EXTENDING WELFARE REFORMS

National’s welfare reforms have a sharp focus on getting people off a benefit and back to work. For most beneficiaries, that is the best way to improve their life prospects, raise children out of poverty and reduce the long-term burden on taxpayers.

We have introduced a new work-focused system of benefits, set work expectations for more beneficiaries, and taken an investment approach based on the long-term costs of welfare dependency. People who face the biggest barriers to finding work are supported through targeted, intensive case management.

National has also introduced a much more hands-on approach for 16- and 17-year-old beneficiaries, and for teen parents up to 18. These young people have a mentor who works with them to get them engaged in education or training, and helps them manage their money and pay their bills.

We’ve set clear obligations for beneficiaries and we’re clamping down on benefit fraud.

Our more active, work-focused approach is seeing real results. Benefit numbers are falling, and the number of sole parents on a benefit is now the lowest it’s been since 1988. A total of 30,000 fewer children are living in benefit-dependent households compared to two years ago.

We are setting challenging new targets to reduce benefit numbers even further, including reducing the total number of people receiving a benefit by 25 per cent by 2017.

More young beneficiaries will get intensive support under National, and we will trial a number of alternative welfare-to-work approaches.

POLICY HIGHLIGHTS

→ A welfare system that’s focused on getting people back to work.
→ Setting clear obligations for people on a benefit.
→ Reducing the number of people on welfare by getting them into work.
→ Intensive management for teen beneficiaries.
→ Extending $3K to Christchurch to other regions.
→ Providing intensive support to meet a beneficiary’s own particular circumstances.
→ Trialling alternative welfare-to-work approaches.
NATIONAL IS...

REFORMING THE WELFARE SYSTEM TO MAKE WORK A PRIORITY

- Increased the number of beneficiaries with obligations to look for, or prepare for, work.
- Simplified the benefit system to create three main benefits that make it clear who should be working, who should be getting ready to work, and who cannot work due to illness or disability.
  - People on the Jobseeker Support benefit have to be available for work, either full-time or part-time as their capacity allows, unless they are temporarily exempt through sickness.
  - People on Sole Parent Support have to be available for part-time work when their youngest child is five years old, which lines up with the age that most children start school.
  - People on the Supported Living Payment are not expected to work, because of their long-term illness or disability.
- Created a new assessment model for people with a health condition or disability that focuses on supporting them to get suitable work.

TAking an active investment approach to welfare

- Completed the first-ever actuarial valuation of the welfare system so we understand the lifetime costs of different groups of people.
- Targeting resources at those most at risk of long-term welfare dependence, who have the largest lifetime costs.

FOCUSING ON YOUNG PEOPLE AND TEEN PARENTS

- Providing wrap-around support to 16- and 17-year-olds through the Youth Service to ensure they are in education or training, and are managing their money and paying their bills.
- Providing wrap-around support to teen parents, including through budgeting and parenting courses.
- Providing fees-free Youth Guarantee places for 10,000 16-19 year olds a year, 5,250 Trades Academy places a year, and 20,000 places for apprentices in the Apprenticeship Reboot scheme.
SETTING CLEAR OBLIGATIONS FOR BENEFICIARIES

- Requiring sole parents to be available for part-time work when their youngest child turns five, and available for full-time work when their youngest child turns 14.
- Requiring job seekers to be drug free and actively looking for work.
- Supporting vulnerable children by introducing obligations for beneficiaries to have their children:
  - Attending early childhood education from age three until starting school.
  - Attending school, when they are old enough.
  - Enrolled in primary health care and completing core WellChild/Tamariki Ora health checks.

ENSURING FAIRNESS FOR TAXPAYERS

- Permitting greater information sharing between the Ministry of Social Development and Inland Revenue.
- Ensuring beneficiaries on the run from the law have their benefits cut.
- Tightened the rules around beneficiaries travelling overseas.
- Greater scrutiny of beneficiaries who have previously committed fraud.
OUR RESULTS SO FAR…

WELFARE REFORMS ARE WORKING

Under our welfare reforms, and with an improving economy:

- 1,600 people are coming off welfare each week because they have a job to go to.
- Nearly 60,000 fewer people on benefit since December 2010.

- 8,600 fewer people on the Sole Parent Support benefit than a year ago, and the number of sole parents on a benefit is now the lowest since 1988.

- A 40 per cent reduction in teen parents on a benefit since 2009.
• 30,000 fewer children are living in benefit dependent households compared to two years ago.

30,000 FEWER CHILDREN
IN BENEFIT-DEPENDENT
HOUSEHOLDS
IN THE PAST TWO YEARS

• The long-term liability of people on welfare has dropped by $4.4 billion, as more people have moved off a benefit for longer, and less people have come onto a benefit.

• The number of 15- to 19-year-olds who are not in education, employment or training is now down to 22,000 – the lowest since 2004.

• Welfare fraud reforms have already recouped or saved over $47 million and stopped thousands of illegitimate or fraudulent benefits.

WELFARE FRAUD CRACK DOWN
UPDATE AUGUST 2014

6900 BENEFITS CANCELLED
AT LEAST $47 MILLION SAVED
SO FAR TO DATE

WORKING FOR NEW ZEALAND
Authorised by G Hamilton, 41 Pipplea Street, Wellington
WHAT WE WILL DO NEXT...

1. SET CHALLENGING TARGETS TO REDUCE THE WELFARE ROLL

→ Reduce the total number of people on a benefit by 25 per cent.

National will set a target to reduce the total number of people receiving a benefit by 25 per cent by 2017.

There are currently just under 295,000 people receiving a working-age main benefit – down 16,000 from just a year ago. But there are still too many people on a benefit. National will work to get more people off welfare and into work.

Building on the success of our welfare reforms, we will reduce the total number of people on a benefit by a further 75,000 over the next three years – down to 220,000.

This would mean the lowest number of people dependent on benefits since 1988, and the lowest as a percentage of the working-age population since 1986.

→ Reduce the number of young people on a benefit by 40 per cent.

National will also set a target to reduce the number of young people – aged 16 to 24 – receiving a benefit by 40 per cent by 2017.

There are currently 53,000 young people receiving a working-age man benefit. We know that if someone is on a benefit as a young person they are far more likely to spend time on a benefit as an adult.

We will reduce the number of young people on a benefit by 21,000 over the next three years – down to 32,000.

Achieving these targets, and getting more people into work, will improve the lives of tens of thousands of New Zealanders, and significantly reduce the number of children living in benefit-dependent families.

OUR TARGET: REDUCE TOTAL BENEFIT NUMBERS BY 25%

THE LOWEST NUMBER OF PEOPLE DEPENDENT ON BENEFITS SINCE 1988

Source: NZ Year Book MSD
2. MORE INTENSIVE MANAGEMENT OF 18- AND 19-YEAR-OLDS

→ Extend the Youth Service approach to 18- and 19-year-olds.

National will extend the successful Youth Service approach to 19-year-old sole parents, and to many other 18- and 19-year-old beneficiaries who need more support, or who are at risk of long-term welfare dependence.

We introduced the Youth Service approach in 2012 for 16- and 17-year-olds, and for teen parents up to 18. These young people have a capable adult from a community-based organisation to work with them, help them pay their bills directly, and have money loaded onto a payment card for groceries and essentials. They get help to find an education or training course, or to get a job and go off the benefit.

We will extend this approach. All under-20s who are seeking a benefit will be assessed. Self-motivated young people who are not likely to spend long on a benefit will continue to search for a job as they do now. Others with more complex needs will be referred to a Youth Service provider, where they will receive intensive support and guidance, together with budgeting support and the use of a payment card.

There will be no change for young people receiving the Supported Living Payment.

3. EXTEND $3K TO CHRISTCHURCH TO OTHER REGIONS

→ Help beneficiaries move to take up job offers.

The $3K to Christchurch scheme gives beneficiaries a one-off payment of $3,000 if they have a full-time job offer in Canterbury and are ready and willing to move there. This new scheme has already seen 350 beneficiaries take up the offer and move to Christchurch for a job – most of them in construction.

National will extend this scheme. We will assist beneficiaries to move from areas where there are fewer opportunities to those where employers are looking to fill jobs. As with $3K to Christchurch, the extended scheme will focus on young people aged 18-24 years.
4. PROVIDE MORE INDIVIDUALISED SUPPORT

→ **Provide a full assessment when people first go on benefit.**

A full assessment when people apply for a benefit means they can be steered in the right direction early on. Every person’s circumstances are different, and support needs to be tailored to those circumstances. For some people, the right approach early on means they stay connected to the workforce or quickly return to work. Others need more intensive support over a longer period of time.

→ **Provide individual support based on the length of time a person is likely to be on benefit.**

National’s investment approach to welfare means we now have a good idea of how long someone is likely to stay on a benefit, based on their circumstances. We can estimate how much they are likely to cost taxpayers over the longer term, unless something more is done to help them off a benefit and into work.

We will continue to ensure there is more personalised support for those at risk of long-term benefit receipt, to help identify and eliminate the barriers they have to get into the workforce. While this can be more expensive, it has an obvious pay-off over time.

→ **Provide more flexible childcare support.**

Under our welfare reforms, and with an improving economy, the number of sole parents on a benefit is now the lowest since 1988. We will further support sole parents by providing more flexible childcare support. There are a number of ways of doing this, including making a small payment to a family member to help with child care (which is already being trialled), payments for out-of-school care, or extended hours in early childhood education.

→ **Help sole parents take up tertiary education.**

From July 2015, sole parents taking up full-time study will receive at least the same level of accommodation support from the student support system as they do in the benefit system. Currently they may receive up to $165 less per week, which is a disincentive to go off the benefit and into full-time study.

We will also amend the rules around child support and voluntary arrangements, which can be affected if sole parent students need access to a benefit during academic breaks.

→ **Reduce basic barriers to employment.**

Too many young beneficiaries are missing out on jobs because they don’t have basic work skills, like the ability to drive a car. We will provide practical and financial support to help young beneficiaries get a driver’s licence, for example, so they can get off the benefit and into work.

→ **Increase the use of external providers working with beneficiaries.**

National will contract with more with external providers to work with long-term beneficiaries in breaking down the barriers they face to finding work. External providers can often work faster and with more flexibility than a government department. Contracts will be based on results—the more people providers can get into work, the more they will be paid.
5. TRIAL ALTERNATIVE WELFARE-TO-WORK APPROACHES

→ Provide incentives to beneficiaries to stay in work.

We will trial an incentive payment scheme where beneficiaries who have left a benefit for work, and stayed in work for a certain length of time, receive a financial reward for doing so. This could help many beneficiaries establish a longer-term work connection, rather than cycling on and off the benefit.

→ Work skills programme.

There are around 6,000 20- to 24-year-olds who can work but have been on a benefit for longer than six months. These young people often lack the good habits and work ethic to hold down a permanent job, and the longer they remain unemployed the greater risk they have of being a long-term beneficiary.

We will consider trialling, in certain regions, a work skills programme where younger beneficiaries will be asked to work part-time in the community, as a condition of receiving a benefit. We will work with councils, iwi and community organisations to determine whether such a trial would be feasible.

→ Partnership with iwi.

In some parts of the country, iwi have indicated they would like to be involved in helping their unemployed young people get the right attitudes and work skills to get off a benefit and hold down a job.

We will consider trialling a scheme where an iwi administers the benefit for their young people (in a similar way to the Youth Service), has the ability to place requirements on that benefit and is paid on the basis of getting results.

DON’T PUT IT ALL AT RISK

LABOUR AND THE GREENS WOULD...

❌ Roll back National’s welfare reforms that have seen more people coming off a benefit and into work.

❌ Throw money at young parents without providing the wrap-around support they need.

❌ Incentivise beneficiaries to stay on a benefit, rather than look for full-time work.