

From Passive to Conditional welfare

Recently John Key announced plans to introduce a form of what's known in the world of welfare as income management. The hands-on approach, targeting 'disengaged' 16 and 17 year-olds and teen sole parents, would put oversight of their benefits into the hands of private sector social service organisations. A 'competent adult' would provide intensive mentoring in life skills such as budgeting and parenting, manage the young person's bill payments and rent, and ensure they were in education, training or work-based learning. Money for basic living costs would be loaded on to a payment card that could only be used on food and other necessities and not on things like cigarettes and alcohol.

While the move is undoubtedly paternalistic, the state is in effect being asked to be father and mother to these teenagers anyway. And who could argue that it makes sense to hand a bundle of money over to an at-risk young person already in difficulties and with few positive role models in their lives, and expect them to manage it well?

As it turns out, only one non-politician tried to argue that: 27 year-old student and all-round activist Felicity Perry, a former Independent Youth Beneficiary with a lengthy record of espousing a wide array of causes. Ms Perry, who is currently writing her PhD thesis on *An Analysis of the Normative Subject Positions Offered by Fashion Discourse*, was "horrified" by the "highly patronising" proposal.

But as John Key pointed out in announcing the proposal, there is a deal involved here. In return for taxpayers' support, young people receiving these payments will have clear obligations.

The move is a win for the Welfare Working Group, although it falls somewhat short of their recommendation. They proposed that teen beneficiaries be required to live with a 'responsible adult', a move that could strengthen support and more closely resemble the kind of home

environment teenagers could otherwise expect to be in. It might also further reduce the appeal of moving onto welfare, and make families and teenagers take greater responsibility and work harder at resolving problems both at home and at school.

That is not to say that life should be made even harder for already disadvantaged young people. However, an important element in any welfare payment, other than those for the seriously disabled, should be clear, strong signals about the purpose and temporary nature of the support and the obligations and conditions involved. While some argue there are not enough jobs for people trying to move off welfare, leaving aside the ups and downs of economic cycles, a well-managed, flexible economy is capable of generating full employment.

Forms of income management are in place in a number of countries, including Australia. Former Prime Minister John Howard introduced it in 2007 as part of a major emergency intervention into 77 Northern Territory Indigenous communities, bringing national attention to the rampant child sexual abuse and neglect, substance abuse, gambling and other anti-social behaviours in these communities.

The move was controversial, but was supported by the subsequent Rudd and Gillard governments and last year was extended to non-indigenous welfare recipients in the Territory, where over 16,000 people are now subject to income management.

While debate continues about the merits of income management, and many regard it as discriminatory and demeaning, a recent Australian government evaluation produced generally positive findings. Well over half of those surveyed reported buying more and better quality food, said their children were healthier, there was less gambling, alcohol abuse and, 'humberging' (harassment for money by relatives), less violence and better family relationships.

Widely respected Aboriginal leader Noel Pearson, who delivered the Business Roundtable's Sir Ronald Trotter Lecture last year on *Pathways to Prosperity for Indigenous People*, has supported income management as the start of a fundamental shift from passive to conditional welfare. His

Cape York Institute introduced its own Aboriginal-initiated version of the scheme into Cape York communities.

The problems in Australia's Indigenous communities clearly far outweigh ours. But their experience has plenty of lessons for New Zealand. For example, enabling Maori leaders and organisations to initiate and implement solutions to help Maori move off welfare is at the heart of Whanau Ora and is to be strongly encouraged.

As the Welfare Working Group recommended, income management could also be used in cases where adult welfare recipients with children repeatedly fail to nurture and provide for them.

The government's plan for teenage beneficiaries is the first in a suite of reforms, and it's an excellent place to start. Income management is one of a number of useful tools to help disadvantaged people avoid or move out of benefit dependency and go on to lead productive, responsible and satisfying lives. There are many more very sensible proposals in the group's report. It is to be hoped the government will have the courage and resolve to make full use of them.

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