

## **The Real Meaning of Welfare**

As with September's earthquake and the Pike River disaster, the devastating effects of this week's catastrophe are tempered by only one thing: the compassion, generosity and big-heartedness New Zealanders show to their fellow human beings when tragedy and hardship strike.

It's the same instinct that gave rise to New Zealand's welfare system in the 1930s and we have seen it at its best this week in the actions of countless individuals, community organisations, businesses and the government in seeking to relieve the suffering of those stricken by the disaster.

While Christchurch's tragedy has pushed the Welfare Working Group's final report onto the back-burner, it is at such a time that a well-functioning welfare system is at its most needed and important.

It is pleasing to see the group's recommendations focusing on creating just that: a well-functioning system that takes good care of the truly needy and vulnerable, is there to help people when disaster strikes, and provides strong, upfront encouragement and clear signals to those who can work to get going and do so.

The report's strong focus on reducing poverty and achieving better health, educational and social outcomes for at-risk children of teen and other sole parents is commendable. Better support for such parents, stronger parenting requirements, highlighting the responsibilities of non-custodial parents, and an earlier obligation to enter the workforce would do much to redress the disadvantages faced by so many of these children. There is ample evidence that children of sole parents who are working do better on every count than those reliant on welfare.

As the report points out, New Zealand is an outlier internationally in terms of its rates of teenage births, sole parents on welfare, and children being raised in benefit-dependent households. Using the welfare system to signal the commitments and extent of responsibilities entailed in parenthood may

also encourage young people to defer parenting until they complete their education and are established in a job and an enduring relationship.

There is much focus in the report on the importance of assessing people's ability to work rather than their inability, and helping those who are sick or disabled but have work capacity to get into or back to work as quickly as possible. The report also however highlights serious shortcomings in core health services such as mental health, rehabilitation, and treatment of drug and alcohol dependency. The need to redirect childcare subsidies away from those who can afford it to those who can't is also noted. These deficiencies will need to be addressed if the reforms are to have any chance of succeeding.

The report touches lightly on the wider issues of how to lift educational achievement among at-risk young people and reduce labour market barriers that prevent young, unskilled jobseekers and potentially risky employees from getting a foothold on the jobs ladder. With 62,100 youth (15 to 24 year-olds) not in employment, education or training, addressing these two issues must loom large on any reform agenda.

As the report spells out, Maori are heavily over-represented in all the negative welfare statistics, with 27% of Maori youth unemployed, 31% of all Maori on welfare, and 41% of sole mothers on benefits being Maori. While iwi-supported initiatives to turn these statistics around may help, they will not succeed without a responsive, student-focused education system, a more flexible labour market, and meaningful changes to welfare incentives.

The group recommends a number of rules, carrots and sticks designed to leave welfare recipients in no doubt that malingering on a benefit will not be tolerated. These include 'work for welfare' for intractable cases, and income management, whereby the benefit is controlled by a third party or via a programmed 'smartcard', to ensure children's necessities are provided. This approach, successfully trialed in indigenous Australian welfare-dependent communities to combat drug and alcohol abuse, is proposed as a last resort measure for those who repeatedly fail to provide essentials for their children. Also proposed is a requirement for people with drug and

alcohol issues that prevent them working to enter rehabilitation or lose their benefit.

Perhaps the most important rule the report promotes is that jobseekers on welfare must accept reasonable job offers. It is hard to see how fair-minded people – both those on welfare and the community who fund it – could object to that.

The report sets out starkly the huge social and economic impacts of long-term welfare dependency and the outlook for New Zealand should these problems not be addressed. Little attention can be paid to these issues while the country and the government rightly focus on the needs and suffering of the people of Christchurch. But when the dust settles and, for most of us, life returns to normal, it is to be hoped that the government will take this report seriously and in due course implement its recommendations.

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