

PRESENTATION BY MIKE O'BRIEN – BENEFITS AND BARRIERS

A BED FOR THE NIGHT

**I hear that in New York
At the corner of 26th and Broadway
A man stands every evening during the winter months
And gets beds for the homeless there
By appealing to passers-by**

**It won't change the work
It won't improve relations among men
It will not shorten the age of exploitation
But a few men have a bed for the night
For a night the wind is kept from them
The snow meant for them falls on the roadway**

Don't put down the book on reading this, man

**A few people have a bed for the night
For a night the wind is kept from them
The snow meant for them falls on the roadway
But it won't change the world
It won't improve the relations among men
It will not shorten the age of exploitation
(Bertolt Brecht, Poems 1913-1956)**

POVERTY IN PROSPERITY – WHO HAVE WE FORGOTTEN?

When this conference was first being planned the focus revolved around a strong sense that many, if not most, of those below the poverty line had been simply forgotten. It is this theme of being forgotten/ignored/neglected/deserted that I want to use as the focus for this paper and to suggest that the theme which currently provides the focus for South African development might serve for us too, namely A BETTER LIFE **FOR ALL**. So, then, who is forgotten? Equally importantly, have we forgotten what individuals need in order to be a citizen and/or to survive?

The focus of this paper is on the proposed core benefits and their messages and implications for "forgotten people". I want to begin with a brief outline of the core benefits, what we know in terms of what is proposed and the key issues surrounding their development and implementation. From there I want to focus on two key dimensions, namely, who is forgotten and then to conclude with some reflections about what this means in terms of a shape and directions as a society.

Before doing that I think a couple of comments about poverty and inequality are warranted. There is a good body of international and national evidence that there is a strong link between growing poverty and increases in inequality. Inequality in Aotearoa/New Zealand grew faster than almost all OECD countries in the late 1980s and 1990s and according to the latest Social Report continues to grow. Second, I am using poverty here in the commonly used contemporary sense of relative poverty, that is identifying and measuring poverty in Aotearoa New Zealand can only be done satisfactorily in the context of standards and expectations in this country – poverty means not having sufficient income to participate in the lives, opportunities and experiences generally regarded as acceptable and essential in the current New Zealand environment. The international literature increasingly uses 60% of the median figure as reflecting that cut off point. Let me turn then to the core benefits.

The Core Benefits

In brief, the proposal for core benefits moves the income support system from a series of benefit categories -- unemployment, sickness, invalids, and domestic purposes -- and replaces them by dividing beneficiaries into two streams, based on an assessment of their work status. The two streams are called, respectively, rapid return to full-time work and work development and preparation. The focus is to be

return to work for the majority with the latter stream focused on support while not in work and on active steps to facilitate work as soon as possible. In addition to the core benefit itself, there would be a series of add ons in relation to disability, childcare, housing etc. Those placed in the latter are described as having their work obligation "deferred". In other words, the obligation remains but is currently suspended because of health or childcare issues and responsibilities. The work development stream would be expected to be engaged in education or training, and /or a personal program aimed at facilitating their transition to paid work. I should note that the criteria surrounding allocation to the two streams and the basis for movement from the development stream into the work ready stream, the processes for review of that allocation and for appeal are at this point unknown. We have to rely presently on the limited available information, because many of the key decisions and the discussion documents surrounding those have not yet been made available by the minister and officials working on the change.

The rationale for the change is to create greater simplicity into the system. However, as the Wellington People's Centre points out, it is the add ons that create the confusion and the new system will not decrease these, while adding a distinction based on work status. Moreover, the changes need to be placed alongside the change from Special Benefit to Temporary Additional Support, a change which effectively reduced the level of additional assistance paid to those who, by definition, have the greatest gap between income and expenditure.

As something of a slight aside, it is worth noting that the core benefit proposals represent the third occasion in the last 17 years when governments have attempted to develop some form of universal, non-categorical benefit. The Labour government in 1989, passed legislation to create a universal benefit which would have divided beneficiaries into three categories. That legislation was subsequently overturned following the election of the National government in 1990. In turn, National's benefit reforms of the late 1990s proposed creation of two streams of beneficiaries, albeit with different terminology from that previously used by the Labour government and with a strong emphasis on work status. That proposal was discontinued after the change of government in 1999. It has to be said that while there are significant similarities between the current core benefit proposals and its predecessors, they are not identical. The most significant difference is that the core benefit proposals, at least as enunciated to this point, do not contain the very punitive emphasis inherent in National's proposals of the 1990s, where sanctions, obligations and a punitive

approach to benefit dependency were central, although it remains to be seen what obligations might be attached to the new benefit structure.

Following on from the Royal Commission on Social Security in 1972 and the Royal Commission on Social Policy in 1988, ability to be a participant in the society and a sense of belonging to the society were identified and operationalised as central principles establishing benefit levels. Beneficiaries it was argued, should be able to feel a sense that they were members of the community rather than outsiders. Decisions through the 1990s, including the benefit cuts, and the subsequent failure to adequately improve benefit levels and to adjust Family Support mean that the basis for social security has increasingly been that it should operate as a safety net. That is to say, it should provide a minimal floor through which beneficiaries would not be able to fall. Under the current core benefit proposals, the basis moves from being able to participate in the society to an expectation and considerable emphasis on participating in work and that participation becoming the key to membership in and belonging in the society. In other words, you are a member of the society if you work, but beyond that, your status is as an outsider. I will return to this towards the end of this paper.

How many people are we referring to here? As at June 2006, there were 280,299 adults receiving an income tested benefit. This represents approximately 11% of the working age population (defined by the MSD as those aged between 18 and 64). In addition, as at June 2005, the last date for which there are available figures, 234,475 children were dependent on recipients of an income tested benefit. By way of interest, there were 475,215 receiving national superannuation in June 2005.

Key Issues and Concerns

There are four issues that require our attention at this point. First, what is to be the process of transition, and the basis of transition from the current system to the core benefits? Given the variation in benefit regulations and levels, which of those regulations and levels are to be the benchmark for the new core benefit? It makes a significant difference whether this is the invalids benefit or the unemployment benefit, for example. The difference for an adult alone (M tax rate) is demonstrated below:

Unemployment >25	\$173.92
DPB	\$181.16
Invalids >18	\$217.38
National super	\$263.90

I would hasten to add that I am not arguing for a lower rate for National superannuation or to suggest that their benefit ought to be reduced. However, if we are saying that the National superannuation figure represents the floor for income support for older people what are we saying to those beneficiaries who are expected to manage on a figure that is between \$46 and \$90 or between 17% and 34% below this floor? It is, then, of little surprise that it is beneficiaries, particularly, but not exclusively, those with dependent children who are substantially over-represented among those in hardship and severe hardship in the recent MSD Living Standards report. It is of no surprise too that this group is both larger and in greater hardship than at the time of the 2000 study.

Second, associated with the question of benefit level, what are the criteria by which benefit eligibility is established? At the present time, this is relatively clear cut – dependent on the benefit being applied for, being unemployed, a caregiver for a dependent child, and obtaining a doctor's certificate. If these criteria are to be abandoned, what then will replace them? How clear will this be in the legislation, and what will be the role of case managers in making decisions about meeting eligibility and entitlement criteria? What will be the gatekeeping role of case managers. The Cabinet paper last year starts with a clear statement that income support would still operate on the basis of "entitlements". However, in lauding the development of the core benefit proposals recently, the current Minister was to assert that the basis will be, what can we do to assist you to find work, **not** what are your entitlements. The focus, said the Minister is on: "how can we assist you to work rather than entitlements".

Third, what is to be the basis for adjusting both the core benefit itself and the various "add-ons". It is perhaps worth noting that adjustments to such components of the system as Family Support and the Accommodation Supplement will only occur when a threshold is reached in relation to the level of inflation. That is, only when inflation reaches 5% will levels of Family Support and Accommodation Supplement and abatement levels be adjusted. Will the same criteria be applied to the core benefit and to the other add-ons such as the disability payments and to Temporary Additional Support?

Fourth, in the context of these issues around the setting of benefit levels and their adjustment over time, it is worth noting that issues of benefit adequacy and sufficiency in terms of preventing and alleviating poverty have not featured at all in

the reforms of the last 15 years. It is also worth noting that the Cabinet paper of 2005 in which the core benefit material is outlined, does not refer at all to benefit adequacy and does not use words such as "poverty" and "living standards". The recent report from the Ministry of Social Development indicated very clearly that beneficiaries, particularly beneficiaries with dependents, were significantly over-represented in the two poorest categories that is those facing hardship or severe hardship. It should be noted too that in the media comment on the living standards report, the Ministry of Social Development acknowledged that, other than adjustments for inflation, benefit levels had not increased since 1990.

So, who is forgotten? For whom will poverty persist?

I probably don't need to write this section -- answers to the question are I am sure well-known to all of you, but let's make that explicit and put the key considerations on the table.

First, in the broadest sense, the core benefits will mean that those who are unable to work for one reason or another and are unable to obtain or retain a permanent job for which they are paid will be forgotten about. They will be outside the assistance available through such programmes as the In Work payment.

Which groups then will it primarily exclude? First, it will exclude those unable to undertake paid work. That is, those caring for children, caring for others who are sick or for older people represent a significant part of the forgotten group. Within this broad grouping, lone parents with dependent children represent a significant proportion, but they are joined by other groups. In particular, they are joined by those who are ill, that is those who are either chronically ill and therefore unable to obtain work or those who have some temporary illness which makes work currently impossible. Ill health means that you are forgotten. Within this group, we should note that many of those who have been "outside" the society for much of their lives, such as those who are mentally ill and/or intellectually disabled and who because of their illness and/or disability are unable to hold down regular paid work will now find that not only has their illness or disability led to them being treated as outsiders, but this status is reinforced quite explicitly, because they are unable to take up paid work. In other words, they are faced with exclusion and being outside on two grounds, their health and disability and their work status.

Finally, there is another group of people whom we might describe as being faced with a range of social and interpersonal difficulties, for example, those who are homeless or faced with issues of addiction, who will also be forgotten. Because the focus is on work, if they are unable to obtain paid work, then the world moves on without them and leaves them behind and to one side.

One of the very important distinctions in the discussions and literature on income support and social security over the years has been the distinction between the deserving and undeserving. The distinction goes back beyond the Poor Laws of the 1830s. At the start of the 21st century, the undeserving are those who cannot obtain work and are not in the paid work force. They are treated as not deserving of adequate support and are forgotten about in the focus on work and getting people into paid work. They are treated as less than full citizens, as "non-citizens".

It is worth noting here too that although I have talked in general terms about this group of forgotten and excluded New Zealanders, they are a group which are not representative of the population at large. That is, Maori and Pacific communities are significantly over represented amongst those who have been forgotten about. For example, the latest annual report from the Ministry of Social Development notes a significant increase in the numbers of Maori receiving a benefit. Similarly, the Standards of Living report also highlights, inter alia, the high proportions of Maori and Pacific peoples located among those in the groups experiencing hardship and severe hardship. The proportion of Maori in severe hardship increased from 11% in 2000 to 20% four years later, while for Pacific peoples the increase was from 16% to 30%.

What Does This Mean For Our Society?

I want to conclude this paper with some observations about the implications and directions that are reflected in the development of the core benefit and its identification of who is faced with poverty, excluded, forgotten, outside, undeserving, not a full citizen. Indeed, as I go through that list of descriptions, they represent some very important messages about the kind of New Zealand that is being created and developed. I want to make six points. They overlap in a number of important respects, but they also have some significant and separate components and features.

First, the marked emphasis in the development of the economy in the last two decades has been around the development of New Zealand and its place in the

global international marketplace, in becoming competitive in the international marketplace. Clearly, the message from the core benefit developments is that not only do we have to compete as a society with the rest of the world, but every individual also has to compete. The extent to which individuals are identified and valued in the community, depends not on their contribution, but on their ability and capacity to be competitive. It is this competitiveness which takes precedence over contribution in areas such as providing care for example. Moreover, the core benefits also convey a message and implication for individuals, both those who are included and those who are excluded and forgotten, namely that your value and your significance is linked to work and it is measured economically.

Second, both the core benefit emphasis and a range of other social and economic policy directions suggest and indicate that the welfare state has to a significant degree been supplanted and replaced by what might be described as the investment and opportunity state. Some commentators have referred to the competition state as reflecting the new directions, but the emphasis in the social security reforms and the particular descriptions underlying the ideas of social development suggest to me that terms such as "investment" and "opportunity" capture the shape of the direction of change more accurately, because they underpin much of the rationale and direction of the core benefit reforms. The core benefits are about investing in human development and about giving the opportunity to participate -- but opportunity to participate in work, rather than opportunity to participate in society.

Third, and following on from these two developments, the core benefit reflects a significant move away from the former emphasis on "social" as in "social security" to an emphasis on the individual and individual responsibility reflected in undertaking paid work. More importantly, this move from the "social" to the "individual" is indicative of and premised on a fundamental shift in the society in which rather than a shared sense of social connections and social responsibilities, the emphasis is placed on the individual in the economy and individualized and individualizing responsibility. Each of us is an independent autonomous individual and those who are unable to translate that into individual self responsibility will be forgotten. After all, what the individual has to care for is himself or herself.

Fourth, while we do not yet know the precise details of how the core benefit rates will be set and/or adjusted, the lack of any focus on benefit adequacy in the Cabinet paper on the core benefit and the general direction of the benefit reforms over the

last 15 years suggests strongly and clearly that benefit adequacy will not be the major issue. Indeed, it is quite likely that the hardship noted in the Ministry of Social Development report on living standards will be sustained under the core benefits and in a worst-case scenario, perhaps extended. If adequacy of income and of income support from the state is to be a measure of the extent to which the needs of all citizens are remembered, then beneficiaries clearly are a very forgotten group, who are, as I have noted on different occasions in this paper, to be excluded.

Fifth, various commentators have remarked over the years that it is probably better to be treated badly rather than to be neglected and forgotten. This is not a justification for mistreatment but rather a reflection that being neglected and forgotten means that your position and status does not even warrant consideration and attention. Being neglected and forgotten means that you are very much on the outside and in that sense then discriminated against. It is discrimination of omission, rather than commission. That is, discrimination results from neglect and lack of attention, rather than from a positive, affirmative and definitive decision. It is a frightening implication and destructive position to be in.

Finally, while those who had been forgotten live "in the community" the critical question is what is the nature of and circumstances of their living and to what extent are they to "live in the community" and be part of the community or will they be forgotten? Let me finish with a quotation from Jenny Patrick's recent book, 'The Denniston Rose' in which she sets out the expectations of those struggling with survival in the coal mines of the late 19th century. Reflecting on the aspirations for her children, one of the characters notes: "Mary dreams of another future for her youngest son. Not a mining life, but one above ground, where the boy goes to work in clean clothes and returns unscathed. Where he walks down a sunny main road to a sunny office, and looks out all day at trees and other green things". Are the hopes and aspirations reflected there 120 years ago not also the hopes and aspirations of those struggling with poverty today. How much does poverty blunt those hopes and dreams.