

New Zealand government attacks beneficiaries

Tom Peters
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New Zealand's conservative National government is preparing radical changes to the social welfare system, designed to cut costs by restricting access to benefits for tens of thousands of people. The government, like those in Europe and elsewhere, has launched a policy of austerity to reduce its sovereign debt in line with the demands of international investors. This entails imposing the cost of the global economic crisis on the poorest and most vulnerable people in society.

Legislation due to be passed later this year will introduce mandatory work-testing for sickness beneficiaries and force single parent beneficiaries to look for work once their youngest child turns six. Social development minister Paula Bennett said the new laws would apply to 43,000 single parents, while 9,000 sickness beneficiaries had already been found fit for work and would be expected "to do what they can to support themselves". The Social Assistance (Future Focus) Bill will also require people on unemployment benefits to undergo a "comprehensive work test" every 12 months. Those unable to prove they have been looking for work will face sanctions, including having their benefits halved or cut off entirely.

Despite its rhetoric about an "unrelenting focus on work," the government has no intention of funding new jobs to replace those destroyed by the economic crisis. Instead, its new policy seeks to harass and hound people off welfare and into total destitution or reliance on family networks and private charities.

The new laws will further restrict access to emergency hardship payments for food, power bills and other basic needs. Bennett railed against welfare recipients, telling a press conference that "too many people view welfare not as a last option but as a way of life". She called for "a shift from a mentality of entitlement to one of self-responsibility".

In a cabinet paper, Bennett said the government would carry out "a stricter application of the eligibility rules for hardship assistance". Desperate beneficiaries who receive three or more hardship payments in a 12-month period will be forced to "complete compulsory budgeting activities". They will be denied further assistance if they cannot "demonstrate that they have done something of their own initiative to improve their situation". Bennett told the media: "Last year the government paid out over

\$250 million in hardship payments and that, frankly, is unsustainable". Provocatively, and without giving any evidence, she accused beneficiaries of attempting to "milk the system".

In fact, the high number of hardship payments—over one million payments were granted by Work and Income in 2009—is a measure of the devastating impact of job cuts and rising prices since the onset of the recession and demonstrates that benefit levels are grossly inadequate. As of March, 324,814 people—close to one in eight of the working-age population—were reliant on poverty-level welfare payments, which amount to a maximum of just \$194 a week for adult unemployment and sickness beneficiaries and \$278 for single parents. For 18 to 19-year-olds living at home, the rate is only \$129.

While official unemployment fell in the first quarter of 2010, from 7.1 percent to 6 percent, it remains well above the 3.5 percent level in 2007. Food prices have risen by about 8 percent in the past two years. The food parcels and emergency assistance given out by the Auckland City Mission increased by 50 percent last year.

The government is taking steps to shift people from the invalid's benefit, which pays \$242 a week, onto the sickness benefit, which pays \$194. From September, Work and Income case managers and designated doctors will "vigorously" assess applicants for the invalid's benefit—many of them people with mental health problems or serious disabilities—to determine if they are capable of part-time work.

Paul Blair, a beneficiary advocate from the Rotorua People's Advocacy Centre, told the *New Zealand Herald* in April that there was already "a nationwide campaign to kick [people] off the invalid's benefit". Blair said Work and Income regional health advisers were ringing doctors and "cross-examining" them about whether their patients were really incapable of working 15 hours a week.

More attacks are being prepared. In April, Bennett appointed a Welfare Working Group (WWG) to address "long-term welfare dependence and to look for ways to turn around the growth in beneficiary numbers and expenditure". Bennett told parliament on June 15 that the Group would look at recent welfare restructures in Ireland, Australia and the UK. She praised the UK government's

new “welfare-to-work” programme, which will strip the unemployed off benefits if they refuse to take a job offer and use “tougher” medical tests to drive the sick and disabled off benefits.

A WWG forum held on June 9-10 also discussed proposals such as time-limited benefits, as in the United States, and a worker-funded unemployment insurance scheme. The WWG will report to the government in December.

The Maori Party and Whanau Ora

Another element of the government’s assault is the Whanau Ora (“family well-being”) policy devised by the Maori Party. Following the 2008 election, the Maori Party entered into a “confidence and supply” agreement to support the National government on key policy issues. In return, National is backing policies designed to benefit the thin layer of Maori elites that the Maori Party represents.

Whanau Ora is currently in its implementation stages. Its purpose is to privatise and ration the provision of social services, particularly to indigenous Maori, who are the main targets of the policy (although it will also be offered to non-Maori) and one of the most exploited layers of the working class. The unemployment rate for Maori is currently 13.6 percent.

An initial \$134.3 million over four years will be redirected from ministerial budgets to 20 “community organisations”—tribal-based businesses such as Auckland’s Waipareira Trust. These organisations will appoint caseworkers to “identify [a family’s] needs, develop a plan of action to address them and broker their access to a range of health and social services”.

The “plan of action” will often entail a reduction in services. The Whanau Ora Taskforce report states: “Long-term dependency on outside agencies is not consistent with Whanau Ora; instead the aim is to enable *whanau* to assume responsibility for their own affairs”.

Maori Party co-leader Tariana Turia, who is the minister in charge of Whanau Ora, emphasised this point at a conference on June 21: “Whanau Ora is about being self-sustaining; it is about restoring that sense of collective responsibility to care for our own”. She spoke of “achieving improved cost-effectiveness and value for money”.

Whanau Ora has drawn praise from the media and the ruling elite. Business Round Table executive director Roger Kerr, writing in the *Dominion Post* on April 30, endorsed the policy as a way to reduce “dependency on welfare”.

Four of the Maori Party’s five members in parliament voted against National’s Future Focus legislation. As demonstrated by Whanau Ora, however, the Maori Party is in full agreement with the rationale that welfare should be denied to people on the grounds of ending “welfare dependency”. Their perspective is that the Maori establishment should benefit from the process by functioning as the enforcement mechanism.

There are other major attacks on working class living standards. In its May 20 budget, the government increased the regressive goods and services tax (GST) from 12.5 percent to 15 percent, effective from October. The same government which decries the supposed “mentality of entitlement” among beneficiaries, cut the company tax rate from 30 to 28 percent and the top income tax rate from 38 to 33 cents, in order to bring about a massive transfer of wealth to the rich. Working people also face increased living costs from the government’s Emissions Trading Scheme, which came into effect on July 1.

The opposition Labour Party has dropped any pretence of opposition to the GST hike, and while it voted against National’s Future Focus legislation, this was merely a parliamentary manoeuvre. Labour’s record in government demonstrates that it shares National’s perspective of making the working class pay for the inability of capitalist society to provide employment or social support for the entire population.

For more than 25 years the social welfare state has been dismantled in the name of making New Zealand internationally competitive and attractive to foreign investment, a process begun by the Labour government of David Lange in the late 1980s. In the book *The New Zealand Experiment*, historian Jane Kelsey noted that during this period “the amount and extent of entitlements to welfare benefits were cut back as numbers forced to depend on them grew”.

Beginning in 1989, superannuation eligibility was gradually increased from 60 to 65 years, health subsidies were cut, state house rentals were raised and social security benefits were taxed. The unemployment benefit was abolished for those under 18.

The National government extended the process from 1990, with massive across-the-board benefit cuts. Labour, in office again from 1999, did not restore any of the cuts and presided over the economic and social marginalisation of ever-growing numbers of people. Now, amid the worst economic environment since the Great Depression, tens of thousands face being stripped of even the minimal benefits still reluctantly paid by the state.



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