

## **Future proofing the welfare system**

### **Sue Bradford – Welfare Working Group Forum**

**Thursday 10 June VUW, Wellington**

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Kia ora koutou,

While I welcome the opportunity the Welfare Working Group has given us to come together over the past two days and debate the future of welfare policy in this country, a lot I have heard before and during this forum makes me think we are entering a critically dangerous time for the future of our social security system.

In talking about moving to an insurance model for welfare, what the working group and the Government are doing is shifting the whole basis on which our social security system has operated since it was set up in the 1930s, and not for the better.

The provision of welfare is not a business, any more than running the country is not simply a business. On the other hand, the provision of insurance is a business, and the fact that we have businesspeople without a background in social policy, much less experience of living on a benefit, running this working group, makes me fairly apprehensive about the outcome of the current process.

I've also seen comment around the theme that 'Government alone cannot replace the social support that close knit villages once provided.'<sup>1</sup> This sounds major alarm bells for me. There are many dangers in the concept of going back to the village, including the excuse it provides for the withdrawal of state support, and the propagation of the myth that somehow there was a golden age when people automatically cared for the sole mother and her children, for the sick, the injured, the impaired and the aged.

In fact village and traditional society often meant –and still do mean in many parts of the world – ignorance, contempt for those who are different, ostracism and the simple abandonment of those who don't have the means to support themselves to a life of poverty, illhealth and an early death. When you hear about the glories of the village and how a return to localism will solve our social ills in relation to the welfare debate, I'd advise extreme caution.

If New Zealand does go down the road of making welfare more like ACC – whether just in its case management and operational principles or in its funding base as well – this will mark a rejection of the fundamental principle of the 1938 Social Security Act, that there is a community responsibility for making sure that people are helped when economic conditions mean they are unable to help themselves.

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<sup>1</sup> Simon Collins. *NZ Herald* 'The benefits of working', 5 June 2010.

Despite the numerous changes to the detail of our welfare laws since 1938, this principle still underlies our current system. And rickety and inadequate though that system is, it's a lot better than what may be around the next corner.

As others have discussed over the last two days, the shape of an ACC or insurance based system is likely to mean, in stark terms, that most people on working age benefits will be hounded into at least looking for paid work, no matter how precarious or unpleasant that work might be, or how few jobs there actually are out there.

For those who are sick, injured or impaired the very harassment they suffer will, for many, intensify a range of physical and mental injuries, illnesses and impairments, and cause new ones, making people even less able to cope with work, with children and relationships, and with life generally.

Judging from overseas experience a full employment insurance scheme is likely to see high skill, high wage workers benefit for the first period they are out of work; but the rest of the workforce- people who are on low wages, or in part time casual or temporary work, or who are new to the paid workforce – will miss out partially or altogether, leaving them at the mercy of what is likely to be a very low level of income support aimed at bare survival, if that.

And for anyone who is out of work for an extended period, employment insurance ends up failing when the time period runs out, and they too, wind up in the last resort benefit trap.

In addition, all the motivation of an insurance based system is to push people off benefits as fast as possible, leading to the sort of option being mooted by Paula Rebstock in the media yesterday - time limited benefits. I don't know how many of those who support this option have thought the logical consequences through – if people have nothing to live on, and have no paid work, their only choices pretty much become begging, crime, prostitution – or death. And surely we have enough prisons already.

Employment insurance could see the cost of much of welfare transferred to workers and to employers, reducing the Government's bill but adding a major fund to the Government's books, and giving a great bonus to whichever insurance provider or providers got the job. There are a lot of us worried about partial or full privatisation of ACC right now – it's time we raised awareness the privatisation of welfare may also be on the agenda.

The full insurance model is the worst possible scenario for any society that calls itself humane.

There is a lot of discussion about the need to tackle the causes of so many people being on benefits for depression and stress. Well - how about the welfare working group looking at the real reason so many people end up in this situation – the actual nature of work for many employees today.

I would ask those who are in safe, secure, well paid jobs to try to imagine what it is like for someone with children, working two nights a week in one job, three days a week in another, then a full day on the weekend in a third, all for the minimum wage of \$12.75 an hour or just over. These jobs are insecure, shifts are changed constantly, and bullying from supervisors often a reality. Meanwhile, they are trying to look after their kids, maintain a relationship with their partner, and pay the bills.

A lot of workers are one pay day away from catastrophe. If one thing goes wrong, the whole house of cards tumbles, and a series of new stresses comes into play – illness, relationship breakdown, and ever deeper debt.

Is it any wonder that so many people become stressed and depressed, with some of them ending up in the benefit system? How about the working group seriously addressing this issue and making a few recommendations to Government about what could be done to strengthen workers' rights on the job, to encourage steadier, more fulltime employment and to, for example, require employers to pay redundancy?

And what is the reason for this new push to say that we can't afford welfare anyway? The Government has just given the highest earning people in New Zealand a massive tax break, borrowing overseas to help make it happen. Businesses get subsidies and banks get guarantees, but there's no complaint about their dependency on the state.

So why is the Government hellbent on making savings from those who have least?

One of the most insidious things I've seen in the recent debate is the use of the disability's sector's own language against them, with talk that an understanding of the disabling nature of society means that those who are sick, injured or otherwise impaired better be ready for work, now, or else.

This is not to say that the State shouldn't be doing everything it can to help all beneficiaries who want work to access it, including those on the sickness and invalids benefits. It's just that this shouldn't be happening with the big stick of the withdrawal of benefit hanging over people who are often already having a difficult time simply coping with their health issues and everyday survival.

We also haven't heard much talk this week about the fundamental problem of the lack of jobs even for those who are ready, willing and able to enter the fulltime paid workforce right now, nor of the need for full wage, fulltime job creation.

The Future Focus bill in front of Parliament right now; the direction taken by recent ministerial statements; the instructions given to the Welfare Working Group; and the tenor of much of the discussion at this conference make it clear that if this Government thinks they can get away with undermining as much as possible of our current welfare system, including its very fundamentals, they will.

This leaves those of us with a different vision for the future of social security in this country with a big job in front of us.

We need to future proof the welfare system alright, firstly by standing up for its very existence, and for its historical mandate to provide an adequate level of support for those who are unemployed, sick, injured, impaired, or raising children alone.

Secondly, I believe we must oppose any move to an ACC or insurance model with everything we've got, including educating ourselves and others about the dire implications of such a major shift in the way we provide income support.

Third, I join with others in calling for a major public debate about the way forward for welfare. The best thing about this welfare working group process is that it has started a discussion which is badly needed in our country.

Fundamentally, what we need to do now is to use this period of debate about welfare to push for sweeping reform of the benefit system.

We need to stop tinkering around the edges, throw out the Social Security Act 1964 altogether, and start again by creating an income support system which is fairer and much simpler to run.

We can look to our experiences in this country and to learnings from overseas about what might make the best possible income support system for a country like ours in the early 21<sup>st</sup> century.

What could a completely new system look like? How determined are we to safeguard the role of the state in making sure everyone has a safety net for survival, rather than just some? Do we think it's possible to transform the way welfare is provided so that instead of people being bullied, harassed and patronised, they are assisted in a professional, helpful way to achieve the best possible outcomes for the person and their family? Is a type of Universal Basic Income desirable, or possible?

And overarching all this, do we want a society in which the gap between rich and poor, whether in work or out of work, continues to inexorably widen, or one in which we actually redistribute resources so that fairness, equity and equality are paramount?

As I said at the beginning, like Government itself, our social security system is not just a business. It does have a values base, and we do have choices. We must ensure that the Government hears many views in this discussion, not just the voices of those it chooses to hear, over the next six months of the Welfare Working Group process.

All of us who care about these issues need to be involved in looking at the way forward, not just those few carefully selected by Government. I hope those of us who see a different future for welfare than that premised by our political masters will

continue to challenge and to intercede so that our voices are heard, and that we can help make the changes which are so badly needed. If we believe in a compassionate and caring society, we cannot afford to let our welfare system be captured by the agenda which has so clearly been placed on the table this week.