

Letter from Elsewhere: Closing the door to hope

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Column: Anne Else

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Closing the door to hope

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No wonder John Key could honestly say, announcing his party's welfare policy, that the widow's benefit "gave my mother enough security to keep us together and keep us focused on a time when things would improve. By having our most basic needs covered as a family, we were able to hold on to that most precious human emotion – hope."

Back in 1969, when Key's mother and her three children went onto the widow's benefit, they would have received about 65 percent of the average wage, plus the family benefit of \$3 a week for each child. Housing costs were much lower than they are now, especially if, like them, you lived in a state house. Basic foods were subsidised. Electricity costs were among the cheapest in the world.

So John Key's family was poor, but not desperately so. Sole parent benefits stayed at 65 percent or more of the average wage until National slashed them in the early 1990s. They've never got anywhere near that level since.

If Mrs Key had been able to do some paid work as well, she would have been allowed to keep her earnings. By earning the maximum allowed, a widow or deserted sole mother with one child could receive more income than a general labourer. The standard exemption for other income was then worth around 60% of the one-child benefit rate. But by 1985 it had sunk to 15%, and has barely recovered since.

If you've got children, trying to exist on a benefit today is a very different experience. The median income for all sole parent households in 2007 was \$15,700 – just \$300 more than in 1984 (in comparable 2007 dollars).

As John Key will know if he's read the Ministry of Social Development's report, [*Pockets of Significant Hardship*](#) (Ministry of Social Development, 2008), many live on less than this. Where housing costs are highest – in Auckland, say – what's left of the DPB after paying for housing comes to just 30-33 percent of the median equivalised household

income (which is now well below the average income). In cheaper areas – such as the South Island – it goes up to 35 percent.

MSD describes this level of income as “very stringent...with nothing in reserve”. Basic needs like health care just can’t be met. Not much room for hope there.

Even where parents on the DPB do have some paid work, they’re still likely to be living on just 45-48 percent of median equivalised household income. You lose over half of every dollar you earn over \$80. That’s less than seven hours’ work at minimum wage. Raising the \$80 to \$100, as National proposes, is better than nothing – but if it had gone up in line with inflation, it would be at least \$130 by now.

Earn over \$180 and you’ll get to keep less than 10 cents of each extra dollar. National isn’t going to raise that. Conveniently, it’s exactly what you earn by working 15 hours at the minimum wage.

The pat answer is all over the talkbacks and the blogs. If people don’t like being so poor, they should get off their backsides and work for their living “like the rest of us”. Or at any rate, work harder than they’re doing now. In other words, as Labour and National both agree, “work is the way out of poverty”.

For those sole parents who can manage the 20 hours a week required by Working for Families, it may be. But it takes a set of government subsidies that come pretty close to a benefit to “make work pay” for them. And if they lose one hour of those 20, they’re back in the bin.

For many parents, even working full time is no guarantee of avoiding poverty. Nor is having a partner. A third of the 16% of children still living in poverty, using the measure the Labour government prefers,* have one parent working full time. And six out of every ten poor children live with two parents.

So it’s very hard to understand why National is so set on driving more sole parents, along with some invalids and sickness beneficiaries, into a few more hours’ paid work when their youngest turns six, and cutting their already pathetically low benefits if they fail.

As the *Herald* has pointed out, jobs that conveniently provide 15 hours a week during school hours are never exactly thick on the ground. Nor is any sensible kind of training. Besides, National’s timing is no better than it was in the 1990s. Some economists expect 45,000 jobs to be lost over the next 18 months.

But widows will be exempt from the work/training requirement. It seems that like John Key’s mother, women who become sole parents because of death can be trusted to take on paid work when they’re ready, whereas women who become sole parents for any other reason can’t.

The policy also admits that many sole parents are caring for ill or disabled children (or adults – some DPB recipients get it to do that), because it says they will be exempt too. But despite the large sums they're saving the country, they'll all still be extremely poor, and National is not going to do anything at all about that.

No, wait a minute, it is. If these parents keep borrowing advances on their benefits for luxuries like school uniforms and appliance repairs, creating a debt which, as Key so accurately points out, they have no hope of repaying, they will get help. With budgeting.

So that's all right then. And when the dispossessed, angry kids come back to bite the complacent, righteous politicians and voters who refused to find out what kind of help they and their parents really needed, let alone provide it for them, they'll be thrown in jail and ignored all over again.

*60% of median equivalised constant value (1998) household income, after housing costs. Using relative – that is, current – income, 22% of children are living in poverty. For an explanation of the various poverty measures, see [*Household Incomes in New Zealand: trends and indicators of inequality and hardship 1982-2007*](#) (Ministry of Social Development, 2008).

Links:

Pockets of Significant Hardship
Ministry of Social Development, 2008
<http://www.msd.govt.nz/work-areas/social-research/families-whanau/pockets-of-significant-hardship.html>

Household Incomes in New Zealand: trends and indicators of inequality and hardship 1982-2007 Ministry of Social Development, 2008
<http://www.msd.govt.nz/work-areas/social-research/household-incomes.html>

Left Behind: How Social and Income Inequalities Damage New Zealand Children
Child Poverty Action Group, 2008
<http://www.cpag.org.nz/resources/articles/res1209380220.pdf>

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