

Newman Weekly

By Dr. Muriel Newman
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The New Zealand Centre for Political Debate

International eyes on welfare shambles

A new report this week, by the Organisation for Economic Co-operation and Development, has provided some serious food for thought on the issue of welfare reform.

The report, 'Babies and Bosses', reviewed benefit dependency among New Zealand's sole parents, and is highly critical of Government policy in this area. It found that our rate of welfare dependency – whereby more than a half of all sole parents in New Zealand are jobless – is high by international standards, and suggests that reform in this area is long overdue.

The report, by William Aderna, is part of a series reviewing policies in OECD countries that affect parents and their work choices. It makes a valuable contribution to the debate over the need for on-going welfare reform.

There is no doubt that the Domestic Purposes Benefit is the cause of widespread disquiet in New Zealand. Staunch supporters claim that the benefit should not only be available as a right to any woman who chooses to have a child, but that the level of payment should be made more generous. Feminists, who fought for the creation and introduction of the DPB, are very wary of any move that could erode the power that it has given to women.

But, while the DPB has undoubtedly served a purpose, particularly in those cases that gave rise to its creation – women trapped in violent relationships who needed the promise of financial support in order to move out – times have changed. Growing numbers of New Zealanders now believe it is long-past time to overhaul the benefit.

When first introduced in 1973, some 14,000 women qualified for the DPB. The numbers have increased relentlessly over the years, peaking at 115,000 in 1998. Forecasts at the time projected that the

numbers would reach 124,000 by 2002.

In the late 1990s, however, measures were introduced to arrest this growth, including the work testing of sole parents – to create an expectation that parents with school-aged children under the age of 14 look for part-time work, and parents of older children seek full-time work. As a result of these work requirements, sole parents began to move off the benefit and into work – by the time Labour took office in 1999, DPB numbers had fallen to 110,000.

Labour, however, halted that reduction by changing the legislation. Those changes included scrapping Work for the Dole, abolishing Work-Testing, removing the stand-down period, and extending DPB eligibility until a recipient's youngest child is 18.

Over the years, the circumstances of women claiming the DPB have also changed.

Official figures show that the vast majority of DPB recipients are women who have never married, outnumbering those who had by two to one. That represents a significant turnaround from the time when the overwhelming proportion of DPB recipients were married women whose marriages had failed.

Today there are almost 40,000 single women on the DPB. That growing number reinforces concerns

that too many women are now using the benefit as a lifestyle choice and treating taxpayers as substitute husbands.

Yet many of the taxpayers forced to pay the bills worry that they are funding a way of life that limits the life opportunities of mothers and their children.

These fears are well founded. The evidence is now unequivocal that sole parenthood, and long-term welfare dependency, is very damaging to children. Long-term welfare is a major factor in New Zealand's excessively high rates of child abuse and crime, with the

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Government's own social policy research team finding that long-term benefit dependency and sole parenthood are significant risk factors for children. The situation is particularly critical for Maori – half of all Maori children are now growing up in families dependent on welfare, and the majority of Maori babies are now being born into families where there are no fathers.

To use the public purse to fund such a system – which inflicts damage on children on a daily basis – is, I believe, immoral. And for the Labour Government turn a blind eye to the damage that its welfare system is causing to children borders on criminal.

This is the main reason why effective welfare reform is so urgent. Every day, as a result of our welfare system, too many children will be born to fail. In days gone by, these children would have been adopted out, and into families that would provide them with the love and care that their parents were incapable of giving. But, in today's politically correct world, adoption appears to be a diminishing option particularly compared to the support offered by the DPB.

While few people have ever questioned the provision of long-term security for those people who – through incapacity – genuinely cannot fend for themselves, most believe that welfare assistance to the able-bodied should be temporary. That support

should be targeted at helping beneficiaries overcome the barriers they face to employment – whether it's childcare, transport or relocation help, mentoring or financial planning advice, there is an understanding that many long-term beneficiaries need to be supported while they organise what can be quite chaotic personal lives, in order to successfully take on and hold a job.

Investing in welfare recipients in this way, particularly sole parents, creates many advantages – not only to the individual and their family, as their lives are enriched through freedom from State control, but to the nation as a whole as they join the workforce and become net contributors.

With the current critical shortage of workers holding the country back, it is unacceptable that taxpayers are paying the dole to 84,000 beneficiaries, and the DPB to

54,000 sole parents with school aged children.

I welcome the OECD's call to action. I hope that it is a catalyst for working New Zealanders to let the Government know that excuses will no longer be tolerated: a proper overhaul of the benefit system, to require the able-bodied to work, is now the only acceptable course of action.

Dr. Muriel Newman is the director of the NZ Centre for Political Debate.

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