

Fact Sheet 17 : Social Development

This Fact Sheet was prepared for the July 2002 General Election campaign.

Progress Made Under the Current Government

Many of the CTU policies focus on the state's responsibility to provide quality health, education, housing and other services. These services, underpinned by a social security system, are often referred to as the 'social wage' and are essential to ensure that working people are able to participate in their communities. The Labour/Alliance Government has made a commitment to a social development approach. In doing so they have returned to the Royal Commission on Social Policy's notion of well-being where all people have a safety-net of basic conditions and a fair chance to achieve their potential. The social development approach has also been specifically applied to the social welfare system where the Government's intention has been to look at benefit abatement issues, poverty and social exclusion.

The restoration of income-related rentals for state housing tenants was a very effective means of reducing living costs for many low-income families. The Labour/Alliance Government has increased funding for building state houses and improving substandard houses. Raising the minimum wage and making adjustments to NZ superannuation have also improved income levels for vulnerable groups. Other CTU election fact sheets have focused on the Labour / Alliance Government's investment in health and education, particularly through greater co-ordination and collaboration. The Government's workforce development strategies will be crucial in both these sectors to address recruitment and retention problems, often linked to workload pressures.

What else needs to be done?

The CTU's Get a Life campaign highlights the important relationship between paid and unpaid work. There is a crucial need to develop a benefit system that supports parents to care for their children, encourages people to take up training and further education and assists them to move into sustainable paid work.

A benefit system overly focused on work-testing or sanctions risks stigmatising those on benefits and underestimates people's desire to have a decent job. It also fails to address the tensions individual families face between balancing paid work and family responsibilities. An effective benefit system would tackle these underlying issues for example through better transition to work allowances, childcare entitlements, and enhanced family support and tax credits. It would also take a consistent approach to child poverty, based on the level of need within a family rather than the employment status of the parents. For example, currently over 300,000 of the most needy children in New Zealand miss out on the Child Tax Credit (at \$15 per child per week) because their parent is on a benefit, ACC or student allowance. Benefit abatement rates act as a high effective marginal tax rate for those trying to get paid work. There should be a greater focus on the investment needed to up-skill workers to take on high quality, sustainable work, rather than a short-sighted emphasis on simply moving people off a benefit for three months. Policies that address the casualisation of work are important for many low-income workers who move on and off benefits. Often these workers are unaware of their full entitlements and do not have sufficient support to move into sustainable work.

Greater investment in public education is necessary to ensure access to life long learning. Similarly, high quality, accessible public health care is vital if we are to avoid the economic and social impacts of health disparities.

Many low-income families do not have access to state housing. Therefore increasing the state housing stock needs to be coupled with low-interest 'rent-to buy' policies including broader options for Maori and community non-profit groups to provide accessible rental accommodation.

What could be lost under a National/Act Government?

Both parties propose cuts to taxes with Act explicitly stating that there will be reduced public provision of health and education services, with funding mechanisms designed to help increase competition from the private sector. Act also plans to sell off state housing. National does not intend to increase access to student allowances, and Act would reintroduce the payment of interest on student loans while studying. National would reintroduce a work test for those on the DPB, supports work for the dole proposals and would make financial support for those under 20 conditional on participating in a Youth Transition programme. Act extends this further by requiring those on benefits to work 40 hours a week. Act have also signalled possible cuts to benefit levels so that 'people on welfare do not end up better off than people in full-time work'.