

Newman Weekly

By Dr. Muriel Newman
11 February 2006



The New Zealand Centre for Political Debate

Transforming Welfare

Jamie is 20. He has never had a job. He didn't really have an education either: because his mother never bothered with preschool, he always lagged behind the other kids, and so right from the beginning started playing truant whenever he could.

Jamie still lives with his mother and siblings. She's on a domestic purposes benefit, and has been on it for all of his life. His real dad has been in and out of prison. Jamie doesn't really know him.

His mother's boyfriends have come and gone over the years. They have never really liked him and whenever they moved into the house, he tried to stay away as much as he could. Home was always pretty chaotic – lots of booze and drugs, and never enough to eat.

Jamie is on the dole. His caseworkers say that he should go on a training course, but he doesn't want to. They can't make him go on the course.

Jamie's had a couple of job interviews, but he hasn't been offered a job. The employers don't like his attitude.

He's got an "attitude" because he believes that he's hard done by. The dole is his entitlement, but it doesn't pay him enough to run a car and have a cell phone, CDs, booze and drugs. As a result, he's 'forced' to do some petty crime on the side. He brags to the younger kids about the "jobs" he's done, and they look up to him. Doing crime makes him think he's cool. It makes him feel like a man.

Unless Jamie gets a real job, his life is wrecked. He has no future. He couldn't provide for a wife and children - no young women keen to make something of herself would want a partner with no prospects.

But Jamie is not alone. He lives in a state housing area where no one works for a living. The children growing up in that neighbourhood have no

working role models. There is no one who has achieved in education.

For people like Jamie, the welfare system should offer a lifeline. It should provide a helping hand into employment. It should not allow Jamie to accept a lifetime of dependency. Nor should it condemn taxpayers, struggling to make ends meet themselves, to have to pay endless benefits to people who could and should be working.

This week's Household Labour Force Survey (view on www.nzcpd.com) hides the truth about people like Jamie. Although he's on the dole and been there for some years, the HLFS doesn't count him as unemployed. Instead he is labeled as "discouraged" and is not reflected in the official unemployment figures.

Jamie's mate Matthew is almost 30. He too has been unemployed since he left school, but because the local publican paid him for an hours work unloading some crates from a truck, the HLFS counts him as being "employed".

The Government crows about New Zealand's low unemployment rate – currently 3.6 percent - but the reality is that the picture painted by the HLFS is ridiculously over-optimistic. By counting anyone on a benefit who works for an hour or more a week as being employed the number in employment is dramatically overstated. And, by failing to count those on a benefit who have not been actively looking for work as unemployed, the number of unemployed is greatly understated.

Using the HLFS figures, if the 75,500 "officially unemployed" people are added to the 69,200 people like Jamie who are out of work but don't fit the HLFS definition of being unemployed, then the number of jobless people in New Zealand rises to 144,800. Using that figure, the 'unemployment rate' would be a

"For people like Jamie, the welfare system should offer a lifeline. It should provide a helping hand into employment. It should not allow Jamie to accept a lifetime of dependency. Nor should it condemn taxpayers, struggling to make ends meet themselves, to have to pay endless benefits to people who could and should be working."

more realistic 6.8 percent. If all the beneficiaries like Matthew, who were only working a few hours a week, were then added in, the unemployment rate would be even higher.

Another way to look at the state of welfare is to examine the benefit figures published by the Ministry of Social Development (view on www.nzcpd.com). The December quarter statistics reveal that there are 302,083 working age people receiving welfare: 106,083 on the Domestic Purposes Benefit, 74,500 on the Invalid Benefit, 51,426 on the Unemployment Benefit, and 46,862 on the Sickness Benefit. Of those, more than one in four are Maori, and one in five have been on a benefit for longer than ten years.

If those DPB parents whose children are at now at school are added to the number of unemployed, we are paying over 100,000 people who are able-bodied and capable of working to be on welfare at a time when small businesses up and down the country are crying out for workers. It is a dreadful indictment of a welfare system that is clearly failing to reduce dependency.

Welfare should give people a hand up to work, independence and a better future. It was never meant to allow Jamie and others like him to choose to waste their lives and become a long-term cost on taxpayers.

Professor Peter Saunders and his colleague

“Welfare should give people a hand up to work, independence and a better future. It was never meant to allow Jamie and others like him to choose to waste their lives and become a long-term cost on taxpayers. . .”

Phil Rennie of the Centre for Independent Studies have authored a paper on the status of welfare in Australia (NZCPD Guest comment). What it shows is that the Australian Government is more willing than ours to ensure that beneficiaries, who are capable of working, get jobs.

Having said that, both Australia and New Zealand have a long way to go to catch up to other countries around the world that have taken a far more pragmatic approach to welfare and put in place systems that work far better than ours.

As a Parliamentarian, my ambition was to become the Minister of Social Welfare so that I could get our welfare system working properly. However, the election and the democratic process put paid to that goal! But for the record, you can read what I would have done to fix the system (see below) – my mission would have been to replace our dependency culture with an opportunity society, providing a strong and generous safety net for those in genuine need, and requiring people like Jamie who are capable of working to get jobs!

Dr Muriel Newman is a director and founder of the NZCPD.

This weeks poll. Do you believe New Zealand's welfare system is doing enough to eliminate welfare dependency?

Supporting the NZ Centre for Political Debate

If you enjoy reading Newman Weekly and value independent political discussion then I'm inviting you to consider becoming a member of the New Zealand Centre for Political Debate.

The NZCPD is an influential political force and provides a much needed independent voice on political issues. But life is all about reality and the NZCPD relies on the support and goodwill of others to continue. Contributions both big and small are most welcome.

The support levels range from a subscriber who receives Newman Weekly and has an opportunity to participate in our discussion forums, to those who would like to be foundation supporters or benefactors.

Thanks so much for your interest in Newman Weekly and taking the time to read this message. To find out more about how you can support us visit www.nzcpd.com.