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REPORT FOR
MINISTER OF SOCIAL WELFARE

DSW BICULTURAL APPROACH
Towards Reducing Dependency

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Department of Social Welfare

***DSW BICULTURAL APPROACH:
Towards Reducing Dependency***

Introduction

Despite the recent change of Government the prevailing environmental and economic realities persist. Those realities are marked by -

- a) overburdened social support systems which are failing in the absence of economic growth;
- b) the accelerating numbers of dependent clients as a result of continuing unemployment being fed by a continuing increase in the unemployable from the present education system; (unemployment is not just a factor of the absence of jobs - there is also a measure of unemployability involved);
- c) the failure of schools to prepare young people adequately for present realities feeds into further dependency and unemployability;
- d) unemployment is expected to reach yet higher levels before the impact of any new policies can be effective;
- e) the aged, the young, and those in families are particularly subject to the economic pressures resulting from the above. Maori are grossly over-represented in all dependent sectors other than the aged. Even this will be rapidly modified by demography within the next two decades as more Maori live longer.

Not all of this can be addressed by the Department of Social Welfare . The Department can respond in two ways.

First, the Department can propose a more effective distribution of resources and support. Secondly, the Department can promote policies across a broad sector of the economy which can serve to reduce the burden on the welfare budget by actively moving people away from dependency.

Social Welfare is the largest area of Government spending. Clearly it must be a target for expenditure reduction. Savings may not be too readily available in the short term without causing some serious problems. One of the implications of a reduction in welfare spending could be more intractable problems of dependency rather than fewer. This can be avoided if the reductions in welfare expenditure are matched by appropriate investment in employment opportunity.

Comment

The Department of Social Welfare must link its efforts to growth/production strategies aimed at reducing pressure on support services. Policies being developed by the Department must take account of policy developments in, for example, employment and education and of innovative community developments.

The most obvious target area for quick growth prospects is in the small business sector (i.e. businesses employing 10 or fewer people. However this sector is subject to very high fluidity and people turnover. It requires significant shifts in the economic culture from that to which we are accustomed. OECD figures suggest that 70-75% of all new jobs are created in this sector but that 70-75% of all new businesses fail in their first five years of operation. There is some evidence that New Zealand is capable of doing somewhat better than this - e.g. the SCOPE programme (in the South Island) has had a failure rate of 68% and produced a self-sustaining job per \$85,000 invested. On a fully costed comparison the MANA ENTERPRISE SCHEME in the same region has produced a self-sustaining job per \$22,000 invested with a failure rate of 15.6%. It is considered that the dramatically better Maori performance is due to more intensive monitoring. The above figures are based on averages over five years.

There is considerable variation in the comparative performance of such programmes nationwide but there is considerable evidence to demonstrate that well managed small communal enterprise programmes, particularly in the Maori case, have potential in effectively addressing unemployment. There is, furthermore, considerable evidence that enterprise, again especially in the Maori case, outperforms individual enterprise in the small business sector when it is sufficiently stringently managed and monitored.

The ability of one-off capitalization investment in this sector to replace continuing benefit drain cannot be ignored.

The shift in economic culture required, however, cannot and will not take place without direct input of appropriate and directed community education for the target groups. Existing institutional provision for such groups does not exist.

Any employment strategy needs to take account of factors such as -

1. Displacement. This can be minimised where the jobs created are non-traditional service or public utility jobs - using local initiative/local enterprise.
2. Inflationary effects. This is reduced where a discounted interest rate is offset by tax-generation - new jobs must concentrate on increased productivity or export.
3. A changing (shrinking?) employment market.
4. Unevenness in the strengths of Maori and other agencies.

It is important that the work scheme approach e.g. of the PEP/TEP type be rejected. The theme of cost effectiveness must be very clearly to the fore. Any further approach to employment generation should focus on enterprise tendering (because it is counter bureaucratic) focused on competitive proposals from Maori authorities, local government and major social agencies. Any policy should be clearly contestable.

The only argument for having different agencies delivering specific resources is effectiveness of delivery. For example, the only argument for using Maori authorities as a distribution agent of the welfare budget is that they may be more effective in distributing certain types of programmes to Maori.

Effectiveness can be measured in terms of cost performance, social improvement of employees and whether the enterprise is reaching the designated target groups. There is undoubtedly some argument for saying that Maori agencies can perform better for distribution to Maori. But this cannot be taken for granted and they, along with all others, must be subject to performance testing (by Parliament through the Auditor-General).

Any policies must take account of demographic tidal movements. General society is ageing while Maori society is still resolutely youthful (85% under age 25). Also the Maori population shifts geographically. While over two-thirds of Maori live north of Lake Taupo there is a clear move southwards into the South Island, and across the Tasman (refer: "Ethnic Statistics"). The Maori birth rate, traditionally higher than that for the general population is now declining and is currently around the same as the general birthrate. Hiwi Tauroa (in "Race Against Time") wrote of a racial "time bomb". This now appears to be ticking faster. If nothing changes, 25% of the population in the first quarter of the 21st century will be Maori and generally alienated from general society.

The current realities demand that new concepts are needed of what constitutes "work", "worthwhile occupation", "leisure", "usefulness", "productivity".

All of this will not alter the snowballing of our client base which could be attacked either by amputation or by altering eligibility rules. Even this only affects our budget. It would not remove the social and human needs in the community to which our budget is directed.

That leads us on to a most important point which is - the primary accelerant of our "snowball" is the reduction of employment opportunity and the mismatch of skill competence and capital with the employment opportunities which do exist.

Clearly the Department should assume a role in effectively promoting employment opportunities and increased employability through -

- a) capitalization of small businesses; and
- b) programmes (community-based) aimed at increasing employability through raising skill levels and self-esteem.

Employment opportunity is clearly going to be in areas where, for the present, no jobs exist - i.e. in the direction of new enterprise. This will increase the capacity of existing employers to employ (using current negative expenditure towards funding employer wage support). It also implies recognition of a much more casualised basis of employment.

Educational Factors

The extent to which the education system prepares young people for the "real world" (economic and employment realities) will be a critical factor in determining the New Zealand of the future. The current system serves the "endowed" and motivated well because such students are a reflection of those who design and run the system. For example, the system teaches reading very effectively to those who come from an environment which is culturally focused on reading. It fails those who do not come from a culture which is educationally focused. Such a culture is a function of income and class rather than ethnic difference. Issues of ethnic culture and diversity compound the difficulty.

A review is needed of the market's criteria for judging achievement. The criteria should be the real needs of a rapidly changing employment environment. An education (for the clientele of whom we speak) must be seen and acted upon as wider than that which can be provided in formal institutions. Home background and social environment are powerful factors in predicting school achievement. Either there needs to be programmes impacting on home and social environment or learning should be structured to take account of differences - or both. Small scale local initiatives have proved effective and further ones could be encouraged. Te Kohanga-reo is potentially effective but there must be follow-through in the school system if the gains are not to be dissipated.

There are too many educationally damaged New Zealanders who have passed through the school system but have very low levels of literacy and numeracy. Such people have a low level of estimation of their own ability and a low expectation of being able to support themselves, or of being able to compete. Nor are they sufficiently conscious of the need to do so. Maori are over represented in this group which too readily reproduces itself and the problems associated with it. It gives rise to what Oscar Lewis called the "culture of poverty". This group cannot be catered for within the existing institutional framework and feeds into the Department of Social Welfare clientele.

A new framework is needed - a total framework oriented to basic reading and numeracy skills, life skills, and careful attention to acceptable work behaviour patterns. What is critical is the context in which this education is delivered. At best, to be really effective, it should be small, localised and accountable and the education should be reward-oriented.

The only case for Maori delivery of education is if they can deliver this more effectively to Maori than other providers. If an iwi is already delivering such a programme it should be supported so that it can continue to do so on the same basis (i.e. avoid "re-inventing the wheel").

Key factors in ensuring appropriate and effective education for the embarrassingly large numbers missing out must be clearly focused teacher selection and training and educational content. It is well understood that parent as well as teacher expectations strongly affect child performance. Therefore, proposals being developed by the new Government for reaching into homes to promote more effective parenting could warrant substantial investment. Careful attention to cultural appropriateness will be important.

Social Factors

Although it has always been true it is nevertheless still a fact in New Zealand that access to income, goods and services is inequitable and that this results in inter-group tensions. The declining state of our economy is exacerbating this trend. General child health is slipping badly (in terms of international comparison indicators). Maori and Pacific Island children feature disproportionately in the revealing health statistics.

There has been an erosion of a once stronger value base. This shows in increasing crimes against persons and property (including a disturbing increase in white-collar crime) and in escalating violence (physical, including sexual, and emotional).

As Maori make progress towards meeting their aspirations and having their rights recognised by the authorities, tensions increase. This is partly due to the reported views or the tactics of some extremists (inevitable in any resurgence). There is also a backlash from entrenched "ethnocentrists" and those threatened economically as well as reactions from other ethnic groups.

The second half of this century has been characterised by shifting family patterns and shorter term relationships with a growing incidence of solo parenthood and unstable family constellations. There continues to be a consequent erosion of family responsibility and, very significantly, a lack of consistent guidance. Increasing physical/emotional and sexual abuse have become very worrying and there is evidence that such behaviour is inter-generational. The scene is confused with differing cultural approaches to control, discipline and social problems. There are differing cultural viewpoints as to what constitutes abuse (by whom and to whom) and about whether our society can, or should, cope with such diversity. The media generally adds to the confusion and frequently contributes to the problems.

The only argument for state involvement is where family or cultural groups are not handling situations effectively. This is an important aspect of the issue of reducing the dependency of Maori and other groups on government support systems.

Expectations of Puao-te-Ata-tu

The Department of Social Welfare has committed itself to building upon the principles outlined in Puao-te-Ata-tu so that it can position itself to be a major contributor in assisting Maori and other groups to move away from dependency on state social services.

Through Puao-te-Ata-tu the Department can -

1. become a more bi-cultural agency and therefore be more effective in delivering service to its Maori clients
2. more adequately identify and sensitively address the needs of those Maori clients
3. improve its capability to advise on policy and to plan and deliver services to a clientele which is disproportionately Maori
4. establish a threshold to grapple with needs of a multi-cultural society
5. co-operate in concerted action with central and local government, the business community, Maoridom and the community at large
6. pass to Maori authorities responsibility for allocation and monitoring of resources
7. involve Maori in decision making for Maori.

The Department of Social Welfare must be seen as the servant of a multi-ethnic society. However the largest minority confronting us is the Maori. If we can't succeed with the Maori then we have no hope of succeeding more broadly. That is why a bicultural approach must be seen as the threshold.

Consultation Mechanisms

Prior to Puao-te-Ata-tu there was no systematic or effective consultation with Maori and other ethnic and client groups. Arising from the recommendations of Puao-te-Ata-tu the Social Welfare Commission, District and Area Welfare Executive Committees and Residence Management Committees were established. There have been changes in their functions but an extensive network of committees remains. Given the current

their functions but an extensive network of committees remains. Given the current economic realities it is timely to review whether these consultation structures are, in the light of experience, the most effective way of meeting the objectives of Puaote-Atatu. It is certainly an expensive way. The full costs are not available just now and are, at your request, being investigated. However they are believed to be somewhere in the range of \$3 - 4 million per annum or even higher.

The Social Welfare Commission

From the beginning the Social Welfare Commission was unable to perform its functions adequately and it has simply not fulfilled expectations. It is not altogether surprising, given the complexity of the policy area surrounding social welfare that members appointed on a representative (and political) basis have difficulty in coming to grips with the high policy issues involved.

It is my view that both the Minister and the Chief Executive would be better served through calling upon specific individuals or setting up time-limited working groups according to the nature of the issue/s at hand and the suitability of the persons called upon to advise on the particular issues. This would be a considerably less costly option and almost certainly more effective.

DECs/AWECs/RMCs

Although the performance of DECs/AWECs/RMCs has, in some cases, been very good, there is considerable unevenness throughout the country. A major benefit of the committee system has been the promotion of community consultation and local responsiveness. The committees also have a valuable role in scrutinising the effectiveness of local service delivery. The consultative climate has now become established and local operating units are considerably more aware of community resources and culturally appropriate consultation requirements. I am not saying that these committees have been a failure. However I can no longer justify the heavy cost involved in maintaining the structure.

It is important that local management continues to have linkages with Maori and other ethnic communities and client groups both from the point of view of consultation and of critical feedback. This could be achieved far less expensively if a suitable community person were to be paid (on a generally part-time basis) to act as an intermediary between DSW management and iwi and other relevant community groups.

Overall, it should be possible to ensure effective community input into policy at the highest level and maintain effective consultation and critical scrutiny at the service delivery level for a total budget of no more than \$1 million per annum.

The Treaty of Waitangi

The grossly disproportionate presence of Maori people in the Department's client community is well documented. Maori are presently not well represented, however, in the biggest DSW cost sector, that of National Superannuation. That will change over the next two decades as more survive into old age. Current Maori disadvantage is concentrated in areas affecting families and the young.

Maori disadvantage tends to be articulated in terms of the Treaty of Waitangi - somewhat loosely in my view. There is public confusion between basic Treaty issues involving property rights under Article II of the Treaty and civil equity rights involving Article III of the Treaty. This confusion gives rise to tension and backlash from those in the majority culture who feel threatened by Maori assertion and aspirations. This makes the area particularly sensitive - especially in a political sense.

The Department of Social Welfare has no choice but to respond to the articulation of the Maori position in Treaty terms if, for no other reason, its client community expresses this position in that way.

The Department should, however, be clear that its task is essentially limited to that of social equity under Article III of the Treaty. If Iwi Maori are able to generate self-sustaining capital on grounds of Article II of the Treaty, that may well contribute to reducing the DSW task in terms of Article III. But it is not, in itself, a responsibility of the Department.

The present, and continuing, high cost of Maori dependency on DSW may well be reduced by Article II related investment. One example considered suggests that some Maori Authorities are capable, with a one time investment of \$1 million, of generating 45 new and sustainable jobs. Those funds are currently in the negative funding area of unemployment benefit. By extrapolation, an investment of \$10 million could generate 450 new jobs.

While such enterprise investments are clearly not a DSW responsibility, it is clear that advocacy of such approaches could serve to reduce the burden of Maori dependency on social welfare.

Concern has been expressed that current rhetoric identifies such approaches as "separatist" and therefore undesirable. Indeed it can be argued that they are contrary to the "equity principles" implicit in Article III of the Treaty. However, specific provision for Maori development is certainly not separatist or contrary to equity *so long as the aim is the more effective and equitable participation of Maori in the New Zealand society and economy*. It is probably important though, on grounds of political sensitivity that individual Maori are not significantly advantaged in comparison with non-Maori New Zealanders. An emphasis on community enterprise development could work to prevent that.

Conclusions

1 The basic problems facing the Department of Social Welfare in the area of Maori and other dependency are intractable in the absence of economic growth. Continuing failure to reverse the growth trends will make the dependency problem more intractable.

2 While the economic growth issue is beyond the Department's brief there is some scope for DSW advocacy and support of counter-dependency policies on the part of other agencies. The overall direction should be to promote policies and programmes which aim to reduce dependency while ensuring appropriate support to those in need.

3 The dependency problem can be addressed through -

- a) reviewing benefit expenditure with the aim of switching "negative" expenditure to investment capital with an emphasis on community enterprise development;
- b) providing incentives to encourage education and training with a formalised process for integrating benefit policy with policies for employment, work experience, training and education;
- c) promoting a culture of enterprise tendering focused on a contestable relationship between Maori authorities, local government and social agencies;
- d) reviewing concepts of "work", "worthwhile occupation", "leisure", "usefulness", "productivity" etc;
- e) promoting community based programmes aimed at increasing employability through raising skill levels and self-esteem;
- f) developing a new educational framework to prepare young people for the realities of the market place;

4 The focus of the Department of Social Welfare in reducing dependency should be on -

- a) building on a solid basis, since Puao-te-Ata-tu, of reasonably good relationships with Maori throughout New Zealand to ensure that our policies and practices are sensitive to Maori and to all ethnic groups;
- b) ensuring that it has effective means of consultation in the areas of policy formulation and improved service delivery;

- c) ensuring that policies developed by the Department take account of policy developments in employment and education and of innovative community developments while being attentive to the role of Maori in achieving their aspirations for equal participation in development and opportunities to compete successfully in the market place;
 - d) maintaining a rigorous ongoing assessment of eligibility for assistance (benefits and social services) and developing a departmental ethos aimed at promoting approaches which will encourage alternatives to dependency wherever possible.
 - e) further promoting and maintaining staff attitudes and sensitivity consistent with achieving the above aims.
- 5 A Department of Social Welfare focused clearly on objectives based on the principles and direction set out in the conclusions above and geared to work to reduce dependency, will contribute to:
- a) the Government's goal of promoting equal participation of Maori in the development of the country; and
 - b) making the Department better able to reduce dependency on the State on the part of many of its clients of all cultural groups.

J W Grant
Chief Executive

28 November 1990