

# NZCPR Weekly

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NEW ZEALAND CENTRE FOR POLITICAL RESEARCH

## ACTION GROUP, GANGS & WELFARE

Dr Muriel Newman

Last week the Child Poverty Action Group called for an increase in welfare payments to beneficiaries with children. They claimed that increasing benefits would end to child poverty in New Zealand. They want to see New Zealand adopt an official poverty level of 60 percent of the median household disposable income after housing costs and then set net beneficiary incomes to this level.

With the latest median household income from Statistics NZ assessed at \$55,976 and the average rent \$315 per week, this would equate to a net (after-tax) income of \$26,254. Viewed as a wage, what the Child Poverty Action Group is calling for is for beneficiaries to receive the equivalent of \$12.62 an hour in net income. In comparison the minimum wage of \$12 an hour provides a low income worker with an after-tax income of \$20,092 or \$9.66 an hour. That means that they want to see beneficiaries receiving more in welfare benefits than low income workers earn in wages.

The Child Poverty Action Group also claims that financial top-ups for working families with children in the form of tax credits are discriminatory and they have taken a case to the Human Rights Tribunal. The basis of their claim is that "the In-Work Tax Credit breaches New Zealand's human rights legislation by discriminating against children on the basis of the employment status of their parents". In other words they want a ruling to prevent the government from giving welfare top-ups to working families that they don't give to beneficiary families. The case will be heard in June.

In their report, the Group rejects the fact that work is the only sustainable way of lifting able-bodied beneficiaries and their children out of poverty. Instead they claim that "generous welfare regimes need not result in a poverty trap and may be the most effective at reducing child poverty".

By calling for New Zealand to adopt the generous poverty level of 60 percent of the median household disposable income after housing costs, they would ensure that no matter how prosperous the country becomes, "poverty" (by their definition) would never be eliminated.

Thankfully, in this country we don't have the sort of gut-wrenching poverty that sees starving children die on a daily basis. Instead the greatest problem that New Zealand children face is not poverty but entrenched welfare dependency caused by too many sole parents being on welfare for too long.

The OECD has identified sole parent welfare dependency as a prime cause of child poverty, stating that the risk of children growing up in poverty is three times higher in jobless single-parent families, than in working families. They found that the number of sole parents in New Zealand who

were jobless was high by international standards. They attributed this to the financial incentives for beneficiaries to get a job being far too weak. This means that New Zealand spends more than most OECD countries on income support for sole-parent families.

According to Treasury, "In New Zealand, sole parent families make up over a quarter of all families with children: together with the United States this is the highest proportion of sole parent families in the OECD". They blame New Zealand low employment of sole parents on "a lack of work requirements, a relatively passive benefit system, relatively high benefit rates compared to the average wage, and high effective marginal tax rates".

Research from the Ministry of Social Development confirms the danger to children of entrenched welfare. A long-term study of 59,000 children found that children living in benefit-led families were at increased risk of higher mortality rates, lower cognitive development, and poorer future employment prospects. The risks were the highest for children in sole parent families on the Domestic Purposes benefit. A second study, which looked at the effect on children of the source of family income, found that children in poor families reliant on welfare had lower living standards and were at far greater risk of negative outcomes than those in families where their parents worked.

In other words, for the able-bodied, long-term welfare acts as a toxin, eroding hope, ambition and personal responsibility. Those most at risk are fatherless children being raised in sole parent families where the mother is on the Domestic Purposes Benefit.

The Rt Hon Sir Michael Hardie Boyes expressed it this way: "Fatherless families are more likely to give rise to the risk of being abused; of being emotionally, even physically scarred; of dropping out of school; of becoming pregnant; of living on the streets; of being hooked on alcohol or drugs; of being caught up in gangs, in crime; of being unemployable; of having no ambition, no vision, no hope; at risk of handing down hopelessness to the next generation; at risk of suicide".

The Chief Youth Court Judge Andrew Beecroft describes the majority of the serious youth offenders that he deals with in his court as boys who have had no contact with their father, 80 percent do not go to school and have chronic drug and alcohol addictions, most have psychological or psychiatric issues, 50 percent up to 90 percent in some courts are Maori, and all of them have been seriously abused as a child. He explains, "*14, 15, and 16 year-old boys seek out role models like 'heat seeking missiles'. It's either the leader of the*

*Mongrel Mob or it's a sports coach or it's a Dad. But an overwhelming majority of the boys who I see in the Youth Court have lost all contact with their father”.*

In a lead story on gangs in New Zealand last year, Time Magazine described the link between welfare and the growing problem of youth gangs: “A lot of kids have no direction, no activities, nothing whatsoever. You've got some who have grown up without a dad just a mum and the only role model they've got is the older guys in the neighborhood who are gang connected”. (Tribal Trouble, <http://www.time.com/time/printout/0,8816,1640583,00.html>)

A shocking documentary on gangs in New Zealand, part of the award-winning British series by Ross Kemp on the world's most infamous gangs, interviewed notorious Mongrel Mob members who blame the violent abuse they received while under the care of the state as the reason they turned their back on society and instead turned to gangs. “We had no fear of the system. We despised the system for the treatment we got as social welfare kids. The abuse and treatment you got from people who were supposed to be your helper. That was bred into us as 13 year-old kids”, said one gang member

Despite TV One screening the documentary series, the segment on New Zealand's gangs was not shown here. According to the Sunday Star Times the gangs only participated in the filming on the condition that it did not screen here because they “wanted to protect themselves from bad publicity”. This revealing expose of our gang problem may be viewed online.

<http://www.nzcpr.com/forum/viewtopic.php?f=3&t=407>

Professor David Fergusson of the Christchurch Medical School, who has been running a longitudinal child development study for thirty years, has estimated that troubled children growing up in chaotic single parent families on welfare will have a risk of disturbance that is 100 times greater than those who have uneventful childhoods. He estimates that while severely dysfunctional families constitute no more than five to 10 percent of the population, they will be responsible for 70-80 percent of serious criminal

offending.

This week's NZCPR Guest Commentator is Dr Karen Hartshorn, is a Director of another New Zealand longitudinal study which has been run out of Otago University since the seventies. In her article “Investing in Children” Dr Hartshorn explains,

*“For approximately 10 percent of males, the pathway to antisocial behaviour begins very early in life and continues right through to adulthood. These are the kids who bullied in the sandpit and drove primary teachers to distraction, then as they grew up graduated to stealing and violence. They are more likely to experience single parenting, a young mother, or a mother who had poor mental health. They may have experienced harsh discipline as kids, moved frequently between caregivers, or been exposed to family conflict”.*

Dr Hartshorn describes that there are cost-effective ways of turning negative outcomes into positive ones: “This means early intervention, and even before that, prevention. Preventing children from starting down the negative pathways means better outcomes in adulthood, and that in turn means less demand on health, justice and social services. What we're really talking about is the fence-at-the-top-of-the-cliff rather than the ambulance-at-the-bottom approach”. To read the article see [www.nzcpr.com](http://www.nzcpr.com).

New Zealand has in place a social welfare system that is failing the very children it was designed to protect by breeding a resentment that underlies the antisocial and criminal behaviour that preys upon the innocent and the young. More money is not the answer to giving these children a better life. The answer lies in making people independent of the state not entrenching them in dependency as proposed by the Child Poverty Action Group.

**This week's poll asks** whether you believe that increasing welfare benefits will reduce child poverty in New Zealand.

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