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## PREFACE

The present publication is the first of a series of handbooks on national systems of social security prepared by Governments according to a plan drafted by the International Labour Office. It is appropriate that this initial handbook should describe the New Zealand system, since the Act of 1938 creating that system has, more than any other law, determined the practical meaning of social security, and so has deeply influenced the course of legislation in other countries. The Office renders thanks to the New Zealand Government for supplying the handbook and thereby contributing to the international fund of knowledge on social security.

This new series will serve several purposes. It presents, for each country, the entire social security legislation analysed in sufficient detail for the reader to understand how the system works. It follows a uniform plan, so that the reader may easily compare the different ways in which national systems attain similar objectives. The terms and classification used in the plan contribute to the development of a recognised international methodology of social security. The series will supply the fund of information required by the International Labour Organisation when it addresses itself to the task of revising its numerous social insurance Conventions in the light of present-day concepts and practice.

The project has been approved by the Committee of Social Security Experts of the International Labour Office, the members of which have promised their help in its execution.

The expediency of presenting as a whole the social security legislation of a country follows from the general recognition that the several schemes of social insurance, social assistance and the like have a common objective and that, for a fair appreciation of a nation's effort to create social security, the complete picture is necessary.

The Office was faced with the initial difficulty that there does not yet exist an internationally accepted definition of social security. Nevertheless, it considered that some of the elements of an acceptable definition can already be indicated. For the rest, a certain latitude has been left in the plan, so that each

Government, by the inclusion or exclusion of certain types of scheme, may assist in the development of a uniform international usage. The elements which the Office has assumed should enter into the definition are derived from the Declaration concerning the aims and purposes of the International Labour Organisation and the twin Recommendations on income security and medical care, all adopted by the International Labour Conference at Philadelphia in 1944, at its 26th Session. From these three instruments it can be inferred that social security measures include those which, in virtue of legislation, provide : a basic income in case of inability to work (including old age), inability to obtain remunerative work or the death of a breadwinner ; assistance for dependent children ; and comprehensive medical care.

The plan of the handbooks is devised in the expectation that Governments will include in the descriptions of their national systems such schemes as protect the population at large, or the gainfully occupied population, and their dependants, or groups of these populations, in respect of—

maternity	incapacity for work
child maintenance	unemployment
condition requiring	old age
medical care	funeral
maintenance of community	death of breadwinner.
health	

The plan, however, does not allow for the inclusion of special schemes providing benefits for employees of public authorities who enjoy the status of civil servants.

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## INTRODUCTION

The conception of the responsibility of the State to make provision for the aged, invalided, sick, widowed, orphaned and unemployed had for forty years been making slow, but steady, practical progress in New Zealand when in 1938, with the passing of the Social Security Act, radical changes and advances took place and benefits were made available to the people of the country as of right and not as charity.

The responsibility for social services in New Zealand has naturally always devolved on the State ; it is a young country, lacking established organisations, guilds or other community movements of the kind found in the older countries, and the individual has therefore had to look to the community as a whole to provide the help so often necessary.

In New Zealand, social security is regarded basically as a comprehensive system of State assistance in the form of, first, cash benefits to provide subsistence to those who may suffer want through age, sickness, widowhood, orphanhood, unemployment or other exceptional conditions, and, secondly, a universal health service designed to maintain and promote the health and general welfare of the community.

### STRUCTURE OF THE SOCIAL SECURITY SCHEME

Viewed from a structural angle the social security scheme may be broadly divided under three heads :

- (a) cash benefits ;
- (b) health benefits ;
- (c) finance.

#### *Cash Benefits*

The Social Security Department is responsible for the administration of the following cash benefits, known as monetary benefits :

- (1) benefits in respect of age :
  - (a) superannuation benefit ;
  - (b) age benefit ;

- (2) widows' benefits ;
- (3) orphans' benefits ;
- (4) family benefits ;
- (5) invalids' benefits ;
- (6) miners' benefits ;
- (7) sickness benefits ;
- (8) unemployment benefits ;
- (9) emergency benefits ;
- (10) war service men's dependants' allowance.

The emergency benefit may be considered of special interest. It is not covered by any particular contingency mentioned in the plan for this series, but it is related to most of them. The Social Security Commission has power to grant this benefit on account of hardship to any person who by reason of age, or physical or mental incapacity or domestic circumstances, or for any other reason, is unable to earn a sufficient livelihood for himself and his dependants, and is not qualified to receive any other cash benefit.

The war service men's dependants' allowance is also of interest as indicating the tendency in New Zealand to integrate war pensions with the social security system, both from the administrative and from the legislative viewpoint. This allowance is payable to certain social security beneficiaries who are parents of deceased service men who lost their lives during war.

Reference may be made here to the question of reciprocity in social services. At the present time New Zealand has no reciprocal arrangements outside the British Commonwealth of Nations, and arrangements within the Commonwealth are limited to reciprocity with Australia, covering most of the cash benefits available in New Zealand, and with Great Britain and Northern Ireland, covering family benefits (child allowances).

### *Health Benefits*

The Department of Health is entrusted with the administration of health benefits, which are benefits in kind and available to the resident population. These benefits are :

- (1) maternity benefits ;
- (2) hospital benefits ;
- (3) medical benefits ;

- (4) pharmaceutical benefits ;
- (5) supplementary benefits :
  - (a) X-ray diagnostic services ;
  - (b) massage services ;
  - (c) district nursing services ;
  - (d) domestic assistance ;
  - (e) laboratory diagnostic services ;
  - (f) dental benefits.

It is evident from the above that there is now no economic barrier to prevent anyone from receiving proper medical care and attention.

### *Finance*

Cash and health benefits under the social security scheme are financed on a current cost basis from the Social Security Fund, which receives income from two main sources : a tax known as the social security contribution ; and annual grants from the Consolidated Fund, which is the pool or fund of general taxation. The Social Security Fund is not built up to cover future contingencies, but expenditure each year is met from receipts into the Fund during that year. The social security contribution is a charge at the rate of  $7\frac{1}{2}$  per cent. on all salaries, wages and other income of all persons 16 years of age and over ordinarily resident in New Zealand and on the income of most companies resident in New Zealand. The collection of the social security contribution is, along with general taxation, in the hands of the Land and Income Tax Department, but the control of the Social Security Fund is a function of the Social Security Department.

The total expenditure for the year ended 31 March 1949 on cash benefits was £34,455,758, or £18 12s. 3d. per head of population, and on health benefits, £7,875,448, or £4 5s. 1d. per head of population.

It is necessary to point out that the New Zealand scheme is not a contributory one in the sense that the number and amount of contributions paid determine the benefits to be received. Every person normally resident in New Zealand is entitled to the benefits of the scheme whether or not he pays tax provided he otherwise qualifies in respect of the individual requirements of any particular benefit. It will thus be seen that the scheme is a comprehensive one, embracing all sections of the community and

applied mainly on the basis of a means test for cash benefits but without restriction for health benefits.

### OTHER SOCIAL BENEFITS

To give an over-all understanding of the scheme, it is necessary to refer to some features which in New Zealand do not fall within the social security scheme as such but may be regarded as social benefits affecting the welfare of the community.

#### *Workers' Compensation*

The provisions for compensation in the event of incapacity or death due to employment injury (excluding occupational diseases of miners contracted while they were employed as such) are administered by the State Fire and Accident Insurance Office. No attempt has been made to fit this compulsory insurance scheme into the general plan of this monograph, but a résumé of the relevant provision of the Workers' Compensation Act, 1922, and amendments is given here.

This Act provides for compulsory insurance of employees against injuries received in the course of their employment. It covers workers under contract of service or apprenticeship, including seamen on New Zealand ships and airmen employed on New Zealand aircraft, whether by way of manual labour, clerical work or otherwise. The employer, with a few exceptions, is required to pay the premiums at rates fixed by Order in Council and varying with the degree of risk in the undertaking.

For total or partial temporary disability, the employee receives 75 per cent. of the wage loss, subject to a maximum of £6 a week, and in the case of total temporary disability the minimum payment has been fixed at £2 a week. In general, if the disability is permanent and total, the cash benefit is 75 per cent. of wage loss or £2 a week, whichever is larger. The maximum payment is £6 a week, and the aggregate of weekly payments must not exceed £1,750. In each case the period of incapacity must exceed three days. Allowance for medical expense is fixed at the nominal figure of £1.

For total permanent disability, the cash benefit is assessed on the basis of 75 per cent. of earnings or £2 a week, whichever



is the larger, but not exceeding in any case £6 a week. The aggregate limit of weekly payments is £1,750. If the disability is permanent but only partial, the cash benefit is that percentage of the amount payable for permanent total disability which the physical injury bears to total incapacity.

Where death results from employment injury, the payment in respect of dependants wholly maintained by the deceased is 250 times the weekly earnings or £750, whichever is the larger, provided that the maximum does not exceed £1,750. Any payments made to the worker before death are disregarded unless the total of such payments plus the lump sum payable to dependants exceeds £2,000. For partial dependants, the lump-sum payment is such amount as is reasonable and proportionate to loss. In addition to any compensation payment, a sum is allowed for reasonable medical and funeral expenses, but not exceeding £50.

The injured workers may be provided with prosthetic appliances and repairs to such appliances for a period not exceeding three years. Provision is also made for vocational rehabilitation of injured workers. The conveyance of an injured worker and the expenses incurred thereby are the responsibility of the employer. If the injured worker requires medical treatment elsewhere than the town in which he resides, up to £25 is allowed for transport and lodgings.

The receipt of a lump-sum compensation by a worker for permanent total or permanent partial incapacity or by a widow in respect of the death of her husband would not in itself preclude the payment of a social security benefit.

Workers' compensation insurance is practically a monopoly of the State and is administered by the State Fire and Accident Insurance Office, which maintains a special Employers' Liability Insurance Account within the Government Accident Insurance Account. Premiums and other moneys received under the Workers' Compensation Act are paid into this special account, which is used to finance the scheme. Employers are required to make an annual return of wages paid during the preceding twelve months and an estimate of the wages payable in the following twelve months. On the basis of this return the employer's premium is assessed, and he is required to pay such premium within one month after the date of assessment. If at any time the moneys in this account are insufficient to meet the claims thereon, advances may be made from the Consolidated Fund (fund for general taxation) or such other funds as the Minister of Finance may direct.

*Maintenance of Community Health*

A very wide range of contingencies is covered by general public health services with the object of improving and maintaining the health of the community, including infant and maternity welfare, physical welfare and recreation, social hygiene, etc., but these services are outside what is known as the New Zealand social security scheme.

*Institutional Treatment of Mental Defectives*

The cost of maintenance and treatment in public mental hospitals is not borne by the Social Security Fund but is met from general taxation. However, licensed private mental hospitals may claim from the Social Security Fund a proportion of the total charges and the charge to the patient will then be reduced by this amount.

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## CHAPTER I

### LEGAL BASIS

Social security in New Zealand rests on the foundation of earlier provision for pensions to cover certain limited contingencies. In 1938 provision for these and other contingencies were incorporated in one Act of Parliament, which provided at the same time for substantial increases in rates and more liberal qualifying conditions. The Social Security Act, 1938, which came into force on 1 April 1939, was planned "to provide for the payment of superannuation benefits and of other benefits designed to safeguard the people of New Zealand from disabilities arising from age, sickness, widowhood, orphanhood, unemployment or other exceptional conditions; to provide a system whereby medical and hospital treatment will be made available to persons requiring such treatment; and further to provide such other benefits as may be necessary to maintain and promote the health and general welfare of the community".

In addition to incorporating all social security benefits, the one legislative enactment also makes provision for the financing of the unified scheme. Since the original Act was passed, there have been a number of amendments made to the legislation which have in general had the effect of broadening the scope of social security in New Zealand. There have been a number of increases in rates of monetary benefits, and additional health services have been added. The rate of social security contribution was originally 5 per cent. and later increased to 7½ per cent., but no attempt is made to relate individual contributions to the amounts of benefit payable.

Benefit rates are fixed by statute and there is no provision in the legislation or regulations for a review and revaluation on an actuarial basis at periodic intervals to relate the cash value of benefits to changes in the cost of living. The practical effect of any increase in the cost of living is that public opinion inspires parliamentary reconsideration of what is regarded as a reasonable standard of comfort.

To give full effect to the Social Security Act, the Governor-General may from time to time, by Order in Council and acting on the advice of his Ministers, make such regulations as are deemed necessary. To this end regulations have been issued to cover cash benefit procedure and collection of contributions and to extend the health benefits as the additional services become available.

### § 1. Legislation

SICKNESS, OLD-AGE, INVALIDITY, UNEMPLOYMENT AND SURVIVORS' CASH BENEFITS FOR RESIDENT POPULATION OF SMALL MEANS; MATERNITY AND HEALTH BENEFITS FOR POPULATION IN GENERAL; SUPERANNUATION BENEFIT AND FAMILY ALLOWANCE FOR RESIDENT POPULATION

#### *Laws*

Social Security Act of 14 September 1938.  
 Social Security Amendment Act of 29 September 1939.  
 Social Security Amendment Act of 19 July 1940.  
 Finance Act (No. 4) of 6 December 1940.  
 Social Security Amendment Act of 13 October 1941.  
 Finance Act (No. 2) of 26 October 1942.  
 Social Security Amendment Act of 25 August 1943.  
 Social Security Amendment Act of 24 November 1945.  
 Social Security Amendment Act of 11 November 1947.  
 Finance Act (No. 2) of 3 December 1948.  
 Social Security Amendment Act, 1949.

#### *Regulations*

Social Security (Monetary Benefits) Regulations, 1939/55.

#### *Maternity Benefits.*

Social Security Maternity Benefits Regulations, 1939/43.  
 Social Security Maternity Amendment No. 1, 1939/92.  
 Social Security Supplementary Maternity Benefits Regulations, 1939/93.  
 Social Security Supplementary Maternity Benefits Regulations, 1940/81.  
 Social Security Maternity Benefits Regulations, Amendment No. 2, 1947/126.

*Medical Benefits.*

Social Security (Medical Benefits) Regulations, 1941/24.

Social Security (Medical Benefits) Regulations, Amendment No. 1, 1943/156.

*General Medical Services.*

Social Security (General Medical Services) Regulations, 1941/187.

Social Security (General Medical Services) Regulations, Amendment No. 1, 1942/13.

*Pharmaceutical Supplies Benefits.*

Social Security (Pharmaceutical Supplies) Regulations, 1941/66.

Social Security (Pharmaceutical Supplies) Regulations, Amendment No. 1, 1941/131.

Social Security (Pharmaceutical Supplies) Regulations, Amendment No. 2, 1942/3.

Social Security (Pharmaceutical Supplies) Regulations, Amendment No. 3, 1943/155.

Social Security (Pharmaceutical Supplies) Regulations, Amendment No. 4, 1946/135.

*Massage Benefits.*

Social Security (Massage Benefits) Regulations, 1942/255.

*X-ray Diagnostic Services.*

Social Security (X-ray Diagnostic Services) Regulations, 1941/122.

Social Security (X-ray Diagnostic Services) Regulations, Amendment No. 1, 1942/14.

*Hospital Benefits.*

Social Security (Hospital Benefits) Regulations, 1939/75.

Social Security (Hospital Benefits) Regulations, Amendment No. 1, 1943/98.

Social Security (Hospital Benefits for Outpatients) Regulations, 1941, 1941/49.

Social Security (Hospital Benefits for Outpatients) Regulations, 1941, Amendment No. 1, 1944/179.

Social Security (Hospital Benefits for Outpatients) Regulations, 1947, 1947/68.

*District Nursing Services.*

Social Security (District Nursing Services) Regulations, 1944/105.

*Domestic Assistance.*

Social Security (Domestic Assistance) Regulations, 1944/178.

*Laboratory Diagnostic Services.*

Social Security (Laboratory Diagnostic Services) Regulations, 1946, 1946/24.

Social Security (Laboratory Diagnostic Services) Regulations, 1946, Amendment No. 1, 1949/60.

*Dental Benefits.*

- Social Security (Dental Benefits) Regulations, 1946, 1946/189.  
 Social Security (Dental Benefits) Regulations, 1946, Amendment  
 No. 1, 1948/191.

*Notices (N.Z. Gazette)*

- Contact Lenses : *N.Z. Gazette*, No. 27, 29 May 1947, p. 654.  
 Hearing Aids : *N.Z. Gazette*, No. 65, 6 November 1947, p. 1751.  
 Artificial Limbs : *N.Z. Gazette*, No. 17, 1 April 1948, p. 353.

## FINANCING OF ALL BENEFITS

*Laws*

- Social Security Act of 14 September 1938.  
 Social Security Amendment Act of 29 September 1939.  
 Finance Act (No. 2) of 6 October 1939.  
 Social Security Amendment Act of 19 July 1940.  
 Finance Act (No. 2) of 30 August 1940.  
 Finance Act (No. 3) of 11 October 1940.  
 Finance Act (No. 2) of 26 October 1942.  
 Finance Act (No. 2) of 16 March 1943.  
 Finance Act (No. 2) of 12 October 1946.  
 Finance Act (No. 2) of 25 November 1947.

*Regulations*

- Social Security Contribution Regulations, 1939/13.  
 Social Security Contribution Regulations, Amendment No. 1,  
 1939/259.  
 Social Security Contribution Regulations, Amendment No. 3,  
 1945/35.  
 Social Security Contribution Regulations, Amendment No. 4,  
 1946/45.  
 Social Security Contribution Regulations, Amendment No. 5,  
 1949/27.  
 Social Security Contribution (Companies) Regulations, 1943/34.
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## CHAPTER II

### SCOPE OF PROTECTION

In New Zealand no cash benefit is paid in the event of maternity, but the whole resident population is entitled to free hospital and obstetrical care, and periodical cash benefits are paid in respect of every child, without means test. Additional benefit is available for orphans, subject to means test.

The whole resident population is entitled, subject to a means test, to cash benefits in the event of sickness or unemployment, permanent incapacity for work or total blindness, and on attainment of age 60 years. Superannuation benefit without means test is provided for the resident population at age 65 years. Resident women are entitled to cash benefits in the event of death, desertion or insanity of the husband.

Free pharmaceutical benefits, medical and hospital care are available to all residents, and supplementary health benefits on a restrictive basis are also available.

Miners are entitled to draw cash benefits if, while engaged as miners in New Zealand, they contracted miners' phthisis or any other occupational or heart disease and have thereby become permanently and seriously incapacitated for work.

Emergency cash benefits may be granted in necessitous cases where the individual does not qualify for one reason or another for a specific social security cash benefit.

#### § 2. Range of Persons Protected

##### A. MATERNITY

No cash benefits are payable. See C, 3.

##### B. CHILD MAINTENANCE

Periodical cash benefits without means test are provided for all children of resident population up to the end of the month in which the child turns 16 years of age.

Additional benefit is available for orphans, subject to a means test. In such cases income attaining or exceeding £65 a year and property in excess of an amount fixed at the discretion of the Social Security Commission will exclude a child from additional orphans' benefit.

### C. CONDITION REQUIRING MEDICAL CARE

#### 1. *Morbid Condition from Any Cause*

##### (a) *Sickness.*

Resident population without means test.

##### (b) *Invalidity.*

Same range as under C, 1 (a).

#### 2. *Morbid Condition due to Employment Injury*

See Introduction, under "Workers' Compensation".

#### 3. *Maternity*

Free hospital and obstetrical care are available to the resident population without exception and without age limits.

### D. MAINTENANCE OF COMMUNITY HEALTH

See Introduction.

### E. INCAPACITY FOR WORK

#### 1. *Incapacity for Work from Any Cause*

##### (a) *Sickness.*

Gainfully occupied population 16 years of age and over. Persons whose income attains or exceeds £3 10s. 0d. per week are excluded, and no benefit will be paid in excess of the amount lost by way of wages or other earnings. A married woman gainfully employed is not entitled to benefit unless her husband is unable to maintain her.

##### (b) *Invalidity.*

All residents in New Zealand 16 years of age or over who have not turned 60 years of age (the age when a resident qualifies for age benefit). Persons in receipt of income which attains or exceeds £182 per annum and persons holding property readily realisable attaining or exceeding £1,800 are excluded from benefits.

#### 2. *Incapacity for Work due to Employment Injury*

See Introduction, under "Workers' Compensation".

#### *Miners.*

A special social security cash benefit is payable in the case of miners to residents permanently and seriously incapacitated by miners' phthisis or any other occupational or heart disease. There is no means test for this benefit.



## F. UNEMPLOYMENT

Resident population 16 years of age and over and not qualified to receive an age benefit. Earnings of £2 10s. 0d. per week or income other than earnings of £3 10s. 0d. per week may exclude a person from benefit. Property readily realisable may be taken into consideration at the discretion of the Social Security Commission.

A married woman is not entitled to benefit unless her husband is unable to maintain her.

## G. OLD AGE

### 1. *Age Benefit*

Residents aged 60 years and over whose income and readily realisable property does not exceed the prescribed limits. Persons whose income attains or exceeds £182 a year or whose property attains or exceeds £1,800 are excluded from benefit.

### 2. *Superannuation Benefit*

All residents aged 65 years and over, irrespective of means or loss of earnings.

## H. FUNERAL

On the death of any person while in receipt of a miners' social security benefit, a funeral grant may be paid, on application, to the widow or trustee of the estate.

## I. DEATH OF BREADWINNER

### 1. *Death from Any Cause*

Surviving wife, subject to means test. The limit of income where there are dependent children is £286 per year. Where there are no dependent children, the income limit up to 60 years of age is £208 per year; widows 60 years and over have the same income and property limits as age beneficiaries (see G). Orphans receive benefit subject to means test (see B).

### 2. *Death from Employment Injury*

Same range as E, 2.

Widows of miners in receipt of miners' social security benefit receive widows' benefit without means test.

## J. OTHER CONTINGENCIES

### 1. *Desertion by or Mental Disease of Husband*

Resident population of small means; the wife is treated as a widow and ranges, as such, as under I, 1.

### 2. *Emergency*

Resident population of small means. Granted at the discretion of the Social Security Commission in cases of hardship to persons who do not qualify for any specific benefit.

## § 3. Contingencies Covered

### A. MATERNITY

No cash benefits are provided under the social security scheme. See C, 2.

### B. CHILD MAINTENANCE

Family benefits (children's allowances) are granted in respect of every child under 16 years of age who is maintained as a member of the family of the applicant. The Social Security Commission may, in its discretion, grant or continue a family benefit in respect of any child who has attained age 16 years if by reason of any physical or mental defect such child is totally incapacitated from earning a living. The benefit may also be granted or continued by the Commission up to the end of the year in which the child turns 18 years of age to assist in the child's further education.

Benefit is not payable in respect of any child unless the child was born in New Zealand, or has been permanently resident in New Zealand for not less than one year. If the mother of the child was only temporarily absent from New Zealand at the time of the child's birth, the child will be regarded as eligible.

Additional benefit subject to means test, known as an orphans' benefit, is payable where both parents are dead, in respect of any orphan born in New Zealand or whose last surviving parent lived in New Zealand for the three years before his or her death, provided the child is not maintained in a State institution. Any stepchild or adopted child whose parent and step-parent or whose adoptive parents are both deceased may be granted orphans' benefit.

### C. CONDITION REQUIRING MEDICAL CARE

#### 1. *Morbid Condition from Any Cause*

Such medical treatment as is ordinarily given by medical practitioners in the course of a general practice and such pharmaceutical

supplies as may be prescribed are provided for all the resident population.

In-patient and out-patient hospital treatment in public hospitals and treatment in State mental institutions is provided free, and in private hospital and institutions partial expenses are met by the State.

The present dental service is confined for the time being to school children under the age of 16 years.

## 2. *Maternity*

The services of a doctor during the ante-natal period, attendance at confinement, attention during the lying-in period and one post-natal consultation following the conclusion of the lying-in period are provided free in respect of every birth in New Zealand to a New Zealand resident. In addition, any maternity hospital services in a public hospital for the day of birth and for up to 14 days thereafter, or in lieu of hospital services attendance in the patient's own home by an obstetric nurse for the day or days of labour and up to 14 days thereafter. In licensed private maternity hospitals partial expenses are met by the State for a similar period.

## D. MAINTENANCE OF COMMUNITY HEALTH

See Introduction.

## E. INCAPACITY FOR WORK

### 1. *Incapacity for Work from Any Cause*

#### (a) *Sickness.*

Temporary incapacity for work through sickness or accident of a person by reason of which a loss of salary, wages or other earnings is suffered. A benefit is not payable in respect of the first seven days unless the Social Security Commission in its discretion determines that part or the whole of this waiting period should be waived. Incapacity due to employment injury is not excluded but employees are required to apply for compensation under the Workers' Compensation Act (see Introduction) and their eligibility for sickness is determined on income basis.

#### (b) *Invalidity.*

A person is deemed invalid who is totally blind or is permanently incapacitated for work as the result of an accident or by reason of illness or of any congenital defect.

The title to invalids' benefit begins when it is determined on medical evidence that a person is permanently incapable of performing any work of more than a nominal nature, not only of the type to which the applicant has been accustomed, but also any other work which

he might reasonably be expected to be able to undertake. There is no fixed time limit after which the criteria of invalidity are applied to a morbid condition.

Where the invalidity is due to an employment injury, it is not excluded but compensation or damages received are included when a person's income for invalids' benefit is assessed.

## 2. *Incapacity for Work due to Employment Injury*

See Introduction, under "Workers' Compensation".

### *Miners.*

A miner is entitled to miners' social security benefit if while engaged as a miner he contracts miners' phthisis or any other occupational disease or heart disease and, as the result of miners' phthisis, he is permanently and seriously incapacitated for work or, if suffering from any other occupational or heart disease, he is permanently and totally incapacitated for work.

A miner may not receive compensation under the Workers' Compensation Act, 1922, and miners' benefit concurrently in respect of the same disease.

## F. UNEMPLOYMENT

Unemployment benefit is payable to any person (see § 2, F) who is unemployed, is capable of undertaking and is willing to undertake suitable work, and has taken reasonable steps to obtain suitable employment.

Unemployment benefit is not payable for the first seven days of any period of unemployment unless the Social Security Commission, in its discretion and having regard to the special circumstances of any case, decides that the whole or part of the waiting period should be waived.

The Social Security Commission may in its discretion postpone for such period as it thinks fit, not exceeding six weeks, the commencement of an unemployment benefit, or, as the case may require, may terminate such a benefit, in any of the following cases :

- (i) if a person has become voluntarily unemployed without a good and sufficient reason ; or
- (ii) has lost his employment by reason of any misconduct as a worker ; or
- (iii) has refused or failed, without a good and sufficient reason, to accept any offer of suitable employment ; or
- (iv) in the case of a seasonal worker, his earnings for the season are sufficient for the maintenance of self and family, notwithstanding a period of temporary unemployment.

The term "suitable employment" is not rigidly defined, but is regarded as any employment which in the opinion of the Commission is suitable in its nature, conditions, rates of remuneration and location.

## G. OLD AGE

### 1. *Age Benefit*

Benefits are granted to residents on attainment of age 60 and thereafter, subject to a means test.

### 2. *Superannuation Benefit*

Benefits are granted to all residents on attainment of age 65 and thereafter, irrespective of means or loss of earnings or income.

## H. FUNERAL

On the death of any person while in receipt of a miners' benefit an amount to be fixed by the Social Security Commission as reasonable expenses of his funeral will be paid, on application, to the widow or person who has incurred funeral expenses. This is the only provision under the Social Security Act, 1938, for payment of funeral grant.

## I. DEATH OF BREADWINNER

### 1. *Death from Any Cause*

Women of small means are entitled to benefit on the death of the husband, subject to certain conditions (see § 12).

Where a widow has dependent children an additional grant known as "mothers' allowance" is payable. (N.B. Children are already covered separately by family benefit.)

Orphans' benefit in lieu of family benefit may be paid, subject to means test, in respect of children who have lost both parents.

### 2. *Death from Employment Injury*

Covered by Workers' Compensation Act. See Introduction.

#### *Miners.*

Where a miner dies while in receipt of social security benefit, his widow is entitled to benefit during widowhood without a means test.

## J. OTHER CONTINGENCIES

### 1. *Desertion by or Mental Disease of Husband*

A wife who has been deserted by her husband, provided she has taken proceedings against him for a maintenance order under the Destitute Persons Act, 1910, or a wife whose husband is a mental patient, may qualify for benefit as provided for a widow under I, 1.

## 2. *Emergency*

Any person who by reason of hardship through age, physical or mental disability, domestic circumstances or any other reason is unable to earn a sufficient livelihood for himself and his dependants and is unable to qualify for any other cash benefit may be granted an emergency benefit.

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## CHAPTER III

### PROVISION OF BENEFITS

The principles governing the provision of benefits are summarised below.

#### CHILD MAINTENANCE

Cash family benefits in New Zealand are provided without any means test restrictions and are payable in respect of all children including stepchildren and adopted children. The benefit ceases at the end of the month in which a child attains 16 years of age but may be continued if the child is totally incapacitated from earning a living by reason of some physical or mental defect. A benefit may also be granted or continued until the end of the year in which a child turns 18 years of age to assist in the child's further education.

Each child in respect of whom a family benefit is claimed must have been born in New Zealand or have been permanently resident in New Zealand for not less than one year, or the mother must have been only temporarily absent at the time of birth. The rate of benefit is 10s. a week in respect of each child.

Orphans' benefit may be payable in lieu of family benefit in respect of any orphan born in New Zealand or whose last surviving parent lived in New Zealand for the three years before his or her death. The rate of orphans' benefit is fixed by the Social Security Commission but must not exceed the rate of £65 per year, and is reducible in respect of any income received by or for the benefit of the orphan. The actual rate of benefit will be fixed by the Social Security Commission having regard to any income or property of the orphan and any special circumstances. Benefit ceases at the end of the month in which the orphan reaches age 16 years but may be continued, for educational purposes, until the end of the year in which he turns 18 years.

## CONDITION REQUIRING MEDICAL CARE

Health benefits are provided to cover the whole resident population regardless of economic status, occupation or other restrictive qualifications and are available as of right regardless of the amount, if any, of taxes or contributions paid by the recipient of benefit. The Social Security Act, 1938, envisaged a comprehensive national health service available free to every resident but this aim has not as yet been fully realised. Many services are free, others partly free, while certain specialist services have yet to be brought within the scope of the original plan.

General health benefits cover all conditions requiring medical care. No limit is placed on the period for which health benefit is provided. No cash benefit is payable, but the person providing the service is paid from the Social Security Fund.

In respect of service by a doctor (including a specialist consultant) a fee of 7s. 6d. is paid for each consultation or visit to the patient's residence during any weekday, but a higher fee, 12s. 6d., is payable for service afforded outside ordinary hours.

Public hospital boards and approved private hospitals are paid at the rate of 9s. per day for each patient. The amount paid to a public hospital is in full satisfaction of its claim for the treatment of patients; in the case of a licensed private hospital or other institution, the amount paid is applied in reduction of the total charges for hospital treatment. Out-patient treatment in public hospitals is also provided free.

Laboratory diagnostic services are provided free, while X-ray diagnostic services are partially free, the scale of fees varying according to the type of examination required.

A fee of 3s. 6d. for each massage is paid out of the Social Security Fund to any masseur who contracts to afford such service and who undertakes not to charge the patient any additional fee in excess of 3s. 6d. for treatment afforded in his own rooms, or 7s. for treatment afforded elsewhere.

The cost of any approved drugs, medicines and approved appliances prescribed by a doctor in the course of providing medical services is met from the Social Security Fund.

Contact lenses are supplied at the cost of the State for certain optical disabilities. Certain hearing aids are supplied at the cost of the State, and in respect of other approved aids a subsidy towards the cost is made. For artificial limbs, the Social Security



Fund bears 80 per cent. of the cost of manufacture, the balance being payable by the patient, or in certain circumstances by the local hospital board.

A free dental service has been provided for children up to 16 years of age. As further dental personnel becomes available, it is hoped to extend the age group each year and to include all children up to the age of 19 years.

The cost of medical services in connection with maternity, including ante-natal and post-natal advice and treatment and the cost of maintenance in public maternity hospitals and partial cost of maintenance in licensed private maternity hospitals, are met by the Social Security Fund. No cash benefit is provided in respect of this contingency. The basic fee payable to a doctor is £6 6s. 0d. for full services, including at least five ante-natal attendances. Benefits paid to maternity hospitals in respect of each birth are £1 per day for a period not exceeding 15 days.

Where service is provided in the home by an obstetric nurse, the fees payable are, for a midwife acting without a doctor for day or days of labour, £2, and for an obstetric nurse acting in the capacity of a maternity nurse, £1; for services during the confinement period subsequent to the birth of the child, the fees are, for a visiting obstetric nurse 7s. 6d. a day for each of the 14 days immediately succeeding the date of birth of the child, or, for any domiciliary obstetric nurse, 18s. a day for each of the 14 days subsequent to the birth of the child. The actual travelling expenses of the nurse are also payable from the Fund.

#### INCAPACITY FOR WORK

In respect of periods of temporary incapacity due to sickness or accident, a cash sickness benefit is payable to every person over 16 years who has resided continuously in New Zealand for not less than 12 months and who has suffered loss of salary, wages, or other earnings by reason of such incapacity. Payment in respect of a married woman employee will only be made if her husband is unable to maintain her.

The basic rate of benefit is 30s. a week for persons under age 20 years without dependants and 50s. a week for all others, and may continue so long as incapacity lasts, or until the beneficiary becomes entitled to some other benefit. Payment is made in respect of an applicant's wife at the basic rate of 50s. Any applicant who is maintaining a home and not drawing benefit

in respect of a wife may receive benefit not exceeding the rate payable for a wife in respect of any person who has the care of his home. There are no property qualifications, but the benefit is reduced by 1s. for every complete shilling of total income in excess of 20s. a week.

No benefit is paid in excess of the actual amount lost by way of salary, wages or other earnings, nor is benefit paid for the first seven days of incapacity unless there are special circumstances which warrant payment for whole or part of the first seven days.

Invalids' benefit is payable where incapacity for work is permanent, whether by reason of sickness, accident, congenital defect or total blindness, to any person aged 16 years or over and not qualified to receive an age benefit. Incapacity must not be self-inflicted or self-induced. The applicant must have resided in New Zealand for not less than 10 years immediately preceding his application. Allowance is made for certain periods of absence. It is a general principle that the disability must have been incurred in New Zealand, but there is a residential provision covering those who do not fulfil this qualification. The applicant must be of good moral character and sober habits.

The basic rate of benefit for single persons under 20 years of age is £104 per annum ; for a widower with dependent children, £130 per annum ; for a married man, £130 for himself, increased by £130 for his wife ; and for other persons, £130 per annum. A widower with dependent children has an income exemption of £78 per annum, and the exemption in other cases is £52 per annum. A married woman may apply for benefit in her own right, in which case the rate of benefit is £130 per annum, and the other allowable income of herself and husband is £182 per annum except where nursing or domestic assistance is required, when the total income allowed including benefit must not exceed £8 per week. The benefit is reduced in all cases by £1 for every complete £10 of chargeable property in excess of £500. The value of the chargeable property of any married applicant is the equivalent of one half of the combined properties of husband and wife. Benefit is not reduced by both property and income therefrom.

Any resident who contracts miners' phthisis (pneumoconiosis) while engaged as a miner and is thereby permanently and seriously incapacitated for work may be granted a miners' benefit. Any other occupational disease associated with mining or heart disease which permanently and totally incapacitates a miner for work

will entitle him to miners' benefit. The miner must have resided in New Zealand continuously for not less than five years immediately preceding the date of application and have been employed as a miner in New Zealand for at least two and a half years in the aggregate. He must be of good moral character and sober habits and must not have deserted or wilfully failed to maintain his wife and children during the five years mentioned previously; otherwise benefit may be refused. There is no means test for miners' benefit but an applicant or beneficiary may be required to submit himself for medical examination to determine the degree of incapacity.

The rate of miners' benefit is £130 a year and payment continues as long as incapacity lasts. Benefit is increased by £130 a year in respect of a wife, if any.

As regards incapacity for work due to employment injury, see Introduction, under "Workers' Compensation".

#### UNEMPLOYMENT

Every person over 16 years of age and not qualified to receive an age benefit who has resided in New Zealand for not less than 12 months may be paid an unemployment benefit provided he is unemployed, is capable of and willing to undertake suitable work and has taken reasonable steps to obtain suitable employment. A married woman is entitled to an unemployment benefit, only if her husband is unable to maintain her.

The basic rate of benefit is 30s. a week for a single person under 20 years, and 50s. a week for all others. The rate is increased by 50s. in respect of the applicant's wife. Where an applicant is maintaining a home and is not drawing benefit in respect of a wife, he may receive a benefit not exceeding that for a wife in respect of any person who has the care of his home. The Social Security Commission is empowered to reduce the unemployment benefit if the applicant or his wife is in receipt of any income or is the owner of any property.

Benefit is not payable in respect of the first seven days of any period of unemployment unless the Commission determines otherwise.

If the applicant or beneficiary has become voluntarily unemployed without a good and sufficient reason, or has lost his employment by reason of any misconduct as a worker, or if he has refused or failed, without a good and sufficient reason, to accept an offer

of suitable employment or, in the case of a seasonal worker, if his earnings for the season are sufficient for his maintenance and the maintenance of his family, notwithstanding a period of temporary unemployment, then the Social Security Commission may in its discretion postpone for such period not exceeding six weeks the commencement of benefit or may terminate the benefit, as the case may be. Otherwise, benefit is payable so long as the beneficiary satisfies the general conditions under which benefit is granted.

### OLD AGE

Benefits in respect of age are payable to every person who has attained the age of 60 years and who, in the case of a person resident in New Zealand on 15 March 1938, has resided continuously in New Zealand for not less than 10 years immediately prior to application, or, if not resident in New Zealand on 15 March 1938, has resided continuously in New Zealand for not less than 20 years immediately preceding the date of application. Allowance is made for certain periods of absence.

Benefit may be refused if the applicant is not of good moral character and sober habits or has deserted his wife or wilfully failed to provide her with adequate maintenance or wilfully failed to maintain his children. A woman who is or has been married may be refused benefit if she has deserted her husband or children.

The basic rate of benefit is £130 per annum, increased by £130 per annum in respect of a wife where the applicant is a married man. Where the applicant is single, widowed, separated or divorced, the basic rate is reducible by £1 per annum for every complete £1 of income in excess of £52 per annum. In the case of a married couple, both entitled to benefit, the basic rate is reducible by 10s. for every complete £1 of their combined income in excess of £52 per annum. Where, however, only one party is eligible, the reduction is at the rate of £1 for every complete £1 by which their combined income exceeds £182 per annum, including any other cash benefit payable to husband or wife, except a family benefit.

Age benefit is reducible where chargeable property is owned as in the case of invalids' benefit. A reduction is not made both in respect of income and of the property from which the income is received, but the benefit is reduced by whichever provides the greater reduction.

All residents are eligible for superannuation at age 65 years and thereafter without means test. The residential provisions are the same as for age benefit. A person in receipt of age benefit at a rate not greater than the statutory rate for superannuation may, on application, be granted the latter benefit in substitution for the former, but no person may receive the two benefits.

The rate of benefit increases by £2 10s. 0d. per annum until it reaches the maximum of £130. For the year ended 31 March 1950, the benefit is £32 10s. 0d.

#### FUNERAL

The only provision in the social security scheme in New Zealand for payment of funeral expenses or grants is in respect of miners' beneficiaries who die while in receipt of benefit. Application for such payment must be made within 12 months of the date of death.

The amount to be paid is left to the discretion of the Commission, and is made to the widow (if any) or trustee or any person by whom the funeral expenses are incurred.

#### DEATH OF BREADWINNER

Every widow who is the mother of one or more children is eligible for benefit. Other widows are also eligible provided that they have had one or more children and the marriage was of a certain duration or, alternatively, that the duration of marriage and the period they had care of at least one child was not less than 15 years. Widows who have never had any children must satisfy certain conditions as to their age and duration of marriage. Except in the case of a widow who is the mother of one or more children under 16 years of age, both husband and wife must have been resident in New Zealand for not less than three years immediately preceding the husband's death. The widow is required to be of good moral character and sober habits. Widows' benefits cease on remarriage or, if paid in respect of children, when there ceases to be a child, unless the widow is eligible on other grounds.

The basic rate of benefit is £130 per annum, but where there is a dependent child the Social Security Commission has power to increase the rate of benefit by an amount up to £78 per annum, by way of mothers' allowance. In general there is no property qualification, and a reduction in benefit is made in respect of

income in excess of £78 per annum ; but for widows aged 60 years and over without dependent children, the income and property qualifications for age benefit apply.

The payment of orphans' benefit in respect of orphans who have lost both parents has been described above under " Child Maintenance ".

As regards death from employment injury, see Introduction, under " Workers' Compensation ".

The widow of a miner who has died while in receipt of a miners' social security benefit is entitled to receive during widowhood a benefit of £104 per annum without means test.

#### OTHER CONTINGENCIES

Deserted wives may qualify for benefit as if they were widows, during the period of desertion, provided they satisfy certain conditions regarding action against the deserting husband for maintenance as well as the conditions ordinarily attached to claims for widows' benefit. The wife of a mental patient against whom a reception order is in force under the Mental Defectives Act, 1911, whether or not he is detained in an institution, may qualify for a benefit as if she were a widow. In both cases the rate of benefit is the same as for a widow, *i.e.*, £130 per annum plus a mothers' allowance of up to £78 per annum where there is a dependent child or children. Dependent children are cared for by way of family benefit.

Emergency benefits make provision for persons suffering hardship who are in need of financial assistance but do not qualify for any other cash benefit under the Social Security Act. The granting of emergency benefits is entirely at the discretion of the Commission ; and if in the circumstances it is possible to do so, the Commission fixes the amount of such benefit so that it is as nearly as possible equal to the amount to which the applicant would be entitled if he were qualified to receive any other benefit under the Act which in the opinion of the Commission is analogous to the emergency benefit provided.

The detailed provisions with respect to each contingency follow.

#### § 4. Maternity

There are no cash grants payable under this benefit in New Zealand. See § 6.

## § 5. Child Maintenance

### I. GENERAL

#### 1. *Qualifying Conditions*

Family benefit is payable in respect of every child (this includes stepchild and adopted child) who has not attained the age of 16 years, provided such child is maintained as a member of the applicant's family and provided that—

- (a) the child was born in New Zealand ; or
- (b) the mother was only temporarily absent from New Zealand ; or
- (c) the child has been permanently resident in New Zealand for not less than one year.

Family benefit may be granted in respect of any child 16 years of age or over at the discretion of the Social Security Commission if such a child is totally incapacitated from earning a living by reason of some physical or mental defect.

#### 2. *Submission of Claim and Payment of Benefit*

Application for family benefit must be made in writing on the approved form, which embodies a statutory declaration, and lodged at the nearest office of the Social Security Department in the district in which the applicant resides. Application may be made by either the father or the mother. After verification of the birth, and other matters he may consider necessary, the Registrar of Social Security, acting under delegated authority from the Social Security Commission, will grant or reject the benefit.

Payment will in general be made only to the mother of the children for whom benefit is payable, but in special circumstances may be made to the father or some other person for the benefit of the children.

Family benefits are paid out of the Social Security Fund by all Registrars of Social Security, some District Agents and otherwise at any money-order post office, in monthly instalments. Any instalment will be forfeited if not claimed within one month of the due date of payment, unless the Commission is satisfied that there has been good and sufficient reason for failure to collect. Payment of a benefit may be made to a District Agent if the Social Security Commission for any reason deems this expedient. Payment of family benefit may also be made direct to the mother's Post Office Savings Bank account if desired, or to the Commissioner of Income Tax.

#### 3. *Rate and Duration of Benefit*

Family benefit is paid at the rate of £26 per annum in respect of each child covered, without any means test. Payment of the benefit will continue until the end of the month in which the child reaches the age of 16 years. To assist in the further education of the child,

the Social Security Commission may continue the benefit up to the end of the year in which the child turns 18 years of age ; claims for such continuance must be supported by a satisfactory school certificate. A benefit may also be continued by the Social Security Commission beyond the age of 16 years if a child is totally incapacitated from earning a living by reason of some physical or mental defect.

Benefit is continued within the age limit imposed, with periodical renewal.

#### 4. *Review, Suspension or Termination of Benefit*

No benefit as of right is payable in respect of a child who is an inmate of a public institution. The benefit in respect of a child ceasing to be permanently resident in New Zealand will be terminated. If the Commission is of the opinion that benefit is not being used exclusively towards the maintenance or education of the child in respect of whom it is being paid, such benefit may be terminated.

## II. ORPHANS

Orphans' benefit may be paid in lieu of family benefit.

### 1. *Qualifying Conditions*

An orphans' benefit is payable subject to means test in respect of any child under 16 years of age whose parents are deceased and who was born in New Zealand or whose last surviving parent lived in New Zealand for the three years before his or her death, provided the child is not maintained in a State institution.

### 2. *Submission of Claim and Payment of Benefit*

Application for benefit may be lodged by any person who has the care and control of the orphan. The application must be made in writing on the approved form and lodged with the nearest district office of the Social Security Department. After consideration of the circumstances of each case, the Registrar of Social Security will grant or reject the claim. Payment of benefit is made monthly from the Social Security Fund, to the foster-parent or to any other person who has the care and control of the orphan for the time being, at any office of a Registrar of Social Security, some District Agents or a money-order post office. Instalments of the benefit which are not collected within one month of the due date may be forfeited, unless the Commission is satisfied that there were good and sufficient reasons why the instalments were not collected.

### 3. *Rate and Duration of Benefit*

The maximum benefit for an orphan is £65 per annum, which is reducible by £1 for every complete £1 of income received by or for the benefit of the orphan. The actual rate of benefit is fixed by the Commission having regard to any income or property of the orphan



and any special circumstances. If in any case the income of the orphan reduces the benefit below £26 per annum, application may be made for a family benefit in lieu of an orphans' benefit. Payment of benefit continues until the end of the month in which the orphan reaches the age of 16 years and may be continued for the purpose of further assisting in the education of the orphan until the end of the school year in which the orphan reaches the age of 18 years. Benefits are reviewed annually on the financial circumstances of the orphan.

#### 4. *Review, Suspension or Termination of Benefit*

The departure of the orphan from New Zealand will terminate the benefit, which is not payable outside New Zealand. If the benefit paid is not being used for the maintenance or education of the child or otherwise for his benefit, it may be suspended or terminated on the decision of the Commission.

### § 6. Condition Requiring Medical Care

#### 1. *Nature and Extent of Care Provided*

The health benefits provided comprise general practitioner care, specialist care, maternity services, hospital care, dental care, pharmaceutical and other requirements, diagnostic services, massage treatment and miscellaneous services (district nursing and domestic assistance).

##### (a) *General Practitioner Care.*

The nature and extent of care provided by general practitioners means all proper and necessary services of medical practitioners provided for persons who are entitled to any of the health benefits under the Social Security Act, but excludes specialist services, services of anaesthetists in conjunction with other medical practitioners and medical services provided in connection with maternity benefits or provided under some other public health legislation.

##### (b) *Specialist Care.*

Specialist services are brought into the medical benefits scheme by separate regulations which provide for a refund to the patient of a fixed amount in respect of every occasion on which such services have been provided. Specialist services are medical services that involve the application of special skill and experience of a degree or kind that general practitioners as a class cannot reasonably be expected to possess.

##### (c) *Maternity Services.*

Medical services given by doctors in private practice in relation to maternity benefits provide for such ante-natal and post-natal advice and treatment as may be required. Special services are also provided where necessary, including those of an anaesthetist or a consultant.

Officially recognised obstetric specialists, whose names are published for general information, are permitted to charge the patient an additional fee.

Maternity hospital services provide for free treatment in maternity wards of public hospitals and in State maternity hospitals and substantially free treatment in licensed private maternity hospitals. The period of hospital care that is the subject of maternity benefit is limited, but any hospital treatment prior to or subsequent to that period is not the subject of maternity benefits but may be the subject of hospital benefits.

Provision is made also for full-time or part-time services of obstetric nurses in the home where such nurses have entered into contracts to provide such services in relation to maternity benefits.

Special regulations provide for the benefits of the maternity services to be obtained in an emergency from any qualified nurse or non-contracting licensed hospital.

(d) *Hospital Care.*

Hospital treatment is provided in public hospitals without any charge against the patient ; in recognised and approved licensed private hospitals or institutions, the payment from the Social Security Fund is applied in reduction of the total charges. Such hospital treatment means all medical and surgical treatment and nursing care and attendance afforded in any hospital to a hospital patient, and includes the maintenance in the hospital of any such patient, and in the case of a public hospital, also includes such treatment as may be prescribed in respect of out-patients.

Special sanatoria are maintained by public hospital boards, and treatment therein is provided where necessary, without charge to the patient. The services of the special hospitals conducted by the Royal New Zealand Society for the Protection of Women and Children (Plunket Society) are also available free under hospital benefits.

(e) *Dental Care.*

All necessary dental treatment is provided to persons under 16 years of age, either by the State dental service or school, or by a contracting dentist pursuant to a contract under the regulations. Although at present this service is confined to persons under 16 years of age, it will be extended to persons up to the age of 19 years when sufficient dental personnel becomes available.

(f) *Pharmaceutical and Other Supplies.*

Pharmaceutical benefits are available to all residents in respect of approved drugs, medicines and appliances ordered by a practitioner in the course of providing any medical benefits or other benefits under the scheme. The range of pharmaceutical requirements that are the subject of benefit are defined in an official schedule, which is sufficiently comprehensive to cover all drugs, etc., in general use.

Hearing aids are available to persons suffering from deafness. Contact lenses will be supplied in certain cases of visual defects and artificial limbs are provided at very little cost to the patient (the Fund

pays 80 per cent. of the cost) ; in necessitous cases even this cost will be met by the local hospital board.

(g) *Diagnostic Services.*

In supplementation of other health benefits, provision is made for X-ray examinations and any other incidental services for the purpose of any such examinations. This service is in respect of contracts with private radiologists, the service being otherwise available at public hospitals. Similar service is provided in respect of laboratory diagnoses and the supply of materials or substances incidental to such service.

(h) *Massage Treatment.*

To provide massage and allied treatment for a definite period as part of general medical treatment, contracts have been entered into with private masseurs who undertake to give such treatment at a fixed fee, of which half will be paid by the Fund and half by the patient. Massage must be recommended by a medical practitioner and may consist of manipulation, remedial exercise and electric, heat, light or water treatment for the purpose of curing or alleviating any abnormal condition of the body. Massage benefits are provided in respect of masseurs in private practice, other massage service being provided as part of in-patient or out-patient hospital benefits.

(i) *Miscellaneous Services.*

In sparsely populated areas of the country the services of district nurses employed either by hospital boards or by State departments are now available. Certain voluntary nursing associations have also been brought within the scope of the scheme. The expense of providing this service is met out of the Fund.

Domestic assistance during incapacity of the mother or in cases of undue hardship is provided for in the Social Security (Domestic Assistance) Regulations, 1944. The State has not attempted to provide direct assistance to householders, but will subsidise approved organisations that have been formed for the purpose of affording domestic assistants to work as employees of the organisation in homes to which they may be allocated by the organisation in accordance with whatever terms and conditions are specified by the Minister of Health. The amount of subsidy to be paid from the Social Security Fund may have regard not only to the expense incurred in providing domestic assistance in homes, but also to expenses incurred in any scheme of registration, enrolment or training of assistants.

Although there are no qualifying conditions in respect of health benefits in general, the miscellaneous services, *i.e.*, district nursing and domestic assistance, require some restriction and are available only in cases of inability to obtain other service, necessitous circumstances or undue hardship.

Many health benefits are available without restriction as to duration ; and even with those benefits which are available for a limited period only, it is possible for a beneficiary to receive over a longer period some other form of benefit unlimited as to duration. Such

restrictions on duration of care as are applied to health benefits in the New Zealand scheme are as follows :

(i) *Maternity*. Benefit under this heading is for the day or days of labour and a further period not exceeding in the aggregate 15 days. If hospital treatment prior to or subsequent to that period is necessary, the patient may be granted hospital benefit.

(ii) *Massage*. Benefit under this heading is limited to four weeks on a single recommendation from a medical practitioner, but may be continued for any number of four-weekly periods if further recommended. Treatment must be afforded not later than six weeks after the date on which it is recommended.

(iii) *Pharmaceutical and other supplies*. There is no actual time limit restricting pharmaceutical benefits, but the same effect is obtained by restricting the quantities of drugs which may be supplied on any one prescription.

Artificial aids, when supplied, are renewable after a certain period depending on the type of aid and condition of the recipient.

## 2. *Methods of Obtaining Medical Care*

### (a) *Non-residential Care*.

(i) *General practitioner care*. There are two methods used in the New Zealand scheme to obtain the services of general practitioners other than at public hospitals.

The first is a capitation or panel system, which provides for the acceptance of a certain number of patients by each individual doctor who contracts under the Social Security (Medical Benefits) Regulations to provide all proper and necessary services for such patients at a fixed capitation fee per head per annum, together with a commuted payment for mileage. In operation, this system is fairly simple. A patient makes application to the doctor, who, if willing to accept him, signs the agreement card, which is then forwarded to the Health Department. On the basis of the current cards for each doctor, the Department calculates the remuneration payable.

Under the second method, a beneficiary may obtain the services of any general practitioner on a fee-for-service basis, and such service is given either wholly or partially as a charge on the Fund without any individual contracts being entered into. The beneficiary has a free choice of practitioner and may change from one doctor to another at will.

Payment of the statutory fee for each visit or consultation may be made from the Fund either to the doctor or to the beneficiary, depending on the method adopted by the doctor for obtaining remuneration.

(ii) *Specialist care*. A range of specialist care is provided by hospital boards under the general hospital benefit scheme for in-patients or out-patients. However, if a resident desires to obtain the services of a specialist of his own choice, he may do so, and in such case he is liable for the specialist's fee, but is then entitled on production of the

doctor's receipt to obtain a refund of the statutory fee for each occasion on which specialist service has been provided.

(iii) *Dental care.* For children attending primary school, dental care is provided by the National Dental Service, which extends over most primary school districts in New Zealand. This service is financed by the State and is administered by the Department of Health as part of its general public health services. In the case of children attending secondary schools and where the National Dental Service is not available, dental treatment may be obtained from a registered dentist or dental department of a public hospital which has entered into a contract to provide such services under social security regulations.

Each person enrolled under the Dental Benefits Regulations is issued with a dental benefit card specifying his name and address, his age and other identifying particulars, and the clinic at which, or the contracting dentist or authority by whom, treatment is to be provided. This card is produced on each occasion on which the patient applies for dental benefits.

(iv) *Care given by midwives.* Obstetric nurses may enter into a contract with the Minister of Health to provide maternity services under the social security scheme, and almost every registered obstetric nurse has done so. The contracting nurse undertakes to provide nursing service in the patient's own home either on a full-time basis or on a part-time visiting basis. The names and addresses of these nurses are published for general information and a patient has a free choice. This service is an alternative to that provided by maternity hospitals.

(v) *Pharmaceutical and other supplies.* The proprietors of licensed pharmacies who desire to provide pharmaceutical supplies benefits under the social security scheme enter into contracts for that purpose with the Minister of Health. Practically all chemists in New Zealand have entered into contracts. To obtain supplies, the beneficiary has only to present a prescription of a medical practitioner or obstetric nurse to any pharmacist who has contracted to provide this service. Certain larger public hospitals also provide pharmaceutical supplies at out-patients' departments on the same basis as contracting chemists. In general, proprietary medicines are not available at the cost of the Fund, although some are provided for but only at the price of the corresponding official preparation.

The supply of individual valve-type hearing aids has been authorised to out-patients of public hospitals as part of the general scheme for hospital benefits. If any patient who is qualified to receive a hearing aid does not wish to avail himself of the hearing aid issued free of charge by a hospital board, he may obtain a grant towards the purchase of any hearing aid approved for the purpose of these benefits. The cost of renewing batteries, valves, etc., is the responsibility of the beneficiary. The provision of contact lenses for certain optical disabilities has also been authorised under the general hospital benefits regulations for out-patients. Artificial limbs partly financed by the Fund have also been added to the benefits obtainable by out-patients of a public

hospital on the recommendation of an orthopaedic surgeon. Under the regulations governing benefits for out-patients, public hospital boards are required to provide the necessary specialist examinations and facilities for fitting artificial aids.

(vi) *Other non-residential care.* Diagnostic and massage services are provided under the social security scheme at all public hospitals, but these services may also be obtained on the recommendation of a medical practitioner from individual radiologists, pathologists or masseurs who have voluntarily contracted with the Minister of Health for this purpose. District nurses employed by State departments, public hospitals or subsidised associations have been brought under the scheme by regulation and their services made available to residents in isolated areas. No actual provision is made at present for subsidies to be paid from the Fund to approved organisations formed for the purpose of providing such assistance in homes.

(b) *Residential Care.*

The statutory provisions relating to hospital benefits under the New Zealand scheme do not in themselves confer any right to receive treatment in a public hospital, but in effect provide in respect of hospital treatment received in a public hospital that no charge shall be made against the patient. In respect of hospital treatment received in a licensed private hospital or an institution recognised and approved for the purpose of benefits, payments from the Social Security Fund will be applied in reduction of the total charge.

To obtain admission, beneficiaries must apply through their own medical attendant or hospital board doctor, and priority of admission is entirely in the hands of the hospital authorities. This procedure applies to the admission of patients to all types of medical establishments.

### 3. *Cost-Sharing*

The Social Security Fund, as previously stated, is financed by receipts from the social security contribution and annual grants from the Consolidated Fund (general taxation fund). Each taxpayer thus contributes towards social security benefits according to his means, but every resident, provided he fulfils the qualifications, is entitled to benefits whether or not he is a taxpayer. Some health benefits are available without further charge to the beneficiary, but the cost of the benefits enumerated below is only partly met out of the Social Security Fund, the balance being met by the beneficiary.

General practitioner service is provided under a capitation system or a fee-for-service basis. Under the capitation system, the contracting doctor provides all necessary general medical care for each of the patients on his panel and in respect of each patient he is paid a capitation fee at a fixed yearly rate. On the fee-for-service basis, any practitioner may provide medical service for any beneficiary and may claim his fees from either the Social Security Fund or the patient. The amount of fee payable from the Fund is at a fixed rate per consul-

tation or visit, and the doctor may accept this fee in full satisfaction or may obtain the balance of the fee from the patient where a higher rate is charged. If the patient is charged the doctor's account in full, he may obtain a refund from the Social Security Fund at the statutory rate for each visit or consultation on production of the doctor's receipt.

Public hospital treatment is without charge to the patient, but for treatment in a private hospital or institution, including a licensed private maternity hospital, the payment from the Fund will be applied in reduction of the charges.

A standard-type hearing aid is available without charge, but if a beneficiary desires to purchase some other type, he may be paid a sum, not exceeding the amount fixed as the cost of a standard-type aid, towards the purchase of any hearing aid approved for the purposes of the benefits. Where an artificial limb is fitted at a public hospital, the beneficiary is required to pay a small proportion of the cost.

A private radiologist who has contracted to provide diagnostic services under the scheme may charge his patient an amount over and above the fees payable to him from the Fund. The provisions governing the recognition of radiologists have enabled the Minister of Health to limit to specified amounts the fees that may be charged over and above those received from the Fund.

A private masseur under contract to the scheme is permitted to charge the patient an additional fee not exceeding the rate payable to him from the Fund, unless the service is afforded elsewhere than in the masseur's rooms.

Under the domestic assistance scheme, the approved organisations are permitted to make such charges as may be fixed between the organisation and the householder, and the subsidy paid from the Fund is intended to cover only the expenses of administering such an organisation.

## **§ 7. Maintenance of Community Health**

See Introduction.

## **§ 8. Incapacity for Work**

### **I. SICKNESS**

#### *1. Qualifying Conditions*

A sickness benefit is payable to any person over 16 years of age who has resided continuously in New Zealand for not less than 12 months and who is temporarily incapacitated for work through sickness or accident and by reason of such incapacity has suffered a loss of salary, wages, or other earnings.

A married woman is entitled to a benefit only if her husband is unable to maintain her.

## 2. *Submission of Claim and Payment of Benefit*

Application for sickness benefit must be made in writing on the approved form, supported by a medical certificate and lodged with the nearest office of the Social Security Department. After any enquiries necessary have been made, the application may be granted or rejected.

Benefits are paid weekly out of the Social Security Fund by the issue from local offices of postal warrants, which are negotiable at these local offices of the Department or at nominated money-order offices. The Social Security Commission, with or without the beneficiary's consent, may authorise payment of the whole or part of the benefit to any other person in those cases where it considers that it would be in the best interests of the beneficiary or his dependants to do so.

## 3. *Rate and Duration of Benefit*

Sickness benefit must not exceed the amount by which the weekly earnings of an applicant have been reduced by reason of his incapacity. Subject to this provision, the sickness benefit rates are as follows :

- (a) in the case of an applicant under 20 years of age without dependants, 30s. per week ;
- (b) in every other case, 50s. per week, increased (in the case of an applicant with a wife dependent on him) by 50s. per week in respect of his wife.

The above benefit rate is subject to a reduction of 1s. for every complete shilling of the total income of the applicant and of his wife or her husband, as the case may be, in excess of 20s. per week. Where an applicant is in receipt of sick benefit from a friendly society or a like benefit from any other source the allowable income is increased to 40s. a week.

Where no payment is made in respect of the wife of an applicant, an allowance at a rate not exceeding the rate prescribed for a wife may be paid in respect of any person who for the time being has care of the applicant's home.

No payment is made for the first seven days of incapacity unless the Social Security Commission, having regard to any special circumstances, decides in its discretion that benefit should be paid for the whole or any part of this period. Subject to this provision, sickness benefit commences on such day as the Social Security Commission determines, whether before or after the date on which application is received.

Payment of benefit may continue as long as incapacity from sickness or accident exists or until the beneficiary becomes entitled to some other benefit (other than family benefit) under the Social Security Act. Every application for sickness benefit must be supported by the certificate of a registered medical practitioner, and during the incapacity certificates must be submitted periodically.



Where a beneficiary has resumed employment but within a short period is again incapacitated by the same sickness, he may not be required to observe the seven-day waiting period before commencement of payment of sickness benefit. However, if incapacity arises from the same sickness after a longer period or from a fresh disease, the applicant will have to lodge a claim under the same conditions as outlined for an original claim.

#### 4. *Review, Suspension or Termination of Benefit*

Failure to supply satisfactory medical certificates at the required intervals will subject a benefit to review, and in such circumstances the Commission may in its discretion suspend or terminate the benefit.

Any alteration in the beneficiary's income (or the income of his wife, if any) must be reported, and the benefit will be reviewed and adjusted if necessary.

If a beneficiary is sentenced to imprisonment or reformatory detention, benefit will not be paid during such period, but the Commission will review the benefit and may pay the whole or part of the benefit to the wife of the beneficiary or to any other proper person for the benefit of the wife or of any dependent child or children of the beneficiary. The Social Security Commission is empowered to review the benefit on the admission to any public institution or hospital of a beneficiary or a dependant in respect of whom benefit is granted.

Apart from the specific instances mentioned above, the Social Security Commission has power to review the benefit at any time in the event of a change of circumstances.

## II. INVALIDITY

### 1. *Qualifying Conditions*

Every person who has attained the age of 16 years and is not qualified to receive an age benefit is entitled to an invalids' benefit if he is totally blind or permanently incapacitated for work as the result of accident or by reason of illness or congenital defect. An applicant is required to have resided in New Zealand for not less than 10 years immediately preceding application. In the case of a blind applicant, he must have been born blind in New Zealand or become blind while permanently resident in New Zealand; and in the case of any other applicant, he must have been born in New Zealand with the condition to which his incapacity is due or have become incapacitated for work by an accident happening or illness contracted in New Zealand. For those who cannot comply with the conditions as to time and/or place of disability, continuous residence of 20 years immediately preceding the date of application is necessary, except for persons resident in New Zealand on 4 September 1936, for whom 10 years' residence is sufficient.

Residence in New Zealand is not deemed to be interrupted by absence where the aggregate period of absence does not exceed one

year or, if in excess of one year, does not exceed that period by more than one month for every year of residence in New Zealand in excess of 10 years or 20 years, as the case may be, and the applicant has actually resided in New Zealand for the 12 months immediately preceding the date of application. Absence in the case of a blind person for purposes of vocational training or for treatment in respect of his eyes or, in the case of any other invalid, for the purpose of obtaining any special surgical treatment, if the Social Security Commission is satisfied that there were good and sufficient reasons for leaving New Zealand to obtain such special treatment, will not be deemed to have interrupted continuous residence in New Zealand. Similarly residence is not interrupted by a period of absence for the purpose of serving in any capacity as a member of the defence forces or serving during any war with any organisation attached to any such forces.

Benefit may be declined if the applicant is not of good moral character and sober habits or if his invalidity has been self-induced or brought about in any way with a view to qualifying for a benefit.

### *2. Submission of Claim and Payment of Benefit*

Claim for invalids' benefit must be made in writing on the approved form and lodged with the nearest district office of the Social Security Department. Provision is made for medical examination, where necessary, by a medical practitioner nominated by the Social Security Commission, who must certify whether or not in his opinion the applicant is permanently incapacitated for work or totally blind and state the grounds for his opinion. After completion of necessary enquiries and obtaining a medical report, the Registrar of Social Security may grant or reject the claim.

Where a claim has been rejected by the Registrar, the claimant has a right of appeal to the Social Security Commission; and where the rejection is on medical grounds, there is a further right of appeal to an appeal board of three medical practitioners nominated by the Social Security Commission.

Invalids' benefits are paid out of the Social Security Fund in monthly instalments. Payment is made to the beneficiary; in exceptional cases it may be made to an agent nominated by the beneficiary. Any instalment which is not claimed within one month of the due date will be forfeited, unless there is good reason for the failure to collect.

### *3. Rate and Duration of Benefit*

The rates of invalids' benefits are as follows:

- (a) in the case of a married man, £130 a year increased by £130 a year in respect of his wife;
- (b) in the case of an unmarried applicant under 20 years of age, £104 a year;
- (c) in every other case, £130 a year.

These rates are reduced as follows :

- (a) Where the applicant is a married man, the reduction is by £1 for every complete £1 of the total income of applicant and wife in excess of £52 a year, and also by £1 from the amount payable in respect of the applicant and by £1 from the amount payable in respect of the wife for every complete £10 of the net capital value of the accumulated property of both of them. (Definition of " property " follows.)
- (b) Where the applicant is an unmarried man who has been married and has a dependent child or children, the income exemption is £78 a year. The property reduction is on the same basis as in (a), disregarding any reference to wife's property.
- (c) Where the applicant is a married woman, the reduction is by £1 for every complete £1 of the total income of the applicant and husband in excess of £182 a year and by £1 for every complete £10 of the net accumulated property of both of them. Where by reason of incapacity necessary nursing or domestic assistance is paid for, the Social Security Commission may in its discretion increase the rate of benefit which may have been reduced on account of income or property to an amount not exceeding £130 a year, but so that the total income of the applicant and her husband, including the benefit, does not exceed £8 a week.
- (d) In every other case the income exemption is £52 a year and the property reduction is as in (a) above, disregarding the reference to wife's property.

In assessing the income of a totally blind person, personal earnings up to £156 a year are not taken into account and by way of addition to his benefit his earnings for the year will be subsidised to the extent of 25 per cent. so long as his total amount, including earnings and benefit, does not exceed £286.

In arriving at the capital value of accumulated property of an applicant, no account is taken of his interest in land or mortgages on land, household furniture and personal effects, or of the value of any interest in any annuity or life insurance policy. From the capital value of accumulated property £500 is deducted, and the balance is known as the net capital value of accumulated property. In the case of a married applicant, the capital value of the accumulated property is the equivalent of one half of the total capital value of the accumulated property of the applicant and of his wife or her husband as the case may be.

The rate of benefit is not reduced in respect of both the net capital value of any property and the income derived from such property, but a reduction is made by whichever method provides the greater reduction.

Invalids' benefit will be paid up to age 60, after which an age benefit is granted in lieu of invalids' benefit. The aggregate amount payable for a blind beneficiary and his wife (if any) is not altered by the transfer.

The Commission may require a beneficiary to be medically examined at any time.

Invalids' benefit may be paid in respect of any period or periods of absence, not exceeding in the aggregate two years, if the Commission is satisfied in the case of a blind beneficiary that such absence is for the purposes of vocational training or of treatment in respect of his eyes. In any other case the Commission may pay benefit during temporary absence.

Benefit is granted on an annual basis and beneficiaries are required to submit an application for renewal every 12 months. This application contains a statement of financial circumstances, and every application for renewal is investigated as if it were an original application for benefit.

#### 4. *Review, Suspension or Termination of Benefit*

In the case of any person under 21 years of age who is in receipt of an invalids' benefit on account of blindness and who is capable of being trained in any occupation, the Social Security Commission may wholly or partly suspend payment of the benefit if the beneficiary refuses without sufficient reason to undertake such training when called upon to do so.

Temporary departure of a beneficiary from New Zealand may lead to suspension of the benefit for the period of absence and to termination of the benefit if the departure proves permanent.

Benefit will be reviewed if the beneficiary is sentenced to a term of imprisonment or reformatory detention and may be suspended or terminated at the discretion of the Commission or may be paid in whole or in part for the maintenance of dependants.

The Social Security Commission has power to review the benefit on the admission to any public hospital or institution of a beneficiary or a dependant of any beneficiary in respect of whom benefit is granted. In the event of a change in circumstances, the Social Security Commission may review the benefit at any time.

### III. MINERS' OCCUPATIONAL INCAPACITY

#### 1. *Qualifying Conditions*

To qualify for miners' benefit an applicant must have contracted miners' phthisis while engaged as a miner in New Zealand and must thereby be permanently and seriously incapacitated for work, or, having contracted any other occupational disease associated with mining, or heart disease, be thereby permanently and totally incapacitated for work. The applicant must have resided continuously in New Zealand for not less than five years immediately preceding the date of application and he must have been employed as a miner in New Zealand for at least two and a half years in the aggregate. Continuous residence is not deemed to have been interrupted by any absences from New Zealand not exceeding six months in the aggregate.

Benefit may be refused if the applicant is not of good moral character and sober habits or if he has deserted or wilfully failed to maintain his wife and children during the five years immediately prior to application.

## 2. *Submission of Claim and Payment of Benefit*

Application for miners' benefit must be made in writing on the approved form and lodged at the nearest office of the Social Security Department ; it must be supported by a medical certificate. After completion of enquiries in the district office, the application is submitted to the Social Security Commission for decision.

Where a claim has been rejected on medical grounds, the applicant may exercise a right of appeal to a board of three medical practitioners, whose decision is final.

Benefit is payable in monthly instalments from the Social Security Fund, and may be collected at a district office of the Social Security Department or a money-order post office. Payment may be made to an agent in special circumstances ; otherwise it is made to the beneficiary. Failure to claim any instalment within one month of the due date may result in forfeiture thereof unless there is good reason for the failure to collect.

## 3. *Rate and Duration of Benefit*

The rate of miners' benefit is £130 per annum, which is increased by a further £130 per annum in respect of the wife of a married miner. There is no reduction in benefit on account of the income or property of the applicant and/or his wife.

Benefit continues to be paid as long as incapacity exists, but the beneficiary may be required to submit to medical examination at any time to ensure that the required degree of incapacity is present. Benefit may be paid for a period not exceeding two years in the aggregate while the beneficiary is absent from New Zealand.

## 4. *Review, Suspension or Termination of Benefit*

If a subsequent medical examination reveals that the beneficiary is no longer incapacitated for work, the benefit will be terminated. The benefit will be reviewed if the beneficiary is sentenced to imprisonment or reformatory detention, and it may be suspended, terminated or paid in whole or in part to the wife or dependants.

# § 9. Unemployment

## 1. *Qualifying Conditions*

To qualify for an unemployment benefit an applicant must be 16 years of age or over and not qualified to receive an age benefit. He must be unemployed, be capable of undertaking and willing to undertake suitable work, have taken reasonable steps to obtain employment and have resided continuously in New Zealand for not less than 12 months.

A married woman is entitled to benefit only if her husband is unable to maintain her.

## 2. *Submission of Claim and Payment of Benefit*

All applications for unemployment benefit are required to be made on the approved form and lodged at the nearest office of the Social Security Department. After necessary investigation of the application, the local office will grant or reject it.

The benefit is paid out of the Social Security Fund and may be collected at the office at which application was lodged or at the nearest money-order post office, whichever is desired by the applicant. Payment is made weekly to the beneficiary, who is required except in certain cases to collect in person at a specified time, which is altered periodically. Any instalment may be forfeited if not collected at the appointed time, unless the beneficiary has a good and sufficient reason for not collecting.

## 3. *Rate and Duration of Benefit*

Unemployment benefits are payable at the rate of 30s. a week for applicants aged 16 years and under 20 years without dependants, and at 50s. a week plus 50s. a week for a dependent wife, if any, for all other applicants. The Social Security Act does not set out any definite income or property qualifications for unemployment benefit, but provides that if any applicant or the wife of any applicant for benefit is in receipt of any moneys from any source or is the owner of any property, the Commission may, in its discretion, reduce the rate of the unemployment benefit.

An applicant who is maintaining a home, and who is not drawing a benefit in respect of a wife, may receive a benefit at a rate not exceeding that for a wife in respect of any person who has the care of his home.

No payment is made for the first seven days of any period of unemployment, unless the Social Security Commission, in its discretion, determines that the benefit shall be payable for the whole or any part of that period. Subject to this provision, the benefit will commence on a date determined by the Social Security Commission, whether before or after the date on which the application is received.

Every unemployment beneficiary is required to register at the local office of the Labour and Employment Department and must present himself at that office prior to collecting each instalment of benefit. Payment of benefit will in general continue as long as the beneficiary remains unemployed and is registered for employment, unless he becomes eligible to receive some other benefit (other than family benefit) under the Social Security Act.

## 4. *Review, Suspension or Termination of Benefit*

The Social Security Commission has power to postpone the commencement of benefit for a period not exceeding six weeks, or to terminate the benefit, if the applicant has voluntarily become unemployed without a good and sufficient reason or has lost his employment by reason of any misconduct as a worker, or if the applicant or beneficiary has

refused or failed, without good and sufficient reason, to accept any offer of suitable employment, or in the case of a seasonal worker, his earnings for the season are sufficient for the maintenance of himself and family notwithstanding a period of temporary unemployment.

If any person while in receipt of an unemployment benefit becomes temporarily incapacitated for work through sickness or accident, he may on review be granted a sickness benefit in lieu of the unemployment benefit; in any such case the sickness benefit is computed as if the unemployment benefit previously payable were his earnings.

If a beneficiary is sentenced to imprisonment or reformative detention, benefit will not be paid during such period but the Social Security Commission will review the benefit and, having regard to the circumstances, may pay the whole or part thereof to the wife of the beneficiary or to any other proper person for the benefit of the wife and/or children.

The Social Security Commission has power to review the benefit in any case where a beneficiary or any person in respect of whom the benefit has been granted becomes an inmate of a public institution or a recipient of a hospital benefit.

Apart from the specific instances mentioned, there is provision for review of a benefit at any time by the Social Security Commission in the event of a change in circumstances.

## § 10. Old Age

### I. AGE BENEFIT

#### 1. *Qualifying Conditions*

An age benefit is granted to a person covered (see § 2, G, 1) who, being resident in New Zealand on 15 March 1938, has resided in New Zealand for not less than 10 years immediately prior to the date of application. For all other applications, the residential requirement is 20 years' continuous residence immediately prior to the date of application.

In the former case, continuous residence is not deemed to be interrupted if the total period of absence does not exceed one year, or when it does exceed one year, if it is not in excess of that period by more than six months for every year of residence in New Zealand in excess of the 10-year period and provided the applicant has been actually resident in New Zealand for the 12 months immediately preceding the date of his application.

In the latter case, continuous residence is not deemed to be interrupted if the total period of absence from New Zealand does not exceed two years or if it does exceed two years but does not exceed that period by more than six months for every year of residence in New Zealand in excess of a period of 20 years and the applicant has been actually resident in New Zealand for the 12 months immediately preceding the date of his application.

Absence from New Zealand is disregarded in the case of a seaman serving on board a ship registered or owned in New Zealand and engaged in trading to and from New Zealand, if he satisfies the Social Security Commission that during such absence his family or home was in New Zealand. No account is taken of absence from New Zealand while serving as a member of the defence forces or in respect of service in connection with any war as a member of an organisation attached to any of the defence forces.

If the applicant is a man who is or has been married, he must not for a period of six months or more during the period of five years immediately preceding the date of application for benefit have deserted his wife or wilfully failed to have provided her with adequate maintenance or wilfully failed to have maintained any child or children under the age of 16 years whom he was legally liable to maintain. In the case of a married woman applicant, she must not during a similar period have deserted her husband or any of her children under the age of 16 years.

Applicants must be of good moral character and sober habits.

### *2. Submission of Claim and Payment of Benefit*

Any claim for age benefit must be made in writing on the approved form and lodged at the nearest office of the Social Security Department. The Registrar will make the necessary investigations to verify the claimant's right to benefit, and will grant or reject the claim, unless there are any special features which make it necessary for the case to be referred to the Social Security Commission for decision.

Benefit is paid out of the Social Security Fund either at an office of the Social Security Department or at the nearest money-order post office, whichever is desired by the applicant. Payment is made monthly to the beneficiary or in special circumstances to an agent. Any instalment will be forfeited if not collected within a month of the due date, unless the Commission is satisfied that there is good and sufficient reason for the failure to collect.

### *3. Rate and Duration of Benefit*

The basic rate of benefit is £130 a year. Where the applicant is a married man and his wife is not qualified to receive a benefit in her own right, the basic rate may be increased, at the discretion of the Social Security Commission, by an amount not exceeding £130 a year, provided the total income of the husband and wife plus any benefit received does not exceed £312 per annum.

Where the applicant is unmarried, the basic rate of benefit is reducible by £1 per annum for every complete £1 of income in excess of £52 per annum.

In the case of a married couple where both are entitled to benefit, the basic rate is reducible by 10s. for every complete £1 of their combined incomes in excess of £52 a year. Where, however, only one party is eligible, the reduction is at the rate of £1 for every complete £1 by which



their combined incomes, together with any other monetary benefit under the Social Security Act (apart from family benefit) payable to the husband or wife, exceeds £182 a year.

An age benefit is also reducible where the applicant or his wife is the owner of any property, and the conditions in this respect are the same as for invalids' benefits (see § 8, II, 3). An applicant living apart from his wife or her husband, as the case may be, may, in the discretion of the Social Security Commission, be treated as an unmarried person.

Age beneficiaries are entitled to surrender their benefits while their earnings are excessive and apply for reinstatement immediately the employment ceases. The earnings received during the period off benefit are not taken into account in assessing income subsequently.

Benefit is granted on an annual basis, and beneficiaries are required to submit an application for renewal every 12 months. This application contains a statement of financial circumstances and is investigated in the same manner as an original application.

#### 4. *Review, Suspension or Termination of Benefit*

Benefit may be suspended if absence from New Zealand is temporary, but if absence is permanent benefit will be terminated. Benefit may be paid on return to New Zealand for a limited period of temporary absence.

Benefit will not be paid to a beneficiary serving a term of imprisonment or reformatory detention, but the Social Security Commission may review the benefit and pay the whole or part thereof for the maintenance of the beneficiary's family.

The Social Security Commission has power to review the benefit in any case where a beneficiary or any person in respect of whom a benefit is granted becomes an inmate of a public institution or a recipient of a hospital benefit.

Apart from the specific instances quoted, the Social Security Commission is empowered to review the benefit at any time in the event of a change in circumstances.

## II. SUPERANNUATION BENEFIT

### 1. *Qualifying Conditions*

A superannuation benefit is payable to a person covered (see § 2, G, 2) who satisfies the residential qualifications prescribed for an applicant for age benefit (see I, 1).

### 2. *Submission of Claim and Payment of Benefit*

Claim for benefit must be made in writing on the approved form and lodged at the nearest office of the Social Security Department. After checking the application, the local office forwards it to the Social Security Commission for grant or rejection, as the case may be.

Benefit is paid out of the Social Security Fund by quarterly instalments in cash, either at an office of the Social Security Department or at the nearest money-order post office. Payment is made to the beneficiary, but in special circumstances may be made to an agent authorised by the Social Security Commission. Any instalment may be forfeited if not claimed within a month of the due date, unless there are good and sufficient reasons for the failure to collect.

### *3. Rate and Duration of Benefit*

The superannuation benefit was first paid from 1 April 1940, at which time the rate of benefit was £10 per annum. The annual rate of benefit is increased by £2 10s. 0d. per annum until the maximum of £130 per annum is reached in 1988; at the present time, up to 31 March 1950, the rate is £32 10s. 0d. payable in equal quarterly instalments of £8 2s. 6d. each. This benefit is paid without any means test, and payment may continue as long as the beneficiary resides in New Zealand. A person in receipt of an age benefit at a rate not greater than the statutory rate of superannuation benefit may, on application at the age of 65 years or later, be granted the latter benefit in substitution for the former, but no person may receive both benefits.

### *4. Review, Suspension or Termination of Benefit*

The benefit is reviewed if the beneficiary leaves New Zealand; it is suspended during temporary absence, but on return to New Zealand, payment may be made for a limited period of the temporary absence. Permanent absence will terminate the benefit. Benefit is not payable to a beneficiary who is serving a term of imprisonment or reformatory detention, but may be reviewed and made payable in whole or in part for the maintenance of the beneficiary's family.

## **§ 11. Funeral**

### **MINERS**

#### *1. Qualifying Conditions*

On the death of any person while in receipt of a miners' social security benefit (see § 8, III, 1), a grant may be made in respect of the reasonable expenses of his funeral.

#### *2. Submission of Claim and Payment of Benefit*

Application for benefit must be made in writing to the nearest office of the Social Security Department and must be made within 12 months after the date of death. The application may be submitted by the widow (if any) or trustee and payment will be made to the

widow (if any) or to any person by whom the funeral expenses are incurred or to any person entitled to receive payment in respect of the funeral.

Payment is made by cheque out of the Social Security Fund.

### 3. *Rate and Duration of Benefit*

This is a cash benefit payable in a lump sum to the person qualified to receive payment. The amount of payment is entirely at the discretion of the Social Security Commission.

## § 12. **Death of Breadwinner**

### I. DEATH FROM ANY CAUSE

#### 1. *Qualifying Conditions*

A widows' benefit may be granted to a person covered (see § 2, I, 1) subject to one or other of the following provisions :

- (a) that the widow is the mother of one or more children under 16 years of age ;
- (b) that the widow has had one or more children and the duration of her marriage was not less than 15 years or, in the alternative, that the aggregate of the period of the duration of her marriage and any subsequent period during which she had the care and control of at least one of her children under 16 years of age was not less than 15 years ;
- (c) that the widow on the expiration of not less than five years after the date of her marriage became a widow after she had attained the age of 50 years ; or
- (d) that the widow is not less than 50 years of age, became a widow after she had attained age 40 years, the duration of her marriage was not less than 10 years and not less than 15 years have expired since the date of her marriage.

Except in the case of widow with a child or children under 16 years of age, a period of at least three years' residence in New Zealand for husband and wife immediately prior to the husband's death is required.

For the purpose of widows' benefit, the term " children " does not include any child born out of New Zealand unless (a) the mother of the child was only temporarily absent from New Zealand at the time of its birth, or (b) both parents were resident in New Zealand for the three years immediately preceding the date of the father's death. The term includes stepchildren and children adopted during the lifetime of the husband of the applicant. The Social Security Commission may, at its discretion, regard any child as being a child of the applicant for the purposes of a widows' benefit if such child is being maintained

by the applicant and was at any time maintained by the husband of the applicant.

No woman is entitled to receive a widows' benefit unless the Social Security Commission is satisfied that she is of good moral character and sober habits.

### *2. Submission of Claim and Payment of Benefit*

Claims for widows' benefit must be made in writing on the approved form and lodged at the nearest office of the Social Security Department. Claims are dealt with by Registrars of Social Security, who make the necessary investigations and then grant or reject the claim.

Payment is made in monthly instalments out of the Social Security Fund at an office of the Social Security Department or the nearest money-order post office, whichever is nominated by the beneficiary. The beneficiary herself is usually required to collect instalments, but in special circumstances the Social Security Commission may authorise the appointment of an agent. Any instalment not collected within a month of the due date may be forfeited, unless there are good and sufficient reasons why benefit was not collected.

### *3. Rate and Duration of Benefit*

Widows' benefit is paid at the basic rate of £130 per annum. In the case of an applicant who has a child or children under 16 years of age dependent on her the Social Security Commission, in its discretion, may increase the rate of benefit by a mothers' allowance not exceeding £78 per annum.

In computing the rate of benefit the following conditions are prescribed :

- (a) Where the applicant has attained the age of 60 years and has no child or children under 16 years of age dependent on her, a reduction is made in respect of income and property as in the case of an application for an age benefit (see § 10, I, 3).
- (b) In all other cases the maximum rate is reduced by £1 for every complete £1 of the income of the applicant in excess of £78 per annum.

Payment will continue as long as the widow continues to fulfil the requirements of the legislation. Benefit is renewed annually, and a short time before expiry of the 12-month period the beneficiary is required to complete a renewal form with particulars of her financial circumstances during the past 12 months.

Dependent children are paid for in every case by way of family benefit.

### *4. Review, Suspension or Termination of Benefit*

Where widows' benefit has been computed by reference to any child or children, the benefit ceases to be payable whenever, by reason of death or otherwise, there ceases to be any child in respect of whom the benefit is payable. In such case the position will be reviewed and,

provided not less than 15 years have expired from date of her marriage, the widow will be entitled to a widows' benefit computed as for a widow without a child or children under the age of 16 years.

Benefit will be terminated if the widow remarries. Benefit may be suspended if absence from New Zealand is temporary; permanent absence will terminate benefit. Benefit may be paid on return to New Zealand, for a limited period of temporary absence.

The Social Security Commission has power to review the benefit in any case where a beneficiary becomes an inmate of a public institution or recipient of a hospital benefit.

The Social Security Commission has, in fact, power to review the benefit at any time should a beneficiary's circumstances change.

## II. DEATH FROM EMPLOYMENT INJURY<sup>1</sup> : MINERS

### 1. *Qualifying Conditions*

A miner's widows' benefit may be granted to a person covered (see § 2, I, 2) with no further qualification than that the husband was in receipt of miners' benefit at the date of death.

### 2. *Submission of Claim and Payment of Benefit*

As for widows' benefit (see I, 2).

### 3. *Rate and Duration of Benefit*

A miner's widows' benefit is paid at the rate of £104 per annum without any deductions on account of income or property. Payment continues during widowhood but not concurrently with any other benefit, other than family benefit.

### 4. *Review, Suspension or Termination of Benefit*

If a widow remarries, her benefit will be terminated. No benefit will be paid during any period in which the beneficiary is undergoing a sentence of imprisonment or of reformatory detention. Payment may be made for a period not exceeding two years in the aggregate while the beneficiary is absent from New Zealand.

## § 13. Other Contingencies

### I. DESERTION BY OR MENTAL DISEASE OF HUSBAND

#### 1. *Qualifying Conditions*

The New Zealand social security scheme includes under the provisions for widows two categories of women who although not legally

<sup>1</sup> See also Introduction, under "Workers' Compensation".

widows are treated, temporarily at least, as widows. The qualifications required in these two classes are (a) that as a married woman the applicant satisfies the Social Security Commission that she has been deserted by her husband and that she has taken proceedings against him for a maintenance order under the Destitute Persons Act, 1910, or (b) that the applicant is a married woman in respect of whose husband a reception order is in force under the Mental Defectives Act, 1911 (whether or not he is detained in an institution under that Act), or whose husband is for the time being detained in an institution under that Act, whether as a voluntary boarder or otherwise. In the first case the grant of the benefit is in the discretion of the Social Security Commission, while in the second it is of right.

An applicant coming within one or other of these categories must fulfil qualifying conditions as to residence required of a widow (see § 12, I, 1).

The term "children" does not include any child born outside New Zealand unless the mother was only temporarily out of New Zealand at the time of its birth or both parents were resident in New Zealand for the three years immediately preceding the desertion of the applicant by her husband or for three years immediately preceding the making of a reception order in respect of the husband or before his admission to an institution. Also included are stepchildren and children adopted while the husband and wife were living together. Notwithstanding any of the aforementioned restrictions, the Social Security Commission may, in its discretion, regard any child as being a child of the applicant if she is maintaining the child and it was at any time maintained by her husband.

### 2. *Submission of Claim and Payment of Benefit*

As for widows (see § 12, I, 2).

### 3. *Rate and Duration of Benefit*

As for widows (see § 12, I, 3), plus the provision that the income of the applicant includes any income of the husband where there is a reception order in force. In the case of a deserted wife, any maintenance paid by the husband is taken into account by the Social Security Commission as part of the benefit.

### 4. *Review, Suspension or Termination of Benefit*

As for widows (see § 12, I, 4).

## II. EMERGENCY

An emergency benefit may be granted by the Social Security Commission on the grounds of hardship to any person who by reason of age, physical or mental disability, domestic circumstances or any other

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reason is unable to earn a sufficient livelihood for himself and his dependants and is unable to qualify for any other monetary benefit, other than family benefit, under the Social Security Act, 1938.

The commencing date, rate of benefit and conditions of payment in any particular case are at the discretion of the Social Security Commission, but as far as possible the rate of benefit granted is the same as for the type of benefit for which the applicant most closely qualifies. The Social Security Commission is also empowered to grant an emergency benefit in lieu of a sickness or unemployment benefit even if the applicant qualifies for one of those benefits, and may substitute an emergency benefit in place of one of these benefits if already granted.

The Social Security Commission is also empowered to transfer any person from any other class of benefit to an emergency benefit if it considers the beneficiary should undergo a course of training in any medical or psychological clinic, or receive any medical or other treatment, or undergo any course of training for the improvement of his physical or mental capacities or do any work required of him. Furthermore, the Social Security Commission may make the grant or continuance of the benefit subject to the person complying with such conditions as it deems expedient.

## CHAPTER IV

### ORGANISATION

The provisions for social security benefits in New Zealand are incorporated legislatively entirely in one Act — the Social Security Act, 1938, with amendments. Administratively, the scheme is divided between three departments of State — the Social Security Department (created under the original Act), which is responsible for monetary benefits ; the Health Department, which administers benefits in kind (maternity, hospital benefits, etc.) ; and the Land and Income Tax Department, which collects the contributions to the Social Security Fund.

The Social Security Commission is entrusted with the implementation of the monetary benefit provisions of the Act, and in that connection exercises control over a number of District Offices situated throughout the country. In order that the provisions of the Act may be effected expeditiously, the Social Security Commission is authorised to delegate to any District Officer of Social Security such of its powers as may be deemed necessary.

The principles governing war pensions and war veterans' allowances in New Zealand, although provided under separate legislation, are closely interwoven with social security and in fact are administered by a division of the Social Security Department. The Chairman of the Social Security Commission is also designated Secretary for War Pensions.

Regulations issued from time to time have provided the methods by which the various medical, hospital and allied services are secured for the resident population.

The Health Department has a number of District Offices situated throughout the country, and this enables close and prompt attention to be given to the implementation of the health benefits sections of the Social Security Act.



## § 14. Administration

### THE SOCIAL SECURITY DEPARTMENT

#### 1. *Central Administration*

The Social Security Department, with its Head Office in Wellington, is controlled by a Commission comprising a chairman and not more than two other members. The Commission administers the cash benefits provided under the Act — superannuation, age, widows', family, orphans', invalids', miners', sickness, unemployment and emergency benefits and war service men's dependants' allowance.

The functions of the central administration are to implement the provisions of the Social Security Act, 1938, with amendments, to consider and decide policy matters affecting the payment of cash benefits and to carry out those functions which have not been delegated to District Officers. It is also responsible for the administration of war pensions and war veterans' allowances, and acts as agent for several overseas pension authorities, paying pensions in New Zealand on behalf of the Governments of the United Kingdom, Australia, Burma, Canada, India, Pakistan, the Union of South Africa, and Crown Colonies.

The Head Office maintains a national card index and record system which enables a close check to be made on all applicants for benefit.

Under the Social Security Act the decision regarding all cash benefits is the responsibility of the Social Security Commission, which has in turn delegated to Registrars the power to grant most types of benefit locally.

Temporary benefits, *i.e.*, unemployment, sickness and some emergency benefits, are paid weekly by local officers. All other benefits except superannuation benefit (which is paid quarterly) are paid monthly from the Head Office. To get the money quickly into the hands of a beneficiary, the Registrar issues the first payment advice as soon as he grants a benefit. All other payment advices are prepared and produced on Powers-Samas accounting machines at the Head Office. These payment advices or vouchers are despatched to paying offices (social security offices and money-order post offices) throughout New Zealand, and when paid the receipted advices are returned to the central office to be checked, sorted and marked off against the beneficiary's account.

#### 2. *Regional Administration*

For administrative purposes New Zealand has been divided into 19 districts, and a Branch Office of the Social Security Department established in the principal town in each district. Each of these offices is controlled by a Registrar of Social Security, who is assisted by appropriate staff. The Commission has delegated to the Registrars

powers for the granting and subsequent supervision of most of the cash benefits provided under the scheme.

In many of the districts offices are established in the smaller centres, controlled by a District Agent and supervised by the Registrar for the district. There are 28 District Agents, and their delegated power to grant benefits is limited to unemployment and sickness benefits. Claims for other benefits are received and after investigation submitted to the controlling Registrar for decision.

### 3. *Local Administration*

Local administration is in the hands of both Registrars and District Agents.

A District Agent has power to grant unemployment and sickness benefits ; applications for emergency benefit are referred to the Social Security Commission, and for other types of benefit to the controlling Registrar.

Payment of sickness benefits and most emergency benefits is made weekly by a postal warrant system which is equivalent to payment by cheque. In special cases, such as where a beneficiary lives in a remote locality, an unemployment benefit may be paid by warrant instead of cash. Postal warrants are payable at the office of the Social Security Department or at a nominated money-order post office.

Payment of unemployment benefit is in cash at the social security office or nearest money-order post office. Each beneficiary is issued with an identity certificate at the time of grant of benefit, which he must produce to establish his identity when he is being paid.

A Registrar has delegated power to grant all types of benefit except emergency, superannuation and miners' benefits. Payment of weekly benefits is made as stated, while the system of payment of benefits paid monthly has been outlined under "Central Administration". To obtain payment of a monthly benefit, a beneficiary must produce his benefit certificate, which is an identity card, at the time he is being paid. In remote districts a beneficiary can be paid by registered letter ; on receipt by the social security office or money-order post office of the payment advice receipted by the beneficiary, the instalment of benefit in cash will be sent by registered post to the beneficiary.

Payment of the social security contribution is made either at a money-order post office or a branch of the Land and Income Tax Department.

## THE HEALTH DEPARTMENT

### 1. *Head Office*

A special division of the Department of Health has been set up for dealing with health benefits.

Its constitution is as follows :

- (a) Director-General of Health ;
- (b) Deputy Director-General of Health (Administrative) ;

- (c) Director, Division of Health Benefits ;
- (d) Senior Executive Officer ;
- (e) Clerical staff.

Matters of policy are decided at the Head Office, and the necessary steps taken to implement the Government's policy of providing free or substantially free medical and related services to the people of New Zealand.

## 2. *District Offices*

The administration of health benefits is conducted by the various District Offices of the Department of Health situated throughout the country. The main functions are to ensure that the persons entitled receive their benefits, and that payment is arranged.

The constitution of the District Offices is as follows :

- (a) Medical Officer of Health ;
- (b) District Executive Officer ;
- (c) District Accountant ;
- (d) Divisional Clerk ;
- (e) Clerical staff.

Payments for benefits up to £5 are made by postal warrant ; payments over £5 are arranged by cheque through the Treasury Department.

## § 15. **Terms of Service of Members of Medical and Allied Professions**

### 1. *Methods of Securing Medical Care*

Medical services are provided by medical practitioners in private practice. Pharmaceutical supplies are provided by chemists, medical practitioners and hospital boards. Artificial aids are distributed through hospital boards.

### 2. *Remuneration for Services Rendered and Supplies*

#### (a) *Non-residential Care.*

(i) *General practitioner care.* Under the capitation system the practitioner is paid on the basis of the number of patients which he is prepared to accept. An agreement card is signed by the practitioner to cover each patient, and the card is transmitted to the Department of Health. From the current cards in hand for each doctor at each accounting period the Department calculates the half-monthly amount payable to the doctor on the basis of 15s. per head per annum, together with a commuted payment for mileage, and forwards a cheque for this amount. The capitation scheme has not proved attractive to the medical profession and is operated by only a few doctors.

Under the fee-for-service system the remuneration is effected by any of three methods, although the amount paid out of the Fund in

any case remains at 7s. 6d. for each visit or consultation. The three methods are :

- (1) *Refund.* The beneficiary pays the doctor's account in full (usually at the rate of 10s. 6d. a visit), and on production of the doctor's receipt the beneficiary may obtain a refund at the statutory rate of 7s. 6d. per visit or consultation. A higher rate of refund is payable for night or Sunday calls, and an allowance is made for mileage.
- (2) *Direct claim.* Here no charge is made on the patient, who merely signs the prescribed form which enables the doctor to collect the statutory fee of 7s. 6d. (or 12s. 6d. for night or Sunday calls) from the Fund upon lodging his claim with the Department of Health. Mileage is also claimed direct at 1s. 3d. per mile each way.
- (3) "*Token*" system. In this case the doctor continues to charge the customary fee of 10s. 6d., of which he claims 7s. 6d. direct from the Fund as in (2) and collects the balance of 3s. from the patient personally. This additional levy of 3s. has become known as a "token" payment.

(ii) *Specialist care.* No specific contracts have been entered into with practitioners to provide specialist services under the scheme. Any beneficiary who utilises the services of a specialist is required to pay the fees therefor, but may on application, supported by the doctor's receipt, obtain a refund of the statutory fee of 7s. 6d. for each occasion on which such services have been provided.

(iii) *Dental care.* Dental care under the scheme is provided only for adolescents and is therefore afforded primarily by the National Dental Service, a branch service of the Health Department. Payment is made from the Fund to the National Dental Service in respect of services at the appropriate fee for each treatment as set out in the schedule to the Regulations. The dental department of a public hospital, a dental school or a private dentist may contract to provide dental benefits under the Regulations and to accept the fees set out in the schedule to the Regulations. No charge is made to the patient, and the fees, which range from 7s. 6d. for simple amalgam fillings to 30s. for a major operation on one tooth, are paid direct to the person or authority affording the service.

(iv) *Care given by midwives.* Payment for obstetric nursing care is made direct to the person affording the service. The period covered by benefit is the day or days of labour and the 14 days succeeding the date of birth of the child, and the fees payable are—

- (a) for services on the day or days of labour : for a registered midwife, acting in the capacity of a midwife, £2 ; and for an obstetric nurse acting in the capacity of a maternity nurse (whether registered as a midwife or as a maternity nurse), £1 ;
- (b) for services during confinement period subsequent to the birth of the child : for a visiting obstetric nurse, 7s. 6d. a day for each of the 14 days immediately succeeding the date of birth of the child ; for any obstetric nurse (not being a visiting obstetric nurse),

18s. a day for each of the 14 days subsequent to the birth of the child during which, in accordance with the contract, she resides on the same premises as the patient.

(v) *Pharmaceutical and other supplies.* Payment in respect of all prescriptions dispensed is obtained by a contracting chemist or hospital board by submitting half-monthly claims, supported by the prescriptions signed by the beneficiaries, to the nearest Pricing Office of the Health Department. The specially trained staff in these offices price the prescription in accordance with the prices and fees set out in the drug tariff, which defines the range of pharmaceutical requirements which are the subject of benefit. Payment of the amount covering each half-monthly claim is then made by cheque from the Fund.

The universal-type hearing aid as provided at an out-patient department of a public hospital has been valued at £13, and the hospital board claims this amount from the Fund in respect of each aid supplied. If a beneficiary obtains a hearing aid of an approved type in lieu of the universal type, he may obtain a refund of up to £13 from the Fund in respect of the purchase of such aid ; or he may be charged the purchase price less £13, and the supplier may claim the statutory amount from the Fund.

Contact lenses as supplied at out-patient departments of public hospitals in certain cases of refractive errors are charged by the hospital board to the Fund at the rate of approximately £40 per set.

The out-patient departments of public hospitals are responsible also for the fitting of artificial limbs of an approved type supplied either by the Disabled Servicemen's Re-establishment League or the splint department of a public hospital. Not more than 80 per cent. of the cost of the limbs supplied will be borne by the Fund, and this payment is made direct to the supplier. The cost of these aids varies with the extent and type supplied. Existing artificial limbs will be remodelled or rebuilt when in the opinion of the recommending orthopaedic surgeon this would be satisfactory, and the charge to the Fund is on the same scale as for the supply of new limbs.

(vi) *Other non-residential care.* The scale of fees for radiological or pathological diagnostic services provided as an out-patient service of a public hospital or by a recognised radiologist or pathologist is set out in the Regulations, and payment thereof is made to the person affording the service. The claim for payment is made to the Health Department and must be supported by a certificate from the radiologist or pathologist attesting that the service has been performed and also the recommendation of the medical practitioner as to the nature of service recommended or a signed statement setting out the reason for rendering the service. The fees paid to private pathologists are in full satisfaction of any claim, but private radiologists may charge patients a fee over and above that received from the Fund, although the additional amount is limited under their contracts with the Minister of Health.

Massage treatment provided by a public hospital is part of in-patient or out-patient hospital benefit and is not the subject of massage

benefit, but if provided by a private contracting masseur on the recommendation of a medical practitioner, part of the fee chargeable is met by the Fund and the balance by the patient. Under the contract the fee payable from the Fund is 3s. 6d. for each occasion on which treatment is given, and the masseur undertakes not to charge the patient an additional fee in excess of 3s. 6d. for each treatment afforded in the masseur's rooms or 7s. for treatment afforded elsewhere. Contracting masseurs submit their claims for payment periodically to the local office of the Health Department.

The services of district nurses employed by State departments, while being made available under the Regulations free of charge to patients, are not a charge on the Social Security Fund. Where such service is provided, however, by public hospital boards, the Fund meets all expenses directly incurred in providing the service, and claims in respect thereof are made periodically by the boards direct to the Health Department.

In respect of approved associations which train and/or provide domestic assistance in the home, a subsidy only is paid from the Fund, and the amount thereof is determined in each case by the Minister of Health in relation to the services provided.

(b) *Residential Care.*

(i) *Hospitals.* In-patient treatment at public and licensed private hospitals which is the subject of hospital benefits under the scheme is paid for out of the Fund at the rate of 9s. per day. This rate does not of course meet the full cost of treatment in a public hospital, but represents that proportion of the costs, approximately one third, which prior to the introduction of this benefit was being recovered from public hospital patients. The balance of public hospital administration costs is met as before by local rates and subsidies from the Consolidated Fund. Private hospitals receive the same grant from the Social Security Fund, *i.e.*, 9s. per day, and the balance of the cost is met by the patient. Public hospitals make up claims for payment of hospital benefits based on their patients' register and render these to the local office of the Health Department and in due course receive a cheque for the amount claimed. The procedure in the case of licensed private hospitals is similar, with the addition that a certificate and declaration by each patient must accompany each monthly claim. The two institutions at present approved under the Act to receive hospital benefits, namely, the Royal New Zealand Society for the Health of Women and Children (Plunket Society) and a home for incurables conducted under a charitable trust, also receive payment from the Fund at the statutory rate of 9s. per day, and no charge is made on the patient.

(ii) *Other medical establishments.* State mental hospitals provide free treatment; expenditure in this connection is a direct charge on the Consolidated Fund (this fund represents all general taxation not credited to a specific account). Private mental hospitals may be approved for the purpose of hospital benefits and receive the statutory amount of 9s. per day, and the charge to the patient will be reduced by this amount.

Hospital benefit at 9s. per day which reduces the charge to the patient by that amount is also payable from the Fund to the Health Department in respect of in-patient treatment afforded in the Department's special neurological hospital and sanatorium.

## § 16. Supervision of Social Security Administration

### 1. *Supervision of Administration*

The powers conferred on the Social Security Commission are exercised under the general direction and control of the Minister of Social Security. The administration of health benefits by the Health Department is under the general direction and control of the Minister of Health.

The Social Security Commission exercises a general supervision of all monetary benefits and, to secure uniformity, keeps the District Offices informed of its interpretation of the law and procedure. The Commission has under its direct control a Chief Inspector and a staff of inspectors, who carry out regular inspections in the District Offices. The inspectors are accountable only to the Chief Inspector and through him to the Commission. One of their functions is to ensure that the Commission's interpretation of the law and its current policy is applied.

### 2. *Supervision of Beneficiaries Receiving Cash Benefits*

To ensure that the conditions laid down for the continuance of benefit are being fulfilled, a statutory declaration is obtained from the beneficiary at regular intervals. The intervals at which these statements are to be furnished vary according to the type of benefit, and where the benefit is subject to means test, a statement of financial circumstances is required.

Where the grant of benefit is based upon incapacity for work, continuance of benefit is subject to the production of medical evidence covering incapacity, if and when required.

The beneficiary is required to notify the Department of any change of circumstances which may affect his right to receive the benefit or the existing rate of benefit. There is a penalty for failing to meet this statutory obligation.

In the principal centres Inquiry Officers carry out investigations which cannot be done by correspondence. Normally only a small part of their time is occupied by supervisory functions, and in the main they assist beneficiaries who are in hospital or are unable to call at the District Office by completing forms or giving advice.

### 3. *Supervision of Professional Care*

The supervision of professional care is in the hands of the various Medical Officers of Health situated throughout the country.

The Medical Officers of Health are empowered to call for information concerning professional care from either the medical practitioner

or the patient concerned. Complaints may be investigated by the Medical Officer of Health and reports made to the Minister of Health.

The Medical Officer of Health also has the right to check prescriptions. In addition, the Chemists' Services Guild, on behalf of contractors for pharmaceutical supplies, has the right, by arrangement, to inspect the pricing work carried out by the Pricing Offices of the Health Department.

## § 17. Sanctions and Settlement of Disputes

### 1. *Disputes concerning Administrative Matters*

#### (a) *Remedies of Government.*

Social security in New Zealand is supervised and administered by State departments, and the question of sanctions or of settlement of disputes concerning such supervision or administration does not arise.

#### (b) *Remedies of Beneficiaries.*

Under authority delegated by the Social Security Commission, claims for cash benefits are decided by the Registrars of Social Security; it therefore became necessary to provide for a right of appeal to the Social Security Commission. An applicant or beneficiary thus has the right to appeal to the Commission against any decision by a Registrar affecting the grant, refusal, renewal or review of a benefit.

The principal officers of the Department make up the Commission, which comprises a chairman and two members. On appeal questions which may be referred to the Commission, its decision is final, and there is no provision for a further appeal to a higher authority.

Where invalids' or miners' benefit has been refused or is terminated subsequently on medical grounds, the claimant or beneficiary may appeal to a special medical Appeal Board comprising three registered medical practitioners nominated by the Commission for this purpose. The decision of such Appeal Board is binding on the Commission.

Any appeal must be lodged on the form provided within three months of the notification of the decision to refuse or terminate benefit.

#### (c) *Prosecution in case of Fraud.*

If any person, for the purpose of obtaining a benefit or payment under the Social Security Act for himself or for any other person, or for the purpose of obtaining exemption from any obligation under the Act for himself or any other person, makes any false statements to or in any way misleads or attempts to mislead any officer concerned with the administration of the Social Security Act, such person may be liable on summary conviction to a substantial fine or term of imprisonment. A demand or acceptance of a fee or other consideration for procuring or endeavouring to procure a cash benefit is an offence under the Act.

Any benefit or instalment of a benefit which is paid in excess of the amount to which the beneficiary is by law entitled may be recovered as a debt due to the Crown at the suit of any one of the Social Security



Commissioners. The Commission may elect, however, to make any necessary adjustment in any instalments of the same or of any other benefit subsequently becoming payable. If, in the opinion of the Commission, the payment in excess has been obtained by fraud, the Commission may recover from the beneficiary by way of penalty an amount equal to twice the amount so paid in excess, and such penalty may be recovered by way of deduction from any instalments of the same or any other benefit thereafter becoming payable to the beneficiary. Notwithstanding the imposition of such penalty, any beneficiary who has obtained payment in excess by fraud is liable to prosecution in a court of law.

## 2. *Disputes concerning Professional Care*

### (a) *General Medical Services.*

The Minister of Health may appoint a committee to advise him on matters of this nature. Not less than half the members of such committee (exclusive of the chairman) must be appointed to represent members of the profession concerned.

The Minister of Health may determine whether any services provided by a medical practitioner are necessary and, if so, what amount is payable for such services from the Social Security Fund, after consultation with the above committee; the Minister's decision is final.

Serious charges of misconduct or unethical practice can be reported to the New Zealand Medical Council, the registering body, which has disciplinary powers.

Medical practitioners (excluding doctors working under the capitation-fee scheme) are not under contract to the State. Medical service is a simple contract between the medical practitioner and patient, and the former may at any time cease to attend an unsatisfactory patient, who may then seek another medical adviser.

### (b) *Other Services.*

Services other than general medical services are rendered by contractors with the Minister of Health. If, in respect of any contract, the Minister of Health considers that the services are unsatisfactory, he may direct an investigation by a special Tribunal consisting of—

- (i) a President, who must be either a Judge of the Supreme Court or a stipendiary magistrate; and
- (ii) not less than two other persons who are members of the same profession or calling as the contractor.

It is the function of the Tribunal to recommend to the Minister of Health whether or not the contract should be terminated; in addition, it may make such other recommendations as, in the circumstances, it thinks proper.

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## CHAPTER V

### FINANCING OF SOCIAL SECURITY

Cash and health benefits under the social security scheme in New Zealand are financed from the Social Security Fund, which receives income from two main sources—a tax known as the social security contribution, and annual grants from the Consolidated Fund, which derives its income from general revenue of the Government. The social security contribution consists of a charge on salaries, wages and other income received by any person 16 years of age and upwards ordinarily resident in New Zealand and most companies resident in New Zealand. The Social Security Act fixes the contribution at the flat rate of  $7\frac{1}{2}$  per cent. in every case. Persons not in receipt of any salary, wages or other income do not pay, but are still protected under the New Zealand scheme.

Certain types of income are exempt from contribution, and this class includes social security benefits, pensions in respect of war service, and workers' compensation.

Employers as such are not particularised for purposes of paying contribution, but pay as individuals. However, if the position of employer is equivalent to a company, the social security contribution is levied on the income of the company.

The flat rate of contribution has not been fixed with any expectation that such tax would yield sufficient revenue to meet fully the expenditure of the Social Security Fund, and the deficiency is met annually by an appropriation from the Consolidated Fund (general taxation fund). The expenditure of the Social Security Fund is balanced in this manner from year to year, but no attempt is made to build up a fund against future commitments.

Contributions are collected in the case of salaries or wages by the employer, who is required to make the necessary deduction respecting his employees and pay this amount where it exceeds £2 in cash at a branch of the Land and Income Tax Department or at any money-order post office. Where the total of the deductions is less than £2, appropriate stamps may be affixed and cancelled in the wages records. For income other than salary

and wages, all recipients are required to furnish an annual declaration specifying such income, and may pay the contribution thereon in two equal half-yearly instalments.

Under Part IV of the Social Security Act, 1938, the Land and Income Tax Department is authorised to collect all social security contributions, which are then credited to the Social Security Fund. The receipts of the Fund are not proportioned to particular contingencies but are utilised as a whole to meet the expenditure on all benefits under the scheme.

## § 18. Participation of Protected Persons

### 1. *Employees*

The social security contribution is fixed at a flat rate of  $7\frac{1}{2}$  per cent. on the salary, wages and other income of all residents over the age of 16, regardless of income range. There is no division of employees into special categories, but for the purpose of levying contributions in a unified scheme an employer is required to make the necessary deductions from all salaries and wages paid by him. Similarly, the payment of a specific number of contributions is not a prerequisite to the granting of a benefit, although default in payment of contributions may result in refusal to grant a benefit. All employees are, as of right, entitled to any or all of the health benefits provided under Part III of the Social Security Act, 1938, and to the cash benefits under Part II of the Act for which they may from time to time become eligible.

### 2. *Persons Working on Own Account*

In general, persons in this category are liable for contributions in the same manner as employees, that is to say, as individuals, and the contribution rating is the same. The assessment of the contribution is made on the income of such business or occupation, and for this purpose income includes all such moneys which have been drawn from the business as remuneration.

### 3. *Persons not Gainfully Occupied*

As the social security contribution is also levied on income other than salary or earnings, persons in this category are required to declare their income and pay the contribution at the flat rate of  $7\frac{1}{2}$  per cent.

Where no income or earnings is received, a person is still entitled to the benefits under the social security scheme, but default in payment of contributions may result in refusal to grant a benefit.

The Commissioner of Taxes has power in cases of serious hardship to exempt a person from payment of one or more instalments of the social security contribution, but such person would still be entitled to social security benefits.

### § 19. Participation of Employers

Employers as such are not required to pay any part of their employees' social security contribution but they are required to pay on the income earned by their businesses.

If the employer is a company for the time being resident in New Zealand, the company is liable for social security contribution on its income as a company at the same rate as for individual contributors. In this case the dividends of the company are not subsequently charged with the contribution in the hands of individual recipients or shareholders. In addition, any public authority which is liable for income tax is liable also for social security contribution in the same manner as a company.

In respect of contributions made by employers under the Workers' Compensation Act to cover employment injury, see Introduction, under "Workers' Compensation".

### § 20. Participation of Public Bodies

The Social Security Fund, which provides the necessary moneys for the social security scheme in New Zealand, is only partly financed from the special social security contribution levied on salaries, wages or other income. To provide sufficient funds to meet the expenditure on social security benefits each year, the Government appropriates from the Consolidated Fund (*i.e.*, the main revenue and expenditure fund of the country) an amount which will meet the excess expenditure. Therefore it may be said that the social security scheme in New Zealand is financed from the proceeds of the social security contribution and general taxation.

### § 21. Collection and Handling of Contributions

#### I. COLLECTION OF CONTRIBUTIONS

##### 1. *Assessment and Payment of Contributions*

Employers are responsible for the collection of contributions in respect of their employees in the first instance, such deductions being then paid to any office of the Land and Income Tax Department or at any money-order post office. For amounts exceeding £2, the contributions are paid in cash, and receipts are issued for affixing to wage sheets or other record of payments. For lesser amounts, special stamps may be purchased and affixed to the wage sheet or other record. These records are available for inspection at any time by inspectors of the Land and Income Tax Department.

The charge on income other than salary or wages is not deductible at the source, but the recipient is required to make an annual declaration of income other than salary or wages, and to pay the contribution thereon in two equal instalments on 1 July and 1 November each year. Payment is made to the Land and Income Tax Department or to the Post Office as agent. Companies resident in New Zealand have their contribution assessed on the income-tax return which they are required to make annually, and on demand are required to pay their contribution in one sum. The administrative machinery for the collection of contributions is provided by the Land and Income Tax Department.

All persons over the age of 16 years are liable for payment of the contribution, and heavy penalties are provided in the Act for employers or other persons who fail to deduct the contribution from any salary, wages or other income, and for those who wilfully avoid payment of the contribution. The Land and Income Tax Department has a group of inspecting officers whose duty it is to check up on the payment of social security contributions as well as income tax.

## 2. *Accounting System*

All contributions received by the various district offices of the Land and Income Tax Department or money-order post offices are immediately paid into the Public Account to the credit of the Social Security Fund, the receipts for these credits being then passed to the Land and Income Tax Department so that a complete record of the revenue of the Fund may be maintained. Payments to the Public Account are made at any branch of the Bank of New Zealand outside Wellington, or in Wellington at the Reserve Bank of New Zealand, which ultimately receives all payments to the Public Account. The Public Account is the general bank account of the Government.

Contributions received direct by the Land and Income Tax Department are, of course, credited to the Social Security Fund, and at the end of each three months in the year the total amount credited from every source is published in the *Abstract of the Revenue and Expenditure of the Public Account of New Zealand*.

## II. INVESTMENT OF FUNDS

For most of the year there is a substantial balance at the credit of the Social Security Fund, but this varies according to the month-to-month fluctuations of taxation receipts. Temporarily, surplus funds are transferred from time to time for investment, but all such investments are made in other Government accounts within the Public Account, and this practice makes them readily available at short notice for redemption and re-credit to the Social Security Fund. It is not the policy of the Treasury to credit the Social Security Fund with any interest on these investments; there would be no purpose in doing so, because whatever interest was credited would correspondingly reduce the amount of subsidy required from the Consolidated Fund.

## **§ 22. Allocation of Contribution Income ; Social Security Receipts and Expenditure**

### **I. ALLOCATION OF CONTRIBUTION INCOME**

All social security contributions are paid into the Public Account and credited to the Social Security Fund in the Treasury ledger accounts, and all expenditure on social security benefits and administrative costs are met out of the Fund.

To the extent that it is anticipated these contributions will not be sufficient to meet all social security expenditure, the Social Security Fund is subsidised by annual contributions from the Consolidated Fund.

The whole estimated transactions of the Social Security Fund for each fiscal year 1 April-31 March are estimated and budgeted for in advance. This budget includes an estimate of anticipated expenditure, and an assessment of the closing cash balance required to keep the Fund stable. It also includes the estimated taxation contribution expected, and thus the amount of subsidy required from the Consolidated Fund can be finally arrived at.

With this system of budgeting, the available funds as a whole can be utilised for all classes of expenditure.

### **II. RECEIPTS AND EXPENDITURE**

The receipts and payments of the Social Security Fund for the year ended 31 March 1949 are shown in the statement opposite, but attention may be drawn to one or two points which might raise queries.

The item " Maori War " under monetary benefits was for a special benefit provided for persons who served in any of the Maori Wars, but will not appear again in the accounts as the last beneficiary died in 1948.

It will also be noted that the table shows some small receipts as interest on investments ; these comprise interest from outstanding loans granted prior to 1939 from the Employment Promotion Fund, since closed.

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STATEMENT SHOWING THE RECEIPTS AND PAYMENTS OF THE SOCIAL SECURITY FUND FOR THE YEAR ENDED  
31 MARCH 1949

<i>Receipts</i>	£	£	<i>Payments</i>	£
Balance at 1 April 1948:			Monetary benefits:	
Cash . . . . .	1,342,701		Universal superannuation . . . . .	1,850,079
Imprests (loans) outstanding . . . . .	899,217		Age . . . . .	13,790,971
Investments . . . . .	<u>5,000,000</u>		Widows' . . . . .	1,911,134
		7,241,918	Orphans' . . . . .	27,623
Social security charge on wages and other income . . . . .	29,378,385		Family . . . . .	14,242,202
			Invalids' . . . . .	1,348,616
Miscellaneous receipts, interest, pe- nalities, and fines . . . . .	<u>58,651</u>		Miners' . . . . .	113,659
		29,437,036	Maori War . . . . .	10
Recoveries under maintenance or- ders, widows' benefits <sup>1</sup> . . . . .	63,429		Unemployment . . . . .	8,948
			Sickness . . . . .	911,107
Grants from Consolidated Fund (vote, "Social Security") under Social Security Act, 1938, sec- tion 105 (c) . . . . .	15,000,000		Emergency . . . . .	<u>251,409</u>
				34,455,758
			Medical, etc., benefits:	
			Medical . . . . .	2,306,881
			Hospital . . . . .	1,997,375
			Maternity . . . . .	916,120
			Pharmaceutical . . . . .	1,793,159
			Supplementary . . . . .	<u>861,913</u>
				7,875,448
			Administration expenses: Social Security Department . . . . .	729,259
			Balance at 31 March 1949:	
			Cash . . . . .	533,874
			Imprests (loans) outstanding . . . . .	148,044
			Investments . . . . .	<u>8,000,000</u>
				8,681,918
		<u>£51,742,383</u>		<u>£51,742,383</u>

<sup>1</sup> This item reduces the cost to the Fund on account of widows' benefits by an equivalent amount.

# **International Labour Review**

*(Published in English, French and Spanish)*

The *International Labour Review*, issued monthly by the International Labour Office and now in its 29th year, is a scientific periodical covering the field of labour and social policy. It contains general articles reflecting the evolution of social policy internationally and in the different countries, documentary articles, statistical tables covering wages, hours of work, employment and the cost of living and a bibliography.

Recent issues include the following articles :

- Post-War Trends in Social Security : Income Security* . . . . . June and July 1949
- Post-War Trends in Social Security : Medical Care* . . . . . August and September 1949
- The Belgian System of Employers' Group Secretariats for Social Security Work*, by A. TRINE . . . . . September 1949
- The Co-operative Movement and Social Security* . . . . . November and December 1949

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# Year Book of Labour Statistics

10th Issue, 1947-48

This annual publication, now issued in a trilingual edition (English, French and Spanish), presents in tabular form the most complete data obtainable in the principal countries of the world relating to :

<i>Economically Active Population</i>	<i>Social Security</i>
<i>Employment and Unemployment</i>	<i>Industrial Injuries</i>
<i>Hours of Work</i>	<i>Industrial Disputes</i>
<i>Wages and Labour Income</i>	<i>Migration</i>
<i>Cost of Living and Retail Prices</i>	<i>Economic Statistics</i>
<i>Family Living Studies</i>	

The tables cover the last twenty years. They are compiled from the official statistics of more than 60 countries in all parts of the world, supplemented in some cases by data obtained from private sources. Recent enquiries of the I.L.O. on wages, hours of work and cost of living in various countries are reproduced in full.

Social security statistics are included for the first time in this issue of the *Year Book*. There are four tables showing persons covered, beneficiaries, benefits paid, etc., for the main branches of social security. These tables represent a first attempt to gather such data on a systematic plan with a view to international comparisons.

An introductory note to each chapter calls attention to the principal questions of method to be borne in mind in interpreting the data, especially when using them for international comparisons. The statistics are presented in a systematic way with this object in view.

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**International 2 (Czechoslovakia-Poland).** Treaties : Social Policy and Insurance.

**Belgium 7.** Decree : Family Allowances (Belgian Congo).

**India 3.** Act : Employees' State Insurance.

**Austria 1.** Acts : Social Insurance (Amendments).

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