Getting Welfare right for the 21st century

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CHiLD POVERTY ACTION GROUP

Indicators of social disaster

- Deprivation
- Child poverty
- Third world diseases
- Alienated youth
- Mental health crisis
- Suicide rates
- Homelessness
- Foodbanks normalized
- Private charities overwhelmed


PROFIT OVER
STOP THE WAR
ON THE POOR
AAAP
AUCKLAND ACTION AGAINST POVERTY.ORG.NZ


SUPPORT
MARR'S

Third world boarding hosues

One of the filthy rooms in a boarding house visited by The Nation. Photo credit: The Nation

staff members said they were exhausted by the level of desperate need pouring through the charity's doors. July 2017

BEVAN READ/FAIRFAX NZ

Auckland City Mission chief executive Chris Farrelly said the charity was 'at capacity', with more people seeking its help every day.

theguardian

New Zealand's most shameful secret: 'We have normalised child poverty'

- **Unicef and charities urge New Zealand to act on child poverty**

Minister dismisses Guardian report highlighting issue as 'sensationalist' from a paper that 'supports Jeremy Corbyn'

Charities overwhelmed

KidsCan

Supporting Disadvantaged Kiwi Kids

50c a day helps a New Zealand child get to school warm and dry

Economic costs of social disintegration

Incarceration

Youth offending

Health system

Education

Loss of productive adults

Teachers kicked and bitten by students

Teachers are struggling to cope with growing numbers of children who are violent.

NZHERALD.CO.NZ

Implications for the Ageing of the population

Projected ratios of different age groups		
	15-64 years	65+ years
2006		
2020		
2030		
2050		

The welfare state is founded in a set of values

Values → policy → outcomes

Our values have been subverted

Those who not understand history are doomed to repeat it

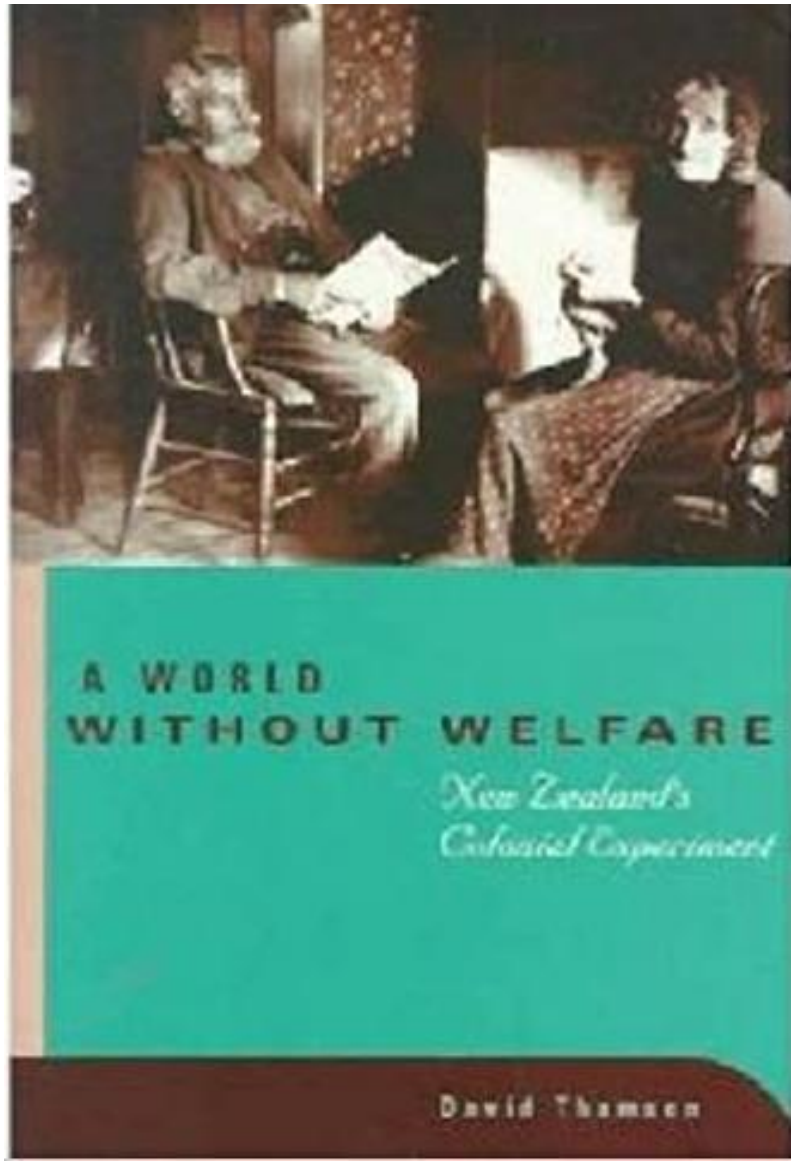
Welfare devolving: Return to 19th century thinking

- 1846 Destitute Persons Ordinance
- 1938 Social Security Act (SSA) 1964
- 1972 Royal Commission on Social Security
- 1988 Royal Commission on Social Policy
- 1991 Budget/welfare reforms
- 1996 Child Tax Credit
- 2006 In Work Tax Credit
- 2007 SSA new purposes and principles
- 2017 Back to the 19th century…

19th century NZ

“They passed vigorously enforced laws placing all welfare duties upon families. They kept handouts to the destitute miserly, demeaning and short-term.

The "world without welfare" of early colonial New Zealand represents perhaps the purist test to date of what happens when a society turns its face against public assistance to the poorest and most vulnerable, in pursuit of ideals and personal independence”



Beginning of the welfare state

- 1938 Michael Joseph Savage

*The inspiration for the **Social Security Act 1938** was the determination to end poverty in New Zealand. –MSD website*

Social Security Act 1964

"An Act to provide for …Superannuation Benefits and of other Benefits designed to **safeguard** the People of New Zealand from Disabilities arising from Age, Sickness, Widowhood, Orphanhood, Unemployment, or other Exceptional Conditions; . . . and, further to provide such other Benefits as may be necessary to **maintain** and **promote the Health and General Welfare of the Community**

1972 Royal Commission on Social Security

"The aims of the system should be to ensure that ***everyone*** is able to enjoy a standard of living much like that of the rest of the community, and thus is able to feel a sense of **participation in and belonging** to the community."

1972: *Income-tested* basis of benefits

"a *means* test relates to both income and assets. In some instances **in the past** this was even extended to include resources of near relatives"

All main benefits (except universal ones) were 'income tested'

People could maintain their balance sheets

Means tests applied ***only*** for supplementary assistance

Flowering of the welfare state continues in 1970s

- Sole parent benefit (DPB 1973)
- National Superannuation (1977)
  - No means test Poverty cured
- ACC (1974)
  - Right to compensation and medical attention
- Growing influence of the Human Rights movement International Covenant on Economic, Social and Cultural Rights : the right to an adequate standard of living

1988 Royal Commission on Social Policy

Lange's counter to neoliberalism

- Access to sufficient share of income and resources to allow all to **participate** in society, have a genuine **opportunity** to achieve potential and **live fulfilling lives**
- Relief of need
- Ensure the wellbeing and healthy development of **all children**

Darkness of Rogernomics 1987-

- flat tax package
- **Welfare top ups for the deserving**

(working) poor

- Benefits for the needy only
- No more principles of participation

Labour paves the way

FROM THE CRADLE TO THE GRAVE

1991 Budget

Dumped universal welfare state

Benefits cuts

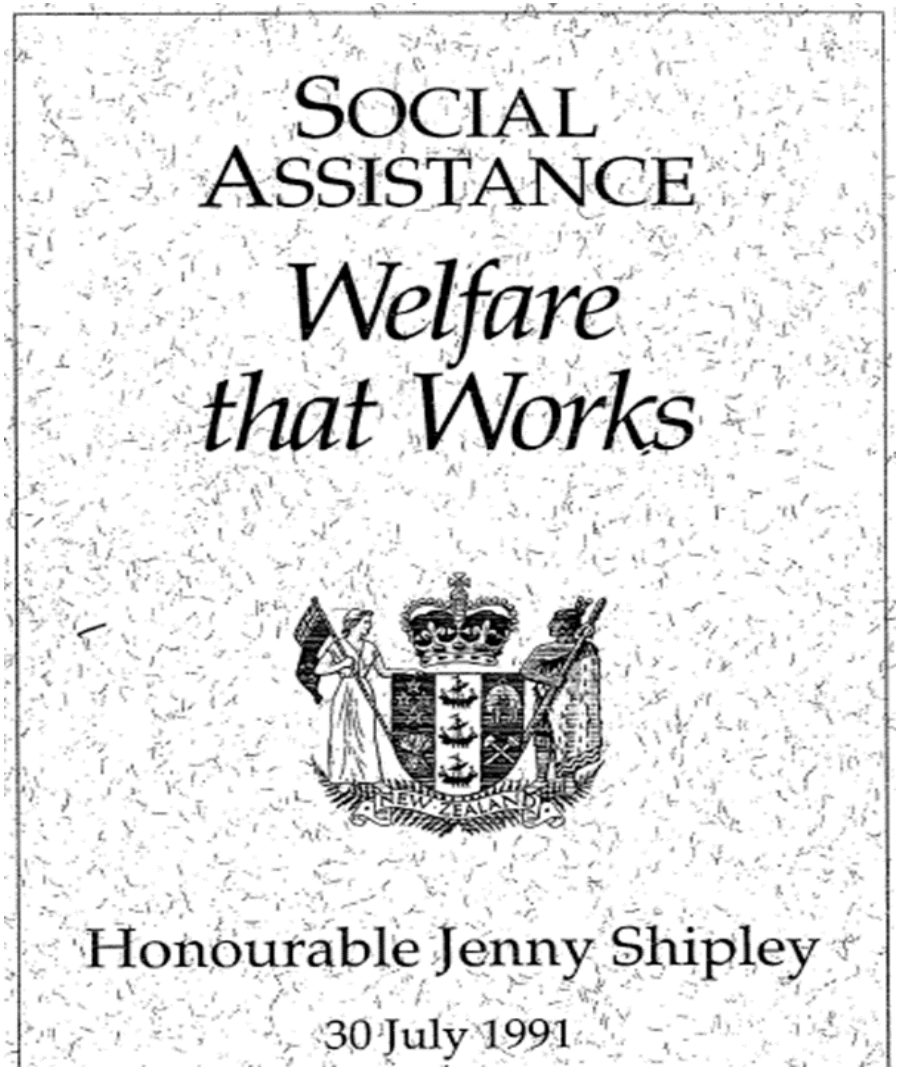
Family benefit gone

All state assistance tightly targeted

National 1991 budget welfare reforms

Redefining our values

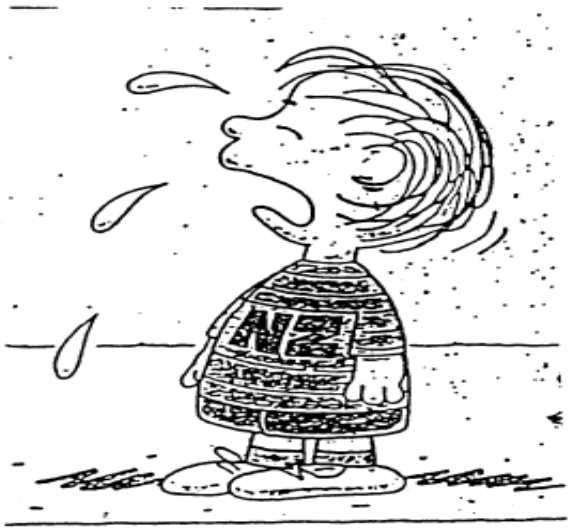
"Fairness: People with **genuine needs** should have adequate access to state assistance- those who can look after themselves should be encouraged to do"



Children getting seriously ill through poverty, say doctors

Families huddling to beat winter cold

Women hardest hit by slump, new poll shows



Debts

Strategies for survival

Families miss out on food

Is Foodbank enough?

Tenants could be 'forced' out

Benefit cuts

Early 1990s media

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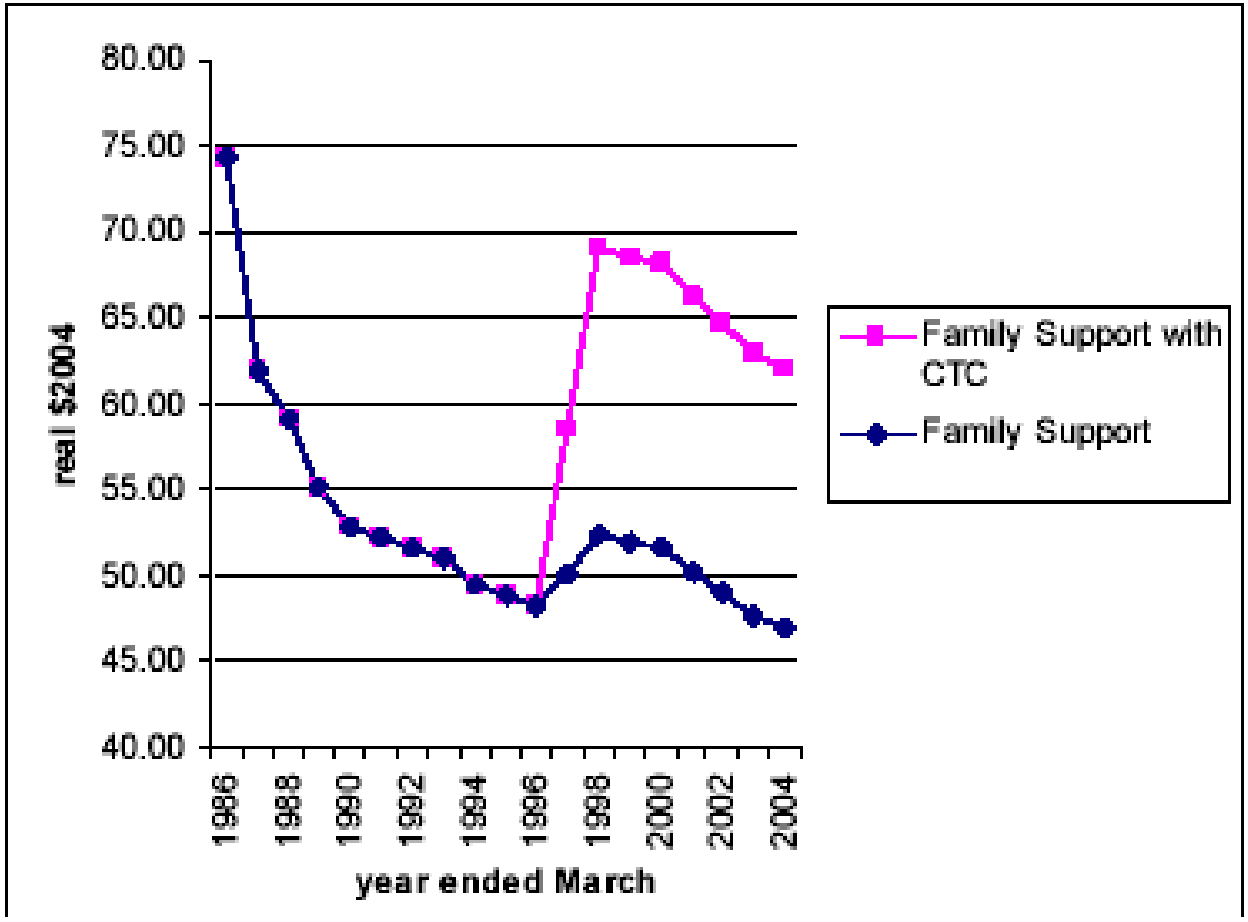
1996: The Child Tax Credit

Figure 1: Maximum real family assistance (1-child family) 1986-2004 ($2004)



Inclusion via **paid work**

What Labour said in 1996

To divide children into those whose parents are good parents because they work and children who are bad because their parents do not is absolutely disgusting.

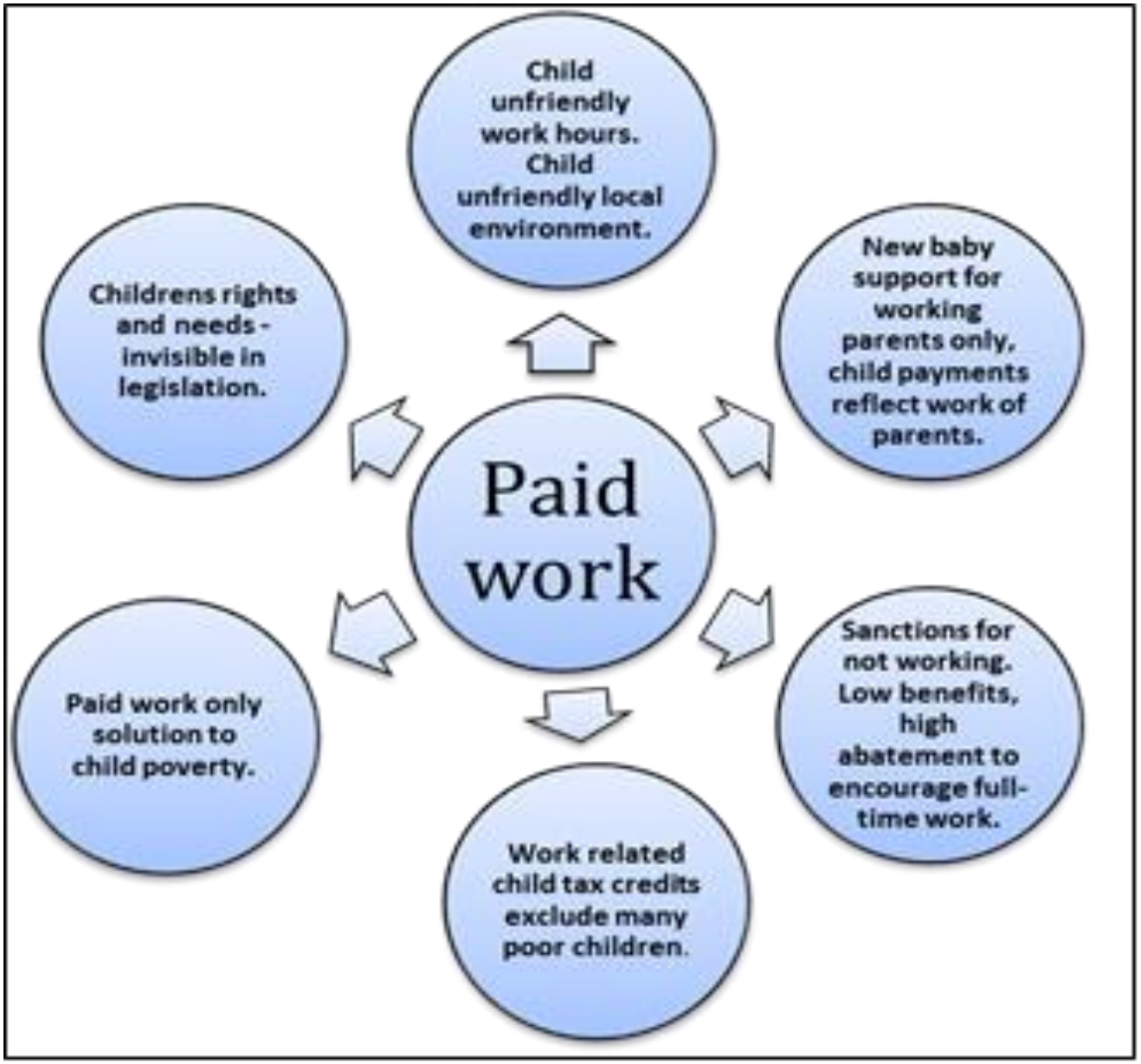
Annette King MP 1996

“a simplistic tangle of bigotry and ignorance … barely disguised attack on beneficiaries … mean spirited, ill thought through and punitive … unholy product of National’s deeply held view that everyone on a benefit is a bludger and Treasury’s new right agenda … based on highly questionable incentive arguments” Michael Cullen 1996

But in 2006 Labour took the child tax credit and made it far worse

- Called it the In Work Tax Credit
  - Part of weekly assistance paid to mother
  - Worth $72.50 or more a week
  - Requirement of “off benefit”
  - Required number of hours
    - 20 sole parent
    - 30 couple

Paid work at the centre of policy:



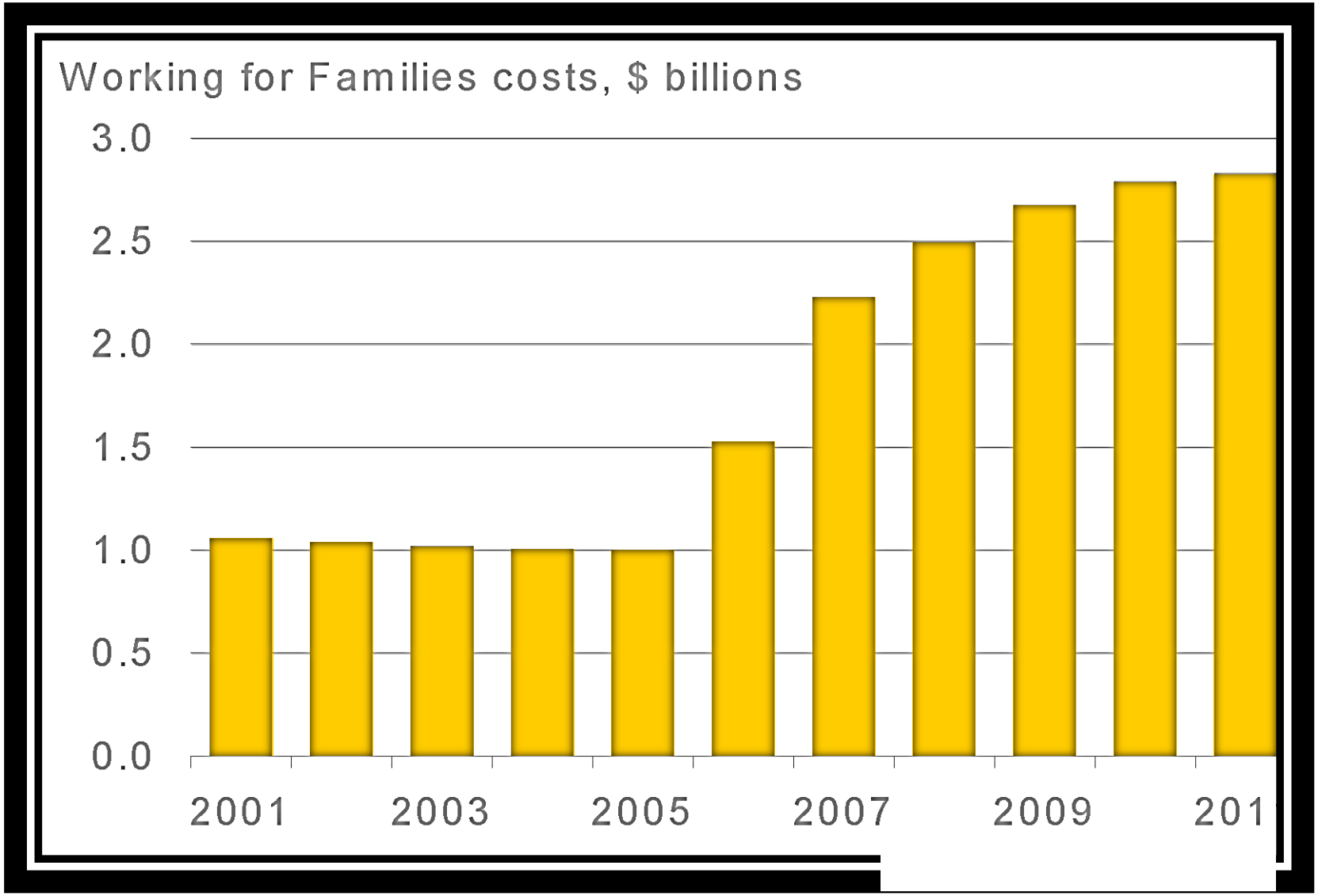
Paid parental leave

KiwiSaver

Childcare subsidies

In Work Tax Credit

2005-7 Labour's Working for Families



#FWFF FIX WORKING FOR FAMILIES

So what is wrong with WFF?

The Child Poverty Rate fell but…

"Working for Families had little if any impact on the poverty rates for children in workless households" **MSD 2012**

The Human Rights Case
CPAG v the Attorney General

- 1996 HR complaint against CTC rejected
- 2002 CPAG lodged complaint under Part 1A
- 2008 The Human Rights Review Tribunal
- 2011 Appeal in the High Court
- 2013 Appeal in the Court of Appeal
-

The decision: The Court of Appeal found...

... the IWTC part of Working for Families paid to the mother in a so called ‘working’ family was discriminatory and caused material harm to the beneficiary families who were excluded.

However the Court decided the harm to over 200,000 of NZ’s poorest children was justified.

"And the wolf ate all children but it didn't matter because they were the children of People not like us

"Creation of the other"

Rewriting our values

PURPOSE OF THE SOCIAL SECURITY ACT (2007)

- to help people to support themselves and their dependents while not in **paid employment**;
- to help people to find or retain **paid employment**;
- to help people for whom **work** may not currently be appropriate because of sickness, injury, disability, or caring responsibilities, to support themselves and their dependents.

• to enable in certain circumstances the provision of financial support to people to **help alleviate hardship**:

• to ensure that the financial support takes into account—

that where appropriate they should use the resources available to them before seeking financial support under this Act;

to impose **administrative** and, where appropriate, **work-related requirements** on people seeking or receiving financial support under this Act.

THE PRINCIPLES:

Work in paid employment offers **the best opportunity for people to achieve social and economic well-being**;

- the priority for people of working age should be to find and retain work;
- people for whom work may not currently be an appropriate outcome should be assisted to plan for work in the future and develop employment-focused skills; and
- people for whom work is not appropriate should be supported in accordance with this Act.

Labour paves the way…

“National is supporting this bill going to the Social Services Committee. Why on earth would we not? We have been arguing for this for 7 years.

We want to tighten up the provisions in this bill. This is basically just a wet dishrag of a bill, designed to make the Government look as if it is doing something, but it is not actually doing very much at all.” **Anne Tolley: 2007**

1999-2008 Labour paved the way…..

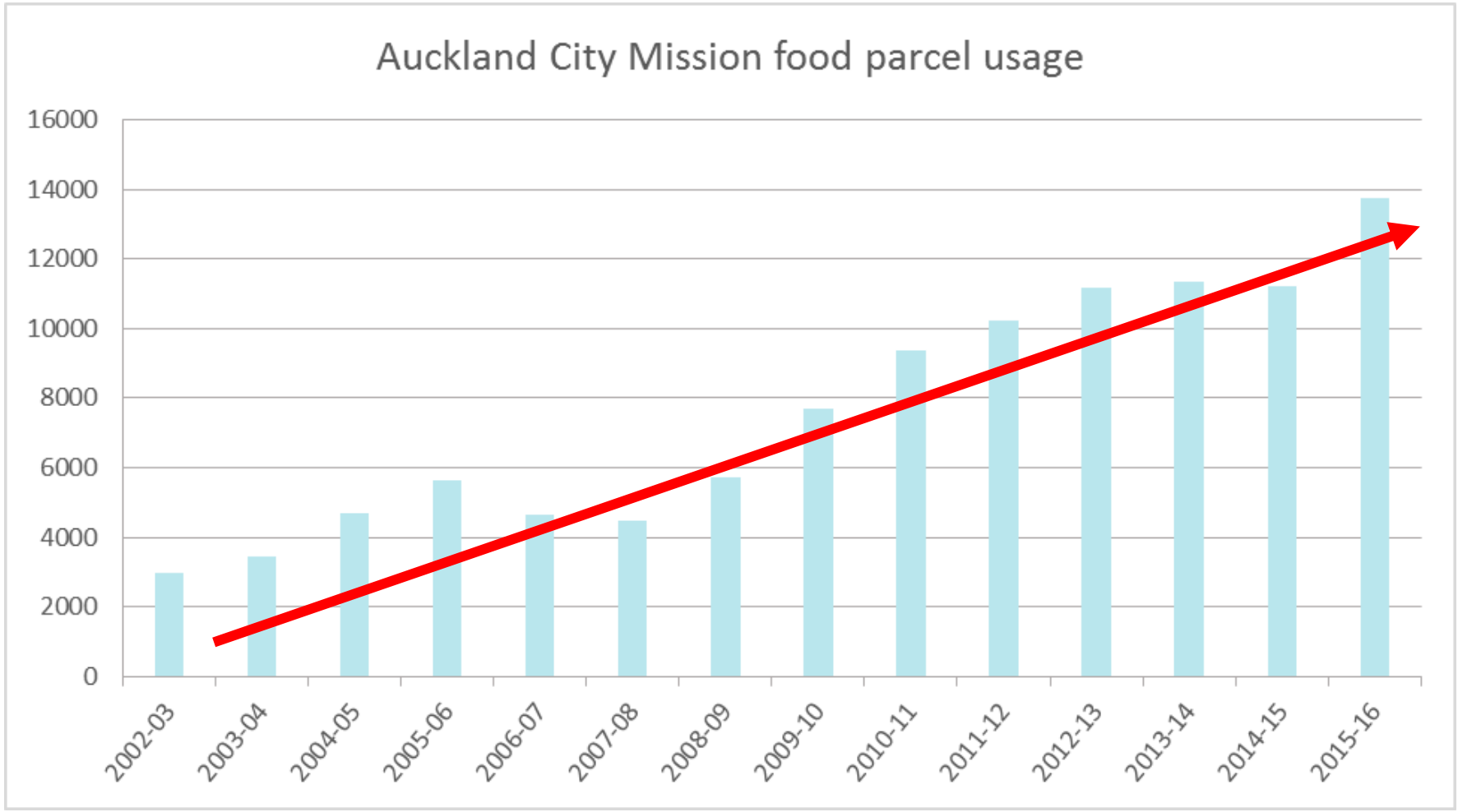
Paid work is the (only) answer to child poverty

Slane

2008-2017
No holes barred reforms

- Relentless focus on work
- Work work work- any work so long as paid
- Tighter and tighter targeting of assistance
- Sanctions for non compliance
  - Poverty as a weapon
- **Ugly culture in WINZ**
  - **Power to decide what is a relationship**
  - **What is income**
  - **Appeals process stacked in their favour**

Targeting efficiency: Families have too little disposable income even if 'working'



Suffocating effects for working poor

Under National 2018

Gross income $35,000….An extra $10,000 means

Tax	1750
acc	140
wff	2500
student loan	1200
Kiwisaver	300
accommodation supplement	2500
total effective tax	8,390
disposable income	$1,610

Possible loss of childcare subsidy up to $60 a week

Payment of child support 18-30%

One injustice unchallenged leads to another and another.

Sanctions: where are the children?

Slane

Chloe Ann King
5 hrs ·

Kia ora ano everyone, here is my latest essay

"Being poor, being unemployed, being on welfare, being down on your luck, or struggling with serious health issues like Emma... doesn't make you less than; it doesn't suddenly make you sub-human."

WINZ: where hope and dignity go to die

It is not okay that nearly everyone I have advocated for at WINZ, has broken down in tears during appointments and have often been close to a panic attack. Most people I advocate for at WINZ unanim...

MILLENNIALPOSSE.COM

The ugly culture

#WE ARE BENEFICIARIES

The top and bottom pull apart

Endless persecution even prosecution

- Jill is a sole a parent she gets SPS $325
- Jack is her boarder. He gets JS $210

oops

- "relationships could develop quickly and some people might not be aware of their obligation to tell Work and Income." Minister Tolley.

Coupled they get $187.50 each- $160 less pw and have a joint income test of 70% on earned income over $80

To help distinguish the nature of a de facto relationship, Work and Income (2014) suggests that the beneficiary 'thinks about these issues':

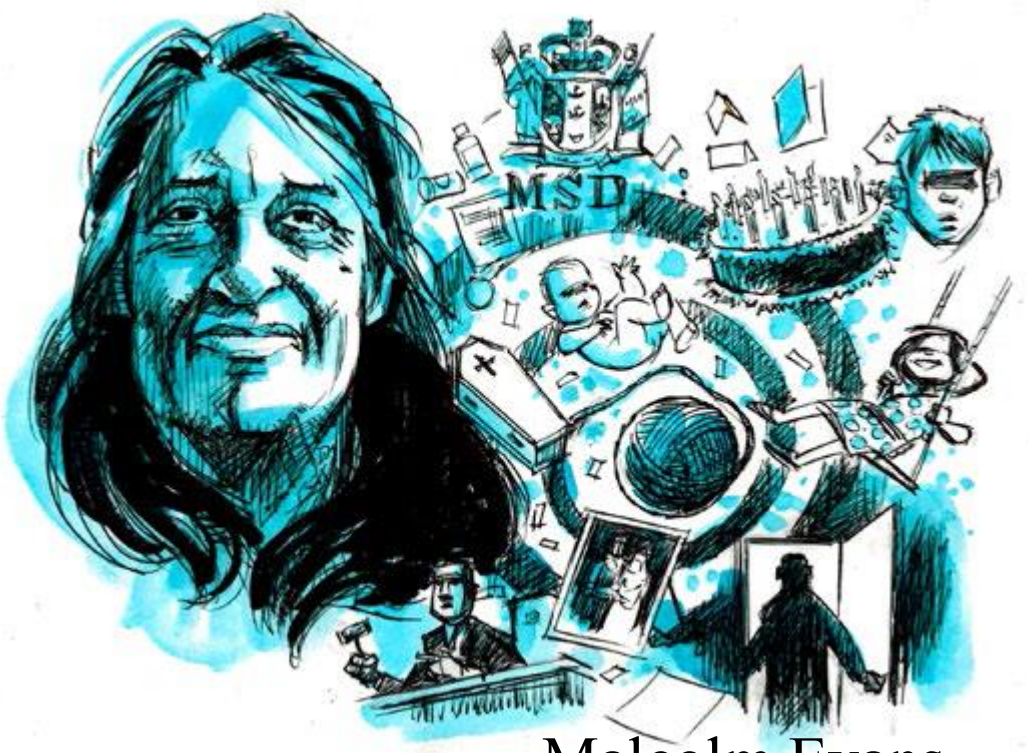
- You live together at the same address most of the time.
- You live separately but stay overnight at each other's place a few nights a week.
- You share responsibilities, for example bringing up children (if any).
- You socialise and holiday together.
- You share money, bank accounts or credit cards.
- You share household bills.
- You have a sexual relationship.
- People think of you as a couple.
- You give each other emotional support and companionship.
- Your partner would be willing to support you financially if you couldn't support yourself.

Informants are requested to supply detailed information as detailed on the Work and Income website (2014): Information that helps us when you report a suspected fraud. This includes:

- Do they live with a partner but say they're living alone?
- If you think they do then we'd like to know:
- the full name of their partner and any other names they're known by
- their partner's age and date of birth
- their partner's address
- whether their partner works and who employs them
- why you think that they're a couple
- how long they've been in a relationship
- whether they have had children together
- the names and ages of any children they have.

Relationship 'fraud' prosecutions

Kathryn's story: CPAG 2014



Malcolm Evans

Income is what MSD says it it

"When I use a **word**," Humpty Dumpty said in rather a scornful tone, "it **means** just what I choose it to **mean** — neither more nor less." "The question is," said **Alice**, "whether you can make **words mean** so many different things."

MSD says
Expenditure - Benefit = undeclared income




Ms X. in the High Court:

MSD argues that LOANS to support kids are INCOME

Solo mum's loans should be treated as income, MSD argues

A single mother who took out loans to make ends meet while on a benefit is being prosecuted by the Ministry of Social Development, which says that…

RADIONZ.CO.NZ

…that where appropriate they should **use the resources available to them before seeking financial support** under this Act;

- **The gift/loan issue**

  52. In relation to the issue of whether the money received from Ms Fountain's mother constitutes income, the Ministry's submission is twofold:

  52.1 Regardless of whether the money is a gift or a loan, it constitutes income under the Act.

Return to the Destitute Persons Act

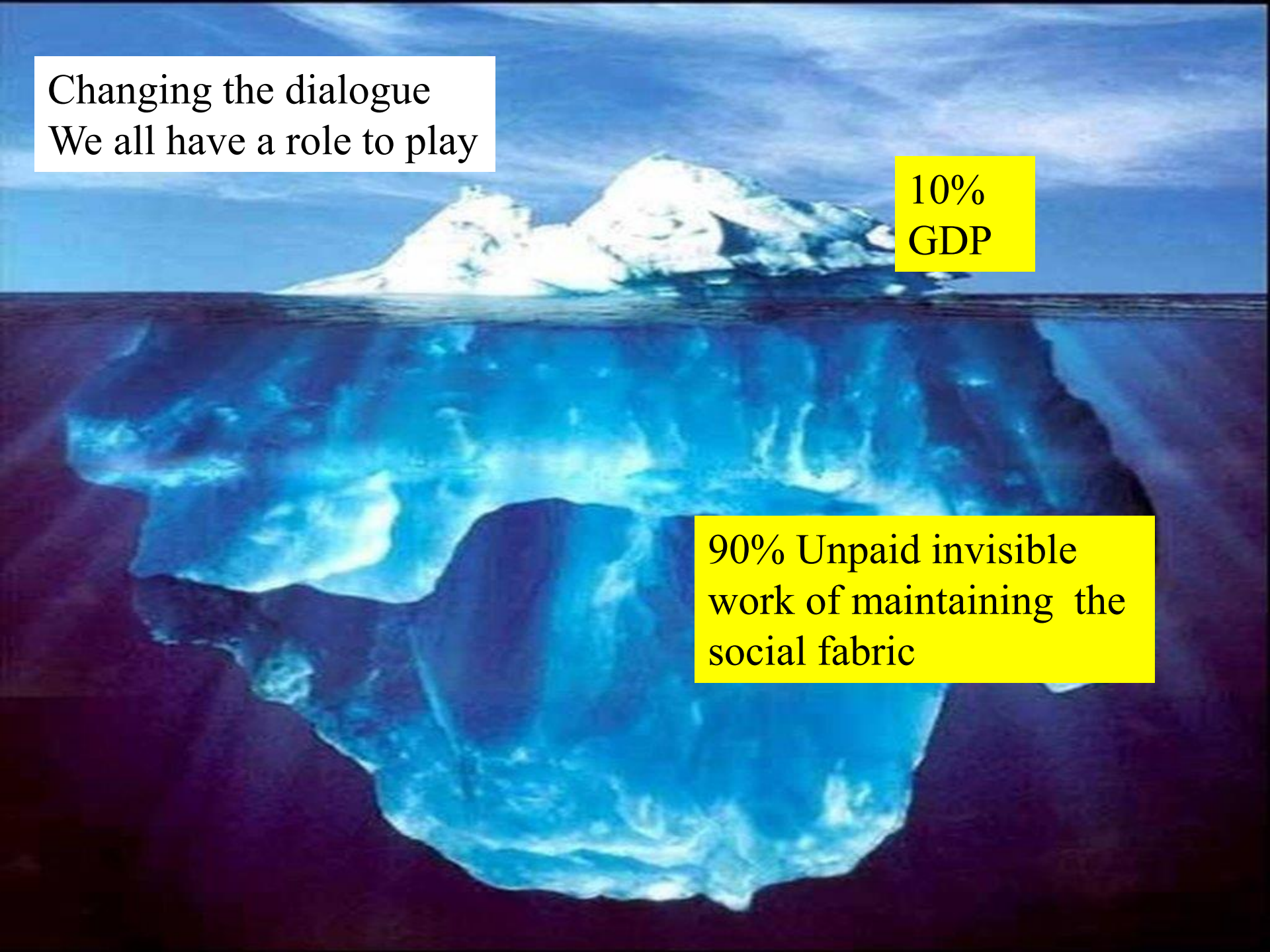
A short step to charitable model of the 19th century?

Is reprieve in sight?

Task for new government

- SSA must be reframed
- Human rights not paid work at the basis

> "Without families and communities, the economy means nothing. It has no life of its own. Its only purpose is to enable us to live, to care for one another and to raise our children to take our place. If we lose the power to do that, no matter how fast the GDP rises or how much the budget surplus grows, we will have no future worth working for." **Anne Else, False Economy 1996.**


Changing the dialogue
We all have a role to play
10%
GDP
90% Unpaid invisible work of maintaining the social fabric