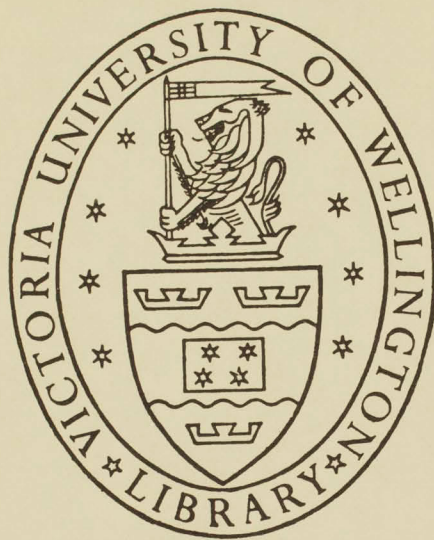


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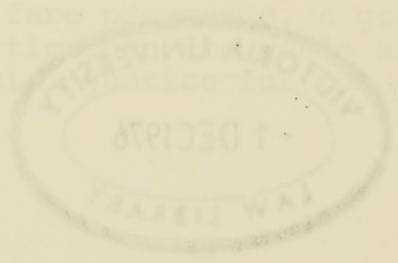
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WOMEN AND SUPERANNUATION:

GOALS AND CHOICES

Deirdre Glenna Milne

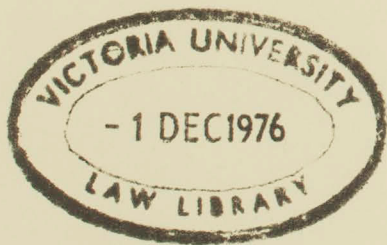
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SYNOPSIS

(1) In discussing superannuation, or income supplements for the aged, one must look first at the goals such a scheme should aim for and then at methods which can be used to implement the scheme;

(2) If social welfare programmes are instruments for redistributing income, the amount of redistribution required and the level to which incomes should be raised will be determined by the view taken of the role of such programmes (whether liberal or collectivist) as much as by any articulated goal.

(3) Programmes may be universal (available as of right to all who fit within a predetermined class) or selective (available on proof of need) and economic factors will influence implementation. Because universal programmes are expensive, giving to those not in need as well as to those in need, selective programmes to raise the status of the deprived without stigma may be used;

(4) There are four sets of alternatives (funded/pay-as-you-go, contributory, flat-rate earning-related, means-tested/taxable).

(5) The U.K. solutions, building on National Insurance are both contributory and pay-as-you-go. The 1971 scheme was intended as a fall-back for those not better covered elsewhere, the 1975 scheme, intended as a new deal for women, involved more redistribution and a higher level of pensions.

(6) N.Z. has had universal age benefits for some time. N.Z. Superannuation, funded and contributory, covered only the employed and efforts were made to extend coverage to dependant-minders. National Superannuation was basically an extension of existing benefits.

(7) Most schemes make assumptions about the role of women, especially that childraising will be a woman's main job and that it will have no economic value, and that a wife will be dependant on her husband as breadwinner. These assumptions are no longer validly made about N.Z. women

(8) To set up a social welfare programme, a government must assess the needs of the community, articulate its goals and then design a scheme. Just as feminism seeks social justice for the individual, so should social welfare programmes.

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INTRODUCTION

Each community adopts for itself a set of values on which the people of the community set great store. These range very widely over such concepts as physical fitness, hospitality, thrift, industry and freedom. The laws and social structures of different communities reflect the values which have been adopted.¹

Though most developed countries have social welfare services, the values which these services uphold differ from country to country, as do the ways in which these services are offered. This paper looks at State provision of income supplements for the aged, particularly women, in New Zealand, and examines the values and methods exemplified.

The paper uses the term superannuation, defined by the Shorter Oxford English Dictionary as "the allowance or pension granted to one who is discharged on account of age". Other definitions explain superannuation as a scheme of deferred remuneration, accumulated during the employee's lifetime to provide a continuing income after retirement.² The British prefer the label pension, the New Zealand Social Security Act 1964 refers to the superannuation benefit (usually called universal superannuation) and the age benefit - the term pension having been dropped in favour of benefit because of

the stigma attaching to those receiving an old age pension under the scheme devised by Seddon in 1898.³ In this paper superannuation is used in a neutral sense to denote an income supplement for the aged, since a narrower definition ("deferred remuneration") may beg some of the essential questions that need to be answered before a scheme is devised. Such questions fall into two groups: What are the goals such a scheme could or should aim for; and what are the best methods of implementing these goals?

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The Social Security Act 1946 introduced benefits at subsistence level, but they were intended to be raised as the economy improved - the expressed goal of the Labour Party had been since 1945 a system of universal pensions as a right of citizenship and guaranteeing the "prevailing standard of living".⁴ The Beveridge Report on Social Insurance in the United Kingdom in 1942, on the other hand, maintained that it was not the business of the state to provide benefits of higher than subsistence level - if people wanted more, they should make use of voluntary insurance.

GOALS

The goals of a social welfare measure will be closely related to the values adopted by a community - a society that values self-reliance highly is unlikely to place as much emphasis on State provision for the aged.⁴ There have been many attempts to articulate the goals of a social welfare system - the Royal Commission on Social Security⁵ saw a choice among four possibilities:

1. Subsistence: to maintain life and health
2. Belonging: to belong and participate as a full member of the community
3. Equality: to have the same standard of economic wellbeing as everyone else in the community
4. Continuity: to continue to preserve a past standard of living if earned income ceases

The Social Security Act 1938 introduced benefits at subsistence level, but they were intended to be raised as the economy improved - the expressed goal of the Labour Party had been since 1919 a system of universal pensions as a right of citizenship and guaranteeing the "prevailing standard of living".⁶ The Beveridge Report on Social Insurance in the United Kingdom in 1942, on the other hand, maintained that it was not the business of the state to provide benefits of higher than subsistence level - if people wanted more, they should make use of voluntary insurance.⁷

In New Zealand today it would seem that we have moved beyond a goal of subsistence to something higher. The Royal Commission on Social Security believed that the goal of belonging was desirable as well as desired:

Proper evaluation of these goals depends on a clear idea of whom one is trying to help. We think it is those who, for various reasons, cannot adequately help themselves. The subsistence and belonging goals are specifically directed at helping such people. Equality goes beyond them and seeks to raise the standard of living of all whose present standard is below an average and to reduce those above to that average. Continuity (when it goes beyond belonging) aims specifically to help those who wish to preserve higher individual standards than belonging can confer.⁸

Dr. W. B. Sutch had a slightly different vision:

All New Zealanders should share, as of right, in the total production of the community because they are New Zealanders; that is, they share not because of their poverty or even necessarily because of having paid taxes or made contributions ... The level of sharing should not be at poverty level or modest-but-adequate level but at the level of the typical New Zealand living standard.

The choice and articulation of such a goal by a government is of course a matter of policy, but it is also a matter of economic expediency - the best intentioned scheme will be worthless if the country cannot afford to pay for it. Even more, the policy goals of a government must be supported by the community - no scheme will succeed if the community is unwilling to pay for it. So the government must juggle what

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it wants to provide, what the country can afford at that moment and what the public wants and is willing to pay for.

This is linked to the process of redistribution of assets, for social security systems are basically instruments for redistributing income among different sections of the community.¹⁰ One method of redistribution is through income tax - if the rate of taxation increases with income, and the range of income from rich to poor is wide, schemes financed from general taxation will redistribute progressively from rich to poor, since the poor will pay less in tax and are likely to receive more benefits. Similarly, schemes financed from taxes will redistribute from earner to non-earner, from those working to those retired, from those without families to those with families (if the latter groups get benefits) - broadly from those economically active to those in need, the victims of the economic system.¹¹ Tax exemptions, however, tend to be regressive - those on a higher marginal tax rate get greater benefit than those on a lower rate, since tax exemptions are usually flat rate, not percentage, exemptions.¹² Similarly, indirect taxes (sales taxes, excise taxes on tobacco and liquor) since they are related to consumption and spending patterns, not to income, fall more heavily on those with lower incomes than those with higher incomes, if consumption patterns are similar.¹³ (It must be noted that while there is still

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progressive redistribution in schemes financed from taxes in New Zealand the redistribution will not be so great where the range of incomes from high to low is small and a majority of taxpayers cluster round the median income¹⁴ - since the marginal tax rate is not as high in Britain (90%+) and is reached fairly quickly (60% at \$22,000) the money for benefits comes very often from those who are receiving benefits, and some authorities assume that in such circumstances benefits should be financed other than from taxes, to gain wider redistribution of income.¹⁵⁾

The redistributive effects will be affected by where the money goes to, as well as by where it comes from. Welfare programmes may be direct or indirect:¹⁶ direct programmes transfer resources from one group to another (benefits under Social Security, for example), indirect programmes use techniques for controlling private behaviour to achieve the same result (minimum wage laws, for example), both methods being controlled by the government. The amount of redistribution will be determined by the ideology of the society (thus a socialist state is presumed to want the maximum redistribution from the few to the bulk of the population) but the direction of the redistribution is usually assumed to be from the rich to the poor. However, as many authorities have

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pointed out "such redistribution does indeed go on, but it is a trivial phenomenon compared to the redistribution within the middle class".¹⁷ This is particularly so in New Zealand where the extremes of rich and poor are seldom found, and it is also affected by universal welfare programmes (available to poor and middle class alike) and by the sources of funding for social welfare programmes (the tax structure of New Zealand where most programmes are financed from general revenue, which comes largely from income tax).

Even though welfare schemes in New Zealand could be described as enlightened self-interest on the part of the middle class if the redistribution is often within the middle class, we are well aware that there are those in New Zealand who are in need. Poverty means a great many things, only some of which can be measured. If poverty is moneylessness,¹⁸ the lack of wherewithall to provide human needs and to function within society, it will vary in definition from society to society. The basic elementary human needs, food, clothing and shelter do not vary, but the level at which a community considers they should be met, will vary greatly - a poor person in a large U.S. city may be better off in absolute terms than a poor person in an underdeveloped African state (his clothing, his house, his access to services such as telephone, electric appliances, transport) but relative to the society in which he

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lives, his economic and social wellbeing may be very low. But poverty may be more than lack of money, it may be powerlessness.

The poor do not differ from their fellow man (or women) merely in the size of their paychecks. Many are dependent psychologically as well as economically ... They are more likely to live in unhealthy surroundings in physically unsafe structures ... The poor lead lives that are, or seem to them to be, ordered largely by forces outside their control - by people in positions of authority, by perceived evil forces, or by "hard luck" ... Poverty is measured in terms of a lack of power as well as money. This power, moreover, is that of the¹⁹ most essential sort, control over one's own destiny.

It can be argued that poverty is always relative: poverty is the term applied to the condition of the lowest economic group in society, and as the general income level rises, so will the poverty line - poverty is only inequality. Certainly basic human needs are absolute, but minimum living standards will be higher in a rich or developed economy than in a poor or underdeveloped country. It is impossible to have poverty without inequality²⁰ but it may well be possible to eliminate poverty and yet still have a society with some degree of inequality in the distribution of income, of economic position or even of power in general.²¹ How a society views inequality, and what it sees as poverty will determine the shape of its welfare goals.

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Many methods have been devised to measure minimum income requirements or to assess a poverty line. They can fall into three groups:²²

1. The "basket of goods" approach: a reasonable assessment of the goods and services required to maintain wellbeing is made and costed out.
2. The relationship between income and expenditure approach: Engel discovered that the proportion of income spent on food rises as income decreases and this relationship has been investigated and found to hold good in New Zealand.²³ Thus a lower-income family spends about one quarter of its income on food - if a family spends, say, one third of its income on food, it can be assumed to be in need, or below the poverty line.
3. The relationship to wages approach - those whose income is less than a proportion of the average income are assumed to be in need.

In assessing the need for benefits in New Zealand, we have tended to use the third method and relate benefits to an average wage. The problem here is that if the wage is an average wage, there will be those who earn below the average, so that if the beneficiary's income is set at a generous proportion of the average wage, he or she may be better off on a benefit than while working (this may be a disincentive to work, and thus should be avoided if productivity is to be increased).

Though the need for state involvement in the welfare of deprived groups is now seldom denied, there has been a polarisation of views on what the extent of the involvement

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should be, into two groups, which Sleeman calls the "liberal" and the "collectivist" approaches. The "liberal" has a belief in the overriding importance of the free market.

Thus, while accepting that there is a public interest in ensuring that all have access to an adequate minimum of income and reasonable equality of opportunity, they would also place great weight on freedom of choice in the spending of incomes and on the virtues of the market in promoting the efficient allocation of resources. Hence, at a time of generally rising incomes, they would maintain that more and more people and families will want, and should be encouraged, to decide for themselves what type of provision they wish to make for their old age etc. ... In terms of practical policy, those who hold this view would accept the necessity, for instance, of basic minimum State social benefits for those who cannot earn. They would want the State system to confine itself to basic flat-rate benefits, however, and would see the provision of above-the-minimum, earnings-related benefits as more appropriately made by encouraging occupational pension schemes jointly financed by employees and employers.²⁴

The liberal view would advocate an improvement in social welfare based on tests of need and means, possibly aided by some form of negative income tax or social dividend.²⁵

The "collectivist" view, though aware of the importance of freedom of choice by consumers and of the part which the market must play in making such choices economically, takes a wider view of the limitations of the market and of the social benefits to be achieved by the communal provision of services. Hence, participation in the social services by everyone on more or less equal terms irrespective of income is seen as one of the rights and duties of citizenship.

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In the field of social security, those who hold this view would tend to support the development of a full scale State system of earnings-related social insurance. It is accepted that, in a community with rising real incomes, there is a demand for benefit rates related to earnings. However, it is believed that this can be achieved more effectively through a State-system than through private occupational benefits.²⁶

On the basis of this analysis, the Royal Commission on Social Security tended to be liberal in its approach,²⁷ the New Zealand superannuation scheme was more collectivist, while the National Party proposals, to the extent that they were anything more than a reaction to the Labour Party scheme, were also collectivist in approach, since they did nothing more nor less than build on the Labour Party approach embodied in the Social Security Act 1938.

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UNIVERSALITY V. SELECTIVITY

There is another fundamental dichotomy, similar, but not always parallel, to the liberal/collectivist approach. "Universal" has been defined as "not subject to means or income test"²⁸ and the universal approach means paying a benefit to all those who fall into a defined class (mothers, widows, the aged) irrespective of need or means. This approach is typified by the payment of demogrant (a payment made as of right to a member of a stipulated class, such as our Family Benefit) or by insurance-type schemes based on contributions where benefit is more or less related to the contribution.²⁹ The selective approach involves discrimination between people within determined categories on the grounds of need or income. As Sleeman remarks³⁰ it is a truism that a given volume of resources can be more effectively used in combating need, if the resources can be concentrated on those who can be identified as most in need - if 20% of a group can be identified as in need, to increase the benefit over the whole group, means that only 20% of the money goes to those in need, while 80% goes to people not in need³¹ - "equal pensions to people in unequal circumstances gives unequal help".³²

Those who support a universalist approach say that the selective approach, if based on means-tests or income tests,

is degrading. Moreover, the benefit should be given, not for need, but by right of belonging.

In the social policy of a responsible society, one rule is basic: social services should be provided for all in such a way that those who use them should have no sense of inferiority or loss of self-respect or dignity or being a "burden on the community". What is provided should be a normal social right for all without a person having to be a suppliant or prove eligibility by a means test. There should be the knowledge and feeling that all people are "in" if they chose to be and nobody should feel "out" and it should be nobody's purpose to keep a person out. The question is of "distributing social rights without stigma"; any discrimination comes in deciding the priorities.³³

Deciding the priorities is of course where the rub comes, since there will never be enough money for a government to do everything it wishes to do, so that the decisions on what the priorities are become a matter of politics. But it is clear that even where a universalist approach is desired, a selective approach may have to be used to cure the worst cases of need, since to stop poverty by a universalist approach is logically very expensive since much of the money is going to those not in need. In most societies a mixture of universalist and selectivist approaches is used - certain categories are assumed to be in need (e.g., the aged) and a universal benefit is given, but in others, an income test is used so that benefits can be given to those whose need can be measured by some objective standard.

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One argument in favour of a universalist approach is that it avoids placing a stigma on the recipients of a selective benefit, involving them in loss of status, dignity or self-respect.³⁴ This stigma was deliberately imposed on those who were cared for under the Poor Laws of 1834³⁵ - people should be kept from dying, but the care must not be so attractive as to keep them from trying to support themselves. Thus if a benefit is given selectively only to those deprived or in need, to accept the benefit is to admit that you are somehow in need and thus socially inferior, since "money (and the lack of it) is linked to personal and family self-respect".³⁶

To argue against selective welfare programmes in this way, however, is to assume that they are charitable in intent - largesse from the rich to the poor. If in fact the object of welfare is to raise the status of the deprived, to bring them fully into society through positive discrimination in their favour, it should be possible to devise, administer and publicise selective welfare programmes and benefits that do not involve the infliction of a sense of inferiority and stigma. Titmuss saw benefits as serving many different functions:³⁷ as partial compensation for identified or unidentified disservices caused by society, or for unmerited handicap, as a protection for society, as an investment for future personal or collective gain, as an addition to personal command-over-

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resources, and as an element in the integration (rather than alienation or stratification) of society. In order to function as a full member of society, everyone has certain needs that society could help fulfill - it should turn its attention to the most serious needs first. The analogy of roadmaking could be used - if you seal the whole road first, the potholes will still be there, so first you fill up the potholes, then you apply the seal.

A criticism of the administration of selective benefits which appears to have considerable validity, is that where selective benefits are given to those who pass an income test, those responsible for administering the discretion develop a poor-law mentality.

The reversion to a charitable aid approach has had insidious effects on those concerned with policy and administration of social security: it accentuated in the minds of politicians and administrators the attitude that the poor and unfortunate among the taxpayers were undeserving and their right to a standard of living had to be judged by other criteria - moral, social and financial - than those applied to the rest of the community.³⁸

Thus the criteria applied to the benefit are not always clear to those who apply and those who must make the inquiries into applicants' means seem more concerned with making sure none of the taxpayers' money is given to those who don't deserve it, than with seeing that a need is met. This, it has been argued, can be done away with by reverting to a universalist approach.

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It has also been argued that a means test if used extensively is a deterrent to saving³⁹ - but in New Zealand we tend to use a test of income, rather than savings. The other argument is that selective benefits encourage improvidence - that those who stint themselves to provide for their old age will be less well off than those who fail to save when young and will be given a handout from the State in old age.

To sum up, if social welfare measures imply giving to someone who has not, they also imply taking from someone who has - you cannot give someone a larger slice of the pie unless someone else is willing to take a smaller slice. Even increasing the national product (baking a larger pie) will not necessarily improve the position of the havenots in relative terms (though it may in absolute terms). (The United States has been described as the richest country the world has ever known,⁴⁰ yet in 1972 24.5 million people were described as below the poverty line.⁴¹) There is evidence, in Britain⁴² and in the United States,⁴³ as well as in New Zealand,⁴⁴ that economic growth and market forces will not do away with poverty, and that the State must intervene, and in doing so must carefully assess what it wants to do.

The problem is that very often governments do not clearly articulate, even if they know, what their goals are: they are

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prone to react rather than to analyse or investigate;⁴⁵ a detailed analysis of goals, motivations and methods takes time and politicians do not always have time. So often the goals must be sought from an analysis of the measure after it has been devised, even though it may be found that these were not precisely the goals its makers had in mind.

Whatever the merits of the universalist/selective debate, most governments have realised that a mixture of both types of approach is necessary.

This paper does not examine costs - what proportion of the Gross National Product is or should be spent on welfare services, or whether the proportion has increased or decreased in recent times - but it is clear that political decisions will have to be made on priorities and that a government will not always be able to do everything it wants to do. Whether our economic and social policies are planned or whether they develop on an ad hoc basis⁴⁶ politicians and public share certain community goals. It is the different ways in which these goals can be implemented that we examine next.

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DESIGNING A SUPERANNUATION SCHEME

In setting up a superannuation scheme, there are many choices between alternatives that must be made. The major influence, in political terms, will almost certainly be not ideology, but history - any new scheme must accommodate existing schemes or devices in the same area (thus in New Zealand accident compensation had to cope with workers' compensation and with private insurance). Plans for superannuation must take account of what already exists in the private sector and in the social welfare area, and it may be easier to change and adapt what already exists than to start completely fresh. Thus the complexity of the British schemes arises from the need to build on the 1948 Beveridge-based National Insurance Scheme, and on existing occupational schemes, while New Zealand had in the public sector a much simpler universal entitlement. Even so, there are at least four decisions which must be made:

1. Should the scheme be funded or pay-as-you-go?
2. Should it be contributory?
3. Should the benefit be flat rate or earnings-related?
4. Should it be universal or selective, and should it be taxable?

I. Funded or pay-as-you go

Private or occupational superannuation schemes are generally funded - the employee and employer both pay contributions which

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are then invested to earn interest - on retirement the contributions plus any accumulation are paid out either in a lump sum or as an annuity. Private funds are usually unsubsidised (apart from employer contributions) and usually pay out only what was put in and must therefore be soundly actuarially based, if money set aside now is to provide a pension in the future based on life expectancy and contributions. The performance of the fund will depend, first on the skill of those who invest the money so that there is maximum growth of the fund, and secondly on inflation. If the interest rate obtainable is higher than the rate of inflation, the fund will grow in relative, as well as in absolute, terms. In times of rapid inflation, where interest rates and the rate of inflation are similar, the real value of the fund may in fact decline⁴⁷ and the return on investments be insufficient over a long period to give an adequate pension.

The benefits of a funded scheme are largely two-fold. First the burden of paying superannuation falls on the contributors - they pay during their working life for what they will receive in retirement, and funding reduces the cost to the contributor of the final pension by transferring some of the cost to the investments. Thus today's workers finance their own pensions and not those of today's retired. This may have real psychological benefits, since contributions will be

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seen as savings, rather than as taxes. Secondly, the fund will accumulate faster to begin with, since few people will be drawing out while many pay in, and this may give an encouragement to capital formation, because the money will be available for investment - "particularly in developing countries, funded schemes of social security have been successful in mobilising savings for investment purposes".⁴⁸ In New Zealand, the Labour Government stated it would make the fund available for investment in housing, local bodies loans and company debentures.

The drawbacks to a funded scheme are also two-fold. First if inflation is high, the fund may not perform well enough to provide adequate pensions. (In books published before 1970, for example Seldon, Rhodes, there is much more support for funded schemes than there is in works published in the 1970s after a period of double digit inflation, for example the Australian Report.) Secondly the fund itself may provide a problem since if it grows to any size its power on the market may pose political problems - "backdoor nationalisation", or control of private interests by government shareholding⁴⁹ - the National Party made much of this during the election campaign in 1975. In addition, there is the problem of rising expectations - a pension that provided the average living standard thirty years ago would not do today since current

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standards of living have risen sharply. Moreover in an actuarially-based pension drawn from contributions, the pension which seems adequate at the time of retirement may become less adequate during retirement since it is unlikely in an actuarially-based scheme that the pension is other than a fixed sum.

However, a government funded scheme need not be based on strict actuarial principles, since the state can provide a "topping up" from general revenues to insure that the fund grows faster than inflation, or that pensions do not become inadequate during retirement. However, if a fund is used properly, it must be invested so as to make a profit, and thus it could not be used to provide social welfare services (which are not profit making) - "the fund ... must be a real fund invested in real funds additional to those which would otherwise have been created; for if the income of the fund should be used as it arises merely to meet current expenditure and the so-called investments are nothing more than government paper receipts, then the productiveness of the fund is a fiction".⁵⁰ The government would thus forego one of the real benefits of a funded scheme - namely, that funding reduces the burden of providing pensions by promoting economic growth. If a fund is not used for investment there seems little point in a funded scheme at all.

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The drawback to a funded scheme from the point of view of a contributor is that it is almost impossible to predict what level of pensions will be payable at some distant time in the future. More, in order to get the full value of investments, a contributor must remain in the scheme for many years, so a full pension may not be payable till forty years after the fund is set up. To avoid these uncertainties, it is possible to provide a "blanketing-in", by paying out pensions supplemented to an acceptable level until the fund is fully operational. So a government contemplating a funded superannuation would probably, in order to increase its acceptability to the voting public, have to guarantee any shortfall between actual amounts payable and what society deems an adequate level, and have to provide a blanketing-in period of perhaps twenty years. This would involve contributions to the fund, or to pensions, from general revenue.

The advantages of a pay-as-you-go scheme are that pensions are immediate and ascertainable (and at whatever level the country can afford, since the full cost must be borne now, by contributors or by taxpayers, depending on the source of revenue). The major advantage is that a pay-as-you-go scheme is not affected by inflation⁵¹ - if prices double and earnings double, a 5% tax on the working generation will pay pensions that are worth as much in real terms as before inflation. But

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since it is the current workers that pay, an ageing population structure will impose an increasing burden on the working generation⁵² - if population growth slows down, as it has dramatically in New Zealand over the past five years, the working population may form a declining proportion of the total population and that would necessitate an increased tax burden. Moreover, if pay-as-you-go taxes the workers to pay the retired, and the slice of pie of the retired is to be increased at the expense of the worker, it will not be successful if the working generation cease to save for their own retirement and increase their consumption.⁵³ Though the figures given to the Royal Commission on Social Security⁵⁴ showed very little projected change in population structure, this took no account of the dramatic drop in the birthrate, which might tend, as it already has in some European countries, to produce an ageing population.

Between 1966 and 1971 the percentage of the population between 0-4 dropped from 11.5% to 10.4%, and the birthrate has dropped dramatically since then from a high in 1961 of 26.95 per 1000 population to 19.49 per 1000 in 1974. As the percentage of the population at one end of the scale drops, the percentage of the rest rises, and eventually this will show itself as a rise in the percentage of the population over 65, so that the age distribution tables considered by the Royal

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Commission on Social Security⁵⁵ are no longer appropriate.

This makes pay-as-you-go benefits an increasing burden since they must be financed by a decreasing share of the population.^{55A}

To sum up, state pay-as-you-go schemes offer inflation and growth proofing but are generally inflexible⁵⁶ and can impose increasing burdens on future generations, especially if the work force declines as a proportion of the total population. Funded schemes, on the other hand, face none of these disadvantages, but are largely helpless in the face of high inflation unless given state-aided inflation proofing and they may not give full scale pensions at once unless given state-aided blanketing-in.

II. Contributory or non-contributory

To label a scheme non-contributory is a misnomer - just as there's no such thing as a free lunch, all schemes are funded from somewhere, and if there are no direct contributions, the scheme will be funded from general revenue to which people contribute through taxation. British schemes have relied on direct contributions, New Zealand schemes on indirect contributions through taxation so that the historical pattern will influence the choice to be made. Another influence will be the distributive effects desired. A scheme financed through general taxation will be redistributive to the same extent that

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the tax system is progressive and in addition if benefits are payable to non-earners it will redistribute from earners to non-earners.

Another argument claimed in favour of contributory

The choice about the source of funds is inter-related with the other decisions that have to be made. If a funded scheme is chosen, contributions will necessarily be direct, and not from current government revenue, and if an earnings-related benefit is decided on, it might be politically wiser to seek an earnings-related contribution (since a flat rate or indirect contribution would be seen as favouring the rich). However, if a flat rate benefit is to be paid, the contribution might be better disguised as an increase in general income tax. Again if direct contributions are sought, there may be political problems if the benefits are to go to non-contributors, since an earmarked deduction from wages for superannuation might be resented unless it goes only to contributors or former contributors. Conversely, if it goes into an earnings-related benefit for the contributor, higher rates of deduction may be tolerated because it will be seen as savings.⁵⁷ A contribution may be a percentage of savings or it may be, as was National Insurance in Britain, a fixed sum per person, which is regressive in effect because it falls more heavily on lower incomes, while income tax is progressive. However, studies have shown that contributory financing which confers a benefit

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entitlement on the individual taxpayer is more readily accepted than a general rise in tax rates.⁵⁸

Another argument claimed in favour of contributory financing is that it enables the costs to be spread among employees, employers and the state. This, however, assumes that the burden of the contribution lies where it falls. But as studies on payroll taxes have shown⁵⁹ non-wage-related costs to an employer can be passed on, by increased prices to the consumer or by lower real wage rates⁶⁰ so that such a method of cost spreading is of no real benefit to labour. On this ground the Australian Report on Superannuation recommended that if a contributory scheme was set up, no employer contribution should be asked, and on the evidence this seems the right decision. They also noted that employee contributions based on earnings takes no account of unearned income, and is difficult to assess for the self-employed, so that other contribution bases such as total income should be examined.⁶¹

A related problem is whether a floor or ceiling level should be placed on contributions. If there is no minimum income exemption, contributions may weigh very heavily on those on lower incomes. Though it can be argued that the combined structure of superannuation contributions and benefits is strongly redistributive in favour of low incomes,⁶² the time

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lag between paying in and getting out weakens the justice of the argument, since present hardship may not really be repaid by future redistribution. In many cases an upper limit is placed on contributions - this, it is argued, is equitable because usually there is also an upper limit on benefit payments (or indeed they may be flat-rate payments). The converse of this is of course that if there is no ceiling for contributions there is more redistribution from rich to poor. To sum up, the source of contribution will depend on the amount of redistribution desired.

III. Earnings-related or flat-rate benefits

An earnings-related benefit, designed to cushion the effect of retirement, will almost certainly have to be financed by an earnings-related contribution so that it seems equitable. This does not necessarily mean that the benefit should be actuarially related to the total contributions, or that a fund should be built up, but it would almost certainly mean that records would have to be kept over a period of many years of each individual's contributions. The benefit may be a proportion of the average of the last five years salary or wages (which works against the unskilled person whose earnings may decrease with age) or to the best five or ten years wages, or it may also depend on the number of years during which the individual has contributed to the fund. The latter may also

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be important if contributions are necessary to establish the right to any flat-rate benefit.

Flat-rate benefits, especially where payable out of general revenue, or where universally available with age or residence qualifications, will demand much less administration, since no records will be needed for each individual contributor.

In New Zealand social welfare benefits have tended to be flat-rate, but accident compensation payments are earnings-related and there would be some tendency for moves to be made to bring other benefits to the same level. The Royal Commission on Social Security⁶³ felt that the argument "the greater the loss of income, the greater the need" was not sufficient unless there was a clear public demand for a contributory compulsory insurance-type scheme, and that what they saw as the aim of the welfare system, belonging, did not call for such a scheme so that people who felt it was important should be expected to provide it for themselves (a liberal stance endorsed by Milton Friedman) though the extension of accident compensation to sickness was seen as a good idea though of low priority. (Nothing was said about further anomalies this might create within the welfare structure.)

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IV. Selectivity, means tests and income tax

As has already been shown, there are arguments put forward that benefits should not be selective, but available as of right to those within a certain class. Those who need it will receive it without stigma, and those who are not in need will, if the benefit is taxable, lose some of the benefit to the Inland Revenue. But as the Royal Commission on Social Security pointed out⁶⁴ with New Zealand's low top marginal tax rate, the income tax claw-back is unlikely to be even half of the benefit paid and though the state will recoup some of the money paid to those with sufficient income to make them not in need, it will never get it all (and with New Zealand's tax structure, is unlikely to get as much as 50% in any tax claw-back.

There is some evidence in Britain that universal, available-to-everyone social services, though they have helped to erode formal discriminatory barriers, have not managed to control poverty and need, and that in fact since the better-off sections of society have more skill in manipulating their surroundings, they get better results from social welfare programmes,⁶⁵ and thus, especially in education and health services, positive discrimination in favour of lower income groups may be needed.⁶⁶ This may not apply to superannuation measures.

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If selective means are to be used, on what basis should aid be given? Under Seddon's old age pension of 1893, to receive a pension, the person had to be 65, white, sober, of good character, with a clear prison record over a period, an income of less than £34 a year and assets worth less than £270 - a test of income, means and morals. Though what is basically a morals test is still used is assessing eligibility for a domestic purposes benefit (the test is cohabitation with a man, not his financial support), New Zealand currently uses a test of income for all benefits except universal superannuation (which is subject to income tax) and family benefit. A true means test (income plus other resources such as property and household effects) is used only to establish eligibility for supplementary assistance.

As Titmuss points out⁶⁷ methods of allocating resources cannot be separately considered from first the functions, specific purposes and general social objectives of the allocation and secondly from the infinite different circumstances of individuals and families.

Not only must means-tests differ in content, scope, characteristics and frequency according to their particular functions but, more complex still, they must differ in all these factors according to (a) the kind of service or benefit provided and, to some extent, the causes of the need; (b) the actualities of the need; immediate and temporary, weekly, monthly, yearly, etc; (c) the characteristics of the consumer

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(age, sex, marital and household status, dependents, etc.) and (d) the extent to which a variety of economic, social and psychological incentives and disincentives have to be taken into account in the structure and operation of the test.⁶⁸

With particular reference to superannuation benefits, it becomes clear that the services, needs, characteristics and economic or social position of an active, healthy, recently-retired 65 year old who can do some gardening and whose house is in good repair will not at all be those of the same person 10 or 15 years later after increasing age and increasing housing deterioration have taken their toll, and that even a simple income test may fail to cope with increasing need. Even in the field of age benefits, one single simple means test is not adequate to deal with the problem, so that if selective benefits are to be given, more subtle and flexible tests to determine need will have to be used.

Another argument against income tests is that they may deter initiative, since the beneficiary will lose the benefit if he earns income above the allowable limit. Some of this criticism can be avoided by abating the benefit at a lower rate than the excess income - for example for every \$2 earned, \$1 of benefit is lost. The Royal Commission on Social Security commented:

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One simply cannot have an equitable selective social security system based on the elimination of need unless all three relevant income-support factors - the benefit, the allowable income level, and the rate of benefit abatement - are considered together, and unless one carefully examines the relationship between the total attainable incomes of beneficiaries and those of working non-beneficiaries who provide most of the benefit revenue. It may not have been realised in the past that this relationship could become so close.⁶⁹

One might comment that if one's aim is to do more than meet a need, that, especially when talking about those who have been, but are no longer workers, one might be less worried about pensioners earning the same as workers!

It becomes clear that if the desiderata of a comprehensive, workable and just welfare system are an adequate floor to the level of living, a cut-off point for assistance and an incentive to earn⁷⁰ that to provide an efficient selective programme (one that gets as high a proportion of the money to those below the floor level without giving too much to those not in need) there will be conflict with providing incentives to earn (those who can earn money should fare better than those who do not). In fact it will probably be possible to combine only two of the three in a workable scheme.* How the choice

*For a detailed explanation of how the three work and for combinations of any two, see Tussing, pp. 161-174

in this area - universal/selective, tax-free/taxed/income tested
- will be made will depend on the goals of the scheme.

As the means of implementing a superannuation scheme are discussed, it should be clear that many of the choices are directly dependent on the goals the scheme is designed to achieve, whether liberal or collectivist in stance. Though one might expect the liberal who believes in leaving the question of supply to market forces would want to fill only what the market failed to supply with selective need-oriented benefits, one finds that liberals may well advocate universal basic flat-rate benefits, at a fairly low level so as not to remove incentives to working, while the collectivist who wishes to achieve community of standards may advocate selection on the basis of earnings.⁷¹ The decision to set up a fund or work on a pay-as-you-go basis will be less determined by social than by economic factors, and any choice will have to make its accommodation with whatever services are already provided. Nevertheless when a government has a clearly perceived and clearly articulated view of where it wishes to go, it will find it easier first to decide which route it chooses to get there, and then to persuade the community that it is the best route to follow. The very basic first step, however, must be to establish how wealth is distributed and to what extent the state desires, or thinks it necessary, to redistribute that wealth.

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THE UNITED KINGDOM SOLUTIONS

Though social services in Britain have long historical roots, the system up till 1948 was based on the 1942 report "Social Insurance and Allied Services"⁷² by Lord Beveridge which recommended a unified system of social insurance and social assistance on a national basis based on three assumptions: that poverty due to family size would be avoided by a system of family allowances; that mass unemployment would be avoided, if necessary by Government action; and that there would be comprehensive health and rehabilitation services available to all members of the community.⁷³ It suggested that there should be one rate of benefit for all adults, with additions for dependents, and the amount should be sufficient without further resources to provide the minimum needed for subsistence (an object never attained) and the whole population should be either insured or protected by another's insurance (married women, for example, by their husband's insurance).

This report gave rise to both the National Health Service and National Insurance in 1948. Contributors to National Insurance fell into three classes:

- I. Employed (23 million in 1973)
- II. Self-employed (1.5 million in 1973)
- III. Non-employed (.25 million in 1973)

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In addition, there were exemptions (beneficiaries, students, and those below a certain income) and married women could elect reduced benefits in their own right and rely on their husband's insurance for superannuation. Contributions were a fixed flat rate sum for every individual in the three classes, and benefits included unemployment assistance, invalidity, maternity and retirement pensions. Contributions were made by buying stamps and affixing them to a card (larger employers did this for workers) and benefits were only available after a minimum number of contributions over a period.

Retirement pension, for men at 65, women at 60 (after a yearly rate of 50 contributions over a period, with minimum of 156 contributions) was £6.75 for a contributor, £4.15 for his non-contributing wife; at a stage when the weekly contribution for an employee was £0.88 from employee and £2.25 from employer, regardless of wages. Where an employee could afford a higher contribution, he could pay more and get a directly-related supplement (for every £7.50 paid in, one got 2½p a week). There was in addition a pension of £4.05 a week available without means test to those over 80, who were excluded from the scheme when it started in 1948, or failed to qualify. These pensions were at a level below subsistence, and various supplements were also available.

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Changes to this scheme after twenty years had been mooted. In 1969 the Labour Government introduced a National Superannuation and Social Insurance Bill and an Explanatory Memorandum⁷⁴ but this came to nothing when Labour lost the 1970 election. The Conservative Party introduced a White Paper, Strategy for Pensions⁷⁵ in September 1971 which gave rise to the Social Security Act 1973. Another change of government gave rise to a new Labour proposal, Better Pensions⁷⁶ in September 1974 and the Social Security Pensions Act 1975, superseding the 1973 Act's pensions.

1971 Scheme (Pay-as-you-go, contributory, flat-rate)

In "Strategy for Pensions", one of the major premises was the importance of recognising existing occupational pension schemes. It also recognised that flat-rate contributions fell more heavily on lower paid employees, and decided on earnings-related contributions.

There must be no promises that depend on our children doing more for us than we are willing to do for our parents but to induce the acceptance of earnings-related pensions on a pay-as-you-go basis would simply force the percentage rates of contribution to rise higher and higher to meet the emerging cost.⁷⁷

The basis for the new scheme was to be a state contributory flat-rate pension where today's contributors support today's pensioners. The second tier would be occupational

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schemes where each worker provided for himself an earnings-related pension (with a state reserve scheme for those not otherwise covered).

Secondly we must secure, primarily through the growth of occupational pension schemes based on funding principles, that everyone has the opportunity of saving for a pension related to his earnings and we must ensure that a change of jobs does not lead to the loss of occupational pension rights.⁷⁸

The basic scheme would provide roughly the same sort of flat-rate pensions and other flat-rate benefits as National Insurance. Employees with earnings above a minimum level would contribute through the PAYE system 5.25% of earnings up to a ceiling of about $1\frac{1}{2}$ times average earnings, and employers 7.25% on the same basis. This would be topped up by an annual government contribution of 18% of total contributions, as was National Insurance. Lower paid employees would pay less than previously, the higher paid would pay more. The self-employed would continue to pay a flat rate (though those on higher incomes would pay a little more to bring them into line with higher paid employees). Married women would continue to have the option to contribute at the full rate for full benefits, or to contribute at a lower rate for limited benefits only.

On the second tier, existing occupational schemes if "recognised" as reaching certain standards in benefits payable (including a widow's pension at half the husband's minimum

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rate) and in financial backing would continue. All employees who were not part of a recognised occupational scheme would be required to join the State Reserve scheme. This would be a fully-funded scheme, without subsidy from the government, financed solely from contributions from employees (1.5%) and employer (2.5%) and by the return on its investments. Where an employee over the age of 26 left a job after contributing to a pension scheme for more than five years, his accrued rights would not be refundable, but would be kept in the fund until his retirement and paid out then as a pension.

This scheme has many drawbacks. First it is very complex (the outline above omits most of the details and qualifications) - this is understandable since it builds on National Insurance and probably those used to dealing with the complications of National Insurance would be able to work their way through it. More importantly it is implicitly seen as a fall-back scheme for those who are not better covered somewhere else. Though the burden of contributions is now much less regressive than under National Insurance, the contributions are a major deduction from wages - the employee not in an occupational scheme will pay 6.75% of wages and his employer 8.75% (and the effect of the employer's contribution as lower real wages has already been discussed). The basic flat-rate benefit was set 25% below the level paid to a pensioner getting retirement

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pension plus supplementary allowance plus rent allowance,⁷⁹ a figure which presumably sets some sort of poverty-line floor. This would mean that supplementary assistance and other means-tested benefits would have to continue, to bring those in need up to the poverty line. The White Paper rejected the idea that contributory pensions should be brought up to the level of supplementary pensions.

To do that would sap the enterprise of those who are in a position to do more for themselves. It would be damaging to the development of occupational pensions and other forms of saving for retirement if they did not offer the prospect of living standards in later life above the level of supplementary benefit.⁸⁰

Thus other benefits than the contributory benefit would be selective, with an emphasis on the needs of the very old, chronically sick, the disabled, and elderly widows (who it was envisaged would form a considerable proportion of those receiving supplementary benefits). Similarly the Reserve scheme (which the self-employed would not be eligible to join) would be designed not to compete with occupational schemes, since it was felt that for the great majority of people the expansion and improvement of occupational schemes would offer the best way of providing an assurance of adequacy of income in retirement.⁸¹ The Reserve scheme would be actuarially based and totally self-supporting without government subsidy - "it is in no way intended as a rival to occupational schemes or as

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a substitute for their expansion"⁸² - otherwise employers might prefer to allow employees to use the State Reserve scheme rather than expand or improve an occupational scheme. Finally in order to qualify for the full basic pension on retiring age (still 65 for men, 60 for women) contributions must have been paid for forty-four years (men) or thirty-nine years (women) - those who pay for shorter periods would get a lower pension⁸³ and elaborate provisions were made to cover the phasing-in period of the new scheme from its starting date of April 1975.

Married women were treated, as they were under National Insurance, as dependents of their husbands -

She can obtain no extra pension from her own contributions unless they are sufficient to earn more than she would in any event qualify for on his contribution record. In these circumstances nearly four million married women at present exercise their choice not to pay contributions. The Government consider that it would not be right to withdraw this element of choice and compel them to pay full contributions.⁸⁴

However where married women are employed and elect not to pay a contribution, they would still pay something for industrial injuries benefits and a National Health contribution, and their employers would still pay the same percentage contribution as would be paid for a contributor.

The most serious problem of pensions under the Social Security Act of 1973 was that there was no overall scheme.

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With the emphasis on occupational schemes, the Reserve scheme was clearly a stopgap.

Some employees may stay in the Reserve scheme for all, or most of, their working life but, more typically, people will pay contributions to the Reserve scheme only for short periods, or intermittently, while they are in jobs without pension cover or while they are waiting to qualify for membership of an occupational scheme.⁸⁵

Thus people who changed jobs frequently might find on retirement they had dribs and drabs of occupational pensions plus something from the Reserve scheme which might amount to very little.⁸⁶ During periods of sickness, unemployment, disability, no contributions are made to the Reserve scheme on the employee's behalf, thus lowering the end pension. Women in particular, with their broken work pattern while raising children, and the unskilled worker in general would be specially disadvantaged.

The whole plan gives rise to a complex interrelationship of pensions. On top would be occupational pensions, "achievement oriented, focused primarily on men and regarding wives as dependents and [assuming] regular and stable employment patterns after the age of 26".⁸⁷ The basic benefit was designed to be below subsistence level, and therefore it would have to be topped up by the occupational pension, by the State Reserve scheme or by supplementary benefits. In addition, though the scheme was not funded as to the basic benefit, it

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was dependent on continuing contribution by the individual, so that the full pension under the new scheme was payable only at the end of a full working life starting after April 1975, and until then elaborate provisions were needed to establish entitlement to pensions for anyone who paid some contributions under National Insurance and some under the new scheme, and this complication would continue for many years.

1974 Scheme (Pay-as-you-go, contributory, earnings-related)

It was these two aspects, the unequal position of women, and the diffuse nature of the schemes, that were singled out for comment in the Labour Government's scheme outlined in "Better Pensions". It is designed to "end the massive dependence on means-tested supplementary benefit which is the sad hallmark of old age today"⁸⁸ (25% of retirement pensioners received supplementary benefit in 1972⁸⁹).

The new pensions would be based on a contribution slightly higher than that under the Conservative's scheme (6½% from employees, 10% from employers) but benefits would be earnings-related, "reflecting the fact that pensions are deferred pay".⁹⁰ The weekly pension would represent £1 for every £1 of weekly earnings up to a base level and a quarter of the earnings between the base level and a ceiling - no full contributor, however low his earnings, would get less than the base level,⁹¹

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and the new scheme was to be phased in over twenty years, the benefit to be paid when the scheme was fully operational being 25% of the average of the twenty best-paid years of employment.⁹² Until full benefits were payable after 20 years, contributors would get the base level benefit plus $1\frac{1}{4}\%$ of average earnings between base and ceiling for each year of the scheme, till 25% was reached after 20 years.

Women are treated much more generously than in any previous scheme - actuarial factors such as women's longer average life span were ignored, since the scheme would give women the same pension as a man with the same earnings record. In addition membership of the scheme continues without payment of contributions, while any person is at home looking after children, the elderly or the sick. In return, married women were to forego the option to pay reduced rates, and for the same contribution as a man they would get equal benefits including sickness and unemployment benefit.⁹³ Widows and widowers are also treated equally, and the married woman is paid a pension in her own right, including any earned entitlement. After the death of one spouse, the remaining spouse gets the higher full pension of the two, plus the earnings-related entitlement of the other up to a maximum level. The partnership with occupational schemes continues but this time those who contract out of the State scheme must receive pensions "at least as good"

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as those provided by the State scheme, and women in occupational schemes must be treated comparably with men. There are also provisions for buying into the State scheme if one leaves an occupational scheme.

"Better Pensions" marks a complete and explicit change of emphasis from "Strategy for Pensions". Where the latter saw the occupational schemes providing the bench mark and the State scheme providing a safety net below poverty level, the former saw the goal as the achievement of adequacy - "to raise the standard of living of retirement pensioners, both in absolute terms and in relation to the rest of the population".⁹⁴ It was envisaged that when the scheme was fully in operation after 40 years, pensioners should be receiving in total about five-sixths of the average income, and their share of total personal income (10% in 1974) would rise to about 13% - this represents a redistribution from the employed to the retired,⁹⁵ which should however be small in relation to general economic growth. The pension as a percentage of the average weekly wage would rise from one third (as in 1974) to about half. From the point of view of the contributor, "the scheme implies some redistribution of income from his years in work till his years in retirement".⁹⁶

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While the Conservative Government saw the basic pension as pay-as-you-go while the topping-up came from funded proposals, the Labour scheme was to be completely pay-as-you-go, partly from contributions by the working population and partly from general revenue, and though it was a great improvement over the low level and wide variation of the previous scheme⁹⁷ its feasibility depends on whether the economy can afford it, and that depends in turn on improving productivity and relatively stable demographic patterns. In addition the amount of redistribution in favour of those on lower incomes is substantially greater than in previous schemes, as well as redistribution in favour of those with broken working patterns due to illness or disability and to women.⁹⁸ Also it narrowed the gap found in most superannuation plans which are earnings-related between the manual worker (whose highest earnings are early in life) and the non-manual worker, by tying earnings to the best twenty years.⁹⁹ Redistribution might have been greater if a ceiling for contributions had not been imposed¹⁰⁰ and this might have allowed a lower contributions rate.

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THE NEW ZEALAND SOLUTIONS

The first old age pension was suggested by a Parliamentary Committee in 1894¹⁰¹ and made law in 1898. Wider benefits were introduced in 1938. In 1972 two different benefits were available. The age benefit was available at 60 (at 55 for women unable to work) on a test of income, and universal superannuation was payable to all at 65 with a 20 year residence qualification - the latter was not subject to any means test, but was taxable. Both were of the same amount, but depending on other income or circumstances, at age 65 one benefit might offer more advantages than the other. One of the main arguments over the system had always been about the level at which these benefits were paid. Though from the 1930s, the goal had always been to provide an "adequate" income, and the level of payment had risen steadily over time,¹⁰² there was concern during the early 1970s that an adequate income was not being received, and that pensions had fallen behind. The Survey of the Aged found that although 20% of those over 65 could be described as experiencing hardship, only 36% of their respondents were receiving supplementary assistance, and because the test for supplementary benefit was a full means test (not just a test of income) only 38%

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of those in hardship would be eligible for supplementary benefit.¹⁰³ The welfare of the aged had become a matter of some public concern, when the Labour Government introduced its Superannuation Bill in 1973.

New Zealand Superannuation

Early in its evolution (as described in Collins' paper) it was decided that the scheme would be funded, contributory and that benefits would be earnings-related. The White Paper said the scheme "will give effect to the Government's objective of ensuring continuity and security of income for the retired in the community".¹⁰⁴ New Zealand Superannuation would be a multi-tiered scheme. On the first tier would be those receiving the social security superannuation benefit, payable to all (with a residence qualification) at 65 without means test, and people were assured that this would continue with cost of living allowances. On the second tier would be those contributing to an approved scheme or to the New Zealand scheme. On the third tier, never mentioned in the White Paper, would be those who had additional insurance. Those in employment would contribute 4% of wages to be matched by an employer contribution of 4%, to be phased in over 5 years (s.37). Each contributor's fund would be kept in a separate account and when it matured at age 60-65, s/he would be paid an annuity, actuarially based, from this contribution

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as it had increased over the years. There was no provision for "blanketing in" so the first full pensions would not be paid for 40 years. While the money was accumulating it would be managed by the Superannuation Corporation and it was anticipated that by prudent management it would grow by at least 5% a year and a large fund would be available for investment over most of the 40 year period. The White Paper contained various estimates of how much a contributor would get out of the fund - the annuity of the "average male", for example, would be 35% of his average salary for the last 5 years (with the social security benefit he would get 67%) - the manual worker whose wages decrease with age would get 80%, while the professional man whose wages rise would get 30%.

Under such a scheme, women are multi-handicapped. First, in spite of the Equal Pay Act the average woman still earns less than the average male¹⁰⁵ and because a woman earns less, she contributes less than a man. Secondly women are more likely than men to leave the work force for a period to look after children. Finally if the annuities are actuarially based, since women live longer than men on average (average life expectancy at 60 of a woman is 19.91 years, of a man 15.82 years)¹⁰⁶ a woman with the same total in the fund as a man will receive a smaller annuity. The White Paper

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estimates show it all¹⁰⁷ - the "unqualified female" on a low wage throughout her working life with a gap for child rearing has an annuity worth 17% of her last five years' wages, rising to 88% of her wage with the social security benefit - but 88% of not very much is still not very much. The "average male" and the "unqualified female" together will end up with 95% of her husband's salary - but they would get 88% if she had never worked.

Though the scheme as it was passed into law covered only employees (the suggested inclusion of the self-employed had had to be dropped) it had been clear before 1973 that Labour's plans had been to develop a national superannuation scheme with comprehensive coverage for all. Thus Mr. Rowling's speech to the Association of Superannuation Funds of New Zealand in July 1972¹⁰⁸ saw as the fundamental needs of a superannuation scheme

1. The need to provide an adequate income-related retiring benefit available to all sectors of the community.
2. The need to accept portability as an inherent right in such a scheme.
3. The need to recognise and offset the effect of inflationary pressures which are exerted in any developing economy.
4. The need to ensure a higher level of community savings.

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He went on: "It will be immediately noted that, in the first of the four points listed above, I have talked about availability to all sectors. In fact, if the scheme is to be fully effective, there seems to be no alternative to a comprehensive proposal".

At the beginning of his speech he is talking about the needs of the whole community, yet he then goes on to discuss contributions to the scheme from employee, employer and self-employed. Either he has forgotten that some people in the community are non-employed or he assumes, without being explicit, that superannuation schemes are only for the employed (like private superannuation schemes, unlike universal superannuation) and that therefore the non-employed will neither contribute to or share in such a scheme. Either way the only message to be drawn from what he says is that married women will largely be seen as dependent on their husbands.

This illustrates very well a fundamental confusion of ideas inherent in planning for the scheme from the start: a confusion which gave rise to much agitation for changes after the Bill became the Act. If a superannuation or pension scheme is to be comprehensive and all-inclusive, the coverage for all sections of the community must be clearly worked out.

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If the scheme is designed to give cover only to those in paid employment, this should be made clear to the public and the position of those not covered should be examined. The Act covered only the employee, the fundamental idea was believed by many to be to provide coverage for all. At no stage did the Labour Party say that what they intended was to fill the gaps where no private superannuation schemes existed and that therefore those who complained that housewives or other non-earners were left out were totally out of line.

They did nothing to counter the argument that a non-earner is not necessarily a non-worker and that a non-earner may be doing work that is of value to the community. At some stage after the Bill became law, the Labour Government decided, or was persuaded, to extend coverage, but it was never made clear that this was, or was not, what had been envisaged by the designers of the scheme from the beginning.

Many submissions to the Select Committee on the Bill, early in 1974, made precisely such points. The National Council of Women criticised the scheme for not recognising the situation of women who spent part or most of their working lives not gainfully employed, and warned:

If women are to be disadvantaged at the end of their lives unless they spend their whole working

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life in full-time paid employment, there could be so much reluctance on the part of women to stay outside the paid work force that drastic social consequences could eventuate in such areas as the care of children, the work of voluntary community services, the support of those in the paid work force and the wellbeing of the family and the community as a whole.¹⁰⁹

The Palmerston North Women's Liberation Group pointed out¹¹⁰ that acceptance of the role of housewife and child-rearer effectively prevented a woman from earning a living wage for a period and this disqualified her from a decent pension, while the Federation of Labour¹¹¹ wanted housewives included in the scheme. Other submissions also spelled out the problems that the non-earner would face on retirement.

When the Bill was reported back to the House without such amendment, groups of people both inside and outside Parliament began planning amendments. Mr. Roger Douglas, then Minister of Broadcasting, who had been involved with planning for superannuation from the start, and Mr. Murray Smith, M.P. for Whangarei, had introduced at the Rotorua meeting in May 1974 a revised plan (Appendix 1). This was basically a minimum pension scheme (approximately 75% of the average wage for a married couple, 50% for a single person).

In other words, if a person's pension does not equate this figure, it should be built up to these amounts. In the ultimate this will mean the phasing out of Universal Superannuation and existing pensions, but of course the levels suggested are much higher than this in any case. ... Women who do not contribute to the scheme are

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also covered because of the minimum pension which they would also be eligible for.

They also felt that the scheme should be phased in over a shorter period. To meet the increased cost, an increased contribution of 5% plus 5% (instead of 4% plus 4%) was suggested. This package met with insufficient support at Rotorua, but it continued to be worked on by Douglas, Smith and Jonathon Hunt, M.P., then Chairman of Committees, over the ensuing year.

On July 2, 1974 a deputation of ten people representing national organisations of women, students, pensioners and social workers met Mr. Rowling, then Minister of Finance, and Mr. H. G. Lang, Secretary of the Treasury, to ask for an extension to the scheme:

We urge that the Government pay, on behalf of all persons caring for total dependants, an 8 per cent contribution to the Superannuation scheme. This would be based on the average male full-time wage (as calculated from the Department of Labour's half-yearly survey). It would cover those caring for pre-school children, the incapacitated and the elderly.¹¹²

The deputation was heard but no promises were made. It was clear that the aim of the Government was to get the scheme into operation as it stood, and then to deal with possible extensions. Mr. Lang in particular could see little merit in such an extension, and would have preferred some extension to family benefit, or a wage to mothers - "a bird in the hand"

- rather than superannuation payments, and was emphatic that the economy could afford one or the other, but not both present benefit and future superannuation.

After this meeting, a working party of six members representing women's groups and pensioners was set up. In August and October of that year, they had meetings with Mr. Hunt, Mr. Douglas and Mr. Smith, and two sets of submissions (see Appendix 2) were drawn up by the end of the year which were considered by the Cabinet Committee on Policy and Priorities in December 1974 or January 1975. The estimated cost of an 8% contribution on behalf of dependent-minders if phased in over five years would be about \$18M in the first year, increasing in subsequent years as the average wage increased.

After the introduction of the proposed National Party superannuation scheme in June 1975, the public debate on the merits of the two schemes started, with protagonists on both sides fighting a war of figures on benefits and costs through the media. The efforts to widen the coverage of the New Zealand Superannuation scheme continued. On July 1, Mr. Hunt wrote to Mr. R. J. Tizard, then Minister of Finance, suggesting that some changes already noted should be speeded up.

The draft manifesto on finance contains a proposal to pay 8% of the average wage into the Super. Fund for dependant minders - this could be finalised

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and released well ahead of the manifesto, say within the next month.

On July 6 Mr. Tizard, speaking to a Labour Party Auckland Regional Conference, admitted that it was a deficiency in the scheme that dependent minders were not covered - "these women" he said "have a fair claim for some consideration under the scheme and for some recognition for the service they provide". While it was not yet Party policy to provide for dependent minders in the scheme, he would be supporting it for inclusion in the election manifesto.¹¹³

This was picked up by the newspapers, and speculative pieces were published¹¹⁴ saying that housewives were to be given coverage, and the scheme would be revamped before election day.¹¹⁵ The 8% contribution on behalf of dependent minders was also urged by the Labour Women's Council in October.

The official campaign opening and the release of the Labour Party manifesto were on November 10, 1975. Under the heading Social Security Money Benefits was the promise "Labour will extend the opportunity of contributory superannuation to dependent minders".¹¹⁶ But in his opening speech Mr. Rowling announced what was immediately labelled the "baby bonus" though it was officially a "dependent-minder's allowance". Mothers would have for their next two children an option of a lump sum contribution paid on their behalf into the super-

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annuation scheme or an increase on the first year's family benefit to be paid at the end of the first year in a cash lump sum. This idea would also be extended to other dependent minders and it was estimated to cost about \$26M in its first year. However attractive such an offer might be to parents, it was not received with much enthusiasm. As the Christchurch Press pointed out¹¹⁷

The party seems to be attempting to solve two related but separate problems - how to provide in the superannuation scheme for women who spend all or much of their time raising families rather than working, and how to aid young couples who must make heavy outlays when they begin to raise a family. The real objection to Labour's promise is not that its aims are unworthy but that the party appears not to have thought out carefully enough how these aims are to be achieved.

The New Zealand Family Planning Association also condemned its application to the next two children of any family rather than to the first two, and many bodies saw, and condemned, it as counter to growing demands for stabilisation of population growth. The Labour Women's Council also voiced their concern at the way in which the contribution had been introduced. Others saw it as no more than an election bribe.

It appears that the idea for a maternity benefit with superannuation option came not from a Member of Parliament, but from a senior Public Servant involved in superannuation planning, who saw it as a way of answering two areas of need. If, as had been said by some, the group most in need of

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assistance were the one-income family with young children, this would be some direct assistance to them. If however there was public demand for superannuation cover for dependent minders, this would also answer that problem. With hindsight it seems that both maternity grants and superannuation cover would have been perceived as good ideas, but it was the coupling of the two as alternatives that caused concern. Members of the working party on superannuation for dependent minders were among those who expressed the view to those seen as responsible, Mr. Hunt and Mr. Douglas, that this was not a sufficient answer to their suggestions.

Meanwhile on October 13,¹¹⁸ Labour had launched a guaranteed minimum income package (including the Christmas bonus and various rebates) which would give a married pensioner couple 90% of the average nett weekly wage (for one period). This would be paid in addition to any earnings-related benefit from the Superannuation scheme. This was obviously a reaction to the benefits promised under the National scheme and stemmed from the Douglas/Smith scheme of 1974, but it seemed to make little impression on the public.

National Superannuation

Basically, the National Party's idea was to upgrade Universal Superannuation. Their scheme, announced in June 1975, was

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simpler than the New Zealand Superannuation, and was to be phased in over three years. It would provide a higher rate of universal superannuation, universally available subject to a residence test, and subject to income tax, the benefit to be paid from general revenue. A married couple would receive 80% of the average weekly wage (to be paid in equal shares to each spouse) while a single person would get 60% of the married rate. The benefit would be indexed and updated twice a year as the average weekly wage rose - hence it would be inflation-proofed at least to the same extent as are wages. At the wages prevailing in June 1974, a married couple would get \$79.20 before tax (or \$34.68 each after tax) and a single person would get \$40.92 after tax.¹¹⁹

The big advantage of such a scheme is that it is clear, easily understood, and its benefits are not delayed. But it has disadvantages and the Labour Party attacked at once.

The Opposition's proposal is no superannuation scheme at all. It is merely an attempt at revamping pension provisions which New Zealand has had since 1938 and which successive Governments have not been able to bolster into an adequate pension scheme. Why? Because the tax increases that would be required would be so far-reaching they would create greater social injustice than they could hope to rectify. It was the realisation that a tax based scheme could never be a just and adequate means of providing a retirement income which led the Labour Government to introduce its two-tier New Zealand scheme. The National plan is a double disincentive to the worker: it offers no inducement to the pre-retirement age worker to save for his future, and

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is a direct discouragement to people of retirement age to continue to make their skills available to the community by remaining full-time members of the work force. Furthermore, this savings disincentive would grossly distort the country's investment pattern, while Labour's funded scheme provides a vital pool of investment capital for private economic and social expansion.¹²⁰

The National Party countered that their scheme promised real benefits, was of advantage to those then over 55, who would not benefit from Labour's scheme, and that Labour could not show with any degree of exactness how much anyone would get from the New Zealand Superannuation scheme forty years in the future. Much was made of the fact that women non-earners were included in this scheme, where they were not under the then existing Labour scheme, and huge doubts were raised, and exploited, on the potential for abuse of the funds available for investment under the funded scheme.

The most noteworthy point about the scheme is that it marks a heavy redistribution from the working population to the retired, which the Labour scheme did not, and the need for redistribution was not made, nor were its effects properly investigated. The redistributive effects of the enacted Labour scheme are not very great, since it is really individualised saving. The redistribution is not the same thing as the discovery of need among the elderly. It is one thing

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to say that the old as a class are in need, it is another thing to reslice the pie to give less to the worker and more to the retired, and this is a point that the Labour Party failed to make to the public. (It is after all difficult to say in one breath that the retired need retirement benefits and in the next that they can't have them at someone else's expense.) Nevertheless the cost of the scheme (and its inflationary effect) and the need for it were not justified in those terms. Though the Survey of the Aged in May 1975 had shown that some of the elderly were in need, the use of a universal rather than selective benefit was never justified by its proponents, nor was there any attempt to rank benefits for the aged in relation to other social welfare priorities.

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THE POSITION OF WOMEN

As we have seen, income supplements for the aged fall into three groups: what can be called social insurance, where income is derived as of right because it has been earned, social assistance, where the right to benefit is conditional on need, and universal benefits, where the right is conditional on attaining a certain age.¹²¹ How are women affected by benefits given under each heading? Under universal benefits women and men are treated in the same way, unless the qualifying age is different. Though under the National Superannuation scheme, both males and females qualify at 60, in many private schemes, as under both British schemes, women qualify earlier than men. No substantial reason has been advanced for this, other than that if a husband is assumed to be older than his wife, the younger qualification age for women would allow them to benefit at about the same time! It would seem however in view of women's longer life span that she might be expected to retain her health, and her job, after a man has retired, and that there is no real reason other than habit for a retiring age differential.¹²² It will be noted however that although under National Superannuation, men and women qualify in the same terms, a married person and a single person are not paid at the same rate. There are

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certainly economies of scale where two people live together. The Survey of the Aged found in measuring hardship that \$1 of income for a married couple could be roughly equated to 60 cents of income to a single person.¹²³ Yet these economies do not depend on marriage, and two single people who live together (two sisters for example) will find it cheaper than living separately, and will both get paid at the single rate of benefit! It is married status, not the economies of sharing, that lead to a lower benefit, and this depends in turn on other assumptions about marriage and the status of women as dependents.

Under social insurance schemes (like New Zealand superannuation and both U.K. schemes) a benefit is given because it has been "earned", and traditionally such a benefit is earned by a contribution from wages. Such schemes rest on two assumptions about women's work. The first is that only work where wages are paid is work that should give rise to an entitlement, and that unpaid work such as housework should not. This assumption may arise partly from our materialistic society where status and money coincide, and partly from a belief that whatever men do is more important than whatever women do.¹²⁴ Now it is increasingly recognised that housework and childrearing, even though they are unpaid, have a real social value, and that men who go out to work can only do so because "housewives

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make it possible for the productive work to be done", as Mr. Justice Woodhouse made clear.¹²⁵ Therefore to demand a contribution from and give a benefit to only those workers who are paid, and ignore those workers who are not paid, is inequitable, and this gives rise to the recognition in the 1975 U.K. scheme of the value of dependent minding with a contribution on behalf of such people, and the lobbying in New Zealand which resulted in an acceptance in principle that some unpaid work should give rise to an "earned" benefit.

The second assumption in social insurance schemes is that the male is the breadwinner, primarily responsible for the support of the family, and that women do not go out to work. Beveridge in 1942 quoted 1931 statistics showing that less than one woman in eight took paid employment outside the home¹²⁶ and said that since "maternity is the principal object of marriage", a married woman would have "other duties" than paid employment.¹²⁷ Such an assumption may have reflected public opinion, and was true in Britain in 1942, but is it true in New Zealand in the 1970s?

Arising from the assumptions that only men work, and that only paid work counts, is an assumption that women are dependent. This gives rise in social insurance schemes to the necessity to make provision for widows, and both "Strategy for Pensions"¹²⁸

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and the New Zealand White Paper on the Superannuation Scheme¹²⁹ make elaborate provisions to safeguard the position of a widow after the beneficiary dies. Only "Better Pensions"¹³⁰ has got away from these assumptions, allowing women the same right to a pension as men, and giving both widows and widowers the right to what they have earned as well as a supplement from what their partner had earned. As long as a woman is regarded as her husband's dependent, special provision will have to be made for her in retirement: if she is allowed, or encouraged, to establish an entitlement in her own right, widow's pensions will become less necessary in old age.

Social assistance schemes (supplementary benefits) do not distinguish between male and female in entitlement, but it is a sad fact that as a result of their longer life, and of the assumptions made about their status, women are more likely than men to need supplementary benefits in lieu of some earned entitlement.

We have seen how women are treated in superannuation schemes in New Zealand and in the United Kingdom, and what assumptions tend to be made about their role and status. Can these assumptions be justified today in New Zealand? A look at what statistics are available shows that the pattern of a woman's life is changing. (All figures have come from the 1975 New

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Zealand Official Yearbook.) Women are living longer, marrying younger and having fewer children. Between 1950 and 1973 the proportion of women marrying before 25 rose from 64% to 77%. Just as the average age of a mother at the birth of her first child has dropped from 26.39 in 1924 and 25.32 in 1954 to 22.99 in 1972, the average number of children in families where children were born during the year dropped from 2.57 in 1967 to 2.29 in 1972. The crude birth rate per 1000 mean population has risen from 24.58 in 1945 to a high of 26.99 in 1961 and then dropped dramatically to 22.44 in 1966 and 20.4 in 1973. Women are concentrating their childbearing into the early years of marriage before they reach 30: of 52,725 nuptial births in 1972, 7,922 were to mothers under 21, 16,900 to mothers between 20-24, 17,159 to mothers between 25-29, 7,357 to mothers between 30-34, and only 2,586 to mothers between 35-39. The percentage of first confinements among mothers 30-39 dropped from 19.97 in 1944 to 6.71 in 1972. Whereas the average woman even fifty years ago might continue to bear children until she was forty, so that by the time her last child left school she would be in her fifties, with perhaps a ten year life expectancy, the average woman today has the last of her 2.3 children before she's 30, and she will live to be 75.

It would hardly be surprising therefore to find that since women are compressing their childbearing into a smaller and

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earlier part of their lives that their participation in the work force has increased. Between 1936 and 1971 the male labour force increased by 48.8%, the female labour force by 135.2%. The proportion of women aged 15-64 who are in the labour force moved from 25.6% in 1926, 29.0% in 1945, 29.7% in 1956 to 38.9% in 1971, though this is low in comparison to some overseas countries (U.S. 46% in 1970, U.K. 50.1% in 1966). The percentage of women in the labour force who are married has risen from 8.5% in 1936, 24.4% in 1951, 37.6% in 1961 to 49.9% in 1971, and the proportion of women in each age group who are working has increased steadily over the years (Table 1).

Married women in labour force as a percentage of all married women in the same age group are given in the next table.

Age (Years)	1936	1945	1951	1956	1961	1966	1971
				percent			
16-19	5.7	18.2	14.5	18.5	20.0	23.5	30.3
20-24	4.3	17.4	16.0	19.4	20.7	26.7	34.3
25-29	3.7	10.3	9.7	11.6	11.9	15.8	20.7
30-34	3.6	8.0	8.9	11.3	13.3	16.4	24.3
35-39	3.6	8.4	10.5	13.9	18.0	21.8	31.8
40-44	3.9	8.7	12.2	16.6	21.3	26.9	35.3
45-49	4.4	7.8	13.1	17.5	23.1	27.7	35.9
50-54	4.2	6.1	10.7	15.5	20.7	25.2	30.7
55-59	4.2	4.6	6.9	10.8	14.9	18.5	22.0
60-64	2.8	2.5	3.7	5.2	7.5	9.5	11.2
65+	1.6	1.0	1.4	1.6	1.7	2.1	2.4
All ages— 16+	3.7	7.7	9.7	12.9	16.0	19.9	26.1

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The most significant thing to be drawn from this table is that though the participation rate for all ages has increased, the greatest increase has come in the 35-39 age group, showing that women, who are having most of their children before they are 30, are tending to return to work when their last child starts school (and not waiting till the children are older as the European figures suggest).¹³¹

Such figures do not justify any assumption that women do not take paid employment, but they do point up women's broken employment patterns - working for a while before and after marriage, taking perhaps ten years out of the work force for childrearing then returning to work. If an entitlement to a benefit is to be "earned" by paid employment, women will suffer because they do not earn all their lives, though most will earn for a part of it - if women are then to establish their own earned entitlement it is equitable that the valuable work they do in raising the next generation should be recognised as also earning an entitlement.

What of the assumption that the man is the breadwinner? The original concept was that the wage for a man should enable him "to maintain a wife and three children in a fair and reasonable standard of comfort"¹³² - at a time when the female rate for clerical workers was about 45% of the male rate.¹³³

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This concept did not appear in the 1945 Minimum Wage Act (when the minimum wage for men was £5.5.0 a week, and for women £3.3.0 a week) yet it still appears in some legislation, and seems to have an influence on attitudes: Today the Equal Pay Act 1972 sets a rate for the job - males and females are to be paid the same for work that calls for the same, or substantially similar, degrees of skill, effort, and responsibility. So if a single girl is to be paid the same as a married man for the same work, it is not the wage structure, but the tax structure, which makes allowances for their differing family responsibilities. Why then should a superannuation benefit for a married couple be tied to the average weekly rate for one worker, and then the single benefit worked out as a percentage of the married rate? In 1945 a married couple received twice the benefit of a single person¹³⁴ and it was only in 1955 that the rate paid to a married beneficiary became less than twice the single rate. Dr. Sutch assumed that with the trend for women to continue working and for equal pay, that equal treatment would continue into retirement, and that therefore married couples would receive the same benefit as two single people.¹³⁵ The Australian report also pointed out the anomalies and decided it would be better to pay on an individual single basis, and not decrease the benefit for married couples.¹³⁶ There is one more factor here - the number of marriages is decreasing and divorces rising (1975-76 there were 24,216

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marriages, 1400 less than the year before, and 4761 divorces, or one-fifth the number of marriages).¹³⁷ If the rate of marriage breakdown increases it may happen that there are fewer and fewer married couples living together at retirement age - why then not reward them for their success by giving them the same amount they would get if they were living apart (and not penalising them for staying together)?

It is both misleading and patronising to assume that women are dependent on their husbands.

The housewife supports her husband so he can go to work. Her services are unpaid, but are as vital to the well-being of the nation as services that are paid. ... Husbands and wives reciprocate services and are equally dependent on each other.¹³⁸

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CONCLUSION

When a government wants to set up a new welfare programme or improve an old one, there are three things it should do. First, it must have or collect facts and figures to show what are the needs of the community. Secondly, it must articulate the aims of the programme and what it sees as the object of social welfare services, in the light of any observed need. Finally, it must consider how best it can fulfill its programme and meet the need in a practical form that the country can afford. If it does not follow these three consecutive steps - need, goals, methods - it may find that its programmes are not getting to those most in need, or are falling short of its political philosophy.

The problem with trying to assess needs in New Zealand is that we have insufficient statistical data to deal with, and too little social research, whether government or independent. Though the Department of Statistics is preparing a series of statistics on Social Trends and Social Indicators, these are not yet published. Some investigative work has been done - the Survey of the Aged, the first report from which was published in May 1975, attempted, by applying a questionnaire to a random sample of the over 65s, to measure the amount of

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hardship among the elderly. There was some doubt within the Department of Statistics about the validity of much of the data collected¹³⁹ since they felt that it underestimated the degree of need, and the published results were attacked by groups such as the Women's Electoral Lobby¹⁴⁰ particularly because it assumed that need was constant with increasing age. Nevertheless the survey found that on the benefit rates ruling in 1973 some 20% of the elderly were "in substantial need of financial assistance".¹⁴¹ The solution adopted by the Labour Government was to increase the selective supplementary benefits (awarded on a means-test) on a basis of low income or low level of assets, accommodation costs or other regular commitments, and give selective "fringe benefits" (telephone and television concessions, loans for repairs or maintenance of houses). Again in 1973-74 a sample of households was surveyed to find out what their income was spent on.¹⁴² But there are no statistics or research in New Zealand to show whether or not there are other areas of unmet needs. Overseas, considerable work has been done to establish where, in the lifecycle of the individual, need is likely to be felt. Studies show conclusively that for a family of modest means the period of greatest need is likely to be where there are several children and only one income (see Appendix 3) and the period of next greatest need will come after retirement. The minimum human needs for food and for clothing are greatest during adolescence¹⁴³ and this puts strain on a family's income.

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It is likely that the pattern of lifecycle found in Britain and Europe would be duplicated in New Zealand but until some investigation has been carried out, no one can tell whether the troughs carry some families below the poverty line (especially since no poverty line has been worked out for New Zealand).

The next step after a picture of the needs of society have been investigated is for the government to decide what sort of society it wants to shape. This needs more than empty rhetoric and election promises and it must be based on some knowledge of society as it actually is. What it decides to do will depend on its view of the role of social services (probably falling into the two groups already described as "liberal" or "collectivist"). The liberal sees the social services as subordinate to the economy. One writer¹⁴⁴ describes these views as including social services as institutionalised benevolence to those who had fallen on hard times, or as a handmaiden of the economy, distributing economic surplus when there is any or as a tool of capitalism, repairing the worst ravages of the system in order to divert revolutionary fervour. The other view sees social welfare as an end in itself, taking precedence over the economy, bringing about social justice, the end of oppression and discrimination.

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Sutch saw the roles of a social welfare system as fourfold:

In order of their introduction (in most cases) the first is to use social security as a means of distributing the production of society to, for example, the aged, widows, children and the disabled; the second is as compensation for being direct victims of the economic and social system - miners' pensions, workers' compensation, and unemployment payments are examples; the third is an investment to improve the quality of the human asset ...; the fourth is based on concepts of social justice, equality, and the importance of human personality.¹⁴⁵

He quotes the Federation of Labour in 1938 on Labour's scheme:

You can best judge the people of the nation by applying the following simple tests:

1. How they treat their womenfolk, the mothers of the race;
2. How they treat their young folk, the future men and women of the nation; and
3. How they treat their old folk, those who have rendered service to the nation.

The family, community or state that treats the womenfolk, the children and the aged well can truly call itself progressive and civilised, and its future is assured.¹⁴⁶

It is only after the grand view of what society is and what it should be that the decision can be made on how changes can be made and by what methods. This involves questions of priority (what changes should be made first) and of methodology (what can be left to market forces and what needs direct state intervention).

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The major New Zealand political parties pay lip service to ideas of social justice. But implicit in social justice is the idea of equality regardless of sex, race or status. The British White Paper, "Better Pensions", said:

For too long women have been treated as second-class citizens in pension and benefit provision. The White Paper on equality for women sets out the government's proposals for securing equal status. An important part of this policy is equality of treatment in the field of pensions and other benefits. ... All women stand to benefit under the new scheme whether working inside or outside the home, whether single, married or widowed.¹⁴⁷

One might have thought that as a statement of human rights and justice that would be enough. But in an excellent discussion of the White Paper, Barr says coolly:

The White Paper bases its argument for equality on unspecified general equity grounds. Strong though the case for equality is, it would be stronger still if based on an explicit statement of the desirability of cross-subsidising women's pensions. Merely to talk emotively of "second-class citizens" in the Foreword to the White Paper is not enough.¹⁴⁸

He makes a valid criticism - in a scheme based on contributions, it will be more expensive to provide the same pensions for women than for men. (Barr estimates that in the U.K. where the average woman retires at 60 with a life expectancy of 19.8 years and the average man retires at 65 with a life expectancy of 12 years, it is 65% more expensive to provide a given pension for a woman than for a man.)¹⁴⁹

But it seems one cannot yet take for granted a general

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equitable and equal treatment for women, and that such treatment must be justified on grounds of reason.

Racism and sexism (discrimination based on sex) are two sides of a coin. In both, humanity is divided into two classes on the basis of easily observable physical characteristics, in both cases membership of the class is outside the individual's control and in both, gross stereotypical distinctions are drawn, which may have little basis in fact.¹⁵⁰ The causes of the unequal status of women are complex and rooted deeply in tradition, custom and prejudice yet "the differences within each sex far outweigh the differences between the sexes".¹⁵¹ Women may be treated as unequal because they are alleged to be inferior to men in certain respects and the consequences of the unequal treatment are then seen as evidence of inferiority.

Their unequal status has been caused less by conscious discrimination against women than by the stereotyped attitudes of both sexes about their respective roles The unequal status of women is wasteful of the potential talents of half our population in a society which, more than ever before, needs to mobilise the skill and ability of all its citizens The movement towards equality for women requires the active support and intervention of government itself.¹⁵²

Women's role has in fact changed. She spends on average less than 2% of her life pregnant or lactating, so that her biological function is irrelevant for 98% of the time.¹⁵³

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Add to this the technological revolution in the home (washing machines, electric ranges, etc.) and it means that for most women the combination of housework and childrearing is no longer a full-time, life-long job. But patterns of thinking are slow to change, and there are subtle social and psychological pressures that condition women into a subordinate status.¹⁵⁴ It was a recognition of the stultifying force of these societal expectations that gave rise to the feminist movement.

Liberation means freedom. For a woman ... today this means that she will no longer by virtue of her sex be placed in a societally subordinate role, that she will have her choice of life role, that she will no longer be channelled into a societally perceived role of "wife and mother". While many women will choose the "wife and mother" role, those women who do not, must have the same opportunity to maximise their life chances as do men. By the same token, a woman who does choose the "wife and mother" role must not for that reason be disadvantaged or made subordinate to her husband.¹⁵⁵

It is the writer's opinion that the role of social welfare programmes is to promote social justice and equality of opportunity for all, and that in order to reduce the inequalities of society a substantial amount of redistribution must be undertaken, both through changes in the tax structure and through welfare measures. In particular when designing income supplements for the aged, note must be taken of women's present life patterns and of changes in such patterns

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as they occur. This demands recognition of the value of the unpaid work women do in the home, and a rebuttal of the assumption that a wife is dependent on her husband. You cannot treat the needs of a married woman with small children differently from the needs of the single girl, or the old age pensioner - during their lives most women pass from one status to the others. It may be more important to provide services now for young mothers - child care, a wage for women at home - but it must be remembered that today's young mothers will become tomorrow's pensioners, and if a social insurance scheme is planned which ignores the future needs of young mothers, they will become the welfare problems of tomorrow. The schemes that will best fulfill the needs of women are universal benefits in old age, offering more than a subsistence living standard, or contributory plans where a contribution is made on behalf of dependent minders on the basis of a national wage. Only where women are seen as individuals deserving support in old age in their own right (and not as a dependent of their spouse) can social justice be said to have been reached.

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17. Professor Gordon Tulloch, quoted in Tussing 115
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42. See Titmuss 1968:140
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- 44.
45. See an article by Keith Ovenden, The Week, September 17
46. See the discussions in Collette and Webb, New Zealand Society
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48. Australian Report 152
49. Australian Report 49
50. Quoted in Australian Report 156
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52. Barr 157
53. Idem
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55. RCSS 4:33

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59. Ibid 92
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- 61 Australian Report 163
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63. RCSS chpp.18
64. Ibid 14:23
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66. Titmuss 1968:134
67. Ibid 116
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- (1) Superannuation contributions compulsory - all aged 17 and over up to 65.
- (2) First tier non-taxable. Established at 55% or 56% of the average ordinary time wage for married couple; 33% or 34% of the average time wage for single persons. (See Appendix 1)
- (3) Second tier taxable minimum guarantee 25% or 24% of the average ordinary time wage for a married couple; 17% or 16% of the average time wage for single person.
- (4) Second tier introduced over twenty years as follows:

<u>Married Couple 55%</u>		<u>Married Couple 56%</u>	
1976	4%	1976	4%
1977	4%	1977	4%
1978	4%	1978	3%
thereafter $\frac{3}{4}$ of 1% next 16 years, 1% 17th year.			
<u>Single Person 34%</u>		<u>Single Person 33%</u>	
1976	2%	1976	3%
1977	2%	1977	2%
1978	2%	1978	2%
thereafter $\frac{1}{2}$ of 1% for next 14 years, 1% thereafter for 3 years.			
- (5) Means test will be increased from time to time, having regard to 2nd tier benefits.
- (6) 25% capital lump sum repayment will be continued.
- (7) Those over 55 who have contributed on a voluntary basis will be able to take contributions made up to the date of compulsion in the form of a lump sum in addition to existing rights for lump sum payment under (6) as well as minimum pension.
- (8) All those on means test benefits to be paid on same basis, i.e. Widows, Domestic Purposes Benefit, beneficiaries etc.
- (9) Cost approximately \$120 million less contributions made as opposed to \$300 million under National. Will almost pay for itself in time.

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APPENDIX 1

MARRIED COUPLES

<u>Average Ordinary Time Wage</u> April 1975	\$91-61
55% <u>Average Ordinary Time Wage Married Couple Present Benefit</u>	\$50-38 \$47-90
INCREASE IN BENEFITS JULY	<u>\$2-48</u>

INCREASE 5.2%

56% <u>Average Ordinary Time Wage Married Couple Present Benefit</u>	\$51-30 \$47-90
INCREASE IN BENEFITS JULY	<u>\$3-40</u>

INCREASE 7.1%

SINGLE PERSONS

<u>Average Ordinary Time Wage</u> April 1975	\$91-61
33% <u>Average Ordinary Time Wage Single Person Present Benefit</u>	\$30-22 \$28-75
INCREASE IN BENEFIT JULY	<u>\$1-47</u>

INCREASE 5.1%

34% <u>Average Ordinary Time Wage Single Person Present Benefit</u>	\$31-84 \$28-75
INCREASE IN BENEFIT JULY	<u>\$2-39</u>

INCREASE 8%

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Against National Party Super Scheme

- 1) Places an excessive burden on the tax payer and the economy.
- 2) Reduces incentive.
- 3) Reduces the level of savings and investment in the economy. Transfer of \$300m inflationary.
- 4) Disastrous effect on capital market as NZ Super Scheme closes down and private schemes contract.
- 5) Encourages foreign investment by leaving such a gap in domestic sources of investment in money.
- 6) Further slowing of New Zealand's pitiful 2% rate of economic growth.
- 7) Removes the potential sources of housing finance which have smoothed out the demands of the building industry.
- 8) Tax burden inflationary with age distribution and the size of work force.
- 9) Will encourage inflation wage demands as workers and unions try to recoup the interest lost in taxes.

For New Zealand Super Scheme

- 1) Increases the level of saving and investment in the economy without placing an excessive burden on it.
- 2) Encourages incentive.
- 3) Reduces the burden of providing for the aged from tax revenue.
- 4) Reduces consumption income and inflation. Transfer of \$300m to saving anti-inflationary.
- 5) Reduces tax pressure.
- 6) Beneficial effect on capital market as NZ Superannuation Corporation pours money in. Note direction - local bodies, Government social services, housing, support for industry.
- 7) Reduces the need for foreign investment.
- 8) Healthy effect on rate of economic growth.
- 9) Provides another stable source of housing finance.
- 10) Provides a useful tax exemption.
- 11) The steadily growing credit in the NZ Super Scheme or private schemes is not so likely to increase wage demands.
- 12) Provides a source of finance from their own funds.

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MILNE, D.G.

Women and Superannuation: goals and choices.

5 Halswell Street,
Thorndon,
WELLINGTON.

2 JULY 1952 APPENDIX 2

Hon. W.S. Rowling,
Minister of Finance,
Parliament Buildings,
WELLINGTON.

SUBMISSIONS ON DEPENDANT MINDERS

Dear Mr Rowling,

New Zealand Superannuation Bill 1952

We, the undersigned, on behalf of the listed organizations, wish to register our very strong objection to the Superannuation Bill as it now stands. We feel that many of the most serious deficiencies in the Bill arise from the under-lying assumptions which have been formulated. Accordingly we would urge the Government to reconsider the scheme's underlying principles before proceeding.

We believe that there has been insufficient research into the situation of those who are not covered by existing superannuation schemes. Because so little is known about these estimated 10,000 people, it is impossible to know whether the present scheme will adequately meet their needs, or to what extent they have already provided for themselves. We would strongly urge further research on this subject.

However the greatest objection to the Bill is that it ignores a very large and important section of the population because they are historically non-earners. We refer to people of home caring for young children, the aged and the infirm - who would have had no alternative past care.

Under the present social laws, women and men have been able to look forward to a secure retirement. If this Bill is passed in its present form this will no longer be the case. This Bill fails to recognize the valuable contribution of those people in society who care for others. It makes a mockery of the Government's statements about "caring for communities" and the preservation of the family unit as "the best place to bring up young children".

We advocate that the Government should accept the principle that caring for the dependent members of our community is essential and valuable work - which should be recognized as a profession or vocation. It should be paid for and given as full recognition as any other. The Government has never even considered the possibility of doing this. The only alternative now is to give child minding money which is, on average, \$14.00 per week. (This is \$2.00 per day for 7 days a week.)

5 Halswell Street,
Thorndon,
WELLINGTON.

2 July 1974

Hon. W.E. Rowling,
Minister of Finance,
Parliament Buildings,
WELLINGTON.

Dear Mr Rowling,

New Zealand Superannuation Bill

1. We, the undersigned, on behalf of the listed national organisations, wish to register our very strong objection to the Superannuation Bill as it now stands. We feel that many of the most serious deficiencies in the Bill arise from the undue haste with which the scheme was formulated. Accordingly we would urge the Government to reconsider the scheme's underlying principles before proceeding.
2. We believe that there has been insufficient research into the situation of those who are not covered by existing superannuation schemes. Because so little is known about these estimated 750,000 people, it is impossible to know whether the present scheme will adequately meet their needs; or to what extent they have already provided for themselves. We would strongly urge further research on this subject.
3. However our greatest concern is that the present scheme ignores a very large and important section of the workforce because they are historically non-earners. We refer to people at home caring for young children, the incapacitated and the elderly - who would otherwise require alternative paid care.
4. Under the present social welfare provision men and women have been able to look forward to equal treatment in retirement. If this Bill is passed in its present form this will no longer be the case. This Bill fails to recognise the valuable contribution of those people in society who care for others. It makes a mockery of the Government's statements about "caring for communities" and the preservation of the family unit as "the best place to bring up young children".
5. We advocate that the Government adopt the principle that caring for the dependent members of our community is essential and valuable work - whether paid or unpaid. It must therefore be recognised as having economic value. The cost of providing alternative care has never been estimated. (The cost of providing good quality child care for one three year old child is, on average, \$14.00 per week.)

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6. We urge that the Government pay, on behalf of all persons caring for total dependents, an 8 per cent contribution to the Superannuation Scheme. This would be based on the average male full-time wage (as calculated from the Department of Labour's half-yearly survey). It would cover those caring for pre-school children, the incapacitated and the elderly.
7. Further consideration would be given to those who work part-time while their children are at school. Provision should be made for a partial contribution to be made by the Government on behalf of these people and others who have similar responsibilities.
8. We are also very disturbed that the Bill perpetuates the subordinate status of women. If proper provision is made in the Bill for all people to be treated as individuals it will be unnecessary to differentiate between married and single persons. Any such distinctions should be confined to the social welfare area and should be based on need rather than status. We therefore request the deletion of clauses 69 and 70. All contributors should be treated as individuals. We appreciate that this implies a recalculation of the scheme.
9. Many other organisations made similar submissions to the Select Committee on Women's Rights. In view of the growing awareness throughout New Zealand of the defects in the Superannuation Bill, revision of a fundamental nature would seem imperative.
10. Finally, the present scheme does nothing to help the existing over 55 age group. We suggest that Government in its anxiety to provide for the future needs of the existing work force should not overlook the present plight of those who have already contributed a great deal. A caring community must allow self respect to all of its citizens.
11. We trust that your Government will give urgency to a total re-consideration of the Superannuation Bill in terms of the social consequences of this important legislation.

Yours very sincerely,

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- v
- Miriam Dell National Council of Women
- Peg Hutchison New Zealand Federation of University Women
- Erica Brodie YWCA, New Zealand Social Workers' Association
- Julie Cameron New Zealand Homemakers' Union
- Ria McBride New Zealand Federation of Business and Professional Women
- John Blincoe New Zealand University Students' Association
- Margaret Shields Society for Research on Women in New Zealand
- Deidre Milne National Organisation of Women (Wellington)
- Bernard Kaiser Wellington Pensioners' and Beneficiaries' Association
- Ron Meggat

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SUPERANNUATION AND THE STATUS OF WOMEN IN NEW ZEALAND

The aim of the Superannuation Act 1974 was to establish an earnings-related superannuation scheme to be financed from a fund to which employer and employee would contribute. It was intended that a three-tier scheme would arise-- the first tier of benefits would be the age benefit, the second superannuation, and the third supplementary insurance or investments. It is the connection between social security benefits and earnings-related payments, both in the superannuation and other social welfare legislation (notably Accident Compensation) that points up the basic inequity that concerns us here.

There is a large group of people, most of them women, the value of whose work is recognised but who are non-earners. These are the people who are doing a socially and economically valuable task by staying home to look after dependants-- small children, invalids or the elderly-- who would otherwise be in need of some form of institutional care. These people have made a decision, whether it be freely made or enforced, to stay out of the workforce.

Most of these dependant minders, perhaps 80 per cent, are involved in the care of children under the age of six (369,700 children at the end of 1973). An increasing number of women who worked for some time before they had children are returning to work after their children are settled in school-- after a period of perhaps 10 years away from paid employment. For these women, the need for retraining in new skills, polishing old skills or regaining lost confidence, as well as the inevitable loss in status, seniority and wages by comparison with those who continued to work, means that these women are disadvantaged and will be even more so when they come to retiring age, since their superannuation contributions will be less.

Secondly, it is inequitable that married women are not able to claim unemployment benefit when they are unable to find jobs. If the Government believes that everyone has a right to work (a principle embodied in the Universal Declaration of Human Rights), surely this right should be extended to all women? Especially in times of economic stress, the numbers receiving unemployment benefit do not truly reflect the numbers unable to find work, since there is a tendency for employers to feel that a married woman is not primarily a wage-earner but a wife/adjunct to her husband. We feel that it is important that in all respects a married woman should be regarded as a person in her own right and not as an adjunct to a wage-earner.

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Thirdly, it has been suggested that the Government may be considering the payment of a dependency allowance to dependant-minders and that this could only be an alternative to a superannuation contribution on behalf of dependant-minders. We are not convinced that such an allowance, particularly on the scale suggested (\$10-\$15 a week) would be productive. If it is viewed as a wage for work done it is ludicrously low; if as a reward for or an encouragement to staying home it is not enough to keep someone in financial need from going to work and thus needing alternative care for their dependants. Hopefully it is not intended as a recognition of the value of dependant-minding or an aid to the improvement of its status-- if the average weekly wage is \$80, what status does a person earning \$10 a week have? The substantial amount of money involved might well be better spent in providing child-care centres and domestic ancillary services to relieve parents of some of the stresses of full-time child rearing. (Also see Proposal 3).

It is clear that in many areas of social welfare women are treated inequitably and the value of the work they do is ignored in every real sense, even when lip service is being paid to its importance. We would like to make three suggestions which we feel would give real recognition to the work women do in society, as well as giving financial aid to those in need-- not all of whom are necessarily women. We rank these in descending order of priority:

(1) We suggest that a contribution of ~~four~~ 8 per cent of the basic average wage be paid annually to the New Zealand Superannuation Fund on behalf of:

- (a) Those engaged full-time in the care of children under six;
- (b) Those engaged full-time in the care of invalids; and
- (c) Those engaged full-time in the care of elderly relatives unable to care for themselves.

The money would come from the Consolidated Fund through the Department of Social Welfare. Demographers agree that New Zealand's birthrate is declining, so it would be preferable that payments into the fund should be financed by the existing labour force, rather

than that payments should be made later from revenue collected when the dependency rate of our population may be higher.

We suggest that a new tax code be developed for dependant-minders. This would mean that each person wishing to claim the contribution would be informed of this right when applying for child benefit and would be required to make a yearly declaration of income with details of any income earned on which contributions might have been made in the ordinary way. This would include details of dependants.

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From this form the contribution due to the fund, less any already paid by employer/employee, could be worked out and paid through the Department of Social Welfare. The procedure would be administratively simple and it would be flexible, not penalising anyone able to contribute skills to the economy from time to time. It would also allow those who wanted to re-enter the work force to undertake retraining, part-time or occasional work without penalty or undue interference with the responsibility they feel toward their dependents. It would also be simple to incorporate variations into the scheme-- perhaps a 4 per cent contribution for minders of dependant children up to age 12 (a period when the child though at school is there for a much shorter period than the average working day, so that in the absence of after-school programmes it is still in need of adult attention for part of the day. This means that a dependant-minder may still not be able to take a full-time job).

For those dependant-minders who do undertake full or part-time work, we would suggest that their contribution to the superannuation fund should be supplemented by the Government to a guaranteed minimum of 8 per cent of the basic wage. A further topping up of 4 per cent (To a maximum of 8 per cent total contribution) for working mothers of children under 12 could also be justified, since working mothers with small children will have obligations to their families that may impeded promotion at work or may cause them to take time off from work. Such working women have very often what amounts to two full-time jobs-- paid ~~employment~~ employment and looking after a family-- and this deserves recognition.

If real recognition were accorded to the value of the work non-earning dependand-minders do, in the manner suggested, they could be seen as people in their own right, and differential provisions for survivors contained in the existing Act could be removed. An actuarial basis should be found for determining how much of contributions can be willed by contributors, and this should be without regard to sex or marital status.

(2) We suggest that married women be granted the right to work by being eligible for unemployment benefit in the same way as other workers, and that a contribution to the Superannuation Fund be made on behalf of all unemployed.

(3) We suggest that if a dependency allowance (parent's wage etc) is to be made to those looking after preschool children at home that it be equated to the cost of keeping a child in good day care (about \$12 a week) and that it be paid to all one-income families (i.e.

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those where one parent is not actively engaged as an earner, or solo parents). This again would be socially and economically flexible. A parent at home would be able to put his or her child in a daycare centre for a few hours a week, or for longer periods, or take a part-time job, or pay for home help without straining family finances. It would also make some slight redress in the growing imbalance between one and two-income families.

It is often forgotten what strain is placed on a person at home full-time with young children. It is not only working parents who need child-care facilities. Every non-working mother must be able to get away from her children occasionally (If grandparents, neighbours and friends cannot help out, a day-care centre can). Increasingly young mothers have no one they can ask to share child-minding, so they can have some respite.

In conclusion, we would again point out the great importance of a real recognition of the unpaid work thus contributed to the country. Lip service is not enough. The value of the individual should be seen and rewarded individually. As patterns of marriage and child-rearing change it should be recognised that a woman who is now caring for a preschool child may not have a husband to rely on when she reaches retiring age, and that under the present system she will be in the first tier of superannuitants and a drain on the social welfare system. If her contribution to society is recognised on her behalf by a contribution to the New Zealand Superannuation Fund she will be better able to be independent in 40 years' time.

Such a move would be a step in the direction of a more realistic measure of economic productivity. At present we have the ludicrous situation where the socially valuable work done by women is not recognised. If all the housewife/mothers in New Zealand went out to work tomorrow-- looking after each other's families for wages-- the GNP (and the tax take) would rise substantially. But it is extremely doubtful if anyone would be better off.

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B. Keiser
rough draft
—

NEW ZEALAND SUPERANNUATION SCHEME

SUBMISSION ON BEHALF OF DEPENDANT MINDERS

INTRODUCTION

This submission seeks to make a case for persons who look after, in their own homes

- a) Children under 6 years of age
- b) Elderly persons who need care
- c) Sick persons who need care
- d) Mentally retarded persons

These "dependant minders", male and female, perform a social service and prevent the "dependants" becoming a burden on the State.

As this unpaid work, in the main, prevents the person doing it from entering the paid labour force, we believe the N.Z. Superannuation Scheme widens the gap between the paid working population and those unable to enter the working population because of their domestic commitments.

The submission also provides an estimate of the number of persons involved and the cost/benefits of including them in the N.Z. Superannuation Scheme.

THE GOVERNMENT'S 3-TIER SYSTEM OF SOCIAL WELFARE

The Government has stated on a number of occasions that its policy is to promote a three-tier system of social welfare.

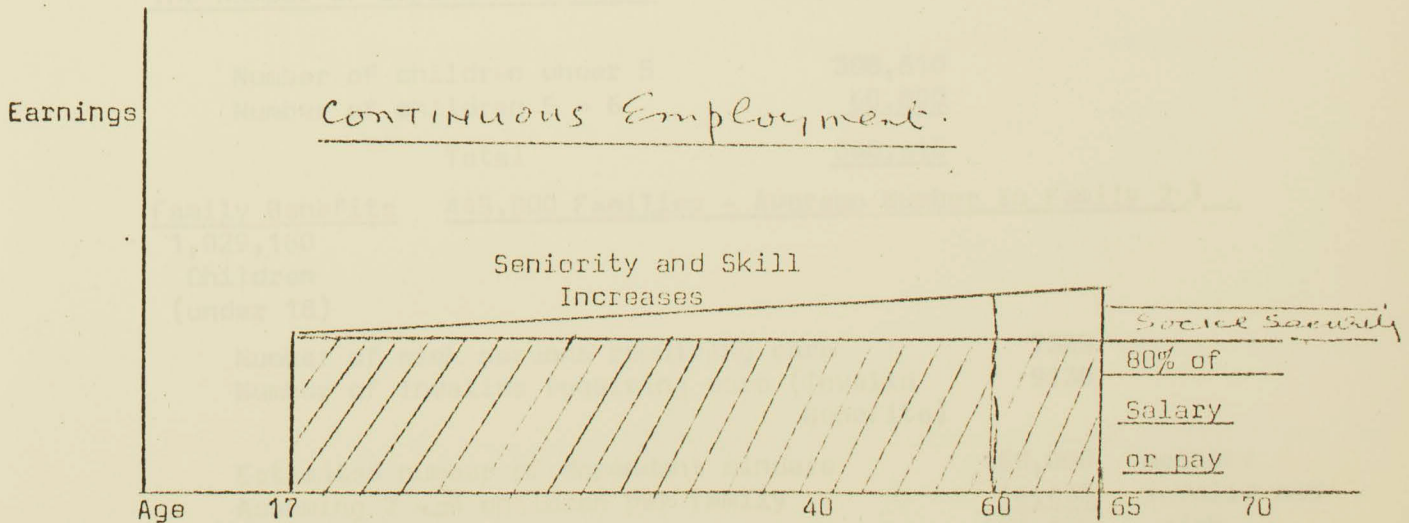
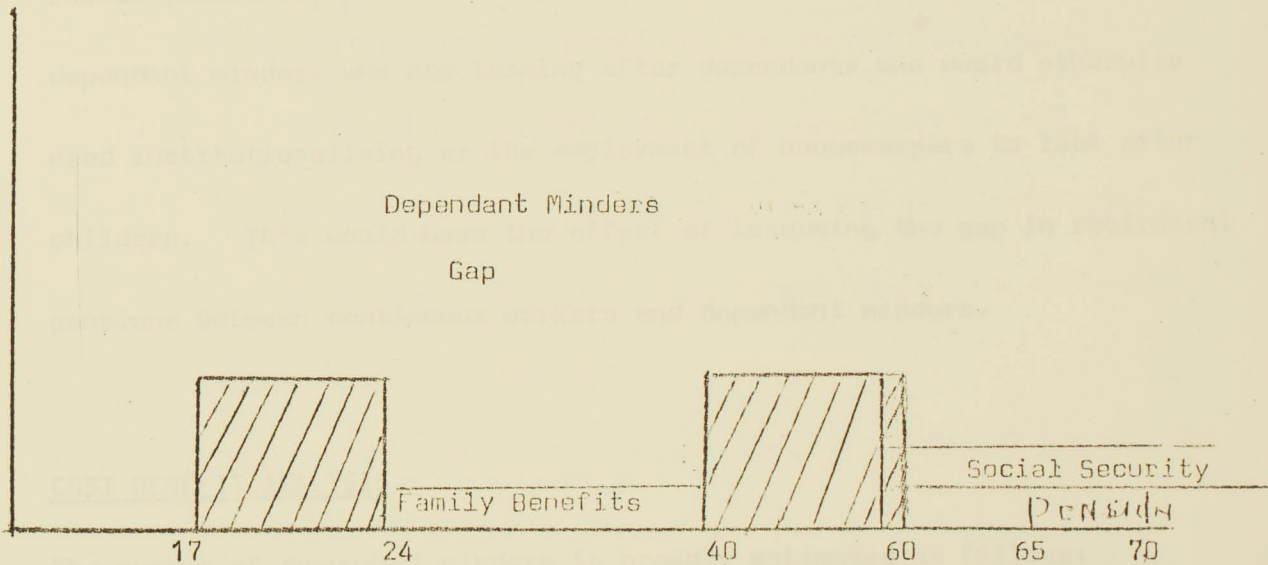
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1st Tier: Basic Social Security Benefits for widows, sick, unemployed, age beneficiaries, universal superannuitants, aimed at those in dire need, and

2nd Tier: Income related retirement pensions and 20 percent lump sums (employed) based on contributions whilst working, i.e. the N.Z. Superannuation Scheme and approved alternatives, and Income Related Accident Compensation (80% of earnings).

3rd Tier: Additional optional payments for increased benefits and insurance cover with income tax exemptions.

Non-earners who are performing useful work are penalised and will finish up at the age of 60 disadvantaged, compared with the earners.



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There is usually a broken period in the working life of a person, women in particular, if and when they enter the labour force the second time, have to update their early skills and qualifications, and initially have to accept low paid jobs. In times of recession where there may be unemployment figures of 7000 (viz 1968-7) it is difficult for women to re-enter the labour force.

PROPOSAL

Government should contribute 8 percent of the average male/female weekly earnings as determined by the half-yearly survey of the Department of Labour (currently \$80.89) to the Superannuation accounts of dependant minders who are looking after dependants who would otherwise need institutionalising or the employment of housekeepers to look after children. This would have the effect of lessening the gap in retirement pensions between continuous workers and dependant minders.

COST BENEFIT ANALYSIS

The number of dependant minders is broadly estimated as follows:

Number of children under 5	308,610
Number of children 5 - 6	<u>60,000</u>
Total	<u>368,610</u>

Family Benefits 445,000 Families - Average Number in Family 2.3
 1,029,160
 Children
 (under 18)

Number of sick persons requiring care	7305
Number of Invalids requiring care (Invalid Benefits)	9130

Estimated number of dependant minders	158,000	mothers
Assuming 2.3 children per family	<u>16,435</u>	invalid and
	<u>174,435</u>	sick

Source M.A.S

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APRIL 1974 DEPARTMENT OF LABOUR SURVEY:

	<u>\$ per week</u>
Average male earnings	96.33
Average Female earnings	<u>54.54</u>
Average male and female	<u>80.89</u>
Estimated Cost of 8 percent contribution =	
(8% of \$80.89) x 52 x 174,435	=
\$6.45 x 52 x 174,435	= <u>\$58,600,000</u>

BENEFITS

The contribution of \$59 million dollars per year to individual dependant minders' superannuation accounts would have the following benefits:

- 1) Would introduce a better standard of care and less risk of institutionalising of children under 6 and invalids and sick persons as care under home conditions reduces the load on geriatric homes, hospitals, orphanages, and other institutions.
- 2) On retirement a dependant minder will be better able to support themselves as the pension will be higher, therefore reducing the need for age, universal and supplementary benefits to the amount of the contributions.

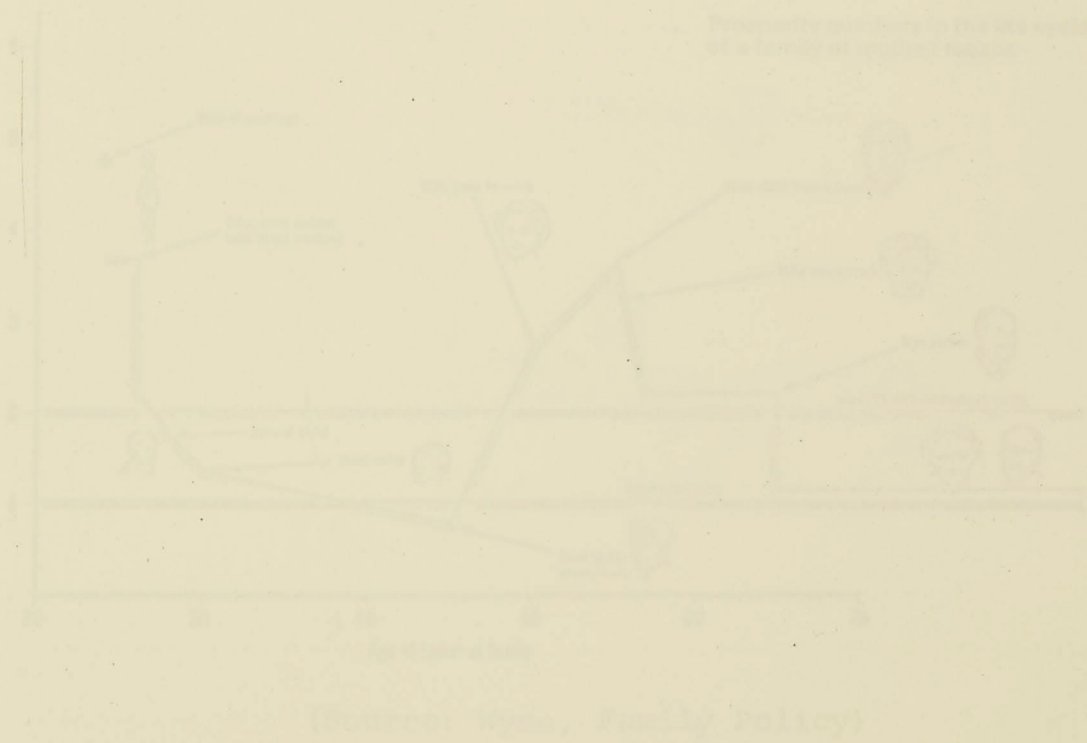
CONCLUSION

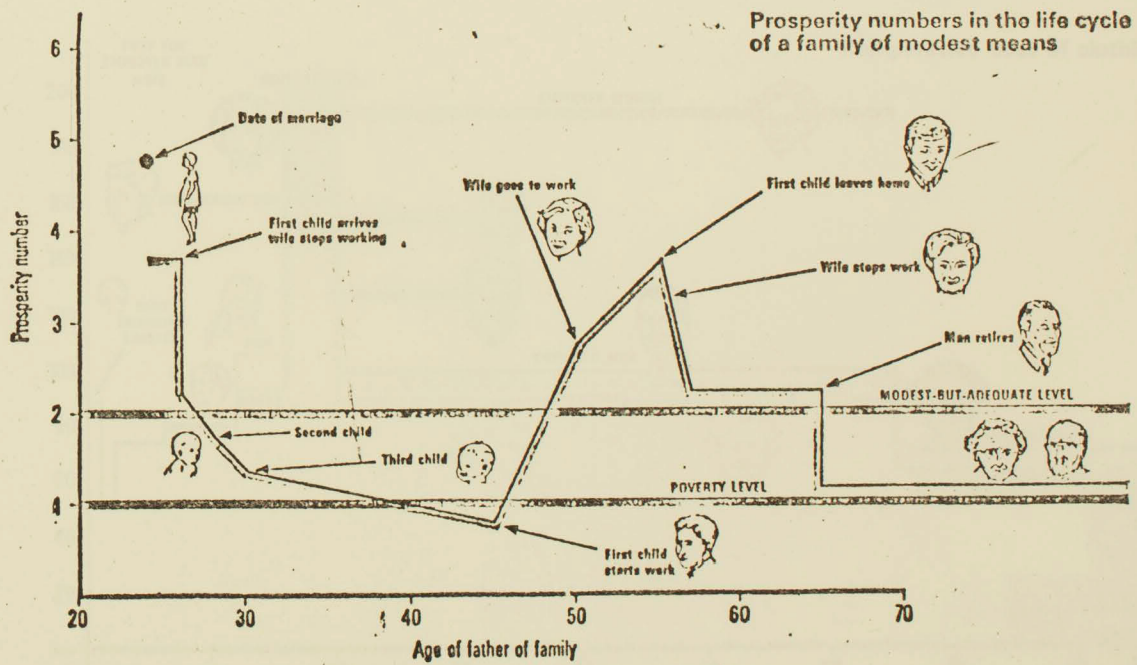
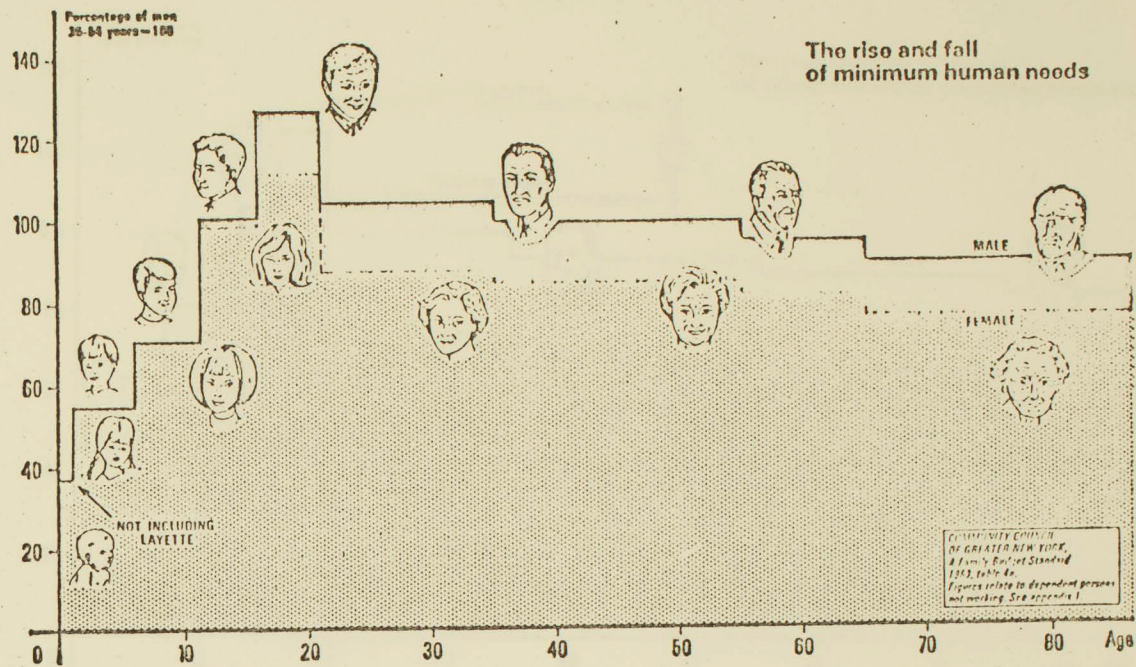
In October 1973 there were 1,158,000 persons in the labour force: 813,400 males and 344,600 females. With equal pay, income related accident pay and

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income related pensions it is becoming more attractive for women to go out to work. The current rate of inflation in house and other prices also is driving more women out to work. This could have undesirable social effects and the modest proposal submitted in this paper gives dependant minders the same rights as other workers, though they will still be at a disadvantage with the industrial workers.

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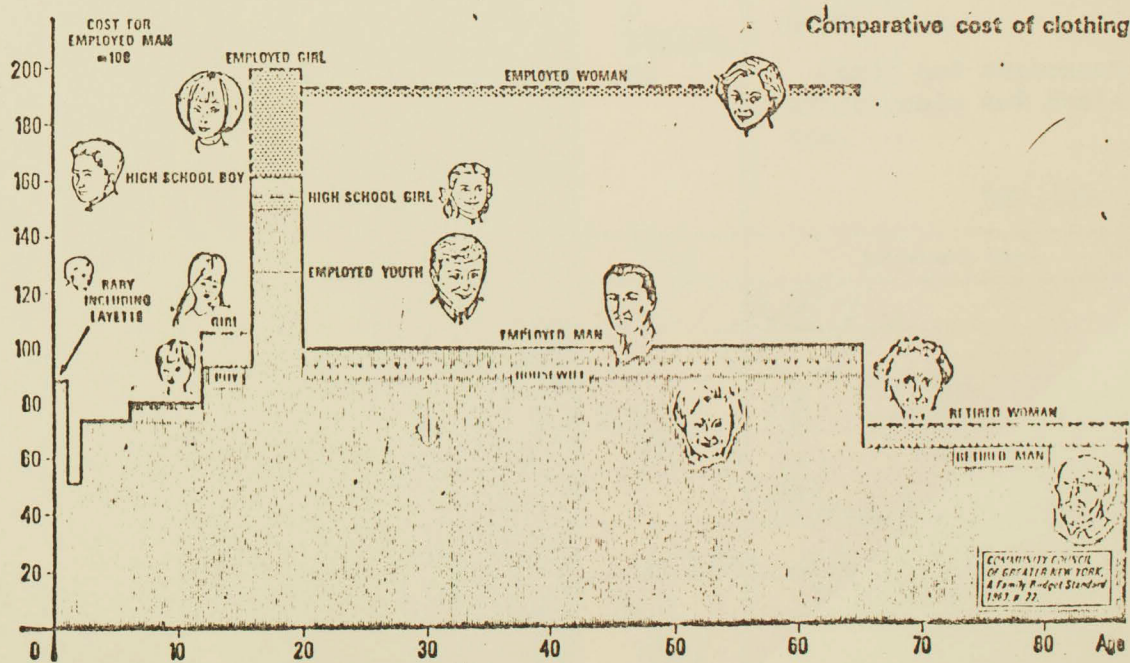
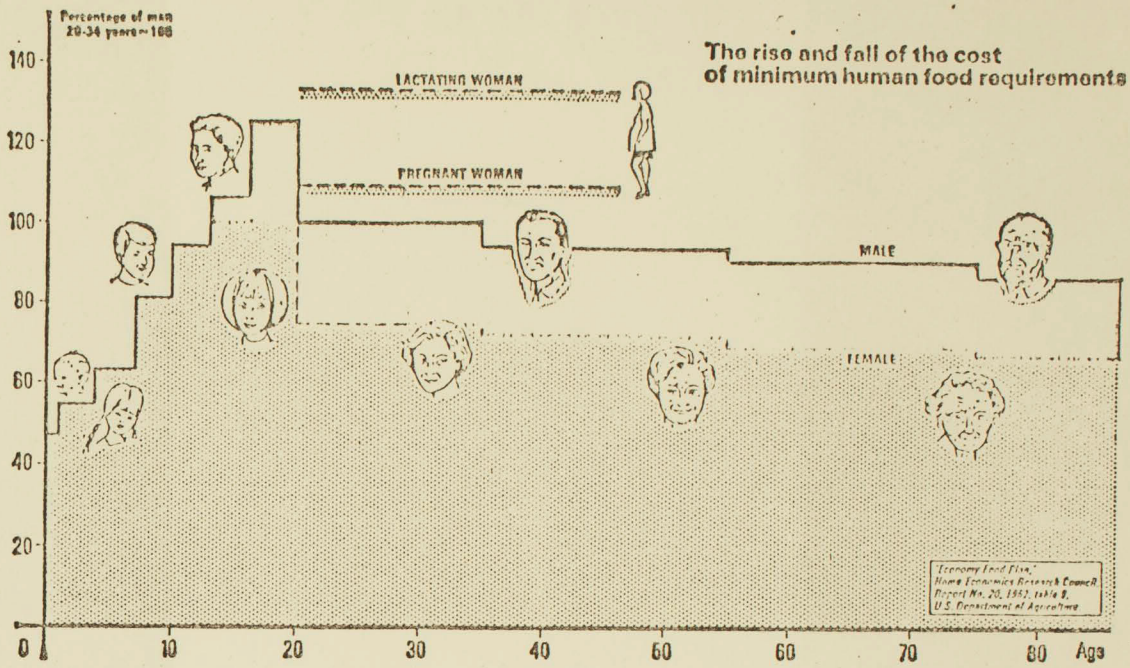




(Source: Wynn, Family Policy)

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Appendix 3:2



(source: Wynn, Family Policy)

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