

ACT Welfare Reform Policy

Goal

All New Zealanders are provided with the opportunity and means to look after themselves.

Background

The original intent of the welfare state was to act as a safety net and a base from which people in need to could be helped to re-enter productive society. Today that system has become a monstrous perversion of the original, with thousands of “lifestyle” beneficiaries living off the incomes of the productive in society. After many years and unimaginable sums of money, problems of disadvantage and poverty have not gone away.

- Hundreds of thousands of New Zealanders are locked into dependency.
- The welfare system hurts the poor more than anyone else and fails to deliver goods and services which actually help people change their circumstances.
- The welfare system rewards dysfunction and single parent families
- The majority of New Zealanders have no savings and thereby no sense of ownership.
- People are living in inadequate housing.
- The poor end up at the bottom of waiting lists in public hospital queues and live in neighbourhoods which are subject to higher rates of crime.
- Maori are over-represented (by approximately 400 percent) in poor outcomes – education, health and welfare.
- There are too many immigrants on welfare.
- Bad parenting has negative flow on effects for the next generation.
- Boredom, low self-esteem, alienation, drug abuse and high youth suicide clearly apparent.
- Monopoly supply in welfare products and social services and therefore no choice.
- Hardcore welfare problems continue to increase.
- 80 percent of retired people have little income beyond that provided by government.
- Huge increase in middle-class welfare under the current Labour Government.

Principles

Self Reliance and Personal Responsibility

- Tax/benefit/welfare/savings reform is needed to encourage self-reliance and reduce dependency in retirement.
- Each generation should provide for themselves to the maximum extent possible.
- Assist and reward effort and, in a broader sense, self-help, participation and dignity.
- Avoid creating severe disincentives for employment.
- Tax collection and payment systems should be such that they minimise interference with people’s lives and choices.

Economic Opportunity

- Economic growth is the only way to get the gains that are needed in living standards and opportunities for all New Zealanders, in particular, low-income working families.
- Whether economic growth brings more jobs depends on the flexibility of the labour market. Labour market reform is needed to create more jobs.
- System to be fiscally sound i.e. sustainable.
- Eliminate poverty traps, as far as possible.

Competition and Contestability

- People should have a choice as to what social services they buy and from whom.
- Remove the politicians as far away from social policy delivery as possible.

A commonsense approach to implementing these principles would involve the following:

- A recognition that government funding of welfare is no longer sound and that government will continue to make promises to New Zealanders that it cannot keep.
- That we need to fix welfare “once and for all”. A permanent solution, not more short-term fixes.
- Solving the growing tensions between the generations as spending on the elderly is set to explode.
- Tax reform that encourages savings and self-provision.
- A close look at New Zealand’s adoption laws.
- Require paternity establishment for children receiving government assistance.
- Provide incentives to encourage constructive behaviour.

ACT Welfare Reform policy detail is included in the following Policy documents:

- Superannuation
- Risk Insurance for accidents, sickness and healthcare
- Welfare
- Labour market
- Housing
- Government Expenditure
- Taxation
- Families at Risk

If you believe that **all** New Zealanders deserve the opportunity, choices and incentives to take personal responsibility for their lives, then **give ACT your Party vote.**

ACT Welfare Policy

Goal

90%+ of individual New Zealanders are, over time, able to adequately provide for themselves and their family during their working life and into retirement.

In achieving this goal, other favourable outcomes would occur:

- Incentives would be vastly improved, leading to increased growth and a lift in general living standards.
- Welfare would become largely depoliticised, reducing the power and need for the current welfare lobby.
- Enormous efficiency gains would flow from the massive reduction in bureaucratic churning that takes place under the present system and there would be major reductions in government welfare expenditure from year 1
- A sustainable system would have been put in place where most people ultimately provide for themselves.
- Choice – people using their own money would find a whole new world opened up to them, not only in areas of welfare, but also savings, education and health.
- A greater sense of belonging would become apparent everywhere, as people looked after themselves rather than being looked after by a bureaucratic welfare monster.

Policy Detail

Accident, Sickness and Unemployment (Refer also Risk Insurance Policy)

- All employees will take out insurance cover against accident, sickness and unemployment (could be part of an employer sponsored scheme).
- Cover to be for no more than 45 weeks a year and value to be at least equal to what individual would currently receive from government by way of benefit.
- First seven weeks covered by:
 - Any employment rights (redundancy, award/employment agreement payments)
 - Draw down on superannuation, up to \$1,600 per year per person i.e. government contribution.
 - Government contribution if one and two insufficient.
- Remaining 45 weeks or part thereof covered by insurance policy.
- Premiums paid 50 percent by employer, 50 percent by employee

Domestic Purposes Benefit

1. Under 18

- A. All benefits and allowances for young people under the age of 18 will be abolished and support for young people aged 16 and 17 without income, e.g. DPB or unemployed, will be the responsibility of parents who will in special circumstances be able to draw down on their superannuation fund contributions and those of the fathers.

- B. Emergency assistance in special circumstances will be available for those estranged from their families. Government would draw down on families' and fathers' government superannuation contributions for that year to help meet any costs.

2. Over 18 – solo parents (never married)

- A. Solo parents will draw down on:
 - The government's superannuation contributions for the year, then,
 - The father's government superannuation contributions for the year if the father is failing to meet his obligations, before;
 - A government benefit is available.
- B. Given the fact that most schools, pre-school, primary and secondary, now open for business around 7.30am and remain open until at least 5.30pm, solo parents will be expected to look for part-time or full-time work.
- C. The educational scholarship available to solo parents who work either part or full-time could be increased to take into account the extra costs involved.

3. Over 18 – solo parents (previously married) - working

- A. Given the hours schools are now open, solo parents will be expected to continue to work.
- B. Caregivers' tax-free income level will reflect the new situation.
- C. If non-caregiver fails to meet any support payments due, then non-caregiver's government superannuation contributions will be available to caregiver.

4. Over 18 – solo parents (previously married) – caregiver not working

- A. Care giving solo parent would draw down on:
 - a) Government superannuation contributions
 - b) Non-caregiver's support payments
 - c) Non-caregiver's government superannuation contribution (if b not paid)before d) A government benefit was available
- B. See also 2B and 2C above, both of which would apply.

Domestic Purposes Benefit – existing beneficiaries

1. Existing DPB will draw down on government superannuation contributions for the year.
2. Depending on circumstances of each case, the father's government superannuation contributions might be drawn upon before any government contribution made.
3. Solo parents will be expected to look for part-time or full-time work. Given that 60 percent of mothers in two-parent families work either part or full-time, it seems reasonable to expect solo parents to do the same.
4. The educational scholarship available to solo parents who work either part or full-time could be increased to take into account the extra costs involved. (See Education Policy)

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