



February 2011

MEDIA FACTSHEET: Welfare Working Group

What is the Welfare Working Group about?

The Welfare Working Group is an independent review group established by the Government in April 2010 to examine long-term welfare dependence. The group has been asked to provide advice to Government on how to make the New Zealand welfare system effective and sustainable over the coming decades. The Welfare Working Group has been tasked with producing a report in February 2011.

What is the scope of the group?

A particular focus of the Welfare Working Group is how to reduce the numbers of people on long-term benefits, and reduce the growth in numbers and expenditure on benefits. The Welfare Working group will look at:

- How to reduce long-term benefit receipt and improve work outcomes for sole parents;
- How to promote opportunities and independence from benefit for disabled people and people with ill health;
- How welfare should be funded, and whether there are things that can be learned from the insurance industry and ACC; and
- Whether the structure of the benefit system and hardship assistance is contributing to long-term benefit dependency.

Who is on the Welfare Working Group?

The Welfare Working Group is made up of a mix of business and community leaders, academics and employers. The members are:

- Ms Paula Rebstock (Chair)
- Professor Des Gorman
- Professor Kathryn McPherson
- Associate Professor Ann Dupuis
- Ms Catherine Isaac
- Ms Sharon Wilson-Davis
- Mr Adrian Roberts
- Ms Enid Ratahi Pryor.

You can find out more about the members of the Working Group on the Welfare Working Group website <http://ips.ac.nz/WelfareWorkingGroup/Index.html>

Victoria University's Institute of Policy Studies hosted the Group in Wellington.

Statistics around Welfare in New Zealand

1. There are currently 362,400 working age (18-64 years) adults on a benefit in New Zealand as at June 2010.
2. In 1960, approximately 2 percent (one in fifty people) of the working age population were on a benefit. By April 2008, after a decade of strong employment growth and before the recession, around 10 per cent of the population were receiving a benefit. Currently only an estimated 37 per cent of beneficiaries are expected to actively look for work (taking account of the introduction of work expectations for some sole parents and sickness beneficiaries in 2010/11).
3. As at 30 June 2010, just over 175,100 beneficiaries had spent five or more out of the last 10 years on a benefit. (This is not necessarily a continuous spell. These numbers record the total time spent on a benefit over the ten years 2000 – 2010 for those aged 28-64 as at June 2010).
4. As at the end of June 2010, just under 112,900 Māori (approximately 31 per cent of all working age Māori) aged between 18 and 64 years were receiving a main benefit. Prior to the recession in 2006 we estimate that 27 percent of working age Māori were receiving a benefit.
5. Around one in five children are living in a benefit dependent family.
6. Currently 63 per cent of all mothers with dependent children are in paid employment, and nearly 50 per cent are employed once their youngest child reaches three years of age. Most OECD countries have much higher employment rates of sole mothers. Based on people who were on a benefit in June 2009 and aged 28 to 64 years, a person receiving an Invalid's Benefit had spent, on average, over eight of the previous 10 years on a benefit. A person receiving a Sickness Benefit had spent, on average, over five years out of the previous 10 on a benefit. While New Zealand has an above average level of employment of disabled people compared with the rest of the OECD, it also has above average rates of growth in receipt of Sickness Benefit and Invalid's Benefit compared with the OECD. In addition, New Zealand ranks fifth in the OECD in disability benefit receipt for younger working age people (20 to 34 years of age).
7. Young people who were granted a benefit before their 18th birthday were at a high risk of very long periods of benefit receipt.
8. In 2008, prior to the last recession, there were shortages of low skilled labour, yet 10 per cent of the working age population was on a benefit.
9. In the year ended June 2010 the government spent \$7.78 billion on the benefit system and its delivery (or 12% of core government spending).
10. If current trends in Invalid's and Sickness Benefit continue 16% of the working age population could be on a benefit by 2050.