

Welfare "Reforms" - A War on the Poor?

Report from Green MP Catherine Delahunty's regional welfare issues tour.

March to September 2011

Introduction

For the last six months I have used some of my time outside Parliament sitting to travel to many communities to discuss the proposed welfare changes. We also discussed the current situations faced by beneficiaries and people working alongside them at the front line of social inequality. My main objectives have been to outline the proposals of the Welfare Working Group and discuss the potential impact of their "reforms" on communities. Inevitably, changes from the 2010 "Future Focus" amendments to the Social Security Act and longstanding problems with the culture of Work and Income were also discussed, as well as options for job creation.

I have visited Rotorua, Gisborne, Waihi, Whangarei, Kaitia, North Shore (Auckland), Papakura, Thames, Hamilton, Nelson, Timaru and Ashburton. My plans for a visit to Southland were thwarted by a severe snow storm.

Although the main centres are profoundly affected by the welfare changes, they have had more access to the public meetings hosted by the Alternative Welfare Working Group. I therefore prioritised small centres. Some meetings were as small as 8 people and some were as large as 50 people. They comprised a mix of community workers, beneficiaries and interested citizens.

I heard many stories from beneficiaries about the impact of the recession combined with Government policy.

The stories need to remain anonymous because despite the hunger for "human interest" stories, beneficiaries are often too vulnerable to be named while they depend on the welfare system they have described to me.

Context

In each centre I heard virtually identical stories of an increase in poverty and desperation. Community workers described the rise in unemployment as causing a rise in stress and deprivation for families, particularly those with children. The flow on effect of that desperation, combined with changes to Government policy, has been massive. Everyone was well aware that benefit rates have been lagging behind the real cost of living since the benefit cuts of 1991. What has changed in the last two years is the reduced access for beneficiaries to work and the increasing scapegoating of beneficiaries by the Government.

The Culture of Work and Income

Over and over again, people told me that Work and Income has not recovered from the punitive culture instilled in the 1990's. They cited some excellent case managers and regional managers as individuals who stood out within an overall culture of judgement and a reluctance to pay people their full entitlement.

It was clear that people going to Work and Income with an advocate had far more chance of receiving all their entitlements than people who went alone. In other words, without advocacy Work and Income often do not do their job properly or meet the Code of Conduct of public service.

The anecdotes of moral judgement by case managers and humiliation at Work and Income were disturbing and ubiquitous.

My suggestion that we hold an inquiry into the culture and practice of Work and Income was very well received.

In addition to a myriad of stories of humiliation, were descriptions of bad practices like the "revolving case manager" policy whereby clients have no assigned staff member and have to continually re-tell their stories to a range of people in any given office.

I was told that to qualify for the Independent Youth Benefit (IYB) a young person would be interviewed by the contracted service provider (sometimes "Life Unlimited") who judged entitlement on the basis of the parent's opinion of whether family breakdown was sufficient to entitle the young person to any independent means of support. This has severely restricted access to the IYB. Given that many young people needing IYB came out of CYFS care, the tightness of criteria seems as hugely unfair.

Social services also described people as moving constantly between low income jobs and benefits in an effort to survive.

There are reports of increasing domestic violence, but Work and Income are not recognising the trauma for women when investigating alleged benefit fraud. They don't seem to recognise the way men accuse women of fraud after controlling them and their benefit, and that a protection order should signal to Work and Income that a "battered women" Ruka case is a possibility, requiring special care.

This is the context into which the 2010 legislative changes and the proposed reforms should be considered.

Stigma and Humiliation

Some citizens not engaged with Work and Income came to my meetings and attacked some beneficiaries as the "undeserving poor". Their contempt and suspicion for beneficiaries who were "having babies to get the benefit" or "rotting the system" was an accurate reflection of the barrage of media and Government statements stigmatising and attacking people on benefits. This has been intensified by the Minister of Social Development and Employment who launched the "Future Focus" reforms with the bizarre battle cry "the dream is over" for beneficiaries.

The Impact of the recession and "Future Focus" law changes

Foodbanks report increases in numbers of clients and an increase in the diversity of clients. The demographic includes more middle class Pakeha, especially women, and people on low incomes as well as benefits.

Some foodbanks reported food shortages and an inability to supply appropriate food for people who need a healthy balanced diet. Others reported sufficient food but had criteria limiting access for people without children.

The access to and cost of rental houses in rural towns was described as the biggest factor in people running out of money. This was followed by the cost of power and food price increases, and schooling costs. The lack of accessible and affordable public transport was also regularly mentioned.

The "unrelenting focus on work" has already led to a hardening of Work and Income attitudes to beneficiaries. Comments I recorded include:

"The case manager does not look at my face, only at the computer"

"I was told that volunteering at "Youthline" was not acceptable training" Auckland

"We're planning to give you a hard time" Unemployment seminar South Auckland

People are already sanctioned for missing a seminar or appointment, or for going to part time work and consequently missing an appointment at Work and Income.

National advocates (BAFNZ) reported that 50% of people applying for UB were not finishing the process; it is not clear what happens to these people.

Examples of unemployment benefit reapplication "failure" include illiterate people such as a person who sought work in the Hastings orchards but didn't record the job applications because he could not write.

Limited Service Volunteers are theoretically voluntary but we were told stories of strong pressure on beneficiaries to participate with implied consequences if they refused.

Sickness Benefit

A person applying for the Sickness Benefit with a permanent illness was asked – "so if you weren't sick what kind of job would you like to do?" , which they found extremely disturbing and threatening in the context.

People reported pressure on doctors to record that a person was capable of some part time work so that the person could be work tested.

Budget Services

Most budget services were overwhelmed by the additional workloads since Work and Income began making many more people attend a budget adviser meetings a condition of their benefit. Budget advisors felt they could help some people but others simply had more costs than income and there was nothing budget advisors could do to help them. Some budget services were speaking out against the low rate of the benefit but some services had a punitive tone.

The 2011 election and proposed welfare "reforms"

Everywhere I went people were horrified by the recommendations from the Welfare Working Group. They were particularly concerned about the single core benefit being set at the UB level, work testing sole parents of children as young as one year or three years, sickness beneficiaries being forced into inappropriate work, and the attack on young people's benefits.

Beneficiaries with intellectual impairments were extremely frightened about their access to their benefits.

People were strongly opposed to punishment or coercion for sole parents with a second child, and any enforced vaccination or contraception. The linking of benefit entitlement to behaviour was seen as draconian and abusive.

Agencies and advocates were anticipating extreme pressure as beneficiaries were forced to reapply for benefits, prove the need for extra entitlement on top of the Jobseeker Support that will replace

all main benefits, and work tested. Sanctioning people was seen as placing huge stress on support groups as well as families when food and money ran out. Children were seen as the main victims of policies that sanctioned adults.

Recommendations arising from the meetings

Increased Government role in job creation (see "Green New Deal")

Government should stop stigmatising beneficiaries

Adopt the Alternative Welfare working Group report recommendations

Restore benefits to pre-1991 cut levels

Stop secondary tax on beneficiaries

Lift the minimum wage to \$15.00 per hour

Stop privatisation of welfare services, and "plastic card" benefit management

Develop Work and Income as a job creator/broker and public servant

Restore the Training Incentive Allowance so that sole parents can be assisted into university education

Models of Hope

People were very interested in models of community leadership which were creating stronger communities, inclusion and a sense of hope. These included the Otorohanga story of job creation for youth, the time bank experiments in Whakatane and Lyttleton, the Victory School Community Hub assisting families, third sector and hapu housing projects and other local work that valued all people in a community.

Conclusions

My regional welfare tour reminded me that a once respected welfare system has been destroyed and its original context of a Government commitment to full employment, state housing for all in need and fair benefit rates has been lost. The grim poverty of low benefits and low wages has been normalised and individuals are routinely blamed for their inability to find work, or be well enough to work. Child raising by parents has no value if the parent is single and reliant on the state. Caring for people has no value if it prevents people from being available for paid work. Disabled people should compete in the job market. All these messages and the associated double speak assist maintaining structural unemployment and a low wage economy. The human cost is a disgrace.

Communities want models of fairness and hope and decent state support when people are in need. People need to be treated with dignity by the state and by the media, rather than scapegoated, in a recession. Creative solutions to job creation and participation in society should be facilitated by all sectors of our society, including government, business and community. We can and must do better than this!