\frac{1}{2}$ years studied was slow, increased slowly, and then levelled out at about 20% ceased by the end of the period. The rate of cessation increased with each successively younger age group, as did the percentage ceasing for 'marriage and other' reasons.

All deserted wives (1)

During 1962-66 just over 6% of all grants were to deserted wives, and nearly 1 in 3 of these had ceased by July 1967. As the main criteria of eligibility for both widows and deserted wives with children relate to the age of the children, the age distribution of the mothers is similar - covering almost the entire age range. However, deserted wives were by comparison over-represented in the under-30 age groups and also those who were still on benefit at July 1967 were on average 10 years younger at grant than widows with dependent children. A further significant difference relates to length of time on benefit. While there was a 10 year age difference at grant for those benefits still current, the age difference at grant for deserted wives ceasing benefit was only 2 years younger (estimated 42 years compared with 44). This could be explained by older deserted wives coming off benefit fairly quickly, perhaps seeking employment as their children grew up, and also by some staying on benefit for long periods of time. This latter explanation is borne out by two further findings. First, it has already been mentioned that all deserted wives stay an average of 1 year longer on benefit than all widows, but over the $5\frac{1}{2}$ years studied a higher proportion of deserted wives ceased benefit than widows. This means that as many cease benefit soon, many others must continue to receive benefit for longer than the average 6.7 years for deserted wives. Also, because they are on average younger at time of grant than widows, the potential time on benefit is longer. This greater range of benefit duration is borne out by the finding that 40% of deserted wives benefits current at March 1967 were granted between 1962 and 1966, compared with nearly 60% before 1962.

- (1) All deserted wives were grouped together for this analysis as only 5% had no dependent children at grant and separate analysis would have resulted in findings with little if any statistical significance.

Nearly 80% of all deserted wives are stated to have ceased benefit for 'marriage and other' reasons. The unsatisfactory nature of this category is made clear when applied to deserted wives, most of whom cannot remarry as few are divorced. Reconciliation is a possibility but cannot be convincingly put forward as a major reason when eligibility for benefit depends on having taken proceedings to obtain maintenance order. The establishing of a de facto marriage followed by no benefit application or a consequent ineligibility ruling is also a possible explanation, as are many other reasons. Time was not available to hunt out all the possibilities and it is in any case doubtful if anywhere nearly a complete picture could have been established without a separate study on this category of reason for cessation, carried out with reference to personal files from district offices.

Deserted wives had the highest and quickest rate of short-term cessation, and there is also some indication that those ceasing benefit most quickly did so because of 'excess income' - presumably because of return to work. The question that this raises, which cannot be answered without a special study of district office files, is the extent to which deserted wives, (and widows) come onto widows benefit for short-terms because of temporary disruptions to their normal income, which may be maintenance payments, and how many come onto benefit intending to receive it long-term, and then find rates of benefit inadequate for their requirements and resume employment.

Age at grant affects the pattern of cessations as for other beneficiary types - the younger the deserted wives were at grant, the more quickly more of them would cease benefit.

Analysis of deserted wives on benefit was on the whole less satisfactory than for widows; firstly, because of the unsatisfactory nature of the category used to describe the majority of this groups cessations, (i.e. 'marriage and other') and secondly, because the limitation of only 5½ years analysis did not permit adequate comparison of deserted wives on benefit for a short time with those on benefit for a long time, which for many would have considerably exceeded the 6.7 year average duration for this group.

VII THE SIGNIFICANCE OF INCOME EXEMPTION FOR THOSE WITH AND WITHOUT CHILDREN

How realistic is it to consider the amount of income which may be exempted from income calculation for benefit purposes as an integral part of social security provision for widows and deserted wives?

Graph 1 shows the annual cash amounts of basic benefit, mothers allowance, family benefit and income exemption levels from 1946-68. This is shown as the rates would apply to widows with no dependent children and with 1, 4 or 7 dependent children. For comments on annual beneficiary income to be meaningful some comparison should be made with the income of non-beneficiary population. Three sets of rates have been used for comparison with benefit rates over the years covered - first, average annual earnings in industries surveyed by the

GRAPH 1

CHANGES 1947-67 IN ANNUAL RATES OF FAMILY BENEFIT, WIDOWS BENEFIT[+ MOTHERS AND CHILDREN'S ALLOWANCES] AND EXEMPTED INCOME COMPARED WITH CHANGES OVER THE SAME YEARS IN CERTAIN WAGE RATES.

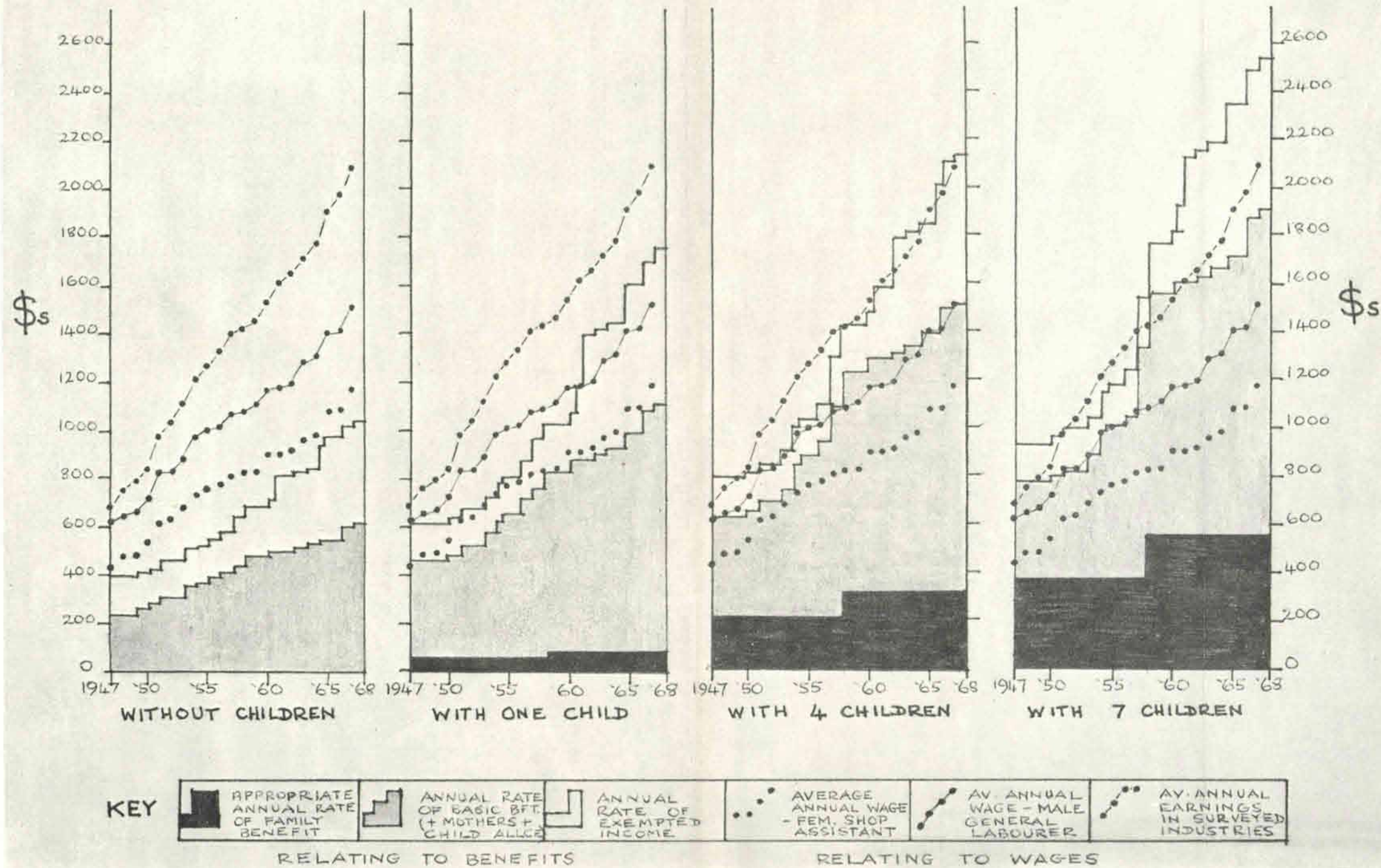


TABLE 5 : INCOME EXEMPTION 1947 - 1967 AS A PERCENTAGE OF MAXIMUM SOCIAL SECURITY PAYMENTS AVAILABLE TO WIDOWS AND DESERTED WIVES WITH DIFFERENT SIZED FAMILIES OVER THE SAME YEARS

(Social security payment here includes basic widows benefit + where appropriate, mother's allowance, + allowance for children after the first + family benefit)

	NO CHILDREN			WITH ONE CHILD			WITH FOUR CHILDREN			WITH SEVEN CHILDREN		
	Maximum social security payment p.a.	Income exempt	Income exempt as % of max. soc.sec.	Maximum social security payment p.a.	Income exempt	Income exempt as % of max. soc.sec.	Maximum social security payment p.a.	Income exempt	Income exempt as % of max. soc.sec.	Maximum social security payment p.a.	Income exempt	Income exempt as % of max. soc.sec.
Changed during	\$s	\$s	%	\$s	\$s	%	\$s	\$s	%	\$s	\$s	%
1947	234	156	66.7	468	156	33.3	624	156	25.0	780	156	20.0
1949	260	156	60.0	468	156	33.3	624	156	25.0	780	156	20.0
1950	273	156	57.1	494	156	31.6	650	156	24.0	806	156	19.4
1951	299	156	52.0	532	156	29.3	688	156	22.6	844	156	18.5
1953	351	156	44.4	584	156	26.7	740	156	21.1	896	156	17.4
1954	351	156	44.4	636	156	24.5	844	156	18.5	1,000	156	15.6
	364	156	42.8	662	156	23.6	868	156	18.0	1,024	156	15.2
1955	390	156	40.0	662	156	23.6	868	156	18.0	1,024	156	15.2
1956	411	156	38.0	730	156	21.4	938	156	16.6	1,094	156	14.2
1957	429	208	48.5	766	208	27.2	1,078	208	19.4	1,340	208	15.6
1958	468	208	44.4	832	208	25.0	1,222	208	17.0	1,560	208	13.4
1960	494	208	41.7	884	208	23.6	1,274	208	16.4	1,612	208	12.9
	494	312	62.5	884	312	35.3	1,274	312	24.5	1,612	312	19.3
1961	494	312	62.5	884	520	58.7	1,274	520	40.8	1,612	520	32.2
1962	507	312	61.5	908	520	57.2	1,300	520	39.3	1,636	520	31.5
1963	520	312	60.0	936	520	54.5	1,326	520	38.5	1,664	520	31.0
1964	520	416	80.0	936	520	54.5	1,326	520	38.5	1,664	520	31.0
	541	416	77.0	998	624	62.5	1,388	624	45.0	1,726	624	36.2
1966	598	416	69.5	1,092	624	57.2	1,482	624	42.2	1,872	624	33.3
1967	611	416	68.0	1,118	624	56.0	1,508	624	41.5	1,906	624	32.7

Department of Labour(1), second, the average minimum wage of an adult male general labourer(2) and third, the average minimum wage of an adult female shop assistant selling clothing(2).

Table 5 shows the income exemption as a percentage of basic benefit (+ mothers allowance + childrens allowance + family benefit where this is applicable) and the changing proportion that this has constituted over the years 1947-67 for different sized families.

As detailed reference to the graph and table 5 will concentrate on current comparisons, it must be pointed out at this stage that they clearly demonstrate the extent to which the relationship between the amount of income exempted compared with benefit rate has fluctuated over time as rates have changed. Also, that the level of income exempted has always represented a lower percentage of total benefit for those with children than for those without.

Let us now examine the current rates of benefit and income exemption for each family type shown, (represented by the extreme right hand columns of each histogram on Graph 1) and also the percentage of total benefit payment that the income exemption represents. (This percentage is the bottom figure in each of the four percentage columns in Table 5.

(a) A widow without dependent children

Although by earning the maximum amount exempted a widow could achieve a 68% increase to her basic benefit, her total annual income would still be slightly below the minimum shop assistance wage shown, and well below the average weekly earnings in surveyed industries. As with all other beneficiaries living alone on basic benefit - with or without other income to the exempted limit - she may apply for supplementary assistance if she cannot manage on her income.

But, given the discrepancy between benefit plus exempted income and average earnings in surveyed industries, it is at first sight surprising that as many as 8,000 and more widows and deserted wives without dependent children are on benefit. But it must be remembered that some will be receiving benefit from choice because they are eligible for it and find the benefit adequate for their needs with or without earned or unearned income to the limit of the exemption. It is possible that the income needs of many of the beneficiaries are lower than for lower age groups, particularly if a mortgage-free house was owned before loss of the husband or was provided after loss by a husband's insurance or settlement. Some

(1) Industries surveyed comprise forestry, logging, mining and quarrying; seasonal manufacturing; food, drink and tobacco processing; textiles, clothes and leather; building materials and furnishings; engineering & metal working; miscellaneous manufacturing; power, water and sanitary services; building & construction; transport & communication; commerce; wool & grain stores; domestic & personal services & administration & professional services. Wages are given as average weekly earnings, (used in graph x 52) & include wages of males & females, adults & juveniles, both full and part-time, but excluding working proprietors. They were taken from annual reports published by the Labour & Employment Gazette.

(2) These figures are simple averages of award rates for the 4 principal industrial districts at March 31 each year, as reported in the Year Books in the section dealing with wages and wage rates.

of these women will therefore choose not to work at all, and others will deliberately choose to work part or full-time at a wage low enough not to affect their benefits. But another group will remain on benefit plus exempted income less from choice than necessity. Even if data were available on past qualifications, training, work experience, present preferences and local employment opportunities it would still be futile to try and estimate the current earning potential of beneficiaries in general. It would not be possible to estimate the number of women who could currently earn more than the minimum wage for a shop assistant cited, where the margin of full-time earnings over maximum benefit payment is so low that there would be little financial incentive to relinquish the security of a benefit for the few cents extra to be gained.

The whole crux of the problem of widow beneficiary earnings, and an explanation of the various pressures to remove limits on earnings, may lie in the discrepancy between men's and women's earnings, particularly at the lower levels.

Some, perhaps many, widows will be unable to earn enough to maintain the level of living to which their husband's wage had accustomed them. It is not necessary or possible given current data to speculate about exactly what proportion of a husband's wage would be required to maintain a similar level of living; it is quite apparent from differences in wage rates that while some women working full-time, or on benefit and also working, could maintain a comparable level of living, others could not. For example, using the wages already cited, the former wife of a labourer who earned \$1,514 p.a.(1) could earn over 75% of this wage if she worked full-time as a shop assistant selling clothes. But the labourer's wage cited is much lower than the average for men and many women would be able to earn nothing like this percentage of their former husband's salary. Some, perhaps many, widows will have been used to an income closer to the average in surveyed industries and yet, given wage differences for men and women, and the likelihood of lack of recent experience at well-paid or full-time work, they will be themselves unable to earn enough not only to maintain former standards but, more basically, to provide the minimum income that they currently need to avoid drastic financial readjustment. This will particularly apply to women not left a mortgage-free house, or insurance or other financial resources. There will be some women with expenditure needs little reduced whose full-time earnings plus benefit, if this were permitted, would still be less than the income their husbands had previously provided. Some wage rates for women have remained so close to basic benefit rates that women who feel they must work but are forced by circumstances or lack of training to accept low-paid jobs can work full-time and only improve marginally on the income of women able to stay on benefit and earn the amount exempted by higher paid part-time work.

Removing, or even raising, earnings limits could certainly help women in this situation but such action would seem to be both undesirable and irrelevant to the main issue. All widow beneficiaries would then be placed at an advantage compared with other working women, the benefit acting as a subsidy to those who have been widowed or deserted, but whose living expenses would be no more, and in many cases less than, say, a single woman. Also, unless such action was taken as a temporary measure,

(1) March 1967 rates.

beneficiaries would be placed at a permanent advantage if and when wage differentials disappeared. On the other hand, if all women were able to earn wages comparable with men there seems no reason why most widows without dependent children should not work full-time or part-time for any income or income supplement that they need in the same way as most single women work. (With the proviso that retraining will be necessary in some cases, particularly for older women and that even with retraining available, some in the older age groups could not be expected to start or retrain for employment).

(b) A widow with one dependent child

During any time that such a widow was unable to work, for instance, while her child was still an infant, or while no convenient work or hours were available, her total benefit would equal the wage of the shop assistant cited, and if there were still a demonstrable deficit between her assessed needs and income then supplementary assistance would be available.

A woman in this category earning the maximum exempted income could at present increase her benefit income by 56%. (See Table 5). She would then be receiving considerably more than a general labourer and only slightly less than the present average in surveyed industries - both wages which would normally support at least two adults. Her chances of being able to earn to the exempted level are quite high, as with one child only, there would be few years, if any, that her presence would be vital during the whole day. Even if she worked for shop assistant pay she would only have to work slightly more than half-time to earn up to the exempted level. She would, when earning, be appreciably better off than, for example, a couple on invalid benefit with one child, with the wife earning to the exempted limit and supporting one child and two adults on \$2.50 less per week(1). (For fuller details of this comparison see Section 8 following).

When her child ceased to be dependent, benefit would be received at the basic rate with a lower level of exempted income, but if the beneficiary had been earning previously, the natural reaction of many would presumably be to change to full-time employment. But although when children cease to be dependent the fall in benefit would be presumably matched to some extent by a fall in expenditure, for some women, for instance those unable to earn by full-time work more than the wage cited for shop assistants, the fall in income may seem excessive. Income while one child was dependent would be up to \$1,794 comprising basic benefit, mothers allowance, exempted income and family benefit, while income with no dependent child would be up to \$1,028 comprising basic benefit and exempted income, compared with \$1,086 full-time wages as a shop assistant selling clothes. For women without dependent children, or with a child or children ceasing to be dependent, who can only earn wages at such a

(1) A 'family maintenance allowance' was introduced in July 1968, which introduced some recognition of this discrepancy. For non-widow beneficiaries with dependent children (e.g. on sickness, invalid benefit etc.) 50 cents a week is now paid for the second child, and \$1.00 for the third and each successive child. However, the example given above would not be affected as there was one child only.

low hourly rate that a substantial reduction in their income is inevitable, an acceptable alternative may be retraining or refresher programmes to enable them to increase their own earning potential.

(c) A widow with four dependent children

A widow in this category could supplement her basic annual benefit, which is slightly higher than the wage of a general labourer, by about 40% if she earned to the limit of the income exemption, which would then mean that she would be receiving slightly more than the average wages in surveyed industries. The age range of her children will determine how many hours, if any, she will feel able to work, and many women with young children will probably not be able to work sufficient hours to reach the limit of the exemption, particularly if their potential hourly wage is low due to lack of training, past experience or available work.

(d) A widow with seven dependent children

A widow in this category could supplement her basic annual benefit income, which is only slightly less than the average wage in surveyed industries, by 33% if she earned to the limit of the exemption. But, with seven children to care for it is unlikely that she would be able to work at all. For such a woman no incentive to return to work while her children remain dependent is likely to be effective even in the unlikely case that it was felt desirable to encourage her employment. This does not of course mean that the income exemption provision could be necessarily abandoned for those with many children, but simply that it cannot logically be regarded as an integral part of the benefit provision of such women.

It is also in this group of women with many children that return to full-time work at any time is unlikely because of their age when the youngest child ceases to be dependent.

Summary of differences between those with and without children

Seven children are an extreme comparison with one child but this high number was taken in part to show the full range of benefit changes, which included at May 1966, a change from payments for each child up to 6 to a payment for every child. Although the comparison is extreme, somewhere between 1 and 7 children, the level of income exempted ceases to mean anything in terms of a mother's ability to reconcile employment with her family responsibilities.

The following conclusions can be drawn from the preceding comparisons:-

1. When a woman without dependent children is granted benefit, or when a beneficiary's children cease to be dependent a fall in income is likely to occur which will be matched to some extent by a fall in expenditure due to a reduction in the number the income must provide for. If the deficit between needs and benefit is up to \$8 per week and part-time work is available

then she can remain on benefit and make use of the income exemption provision. If work is not available then she can apply for supplementary assistance to meet the deficit. If the deficit exceeds benefit plus income exemption she can either (a) apply for supplementary assistance or (b) relinquish her benefit and work full-time.

2. If a woman's earning potential is low because of lack of experience or training, or the lack of suitable work, the amount she can earn in full-time employment may be only marginally higher than the amount that other women manage on from benefit and earnings to the limit of the income exemption; many of whom will have higher earning capacity and work comparatively few part-time hours for only slightly less final income. One of the main reasons for this, which changes to social security provision will in no way alter, is that lower range wages for adult females are considerably lower than those for adult males.
3. If any fall in income when coming onto basic benefit is felt to constitute hardship or to result in a deficit to which the woman cannot be expected to adjust the alternatives seem to be either (a) full-time work - with training or refresher courses if these are available and necessary to increase earning ability or (b) supplementary assistance if retraining is not desirable, available or suitable, and where the size of any deficit provides eligibility. It is however unrealistic to suggest a higher or limitless level of exempted income for widows without children, as the exemption for this group is the same as for all other beneficiaries except widows with children. Also it would place widowed and deserted wives at an advantage compared with single women in the labour force, whose financial needs will in most cases be even greater.
4. The widow beneficiaries for whom the income exemption has most meaning in terms of practicality and financial advantage are those who can earn to the limit by part-time work and thereby increase their incomes to a level approaching or exceeding the average for surveyed industries. This is likely to apply only to those with one or more children, who are able and willing to work and who have jobs available which enable them to earn to the exempted limit in the number of hours they feel able to reconcile with responsibilities to their family. While a woman with very young children may feel unable to work, many will make use of the exemption as their children grow up and by so doing will be able to increase their income to just below the average of surveyed industries where there is one child, rising to above this average where there are four or more children.
5. When a woman's last child ceases to be dependent there will be the inevitable benefit reduction calling for decision and readjustment, but before this stage is reached a woman with dependent children is considerably protected from the detrimental and disruptive effects of sharp income fall that may be caused by the loss of her husband, and also from the deprivation relative to the rest of the community that the loss of a father's income may have on the children. This protection is given first, by the level of benefits and allowances

in comparison with wages, which rise from an income equivalent to the minimum wage of a shop assistant for a woman with one child, to an income almost equivalent to the average wage in surveyed industries for a woman with seven children. Secondly, although the expense of childrens' upkeep will rise with their age, so will the mother's ability to leave the home in order to work and supplement her benefit income to the limit of the exempted amount. It must be emphasised that, particularly for women with 4 or more dependent children who are perhaps not able to work to supplement their benefit income, the level of security provided by the benefit plus allowances is similar to the income that many non-beneficiary couples receive, and from which they must provide for children and two adults. For beneficiaries with 4 or less children, who are probably the ones able to work within the shortest time and earn to the limit of the income exemption while still maintaining the security of the benefit, total income will approach or exceed that of the average in surveyed industries, which again, many non-beneficiary couples must make cover the needs of children and two adults.

6. The income exemption also provides a flexibility to total income, so that mothers who manage normally on benefit income alone, could, if faced with temporary higher expenses, work to earn up to the annual amount of exempted income while retaining the security of their benefit.

VIII RECENT CHANGING PROPORTIONS OF WIDOWS WITH DEPENDENT CHILDREN ON BENEFIT

In Section 4 it was found that although the proportion of widow beneficiaries with dependent children increased from 1945 to 1961, between 1961 and 1966 the trend reversed. Causal relationships cannot be established because of inadequate data and comparatively crude time periods, for comparison. However, if changes in recent benefit rates and allowable income limits are interpreted in terms of the likely significance that these will have for different sized families, then a connection between changes of rate and fluctuation in grants to different types of beneficiary becomes apparent.

The following assumptions have been made when selecting the categories used in the table:- that widows without children and with only one child will earn to the limit of the income exemption; that those with 5 or more dependent children will not be able to earn; and that those with 3 children may or may not be able to earn. The income for which percentage increases have been calculated includes, for women with children, basic benefit, mother's and children's allowances and family benefit.

TABLE 6

Percentage increase in rates of widows benefit between stated years for various types of widow

Between Years	Without <u>children</u> Earning to limit of allowable income	With 1 <u>child</u> Earning to limit	<u>With 3 children</u>		With 5 <u>children</u> Not earning	With 7 <u>children</u> Not earning
			Earning to limit	Not earning		
1945 - 51	18.0%	25.0%	28.0%	21.0%	23.5%	19.0%
1951 - 56	20.0%	22.5%	34.0%	26.5%	28.5%	24.5%
1956 - 61	42.0%	35.5%	29.0%	39.0%	41.5%	47.5%
1961 - 66	20.0%	15.5%	10.0%	13.5%	8.0%	7.0%
1945 - 66	100.0%	98.5%	101.0%	100.0%	101.5%	98.0%

It can be seen from Table 6 that between 1945 and 1956 the highest percentage increases were to those with children - particularly those with up to 3 children who could earn to the limit of the allowable income.

Between 1956 and 1961 the percentage increase of benefit plus income exemption for widows without children was substantial, (42.0%) exceeding the percentage increase of all but women with 5 or more children. (In fact, between the same years the increase of benefit plus exempted income for women with 5 children was 49.0%, and for 7 children 54.0%, which are even higher potential increases, but, as already discussed, it is unlikely that many women with as many dependent children could earn at all).

Between 1961 and 1966 the pattern changed completely, women without dependent children receiving the highest percentage increase of 20.0%, while the percentage increase for women with children decreased as the number of children rose until for women with 7 children it was only a 7.0% increase by far the lowest average increase since at least 1945.

Changes in benefit rates will affect two groups, firstly, those on benefit already, who will either find increases adequate and remain on benefit, or will find them inadequate and come off benefit to work full-time; and secondly, those not on benefit but eligible, who may be attracted to a benefit if changes in rate make it appear adequate. Thus fluctuations in benefit number, (assuming a stable population and constant remarriage and death rate), may be due to either the attraction or felt inadequacy of changing rates of benefit and exempted income.

It is not possible to tell whether the numerical increase of widows and deserted wives without dependent children shown in Table 2 reflects change in the total population. However, as the population trend shown in Table 1 was for a substantial increase in widow age groups 50-59 whose

children are more likely to be no longer dependent, and for a decrease in those under 40, whose children are likely to be dependent, then a decrease in numbers of dependent children could have been expected unless rates were proving more favourable to those with children than without. Certainly the percentage increases to benefit rates between 1945 and 1956 were greater for those with children, particularly if a mother was also able to earn.

In the period 1956-61, when widows without children received a substantial benefit increase, the numbers of childless widows on benefit rose again (Table 1c.) but increases for all were large during these years, particularly if a woman was also earning, and the trend for an increasing proportion of women with children to be on benefit continued, numbers increasing from 1956 by 18% for widows and by 27% for deserted wives. (Deserted wives are likely to have more younger and therefore dependent children and would therefore have received a greater increase on average over these years when increases favoured the larger families).

By contrast between 1961 and 1966 the greatest increase both numerically and in percentage terms was for women without dependent children, for whom the percentage benefit increase was by far the greatest. Over the entire period 1945-66, benefits plus relevant income exemption limits for the widow types in the table increased by around 100% for all types, but, however much changes in rate may balance out over time, each change may well be accompanied by quite marked short-term fluctuations in numbers choosing to come onto benefit, which can be a revealing way of assessing the intended effects and unintended side-effects of rate and policy changes.

IX FACTORS WHICH CAN ACT AS A DISINCENTIVE TO WOMEN'S EMPLOYMENT

Four factors that clearly will affect a woman's desire to work are:-

- (a) the amount of her income from all sources;
- (b) whether or not she has dependent children;
- (c) whether employers' policies and wage rates intentionally or unintentionally, encourage or discourage widows and deserted wives from seeking employment;
- (d) whether Social Security Department policies and rates intentionally or unintentionally encourage or discourage widows and deserted wives from seeking employment.

(a) The amount of her income No information is available on the income of those who could become eligible for benefit if income tests were removed.

As far as beneficiaries are concerned, the only study made of benefit reductions because of 'other income' in excess of the exempted limit was carried out in 1964 and covered all types of widow beneficiaries. It was found then that 13.5% of beneficiaries received reduced benefits because of other income. This was made up of 5.0% of beneficiaries with dependent children and 8.5% of beneficiaries without dependent children. Approximately 2,000 beneficiaries had their benefits reduced by an average of just over \$60 during the year.

It is also known, from personal files, that many other beneficiaries have other income to an amount just below, or exactly on, the limit of the exemption and thus do not have their benefits reduced. This impression could not be pursued further, or quantified, without an extensive study of district office material.

If, therefore, a beneficiary is in receipt of income which exceeds the limit exempted, but is less than the maximum at which she would lose benefit eligibility it is likely to be for one of the following reasons:-

- (i) she either has to work or wishes to work, but cannot or does not wish to work full-time, and cannot get a job with the exact hours she requires;
- (ii) the reduction is due to unearned income - in which case nothing at all can be assumed about her attitude to employment.

(b) Whether or not she has dependent children

As this variable has been thoroughly examined in the preceding section it will not be further elaborated here.

(c) Employers' policies as an encouragement or discouragement to the employment of widows and deserted wives

The following points seem relevant to employers' ability to attract widow beneficiaries to the labour force:-

- (i) the wages they pay;
- (ii) the emphasis they place on retraining or refresher schemes for women returning to the labour force;
- (iii) the arrangements they will make for part-time hours to allow women to meet their domestic obligations;
- (iv) the provision they make for child-minding facilities for women with younger children, if recruitment is to include such women;
- (v) the attitude taken by employers to women with dependent children if their responsibilities require them to take more leave, or cause more absence in emergencies than would be the case with employees without such responsibilities.

(d) Social Security Department policies as an encouragement or discouragement to the employment of widows and deserted wives

The welfare of children will always be a contentious matter when increased employment of women is under discussion.

One of the reasons for the provision of mothers' allowances relating to the number of dependent children was to ensure that mothers could support their families without working full-time, and to enable the mothers of young children to remain at home.

A large amount of evidence from modern research on child deprivation and disturbance shows that children below the age of 3 should not be separated from their mothers. Between 3 and the age of starting school a high standard of care is necessary if the child is to be separated from the mother. School age children are clearly in need of less hours actually in the mother's company, but opinion varies on the age at which a child can be without the mother's company after school. Clearly such a question depends largely on the feelings of the particular mother and her child on the matter, and on the availability and proximity of alternative care for the child, which many will feel should be a relative. But one problem to be overcome by all working mothers is the care of children during sickness and school holidays. Employers of married women can become involved in many of these issues and their policy on, for instance, the provision of day-care facilities, part-time work, time off to care for sick children and leave during school holidays, will all affect the desirability of mothers working for them and, perhaps the employer's ability to attract employees with children.

Given current benefit provisions, and the needs of employers, widows, deserted wives and their children, before any policy change encouraged, rather than permitted, women with dependent children to work it would be necessary to have evidence that:-

- (a) sole-supporting mothers ought to work; or
- (b) sufficient numbers needed to work, for reasons other than extra money only; or
- (c) adequate care was available for their children of all ages while they were at work.

X SUMMARY OF ANSWERS GIVEN IN THE PAST TO TWO REMITS RELATING TO THE RAISING OF THE LEVEL OF INCOME EXEMPTED

No suggestion appears to have even been put forward in the past asking for the complete abolition of the income test but many have suggested that the amount of income exempted be increased.

In reply to a suggestion put forward in 1961 it was pointed out that various anomalies existed which in fact resulted in more favourable treatment of widows and deserted wives compared with married couple beneficiaries, particularly those with dependent children. The reply pointed out that in the case of an invalid, sick or unemployed man with wife and children the maximum income exempted is lower than that for a widow with children and yet in the former situation there are 2 adults to support. Also that the basic benefit for these beneficiaries becomes less favourable by comparison with widows benefit as the number of children rises.

The situation has recently been remedied to a certain extent by the introduction in July 1968 of a family maintenance allowance (F.M.A.) for non-widow beneficiaries with 2 or more children.

Table 7

Comparison of current weekly benefit and income exemption rates for war widows, widows (and deserted wives), and invalids, with various size families

	Receiving benefit because:	Basic Bnft	Mothers Allownce or FMA	Family Bnft.	Econmc. pension	Total	Income exemptn	Total + exempted earnings
<u>NO CHILDREN</u>								
+ 1 adult	war widow	8.70			12.25	\$20.95	8.00	\$28.95
+ 1 adult	widow	12.25				\$12.25	8.00	\$20.25
	invalid	12.25				\$12.25	8.00	\$20.25
+ 2 adults	invalid	22.50				\$22.50	8.00	\$30.50
<u>1 CHILD</u>								
+ 1 adult	war widow	8.70	8.75	1.50	12.25	\$31.20	12.00	\$43.20
+ 1 adult	widow	12.25	8.75	1.50		\$22.50	12.00	\$34.50
+ 2 adults	invalid	22.50		1.50		\$24.00	8.00	\$32.00
<u>3 CHILDREN</u>								
+ 1 adult	war widow	8.70	10.75	4.50	12.25	\$36.20	12.00	\$48.20
+ 1 adult	widow	12.25	10.75	4.50		\$27.50	12.00	\$39.50
+ 2 adults	invalid	22.50	1.50	4.50		\$28.50	8.00	\$36.50
<u>5 CHILDREN</u>								
+ 1 adult	war widow	8.70	12.75	7.50	12.25	\$41.20	12.00	\$53.20
+ 1 adult	widow	12.25	12.75	7.50		\$32.50	12.00	\$44.50
+ 2 adults	invalid	22.50	3.50	7.50		\$33.50	8.00	\$41.50

The conclusion drawn as a result of a similar comparison in 1961 was that however persuasive any argument may be for raising the income exemption for widows, there was perhaps a stronger argument for raising the level of income exempted for all beneficiaries with children.

An additional social security payment not included in the 1961 comparison, which will be added here for completeness, is supplementary assistance. Since 1951 supplementary assistance has been available for social security beneficiaries and others whose essential commitments cannot be met out of current income or other resources, and who are unable to help themselves. The normal supplementary assistance limits are currently \$3.50 a week for unmarried persons, or widows without dependent children, and \$5.00 a week for married couples or widows with dependent children, plus 50 cents for each child in excess of 2.

Table 8

Maximum possible rates of benefit and earnings plus supplementary assistance

	Receiving benefit because:	Benefit total	Supplmtry assistance of	Total without earning	Benefit total plus exempted + earnings	Supplmtry assistance of	Maximmm possible income
<u>NO CHILDREN</u>							
+ 1 adult	war widow	20.95	3.50	\$24.45	28.95	3.50	\$32.45
+ 1 adult	widow	12.25	3.50	\$15.75	20.25	3.50	\$23.75
+ 1 adult	invalid	12.25	3.50	\$15.75	20.25	3.50	\$23.75
+ 2 adults	invalid	22.50	5.00	\$27.50	30.50	5.00	\$35.50
<u>1 CHILD</u>							
+ 1 adult	war widow	31.20	5.00	\$36.20	43.20	5.00	\$38.20
+ 1 adult	widow	22.50	5.00	\$27.50	34.50	5.00	\$39.50
+ 2 adults	invalid	24.00	5.00	\$29.00	32.00	5.00	\$37.00
<u>3 CHILDREN</u>							
+ 1 adult	war widow	36.20	5.50	\$41.70	48.20	5.50	\$53.70
+ 1 adult	widow	27.50	5.50	\$33.00	39.50	5.50	\$45.00
+ 2 adults	invalid	28.50	5.50	\$34.00	36.50	5.50	\$42.00
<u>5 CHILDREN</u>							
+ 1 adult	war widow	41.20	6.50	\$47.70	53.20	6.50	\$59.70
+ 1 adult	widow	32.50	6.50	\$39.00	44.50	6.50	\$51.00
+ 2 adults	invalid	33.50	6.50	\$40.00	41.50	6.50	\$48.00

When the situation was again reviewed towards the end of 1964, following a suggestion that levels of exempted income be raised, it was felt that the proposed change would not be justified for the following reasons:-

- (a) All benefits can be supplemented by supplementary assistance payments and widows with children are the only group with any extra differentiation for exempted income.
- (b) Any increase in the level of income exempted would only help those with other income, but the majority on benefit have none.
- (c) There is no reason to assume that some widows without children would return to the labour force. The reverse is likely to be true, that some now working would reduce their hours or stop working and apply for benefit for the first time.

- (d) Any increase in income exempted for widows without children could be interpreted by the public as a recognition that benefits are inadequate and could lead to pressure for upward adjustment of all benefits.
- (e) If levels of exempted income were higher for widows than for age beneficiaries then there would be some reluctance to transfer to age benefit at 60.
- (f) It would be difficult to justify higher income exemptions for all widows while married beneficiaries with children remained at a lower rate.
- (g) Raising the income exempted could have the undesirable effect of encouraging some widows with children to take part-time employment outside the home to such an extent that their children might suffer neglect.
- (h) If the income exemption for widows were raised it would be very difficult in future to raise the rate of widows' benefits and mothers allowance because of the need to maintain the relationship between wage levels and the limit of benefits plus other income.
- (i) Estimates of the cost of such a change would be complicated by lack of information on:-
 - (1) beneficiaries attitudes to increased earning capacity;
 - (2) the proportion of beneficiaries who would be capable of earning;
 - (3) insufficient information on non-beneficiaries.
- (j) The Social Security scheme is a closely integrated one and changes in benefit rates, income exemption levels etc. can seldom be made without corresponding changes being made for other classes of benefit or pension.

XI CONCLUSIONS

A. Specifically relating to the removal of the income test from widows benefits

Many reasons have been put forward in the past for not raising the levels of exempted income and all apply even more strongly to its complete removal. (Some of these are quoted in Section 10). In addition, the following reasons arise from the present study:-

1. Nothing is known about the motivation and circumstances of widows (and deserted wives), on benefit or not on benefit who do not choose to work.

2. If widows (and deserted wives) work part-time and earn to the level of the income exemption but do not find this adequate there is the alternative of full-time work if this is available, or supplementary assistance, if it is not, or perhaps both if the wages are so low that a deficit between income and demonstrable needs still occurs.
3. The Department has a responsibility to ensure that women are not encouraged to work to an extent which would be against the best interests of their children.
4. If benefit rates for widows and deserted wives are felt to be inadequate and in need of revision, rather than examining basic benefits and income exemptions for widows alone it would be preferable to review all rates for beneficiaries with children, including widows, invalids, the sick and the unemployed; and all rates for beneficiaries without children - including of course, widows without dependent children.
5. The level of basic benefit and income exemption for a widow with no dependent children is the same as for any other beneficiary living alone. There is no reason why any differential treatment should be given, unless it is for retraining after a lengthy absence from employment, and the same, or similar, retraining would be equally relevant for long-term sickness or suitable invalid beneficiaries.
6. Although calculation of estimated extra cost that such a change would incur is fraught with great difficulties it is tentatively estimated at between 3 and 8 million dollars. (See Appendix A).
7. The percentage increase on benefit that exempted income limits represent varies for widows without, with few and with many children. Also although for some beneficiaries the income exemption forms a realisable and integral part of benefit provision; for others it is a possible extra; while for others it is merely an unrealisable right which cannot logically be regarded as part of their benefit provision. Thus the removal of any income limit to benefit eligibility would be most helpful to those who currently restrict their earnings, or who are at present ineligible because they already receive income in excess of the limits. But for the unknown number of women unable to work, or only able to earn low wages, or with dependent children who they choose not to leave, removal of income limits would result in no improvement whatsoever. As such a change would increase inevitable differentials between widows in different circumstances, and also place all widows and deserted wives at least potentially at an advantage compared with other beneficiaries and other marital status groups, the removal of income limits from widows benefits can only be regarded as inequitable and undesirable.

B. General Conclusions

Widows and deserted wives, with or without dependent children, cannot in any way be considered to form a homogeneous group. One of the most striking findings of this study has been the extent to which widow beneficiaries fall into at least 3 separate groups, with age structure and behaviour patterns which differ markedly from each other.

For example, widows and deserted wives without children resemble single women in their fifties in many important ways. Most of them will have to partly or wholly support themselves unless they have independent means, but on the other hand they will usually be without the domestic responsibilities requiring that hours be tailored to the convenience of others. They will also usually maintain single person households, which are invariably proportionately more expensive than households for two or more persons. On the other hand, if the income of widows and deserted wives falls below laid down limits they have the advantage of eligibility for benefit by virtue of age and length of marriage, whereas a single woman could qualify for the same rate of benefit only if sick, invalid, unemployed, or in certain cases, because she was granted age benefit prematurely at 55. And yet in many cases a widow or deserted wife will have been left with greater security in terms of home and income than most single women can achieve. Also, although a widow or deserted wife's income may be less than the previous wages of her husband, because she is likely to have less work experience and a woman's lower average wages, nevertheless if she returns to work she will not usually earn less than the wages of most single women.

Widows and deserted wives with dependent children, for purposes of comparison with other groups can be divided into those with children of pre-school or primary age and those with children of secondary school age. Mothers of young children on widows, sickness, invalid and unemployment benefit and mothers who are married, divorced, legally separated or living apart have very similar characteristics and problems if the income from whatever source, on which they must maintain a household, is felt to be inadequate. In common with other beneficiaries there is a limit placed on the amount that can be earned without affecting benefit eligibility but this amount is higher for widows and deserted wives than for other beneficiaries. This means that while it may be easier for a woman with a beneficiary husband in the house to leave young children in his care, and although the basic rate of benefit for a man and his wife takes account of two adults, nevertheless, a widow with mothers allowance, child supplements and exempted income will in fact receive more for the maintenance of herself and her children than a beneficiary couple will receive for the support of two adults and their children.

Compared with this situation is that of a young married mother whose husband is on a wage felt to be inadequate for their needs, for example the wage of a general labourer, which will provide less for the support of two adults and their children than a widow on benefit plus supplements will receive without working. There are similar problems for such a wife, if she wishes to supplement the family income, in terms of child care, suitable work and hours. But on the other hand if such a mother can work there is theoretically no limit to the amount she can earn, and her husband's wage will only be altered to the extent that his wife's employment affects his taxation rate.

In another important way widowed mothers of young children resemble divorced and single women of the same age, namely in their chances of remarriage. While children do lessen this chance, children notwithstanding, the younger a widow is, the greater her chance of remarriage. On the other hand, a deserted or separated wife on benefit more closely resembles a young married woman with say a chronic invalid husband or a husband in hospital as a long-term patient. She is not free to remarry, yet possesses neither the financial advantage or assistance with child care that married women usually enjoy.

The widow or deserted wife beneficiary with secondary age children is very similar to a married, divorced or legally separated wife in terms of her ability to choose hours for work which conflict little, if at all, with her domestic obligations. It is also more likely that at the age of having children at secondary school all of these women will have reasonably permanent housing arrangements. Widows, perhaps more than other marital status groups are likely to resemble married women in owning, (or being left) a mortgage-free house, which would put them at an immediate financial advantage compared with those who, without the support of a husband, have the additional cost of rent or mortgage payments.

Thus it can be seen that not only do widow beneficiaries fall into at least three separate groups of differing age and family structure, but also they share many of the characteristics which distinguish their financial situation and earning potential not so much with other widow beneficiaries as with other types of beneficiary, or with other marital status groups within the general population. The Social Security Department recognises two distinct groups of widow beneficiaries - those with and without children, while the availability of supplementary assistance to those who are themselves unable to meet any deficit that remains also gives recognition to the fact that some women will not be able to earn, or will not be able to earn enough. By contrast, discussions of widows in newspapers and other mass media all too frequently refer to widows as if they were one homogenous depressed group, while deserted wives, who would logically be included in such a stereotype, are usually omitted altogether. What emerges from the present study is the finding that although many widows and deserted wives of all ages and family size are likely to be as well provided for as non-widows or non-beneficiaries of the same age and family size, nevertheless, some hardships resulting from differences in financial, social and employment needs are probably not being adequately identified and met. And any benefits that would accrue from pin-pointing weaknesses of provision for widows and deserted wives would inevitably improve the situation of non-widows and non-beneficiaries who were similarly placed.

As far as social security provision goes policy and rate changes over the years have recognised increasing numbers of sub-groups for whom differential provision must be made. For instance, in 1938 provision for widows was extended to cover those who did not have dependent children, and in 1945 to the wives, not widows, of deserting husbands and of husbands who were mental patients. Other changes have introduced differentials between beneficiaries related to differing needs - for instance, the gradual increase since 1954 in the number of dependent children for whom payment is made, and, since 1961, the differing rates of exempted income for those with and without dependent children.

However, still not enough is known about the differing characteristics and needs among widows, deserted wives and their children to ensure that social policy can be tailored to provide in an equitable manner for diversity of need, not only relating to direct cash payment but also indirectly related through need for retraining, job placement, increased employment opportunities, child-minding facilities, public and employer attitudes, and regional variations in all of these.

Within social security, exemption for income is the most obvious example of a provision, which, in practice as opposed to theory, is likely to differ greatly in its effects depending on characteristics of the beneficiary which the provision itself is not sufficiently sensitive to distinguish. And it is possible that a study of non-beneficiaries and former beneficiaries would show that just as many problems can be caused, when a provision is more favourable to one type of beneficiary than another, than are solved by its introduction. It is not known, for example, how many women with children cease benefit because they have only the alternatives of no work at all, or full-time work, and were on a benefit they found inadequate for their needs. It is not known how many women with pre-school children find the \$12 income exemption an incentive to employment, nor if there are cases where a mother's consequent employment, is not in the best interests of her children. It is not known why widows without dependent children and between the ages of 40 and 49 are under-represented in the female labour force by comparison, not only with single but also with married women. The income exemption could, here, be acting as an actual dis-incentive to full-time work. Or, the inclination of the widow, or the hours of work available to her may preclude any but part-time employment. Or, the total full-time wage that she could earn, either because of lack of training, or experience, or because no other work is available may be so low that she does not feel it worthwhile to resume employment.

More data is needed on the characteristics of those who apply for widows benefit compared with those who do not; and on those who come off benefit because they feel their financial needs are not being adequately met, compared with those who have chosen alternative provision for other reasons.

Not until specific studies are made of such topics can the current situation be fully assessed in such a way that any resulting suggestions for improvement relate to the desirable basic aim of cohesive, long-term policy probably involving not only social security policy on rates of benefit but also that of employers on female workers, kindergarten, play-centre and other voluntary bodies on the care of young children, government and employers schemes for advising, retraining and placing women and statistical services for thoroughly recording changes in relevant trends.

As far as social security policy alone is concerned the success of changes in policy and rates could perhaps be partly judged by a pause in protests and recommendations from groups championing the cause of widows. But satisfactory assessment of the adequacy of provision - both in cash and coverage - depends on systematic evaluation of the changing situation and behaviour of widows and deserted wives both on benefit, and in the total population.

Ultimately the success or failure of social security benefits to provide for those they are intended to assist can only be measured by comparing benefit provisions with the range of alternatives to which potential or actual beneficiaries are either driven or attracted, and assessing these alternatives in terms of their compatibility or otherwise with the aims of policy. Only by striving to understand why the broad patterns of behaviour within the widow and deserted wife population are as they are, can future changes in rates and policy effectively ensure the adequate provision and coverage that policy makers are endeavouring to provide.

APPENDIX A

COST OF REMOVING THE INCOME TEST

A. Current beneficiaries

If the income test were removed there would be an automatic increase in the cost of benefits already granted because reductions made for other income would cease to be necessary.

For the year ending March 31 1968 the actual expenditure on widows, deserted wives and special* benefits was \$11,994,624.

The estimated maximum possible expenditure on these benefits is given below. The beneficiary numbers used are the average for each category - e.g. widows, deserted wives and special beneficiaries, with and without children, on benefit during the financial year 1967-68.

1. Maximum possible expenditure for year ending March 31 1968

	<u>Number of Women</u>	<u>Number of Dependant Children</u>	<u>Annual cost at rates current Jan.67 - June 68</u>
Widows	13,988	11,398	\$11,231,337
Deserted wives	1,220	2,078	1,174,160
*Special beneficiaries	92	154	83,304
	<u>15,300</u>	<u>13,630</u>	<u>\$12,488,801</u>

*Special benefit = benefit paid at widows' rates for certain mental patients' dependants.

The difference between the actual cost and the maximum possible cost was over \$494,000, or about 4%, which can be assumed to comprise benefit reductions made because income exceeded the exempted limits.

In order to make an estimate of cost which is as close to present conditions as possible the maximum cost for 1967-68 must be adjusted to include - additional beneficiaries since the date used above, i.e. since the mid-point of the financial year and
- additional costs arising from rate increases at June 1968.

The most recent analysis of the numbers of widows benefit recipients into types of beneficiary was at March 1968.

2. Additional numbers of beneficiaries and children by March 31 1968

	<u>Numbers of women</u>	<u>Number of dependant children</u>	<u>Annual max. cost at rates current at March 1968</u>
Additional widows/ deserted wives/and special beneficiaries by March 1968	212	220	\$186,303

Higher benefit rates came into effect on 12 June 1968. These increases were an additional \$26 p.a. added to basic benefit and an additional \$26 p.a. added to mothers' allowances.

3. Additional cost resulting from increases of 12 June 1968

	<u>Number of women</u>	<u>Number of dependant children</u>	<u>Additional annual cost from June 1968</u>
Widows	14,226	11,675	\$517,868
Deserted wives	1,193	2,019	52,598
Special beneficiaries	93	156	3,796
	<u>15,512</u>	<u>13,850</u>	<u>\$574,262</u>

Therefore, if no reductions were made for excess income, if the numbers of beneficiaries remained constant at the March 1968 rates, and if the benefit rates remained as they are at present, then the cost of widows benefits per annum would be:-

1. \$12,488,801
2. 186,303
3. 574,262

A. Cost for current beneficiaries \$13,249,366 (= \$13,250,000)

This represents an increase of over \$1,254,000 - or 9 $\frac{1}{2}$ % - on the cost of widows benefits for the year ending March 31 1968.

B. Additional costs if income test removed and eligibility therefore increased

We do not know how many not on benefit are in fact ineligible, nor do we know the reasons for their ineligibility. It is therefore not possible to know how many women would become eligible and come into benefit if the income test were removed.

As the total number of deserted wives in the population is not known, no estimate at all is possible for this group. Also no estimate can be made of those eligible for special benefit.

For widows any estimate can only be made within a wide range from minimum to maximum numbers. This is because no accurate assessment can be made of those widows at present without dependant children, who would nevertheless be eligible for benefit because they meet alternative requirements.

The numbers used in the widow estimate which follows are based on female age distribution 16-59 at December 1967, the percentage of widows taken from the 1966 census and the distribution of dependant children taken from the 1961 census. Such a fragmented base for an estimate is not particularly satisfactory. But any error which is introduced as a result of this base is of little significance because of the wide range between the maximum and minimum of the final estimate.

Estimate of cost for widows not on benefit at March 31 1968 who could be eligible if the income test were removed

It is estimated that 7,930 widows between the ages of 16-59 were not on benefit; 6,550 of these without children, and 1,380 with children. It has been assumed that some unknown percentage, between 0 and 100% of all widows without dependant children, who are aged 40-59 would be eligible for benefit because they meet alternative eligibility requirements. This would mean that up to 6,380 widows without dependant children must be included in any estimate of cost. It is estimated that 1,380 widows with dependant children have a total of 2,530 children.

Maximum/minimum extra cost for widows who could become eligible for benefit if the income test were removed

			Minimum p.a.	Maximum p.a.
Basic benefit for	0 - 6,380 @ \$637 p.a.	=	\$0	\$4,064,060
Basic benefit + mothers allowance for	1,380 @ \$1,092 p.a.	=		\$1,506,960
Allowance for second and subsequent children for	1,150 @ \$52 p.a.	=		\$59,800

Total:- Minimum \$1,567,000 - Maximum \$5,631,000

A + B Additional costs to current benefits + additional costs for widows who could become eligible

This estimate added to the estimate of additional cost for current beneficiaries if income test were removed gives a range from a minimum of nearly \$15 million to a maximum of nearly \$19 million, or an increase of from 23.5% to 57.5% on the cost of widows benefits for the year ending March 31 1968.

These calculations only give an indication of the scale of possible expenditure if the income test were removed. It must be remembered that no estimate has been possible for the further additional cost of deserted wives and special beneficiaries who could also become eligible if the income test were removed.

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