



Welfare Justice
The Alternative Welfare Working Group

Welfare Justice in New Zealand:
What We Heard

A Summary of Submissions
made to the
Welfare Justice
Alternative Welfare Working Group

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WELFARE JUSTICE – The Alternative Welfare Working Group

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Published by Caritas Aotearoa New Zealand
PO Box 12193
Thorndon, Wellington 6144, New Zealand
www.caritas.org.nz

Acknowledgements

The work of Welfare Justice was made possible by financial and in-kind contributions from the JR McKenzie Trust, the G Trust, the New Zealand Council of Trade Unions, Ian Ritchie, Caritas Aotearoa New Zealand, the Anglican Social Justice Commission and the Beneficiary Advocacy Federation of New Zealand. The Working Group members thank Lisa Beech, Anthony Dancer and Kay Brereton for all their work in organising the public meetings and the website submissions that provided the material presented in this report. We are grateful to the marae and community organisations who hosted our fifteen public meetings. We also acknowledge the time and effort made by people who attended one of our meetings or made a submission through our website. We hope that this report accurately reflects your experiences, analysis and ideas that you shared with us during our consultations.

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ISBN: 0-908631-45-6

Contents

Introduction	5
Chapter 1: The Point of View of People on a Benefit.....	7
Life on a Benefit	7
The Language Used in Public Debates.....	7
The Remainder of this Report	9
Chapter 2: Dealing with Work and Income	11
A Menacing and Punitive Environment	11
Staff Training and Auditing.....	13
Chapter 3: Work and Paid Employment	15
A Wide Definition of Work.....	15
Low Paid, Poor Jobs.....	17
Barriers to Employment.....	18
Working to Stay Well.....	18
Full Employment in Quality Jobs	19
Chapter 4: Income Adequacy and Inequality	21
Poverty.....	21
The Adequacy of Social Security Benefits	22
Inequality and Well-Being.....	24
Chapter 5: Integrated Services.....	27
Integrated Public Services.....	27
Education and Training	30
Advocates and Community Organisations	31
Chapter 6: The Big Picture	35
Tāngata Whenua.....	35
Our Economic History.....	36
Is there a Welfare Crisis?.....	37
Chapter 7: Principles of Reform	39
The Framework for Reform.....	39
Respect for Vulnerable Citizens.....	41
The Social Insurance Model	42
Individual Assessment and Universal Basic Income.....	43
Further Ideas for Reform	44
Appendix.....	47
Table 1: Public Meetings of the Welfare Justice Group	47
Table 2: Submissions to the Welfare Justice Group	48

Introduction

On 13 April 2010, the Social Development Minister, Hon. Paula Bennett, announced the terms of reference for the Welfare Working Group, tasked with developing a menu of practical options for creating a more sustainable and fair welfare system. The Group arranged a series of meetings with stakeholders in April and May, culminating in a two-day Forum in Wellington on 9-10 June. After the Welfare Working Group Forum took place, the Anglican Social Justice Commission, Caritas and the Beneficiary Advocacy Federation commissioned an alternative welfare working group, called Welfare Justice, to ensure people receiving social welfare support and providing social and community services can be part of the debate on welfare reforms.

Welfare Justice organised a series of fifteen public meetings around the country, mostly in August and September 2010, and invited submissions through its website at www.welfarejustice.org.nz/. Table 1 in the Appendix lists the public meetings. For the South Island meetings, we organised for the meeting to be held at two different times on the same day to be as accessible as possible for participants. Table 1 also names the Welfare Justice members who attended and indicates the number of other participants at each meeting. In total, more than 400 people took part in this phase of our consultation.

Table 2 in the Appendix provides a regional analysis of the 91 submissions that we received. Of these, 13 did not state the region of the country from where it came. The majority of those that did indicated that their location was Wellington (26) and Auckland (20). There were 22 submissions from the South Island, and the remaining 10 were from other parts of the North Island outside Auckland and Wellington.

A key message expressed in the meetings and submissions is that people receiving social security support are greatly affected by policy debates such as the current welfare review. Television, radio, magazines and newspapers present material from politicians, academics, policy advisors and social commentators that make all sorts of claims about the circumstances and choices of people receiving benefits, with almost no room for comments by beneficiaries themselves.

Large amounts of this material were described to us as 'beneficiary-bashing', 'scapegoating', 'labelling', 'untested assumptions', 'mechanistic behavioural assumptions', 'inaccurate portrayals', 'lots of generalisations about "bludgers" without figures' and 'using high profile examples of bad behaviour to tar everyone with the same brush'. This public rhetoric accumulates to convey an impression that people receiving benefits are 'lazy' or 'fraudulent', and fails to recognise the huge efforts some people are making to look after their family in difficult circumstances, to persevere on a path of recovery after serious illness or abuse, or to develop a

creative life of well-being in a constant battle with social disabilities. We were told that stigma produced in such an environment increases anxiety and feelings of vulnerability. This experience for some people worsens their experience of ill-health.

Associated with this, people spoke of their experience of powerlessness in the face of decisions being made on their behalf against a background of constantly changing policy. There were several references to the foundational principle promoted by the Disabled Persons Assembly - DPA New Zealand, *nothing about us without us*, amidst claims that this principle is not respected by the current welfare review. It was strongly asserted that communities affected by policy change should have a say in the policy formulation. The February 2009 report by the New Zealand Council of Christian Social Services, *Grassroots Voices*, was cited as a good example of what community groups can do to reflect this principle.

The Welfare Justice Group accepts this principle. At our meeting of 6 October we agreed to prepare this additional report based on our public meetings and submissions. We acknowledge that the report can do no more than be a reflection of *what we heard*; it cannot replace in the review process the active participation of people receiving social security support. For a start, differences of opinion among recipients, like in any other community, means there is no single voice to be reported. On top of this, it is inevitable that we have imposed some interpretation on the material we received, if only by the way in which we have organised it for presentation.

Nevertheless, this report attempts to describe faithfully the major themes of *what we heard* in the public meetings and submissions, using the language in which the presentations were made and without commentary or analysis from ourselves. Our hope is that people receiving social security support and their co-workers in the community will recognise core aspects of their shared experience in the chapters that follow.

Chapter 1: The Point of View of People on a Benefit

Life on a Benefit

Many people who spoke or wrote to us were at pains to explain that they had not *chosen* to be supported by a social security benefit, but that this was a consequence of something horrible happening to their life. Examples included marital relationships that had turned violent, being alone with responsibility for children, the consequences of abuse sustained over many years, the onset of life-threatening illnesses, caring for a family member with a disability and being born with a health condition that impairs opportunities for paid employment under our current social arrangements.

Under these circumstances, many submissions commented that life on a benefit is no joy, and is often very stressful, even when the recipient is able to find creative ways to participate in the community (through volunteer work, political activism or looking after family members, to give three common examples). Many recognised that a movement into the right sort of paid employment would be a welcome relief compared to the poverty experienced on benefits, but these comments were usually matched by statements that being forced into low paid, poor jobs just makes a horrible situation worse.

There was concern about people on benefits being treated as *passive* recipients (of financial support, work requirements or life advice) rather than as *active* participants in their own long-term future planning. One submission described the writer's desire to be well and to return to work in the following terms:

Remind them we are PEOPLE. Welfare change works best if we have the opportunity to be well and energetic and find out ourselves what we are built to do. To be supported until then is essential. When we achieve it we feel too alive to stand still and not work.

The Language Used in Public Debates

The introduction to this report has commented on the feelings of vulnerability and powerlessness experienced by people receiving a benefit during public debates on welfare reform. There were many submissions arguing that the language used in these debates (sometimes including an undertone of violence) gives a misleading impression of the life of beneficiaries.

The Prime Minister and Minister of Social Development used punitive language to launch the Future Focus policy, such as that referring to beneficiaries needing

“a kick in the pants” and “the dream is over”, and the Minister said at the Welfare Working Group forum that she expected an “ugly” debate. We were not alone in fearing that this referred to a debate in which stereotypes and stigmatising of beneficiaries was likely to occur.

The word ‘beneficiary’ is itself an example. Some people objected to being called a beneficiary, saying that this does not define who they are but only describes one consequence of something that has happened in their life. The objections are especially strong if the term is used in a condemning manner to convey prejudice about their value as citizens.

A particular example is when ‘beneficiary’ is used as a general category to be distinguished from ‘taxpayers’, usually in a judgemental tone. A large number of people argued for the fundamental principle that citizens have a right to collectively funded social security.

Another point of view argued that ‘beneficiary’ is appropriate, because it is a useful term for drawing together people who have much in common despite the diverse experiences that have led them to be receiving social security benefits. One submission, for example, warned against language that tried to divide beneficiaries into ‘the deserving poor’ and ‘the undeserving poor’.

There was a strand suggesting that ‘invalid’s benefit’ is an unfortunate term, with its negative connotations of helplessness. Two people said it reminded them that their experience on it is considered ‘not valid’. Some alternatives were suggested (‘Inclusivity Benefit’ or ‘Enabling Allowance’, for example), but without any general consensus on what might find acceptance.

There were comments about the way in which politicians have moved from talking about ‘social security’ to talking about ‘social assistance’. The former is the stronger term, and was supported in submissions.

There was considerable resistance to the term ‘welfare dependency’, especially when used to convey judgement and moral disapproval. People argued that all citizens are inter-dependent in a modern market economy, and also all citizens go through different degrees of dependency with different people during our life cycles (for example, parents, schools, employers, medical staff and carers of elderly people). A submission by Poverty Action Waikato made the following argument:

Poverty Action Waikato questions the focus on independence, at the expense of recognising the ways in which we are all inter-dependent and rely to some extent on the provision of government services for our wellbeing. Tax breaks and concessions are part of the government’s benefit system. All earners receive income from the public share of New Zealand’s national income and are therefore beneficiaries of the state. Most adults currently receive total annual benefits of \$9,080 or more, in one form or another, from the public share of national income (Rankin, 2010). We suggest a focus on enabling self determination rather than independence. We need to value interdependence

while recognizing that people require adequate relational and material support to realize their capabilities (Sen, 1999).¹

The Remainder of this Report

A consistent theme in the general material we received is that people who receive social security income support are citizens whose experience and views ought to be included in any review of New Zealand's welfare system. In particular, the results of any review should lead to improvement in their lives, as judged by themselves. This theme is carried through the remainder of this report. Following chapters report on what we heard under six major headings: Dealing with Work and Income; Work and Paid Employment; Income Adequacy and Inequality; Integrated Services; The Big Picture; and Principles of Reform. In each case, the chapter seeks to convey faithfully the experience and views we heard from people whose lives are going to be greatly affected by any changes made to New Zealand's system of social security.

1 The references in this quotation are:

Rankin, K. (2010) "Welfare Reform: Changing the Way We Account for Benefits." Presentation to the Child Poverty Action Group Welfare Forum, 10 September, available at www.cpag.org.nz.

Sen, A. (1999) *Development as Freedom*. New York: Knopf.

Chapter 2: Dealing with Work and Income

A Menacing and Punitive Environment

In all our public meetings, and in many of the written submissions, people spoke about their experiences with Work and Income. This included accounts of strongly positive experiences: one person explained how his time on the invalid's benefit allowed him to heal, and another person thanked three Work and Income staff by name for their commonsense and compassion. Nevertheless, there was a consistent message that Work and Income as an institution has become more intimidating.

In the last five years my Work and Income environment has got increasingly menacing.

Key principles are being undermined by language and practices that are more punitive and negative than in the past.

Work and Income at branch level – the culture is disruptive across the board; for staff and beneficiaries alike. Very manipulative environment.

I have to explain my medical conditions to a different case manager every three months, who is a complete stranger. It is totally humiliating.

Everything I did to help myself was ringfenced by WINZ and treated in a punitive manner.

I worked in Work and Income in the 1990s. I didn't like it and resigned, but they are taking it to a whole new bad level now.

The Department that has had the biggest employment cuts is MSD. Good staff have resigned because it was too stressful and so they have lost a lot of good people.

The situation has been exacerbated by the introduction of the Lean Six Sigma approach early this year. This model is extremely different to individually tailored support from a constant staff person. It has led to a loss of respect and trust between WINZ staff and their clients.

We invite you to encourage the building of a community spirit of reciprocity and the nurturing of empathy rather than people having to endure the punitive dynamics of tough love.

The submissions were clear that this change is more than individual staff behaving arbitrarily, but reflects a marked change in the institution's culture to be less respectful, more judgemental and more suspicious towards people. This culture, we were told, led to eligible benefit applicants not making an application because of the hostility and hassle they had experienced or had heard of from others. There were suggestions that this disrespect extends to the attitude of senior management to front-line staff who are being put under pressure for quick processing of applications (to increase caseloads) rather than being rewarded for accuracy of assessments and granting of entitlements.

Work and Income has historically had a very high turnover of staff. By ensuring Work and Income staffs are well paid, respected and provided with positive work environments there will be flow on positive effects to those who use their services

We were provided with specific examples of recent changes reflecting this change in organisational culture, including:

- The move to open plan offices, and the subsequent reduction in privacy.
- Increased use of sanctions for missed appointments.
- Increased demands on general practitioners.
- Increased delegations to external agencies for assessments.
- Greater difficulties in getting access to the five Disability Advisors.
- An increase in written reporting requirements for some benefits.
- Constant requirements to provide information that had already been provided.
- The move away from personal case managers.

This last change was the subject of considerable feedback. Some objected to the term ("We are not cases to be managed!"), but the policy change means that each appointment may involve a new staff member who does not know the history or details of a person's entitlements. The loss of continuity under this new regime reinforces the imbalance of power between the staff member and the applicant. We were told that personal case managers are much better able to create trust and partnership with the person using their services. This trust allows both side to explore imaginative and tailored solutions for problems and creative ideas for moving into suitable work. Submissions also noted high levels of frustration with the regular changes in personnel and argued for a much higher degree of continuity.

Several submissions expressed frustration at this new state of affairs, arguing that it is contrary to the supportive and helpful environment that citizens should be able to expect from a public department. It was suggested that Work and Income should

have a 'duty to care' that should be part of all their dealings with members of the public.

One submission argued that this duty to care extends to the Minister, who should be reminded of the Government's responsibility under Section 145 of the Crimes Act, which states that: "Every one commits criminal nuisance who does any unlawful act or omits to discharge any legal duty, such act or omission being one which he knew would endanger the lives, safety, or health of the public, or the life, safety, or health of any individual", adding:

The Government clearly has an obligation (as our elected head of State) to honour its ongoing obligation to assist in the care of those who are less able to care for themselves than the more able bodied in our community.

Some specifically argued that this duty to care should be reflected in procedures that ensure Work and Income staff members apply the governing legislation consistently and work proactively to provide each applicant with his or her full entitlements under the law. One submission suggested 'mystery shopper' audits as a contribution to these procedures.

Staff Training and Auditing

We heard many calls for better training of Work and Income staff on their complex duties, preferably with input from beneficiary advocacy groups and preferably including training in listening and conflict resolution skills. We were told that inexperienced staff are not equipped to ensure that applicants receive all their entitlements and are not trained to deal with people with particular physical or mental impairments.

Mistakes by Work and Income staff can have serious consequences for the person seeking help, ranging from not receiving entitled financial support to being charged with fraud for misunderstanding a poorly communicated instruction. The situation is experienced as particularly risky by people who have poor reading and writing skills or who rely on Work and Income staff to help them complete forms. A number of submissions noted the differences in treatment and decisions when benefit applicants were supported by an advocate.

In this context we heard major criticisms about the review and appeal processes of Work and Income. Decisions to reduce or cut-off a benefit (on a doctor's advice, for example) can be implemented quickly without sufficient time for an appeal. Participants described difficulties they had experienced in accessing their records at Work and Income during an appeal process. We were provided with case studies where appeals were granted only at the last moment after lengthy delays had caused great hardship to a person who had been the subject of a Work and Income mistake.

We were told that Work and Income needs to develop a much stronger culture of accountability to the citizens it serves. Its Service Charter should be a Code of Claimants' Rights. There should be stronger internal mechanisms for auditing the accuracy of the advice given to applicants. One submission suggested CYPs as a role model for these forms of greater accountability.

There was no suggestion that Work and Income should tolerate fraudulent behaviour; four submissions specifically mentioned that people without genuine needs should be detected. But submissions also said that Work and Income should not hound honest citizens who find they need to call upon the country's social security system.

The government also needs to treat people who are ill with a lot more compassion because they are hounded to renew benefits especially SB [special benefit] or TAS [temporary additional support] so frequently.

Chapter 3: Work and Paid Employment

A Wide Definition of Work

The heading of this chapter reflects a common theme in the submissions that society requires a lot of work to be done, only some of which is paid employment in the labour force. In particular, many submissions commented that policymakers undervalue the work of parenting and of caring for the well-being of young, ill, disabled or aged family members. Parenting and caring for well-being mean much more than providing a safe and secure environment and meeting basic needs. This work involves investing time and creativity in helping the person being cared for, and the carer too, to grow and develop.

Putting a solo parent out to work means less support for the child. So I am worried if a solo parent is put out to work there will be less love for a child. Love I believe is an important part of parenting and children developing confidence to make it through life.

[I am] requesting that consideration be given to providing exemptions from work testing for sole parents who are already taking full responsibility, not only for their children's education but also for maintaining their family integrity and well being, having already suffered the loss of a partner and a supportive provider for their children.

However, 2002/03 statistics indicate that 39% of women on the DPB [domestic purposes benefit] are caring for a child with a disability which prevents them from seeking work. There are thus valid reasons why a return to work is not made.

It was argued to us that children have a right to at least one full-time parent-carer and that parents in general should have more financial support for the work they do. The lack of affordable, flexible and quality childcare and the scarcity of family-friendly workplaces were cited as serious barriers to paid employment.

These [issues] include a casualisation of low-paid work which has not been matched by support systems such as childcare, leaving sole-parents unable to match casual and shift work with the expectations of a 9-5 early childhood education.

A comparative English/Swedish study of sole parents found sole parent status did not lead to material disadvantage or higher unemployment for Swedish mothers, because pre-school education and affordable child care is available for all. In New Zealand, the value of low skilled work makes it very difficult for such parents to afford the cost of child care.

Single parents who have to combine sole parenthood with employment have many stressors including the hours of work, suitable child care, leave for school holidays and leave to care for sick children. The needs of single parents, if they are in employment, must be better recognised including their work life balance needs. Prejudice towards single parents in the workplace is also a real issue.

[I recommend:] payment for parenting and more flexible working conditions that allow parents to look after their children as priority, such as sick leave for staying home with sick children; a payment to parents as a benefit that gives parents extra access to assistance if they need time off to attend to their families in time of need; longer maternity leave payment.

In the absence of family friendly working conditions (including affordable and quality childcare), the Future Focus policy of requiring parents receiving a domestic purposes benefit to be available for work was seen as harmful to the well-being of the parents and also of their children.

Submissions commented that volunteer work in the community, like the work of parenting, is undervalued. We were told that volunteer work in a supportive and interesting environment can be an important step towards paid employment, if gently done. One person in a workshop told us, "Volunteer work keeps me going." There were calls for community work schemes and support for the Taskforce Green programme (although accompanied by concern that its rules for eligibility kept changing). One submission lamented the ending of the CEG, PEP and Enterprising Communities work programmes.

We simply need to empower people to discover work that makes them feel good about themselves by matching them with jobs that suit their strengths, talents, skills and values (www.worknow.co.nz). We are building an online talent community to match people with volunteer work experience and paid work on the basis of their strengths and talents, skills and experience, and interests and values.

I am blind and have other health conditions that have put me on the invalid's benefit. I suppose I could do a low skilled job for an employer who wouldn't really want me. But where would I find the energy to look after myself and who would do all the hours of volunteer work I do in the blind community, which I can do only because of my specific experience and knowledge?

It would seem a Community Work Scheme that recognises the need for people to participate in society and the right to economic security would be a healthy complement to the Market Place! Also there is a lot of community and environmental work that is difficult to cost or quantify and unlikely to be undertaken by the Market Place.

Low Paid, Poor Jobs

The Welfare Working Group's *Issues Paper* made much of the difference between income on a benefit and the average wage. Many submissions noted that jobs offering the average wage are often inaccessible to people supported by social security benefits, who are instead part of a very competitive pool of low skill workers available for a range of minimum wage, low paid, casual, seasonal, part-time, shift-work or otherwise poor jobs. A submission reported there were more than 2,000 applicants for a new enterprise offering 150-200 jobs. Another submission cited an Australian study that suggests these jobs look more like being on welfare than being on the average wage.

The implications have been analysed in a submission from members of the Department of Public Health at the University of Otago in Wellington:

Any expectation of paid work for people receiving a benefit needs to take account of the capacity of the labour market to engage them. ... It is unrealistic to expect that people with moderate disabilities will be employed in the current climate when many able bodied people are unemployed and competition for even the most basic jobs is fierce.

Low paid work also raises the risk of children being in poverty particularly where sole parents are employed, as wages commensurate with skilled work are required to cover the household expenses. A low paid, unskilled job, such as office cleaning, will not cover basic outgoings, where there is only one adult earner in the household.

A submission from the New Zealand Council of Christian Social Services drew on a United Kingdom report (the Marmot Review) to make a similar point:

The 2010 Marmot Review of Health Inequalities found "getting people off benefits and into low paid, insecure and health damaging work is not a desirable option". Whilst being in good employment was accepted by the Review team to be 'protective of health' there was an important caveat – "jobs need to be sustainable and offer a minimum level of quality, to include not only a decent living wage, but also opportunities for in-work development, the flexibility to enable people to balance work and family life, and protection from adverse working conditions".

Work in the low paid sector is very insecure, and has been made more so by the introduction of the 90-day trial period and the ability of employers to require medical certificates for every sick leave. This creates issues for people moving off a social security benefit into insecure and low-paid employment, with one submission saying we should "make it a lot easier for a return to these benefits when people hit another bout of ill-health". It was suggested that such people should also have a 90-

day trial period, so that they can quickly receive income support if they are unable to continue in the job.

This 'honeymoon period' policy could be extended to all people leaving income support (for example, with the beginning of a new relationship). It was suggested there should be a period of overlap permitted for people who have been on a benefit for a lengthy period (so they could continue to receive the benefit for a short period after starting a new job or relationship) to recognise transitional costs that may make or break a successful move.

Barriers to Employment

Some barriers to employment have already been discussed, such as the lack of affordable, flexible and quality childcare and the scarcity of family-friendly workplaces. Another group of submissions drew our attention to barriers faced by people with health impairments, who need flexible work opportunities offered by sympathetic employers (perhaps assisted by government subsidies). Instead we were told that prejudice and poor understanding of employers mean that even during the recent period of skill shortages it was very difficult for this group to find suitable employment.

People with disabilities have capabilities but may need the employer to spend a little extra. There is assistance for this through Workbridge, but there is a perception among employers that they will face extra expenses. This false perception is the largest barrier to employment.

[There are] very significant issues of discrimination faced by people with disabilities who seek employment.

There needs to be consideration of how to prepare the job market to employ people with particular needs in the work place. This includes breaking down stigmas regarding mental and physical disabilities.

In the wider employment market people on benefits face discrimination and lack of understanding of their circumstances in seeking employment. ... Employers need to be encouraged to design or adapt jobs to make them more suitable for lone parents, carers and people with mental health or physical health problems.

Working to Stay Well

We were told that for some people on a sickness or invalid's benefit, it takes large amounts of time and energy simply to stay well. We were told that this time and energy should be counted as work.

My disabilities are permanent, irreversible and lifelong. . . . I put a huge effort into my daily life. It's a 24/7 struggle. It would be nice to have a comfortable (not generous) income as at the moment it feels punitive no matter how small my income may be.

I suffer renal failure, and spend a lot of effort keeping off dialysis. This includes spending eleven hours a night horizontal, and having time on an exercycle six days a week. It would cost the government thousands of dollars if I needed dialysis treatment at home. . . . I always imagined myself having a professional career, and it has taken an enormous adjustment to go from that dream to what I have now.

Full Employment in Quality Jobs

Many submissions argued that the focus of government policy should be on creating full employment in quality jobs, particularly in the current recessionary environment that is seeing jobs disappear (including in the government's own departments).

The CTU [Council of Trade Unions] is a strong advocate for the importance of work in providing income security for workers and their families but also in enabling a good quality of life and achieving human potential and aspirations. But work must be decent, fairly and justly rewarded and meet the standards of good work as set out in international agreements and International Labour Organisations (ILO) Conventions.

Poverty Action Waikato requests the attention of the WWG to the provision of suitable employment opportunities, including equitable remuneration and health promoting work environments as primary considerations for beneficiaries as they return to work. PAW requests that the WWG advocates to government for the development of decent, safe, accessible, manageable paid employment opportunities, particularly for young people as they leave school and enter the labour market.

There is not enough worthwhile, well paid work available to all those who want it.

[We need to attract] investment to create jobs and to raise productivity so those jobs pay adequately. Without jobs we cannot reduce poverty permanently. Without adequate productivity and pay we cannot attract some beneficiaries to work.

Consequently, we received submissions that called on government:

- to invest in job-creating industries;
- to promote effective regional economic development;
- to adopt active labour market policies;
- to offer tax incentives for local employment and training;
- to compel employers to offer good jobs to people receiving benefits;
- to allow affirmative procurement of goods and services from supportive employers; and
- to encourage private enterprise through allowing more flexible employment practices in very small enterprises.

There were also recommendations for Work and Income to provide greater support for long-term unemployed as they move into paid employment.

Additionally, there is growing evidence of the necessity for personalised holistic case management approach for clients. NZCCSS views Work and Income's adoption of the Lean Six Sigma model as a retrogressive step. The NZCCSS Grassroots Voices study interviewed 200 families about what worked for them when they approached a Christian social service for help. The overwhelming consensus was that effective practice was achieved when they had access to the same skilled worker who understood their lives, listened to them, invited them to participate in decision making and tirelessly advocated with other agencies to get them the range of services they (and their families) needed.

We were also told that for some people, keeping work is more difficult than finding an entry-level job. We were recommended a Richmond Fellowship programme in the United Kingdom that seeks to help people with emerging problems to stay in the workforce (www.retain.org.uk).

Chapter 4: Income Adequacy and Inequality

Poverty

A submission by Poverty Action Waikato began with a quote from Nelson Mandela: “Like slavery and apartheid, poverty is not natural. Poverty is human-made and it can be overcome and eradicated by the actions of human beings.” Another submission defined poverty as “a real or imagined lack of access to a fair share” of seven factors:

- a. Food and water
- b. Shelter
- c. Health Services
- d. Education
- e. Employment and/or community participation as a source of a sense of self-worth and belonging in the community
- f. Employment as a source of income.
- g. Recreational activity

It was not included in the above list, but other lists added a further factor:

- h. Companionship

Participants in the consultation argued that government should ensure that all citizens have access to adequate income to avoid poverty, preferably through good quality employment but through the social security system when this is not possible. It was argued that this is necessary for the dignity and respect of citizens and for the common good of society.

Present benefit levels were seen to be so low that beneficiaries are effectively treated as outsiders in New Zealand society.

It was also argued that ensuring all citizens can access adequate income is a sound economic investment. Inadequate income leads to low quality, uninsulated housing, which contributes to poor health and for children low education attainments. There is also a direct link from inadequate income to stress, self-stigma and poor health. Poor health and low education attainments, of course, increase the likelihood of long-term support on social welfare benefits.

No one in Aotearoa should be living in poverty or deprivation.

Our experience over 100 years of social service is that it is income adequacy, whether from paid employment, social security or some other source, that is crucial to improving people's life chances.

Social Welfare has always been considered a last resort, safety net/ lifeline for those with no income. Without this safety net New Zealand would have a huge rate of homeless, higher crime, higher hospitalisation rates, more prostitution, less productivity, costing more in the long run than the current situation of underfunding everything and hoping for a rise in exports.

In this context, there was particular concern expressed to us about the experience of children and young people growing up in poverty.

We need true vision, together with broad range of completely new policies which look at all the aspects that contribute to poverty. Such policies would begin with the needs of our children.

From the perspective of children's welfare, a fundamental principle is that all children are entitled to a standard of living that enables them to have access to decent housing, good quality food, clothing, medical care, and a good education.

Financial stress is in my humble opinion a reason for a lot of the violence inflicted on children. The reason I think that is because children see things other children have and are always told no because of no money. New shoes, new clothes and simple things like going to the movies are all things these children miss out on and how mean can society be to not allow such simple things to children. This creates anger in children and they resort to stealing and that's the beginning of a downward spiral.

We should as a country not accept that one in five New Zealand children live in relative poverty and face diminished life chances as a result. ... We are all the losers if we allow poor children to live lives of stunted opportunity. For SPPU this is the most pressing welfare problem in New Zealand and addressing the question of child poverty and educational failure of children in poor communities should be, we believe, the rallying call for welfare reform in Aotearoa.

The Adequacy of Social Security Benefits

Some of the submissions we received noted the importance of maintaining a balance between social support and individual responsibility and/or advocated ensuring that social security income support remains a last resort accessed only when employment is not possible. Nevertheless there was universal agreement in the submissions and at our public meetings that social security benefits in New Zealand are currently inadequate.

The main problem has been the failure of benefits to keep pace with increases in the cost of living to such an extent that rates of payment have sunk below what could be considered a liveable income. Many people receiving benefits are now living in poverty.

The basic problem is people having enough to live on; it is not enough at the moment.

I was on a Domestic Purposes Benefit in the 1980s. It was an adequate income in those days; it isn't now.

I worked for a Member of Parliament for a while, and was involved in lots of case work. Benefit levels are far too low for dignity.

Basic benefits rates are set at unrealistically low levels. The system for reducing a person's core benefit as they earn money is highly punitive and offers little financial recompense for those in part time work, or in the process of transitioning from part time to full time work.

New Zealand beneficiaries being one of the most disrespected of social groupings, seen in aspects of exclusion and condemnation, it is not too difficult to create a link between the costs of social dysfunction, violence and the pathetically low level of income support.

It is not being on a benefit long-term per se that causes the problems; rather, the long term poverty and related social problems that arise out of having insufficient income to live on.

Further, as the relative value of the core benefits has reduced, obtaining access to supplementary assistance has become harsher. Two submissions suggested that people on benefits are now likely to be less well-fed and comfortable than if they were in prison.

Some submissions noted both that the widening gap between benefit levels and average wages has been a deliberate and sustained act of policy, and that this policy has not achieved its stated purpose of reducing people needing income support as witnessed by the current review. Consequently, we were told that going further down this route will continue not to work, but will have severe consequences for poverty.

Many participants described high abatement rates for extra income earned as punitive. We were told that effective marginal tax rates can be 92 cents for every extra dollar of income above \$80 (made up of 70 cents in benefit abatements, and up to 22 cents in secondary tax with ACC levy), and that the rate can be dollar for dollar for special benefits and for rate rebates.

On a related theme, the new sanctions regime is having a big impact on people whose health issues make signing forms difficult. The following account in one of the written submissions (adjusted slightly to protect privacy) is representative of other examples that we heard at the meetings:

WINZ posts papers to him to sign, they give him a date to reply, and if he doesn't get forms back in time, they immediately cut his benefit. This has happened twice this year. His caregiver (his advocate) took his papers in last week, and they had already cut his benefit. There are various factors in this:

- *slow mail (a regular happening here) means late arrival of post or at times non-arrival of papers).*
- *he relies on his caregiver to help him return papers, but he has had slip-ups and problems with his caregivers over the years; he does depend on another person to carry out activities like delivery of his papers, on his behalf.*
- *If he is in hospital, these papers don't get dealt with so quickly; when he is taken to hospital (which happens often) he can miss out with returning the forms.*

Inequality and Well-Being

We received many comments about the impact of inequality on the well-being of communities and their members. These comments included several references to a recent book by Richard Wilkinson and Kate Pickett, *The Spirit Level: Why More Equal Societies Almost Always Do Better* (London: Allen Lane, 2009); see the dedicated website at www.equalitytrust.org.uk/. The thesis of this book is that statistical data show that large income inequalities within a society damages the quality of life *for everyone*, including those who are relatively well-off, compared to more equal societies.

The book has attracted considerable attention and controversy internationally. Submissions that recommended it pointed to its strong relevance to New Zealand. The website's overview page, for example, begins with a commentary and graph that mentions New Zealand in the following terms:

In rich countries, a smaller gap between rich and poor means a happier, healthier, and more successful population. Just look at the US, the UK, Portugal, and New Zealand in the top right of this graph, doing much worse than Japan, Sweden or Norway in the bottom left.

In this vein, a submission pointed us to *Poverty in an Affluent Society – A Statement from the New Zealand Catholic Bishops*, released in August 2008 to mark a decade after church leaders and members of many faith traditions joined together in the

1998 Hikoi of Hope to urge the government to address social inequalities. That statement included the following reflection:

When a section of our society is allowed to fall into poverty and hardship, everyone is at risk from the symptoms of that economic violence. The diseases that thrive in conditions of poverty threaten the health of everyone; the violence that accompanies economic stress does not confine itself to the poorest suburbs; and the uncertainty of those living with insecure work is exposed in mental illness and suicide rates.

The concern that greater poverty and income inequality lead to poor social outcomes was echoed in many of the submissions. We were told that the lack of equal opportunities is particularly hard for children and young people. We were asked to reject 'trickle down' ideologies that have been used to tolerate a widening gap in New Zealand between the rich and the poor.

Instead, we were asked to urge the government to restore benefits adjusted for inflation to the levels prevailing before the cuts of 1991. Some submissions recommended higher benefit rates than that, closer to the minimum wage and incorporating the recent income tax reductions. Others recommended lower abatement rates and an increase in the amount of income that can be earned before the abatement rate kicks in.

There were several submissions saying that the in-work tax credit (IWTC) component of the Working for Families programme should be made available to families receiving social security income support, including the following summary statement by the Child Poverty Action Group (CPAG):

CPAG strongly submits that the one of the most egregious, and readily remedied, flaws in the current system is the linking of family assistance and work incentives through the IWTC. Making this payment available to all low-income families would remove discrimination against New Zealand's most vulnerable children, would decouple two separate policy goals, and provide a significant income boost to the poorest households in the community.

Chapter 5: Integrated Services

Integrated Public Services

Participants in the public meetings spoke of their experiences dealing with different public services, which were often described as fragmented and needing better integration. The most important services discussed in this context were:

- Work and Income
- Health services
- Justice and prisons
- Housing
- Accident Compensation Corporation (ACC)
- Workbridge

At the policy level, it was recognised that changes in one of these sectors can have a large impact on the others. We were told, for example, that a reduction in assistance from Work and Income is likely to result in an increase in the demand for health services and more people appearing before the Courts. Similarly, policies of deinstitutionalisation and changes in ACC policies about how to interpret levels of work capacity are both likely to affect the number of people requiring social welfare assistance through unemployment, sickness or invalid's benefits.

Another example often raised in our public meetings and in some submissions was the state of New Zealand's mental health services. We were told that these services need more funding, and the social welfare system needs to recognise that recovery can take a long time.

People with experience of mental unwellness do not receive access to effective treatments - the funding for counselling is insufficient, no one recovers in 10 weeks except for in studies where the participants have been selected for their favourable characteristics.

Mental health services are delivered with a focus on "recovery" which is a process focussing on the strengths of each individual. The recovery journey involves support from qualified clinicians and a range of community and family supports. Employment may be a goal of recovery but there is no short cut.

At the implementation level, some submissions commented that moving people into employment can be a complex, multi-faceted task, requiring a wide range of wrap-around services for success. It was suggested that this task is made more

difficult when the above services operate as silos and people fall between the cracks (particularly if the major focus of the social welfare system is putting pressure on people to move into paid employment). These services will in a number of instances need to be sustained for a significant period of time.

There should be cross sector performance targets and accountability in the government's financial accounts so that agencies can't shift costs to other agencies. The agencies should work together to target groups who are most vulnerable.

It is universally accepted within the mental health sector that social stress is a major precipitant of mental illness, relapse and re-admission. Moves towards a work focus paradigm within Work and Income will increase social stress.

Although most concerns about the health system were connected to the state of mental health services, other issues were raised.

The DHB [District Health Board] halved assistance to elderly living at home. This was cruelly managed.

There was much discussion about interactions between Work and Income and the health system, particularly by people receiving support from a sickness or invalid's benefit. The following two extracts from a submission from a Benefit Rights Advocate illustrate the type of issues that were raised with us.

Before granting a Sickness Benefit, the Ministry requires a medical certificate completed by a medical practitioner. This can be an issue if a person does not have a current General Practitioner. ...

We have found delays for the poorest, in the areas of highest need, in getting access to a health provider. This is likely to become more of an issue with Work and Income requiring medical certificates more frequently, every 8 weeks instead of 13 weeks.

Again because it is up to the Case Manager's discretion to grant or decline the Invalid's Benefit, for some it does not matter how many medical certificates are provided, they are still not satisfied. Sometimes it appears they do not even have faith in their own Designated Doctors. This is a particular concern with non-physical conditions. Apart from psychological conditions, we also have problems with neurological conditions, such as Chronic Fatigue and Sleep Apnoea.

There were also concerns about the way in which people on benefits are required to give permission for Work and Income to communicate with their doctors. It was suggested that the person should subsequently be copied in on all such communications to protect privacy and trust with his or her GP.

Public/private hospital surgeons must fill WINZ client medical report forms also. Detailed proof of medical conditions must be sent to hospital clients and patients involved.

Some people spoke to us of their problems with housing, often making a link between poor housing and family health or social problems.

A warm safe home is essential. Where is the accountability of people who are supposed to be helping us [in Housing New Zealand]? The incompetence of some government departments means that funding is being transferred to Work and Income instead of health and housing.

There is discrimination against young people and a lack of resources for young people to secure adequate long term housing.

My son applied for unemployment benefit and was asked if he would work in Whangarei; he replied he couldn't not having anywhere to stay or knowing anyone there and still does not have benefit one year later. ... People should be able to register unemployed whether or not they are eligible for benefit assistance. Accommodation support should be given especially if no benefit is given.

A number of people spoke or wrote about what they described as the waste of public funds being devoted to imprisoning thousands of New Zealanders. Most of these submissions made links between a high prison population and the poverty experienced by people on inadequate incomes.

Look at New Zealand's imprisonment statistics – the 4th highest in the developed world, behind the USA, Israel and Singapore. We put 150 people from every 100,000 of population in prison. The costs of this are enormous. ... People on the margins do tend to commit offences, if you impoverish people or force them to work into poor quality jobs then the consequences of ensuing disadvantage will follow.

We also heard a lot of passion about comparisons between people supported by ACC and people with similar work impairments supported by a social welfare benefit (see, for example, www.equity-for-illness.org.nz/). The second group receives considerably lower financial and other forms of assistance, and the people who spoke to us denounced this as grossly unfair.

There is a hugely different quality of services; it is vast. Giving support on the basis of 'cause of impairment' rather than 'need' is offensive. Supporting our needs [on the invalid's benefit] should match ACC.

We want to build up the social welfare system; not run down ACC. ACC teaches us that there are genuine cost savings from providing assistance upfront at the beginning.

A second issue is a complaint that ACC declares people to be work capable, moving them onto the unemployment benefit. No employer will give them a job and so they end up on the sickness benefit and then on the invalid's benefit. Thus, ACC says they are capable of work, but Work and Income comes to the opposite assessment. The result is a significant reduction in their well-being.

I am one of many that I believe was 'shunted' off ACC several years ago, and on to an Invalid Benefit, and now, it looks as though it may happen again. ... Where are we going to be shunted to next?

The matter of cost shifting that ACC has undertaken (improve its books at the expense of others), pushing people onto the welfare system, ought to be raised. This has increased the cost burden on the welfare system with some people potentially having worse outcomes as a result.

It is our belief that it should not be possible to move from ACC Weekly Compensation (WC) to Invalid's benefit (IB) as the threshold for work capacity is higher with ACC than it is for WINZ. Therefore a person who no longer qualifies for WC (i.e. is fit to work 30+ hours) should not then qualify for IB (unable to work more than 15 hours), but they do.

Education and Training

Issues around education and training need their own heading because there was well-spread recognition that education and training are key pathways to quality employment. Thus there were several statements that low educational attainments (particularly for some sub-groups of the New Zealand population) represent a structural failing in the country's education system.

Policies are required to make Early Childhood Education accessible, affordable and a feasible option for all parents.

Although early childhood education opportunities have been increasing in New Zealand, the declining enrolment rates for Māori and Pasifika children is concerning.

You are damned in the education system if you have an intellectual disability; then you are blamed for emerging with no qualifications.

There is evidence that those living in poverty and tough environments will have poor educational outcomes. So, raising the standard of living for all citizens will have a positive effect on all of those in the community. What other barriers are there for children being fully engaged in the education system?

Given this importance, many submissions lamented that opportunities for education and training are being curtailed by government policy:

- Caps on tertiary education enrolments;
- Cuts in Adult Community Education (ACE);
- Reduced access to the Training Incentive Allowance (TIA);
- No assistance for retraining under the sickness benefit;
- Inadequate accommodation support for tertiary students (which we were told has been fixed at \$40 per week since 1992).

Thus we were asked to recommend that the government increase its investments in all levels of education.

Advocate the government's responsibility to meet its primary obligation of ensuring the development of human capability.

Invest in practical education that is affordable and a lot more responsive to real-time needs.

Establish a scheme based on the Israeli Perach system or the Auckland MATES (Lesley Max) system where tertiary students receive reduction in student loans in return for home tutoring children in high deprivation areas.

Advocates and Community Organisations

Some participants in our meetings were critical about the role community organisations play in advocating their interests. We were reminded, for example, that advocacy groups cannot reflect the views of every individual in their sector group. There were also suggestions that churches can take advantage of poverty for their own purposes or are relieving the government of its responsibilities by running foodbanks. One submission spoke of the importance of encouraging reciprocity when providing community support.

This sense of reciprocity we suggest is missing from the current welfare arrangements both at a formal state level and at the informal community level with charity type welfare initiatives. Reciprocity of course takes time – it is a lot quicker to give someone a food parcel and send them on their way than to have a cup of tea with them and talk about what they have to offer and what they can perhaps give in return for the support they are receiving.

Nevertheless a much larger number of people spoke to us with great warmth about assistance they had received from particular advocates or community organisations. We were told that a network of supporters is critical for many people seeking to recover from illness or to overcome experiences of isolation and exclusion.

We received submissions calling for better funding of advocacy groups in recognition of their supportive role, and for closer collaboration between the welfare system and community organisations. Nevertheless, effective supportive community organisations are, as one submission noted explicitly, not an alternative to appropriate, high quality government services; they are complementary.

Impartial advocates – ‘amicus curiae’ – should be available in every branch [of Work and Income].

There are some very positive examples of Work and Income and MSD [Ministry of Social Development] initiatives over the last four years that have produced good outcomes for workers who have been made redundant – many with union involvement.

I am arguing that there is a place, and a significant one, for member-driven community groups to deliver social services that might currently be seen as the purview of the state, or more particularly Work and Income.

The one main change that could assist the more collaborative approach to service delivery is reducing the barriers such as bureaucracy and the government contract model that locks service providers into a silo approach to client needs. Whānau Ora and the Community Response Model as well as the desire for NGO [non-government organisation] Service Providers to work for the benefit of the client, rather than government outcomes, is a start in the right direction to address this situation.

[I suggest] a specialist agent to liaise with community groups (including libraries) which attract the chronically low motivated, this agent to work directly with low motivated individuals to encourage motivation and contribution.

As part of renewing the flagging concept of citizenship, and to promote the public’s buy-in of the welfare system, look at promoting active public participation in welfare delivery. Consider a community policy model to build connections between public, state services and NGOs, and beneficiaries. Ignorant judgement decreases as connection increases.

A particular issue raised in the meetings concerned the role of doctors in the welfare system (see the earlier comments on page 29). There were strong appeals for doctors to be recognised as *advocates* for their patients rather than as *agents* of Work and Income. We were told that the careless tick of the wrong box, or the unaware use of a wrong word, in a social welfare form by a doctor can have disastrous (and difficult to correct) consequences for a person on a social security benefit.

Another strong theme was that it is inappropriate for the Ministry of Social Development to use medical models of disability to determine a person’s eligibility

for different benefits. People who spoke to this theme argued that the issue is whether employers will provide paid work to the individual, and if they will not then the person is experiencing socially-determined disability whatever his or her personal capabilities may be.

Chapter 6: The Big Picture

Tāngata Whenua

Four of our public meetings were hosted on marae. Participants at these and the other public meetings frequently reminded the Welfare Justice Working Group of the Treaty relationship between the Crown and Tāngata Whenua. Two aspects of Te Tiriti o Waitangi were emphasised. First, Article 3 of the Treaty promises Māori will have 'the same rights and duties of citizenship' as others. Contrary to this promise, it is clear that the economic and social security systems in New Zealand are not delivering the same outcomes to Māori as to other citizens, as evidenced in a range of statistics.

There needs to be an acknowledgement that a substantial number of those requiring social welfare assistance are Māori, Pasifika and new immigrants. The reasons they are in the lowest socio-economic group need to be addressed.

Second, Article 2 of the Treaty guarantees to Māori 'tino rangatiratanga' (the unqualified exercise of chieftainship), which means that Māori mana and authority must be recognised in the bicultural design of social policy. In this context high hopes were expressed for the aim of Whānau Ora to provide practical, community-based support to whānau so they can be self-managing and determine their own economic, cultural and social development.

Hokia mai te mana motuhake o tēnei whenua ki a mātou ngā tāngata whenua.

There should be appropriate input from Māori into the design and delivery of social welfare policy. Māori providers, both iwi and urban Māori organisations, should be adequately funded for the social welfare help they are providing.

Tāngata Whenua o Aotearoa are over-represented in prisons and on welfare. Whānau Ora is not a new concept. As a people how can we address this?

We are committed to the philosophy of Whānau Ora, but think it should be independent of government.

Require a portion of Treaty settlement monies to be used to create sustainable employment in all rohe.

Our Economic History

There were two strands to this theme. The first commented on New Zealand's economic history over the last thirty years, in generally negative terms. We were told that the 1984-94 economic reforms saw policymakers accept high unemployment and increased poverty that produced lifetime consequences for those thrown out of work and for their families. The reforms locked out many New Zealanders from the labour market, who were forced to rely on the country's social security system that was itself under attack. This line of reasoning led to suggestions that policies need to fix the economic system, not attack people receiving benefits: "Fight poverty, not the poor."

1984 saw radical changes in the way the state operated within the economy. As well as a number of macroeconomic changes was a wholesale withdraw of the state from a number of sectors that had previously employed tens of thousands. These people and their communities became unemployed. Little was done to mitigate against the causes and effects other than cash benefits and the supplements such as the accommodation benefit (as it was then known) and the cash benefits were much lower than the previous wage rates.

When the assorted governments sold off many state-owned assets in the 1970s and 90s they destroyed communities that had previously had very low levels of unemployment.

The main focus of the Welfare Working Group brief is to move people off Government benefits into paid work. This focus appears to be a reverse of the structural realignment of the 1980s where people were moved from government paid work onto Government paid benefits.

Workers were betrayed by the Labour Government. Social security has been reduced to the minimum needed to maintain social control and to avoid the militancy needed to challenge our economic system.

One of our biggest problems is the unholy alliance between a 100 year old political theory and a deviant branch of economics that has produced neo-liberalism policies in this country. We have to break this link to create a peaceful, just and sustainable world.

The second strand commented on the economic recession produced by the recent global financial crisis. Some participants expressed anger that this crisis had been caused by the greed of people who were already wealthy, but the result is that vulnerable people on welfare are now being targeted after governments have been forced to bail out the wealthy.

We are hugely distressed that the global financial crisis is being used as an excuse for cutting everything, and blaming the unemployed for being unemployed.

Now the Government is faced with an increasingly greedy private sector which in the face of collapse is bailed out by government funds, while at the same time the Government has to support greater numbers of people who are the casualties of the failing private sector. This is a very difficult balancing act, but should the most vulnerable in our society be made to pay for the greed of the few who control the business interests?

When the country gets into economic trouble, it is beneficiaries who get clobbered.

Is there a Welfare Crisis?

Several participants in the public meetings, as well as submissions from community organisations, addressed the question of whether there is a welfare crisis that would justify radical change. There was an awareness that demographic and social trends must be taken into account, including:

- the deinstitutionalisation of certain groups that began in the 1970s;
- the rising trend in people suffering mental illnesses;
- the rising participation of women in the labour force;
- the changing structure of the labour market;
- the population bulge produced by the baby boomer generation; and
- the ageing population as life expectancies improve.

These trends all have an impact on social welfare, but participants generally argued they do not indicate a systemic crisis. Rather, it was argued that they highlight the critical importance of investing in the health and education (including early childhood education) of the current generation of young people, rather than accepting a rate of child poverty described as scandalous. This is needed to increase the productivity of the next generation of New Zealand workers to sustain future living standards.

The above trends also led some to argue that it is not legitimate to exclude superannuation policy from the social welfare debate. The success of social welfare in New Zealand in eliminating elderly poverty provides an important example of what can be done.

The grim reality is that our aging population will be costly to maintain especially as the Baby Boomers move into their 80's and become more reliant on the health system. ... The biggest asset any country has is its children and young people and if for no other reason than the economic wellbeing of the Baby Boomers we should over the next twenty years make children and young people our priority.

We affirm our description of the 'real crisis' as 'a failure to create an economic and welfare system that makes wellness and a balanced life-style attainable for everyone.'

Chapter 7: Principles of Reform

The Framework for Reform

In all the public meetings, and in many submissions, dismay was expressed at the narrow terms of reference given for the current welfare review, with significant areas such as superannuation, ACC and family tax credits excluded from consideration. For some, this was for the pragmatic reason that key instruments of public policy have been excluded (such as regional development, active labour market policies and investment in the country's education system). For others, the concern was that the review is taking place within a framework focused too narrowly on increasing participation in paid employment and reducing government spending.

The stated objective of the Working Group is problematic, given its narrow terms of reference. Excluding income adequacy from consideration in the Group's terms of reference makes it impossible to come up with robust recommendations that will contribute to the broad outcomes suggested. It is a mistake we continue to make in New Zealand when we cut levels of social security to try and force efficiency; i.e., more people supporting themselves. Instead it just creates a whole lot of other social and health problems that trap people further into poverty. Income adequacy for every New Zealander, regardless of whether we think they have "earned it" is the only pragmatic foundation for trying to improve outcomes across the board.

Listening to the contributions at the meetings and in the submissions, we have discerned three broad frameworks that are suggested for guiding welfare reform. These frameworks are not contradictory, but each one offers different insights into the role that social welfare plays in New Zealand.

The first framework urges us to draw on our history of social security in New Zealand, going back to the vision embedded in the Social Security Act 1938, in the Royal Commission on Social Security in 1972 and in the Royal Commission on Social Policy in 1988. We were told that this vision was built on citizens' compassion for people in need and on a desire to protect vulnerable people so that they can participate in the community.

I would like to see New Zealanders take pride in our social welfare system. We were one of the first countries in the world to introduce a social welfare system.

We must retain the vision of the Social Security Act, legislated by Savage.

We believe that the single most important change that could take place would be a return to the guiding principles of the 1972 Royal Commission on Social Security.

As a society we need to be proud of the historical contribution of our benefit system in lifting people out of poverty (such as New Zealand Superannuation, Working for Families) and strive to rectify the areas where the system fails to achieve this.

The central focus of the benefit system should be providing financial support so that those unable to do full or part-time work are able to participate fully in the community and feel they are a valued member of society and their achievements whatever they may be are valued.

The second framework draws on the language of human rights, and argues that the government has a duty to ensure that all citizens have their rights respected as enshrined in the Universal Declaration of Human Rights and other ratified international agreements. The following three extracts come from a detailed analysis submitted by the Human Rights Commission.

The CESCR's [UN Committee on Economic, Social and Cultural Rights] 2008 General Comment on the right to social security very usefully clarifies the resultant obligations on States parties, including New Zealand. The right to social security is of central importance in guaranteeing human dignity for people when circumstances deprive them of the capacity to fully realise their economic, social and cultural rights. Social security, and its interface with the tax system, redistributes resources and thus plays an essential role in reducing and alleviating poverty and promoting social inclusion. However, social security is regarded as being a social good in and of itself, and not merely an instrument of economic or social policy.

In August 2007 ... the United Nations Committee on the Elimination of Discrimination Against Women raised concerns that labour force participation rates for mothers of young children including single mothers remain below the OECD average. Of key significance for the Welfare Working Group's discussions, the Committee went on to identify that better access to childcare and parental leave were the policy responses needed to support mothers into paid work.

The Convention on the Rights of Persons with Disabilities (CRPD) affirms that disabled people enjoy the same human rights as everyone else and are able to lead their lives as full citizens. It does not recognise any new human rights, but clarifies the obligations and legal duties of states to respect and ensure the equal enjoyment of all human rights by all persons with disabilities.

The third framework argues that central government should follow the same principles as laid down for local government in the Local Government Act 2002. Section 10 of that Act defines the purpose of local government:

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future.

Consistent with part (b), we were urged to recommend reforms that promote the sustainable well-being of New Zealand's *communities*. This means avoiding a solely individualistic approach and recognising diverse well-being needs of different communities.

We need to start with defining our underpinning values, and then work out the legal imperatives. A good starting point is the four well-beings in the Local Government Act. We need to link the intellectual argument into the language of the four well-beings.

The way we treat the environment is linked to the way we treat people. It is all related. We are beginning to recognise that it is not sustainable to exploit nature; similarly we have to treat people sustainably.

Welfare reform needs to have at its centre an unrelenting focus on wellbeing, rather than on work. A focus on wellbeing will provide a quite different set of recommendations that will not only make welfare reforms more sustainable, but will do so by moving us towards a fairer society in practice.

Respect for Vulnerable Citizens

The introduction to this report has explained the sense of powerlessness experienced by people receiving benefits in the face of decisions made on their behalf against a background of constantly changing policy. It also explained how public debates include large amounts of material described to us as 'beneficiary-bashing', 'scapegoating', 'labelling', 'untested assumptions', 'mechanistic behavioural assumptions', 'inaccurate portrayals', 'lots of generalisations about "bludgers" without figures' and 'using high profile examples of bad behaviour to tar everyone with the same brush'. Some participants in our public meetings described this environment as a form of *domestic violence*, in which vulnerable citizens are targeted for public abuse in a way that would not be accepted for any other group in society. This violence is reinforced for some by their experience of menacing and punitive attitudes in their Work and Income interviews. In contrast, we were reminded that "Any behaviour that makes someone else feel controlled and fearful is never OK" (www.areyouok.org.nz/family_violence.php). We received a large number of submissions that explicitly called for social welfare policies that show respect for vulnerable citizens. One submission, for example, argued that the welfare system needs to be given some independence from politicians to reduce prejudice against people receiving social welfare support.

Principles important for social welfare: Consideration that behind every beneficiary is the story of a person, often vulnerable, needing to be treated with respect, fairness and justice.

Work and Income is putting huge pressure on thousands of very vulnerable people to transfer from the invalid's benefit to a sickness benefit. We are aware of tortuous processes that are happening that are detrimental to the health of the beneficiaries concerned, and can only be called appallingly oppressive and misinformed.

Adjusting the levers and settings within the benefit structure to try and reduce benefit dependency, without paying attention to the host of complex underlying social issues related to being on a benefit long term, will be at best, superficial, and at worst, cause even greater hardship and suffering amongst the most vulnerable.

We emphasise, along with many speakers at the WWG forum held in June, that any changes must not further disadvantage the most vulnerable children in the community. The goal must be to improve their wellbeing, not make it more uncertain.

Caritas agrees that the social welfare system is in need of debate and reform, as it is a complex and difficult system for both beneficiaries and public servants to navigate, and leaves many of New Zealand's most vulnerable citizens feeling disempowered and humiliated.

The welfare system needs more independence, somewhat like the Reserve Bank, so that effective policies can be implemented without having to kow-tow to mainstream public prejudices about beneficiaries.

The Social Insurance Model

The terms of reference for the Welfare Working Group included consideration of "how welfare should be funded, and whether there are things that can be learned from the insurance industry and ACC in terms of managing Government's forward liability". One submission argued that New Zealand's current social security system is already a form of social insurance, funded out of general taxation. Overall, however, we received few comments on the social insurance model, suggesting perhaps that this is not a topic about which New Zealanders feel they are well informed.

One submission thought the idea was worth considering further, as long as employers do not have to pay and there are mechanisms to avoid fraud, corruption and abuse of the system. Other submissions we received were all opposed to the system, generally on the grounds that 'social inclusion and equality are not well-served by social insurance types of systems'.

A key element of the welfare state was that of offering citizens protection against unforeseen calamities and setbacks in their lives. The idea of collectively offering of protection against such risks was due in part to the fact that misfortune was sometime random and catastrophic but also that many people lacked the resources to adequately protect themselves against this risk. This is as much the case today as it was in the 1930s and this inequity in the ability to protect yourself against risk should be the basis for rejecting social insurance models of welfare – we believe.

Specific concerns were: how would the social insurance be funded; how would it address pre-existing conditions; how accessible would it be to low-wage workers; how would it cope with seasonal employment; and what would happen when eligibility for insurance ran out? The following submissions came from the New Zealand Council of Trade Unions and the Human Rights Commission respectively.

What was learnt from the Canadian insurance experience is that unemployment insurance overall works in favour of middle class workers. Many low income workers were excluded because of they did not meet the qualifications. Many unemployed persons were not covered for benefits (e.g. the self-employed); and others had exhausted their benefits or did not work long enough to qualify.

From a human rights perspective, social insurance models typically perpetuate the inequalities of working life into old age and make less adequate provision for contingencies over time. Because of this, most countries provide a two tier system of social assistance alongside social insurance. Stigma is more likely to attach to a second tier safety net provided as social assistance. This can increase people's reluctance to apply for assistance they require, compared to an 'as-of-right' or categorically defined system.

In contrast, we received specific recommendations that social welfare should continue to be funded collectively out of a progressive tax system.

Most of us manage to get by comfortably (all relative) so why should we begrudge some of our tax helping others. Most on welfare are not bludgers – often a case of bad health and bad luck. People need to be reminded of the philosophy that if you do well in life you should give something back.

Individual Assessment and Universal Basic Income

There was a strong theme that entitlements under New Zealand's social welfare system need to be simplified since the current system is seen as unnecessarily complex. Submissions under this heading included two ideas that would represent a radical change in the way the system operates.

The first idea is for entitlements to be assessed on the basis of individuals rather than on the basis of households. Currently the income of a partner is taken into account when determining an applicant's entitlements for social welfare income support. Also, partners of people on some benefits are subject to a work testing regime.

People should receive benefits in their own right. When a woman is the secondary breadwinner in the household, she disappears in all of this.

New Zealand welfare entitlements are not based on individual but joint assessments. This system is having a negative impact on many families. It can undermine marriage or partnerships – separation in order to get a benefit. The system should be changed so that welfare entitlements are based on individual needs rather than household income.

The second idea is for a form of universal basic income in which all citizens over a certain age are entitled to receive from the state a certain fixed amount of income (financed out of general taxation) regardless of their employment status.

The Social Security Act 1964 should be repealed and a new system devised which provides an untaxed universal basic income sufficient for people with families to live on.

Implement, as Gareth Morgan has suggested, a state paid income for all adult New Zealanders.

I am speaking of the payment system referred to as Guaranteed Minimum Income, Basic Wage, Universal Income, National Dividend, etc, etc. Our version should, in my view, be called a "Kiwidividend". ... The name "Kiwidividend" more correctly labels it as a payment made to all citizens as of right rather than as an act of charity.

Further Ideas for Reform

Previous sections of this report have summarised a wide range of ideas for reform. This final section presents some further ideas that were included in the written submissions but were not easily categorised under the headings we used to structure the report.

CPAG [Child Poverty Action Group] also recommends that, where possible, beneficiaries be encouraged to save – perhaps through a partnership with Kiwibank – in order to begin to accumulate savings that can help in emergencies, or enable people to make purchases without resorting to loans. Beneficiaries having savings is at odds with the present system of income and asset testing, but having savings gives people a stake – however small – in the

wider community. CPAG argues that, in the end, this is better for families and the communities in which they live.

Implement the principles of positive youth development in social policies/ programmes that affect young people. ... Research overwhelmingly supports the efficacy of this approach in working with young people and we need to do this because our children and young people are our greatest resource for the future.

The analysis of the facts and evidence of what is driving the increase in numbers of people on Domestic Purposes, Sickness and Invalid's Benefits is inadequate. We invite the WWG to seriously consider and further investigate the evidence that important factors are driving the increases that do not relate to opportunities for paid employment.

Find the fathers who are not paying maintenance and simply obtain an order to automatically withdraw the court awarded payments from their accounts to defray the cost of the DPB to the government.

Create small community scale eco-villages with the purpose to teach and to provide very low cost and affordable eco-housing, organic food, small-scale sustainable power system. All basic human needs would be provided for within a co-operatively structured local community currency economic environment.

It is immoral and unjust to make negative changes thereby creating a welfare system which uses the vulnerable and disadvantaged as scapegoats. Any changes must improve beneficiaries' circumstances.

Appendix

Table 1: Public Meetings of the Welfare Justice Group

Date	Venue	Welfare Justice Members	Number of Participants
24 August	Maraeroa Marae, Porirua	Pīhopa Muru Walters Wendi Wicks	25
24 August	Hapai Club, Upper Hutt	Sue Bradford Paul Dalziel Mike O'Brien	35
24 August	Loaves and Fishes, Cathedral of St Paul, Wellington	Sue Bradford Paul Dalziel Mike O'Brien Pīhopa Muru Walters Wendi Wicks	30
9 September	Tatai Hono Marae, Auckland	Sue Bradford Mike O'Brien	45
15 September	Ngararatunua Marae, Kamo, Northland	Sue Bradford Mike O'Brien Māmari Stephens Pīhopa Muru Walters	63
20 September	Manurewa Marae, South Auckland	Sue Bradford Mike O'Brien Māmari Stephens	30

Table 1 (Cont.): Public Meetings of the Welfare Justice Group

Date	Venue	Welfare Justice Members	Number of Participants
21 September	Two meetings at Community House, Dunedin	Paul Dalziel Wendi Wicks	42
23 September	Two meetings at disAbilities Resource Centre, Invercargill	Paul Dalziel Wendi Wicks	11
24 September	Two meetings at Community Law Centre, Christchurch	Paul Dalziel Mike O'Brien Wendi Wicks	31
27 September	Te Ara Hou Village, Hamilton	Sue Bradford Mike O'Brien	25
29 September	Bainbridge Centre, Rotorua	Sue Bradford Mike O'Brien Māmari Stephens	25
11 November	Salvation Army, Nelson	Sue Bradford	50

Table 2: Submissions to the Welfare Justice Group

Region	Number	Region	Number
Northland	3	Wellington	26
Auckland	20	Tasman	1
Waikato	3	Canterbury	10
Bay of Plenty	2	Otago	9
Gisborne	1	Southland	2
Taranaki	1	Not Stated	13
TOTAL SUBMISSIONS			91



Welfare Justice
The Alternative Welfare Working Group

<http://alternativewelfareworkinggroup.org.nz>