

# WELFARE "REFORM":

## WHERE ARE THE JOBS?



One can hardly expect to improve welfare simply by reducing it.

Having people work instead of just accept money is an excellent idea; it won't succeed, however, unless there's jobs for them to work at.

## FACTS ABOUT WELFARE IN NEW ZEALAND

The Christchurch Methodist Mission welcomes a debate on welfare in New Zealand, but such a debate should focus on facts:

- ◎ The total number of people receiving benefits has dropped over the past decade
  - the number of unemployed has declined significantly.
  - the number of sole parents needing support has also declined.
- ◎ The number of people unemployed has only increased in the past three years because of the recession. The government's own documents identify this reflects changes in economic conditions – not changes in behaviour or attitudes of beneficiaries
- ◎ New Zealand's long-term unemployment as a proportion of total unemployment is about quarter the OECD average.
- ◎ Most people receive social support for limited periods to make it through particular challenges or crises.
  - Less than 1% (0.2 percent) of those currently needing the unemployment benefit have received it continuously for 10 years or more.
- Clients who have received a Domestic Purposes Benefit continuously for 10 years or more made up only 0.4 % of the total working-age population
- ◎ Between 1994 and 2009 the average annual growth in the expenditure on benefits as a share of GDP declined
- ◎ Benefit spending is predicted to decline substantially as a share of GDP, for the next 40 years.
- ◎ Benefit fraud is minuscule – fraud as a proportion of the total benefits paid was only 0.1% last year.

Numbers of people on benefits is dependent on the availability of suitable jobs – it is as simple as that.

# FACTS ABOUT WELFARE IN NEW ZEALAND *continued*

- ⦿ Average benefit payments as a proportion of the average wage have fallen more or less steadily since the 1970s.
  - In the late 1970s, it reached around 44%, by 2009 it was well under 30% of the average wage.
  - Projections show it continuing to fall, until by 2050 it will be less than 20% of the average wage.
- ⦿ There is no evidence that anyone has babies to get more welfare – and there is no relationship between the provision of welfare and the number of children welfare recipients have.
- ⦿ Living on a benefit is highly likely to mean living in hardship and often in “severe and significant” hardship.

## THE WELFARE WORKING REVIEW

The Welfare Working Group was established in April 2010 to “conduct a fundamental review of New Zealand’s welfare system and to make practical recommendations on how to improve economic and social outcomes for people on a benefit and New Zealanders as a whole”. In August 2010, the Welfare Working Group published “Long-Term Benefit Dependency: The Issues”. In late November 2010, the Welfare Working Group completed an “Options Paper”.

Both reports were notable for their misuse of data and ideologically loaded language while ignoring the reality and causes of unemployment in New Zealand today. The Welfare Working Group manufactured a crisis that doesn’t exist and painted a picture of ‘long term welfare dependency’ that is just not reality.

There is a crisis in our country but it's not a crisis of welfare dependency. It's a crisis of a depressed economy and failed economic policies – that do not treat full employment as a goal – causing many tens of thousands of New Zealanders to face a precarious existence with either no work or poorly paid, insecure work.

The Welfare Working Group’s proposals focused almost exclusively on the responsibilities of



*Very low benefit levels make it harder to get off a benefit. And for those who have to stay on a benefit, a much lower chance of belonging and contributing to society. Children of the poor are trapped by poverty not welfare.*

***There is a crisis in our country but it's not a crisis of welfare dependency.***

beneficiaries. It shied away from hard questions about the failure of current economic policies to provide enough work for all who want a job. Without job growth the punitive change to the obligations of welfare recipients and incentive regimes, will only exacerbate a sense of failure and worthlessness and divisiveness between the haves and the have-nots.

# TRUE WELFARE REFORM

requires:

## **JOBS FOR ALL AT DECENT PAY**

- ⊙ A government commitment to a full employment policy
- ⊙ Making full employment one of the factors the Reserve Bank must take into consideration when setting the official cash rate
- ⊙ Lifting the minimum wage beyond poverty level
- ⊙ Targeted public and community service employment creation strategies which complement the regular labor market
- ⊙ Competent, appropriate careers advice and job seeker support for beneficiaries
- ⊙ Support for employers willing to employ people with special needs
- ⊙ The right to request flexible working for all parents
- ⊙ Affordable childcare and out of school care for all.

## **EDUCATION**

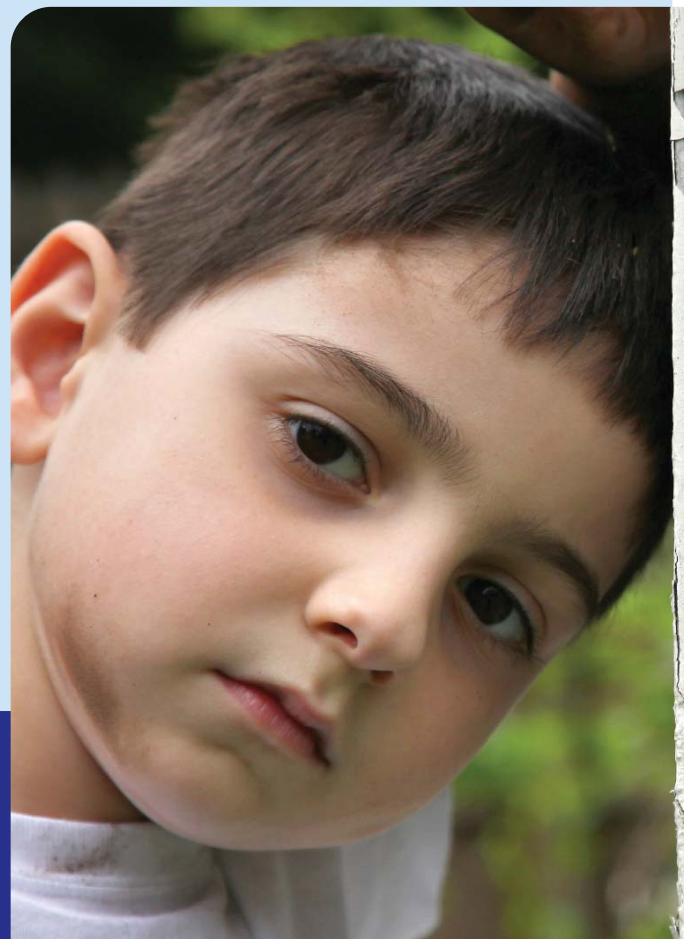
- ⊙ Educational and training opportunities, from apprenticeship, literacy and trade skills through to degree level tertiary education, for beneficiaries
- ⊙ Adequate funding for adult and community education
- ⊙ Restoring Training Incentive Allowance (TIA) at degree level
- ⊙ Investing in ECE for all children, with a particular focus on low socio economic communities.

## **ADEQUATE INCOME SUPPORT**

- ⊙ Income support at a level which enables people to meet their basic needs and to participate fully in community life.
- ⊙ Restoration of the Special Benefit or an equivalent
- ⊙ Simplify the provision of welfare – two-tier system with one base rate and a second tier of allowances for dependents and additional needs relating to sickness, injury and long term impairment.

## **REMOVAL OF FINANCIAL SANCTIONS**

- ⊙ The benefit system is already paid below the poverty line; cutting family incomes further by sanctioning their benefits is not in the best interests of children.



***Compelling people to look for jobs that do not currently exist is unfair, pointless and demoralising.***



Getting rid of the safety net won't help the poor – it'll just produce more poor people.

We used to have no safety net: things weren't better, but worse, with many living in poverty, and families ruined by the loss of a job, serious illness and old age. 15% of people never made it to age 15 years, we had industrial schools for children of the poor and sweatshops of adults.

Why would anyone want to go back to those days?

## CHRISTCHURCH METHODIST MISSION

Everybody has opinions about welfare; few of these are based on any actual acquaintance with the poor.

The Christchurch Methodist Mission is one of the largest social service providers in Christchurch. It provides services and programmes which support people at every age – “from the cradle to the grave”. The Mission has approximately 3000 clients using its community services each year and provides over 56,000 bed nights each year in social housing and eldercare services.

Every day, over 200 people are receiving one of the Methodist Mission's services.

The Methodist Mission works with people struggling to survive on benefits. We know that most would choose not to be on a benefit if they could. We know that those with children want them to have all the opportunities available to their peers.

The Christchurch Methodist Mission is well placed and well informed to comment on welfare reform.

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Christchurch  
Methodist Mission

**Challenge ill-informed  
criticisms of beneficiaries  
and welfare support.**