New Zealand government imposes punitive welfare measures for teenagers

Tom Peters
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At the annual conference of the ruling National Party on August 14, New Zealand Prime Minister John Key announced a raft of punitive measures targeting teenage welfare recipients. The changes, which will be introduced if National wins the election in November, are designed to cut costs by pushing young people off benefits. Social Development Minister Paula Bennett declared that the cost of welfare was “unsustainable”. The new policies were “the beginning of what will be a radical overhaul of an outdated system.”

The measures are part of an austerity program aimed at imposing the burden of the deepening global economic crisis on working people. Since New Zealand’s economy went into recession in 2008, the Key government has cut spending on essential services, raised the consumption tax and passed legislation to make it easier for businesses to sack workers. In May, Finance Minister Bill English said the government was “only just starting” to tighten its spending. Cuts would continue for “the next four or five years”.

The latest measures will apply to 16- and 17-year-old beneficiaries living independently, and to single parents aged 18 and under, who receive the domestic purposes benefit. These young people—an estimated 4,000 beneficiaries—will be subjected to “intrusive” income management. The bulk of the paltry sums they receive—just $NZ167 ($US139) a week for under-18s and a maximum of $NZ288 for sole parents—will be diverted onto “payment cards” that can be used only at a limited number of stores. The cards cannot be used to buy alcohol or tobacco. Young beneficiaries will have to take part in budgeting and parenting programs and “education, training or work-based learning”. Teenage parents will be forced into these programs before their child is one year old.

The government will effectively privatise welfare for teenagers by funding “community and other organisations” to intensively manage their payments, pay rent and other bills on their behalf and control their access to services such as childcare. These “support providers” will also monitor under-18s who are not on benefits but are deemed “at risk of long-term welfare dependency”. The organisations will receive government financial incentives to “reduce the number of young people who go onto a benefit at age 18.”

Key declared that the new measures would provide “guidance and support” to get young people “back on track”. In fact, the thrust of the policy is to blame young people for supposedly wasting their pitiful welfare payments, rather than to provide decent living allowances. Young people are being condemned to a life of poverty and constant harassment with no prospect of a well-paid, full-time job.

Official unemployment stands at 6.5 percent, having almost doubled since 2007. For 15- to 19-year-olds the figure is 27.6 percent. Many of the jobs for young people involve poorly paid, casual or part-time work. The social crisis facing youth is being exacerbated by funding cuts to universities and polytechnics, which have responded by restricting entry criteria and turning away prospective students.

The government is using vulnerable young people to testing draconian measures that will be applied more broadly. Social Development Minister Bennett told Radio New Zealand on August 18 that the government had not ruled out expanding the “payment card” system to all beneficiaries.

Key said the government would unveil more policies prior to the election based on recommendations from its Welfare Working Group, established last year to reduce "welfare dependency". The recommendations include introducing work-for-welfare schemes, forcing almost all sick and disabled people to look for work, and requiring beneficiaries to accept any job offer.

Far from lifting people out of poverty, such policies are designed to create a larger pool of cheap labour so that big business can drive down wages and conditions. Labour Minister Kate Wilkinson has also publicly supported re-introducing a lower minimum wage for workers under 18.

The government's policies have only deepened the divide between rich and poor.

While punishing the young unemployed, the government has slashed the company tax rate from 30 to 28 percent and the top income tax rate from 38 to 33 percent. The government claims welfare spending is "unsustainable," but last year it bailed out wealthy investors in the failed company South Canterbury Finance with $1.7 billion in public funds.

The latest *National Business Review* "Rich List", published last month, found that the country's wealthiest 151 people had increased their combined wealth by $7 billion, or 20 percent over the past year, to $45.2 billion. Prime Minister Key, who is on the list, had boosted his personal fortune by $5 million to $55 million since 2009.

Meanwhile, thousands of people have difficulties affording food. Average wages rose by just 1.9 percent over the past year, while food prices rose 7.9 percent, with fruit and vegetables increasing by 15.9 percent. The inflation is due partly to last year's increase to the regressive Goods and Services Tax.

The *New Zealand Herald* reported last month that the number of families seeking food parcels from the Salvation Army and the Auckland City Mission had doubled since 2007. In the past year, these two charities alone fed 52,897 children.

A report released this month by Every Child Counts, a coalition of non-government groups and charities, found 270,000, or one in four, New Zealand children living in poverty. According to the report, public spending on services such as welfare and education for children under 5 is just $3 billion a year, or 1.5 percent of GDP—one of the lowest levels of spending in the OECD and less than half last year's increased wealth for the Rich List.

The opposition Labour Party and the Greens have postured as opponents of the government's assault on welfare. However, both parties agree with National that the working class must be made to pay for the economic crisis through cuts to essential social services.

The Green Party's "plan to bring 100,000 children out of poverty by 2014" would increase government spending on welfare and other services by just $360 million a year—which equates to a meagre $1,300 for every child living in poverty.

National's current lead in the polls above all reflects the widespread disgust in the working class with Labour, which previously presided over savage restructuring measures. A "Household Incomes Report" released on August 1 by the Ministry of Social Development found that income inequality "grew very rapidly from 1988 to 1992." This was primarily due to a series of "free market" reforms launched by the 1984-1990 Labour government of David Lange, which sold off key state assets and slashed taxes for the rich.

The National government extended Labour's right-wing reforms from 1990, with massive across-the-board welfare benefit cuts. The Labour government of Helen Clark, in office from 1999 to 2008 and supported by the Greens, did not restore any of the cuts and kept a tight lid on spending on health and education.

As a result of the policies carried out by successive Labour and National governments, the poverty rate doubled from 9 percent of the population in 1984 to 18 percent in 2010 (25 percent for children), according to the government's incomes report.