

Media statement

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Options for moving to a well-performing welfare system

The Welfare Working Group is asking New Zealanders for their views on what needs to change in the way we think about and deliver welfare to increase employment and reduce poverty.

The Welfare Working Group was established by the Government in April to develop practical options on how to improve economic and social outcomes for people on a benefit and new Zealanders as a whole.

In a discussion paper released today, the Working Group sets out options for moving to a well-performing welfare system that invests early in well-directed, active support to help people into paid work, coupled with a greater focus on personal responsibility so that people take opportunities as they emerge.

Around 170,000 working age New Zealanders have been on a benefit for at least five of the last 10 years.

“This long-term benefit dependence has led to intolerable social costs for the individuals themselves, their children, the broader community, employers and taxpayers,” says Working Group Chair Paula Rebstock.

“The adverse impacts include poverty, poor physical and mental health and deep deprivation where intergenerational dependency has taken hold.”

“Feedback on the Issues Paper we released in August generally confirmed our concerns about long-term benefit dependency and the importance of paid work to well-being. Not surprisingly, there are many different views on what needs to change. This feedback is reflected in the broad range of options we are now putting on the table for the public to debate.”

The potential options cover a spectrum from relatively minor amendments to the status quo, to a fundamental paradigm shift.

“We also consider it is important to look at options for all those involved – the Government, community, employers, health professionals, and those people receiving benefits. Each has an important role to play in finding sustainable solutions to long-term benefit dependency.”

The Working Group does not have preferred options at this stage and wants to hear from New Zealanders before making final recommendations to the Government in February 2011.

For people on benefits, including the Unemployment Benefit, Domestic Purposes Benefit and Sickness and Invalid's Benefits, there are options around the assessment of who is able to work, expectations of when they should be available for work, interventions and support to prepare for and find work and financial incentives to move into paid work.

"Submissions and discussions helped identify the many obstacles faced by beneficiaries wanting to move in to paid work, including a lack of active support, childcare, availability of work, or an employer who's prepared to give them a chance. The options aim at helping overcome these obstacles and making a positive difference to individuals, their families and communities. New Zealand needs to make much better use of our human potential," says Paula Rebstock.

The paper also sets out options in the areas of:

- reducing the high rate of long-term benefit dependency among Māori, in particular through partnerships, targets and specific programmes;
- involving and supporting employers in providing jobs and promoting wellness in their workforce;
- keeping at-risk youth in education, training or employment;
- making system-wide changes to improve the focus on paid work and early intervention to reduce long-term costs. Options range from amending the status quo to major structural change such as a guaranteed minimum income, social insurance in part or in full, or incorporating insurance-based investment strategies, so that decision making is based on the expected life-time costs; and
- improving the effectiveness of service delivery.

The Options Paper is available at <http://ips.ac.nz/WelfareWorkingGroup/Index.html> and people can provide feedback in writing or online through the website.

Feedback will be welcome up to 24 December. The Working Group is due to present its final report and recommendations to the Government in February 2011.

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