

continent. More efficient transport facilities bring once distant supply areas closer to consuming regions, and increase the number of active groups in a given market. It is believed that low production costs as a result of efficient production methods will permit Icelandic fish to be shipped far afield at competitive prices.

Iceland also occupies an extremely strategic geopolitical situation, and would appear to be in a strong bargaining position. Such a consideration though worthy of comment is only mentioned here, however, since it does not come within the purview of the writer's objective in this instance.

Social Security and Health Benefits in New Zealand

By HON. DAVID WILSON

THE fundamental principle underlying New Zealand's Social Security legislation and administration is the assertion that society is responsible for the well-being of all citizens from the day of their birth until the day of their death.

In no other country, so far as I am aware, has the principle been so universally accepted by the people nor so comprehensively and generously put into effect as in New Zealand. It has to be gladly admitted however that this lead is being speedily reduced as the principle is becoming more and more accepted throughout the world, and it is possible that Great Britain will be running neck and neck with New Zealand if indeed they do not take the lead after the Social Security legislation now before the British Parliament becomes effective in 1948.

The progress made towards the objective in Canada, particularly during the last few years, is also encouraging as evidenced by the improved provision for unemployment and children's allowances and it must be remembered that in New Zealand, once the principle has received the approval of the electors, the law becomes effective after the passing of the Act without reference to Provincial Parliaments.

It would not be fair to convey the impression that all the credit for Social Security legislation belongs entirely to

the New Zealand Labour Government, which was first elected in 1935 and re-elected in 1938 and 1943, but it is true that the present Government is responsible for vastly increasing the scope and the number of the benefits until to-day they cover every vicissitude of life and also for greatly increasing the monetary value of the benefits to the extent that every citizen is now assured of a decent livelihood from the cradle to the grave.

Although the present Social Security system was not placed upon the Statute book without considerable violent opposition in Parliament and in the country, yet experience of the legislation passed in 1938 has been such that it is now accepted by the overwhelming majority of the people and no political party now opposes the principle or operation of the Act nor could they hope to be successful at an election if they did so.

For the outside world the importance of New Zealand's social legislation lies in the fact that here, for the first time, an almost complete system of social and economic security has been in operation for some years and other nations may now learn how it has worked, what the difficulties were and how they may be overcome.

The Social Security Act 1938 had two main objectives:

- (1) To substitute for the previous system of non-contributory pensions a system of monetary benefits on a contributory basis.

- (2) To inaugurate a system of free medical and health benefits.

A newly established Social Security Department administers under the direction of the Minister of Social Security, that part of the Act dealing with monetary benefits, whilst medical and health benefits are administered by the Health Department under the direction of the Minister of Health.

Finance to enable the provisions of the Act to be carried out, is provided for by the establishment within the Public Account of the Social Security Fund. Subject to such exemptions as may be prescribed by Order-in-Council every person of the age of sixteen years or over who is in receipt of income of any description (other than Social Security benefits) such as salary, wages, interest, dividend, etc., pays to the Fund an amount equal to seven and a half per cent of such income. The Act also provides for payment to the Fund of such other sums as may be appropriated by Parliament from time to time.

Before entering upon an explanation of the monetary and health benefits I think it is advisable to give some consideration to the relative value of the Canadian \$1.00 as compared with the New Zealand £1. The prevailing exchange rate is \$3.60 Canadian to the £1 New Zealand, but the cost of living in New Zealand is considerably less than in Canada and this applies particularly to foodstuffs.

I

Monetary Benefits

The Social Security benefits provide for a reasonable minimum standard of living under all circumstances where the citizen is prepared to make his contribution to society to the best of his ability and physical condition. The table on the following page listing the monetary benefits of the programme is proof of that assertion.

A brief explanation of the table may be given to clarify the differences between

Canada and New Zealand social security legislation.

Family benefits in New Zealand correspond in many respects to the Canadian family allowances. The payment is made without regard to the number of children or to the other income of the parents. Payments continue even if the parents are in receipt of other payments from the social security fund. Widows' and orphans' benefits are somewhat similar to the benefits under the provincial Mothers' Allowance Acts in Canada, while unemployment benefits are not unlike the benefits payable in Canada under the Unemployment Insurance Act. Miners' diseases benefits in Canada come under the provincial Workmen's Compensation Acts provided that the disease has been put by the provincial legislatures on the list of compensable industrial diseases.

Unknown in Canada is the distinction between age and superannuation benefits as it exists in New Zealand. The New Zealand age benefit is somewhat similar to old age pensions in Canada. But it is awarded at the age of sixty not as in the Dominion at sixty-five to persons whose means and income do not exceed certain limits set by law. The means test is a very lenient one. Married couples, for instance, may have a combined income from the Social Security Fund and other sources of £260 or \$935.20 before any reduction of the benefit takes place.

Superannuation benefit, on the other hand, is granted at the age of sixty-five to everybody irrespective of income but the rate of the benefit is at present only about one-quarter of the age benefit. The rate is, however, to be increased every year and will in 1978 be equal to the age benefit which then will disappear together with its mean test. In the meantime persons entitled to an age benefit will not be eligible for the superannuation benefit and vice versa.

Unknown in Canada so far are invalid and sickness benefits though they have formed part of the British social security

system for many years. An applicant for invalid benefits in New Zealand must not be less than sixteen years of age and not be qualified for an age benefit. He must be *permanently* incapacitated for work through accident, illness or congenital defects, or be totally blind. Sickness benefits are awarded in cases of *temporary* incapacity for work be it caused by sickness or accident.

Qualifications

There are certain of the Monetary Benefits for which specified qualifications are required.

Residential Qualifications: All benefits, with the exception of Superannuation and Age, are granted to persons otherwise eligible who have resided in New Zealand for twelve months and have paid their Social Security taxes.

SUMMARY OF SOCIAL SECURITY MONETARY BENEFITS IN NEW ZEALAND

With Corresponding Amounts in Canadian Funds

New Zealand £1—\$3.60 Canadian

	New Zealand Funds £	Canadian Funds \$
FAMILY BENEFIT:		
For each child under 16 years of age irrespective of parent's income (yearly rate)	26	93.60
UNIVERSAL SUPERANNUATION:		
Present yearly rate for all persons, 65 years of age increasing by £2-10-0 yearly or \$9.50	25	90.00
Ultimate rate in 1978	104	374.40
AGE BENEFIT:		
All persons 60 years old (yearly rate)	104	374.40
Married couple (both eligible) " "	208	748.80
Additional for wife not eligible in own right " "	52	187.20
WIDOWS' BENEFIT:		
Widow who has had children (yearly rate)	104	374.40
Widow who has never had children " "	78	280.80
ORPHANS' BENEFIT:		
Orphan under 16 years of age (yearly maximum)	41	147.60
INVALID BENEFIT:		
Married male invalid (yearly rate)	104	374.40
Additional benefit for wife " "	104	374.40
Unmarried invalid under 20 years of age " "	78	280.80
All other permanent invalids " "	104	374.40
SICKNESS BENEFIT:		
Married couple (weekly rate)	4	14.40
Single person " "	2	7.20
Person under 20 years of age without dependents " "	1	3.60
UNEMPLOYMENT BENEFIT:		
Married couple (weekly rate)	4	14.40
Single person over 20 years of age " "	2	7.20
Single person under 20 years of age " "	1	3.60
MINERS' DISEASES BENEFIT:		
Miner and wife (yearly rate)	208	748.80
Single miner " "	104	374.40
EMERGENCY BENEFITS:		
To cover all persons not otherwise eligible (yearly maximum)	104	374.40

Deserted wives and wives of mental hospital patients receive widows' benefit.

Superannuation Benefit: This is granted to persons irrespective of income who have resided in New Zealand for ten years prior to the passing of the Act in 1938 or who have resided in New Zealand for the twenty years immediately preceding the date of application.

Age Benefit: This is granted on the same residential qualification as Superannuation but there is a very liberal means test. For instance a married couple, where both are eligible, would receive £208 (\$748.80) from the Fund and in addition could own their own home and furniture and have the sum of £500 (\$1,800) each in the bank and also have other income not exceeding £52 (\$187.20) a year, or a total of their own home, £1,000 (\$3,600) in the bank and a combined income of £260 (\$936.00) a year, and also £26 (\$93.60) per annum for any children under 16 years of age.

Widows' Benefits: The allowable other income from all sources in addition to the benefit is £78 (\$280.80) making a total of £182 (\$655.20) per annum, plus the family allowance for each child under 16 years of age.

Orphans' Benefit: Payable provided relatives or other suitable persons are prepared to accept the orphans into their own home. Benefit ranging up to a maximum of £41 (\$147.60) yearly.

Invalid Benefit: An applicant for invalid's benefit must not be less than 16 years of age and must not be qualified for an age benefit. He must be permanently incapacitated for work through accident, illness or congenital defect, or be totally blind. The applicant must have resided in New Zealand for not less than ten years. The allowable other income for a married man or widower with dependent children is £78 (\$280.80) plus family allowance for each child under 16 years of age.

Sickness Benefit: After the first seven days the benefit is payable so long as the incapacity from sickness or accident

continues and is limited to the amount by which the earnings of the applicant have been reduced by reason of his incapacity.

Unemployment Benefit: A person who has been unemployed for a longer period than seven days and whose unemployment is not of his or her own choosing, is eligible. The benefit is not payable if the applicant (a) has become voluntarily unemployed without good reason (b) has lost his employment through misconduct as a worker; (c) has failed without good reason to accept an offer of suitable employment.

Miners' Diseases Benefit. Applicant must have been employed as a miner in New Zealand for at least two and a half years and have resided in New Zealand for five years before date of application.

Economic Security

There are two additional measures that give to the people of New Zealand absolute economic security and assurance of a reasonable standard of living under all circumstances.

1. No adult male, 21 years of age or over, may receive less than £5.5/0 (Canadian \$18.90) a week and no female worker may receive less than £3.3/0 a week (\$01.34). This is an absolute minimum in all occupations.
2. There is a guaranteed minimum family income which assures a reasonable living to all workers. For example, a married man with two children is guaranteed that he will receive an amount equivalent to £5—(\$18.00) a week for every week in the year. That is to say, his minimum family income will be no less than £260—(\$936.00) a year.

Again it must be emphasized that, due to the fact that the cost of living in

New Zealand is considerably less than the cost of living in Canada, the amounts mentioned would procure a much higher standard of living in New Zealand than in Canada.

II

Medical and Health Benefits

In addition to the monetary benefits which have just been discussed, the Social Security Act provides for a complete system of health care. The program comprises medical attention through practitioners, (medical benefits), drugs and appliances, (pharmaceutical benefits), care in hospitals, including mental hospitals, maternity care, X-ray diagnostic services, massage treatment, specialized services, and supplementary benefits. All these benefits, which now may be briefly discussed, are granted irrespective of the age or income of the beneficiary.

Medical Benefits: Under the provisions of the principal Act every person is entitled, without cost to himself, to such medical attention as is ordinarily given by medical practitioners in the course of general practice. There are two methods open to New Zealand citizens. They may make a contract with any available doctor to be placed upon his list of patients and receive free medical attention at all times. In this instance the doctor will receive from the Social Security Fund a capitation fee payment of fifteen shillings (equals \$2.70 Canadian) per annum, plus mileage fees in certain circumstances. Or alternately every New Zealand citizen may receive medical attention from any doctor either at the doctor's surgery or in the patient's home, for which service the medical practitioner will receive from the Social Security Fund the sum of seven shillings and sixpence (\$1.35) for each and every consultation. If the doctor responds to an urgent request on a Sunday or between the hours of 9 p.m. and 7 a.m., the fee paid through the Social Security Fund is increased to twelve shillings and sixpence (\$2.25) plus mileage wherever necessary.

The usual doctor's fee in New Zealand is ten shillings and sixpence (\$1.89) per consultation, but many doctors are accepting the seven shillings and sixpence from the Social Security Fund in full settlement; but where they do not, the balance of three shillings (.54 cents) is paid by the patient.

From 1937 onwards the New Zealand Government has experienced considerable difficulty in negotiating with the medical profession about Medical and Health Benefits. The British Medical Association, of which all New Zealand doctors are members, has always differed with the Government concerning the procedure to be adopted, but ninety-six per cent of the doctors are now working under one or other of the schemes and about twenty-five per cent are accepting the patients' seven shillings and sixpence (\$1.35) in full settlement of their fee. The public is well satisfied with the services obtained from the doctors under the scheme but there is some dissatisfaction with the cost to the fund of medical attention and this matter is to be further discussed with the medical profession at an early date.

Pharmaceutical Benefits: Every person is entitled, without cost to himself, to those medicines, drugs, approved appliances and materials prescribed for their use by a medical practitioner upon presentation of the prescription to a druggist. The latter receives payment from the Social Security Fund in accordance with an agreed upon scale of costs for such medicines, etc.

Hospital Benefits: These benefits are paid to hospital boards (local authorities, the members of which are elected by the citizens of the locality) and proprietors of licensed private hospitals in respect of treatment provided to patients. In the former case the benefits paid are in full settlement and in the latter case in partial settlement of the charge for treatment. The prescribed rates are a sum of eighteen shillings (\$3.24) where treatment has been afforded on not more than two days and nine shillings (\$1.62) per day in all other cases. Free treat-

ment and medicines are also afforded to out-patients by hospital boards. The deficit between the nine shillings (\$1.62) per day paid to hospital boards and the total cost of running public hospitals is divided and the Government pays not less than one-half and not more than two-thirds of the extra expenditure incurred. The rates struck by municipalities include a hospital rate which covers the balance of the cost.

Mental Hospital Benefits: Treatment for all patients in mental hospitals is free. Wives of mental hospital patients receive the Widows' Benefit for themselves and Family Benefit for any children under 16 years of age.

Maternity Benefits: Free confinements in State or hospital board maternity hospitals is provided and also ante-natal and post-natal treatment. Payments from the Social Security Fund are made to the Institution concerned at the rate of £2-5-0 (\$8.10) for the day or days of labour and twelve shillings and sixpence (\$2.25) in respect of each of the fourteen days succeeding the birth of the child. Where confinements are conducted in private maternity hospitals the foregoing rates are paid from the Fund, any charges over and above these amounts being payable by the patient. Fees payable from the Social Security Fund to a medical practitioner in maternity cases are in accordance with an agreed upon prescribed scale and are in full settlement.

X-ray Diagnostic Service: X-ray examinations, X-ray photographs, and the supply of drugs and the provision of medical services incidental thereto are free of charge to the patient. There is a prescribed scale of fees which are accepted by the hospital board or medical practitioner in full settlement.

Massage Treatment: Treatment by private masseurs is free to the patient provided it is recommended by a registered medical practitioner.

Specialist Services: Specialist services are defined as "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." In the event of specialist service being required by a patient the Social Security Fund will refund to the patient seven shillings and sixpence (\$1.35) in respect of every occasion on which such service is required, the balance being paid by the patient. Of course free specialist medical or surgical attention may be obtained free of charge by patients in the public hospitals.

Supplementary Benefits: Provision has also been made for the inauguration of supplementary benefits such as dental services, home nursing, etc., as and when occasions arise.

III.

Conclusion

The cost of the Social Security Benefits both monetary and medical were £19,331,844 (\$69,594,638) for the year ending March 31, 1945, and of this amount approximately three-quarters was raised by the Social Security tax on incomes and the remaining one-quarter came from the consolidated fund or general taxation.

That the scheme is well within the economic resources of New Zealand is shown by the fact that whilst Social Security Benefits paid out increased from £3,600,000 (\$12,960,000) in 1935-36 to £19,331,844 (\$69,594,638) in 1944-45, aggregate private incomes in New Zealand also increased as follows: 1935-36 £124,600,000 (\$448,560,000) 1939-40, £200,200,000 (\$720,720,000) and 1943-44 \$292,300,000 (\$1,052,280,000).

The Honourable Peter Fraser, Prime Minister of New Zealand, summed up the matter very clearly and cogently recently: "We can claim," he said, "to have abolished involuntary poverty in New Zealand. Of course, if a man wants to drink his money away, or waste it in other ways, he can still be poor. We can't as a government abolish that, but we can claim to have prevented poverty which is due to causes outside the individual's control."

New Zealand is proud to lead the way in such a humanitarian achievement.