

Speech at Launch of Child Poverty Action Group research paper
"Workfare: Not fair for kids?" by Mike O'Brien
Global Peace and Justice Auckland
1 August 2005

Laila Harre

Thank you for the opportunity to join the Child Poverty Action Group at this Global Peace and Justice Auckland Forum for the public launch of Mike O'Brien's new research paper, "Workfare: Not fair for kids?"

Mike's paper is the first in a series of research documents being published by CPAG in its efforts to build a body of NZ literature on the experience of New Zealand children living in poverty. The next paper, Donna Wynd's analysis of Foodbank use, is to be launched on August 15.

Mike will be presenting his findings in a moment. I hope only to make some brief remarks on the context in which this important research is being released.

With the General Election 7 weeks away this research matters. It doesn't just matter to the choice to be made between Helen Clark and Don Brash – although it certainly matters to that. It also matters to the choice that left leaning voters need to make between parties of the left.

Mike's paper discredits, through the research, any notion that compulsory work for a benefit and accompanying sanctions in the form of benefit cuts for non-performance will improve the lives of beneficiaries or their children. Not only do adults and children suffer directly if they don't meet the requirements, but most importantly they suffer if they do meet them. Without a substantial increase in income, families continue to hover around the poverty threshold.

The costs can also be far more than financial to family security or the development of children – the cost to a teenager of spending her holidays and homework time caring for younger children, the cost to younger children in the reduced time for parental care, the cost of inadequate supervision of teenagers, the cost to parents – especially sole parents – of managing multiple roles as parents, students and workers.

This is not a rallying cry against paid work for mothers, or for sole parents. It is rallying cry in favour of well paid work chosen by parents because it meets their family income needs and their own desire to develop and use their skills in the paid workforce; and against compulsion for the poor to take low paid and insecure jobs that impose pressures on their children and their work as parents.

Do the poor need to be punished into getting rich? No, says the evidence. Poor parents provided with decent work opportunities and the social support needed for their kids do not say "no" to it. Does workfare promise decent work and essential support? Not according to this work.

And of course National's policy programme, bolstered by NZ First and United, is not a randomly selected set of right wing wishes, but a comprehensive and as extreme-as-ever new right programme.

Let's have a look at that programme:

- Tax cuts which will by definition increase income inequality in a country that has held the record for growth in inequality for many of the last 20 years

- Replacing 20 hours of free childcare with tax credits – a policy which gives most to those who need it the least and will remove the children of beneficiaries and the low paid this improved right to a free early childhood education
- Silence on the minimum wage with the last National-NZ First Government holding it at \$7 for three years and Brash on record as a consistent opponent of any minimum wage

And then there is the promised Employment Contracts Act Mark 2. Just as the 1991 benefit cuts and the 6 month stand down for those who left their jobs needed a twin brother – the ECA – so does this version of the new right programme.

Just as unions are beginning to use the Employment Relations Act organising and bargaining rights to unionise and lift the demands of the low paid, National is promising to come down on them, with anti-union legislation and workfare to make the most of it.

What are they promising?

- To abolish the right of unions to visit workplaces and recruit the non-unionised
- To give employers the right to refuse to engage in collective bargaining with unions
- To remove any right for workers to challenge a dismissal in their first three months of employment

The combined effect when added to workfare? A charter for exploitation of the most vulnerable and a challenge to every decent employer to join their competitors in a race to the bottom. This at a time when research on NZ's hopeless productivity performance in the ECA years has been attributed to the incentive it gave business to exploit the vulnerable, rather than to invest in real productivity growth.

The threat from National can not be overstated. But as I said earlier, while the choice between Labour and National as the main party in Government after this election is stark, it should not prevent us from thinking carefully before we vote about the kind of Labour-led Government we might elect.

While Mike O'Brien's research is focused on the punitive version of workfare – that is the use of benefit sanctions to force people of benefits into low paid and insecure work, we have to ask how different the In Work Payment at the heart of the Working for Families package is. That \$60 payment will only be available to the children whose parents are in paid work – in effect sanctioning those who aren't. While the new package will cut overall child poverty rates, it will leave the poorest as poor as they are now. Those closest to the poverty line will do best – those well beneath it will see little or no benefit from the package, and will suffer collectively the \$91 million cut to the special benefit.

What is worse is that when the inevitable downturn comes, and inevitably causes job losses among the low paid and insecurely employed, families will lose twice. They will lose their paid work, and they will lose their in work payment.

CPAG's legal challenge to this discrimination is of vital importance. So too will be the shape of the next Government which can either ignore a ruling from the Human Rights Tribunal that the law breaches the Human Rights Act, or it can change the law to protect the poor.

The importance of the smaller party partnering Labour in Government should not be discounted. The Alliance played a critical role in preventing Labour from backing off its pledge to abolish work testing for DPB recipients in 1999 by absolutely refusing to back any requirement for beneficiary plans to include paid work. The Alliance prevented Labour from increasing the penalty on women on the DPB who did not name their children's father. The Alliance insisted that ending child poverty was included as a goal of the Children's Strategy. We were less successful on the repeal of section 59, a fight now being courageously led by Sue Bradford and the Greens.

Clearly neither United nor NZ First will be championing the rights of the poorest children. United's income splitting policy would result in a massive transfer of government funding to the very richest families, as well as reintroduce a higher

secondary tax rate on a second earner, usually a woman, entering the paid workforce. NZ First will drive for workfare as strongly as they did in their last go at government.

So in preparing to vote we must not only recognise the importance of who leads the Government, but also who they work with. This is a chance to support those who are prepared to directly confront the prejudice that is prevalent against poor parents, with its damaging effect on their children's lives. We must not just oppose the right, but use research like this, and our own activism and participation, including through voting, to strengthen the case for social justice.

Our children have a right to demand that of us.