



## The parallel universe of the Welfare Working Group

*Donna Wynd & Associate Professor Susan St John – Child Poverty Action Group (2011)*

### Summary:

The Welfare Working Group's final report, *Reducing Long Term Benefit Dependency*, 2011, is arguably one of the most unenlightened pieces of work ever to emerge from a government-funded taskforce. Most submissions were ignored, revealing that much of the consultation process was simply a public relations exercise.

---

The report uses the term 'paid work' 242 times but 'unpaid work' does not appear once. Thus caregiving of young children by their parents is invisible and unvalued. Parents are either paid workers or 'jobseekers', but not nurturers caring for the next generation of New Zealanders.

The Welfare Working Group (WWG) proposes a range of reforms to sort out feckless sole parents. To illustrate how these would operate they use the example of 'Nikki' who has two children, aged three and six, works part-time at night and has just separated from her partner. Under the current rules Nikki would receive the Domestic Purposes Benefit and not be expected to work until the youngest child is aged 6.

Instead, under the WWG proposals she would become a 'jobseeker', but a benefit would be unnecessary because her 'co-ordinator' (a private sector case worker paid to move people off benefits) will arrange 'free' childcare at the local kindergarten, an accommodation supplement, and help her claim Working for Families from Inland Revenue and Child Support from her ex-partner. As if by magic, Nikki "continues working, and also looking after her children".

This facile case study obscures the bothersome reality that Nikki actually faces. In CPAG's experience the story is more likely to go something like this:

Nikki and her partner find themselves under increasing stress from financial difficulties. Her partner works long hours at low pay and to help the family finances Nikki works 10 hours per week at night at the local supermarket. When Nikki's partner moves out, the children are distraught and develop behavioural problems. Upon being notified of the

separation the IRD cuts off her In Work Tax Credit (IWTC) and bills her for overpayments because she does not work 20 hours per week.

Eventually, Nikki's meagre savings run out and she is forced onto a benefit, and to seek cheaper accommodation in another part of town with few services. The local kindergarten is full but the day-care centre accepts the unsettled 3 year-old. While the 20 hours day care is supposed to be 'free', in fact it costs \$150 a week, money that she does not have.

Meanwhile, in the WWG parallel universe Nikki is a 'jobseeker'. To help meet the WWG's specified outputs, Nikki must come off the DPB and work a minimum of 20 paid hours.

Suppose that Nikki is fortunate enough to find 20 hours work during day-care hours. At the minimum wage, 20 hours nets her \$223 a week. From this she still has to pay for day care. Added to the twenty hours is commuting time and travel to drop off and collect the children. She also has to run the home, cook meals, help with homework, and remain sufficiently emotionally stable to be a good parent on her own.

Obviously 20 hours does not give her enough money to live on. "No problem", says the co-ordinator, who organises a top up to \$408 per week under the Minimum Family Tax Credit from the IRD. Along with the IWTC of \$60 each week plus the Family Tax Credit she is better off than on a benefit, but only because the government is giving her a huge wage subsidy through the tax system.

For a few weeks Nikki manages to work the required number of hours. Then the day-care rings: the 3 year old is has measles and she has to look after him for 10 days at home. Then the 6 year-old breaks her arm at school. And then, Nikki finds she has no-one to look after the child in the school holidays. Her own health suffers, and while her employer tries to be understanding she loses her job, the rent falls behind, and her debts start to mount up. Nikki has to claw her way back onto a jobseekers benefit, something her 'co-ordinator' is reluctant to facilitate, despite the obvious desperation. The last straw is when her younger child is admitted to hospital with pneumonia, contributed to by the cold damp housing in which she lives.

Back on a benefit, a few hours a week might be the only paid work that Nikki can comfortably manage. Currently, earning \$100 per week would give her around \$82.50 extra net income.

Under the WWG proposals, extra earnings would be abated much more harshly so as to teach her that she should really be in full-time work. Nikki would now get just under \$40 per week for her efforts. The WGG would also like to put Nikki on long-term contraception as a condition of receiving a benefit, although they pay no regard to the freedom of her ex-partner to continue to have children as and when he chooses.

In the parallel universe of the WWG, all child care can and should be done by paid caregivers, while the mothers who are deemed solely responsible for producing them must be coerced into work, no matter how inappropriate. What example are we setting

for our children when grown adults allow such punitive policies for young mothers to be taken seriously?

Donna Wynd is a CPAG researcher, Susan St John is Associate Professor Economics, Auckland Business School

[www.cpag.org.nz](http://www.cpag.org.nz)