

services is financed out of national taxation and rates.

The *Liberal Party's*¹² sub-committee on health services is equally opposed to a mere extension of health insurance. Its plan is much on the same lines as the tentative proposals of the Medical Planning Commission. Although no income limit is provided, patients are free to obtain care privately, but not at the health centres: private patients, in the opinion of the Liberal Party's sub-committee, should be kept entirely distinct from patients obtaining free care at the centres. The service, should be financed out of public funds voted by Parliament, and not by insurance contributions, the cost is estimated at £66 million. It may be mentioned that the complete social security service proposed by "Medical Planning Research" would cost £1,000 million, of which 30% would be raised in

the form of insurance contributions, the rest being paid out of public funds.

It will be seen that modern plans for medical care services in Great Britain are far ahead of the old principles of "health insurance." The unification of all health services under one administration is preferred to a combination of cash benefits and medical care as obtaining under the continental European sickness schemes. Not only employed persons, but all those unable to afford proper medical care at their own expense, are to be provided for by the service. As to the financing of the complete health service, the idea of a tax-supported scheme available to all without either contribution conditions or means test is gaining ground, not only in Great Britain, but also in other parts of the British Commonwealth such as Australia and South Africa. The New Zealand medical care service is already financed by a special tax and open to all residents without qualifying conditions.

12. Liberal Publication Department: *Health for the People*, 1942.

Social Security in New Zealand

BY WALTER NASH

THE provision of security against misfortune and deprivation in old-age has a long history in New Zealand. The first legislation on the subject was in November 1898 when an Old Age Pensions Act authorised the payment of a small pension for aged persons, the first such statutory provision of any British country. This pension was improved from time to time and was followed in 1912 by a pension for widows authorised by an Act of the previous year. Military pensions were also provided in the same year for veterans of the Maori War and the Boer War, and from 1915 onwards for veterans of

World War I. In 1915 coal and gold miners suffering from miners' phthisis were provided for by special pension. In 1927 family allowances were provided for parents of large families.

The Labour Government which took office at the end of 1935 adopted as one of its first statutory measures a comprehensive act increasing the amounts of all pensions then in force and instituting for the first time pensions for invalids permanently and totally disabled.

The unemployment problem became a matter of national importance during the 1929-35 depression and legislation passed in 1930 for the first time authorised the payment of relief to unemployed persons,

EDITOR'S NOTE: Walter Nash is at present High Commissioner for New Zealand at Washington and at the same time a member of the New Zealand Cabinet.

the funds being found from a special fund raised by separate taxation.

In 1936 a departmental committee was set up to prepare the way for the comprehensive Social Security Scheme which was one of the principal points made in the Labour Party's platform prior to the election. The report of the inter-departmental committee was considered by a Parliamentary Committee in 1937, and in September 1938 the Social Security Act was passed.

I

CASH BENEFITS

The Social Security Act besides making provision for greater payments in respect of pensions already in existence introduced new benefits for orphans, and a special universal superannuation benefit, payable irrespective of means. It also made provision for the first time for health benefits which now cover general practitioner service, hospital benefits, maternity benefits, pharmaceutical benefits, X-Ray services.

The greatest proportion of hospitalization in New Zealand has traditionally been provided by local authorities which raise their funds partly from local rates, partly from Government subsidy, and partly from charges. This basis was used in establishing the hospital benefits referred to but the other health benefits mentioned later in this article were entirely new.

Raising of Funds

The cost of providing for Social Security is met by a social security fund whose revenue is raised by a special tax of 5 per cent on the income of all individuals over the age of 16 and of all companies and firms. This is supplemented by a personal levy of 5/- per quarter payable by all males over 16 and of 5/- per year payable by all females over that age. The Act requires a payment to meet any deficit in the funds from the Consolidated Fund raised by ordinary taxation and for the financial year ended 31st March, 1943, the total expenditure for the funds amounted to about £16,000,000 of which something

over £11,000,000 was raised from the special social security tax.

With the exception of Universal Superannuation and the Health Benefits all Social Security Benefits are payable on the basis of means, that is to say the means of the applicant derived from other sources is taken into account in assessing the eligibility for benefit and the amount of any benefit payable. A great deal of debate on the retention of the system of adjusting the benefits to means took place in the Parliamentary Committee and before the House when the legislation was being considered. In general it could be said that the decision to retain the prior legislation regarding means was conditioned by the knowledge that if the change were made and benefits were paid irrespective of need either the benefits would have to be reduced below the figure which was considered necessary for reasonable maintenance of applicants, or the taxation for the Social Security Fund would have to be very greatly increased. The exception in monetary benefits is the Universal Superannuation, and this was established for every person who had attained the age of 65 years, and the rate for the year ended 31st March, 1941, was £10. a year for every applicant, increasing by £2.10.0 each year thereafter, until it reaches the maximum of £84.10.0. The only qualification in respect of universal superannuation, other than age, is a residential qualification of ten years' residence in respect of persons who were resident in New Zealand on 15th March, 1938, and twenty years' residence for arrivals after that date. This residential qualification applies to all monetary benefits except that the periods are different in the case of family benefits, sickness benefits, unemployment benefits, while in the case of emergency benefits no specific provision is made.

Age Benefits

For age benefits, the qualifying age for both men and women is 60 years. The basic rate is £78 a year, with £26 for a wife if she is under 60 and therefore not eligible for the grant herself, and £26 for each

dependent child. No deduction from the benefit is made unless the applicant has income from other sources exceeding £52 a year. As for property, no account is taken of a house or furniture or of any interest or annuity on a policy or life insurance. From the total value of all other property £500 is deducted and for every £10 of the balance £1 is taken from the benefit. In assessing the property of married couples it is considered that each party owns half the joint property, and in many cases this makes the maximum benefit payable to both.

Invalids' Benefits

These are payable to every person over 16 years and not entitled to an age benefit who is totally blind or permanently incapacitated through accident, illness or congenital defect, provided he has lived in the country for ten years. For single persons under 21 years the rate is £52 a year, and over that age it is £78 a year. For a married man there is also £26 for his wife and £26 for each dependent child, with £234 fixed as the maximum. The 5% bonus is payable on these rates and they are subject to reduction of £1 for every £ of income over the allowed limit—which is £52 a year for single beneficiaries under 21 years, £78 for a married man and £104 for a married woman. Blind people are allowed larger incomes than others—their personal earnings up to £3 a week are not taken into account and their average weekly earnings over the year are subsidised by 25% provided that the total income, including the benefit, does not exceed £234 a year.

Widows' Benefits

Considerable distinction is made between childless widows and those with children. Childless widows do not qualify until the age of 50, and their benefit is £52 a year, with a further £52 of other income allowed. A widow with children gets £65 a year, plus £26 for each dependent child, and her allowable income is £78 a year. A 5% cost of living bonus was

added to these rates in May 1942. The maximum benefit possible is £234 a year.

On children born out of New Zealand, except where the mother was absent only temporarily, the benefit is not payable unless both parents had lived in New Zealand for three years before the father's death. Deserted wives and the wives of patients in mental hospitals are regarded as widows for benefit purposes. All widows' benefits cease on re-marriage.

Orphans' Benefits

Like Universal Superannuation, these benefits were one of the Social Security Act's original contributions. Up to 15/- a week may be paid to the person or religious institution which has the care of the child, the rate being determined by the Social Security Commission, with consideration given to any income or property the orphan may possess. The 5% cost of living bonus has been added here. The benefit is not payable for orphans who are kept in State homes and it is necessary for the orphan to have been born in New Zealand unless the more lately dead parent lived in New Zealand for three years before dying.

Family Benefits

Since 1939 the rates and scope of family benefits have been gradually expanded till at present all families whose income is not more than £5.5.0 a week receive 4/- plus 2/- cost of living bonus per child. If the family income is over £5.5.0 a week, the benefit is reduced shilling for shilling—thus if the parents had one child and £5.6.0 a week the allowance would be 5/-, not 6/-. Children must have been born in New Zealand or have lived there during the twelve months preceding application. Normally the benefit ceases when the child reaches 16 years but it may be extended beyond that age in certain circumstances.

Miners' Benefits

These are payable to miners who are permanently incapacitated through miners' phthisis or any other occupational or heart disease contracted while working

in New Zealand mines. Five years' residence in New Zealand is necessary, and a total of two and a half years' work in the mines. The rate is £78 a year, plus £26 for a wife, and £26 for each dependent child, plus the 5% cost of living bonus. The benefit limit is £234 a year. The widow of a miner who dies on benefit is entitled to 17/6 a week. No account is taken of any income so far as the miner and his wife (or widow) are concerned, but if the income, benefit apart, exceeds £104 a year, the amount paid in respect of the children is reduced by £1 for each £1 of excess.

Sickness Benefits

Any man or woman other than a married woman whose husband is able to maintain her is entitled to sickness benefits whether employed or in business on his or her own account; in the latter case some loss of income owing to the employment of a substitute in a business is required to be shown, and in the case of employed persons some loss of normal income on account of sickness is also required. Payments are at the rate of £1. a week (reduced to 10/6d. a week for applicants under 20 years of age) increased by 15/- for a dependent wife and 10/6d. for each child under 16, the maximum income for the family being £4. a week, except in the case of a member of a lodge where the total income may not exceed £5 a week.

Unemployment Benefit

The qualification and conditions in this case are similar to those in respect of sickness benefits and the rates of benefit are the same: £1. a week (10/6d. for applicants under 20), 15/- for a wife, and 10/6d. for each dependent child up to a maximum of £4. a week.

Emergency Benefits

The Social Security Commission has a blanket authority to authorise payment of a benefit in any case where an applicant is unable to obtain a sufficient livelihood for himself and his dependants where he cannot qualify for one of the other specific monetary benefits.

Normally an emergency benefit is related to the specific monetary benefit most applicable to the particular case.

II

HEALTH BENEFITS

These were a totally new introduction of the social security plan. All people ordinarily living in New Zealand are entitled to them, except when the cost of treatment is recoverable by damages or compensation. There is no means test. These benefits have been brought into operation gradually since 1939.

Hospital Benefits

The social security hospital scheme has been super-imposed smoothly on the existing public hospital system. There are 42 hospital districts in the country run by Boards elected triennially on an adult franchise. These Boards are financed by contributions from their rate raising authorities, by government subsidies, and by patients' fees. The patients' fees are now paid by the Social Security Fund, at the rate of 9/- a day. It is worth noting that the amount actually collected from patients in the days before the free hospital system averaged roughly 3/- a day. State mental hospitals and the six special children's hospitals, known as Karitane Homes, and run by the Plunket Society, likewise make no charge on the patient; while private hospitals accept the 9/- a day as part payment; out-patient treatment is free at public hospitals, the Social Security Fund providing 60% of the salaries and materials—about £100,000 a year.

Medical Benefits

These were not altogether welcomed by the doctors in the first place. They saw an attack on the independence of their profession, and did not relish the idea of becoming the salaried servants of the State. Actually these things did not happen and there are now two separate procedures, the original one known as Medical Benefits—a capitation system—and General Medical Services, a fee-for-service scheme which was brought in

later and has proved acceptable to almost all doctors.

Under the *capitation* system, which has not been popular, the patient fills in a form which the doctor signs and forwards to the District Medical officer of Health, who puts the patient's name on the doctor's list. For every name on this list the doctor gets 15/- a year from the Social Security Fund, plus certain mileage fees. Doctors working under this scheme are under obligation to provide suitable surgeries and to be there at regular times; to visit patients who cannot attend; to prescribe drugs and supply them in emergencies; and to answer all reasonable enquiries by the Medical Officer about treatment and prescriptions. The fees are paid monthly and there are arrangements by which a patient may transfer from one doctor to another, and by which a doctor may also practise on the fee-for-service system. So far very few doctors have adopted the capitation system.

Under the *fee-for-service* system, a doctor is required to render his patients all general medical services, with some stated exceptions, and he receives from the Fund 7/6 for each consultation or visit (12/6 on Sundays and at night). There is an allowance of 1/3 a mile for distances travelled up to 20 miles. The doctor may collect from the patient, who then gets a refund from Social Security, or he may himself collect his payment from the Fund. He is not obliged to limit his charges to the above rates, and the most common practice is to charge 10/6 per visit, of which the patient pays 3/-, the Fund 7/6. Specialists are of course more expensive but the Fund's contribution remains the same.

In a few country districts there are special arrangements, a number of doctors being employed on what is virtually a salary basis.

The estimated expenditure on all classes of medical benefits during the year ended 31 March 1943 was £920,000.

Maternity Benefits

Every woman is entitled to fourteen days' accommodation free of charge in

any maternity hospital maintained by the State or by any local Hospital Board, or to payment of an equivalent amount on account of the fees charged by a private maternity hospital. All but two of the 302 private maternity hospitals are participating under this arrangement. If she has her confinement in her home the fees of a maternity nurse are paid out of the funds. Doctors attending the maternity cases receive a payment of £5/5/- from the funds for which they provide all attention necessary, including ante-natal and post-natal care, but there is provision for a further special fee in difficult cases.

Pharmaceutical Supplies Benefits

To the average man these mean free medicine. All medicines, drugs and appliances ordered by a doctor are supplied free—that is, paid for by the Fund. These medicines and their prices are defined by the Drug Tariff issued by the Minister of Health. The scheme is carried out by contracts between the Minister and individual chemists, only five of New Zealand's licensed chemists having declined to make such a contract. The benefits are also available at the out-patients' departments of some public hospitals, while in some remote country areas doctors dispense medicines with a 10% discount off official prices. Proprietary medicines generally are excluded from the scheme. For the year ended 31 March, 1943, it is estimated that 3,200,000 prescriptions cost the Fund £550,000.

X-Ray Diagnostic Benefits

During 1942 benefits were made payable for X-ray examinations. These completely satisfy the claims of radiologists working for Hospital Boards, though private practitioners may charge additional fees, according to an established scale of rates. Practically all X-ray services, except examinations for life insurance or dental purposes are covered. The estimated cost of these benefits during 1942-43 is £89,000.

Massage Benefits

These are the latest arrivals, dating from September 1942, and it is estimated that they will cost the Fund £20,000 a year. Almost all the private masseurs have made contracts with the Minister to supply treatment at fixed rates—3/6 in their rooms, 7/- elsewhere. Social security meets these charges only when treatment has been recommended by a doctor.

The Social Security Act also provides for the institution of dental services and domestic assistance in the home when provision can be made for furnishing such services. New Zealand has always had a shortage of dentists and New Zealand mothers have found it more difficult than those in most other countries to obtain domestic help.

Both these questions, particularly that of domestic assistance, are being discussed urgently in the Dominion, and there is no doubt that some provision will be made as soon as the necessary facilities are available. It should be noted in this connection that the Government from the beginning of last year instituted special medical and dental bursaries to provide assistance to students desiring to take up these professions. The long period of training required will mean that the effect of these bursaries will not be felt for some six or seven years but the ultimate result will be to bring dental services nearer.

The provision of domestic assistance is being keenly discussed in its relation to post-war employment of girls now in the Armed Services, and several Women's Organizations have taken an active part in such discussions.

Rehabilitation of Injured Workmen in Ontario

BY JOHN CAMPBELL

AT the present time in Canada there is a great deal of talk and discussion about "Rehabilitation". The word itself has assumed a variety of meanings. In its true meaning Rehabilitation may be defined as the restoration of earning power to the disabled. It is based upon our knowledge that most of the physically handicapped possess latent talents that may be developed and utilized after proper training and placement.

In Canada there is, as yet, no continuous co-ordinated effort to reclaim the nation's cripples. Each branch of the Services appears to be embarking on a programme for the physical rehabilitation of its own casualties, while facilities for vocational rehabilitation are an integral part of the general scheme for the re-establishment of the veterans of the present war. Immediate needs have

focussed the attention of National Selective Service upon the necessity of utilizing the services of the handicapped to help alleviate manpower shortage. At a recent Conference on Vocational Rehabilitation, called by the Special Services Division of this branch of Government, it was urged that "consideration be given to the development of both a comprehensive plan and actual facilities at the earliest possible moment in order that the needs of the handicapped may be more adequately met and that the interest and co-operation of employers may be stimulated and broadened." The success of any of these plans will depend largely upon the extent to which those responsible for their execution are willing to benefit from past experience. Much could be learned from the twenty-three years' experience of the United States in Vocational Rehabilitation. In Physical Rehabilitation the success of R. Watson-Jones, M.C.H., F.R.C.S., and others