

1941.

NEW ZEALAND.

SOCIAL SECURITY DEPARTMENT.

REPORT FOR THE TWELVE MONTHS ENDED 31ST MARCH, 1941.

Presented to both Houses of the General Assembly pursuant to the Provisions of the Social Security Act, 1938.

This report deals with Part II of the Social Security Act only. Reports on the operation of Part III and Part IV of the Act will be submitted by the Health and Land and Income Tax Departments respectively.

REPORT.

To the Hon. the MINISTER OF SOCIAL SECURITY.

Sir,— Social Security Department, Wellington, 3rd July, 1941.

I have the honour to submit for the information of Parliament the second annual report of the Social Security Department for the period 1st April, 1940, to 31st March, 1941.

NEW LEGISLATION.

During the year the undermentioned legislation affecting Social Security benefits was passed:—

- (a) Social Security Amendment Act, 1940.
- (b) Finance Act (No. 4), 1940, Part II.

The following is a brief summary of the effects of the new legislation:—

Family benefit of 4s. a week is now payable for each child after the first child of any family, instead of after the second child as formerly.

The Social Security Commission may now complete an investigation of a benefit application after the death of the applicant, and in its discretion may grant any amount accrued to the date of death for the benefit of the widow and children.

Compassionate grants made by the Government or any employer on account of the death of the husband of an applicant may now be included in the income exemption of £500 allowed under section 10 (g) of the Social Security Act, 1938.

The income of a widowed mother receiving an allotment of more than 2s. a day from one son in the armed forces is calculated at 2s. a day only. Where allotments are received from two or more sons the income is deemed to be 2s. a day or the aggregate of the allotments diminished by 2s. a day in respect of each son, whichever amount is the greater.

BENEFITS.**UNIVERSAL SUPERANNUATION.**

Superannuation benefits came into operation for the first time in New Zealand on the 1st April, 1940. This benefit is now paid to all citizens of the Dominion with the necessary residential qualifications who are sixty-five years of age and over, irrespective of their financial position. For the financial year ended 31st March, 1941, the rate of benefit was £10 per annum, and this rate will be increased by £2 10s. each year until 1968, when the full superannuation benefit of £78 per annum will be in operation. The rate for the year commencing 1st April, 1941, will therefore be £12 10s. per annum. From 1st April, 1940, to 31st March, 1941, a total of 40,724 claims was received. Of these, 38,938 were granted benefits, while 1,316 applications were rejected. The number in force as at 31st March, 1941, was 36,602, with an annual value of £366,020. The expenditure for the year amounted to £240,336.

AGE-BENEFITS.

At the end of the first year's operations of the Social Security Act—*i.e.*, 31st March, 1940—the number of age-benefits in force was 93,262, with an annual value of £6,859,420. By the 31st March, 1941, the number of benefits in force had increased by 4,344 to 97,606, with an annual value of £7,127,821. The total payments made for the financial year 1940-41 were £7,101,346, as against £6,517,899 for the previous year, an increase of £583,447.

WIDOWS' BENEFITS.

At 31st March, 1940, there were 10,174 widows' benefits in force with an annual value of £830,623. During the year the number of benefits increased by 395 to 10,569, with an annual value of £843,516. The total payments made for the financial year 1940-41 were £836,368, as against £785,952 for the preceding year, an increase of £50,416.

ORPHANS' BENEFITS.

At 31st March, 1940, the number of orphans' benefits in force was 330, with an annual value of £16,743. At the end of the present financial year the number had increased by 20 to 350, with an annual value of £17,888. The total payments made for the financial year 1940-41 were £17,713, as against £14,880 for the preceding year, an increase of £2,833.

FAMILY BENEFITS.

During the year the Social Security Act, 1938, was widened in its scope by extending family benefits to cover each child after the first child of a family, and this wider coverage has resulted in a considerable increase in the number of benefits in force.

As at 31st March, 1940, there were 11,053 family benefits in force, with an annual value of £314,458. During the year an increase of 5,573 benefits occurred, and the figures at the 31st March, 1941, were 16,626 benefits in force, with an annual value of £485,337. The total payments made during the year amounted to £411,811, as against £252,562 for the preceding year, an increase of £159,249.

INVALIDS' BENEFITS.

At the end of March, 1940, there were 11,811 invalids' benefits in force, with an annual value of £1,005,116. This number had increased as at 31st March, 1941, by 125 to a total of 11,936, with an annual value of £998,792.

The total payments made during the year amounted to £999,648, as against £942,196 for the preceding year, an increase of £57,452.

Where any application for benefit or renewal of benefit is rejected on medical grounds there is a right of appeal against the decision of the Social Security Commission to an Appeal Board of three medical practitioners.

There were 31 appeals outstanding at the end of March, 1940, and during the past year a further 296 appeals were received. Of these, 285 cases were dealt with, of which 118, or 41 per cent., were upheld, a further 152 cases were dismissed, and 15 were either withdrawn or struck out. The appeals outstanding as at 31st March, 1941, numbered 42.

MINERS' BENEFITS.

This class of benefit has shown a decrease of 57 during the year. At the end of March, 1940, there were 988 benefits in force, with an annual value of £90,179. As at 31st March, 1941, there were 931 current benefits, with an annual value of £85,394.

The total payments made during the year amounted to £88,656, as against £92,653 for the preceding year, a decrease of £3,997.

MAORI WAR BENEFITS.

Maori War benefits are steadily decreasing as death removes one by one these veterans of the Maori Wars. The number in force at 31st March, 1940, has decreased during the year from 12 to 7, five deaths being recorded.

The annual value as at 31st March, 1941, was £546, as against £936 at the end of March, 1940. The total payments during the year amounted to £744, as against £1,103 for the preceding year, a decrease of £359.

UNEMPLOYMENT BENEFITS.

The following figures show the number of applications for unemployment benefits received during the year ended 31st March, 1941, and the manner in which they were disposed of:—

	Males.	Females.	Total.
Persons granted benefit	21,720	1,191	22,911
Number of applications declined	10,199	1,010	11,209
Number of persons whose applications were declined, but who were granted emergency benefits on the grounds of hardship	557	958	1,515
Total applications	32,476	3,159	35,635

As at 31st March, 1941, there were 1,735 males and 171 females in receipt of unemployment benefits, a decrease of 2,008 males and 139 females over the figures as at 31st March, 1940.

STATEMENT SHOWING FOR THE YEAR ENDED 31ST MARCH, 1941, DURATION OF UNEMPLOYMENT FOR MALES AND FEMALES ACCORDING TO AGE-GROUPS.

Period of Unemployment.	Years 16 to 19.		Years 20 to 29.		Years 30 to 39.		Years 40 to 49.		Years 50 to 59.		Years 60 and over.		Totals		Grand Total.
	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.	M.	F.	
Less than 4 weeks ..	297	163	2,656	164	2,790	35	1,953	26	1,927	20	251	..	9,784	408	10,192
4 weeks but less than 13 weeks	229	246	2,264	222	2,274	57	1,960	55	1,991	52	406	5	9,124	637	9,761
13 weeks but less than 26 weeks	53	88	472	84	495	13	511	27	767	30	171	4	2,499	276	2,775
26 weeks to 52 weeks (inclusive)	17	23	256	40	289	32	316	19	928	30	111	3	1,950	147	2,097
Totals ..	506	520	5,648	510	5,848	167	4,899	127	5,613	132	942	12	23,357	1,468	24,825

The above schedule discloses that nearly 42 per cent. of male beneficiaries had periods of unemployment of less than four weeks, while 39 per cent. were unemployed for periods varying from four to thirteen weeks.

The largest group of female beneficiaries is covered by the 4-13 weeks group, being 43·4 per cent. of females who received benefit.

In the age-grouping the largest number of persons is found in the group 30-39 years (inclusive) as regards males, while the largest group for females is 16-19 years (inclusive).

Outside the four main centres this Department undertakes the activities of the State Placement Service, and as a condition precedent to the receipt of unemployment benefit it is obligatory on all applicants to register at and keep in touch with the State Placement Service so that the incentive to obtain employment is maintained and unemployment benefit is not continued for longer periods than are necessary.

The total expenditure for the year amounted to £299,161, as against £134,197 for the preceding year, a decrease of £135,336.

SICKNESS BENEFITS.

The following figures show the number of applications for sickness benefits received during the year ended 31st March, 1941, and how they were disposed of—

	Males.	Females.	Totals.
Persons granted benefit	17,189	6,236	23,425
Number of applications declined	1,997	958	2,955
Number of persons whose applications were declined, but who were granted emergency benefits on the grounds of hardship	186	309	495
Total applications	19,372	7,503	26,875

As at 31st March, 1941, there were 2,477 males and 975 females in receipt of sickness benefit, an increase of 560 males and 327 females over the figure at the end of March, 1940.

The following figures illustrate the sickness experience during the year:—

Period of Incapacity (Weeks).	Cases of Sickness.		Period of Incapacity (Weeks).	Cases of Sickness.	
	Males.	Females.		Males.	Females.
SICKNESS EXPERIENCE.					
One	594	216	Thirty	73	33
Two	2,128	633	Thirty-one	77	31
Three	2,165	736	Thirty-two	62	34
Four	2,215	818	Thirty-three	73	33
Five	1,545	528	Thirty-four	43	17
Six	1,419	480	Thirty-five	50	14
Seven	1,146	425	Thirty-six	41	14
Eight	1,085	352	Thirty-seven	39	17
Nine	731	280	Thirty-eight	30	13
Ten	648	249	Thirty-nine	26	14
Eleven	563	207	Forty	22	18
Twelve	502	155	Forty-one	30	14
Thirteen	441	146	Forty-two	33	4
Fourteen	300	112	Forty-three	28	11
Fifteen	282	112	Forty-four	19	7
Sixteen	266	80	Forty-five	14	11
Seventeen	245	65	Forty-six	17	4
Eighteen	213	60	Forty-seven	14	5
Nineteen	172	61	Forty-eight	26	4
Twenty	169	59	Forty-nine	13	7
Twenty-one	120	66	Fifty	15	4
Twenty-two	168	62	Fifty-one	17	5
Twenty-three	135	50	Fifty-two	175	101
Twenty-four	101	49	Totals	18,749	6,632
Twenty-five	95	50	Grand total	25,381	
Twenty-six	104	31	Average duration of sick-	9½ weeks.	9½ weeks.
Twenty-seven	93	36	ness*		
Twenty-eight	95	30			
Twenty-nine	72	18			

* Includes the qualifying-period of one week for which in most cases no benefit was paid.

The sickness beneficiaries who have been in receipt of benefit during the whole year represent sick persons with continuing incapacity but insufficiently so to warrant the granting of invalids' benefits.

The total expenditure on sickness benefits during the year amounted to £279,581, as against £208,790 for the preceding year, an increase of £70,791.

EMERGENCY BENEFITS.

Under the provisions of section 58 of the Social Security Act, 1938, the Social Security Commission has a discretionary power to grant special benefits on account of hardship to any person who by reason of age, or of physical or mental disability or for any other reason, is unable to earn a sufficient livelihood for himself and dependants, provided the applicant is not entitled to receive any other benefit under the Act.

The Commission takes full advantage of this provision of the law, and many cases of genuine hardship have in consequence been relieved.

During the year 2,266 emergency benefits were granted. The total expenditure on emergency benefits during the year was £130,096, as against £86,711 for the preceding year, an increase of £43,385.

FINANCE.

STATEMENT SHOWING THE RECEIPTS AND PAYMENTS OF THE SOCIAL SECURITY FUND FOR THE YEAR ENDED 31ST MARCH, 1941.

<i>Receipts.</i>		<i>Payments.</i>	
	£	£	£
Balance	523,901	Monetary benefits—	
Social security registration fees	604,179	Universal superannuation	240,336
Social security charge on wages and other income	10,109,577	Age	7,401,346
Penalties, fines, interest, and miscellaneous	54,067	Widows	836,368
Grants from Consolidated Fund: Vote, "Social Security" (Social Security Act, 1938, section 105 (c))	3,200,000	Orphans	17,713
	10,767,823	Family	411,811
		Invalids	999,648
		Miners	88,656
		Maori War	744
		Unemployment	299,161
		Sickness	279,581
		Emergency	130,096
			10,405,460
		Hospital benefits, &c.	
		Maternity benefits	518,997
		Hospital benefits	1,257,688
			1,776,685
		Administration expenses—	
		Land and Income Tax Department	120,000
		Health Department	15,634
		Social Security Department (including £12,497 for capital expenditure)	306,505
			442,139
		Balance	12,624,284
			1,867,440
	£14,491,724		£14,491,724

WAR PENSIONS.

One of the functions of the Social Security Department is the carrying-out of the decisions of the War Pensions Board made under the provisions of the War Pensions Act, 1915, and amendments, and the War Veterans' Allowances Act, 1935. The Director of the Department holds the appointment of Secretary for War Pensions and directs the administration of the War Pensions legislation.

LEGISLATION.

With the outbreak of the present war and the decision of the Dominion to range herself alongside the Mother-country, it was obvious that in the very near future Parliament would be required to extend the existing war-pensions legislation to cover members of the fighting services engaged in the present conflict, and their dependants, together with the members of other organizations charged with the defence of New Zealand.

Accordingly the following legislation was passed by Parliament during the year :—

- (a) War Pensions Extension Act, 1940 :
- (b) War Pensions and Allowances (Mercantile Marine) Act, 1940 :
- (c) Finance Act (No. 4), 1940 :
- (d) War Pensions Amendment Act, 1940.

The War Pensions Extension Act, 1940, was passed on 1st August, 1940, and makes provision for pensions, at the same rates as those payable in respect of death or disablement resulting from the Great War, 1914–1918, to be paid in respect of service either in or outside New Zealand in connection with the present war.

The Act is designed to cover members of the New Zealand Army, the New Zealand Naval Forces, the Royal New Zealand Air Force, and the New Zealand Army Nursing Service. Territorials and members of the permanent forces are also included.

Under the provisions of section 18 of the Finance Act (No. 4), 1940, pensions may be granted under Part III of the War Pensions Extension Act, 1940, to persons permanently resident in New Zealand, in respect of death or disablement suffered by members of any New Zealand Contingent who served in South Africa in connection with the South African War, if the War Pensions Board is satisfied that death or disablement is attributable to or aggravated by such service.

The War Pensions and Allowances (Mercantile Marine) Act, 1940, became law on 11th October, 1940. The Act, for the first time in New Zealand, makes provision for the payment of pensions and allowances to members of the New Zealand mercantile marine and their dependants, in respect of death, disablement, or detention suffered as a result of the present war.

With the formation of the Home Guard and the various organizations under the Emergency Precautions Scheme the question of compensation for death or injury arising from training or the carrying-out of the duties required to be undertaken, received the careful consideration of the Government. On 6th December, 1940, legislation was embodied in the Finance Act (No. 4), 1940, making provision for pensions to members of the Emergency Reserve Corps established under the Emergency Reserve Corps Regulations, 1940, and their dependants.

All pensions or allowances provided for under the legislation quoted above are granted by the War Pensions Board established under the provisions of the War Pensions Act, 1915.

The following is a brief summary of the principal amendment made in respect of the War Pensions Act, 1915, and War Veterans' Allowances Act, 1935, during the year :— War pension and war veterans' allowance may now be granted to or on account of the wife and children of an ex-member of the forces irrespective of the date of marriage. Children adopted on or before the 31st day of May, 1940, may also be pensioned.

SUMMARY OF WAR PENSION PAYMENTS.
(War Pensions Act, 1915.)

	Payments made in						Total.
	London.	Australia.	Canada.	South Africa.	Foreign Countries.	New Zealand.	
	£	£	£	£	£	£	£
Total payments to 31st March, 1940	1,269,477	805,609	47,433	9,355	13,219	29,052,973	31,198,066
Payments in 1940-41	35,437	44,067	..	345	867	*1,582,739	*1,663,455
Total payments to 31st March, 1941	1,304,914	849,676	47,433	9,700	14,086	*30,635,712	*32,861,521

* Includes £14,376 paid out in respect of pensions under the War Pensions Extension Act, 1940, in connection with the present war and £3 paid under the Finance Act (No. 4), 1940, to a member of the Emergency Reserve Corps.

The amount paid for the year ended 31st March, 1941, shows a decrease over the preceding year of £10,275.

SUMMARY OF ANNUAL LIABILITY AT 31ST MARCH, 1941.
(War Pensions Act, 1915.)

Class of Pension.	Number of Pensioners.	Number of Children.	Annual Value.	Average Pension.
Soldiers-			£	£
Permanent	12,235	22	811,108	66
Temporary	3,543	9	276,271	78
Dependants of disabled soldiers	3,098	4,275	251,135	81
Widows				
Without children	1,572	..	156,379	99
With children	360	655	59,884	166
Other dependants of deceased soldiers				
Parents	2,514	..	93,264	37
Other adult dependants	65	..	2,295	35
Guardians of children	71	112	3,198	15
Totals, &c.	23,458	5,073	1,653,534	70

WAR PENSIONS PAYABLE OUTSIDE NEW ZEALAND AT 31ST MARCH, 1941.

Soldiers-		
Permanent		835
Temporary		94
Wives and parents of soldiers: Temporary		116
Dependants-		
Widows		206
Other dependants		363
Annual liability		£99,182

ECONOMIC PENSIONS PAYABLE AT 31ST MARCH, 1941.
(War Pensions Act, 1915.)

Class.	Number.	Annual Value.	Average Annual Grant.
		£	£
Soldiers with permanent pensions	2,689	199,873	74
Soldiers with temporary pensions	1,231	92,417	75
Widows with children	137	4,264	31
Widows without children	563	21,852	39
Widowed mothers	103	4,761	46
Totals	4,723	323,167	68

PRESENT WAR PENSIONS.

(War Pensions Extension Act, 1940.)

Applications received for the year ended 31st March, 1941: Soldiers, 979; dependants, 231; total, 1,210.

Number of pensions granted: Soldiers, 488; dependants, 130; total, 618.

Number of pensions in force and annual value as at 31st March, 1941:—

		£
Soldiers	433	49,984
Dependants	118	11,660
	551	£61,644

The number of children pensioned as at 31st March, 1941, was 146.

Total payments made to 31st March, 1941, £14,376.

WAR PENSIONS AND ALLOWANCES (MERCANTILE MARINE) ACT, 1940.

Applications received for the year ended 31st March, 1941: Members, 30; dependants, 30; total, 60.

Number of applications granted: Members, 29; dependants, 22; total, 51.

Number of pensions in force as at 31st March, 1941, 9.

Annual value as at 31st March, 1941, £1,128.

Total payments made to 31st March, 1941, £915.

EMERGENCY RESERVE CORPS PENSIONS.

(Finance Act (No. 4), 1940.)

Applications received for the year ended 31st March, 1941	..	..	5
Number of pensions granted	..	..	2
Number of pensions in force as at 31st March, 1941	..	..	1
Annual value as at 31st March, 1941	..	..	£104
Total payments made to 31st March, 1941	..	..	£3

WAR PENSION APPEALS.

WAR PENSIONS ACT, 1915.

Appeals outstanding on 31st March, 1940	..	..	..	63
Appeals lodged during 1940-41	..	..	..	247
				310
Appeals dismissed during 1940-41	..	..	..	121
Appeals upheld during 1940-41	..	..	..	109
Appeals withdrawn and struck out, 1940-41	..	..	..	22
				255
Appeals outstanding on 31st March, 1941	..	..	..	55

Percentage upheld, 42·7.

The total number of appeals dealt with to the 31st March, 1941, was 10,726, the percentage upheld being 48·3.

Of the 255 cases dealt with during the past year, 175 were heard at Auckland, 46·3 per cent. being upheld; 35 at Wellington, 28·6 per cent. being upheld; 31 at Christchurch, 35·5 per cent. being upheld; and 14 at Dunedin, 50 per cent. being upheld.

WAR PENSIONS EXTENSION ACT, 1940.

Appeals outstanding on 31st March, 1940	..	..	..	..
Appeals lodged during 1940-41	..	..	..	41
				41
Appeals dismissed during 1940-41	..	..	..	8
Appeals upheld during 1940-41	..	..	..	10
Appeals withdrawn and struck out, 1940-41	..	..	..	2
				20
Appeals outstanding on 31st March, 1941	..	..	..	21

Percentage upheld, 50.

Of the 20 cases dealt with during the past year, 11 were heard at Auckland, 7 being upheld; 7 at Wellington, 1 being upheld; and 2 at Christchurch, both of which were upheld.

MISCELLANEOUS.

Medical treatment of war pensioners during 1940-41 cost £23,989.

Railway concessions to war pensioners on maximum permanent disablement pension and those with locomotor disabilities on permanent pension in excess of 50 per cent. cost £1,000 during the year.

The loading paid on life-insurance policies of war pensioners due to war-service disability amounted to £169 for the year.

Temporary war pensions to soldiers decreased by 450 and permanent pensions to soldiers increased by 338 during the year.

The 525 deaths among war pensioners are made up as follows: Soldiers, 247; widows of soldiers, 23; other dependants, 255.

WAR VETERANS' ALLOWANCES.

Since the passing of the War Veterans' Allowances Act in October, 1935, 3,953 cases have been granted, of which 2,033, with an annual value of £209,445, were in force as at 31st March, 1941. These comprised 857 single veterans, 1,121 married veterans, 54 widows, and 1 grant on account of an orphaned child.

The total dependent children in receipt of allowances as at 31st March, 1941, numbered 1,563.

WAR VETERANS' ALLOWANCES APPEALS.

Appeals outstanding on 31st March, 1940	..	..	..	..	3
Appeals lodged during 1940-41	..	..	..	..	13
					16
Appeals dismissed during 1940-41	..	..	..	..	4
Appeals upheld during 1940-41	..	..	..	..	10
Appeals withdrawn and struck out, 1940-41	..	..	..	..	1
					15
Appeals outstanding on 31st March, 1941	..	..	..	..	1

Percentage upheld, 66·6.

BENEFITS AND PENSIONS IN FORCE.

ANNUAL VALUE AND TOTAL PAYMENTS.

Class of Benefit or Pension.	As at 31st March, 1940.			As at 31st March, 1941.		
	Number in Force.	Annual Value.	Total Payments, 1939-40.	Number in Force.	Annual Value.	Total Payments, 1940-41.
		£	£		£	£
Universal superannuation .. .. .	..	..	..	36,602	366,020	240,336
Age	93,262	6,859,420	6,517,899	97,606	7,127,821	7,101,346
Widows	10,174	830,623	785,952	10,569	843,516	836,368
Orphans	330	16,743	11,880	350	17,888	17,713
Family	11,053	314,458	252,562	16,626	485,337	411,811
Invalids	11,811	1,005,116	942,196	11,936	998,792	999,648
Miners	988	90,179	92,653	931	85,394	88,656
Maori War	12	936	1,103	7	546	744
Unemployment	4,053	..	434,497	1,906	..	299,161
Sickness	2,565	..	208,790	3,452	..	279,581
Emergency	1,043	..	86,711	2,034	..	130,096
War (War Pensions Act, 1915)	23,874	1,676,937	1,673,730	23,458	1,653,534	1,649,076
War (War Pensions Extension Act, 1940) .. .. .	..	..	..	551	61,644	14,376
War veterans' allowances	2,079	212,500	203,439	2,033	209,445	211,325
Boer War	50	1,876	1,993	47	1,777	1,858
Mercantile marine pensions .. .. .	..	..	..	9	1,128	916
Emergency Reserve Corps .. .. .	..	..	..	1	104	3
Sundry pensions and annuities	138	13,207	12,106	83	9,832	10,152
Civil Service Act, 1908	8	2,970	3,130	6	2,337	2,647
War and other pensions paid on behalf of the Governments of Great Britain, Australia, India, Canada, South Africa, and Crown colonies	2,717	169,217	262,561	2,721	175,900	214,795
Totals	164,157	11,194,182	11,494,202	210,928	12,041,015	12,510,608

COST OF ADMINISTRATION.

In addition to £12,510,608 paid by way of benefits and pensions during the year the sum of £28,729 was expended for medical treatment, rail concessions, &c., for war pensioners. Excluding expenditure of £12,497 on capital items, the administration costs for the year amounted to £294,008 after making allowance for £3,542 received from other Governments for services in connection with the payment of their pensions in this Dominion. An additional amount of £34,219 was also provided towards the cost of payment of war pensions and allowances. The total cost of administering payments of £12,539,337 during the year was £331,769, or 2.65 per cent.

GENERAL.

The coming into operation of superannuation benefits on the 1st April, 1940, with the resultant influx of a very large number of applications, again taxed to the full the Department's machinery and organization.

Another factor which occasioned some anxiety in the maintenance of smooth departmental running was the entry into the armed forces of so many experienced members of the staff, the number of officers absent on war service at 31st March, 1941, being 197.

In spite of these difficulties, and with the whole-hearted and loyal co-operation of the staff, the Department was able to function smoothly, thus enabling all applications received to be expeditiously dealt with.

In submitting this report I would again like to express my appreciation of the staff's efficient and uncomplaining loyalty in carrying a difficult year's work to a successful conclusion.

J. H. BOYES, Chairman,
Social Security Commission.

Approximate Cost of Paper. Preparation, not given; printing (665 copies), £14.

By Authority: E. V. PAUL, Government Printer, Wellington.—1941.

Price 6d.]