

## **Transcript Brotherhood Talks podcast**

### **A lasting impact: Child poverty reforms in New Zealand podcast**

#### **Presenter**

Welcome to Brotherhood Talks.

#### **Dr Michael Fletcher**

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#### **Presenter**

In New Zealand, there have been major reforms which aim to lower the number of children who live in poverty. The reforms brought in by Jacinda Ardern's government include the Child Poverty Reduction Act, the introduction of a wellbeing budget framework and social security reforms. A panel with strong expertise on child poverty reflects on these reforms in this Brotherhood Talk. But first, Doctor Michael Fletcher provides a detailed overview and analysis. He's a senior research with the Institute for Governance and Policy Studies at Victoria University of Wellington.

#### **Dr Michael Fletcher**

Anyway, since coming to power, the Ardern government has introduced the Child Poverty Reduction Act which I'm going to talk about and, it is in the process of a welfare reform exercise which I will also talk about and they're both very positive things. Also on the positive side are some of the things that Labour has put a stop to and in particular, the previous government's focus on cutting welfare expenditure through what they call future fiscal liability modelling, actuarial modelling, which I think you still have some of over here, and that's more or less completely gone.

You occasionally hear a little squeak of it out of our Ministry for Social Development but it's mostly gone and if people would like maybe to talk about the investment approach in the question time, I'd be happy to do so but in New Zealand at least, what was called the investment approach was more or less just a cynical move to cut expenditure by driving people off benefit and making it difficult for them to stay on benefit, people who were entitled to receive it, and it got wrapped up in this fine language of social investment. So, it wasn't social investment in the European style at all; it was something quite different.

We actually also need to point out that we have 16% of children in poverty below the median relative poverty measure and we have 20 - that's before you take in housing costs and after you take in housing costs, on a fixed line measure, that rises to 23 which I think is even higher than you guys have here, getting closer to one in four. Between one in five and one in four. We have 13% who on Stats New Zealand measure of material hardship and half of those are what they call severe material hardship and when they say severe, I can go through the details if you like but that is severe.

Over the last 30 years, we are still not back to a situation where we have got past a sudden jump in poverty, child poverty, inequality, which happened over a startlingly brief period. It may have been similar here, between about '89 and '92, our rates all just jumped up like that. Some of them have come back down but if you look at relative poverty, it is still higher than it was a generation ago. Also, on the current and somewhat less positive side, I think

it's fair to say there's a worrying lack of a sense of urgency out of the government at the moment.

They did introduce their election promise families package and there was no question that that was a significant improvement for many families and for some single people as well after the election but there haven't been big, substantial moves in people's pockets, if you like, since then. The government's immediate response to the welfare expert advisory group, which I'll talk about their report a bit more shortly, has been slow and it's been small and if I was cynical, I'd be inclined to say that the politics and the focus groups have tended to have greater sway than the evidence of the urgency of the need. We also have many of the unnecessary conditionality rules that the previous government brought in, are still in place and that includes things like drug testing of some work beneficiaries.

It's not the same drug testing as your government is talking about in the House at the moment but it does apply to a number of beneficiaries. We have what are called social obligations. We also have what's called a subsequent child policy which penalises mothers who have a child whilst they're on benefit and we have compulsory income management which we borrowed from you guys but we apply it to teen parents and young people in relatively small numbers. Those things still exist and they haven't been taken away, although they could have.

Relatedly, I see minimal appetite in the current government for genuine and substantial reform of Work and Income - that's our Centrelink - Work and Income's administration processes and practices. Welfare administration as distinct from welfare policy is a big part of the problem in New Zealand and a lot of what happens to people filters down in terms of the attitudes and the rules and the processes that come down through the administrative hierarchy. One really good example of that is it's still really hard to enrol on welfare in New Zealand and I can give you a personal anecdote about that.

We have accident compensation for injuries. If you have to take time off work because you have an injury, that's covered by a social insurance-based accident compensation system. I came off my motorbike and broke my collarbone and I got taken up to the medical - collarbones heal themselves but they hurt like hell. I got taken up to the medical centre.

This young doctor, a cheerful young doctor said, "Yep, that's why my mum would never let me ride a motorbike. You're going to need three or four weeks off work. Here's a script for some serious painkillers. Come back in a few days and I'll have a look," and I was lying in bed the next morning, feeling - alternating between feeling really sorry for myself and stoned out of my head from these painkillers and the phone rang and this person said, "Hi. I'm your ACC case manager. I've spoken to your work. They're going to pay you for the first week and then the ACC compensation will kick in for the following weeks after that," and I was too out of it to know but I'd signed some form at the doctor's centre and that was all it took.

In contrast, my son got sick earlier this year. His doctor said he needed four weeks off work but it was illness, not injury. The doctor sent the forms through to Work and Income and despite the fact that he has had no sick leave, he's got a partner and two young kids, he eventually gave up trying to get the three weeks' benefit that he was entitled to. He just didn't have the energy to fight them for it and it wasn't worth him forcing his way through it and I'm sure that is very common and it needn't be. Another thing that does concern me a bit is I don't see that there is strong government support for transformative structural policies.

I'm not one of these people who thinks we need to throw out the whole system and replace it with a European social insurance style system or for that matter, a UBI type system, but there are some more structural changes that are needed because people don't live and work the way they did when the system was set up and I don't actually see a great deal of enthusiasm for that from the government. The last one I'd note is because the focus is on child poverty, which is great, there is some risk that single people are at the bottom of the pile and we have about one in seven of the people in poverty in New Zealand are actually single people.

Some of them are students and so on and they're going to be fine but a lot of them are people with disabilities or unwell and a lot of them are actually the fathers of the children who are living in sole parent families and they do not have enough to get by on either and it would be unfortunate if the focus on child poverty meant that they missed out. But, can I turn to the Child Poverty Reduction Act which was passed in 2018? I think our government deserves very high praise for that act. It's an excellent piece of legislation. It's great to have targets and measures set in law in itself but the actual design of this legislation I think is very good.

It's worth saying by the way, that both the previous National government and the previous Labour government were not willing to go anywhere near the idea of legislated targets, so it's a credit to this government and to the prime minister, Jacinda Ardern in particular, that it came about. It's also a credit to the opposition that they ended up - well, the opposition with the exception of the one seat, libertarian ACT party, that they ended up signing up and agreeing to it as well. It's clear, it's specific but it's adaptable and flexible, so it's got a reasonable chance, I think, of standing the test of time and of being able to withstand changing political priorities and so on.

What it does is four key things. It defines four primary and six supplementary measures in law, poverty measures, child poverty measures. It places a duty on the government statistician who is completely independent of government, to report on those every year. It places a duty on the minister in charge of child poverty reduction to set targets for the primary measures - sorry, set three-year short-term targets and also 10-year long-term targets for the primary measures and she has to explain to parliament if they fail to meet any one of those measures.

Lastly and quite importantly, it changes the Public Finance Act so that the Minister of Finance has to report at each budget, do a report on child poverty and say how all of the new budget initiatives will impact on child poverty and that's potentially a really powerful thing in itself. The four primary measures, we can talk about them if people would like to in detail, but they cover different aspects of income and severity before and after housing cost, income measures and the material hardship measure and the supplementary measures, more or less severe versions of the same, plus a combination of material hardship and income poverty. Obviously, there's a bit of a trade-off with having multiple measures because it risks what you might call the Meatloaf defence.

The government is saying, "Two out of three isn't bad," sort of thing but the flipside of that is one measure would miss too much and also, it would create perverse incentives who risk that you just focus on - zero in on that one measure and ignore everything else. I personally agree with the New Zealand Child Poverty Action Group, that one of the primary measures should've been the 40% of median income because that would force a focus on the very, very poorest kids. That didn't happen but at least it's one of the supplementary measures.

The flexibility in it comes in the fact that any government, a new government, can change its targets as it sees fit, depending on its own priorities or circumstances at the time and so, that gives some durability to it. The inflexibility though, and this is something which led to the demise of the UK Poverty Reduction Act I understand, which ours was broadly based on, was they can't change the measures themselves without legislative change and that does risk a future government deciding to tinker with the act and maybe unwind it more or less completely because they decide they want to put something else in as a measure and take out something but I think we have to live with that.

So, how is that act working out? The government set some pretty bold short-term targets, so they said they're going to cut the relative poverty measure from 16% down to 10% by 2021 and then down to five after 10 years. The fixed line only adjusted for price movements through time after housing cost measures from 23 down to 19 and then down to 10 in the longer term and the hardship measure from 13 down to 10 in the shorter term and then down to seven. It's left things a bit late in my opinion but it's still possible that it'll hit that hardship measure and the one that's only adjusted for prices.

I don't see it as being very likely to be able to hit the relative poverty measure and in order to have done that, it needed to have done something decisive in the most recent budget, the 2019 budget, to bring the bottom end of the income distribution, the poorest, up towards the middle and no surprise, that translates as doing something pretty substantial for beneficiary families, families on benefit and they didn't do that and the way the timing of the survey is as such, that means they are likely to be late in hitting that and they've still got to deal with that issue which we may want to come back to.

Governments understandably want to be seen to do something for their middle voters and those people, they're doing it tough as well but to do a relative poverty measure, you've got to be able to compress, you've got to be able to pull that bottom end who desperately need it up towards the middle. So, that's the essence of the political problem I guess. Hopefully though, we'll see a good chunk of what's apparently a record surplus used towards that end in the 2020 budget. So, just summarising about the act, in my view it's an excellent advance.

It's not ultimately a guarantee of anything and it is a bit disappointing that at least that it appears that the government is willing to miss its first round of targets by a year or so but it's likely to have a lasting impact on child poverty. If you're thinking about the chances of getting one here, and I don't know where you would feel about that, the two critical factors really were that it was championed by Labour and by in particular, Jacinda Ardern from way back when she was just the opposition spokesperson on children and a private member's bill and then it came through her and then the second part of it was widespread public support which led the other parties to come on board with reducing child poverty.

### **Conny Lenneberg**

I'm Conny Lenneberg, Executive Director of the National Social Justice Group, the Brotherhood of St Laurence. I hope you're enjoying this episode of Brotherhood Talks. If you'd like to learn more about our work to find solutions to the complex challenges presented by poverty in our prosperous country, have a look at [bsl.org.au](http://bsl.org.au).

### **Dr Michael Fletcher**

So, turning to the welfare reform initiatives and the Welfare Expert Advisory Group, I think I'd say that the picture is a little less clear-cut in terms of where that's heading and partly, that's because improving welfare across the board is a far harder thing to do than focusing just on child poverty. Somewhere just below the surface is some version of the notion of

deserving and undeserving poor and that's a problem. The origins of our - the Welfare Expert Advisory Group gets called WEAG and for months, I resisted using the term and wrote it out methodically but I've conceded defeat so I will call it WEAG as well, however ugly the phrase is.

But the WEAG process came about originally from the Green Party's confidence and supply agreement going into the formation of this government which was an agreement to radically overhaul the welfare system and you need to understand that the Greens are the third party in the New Zealand Coalition. So, what drives the big politics at the moment in New Zealand is first of all, the Labour Party and second, its coalition partner, the Centrist New Zealand First Party, what it is willing to accept or conversely, what it vetoes, what it insists upon or what it vetoes.

So, they are things which do make life difficult. Having said that, by and large, those three parties have got on far more successfully than a lot of the pundits said when the government was first formed. So, what that meant anyway was that the Greens got the - sorry, the agreement with the Greens got the establishment of the Welfare Expert Advisory Group review in last May which reported back in February. It was chaired and chaired extremely ably by Professor Kiro who is going to talk shortly and it had 11 members on it including the chair, experts from a variety of different backgrounds. I was appointed as an independent advisor which meant I wasn't on the committee, I wasn't part of the secretariat but I was an independent advisor.

It had a really impressive terms of reference and I'll read it to you. It's a primary - I won't read the whole thing, I'll read the key part. The primary task was specified as providing advice to the government on options that could best give effect to its vision - 'its', the government's - vision for the future direction of the social welfare system and that vision was spelled out in the terms of reference, which was a welfare system that ensures people have an adequate income and standard of living, are treated with and can live in dignity and are able to participate meaningfully in their communities. That's a really progressive and wholehearted terms of reference and it's a far cry from the terms of reference that the previous government's welfare review group had been given.

They were forbidden to look at issues of adequacy at all and they were told that their main focus was to reduce long-term welfare dependency and that's duly what they did of course. If it had weaknesses, the welfare group process, in my mind, the two main weaknesses were one, it had minimal linkage with the simultaneously running tax working group. We in New Zealand, we just don't seem to be able to put it together that taxes and benefits are the two sides of the same coin. The other part of it which was difficult was the short timeframe, nine months to do the whole task and inadequate resourcing. That said, the group produced what I think is a very, very good report.

I don't agree with every recommendation and I'm sure that's true of all the members themselves, that that wouldn't have agreed with every recommendation but overall, it was a very good report and one of its strengths - and I'll talk about a second strength in a minute - but one of its strengths was people, whether they were beneficiaries, whether they were Work and Income staff, whether they were NGO providers, whether they were employers, all felt listened to as a result. There was very little negativity about the process or the result afterwards which was totally unlike the previous review group's report.

The analysis in it was solid and the group did not shy away from being blunt about the problem or about the suggested solutions. It had 42 main recommendations and 120

supplementary ones, a public servant's nightmare. I don't have time to go anywhere near all of them but I do just want to focus on two areas. I just want to talk a little bit about the purpose and principles and then talk about adequacy because that relates directly to poverty and child poverty. The terms of reference required WEAG to advise directly about the purpose and principles sections of the Social Security Act and that's really crucial and it's crucial because it guides everything under the act and the principles that are in the act.

Every person using authority under the act must be guided by the principles set out in the act. So, if I could just quote you what they recommend about the purpose of the act, the welfare group said that the purpose should be to Whakamana Tāngata and ensure a dignified life by A, providing financial security and social security for an adequate standard of living and B, supporting people to achieve their potential for learning, caring or volunteering or earning through good and appropriate work. To my mind, that is a brilliant way of summing up what the purpose should be. Tāngata is the Maori word for 'the people'.

Whakamana is a verb meaning - and Cindy will put me right if I haven't expressed this very well - to enhance the mana of - or to enhance the authority, power and dignity of. The two parts that I really like about the way that is expressed is that it captures both the income maintenance and employment assistance side of the social security system first of all, and the concept of Whakamana Tāngata goes clearly beyond a minimalist social safety net approach to something that is properly inclusive. To my mind, it is a really radical change and I hope we see it.

The group also recommended 13 principles that they should be set out in the act and as I was saying, they are the things that would guide everybody acting pursuant to the act and they included outlandish notions like treating people with dignity and respect, providing an income sufficient for an adequate standard of living, providing full and correct entitlements, delivering support that's easy to access, timely and appropriate, providing an employment service that supports people into good and appropriate work.

Ignoring my sarcasm, they might sound like rather obvious and eminently reasonable principles to put in the act but they are way, way different from what's in there at the moment and I have to admit, what's in there at the moment was written by a Labour government but what's in there at the moment focuses much more strongly on paid employment and on the obligations of beneficiaries while they're on a benefit. So, as I say, I think they would substantially change actions and outcomes if they come to be.

I do have to say that so far, the Minister for Social Development, Carmel Sepuloni, has only said that she has commissioned further advice on these, so in effect, that will mean it won't happen unless A, the Labour government gets re-elected next year and B, they have the right partners in government and the right will to do it after that but it may yet happen. Returning to issues of adequacy, the WEAG report reinforced the already strong evidence and you wouldn't have thought it needed reinforcing but it did and this has become the definitive statement that I haven't seen anyone challenge, that beneficiaries have insufficient to live on in New Zealand.

What the group did with the aid of the secretariat was undertake a model families analysis to assess adequacy, so they looked at different family types living in different parts of the country and whether they were on benefit or low-paid employment and then they went through establishing a minimum budget using the best available data from various different statistical sources to get a tight budget for these families. They then took that to MSD's own

budget advisory people who said, “Bit less than that, bit more for that,” sort of thing and then assembled it all together. What came out of it was two really clear key findings.

No one, none of the family groups on benefit had anywhere near enough to live on once you take into account all that they're entitled to, assume they get everything they're entitled to. The shortfalls were substantial. Those range from \$92 a week for a single person in public housing through to \$356 a week for a family with two children living private rental accommodation in Auckland. Secondly, the beneficiaries' incomes were typically well below the 40% of median, i. e., the severe income poverty measure.

They weren't even close to the 40 or 50% level of poverty benchmark and that finding is consistent by other work by Susan St John, who found that it was between 21 and 33% for beneficiaries with no other income.

So, in light of that, they - and the other research that they'd pulled together - they recommended a package of adequacy related changes which included large increases in benefit and it got a lot of publicity in the media, between 12 and 47% increases in benefit, indexation of the benefits to wage movements which has happened, I'll talk about that in a second, increases to the family tax credit and changes to its abatement and earned income tax credit for people with no children - I won't talk about that because it's not one I particularly agree with - substantially raising the earnings abatement threshold, that's the amount before you start to lose benefits and pass on of child support.

I don't know whether you know it but in New Zealand, if you're on benefit, the government keeps all this child support that is collected unless it exceeds your entire benefit. I think it's fair to say that the initial response from government surprised almost everyone by its smallness and its lack of action. So, only a couple of changes were announced and they were pretty small and the minister said that the rest was going to be on a three to five-year work program. In the budget this year, the wellbeing budget, we also had the indexation to wages which long-term is a very important move but short-term, doesn't actually give people much of a boost. It takes time to have an effect. I'll skip one because of time.

So, just to finish, can I just say by making a few comments about what I see as the top priorities and key issues in the New Zealand context? First, there will be a package of measures to support of reforms and most of these, I expect will - some of them may be announced towards the end of the year. Most of them probably in budget next year and some of them perhaps as part of the election campaign next year as Labour Party commitments but we don't know what they're going to be or how big they're going to be. So, what might or what should we see in my view? There's no avoiding the fact first of all, that the core rate of benefit like your Newstart, has to be increased.

You cannot get around it any other way if you're serious about reducing poverty but we don't know whether that will happen and giving money to beneficiaries is never a major vote winner, is it? Second, unlike over here in Australia, we have an in-work tax credit that runs alongside our family tax credit that you only get if you are not on benefit and you're working a minimum number of hours, 20 or 30 hours a week. 20 if you're a sole parent, 30 if you're a couple. It's intended to be a work incentive. The research evidence shows that it has a very little beneficial effect in terms of a work incentive and its main effect is to penalise mainly sole parents, mainly sole mothers who are on benefit.

Essentially, they get \$72. 50 less than other people simply because they're on benefit. Or a two-income couple, one loses their job and the other has only got a part-time job, they will

lose that in-work tax credit. It's long been an argument of the Child Poverty Action Group and I agree with it, it should be folded into the main family tax benefit so that it goes to everyone. I think that there's a good chance the government will do that this time because if you're serious about reducing that first half of the problem of child poverty which is all of the kids, mostly sole parent families on benefit, that this is actually the most effective and cost-effective way you can do it. It would make a big difference and do it quickly.

Third, we need a much better means of providing for low income - low wage working couple families. The way the New Zealand system works and I don't know, it's probably similar here, couple families on low wages, if they have two incomes or one and a half incomes, their rates of poverty are low but if they have only one income, their rates of poverty are much higher and that is about half of all of the kids in poverty, are those kids living in two parent families and the main reason for that is our welfare system, like yours, is joint income tested, it's tested against both parents' incomes. One income and basically, you don't qualify for any benefit.

We don't have a family tax benefit part B like you do and that may be one way we could go. I'm inclined to think that the way we need to do it is disregard for the purposes of benefit abatement, say the first - anything up to the median wage of the spouse's income so that if the spouse was getting a low wage, you would still be entitled to get a benefit payment in your own right in any case, so that that would boost the family income and minimise the poverty. At present, we only disregard \$80 of the combined income and then we start abating the benefit at 70%. That, by the way, is one reason why basically our system only works for singles and sole parents.

Only 6% of our entire benefit population are couples, half couples with kids and half couples by themselves. Fourth, we've got a serious effective marginal tax rate problem. Without getting too techy, that's the amount that you lose every time you earn an extra dollar and it applies especially to families. For most low-income families, it's the way things stack up on top of each other. For most low-income families, the way it works is it's not until your kids are grown up that you're going to be in a situation where you'll get to take home more than 40 cents of any extra dollar you earned and often, it'll be less than 20 cents and you can't plausibly expect to get out of that situation if you're a low-income family, low earners, until the kids have grown up.

One thing I think that we should do to get around that problem is drastically reduce the abatement rate for the family tax credit or your family tax benefit part A so that it becomes closer to universal. I appreciate that gives money to the middle incomes and I think there's a good, strong case for saying that people who are bringing up kids should pay less tax than the same person who's not bringing up kids and then chop it off sharp at an affluence test higher up the income scale, which is rather more like you do but perhaps go even further. So, I'm conscious about time. There's a whole bunch of things I haven't mentioned. Housing cost is a really major issue in New Zealand, I'm sure it is here too.

Homelessness, poor take up - well it's actually not take-up, it's lousy delivery, particularly of second tier assistance and the accommodation supplement, our housing benefit, the extension of the ACC system that I mentioned to cover illness as well so that we don't get the inequity between if you're off work because of an injury rather than an illness, and the issue I know you've got about relationship status and when does a person count as being in a relationship and not. There's a whole bunch of other issues as well but I'll just finish by saying that I'm a little bit anxious I might've sounded too negative about New Zealand.



I don't want to sound too negative. Like other people who have been working in the area of poverty and welfare, I'm very aware that we are in a better place in New Zealand than we have been in a very long time and probably than you guys are at the moment. I guess the anxiety is we've got a good government and they've got money available to them, I guess the anxiety is that that window is not going to stay open very long. The political forces are gathering already and it's just a matter of will it happen and how bold the government will be and I don't know about that. Thank you.

#### **Presenter**

Professor Shelley Mallet is the MC for a panel discussion about the New Zealand reforms Doctor Michael Fletcher spoke about and how they relate to child poverty policies and measures in Australia. She's the head of the Brotherhood of St Laurence Research and Policy Centre.

On the panel are Brian Howe who was Deputy Australian Prime Minister from 1991 to '95 and held a range of ministerial portfolios from 1984 to '96, Andi Sebastian who coordinates policy and advocacy for the Council for Single Mothers and their Children. Kicking off the panel discussion is Professor Cindy Kiro, pro vice-chancellor Maori at Auckland University. She's a former New Zealand Children's Commissioner and chairs a welfare expert advisory group for the New Zealand Government.

#### **Professor Cindy Kiro**

First off, the child poverty push by Prime Minister Jacinda Ardern is only possible and certainly, the cross party, cross parliamentary support was only possible really through the efforts over 20 years of sustained effort by NGOs and children's advocates. So, a huge amount of work has gone into creating that more positive public attitude and opinion and shifting the ground to make that possible but certainly, having a Prime Minister who is prepared to champion that and has led the way has been critical. The second thing I would say is that there's a very important focus, and Michael did talk about this, we very deliberately called it social security.

Welfare has such huge overtones of negativity in the public arena and we wanted to not get drawn down the rabbit hole of the mudslinging that so often goes on and is still going on and again, Michael, you alluded to this very briefly, it's a very easy hit, particularly in an election cycle to basically attack beneficiaries. There is still such a strong association in the public mind between a kind of immorality and an undeserving nature for people who find themselves so poor or in such dire circumstances, either because their relationships have broken up or because they've had a major illness or they've had a lifelong disability or because they've got a mental illness or some other sort of major crisis going on, loss of a job, these are the people who are actually relying on social security.

That is the reality of the people who need help. The second thing is we also have a lot of people who don't fit that description. Michael talked about two-parent families where only one person is earning an income being amongst the greatest need in terms of child poverty. So, we have a whole heap of people, 600,000 New Zealanders basically receive some form of social security support in New Zealand out of a total population of about 4.5 million and a lot of them are actually in work through the tax credit system. However, they're not labelled in the same in which people who sit within what is called the welfare system are labelled.

Just to make sure that you can be poor and extremely disadvantaged, we make the so-called welfare system so complex that even if you have a PhD, you still struggle to get through it.

Michael gave the example of his son struggling to get even three weeks' support or four weeks' support when we have a family and a legitimate illness but if you imagine having a life shock like a loss of a job and you have dependants, especially children or young children or you've had a relationship bust up and you're trying to navigate a system that is largely hostile to you and is so complex where the conditionalities are sometimes askew, it's almost an impossible ask.

One has to be thankful for the really good people who do work in the system who genuinely do try and help and there are lots of those but by and large, the system is structured to be unhelpful. For a caring system, that's ridiculous and given the situation people find. So, really, what the Welfare Expert Advisory Group realised early on is number one, we had to make sure that the voice of people who are directly impacted was central to whatever work we did and secondly, that actually, we needed to take a systems view. We know that what happens in social security is a function of the incomes that people are paid when they do work. It is a result of the kind of work opportunities that they do or don't have.

It is a result of the assets that they have, the kind of social and capital networks that they have access to, including other family support. It is a result of which school they went to in terms of whether or not they get the qualifications they need or have the kind of personal contacts to get job opportunities. There's a whole heap of things which are actually structural issues that decide whether or not people get this opportunity and I know that you talked about this when you spoke earlier. So, by and large, what we find is that people who are reliant on this money are actually people who are going through significant or have gone through significant life events and also people who have in some way or other experienced some form of structural exclusion.

It is not an accident, I have to say, that in New Zealand, the Maori and Pacific Island population, so the indigenous and Pacific and new migrant populations and women feature so disproportionately and I'm sure that there is a very strong ethnic and poverty structure to your social security system. I'd almost guarantee it and the kind of discussions around the feminisation of poverty that has certainly gone on, particularly as more and more women have had to be household leaders.

So, we know that two things that I really wanted to draw your attention to and I promised to be brief and I haven't kept my promise yet, one is that there are systemic and structural reasons why and we have to be prepared to deal with those and I know the first panel mentioned a number of those and those are patterned, long-term behaviours and attitudes and that relates to my second major point which is that this is very much around the values we have as a country, you have as a country, we have as a country, and the kind of values we express in our body politic and in our communities.

Those values, and I know you're all very goodhearted people, that's why you're here, prepared to talk about the tough issues to do with poverty, but how do we cut through the overwhelming attitudes that persist around people who are basically born poor or who become poor through life circumstance? How do we cut through that? We know that there's no theological justification. After all, the Bible makes more mention of poverty and the need to actually work for reduction of poverty than almost any other single theme, so we know it's not that.

We know it's not based on evidence because we've tried our hardest to basically gather all the evidence and present it. It comes down to political will and leadership but behind that is

whether or not there is a public willingness attitude to support dealing with the structural issues that actually require attention. Thank you.

**Professor Shelley Mallet**

Thank you very much, Cindy. So, now I invite Brian to make some comments.

**Brian Howe**

Well, I think the New Zealand government first of all is to be congratulated for taking the issue on. It is of course fundamental to the whole area of public policy, especially social policy but I think one should stress that it's not about social policy around. It's really about public policy. It's fundamentally about values, about what we as New Zealanders or as Australians really believe. What really drives us? What do we think about ourselves and our neighbours and so on? I chaired an OECD conference over 30 years ago which talked about the active society and the report I remember for the conference, was terrific. I thought it was a very exciting report and I think the main point that the author of the report wanted to make was very lost.

What we've had not as an active society, but effectively we've had a focus on active labour markets and we think about labour markets in quite a narrow way because fundamentally, we are sexist. We think not in terms of the huge change in gender, in the participation of women in the workforce, in the much greater equality between men and women but instead, we go on with a concept of employment that's very narrow, that's focused very much on paid work as opposed to unpaid work.

What I found exciting about the summary of the report, I didn't read all of the report, what I found exciting was sentences there that seemed to convey to me the sense that what we were talking about was an active society, a society in which whatever people were able to contribute carried some value, irrespective of the monetary worth. New Zealand will be grappling with this quite fundamental issue which Cindy has really explained in terms of the way we have allowed vested interests and sectional values to take us away from the fundamental thrust. I suppose the second thing that impressed me about the report was its focus on standards.

The standards of income security in this country are disgraceful, absolutely disgraceful and they've been pretty disgraceful in New Zealand and it's time those issues of standards were addressed. The issue really in terms of income security is a failure to set standards. We don't want to establish a minimum. I think you, Michael, are a bit critical of universal basic income but when Professor Henderson 50 years ago did the poverty inquiry in Australia, his fundamental message is that if you don't have standards, if you think in terms of a kind of paternalistic approach to the poor, then you'll finish up taking away from the poor when it suits you.

I spent something like seven or eight years in the Expenditure Review Committee, the so-called Razor Gang of the Australian Parliament and all the time when you were looking for savings, you went across to the portfolio which had the biggest budget, the social security portfolio and then you took away not from the top-end of that portfolio but from the people who are most in need because in a sense, Treasury or whoever it was reflected on the old distinction between the deserving and the undeserving. At the end of the day, poor people are regarded as undeserving because of the sense - there's a great deal of ignorance.

The great essays of the 1960s about the discovery of poverty, absence of poverty, Australia had no sense of poverty at all if you go back to 1969, no sense that there was poverty at all.

It was a terrible shock to the Australian people when we looked at the evidence but the point that I come back to is it is fundamentally important to have standards and then to maintain those standards and there's a whole series of mechanisms in this report that suggest the ways you might do that. So, I thought that seemed to be extremely promising. There's responsibility for the Minister for Finance. Ministers for Finance in my experience didn't want to know about welfare, let alone measuring progress towards achieving a goal.

So, I think that emphasis there in the report was very important. Then finally, I thought it was interesting to raise this issue of wellbeing because in a sense, our countries have been very - if I might say, very - in Australia, we only talk about Australia. We don't talk more broadly. Even though there's growing literature in terms of where people are in social development internationally, we rarely refer to that and even though in the United Nations Development Program, there are clear definitions of wellbeing and how to measure wellbeing, that's all ignored and put to one side.

When we measure GDP, we leave a whole lot out of GDP that's positive in terms of people and we have a whole lot there that's very negative that's included. So, I think it's terrific we're having this conversation about Australia and New Zealand. We don't have these conversations enough and they're very important because we can learn from how New Zealand in implementing this very ambitious scheme that I see outlined by your Prime Minister and after a whole lot of work by you, Cindy and that's very exciting, very interesting and I think we can both learn a lot in terms of the next few years ahead.

**Professor Shelley Mallet**

Thanks very much Brian. Now I ask Andi to make some comments.

**Andi Sebastian**

Sure. I'm going to detour a little bit. It's the 50<sup>th</sup> anniversary of the Council of Single Mothers and their Children and it's a pretty depressing measure for us that one of the whole reasons for our getting together was poverty, that young, single mothers or women who are deserted and on their own had no means to support their children and of course, that led to the supporting mothers benefit and so on and yet, here we are 50 years later and young, single mothers in hospital, if they don't have somewhere to take those children, then welfare is taking the children. We have increasing reports coming up from around the country from Tasmania to the Northern Territory that child protection authorities are taking the children.

Locally here in Victoria, we have many women who are escaping family violence positively unnerved by the fact that the child protection agencies seem to now be so integrated with the family violence escape agencies, the Orange Doors and we've yet to see what that means. The thing it tells us is that we are not making progress and we are not following on with our international obligations. If you look at the Convention on the Rights of the Child, Article 26 says very clearly that children have a right to social security. I forget the exact words but it's pretty nice. It's for an adequate and regular income to ensure educational, physical, moral, social and some other kind of development. Solid stuff.

We're not taking that into account. The kind of conditionality that the government is putting on welfare at the moment means that every time a mother who's stuck in the ParentsNext program or stuck on welfare and manages to breach one of the conditions of getting the payment and we all now know, courtesy of David and Philip Alston about the automation of the welfare sector as if we didn't know about robodebt.

Now that everything is so automated, a single missed appointment or a single - we have mothers who ring us and say, "My kid was sick this morning. I was supposed to be going to a ParentsNext meeting, I was completely panicked. I rang, I tried leaving messages on their phone, nobody picked up the phone. All the time we're going to the doctor, it's illegal, I'm still on my mobile, trying to ring to say I can't get there. We're at the doctors, then we're at the hospital. I come home and I discover my payment has been stopped." Every single time something like that happens, then there is a child or multiple children who are suffering.

That happens two, three, four times and if it happens and this frequently does happen, that the payment is suspended because of course, payment gets cut and then the questions are asked, so payment is suspended at the same time as the woman's rent is due to go out, so she's in arrears and then of course, she spends time getting it all sorted and getting it back and by the time she's come back in. Three or four occasions like this and the landlords are saying, "Grounds for eviction." Now, exactly where is our government demonstrating any care about not only what this is doing to a mother who is sole parenting, so carrying very often - we've just done a national survey of single mothers, over 1,000 and 70. 1% have full-time care of their children.

So, it's a lot of parenting, so you can imagine that they're facing these situations where they're uncertain if they're going to be able to put food on the table, if they're going to be able to send the kid to their best friend's birthday party because they can't send them if they haven't got a small present at least, if they're going to be able to pay the school fees. We talk very much about our world-class systems here in Australia and our free education and so on. Our public schools are not free and particularly if you are on something like Newstart, then coming up with the \$650 at the beginning of the term, it's not there. Then of course you have to provide for your child, a specific calculator or a specific iPad or a specific device of some kind.

There's no cheap option and if the children don't have that, then the children feel ashamed and they don't want to go to school on the days that they know those devices are going to be used. All these programs that I've mentioned, ParentsNext, cashless debit card, robodebt, all that, all trialled on indigenous communities first of all and the indigenous children are really doing this very, very tough in Western Australia and the Northern Territory.

Most of us are enormously pleased that we're finally going to have a conversation in this country about raising the age of whatever it's called, responsibility. 10 years old. 10-year-old children can be put into the criminal system and if you look at some of the indigenous kids in Western Australia and Northern Territory who are by and large, children in single-parent families or in very poor families, they're now in the system because they tried to steal some stationery so that they wouldn't feel so left out at school, for stealing food.

In Australia, we have children stealing food. We know and we hope very much that this is rare and does not become a trend but we do know that particularly in some families where the mother and the children have escaped severe family violence and the children in particular have suffered under that violence, the children over time - and seeing their mothers not get out of this poverty cycle - have become so angry and so hurt and so shamed and confused and all those things, that teenagers are belting up their mothers on paydays, taking the money.

The impacts of poverty are huge and we contend at the Council that the kind of poverty that we're experiencing now is government induced. It is government inspired. I was really glad

to hear Brian talk and I had very much the same reaction that he did to the New Zealand report. I loved all the things he loved and I'm really glad I decided not to talk about it because I would've had nothing to say, but I loved that Brian talked about values and what we care about as a community and I think that many people in Australia have no idea of the reality.

I'm very glad about the work that Tony and the Brotherhood and all others continue to do where we try to raise the consciousness because I truly do not believe that Australians would be happy about this if we knew it.

**Presenter**

Andi Sebastian. Professor Shelley Mallet provides some closing remarks to wind up the child poverty panel discussion.

**Professor Shelley Mallet**

So, thank you to each of our speakers. Just one final comment from me I guess in summing up some of the core themes that I heard today. One is that poverty is actually systemic and structural but it gets expressed in practice and we impoverish people by the way that we enact our practice in relation to them, but that the values discussion is absolutely critical. Values, principles, standards, it's missing from our public debate here in Australia. It needs to be resurrected and championed by each and every one of us.

The other theme I heard today was about context. What we heard from Cindy and we'd hear it from others, is that their change happened after 20 years of fierce advocacy and I'm certain that Peter Hollingsworth would say that the championing of the child poverty agenda came on the back of years and years of fierce advocacy and that we make those conditions for change. We make them.

**Presenter**

Professor Shelley Mallet ending this talk which took place to mark anti-poverty week in October 2019. Brotherhood Talks is a podcast by the Research and Policy Centre of the Brotherhood of St Laurence, working for an Australia free of poverty. Find more episodes, transcripts and other information online at [bsl.org.au/brotherhoodtalks](http://bsl.org.au/brotherhoodtalks). Join the conversation on social media at #BSLTalks. Production by Aysha Zackariya and me, Sharon Lee. Music by Lee Rosevere. Subscribe in your favourite podcast app for more episodes of Brotherhood Talks.