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WELFARE THAT WORK TESTS

by

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Abstract

This thesis is a critical analysis of the work test policy which is central to current income support policy.

The study traces the discourse within welfare theory and policy, which relate to the principles and conditions under which benefits are provided to the unemployed, and other work tested beneficiaries. Definitions of 'deserving' and 'undeserving', 'employment' and 'unemployment', and 'benefit dependency' and 'self – sufficiency' are argued to be embedded within these theoretical discourses, which produce social policy prescriptions that correspond with these theoretical definitions.

It is argued that the employment effects of the work test are insignificant and that in reality, its overall purpose is to promote ideology which seeks to 'remoralise' welfare by requiring that work tested beneficiaries behave in a particular way. The research is based on a survey and discursive interviews of a small group of work tested beneficiaries, and it was intended to establish their experiences and perceptions of the work testing process.

The data identifies that the work test policy is significant to beneficiaries insofar as they have no choice about how it is imposed upon them. They are only able to choose between retaining the benefit by complying, or losing the benefit by failing to comply. The data also identifies that the work test is fairly vigilantly administered, and it is argued that this factor detracts from any employment focus that is ostensibly held to be one of the main objectives of the policy.

It is suggested that a shift in income support policy and labour market policy is required which encompasses new definitions of employment and unemployment, and which can serve to remove the traditional stigma attached by society to individuals who are welfare beneficiaries.

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Contents.

| | | |
|-----------------------|--|-----------|
| Abstract | | I |
| Acknowledgements | | II |
| Contents | | III |
| List of Abbreviations | | V |
| Introduction | | 1 |
| Chapter One | Framework of Analysis and Relevant Literature | 8 |
| | Three underlying premises. | |
| | The unemployment issue. | |
| | The work test as labour market policy. | |
| | Unemployment programme evaluation issues. | |
| | Advocacy perspective. | |
| | Conclusion. | |
| Chapter Two | The Work Test in the History of Social Welfare | 16 |
| | The nineteenth century. | |
| | The origins of the Department of Labour. | |
| | The beginning of the twentieth century. | |
| | The first Labour Government. | |
| | The post – war welfare state. | |
| | The end of full employment. | |
| | The employment schemes. | |
| Chapter Three | Work Test Policy from 1984 – 1999 | 45 |
| | The fourth Labour Government. | |
| | Unemployment in the Royal Commission on Social Policy. | |
| | Labour Government 1987 – 1990. | |
| | The National Government 1990 – 1996. | |
| | The Prime Ministerial Task Force on Employment. | |
| | After the PMTFE 1994 – 1996. | |
| | The 1996 Coalition Government. | |
| | The community wage and the Coalition Agreement. | |
| | The benefit ‘dependency’ argument. | |
| | Final implementation. | |
| | WINZ: the new institution. | |
| | Conclusion. | |

List of Abbreviations.

| | |
|--------------|--|
| AJHR | Appendices to the Journals, House of Representatives |
| AUWRC | Auckland Unemployed Workers Rights Centre |
| BAIS | Beneficiaries Advocacy and Information Service |
| CBO | Community Brokering Organisation |
| CEG | Community Employment Group |
| CTF | Community Task Force |
| DOL | Department of Labour |
| DSW | Department of Social Welfare |
| JOS | Job Opportunities Scheme |
| LEC | Local Employment Coordination Unit |
| NZES | New Zealand Employment Service |
| NZISS | New Zealand Income Support Service |
| NZPD | New Zealand Parliamentary Debates |
| PEP | Promotion of Employment Programme |
| PMTFE | Prime Ministerial Task Force on Employment |
| TEP | Temporary Employment Project |
| TOP | Training Opportunities programme |
| VOTP | Voluntary Organisation Training Programme |
| WINZ | Work and Income, New Zealand |
| WPRC | Wellington Peoples Resource Centre |

INTRODUCTION.

The reform of social security.

One of the most significant features of the reforms of the social welfare system undertaken in New Zealand throughout the 1980s and 1990s, has been the huge increase in the amount of legislation and policy which establishes new compulsory conditions for the receipt of benefits for those who are now known as 'work tested beneficiaries'. The language of benefit law and administration has changed. For example, some sections of the Social Security Act 1964 which were inserted in 1998, refer specifically to the "reciprocal obligations" of beneficiaries which are a condition for their receipt of benefit.¹ Over the last ten years, social security legislation has become far more specific in terms of expressed disciplinary measures and expressed benefit compliance requirements. These features form the framework of the work test. Although the work test has always existed ever since policy was first established to deal with unemployment, the new work test conditions have never been applied as extensively as they are today. The new conditions shape the relationship between beneficiaries and the new institution which administers the rules, 'Work and Income New Zealand' (WINZ).

To the extent that the work test has always been applied as a principle of benefit administration, it may be questionable as to whether the work test reforms really represent anything new in terms of the way that unemployment has traditionally been dealt with, when it has been at high levels. Where the work test requirements once used to be implied by a few sentences in a section of the Social Security Act pertaining to the criteria for entitlement to the unemployment benefit, the extra vigilance explicit in the new requirements is indicated by more than thirty new sections in the legislation. These are accompanied by two new sets of regulations, one of which outlines the criteria for exemptions from the work test, and the other sets out the range of sanctions and penalties for work test failure.

There is now no such thing as the unemployment or sickness benefit, these are now the 'community wage'. Spouses of unemployed beneficiaries and Domestic Purposes Beneficiaries (DPBs) are now work tested and stricter criteria for entitlement to the invalids benefit revolves around work testing. One of the most significant changes therefore, is that almost all of the categories, of the 'parent' or 'main' social security benefits, apart from New Zealand superannuation now contain work test conditions. Although exemptions and deferrals from the work test can be applied for or granted, analysis of the legislation reveals that a 'community wage/sickness' beneficiary for example, can still be required to meet some work test conditions if they are so directed.² So beneficiaries who were

¹ Social Security Act 1964, sections 87 and 101.

² Ibid, section 107(2) for example.

previously considered to be unable to work, must now first meet certain assessment conditions and criteria to be deemed to be fully exempt from the work test.

Old policy or new policy?

The new 1990s version of the work test, is formidable in the extent of its legislative prescription. Its underlying anti – welfare implications, has features in common with the work test which was part of the administration of the relief works policy during the Depression of the 1930s. For example, the work test reforms are accompanied by compulsory ‘community work’ for benefit, which was one of the features of the old ‘relief work’ policy of the 1930s, that was based on the maxim: “Without work, nothing”.³ Common features also appear in the policy regarding unemployment, that existed from the late nineteenth and early twentieth century. In fact, the policy could be viewed as cyclical in nature, appearing at identifiable periods in time which coincide with certain economic conditions, specifically, high rates of unemployment. Some writers have commented that the reforms to welfare over the last two decades represent a return to late nineteenth century political principles which strongly resisted the establishment of universal social security (Oliver 1988:38; Dean 1996:21). It is asserted in this thesis that the present work test policy in New Zealand, is a demonstration of the regressive nature of some of the welfare reforms of the 1980s and 1990s.

The work test reforms have been undertaken in the context of major social and economic developments and changes throughout the late twentieth century. During this time, huge changes to the structure and definition of employment have occurred, and poverty and high levels of unemployment have persisted throughout modern capitalist democratic welfare states. Under these circumstances, the question of the relevance of applying what is essentially old policy in new language as a response to modern day unemployment, is a crucial issue within the overall ‘welfare debate’. In reality, work test reforms have been established as a response to ‘welfare dependency’, rather than in response to unemployment.

The institutional framework.

One significant development since late 1998, has been the merging itself of two major government departments; New Zealand Income Support Service (NZISS), a business unit of the Department of Social Welfare (DSW), and the New Zealand Employment Service (NZES), which was a business unit of the Department of Labour (DOL). The new WINZ institution also absorbed the Community Employment Group, once part of Internal Affairs, and the Education

³ Tregear, E. *Dept. of Labour, 1st Annual Report, 1894*, AJHR, H – 6, p. 4.

and Training Support Agency, once part of the Ministry of Education. The overall focus of the new institution is stated in a document outlining the proposed organisational structure: "Work First will be the primary driver with income support being the secondary, but critical function".⁴

Although the rationale behind the merger of NZISS and NZES was that such an institution would be more efficient at meeting beneficiaries' employment and training needs, it has been argued in the past to be more efficient to separate the employment service function from administration of unemployment policy.⁵ This was because otherwise there was a tendency for the institution with both functions, to become too focussed on unemployment measures. This argument has been reflected in the policy on two short occasions; the establishment of the Unemployment Board in the 1930s, and the establishment of the National Employment Service in 1946. These short – lived institutions related to the role of the DOL and the perception that it could not efficiently fulfil both functions, hence the need to create separate organisations. The DOL involvement in administration of the work test had always tended to blur the distinction between its operation as an employment service, and its function of administering unemployment policy. Its work testing role, meant that it was indirectly responsible for monitoring compliance of unemployment benefit regulations. WINZ however, represents the merging of employment services with the administering of all benefits. This is a clear indication of the intention to link receipt of all benefits (excluding superannuation), with work testing requirements.

The delivery of social welfare benefits is now no longer the function of the DSW. WINZ is a 'crown entity'. It is referred to as a 'stand – alone agency'. These types of agencies are supposed to operate in a business – like way although they are not required to make a profit. WINZ is a whole new institutional framework within which social security is delivered. The huge exercise in public relations undertaken by WINZ, has been in order to create a new institutional image as a highly efficient employment focussed public service. Frontline staff at the various newly established 'one stop shops', who have previously been employment advisors with NZES, are now required to also administer their customers' benefits. "The case managers manage 250 people each, get their benefit issues out of the way and then start pushing them towards independence".⁶ The new institution is driven by the philosophy of moving people from "benefit dependency" to "self – sufficiency".

⁴ Integration Transition Team, *'The Organisation Structure'*, p.3, August 1998.

⁵ for example, NZPD, Vol. 271, 1945, p.3, regarding the establishment of the National Employment Service.

⁶ Christine Rankin, interview re printed in *'Community Network'*, August 1999, newsletter of North Shore Community Social Services Council.

Implications of the changes.

Although the intention of these institutional changes is to focus on and enhance the agency's training and employment brokering function, the new work test rules are framed by complex levels of penalties and sanctions for quantifiable 'failures' to comply with any of the compulsory conditions. Monitoring individuals' compliance with the work test will, therefore, require increased institutional intervention. The emphasis of the institution is purported to focus on 'individualised assistance'.

Other changes which have resulted in increased state intervention in the lives of beneficiaries, have centred around increased institutional power to investigate and obtain information and details about individuals, for the purpose of detecting benefit fraud. The link between the establishment of the benefit crime units, the benefit fraud campaigns and the work test, is the potentially punitive nature of both the investigation process and the work test conditions. This is insofar as they are both interventions which function essentially to monitor or police beneficiaries. The benefit fraud crime units and the introduction of community work – for – the – dole, are possibly the most significant attributes of the reforms to social security in this decade. They are at least, the most obvious indicators of the underlying anti – welfare ideology that has driven welfare reform during the last decade. For some beneficiaries, the receipt of welfare benefits has become a punitive and frustrating experience.

Overall purpose of the research.

The subject of this thesis is that aspect of social security administration called the 'work test'. It has contemporary significance because the final phase of the amended legislation enacted since July 1998 pertaining to the work test, has recently been 'activated' from 1 February, 1999. This final extension of the work test to more categories of beneficiaries, is the culmination of the National Government's social security policy that was originally initiated in 1991, and substantially expanded on by the Coalition Government of 1996 – 98. Significant additions to the legislation regarding the work test, are identifiable from 1991. Also, the work test policy is striking in its compulsory nature, necessitating extensive state intervention in the lives of beneficiaries. It is an attempt to prescribe and compel the job search activity and behaviour of beneficiaries. It assumes that compulsory participation in 'organised activities' will improve beneficiaries' labour market participation and employment opportunities. The general purpose of this research therefore, is to examine the law and policy and implementation of the work test procedure, and the rules which apply to work

tested beneficiaries, as a condition of their receipt of welfare benefits.

This research attempts to focus on how a small sample of work tested beneficiaries both perceive and actually experience, the new work test policy. Although the latest inclusion in the law and policy regarding the work test has been activated relatively recently (since February 1999), and it is therefore, somewhat 'untested', it will be shown that expansion of the work test principles began to be significantly apparent from 1991. Legislation from this time established new compulsory activities, as well as a range of punitive sanctions, which have been elaborated on through further legislative amendments in 1996, 1997 and 1998. So the increased vigilance in the administration of the work test has in fact been in place for almost a decade.

It is possible to find out the aims and objectives of the policy through an examination of the legislative and social policy material itself, as well as through analysis of political statements regarding the intention of the policy, and the study attempts to provide such an analysis. The historical origins of work test policy in New Zealand are also examined in order to show that there has been a certain pattern to the policy, as well as to show some of the underlying ideology that has driven the policy.

It is claimed in the thesis that the emphasis of the recent policy is not necessarily on achieving a reduction in long term unemployment or reduction of the numbers of registered unemployed, but on trying to instil particular behaviour that requires work tested beneficiaries to prove their attachment to the work force. It was held that because the benefit system was essentially based on the 'passive' delivery and receipt of benefits, this had encouraged benefit dependency and loss of the work ethic.⁷ Structural changes to the system were therefore necessary to reinforce the concept of welfare as a 'safety net', and the idea that beneficiaries ought to meet 'reciprocal obligations' in return for 'income protection', needed to be made explicit.⁸ The research sought to find out and record how work tested beneficiaries understand the concept of their reciprocal obligations.

The implications for social welfare which arise as the result of increased intervention in the lives of work tested beneficiaries, indicate that a significant shift has occurred since the beginning of the decade. This shift relates to perceptions about the overall purpose of social security. That is, social security is no longer perceived as a right of citizenship as was perhaps the case when it was formally established through the Social Security Act 1938. Receipt of social security assistance is now predicated upon the obligations of the recipient to prove their efforts to obtain employment on the labour market and to participate in 'activities' as directed by WINZ.

⁷ see for example DSW, Post Election Briefing Papers, '*Strategic Directions*', 1996, p.p.24 – 27.

⁸ *Ibid*, p.24.

The establishment of WINZ is the expression of policy which has aimed to create a new image, not only around the government's provision of employment services, but also around the receipt of welfare benefits. The public relations machine emphasises the institution's function of employment brokering as being the core service which it provides to its 'customers'. However: "Treating beneficiaries as customers is an attempt to create the illusion of choice".⁹ Beneficiaries would appear to have little choice about how they undertake job search or what jobs, activities or community work they may be assigned to. In simple terms, this research sought to find out how, and whether the new institution is delivering any more than perfunctory administration of the work test.

It was aimed to find out what is achieved by the new measures in terms of how they are experienced by work tested beneficiaries. That is, the research sought to focus on the relationship and interaction between individual work tested beneficiaries and WINZ, as the means of finding this out.

The range of questions that this study attempts to address are:

- What are the aims and objectives of the current work test law and policy?
- Does the operation of the law and policy meet any of the aims and objectives?
- When the work test is working, what and who is it working for?
- What are the issues that arise as a result of increased monitoring of compliance with the work test requirements?
- How relevant is the work test policy in today's circumstances of high unemployment and insecure employment?

Summary of the chapters.

Chapter one sets out the focus of the thesis, and identifies why certain issues are focussed upon. Some of the relevant terms are defined. It is intended to show the framework of analysis of the study and the general perspective of the study.

The history and origin of the work test in New Zealand Social Policy is analysed in chapter two and three. This is in order to demonstrate the historical significance of the policy and its role in shaping the nature of New Zealand's social welfare state. The work test is described in the context of policy that has been created in response first to unemployment, and then later in response to the 'benefit dependency' problem.

An analysis of the work test legislation is provided in chapter four. This is in

⁹ Hawkins B, "Ya Winz some, ya lose some", The Evening Post, 10/8/99, p.7

order to illustrate the relative complexity of the work test legislation, and highlight some of the practical difficulties that may arise in its administration

Chapter five locates the work test in social theory. It is shown that the ideological principles that the work test is based on, are at the centre of much of the debate surrounding the nature and purpose of welfare states generally. The theoretical literature is reviewed in this chapter, and the empirical research that was reviewed is at the end of this chapter.

Chapter six describes the structure and methodology of the research, its design and generally how it was undertaken.

Chapter seven provides the analysis of the research results.

Chapter eight summarises the key issues that arose throughout the study, and draws conclusions from the results of the research.

CHAPTER ONE.

FRAMEWORK OF ANALYSIS AND RELEVANT LITERATURE.

In this chapter it is aimed to explain the framework of analysis of the thesis. It is attempted to define the issues that are the focus of the thesis, and explain the process of the definition of those issues. In this way, the overall theoretical perspective of the study is outlined. Also, the nature of the literature that was reviewed is explained.

Three underlying premises.

The first premise of the study is that the rationale for the work test reforms is entirely ideologically based; that is, it reflects the influence of New Right ideas on welfare policy generally, over the last two decades. The term neo – Liberal is used throughout the study, when referring to this ideology, and it is intended to encompass all theory generally understood as ‘New Right.’ The term ‘New Right’ is symbolised by the shift away from post – war Keynesian interventionist economic theory. It is defined by policy and ideology embraced by many democratic welfare states over the last two decades, which has sought to reduce the roles of governments in the market economy and in the provision of social welfare. The second premise, is that the new work test legislation and policy essentially amounts to increased compliance requirements for more beneficiaries. Where the term ‘beneficiaries’ is used, it is intended to exclude superannuitants from the definition. The issue focussed on then, is about compulsion in welfare and the effects of compulsion. The detailed focus on the policy history, is in order to demonstrate that compulsion is simply a continuance of the way that unemployment has been historically managed. The third premise is that the work test is one of the most interventionist features of labour market and economic policy as well as social welfare policy. It is not the intention of this study to advance any general theories about the huge area of social welfare, or social security, or government and society; rather the intention is to focus on the functioning of particular institutions, the evolution of these institutions, and the institutional experiences of beneficiaries. However, it is obviously necessary to analyse the underlying theory of the work test principles given the importance of these principles to the entire institution of social security.

The theoretical literature relating to the work test principles is reviewed throughout chapter two and three. This includes primary source material such as, relevant government policy documents and monographs, post – election briefing papers, and parliamentary replies to questions, records of parliamentary debates, submissions on law reform and the legislation itself. This is in order to establish the key political factors which drove the work test reforms and to identify the arguments for and against the reforms.

It is considered important to focus on literature which specifically examines benefit reform in the context of labour market dynamics. It is sought to review empirical research which examined any links between welfare benefits and the labour market, in terms of how these may be understood as incentives or disincentives to seeking or participating in paid employment. This is because much of the policy material which rationalises the changes to the work test, is based on assumptions about the links between incentives and disincentives in the labour market and benefit policies. Most of this research, regarding incentives and disincentives in labour market and welfare policy, discusses these issues in relation to the unemployment benefit, rather than a wider range of benefits. A new research model is perhaps required to encompass all work tested beneficiaries. The outcome of the review of the empirical research is at the end of chapter five.

The unemployment issue.

Although the topic of the study is not about unemployment specifically, it was considered obviously necessary to look at some research around unemployment, especially with regards to incentive issues. This was in order to find out whether welfare benefits themselves featured as a disincentive to undertake employment, or whether benefits have much significance at all, in terms of the overall issue of unemployment. It was anticipated that this type of research would provide insights into the nature of the unemployment/welfare 'problem', and therefore, the context of the operation of the work test.

In undertaking the review of this research, it was clear that there are many problems around the measurement and definition of unemployment, and although this is relevant, it was not the main task of the study to examine these issues in detail. The official rate of unemployment is measured quarterly by the Household Labour Force Survey. Also, the register of unemployment is a measurement of those who register as unemployed, and the five yearly census also measures unemployment. The Prime Ministerial Task Force on Employment (PMTFE; 1994) reports, provide a comprehensive analysis on the dynamics of unemployment in New Zealand, finding that unemployment has significant regional, gender and cultural characteristics. Thus, one of the relevant questions to the study was to find out the extent, if any, to which the work test policy had been influenced by any of the research. Also, it was intended to assess the extent to which the work test policy reflected the dilemma regarding the definition and measurement of unemployment.

It is claimed in this thesis that the work test reforms have served to create a new category of unemployed, by applying the work test to an extended group of beneficiaries. For example, domestic purposes beneficiaries and others such as widows and the spouses of unemployed beneficiaries who are required to participate in 'work preparation exercises' (mandatory interviews), but who are

not defined as part – time work tested beneficiaries, are not counted on the unemployed register, nor are community wage/sickness beneficiary applicants who are required to sign job seeker contracts. So the issue is that perhaps they should be; these types of requirements plainly suggest that these beneficiaries still need to be job – seeking or work preparing, just on a less intensive level than the prescribed requirements for other beneficiaries. It also suggests that all applicants for benefits are viewed as unemployed before they are viewed as sick or invalid. It is clear that the register of unemployment can be manipulated by policy through the requirement that more people register as unemployed in fulfillment of their work test obligations, such as domestic purpose beneficiaries and spouses of unemployed, or by the removal of entitlement to benefit such as disallowing unemployment benefit to sixteen and seventeen year olds.

It is evident that the new legislation and the accompanying new WINZ institution, are not yet well established. However, the theoretical redefinition of unemployed beneficiaries that has occurred as the result of the work test legislative reforms, is considered to be a subtle but significant effect of the policy because of its implications for the institution of social security, as well as for how the labour market is defined. The emerging issue is that unemployment can be arbitrarily defined, and as such, the policy response to unemployment, may be out of touch with labour market and social realities.

The work test as labour market policy.

It was found that the process of the work test and the community work for benefit programmes, fit into the broad definition of 'labour market policy.' The work test is therefore not only part of welfare policy, it is also part of labour market policy. The term 'active' labour market policy, appears in some of the policy literature from the 1970s, to define the measures established in response to the growth in unemployment from this time.¹ It also appears in recent policy literature.²

The definition of 'active labour market' policies contained in a paper delivered to the sixth conference on Labour, Employment and Work in New Zealand, certainly implies that the work test, which is an 'intervention', could be included in such a definition:

Active labour market policies, constitute government intervention to change the functioning of the labour market. They are used around the world to alter both the level of unemployment and/or the composition of unemployment. Such policies aim to affect demand for labour by maintaining or creating jobs; to increase the

¹ For example, see 'What is an Active Labour Market Policy?' LEG, vol. 24, no. 3, 1974. "Active employment policy" LEG, vol. 25, no.3, 1975.

² PMTFE, (1994) 'The Issues' p. 81.

supply of labour via training and rehabilitation; and to encourage labour mobility via placement counselling and mobility incentives.³

Since labour market policy in New Zealand over the last decade has been to deregulate the labour market, with the emphasis on a 'non – interventionist' approach in accordance with the approach taken in economic policy, the meaning of 'active' in terms of labour market policy is somewhat misleading. In other words, with the removal of full employment policy goals from legislation and policy, the repeal of labour relations legislation and its replacement with the Employment Contracts Act, and the ending of wide – scale subsidised employment programmes, the coercive operation of the work test emerges as about as 'active' as the labour market policy gets.

Unemployment programme evaluation issues.

It was initially considered important to review unemployment programme evaluation literature because of the need to establish a clear definition of the work test. For example, it can be difficult to make a firm distinction between the work test and compulsory community work and 'organised activities' programmes, because if a person is participating in an activity or community work, they are also fulfilling the work test requirements. However, the work test itself is not one of these programmes; rather it is the legal and administrative process which enables participation in the programmes to be made compulsory or conditional upon receipt of benefit. That is how it is defined in this study. But the work test and work programmes are both 'interventions' and they are compulsory, so to this extent their meaning overlaps.

So, in beginning to undertake this research, it was acknowledged that the work test itself, as a piece of legislation, would be impossible to deal with in isolation from its intended aim of maximising beneficiaries' participation in actual 'activities' or programmes. This was the rationale behind questions asked in the questionnaire and in interviews of work tested beneficiaries, which related to their participation in any of the programmes.

It was found that there is a lack of extensive evaluative research on New Zealand unemployment programmes, but it is not entirely non – existent. There is some research and evaluation of the Access training programme (Dominick 1992; 1993), which was superceded by the Training Opportunity Programmes (TOPS), and an early summary evaluation of Community Task Force (CTF) that was commissioned by NZES.⁴ The PMTFE also provides a good summary of

³ Jelcich, A. and Lynch, C. (1994) 'Assessing the Effects of Active Labour Market Policies: A Review of the New Zealand and International Literature,' in Labour, Employment and Work in New Zealand, p. 28.

⁴ for example, MRL Research Group, 1992, 'Summary report evaluating the effectiveness of

New Zealand programmes, some of which are still in existence, including data on participation rates, and numbers of placements into jobs by NZES.⁵ There is also an evaluation of the Job Action programme and the Compass programme.⁶ An evaluation of the schemes throughout the 1980s, collectively titled "Alternative Employment Programmes" includes all of the job creation schemes which were established in response to the sharp increase in unemployment from the mid – 1980s.⁷ The evaluation of the Job Action programme is the most extensive piece of research, although the programme itself no longer exists. Certainly all of the other evaluation material is notably brief.

Apart from Dominick (1992,1993), all of the programme evaluation material has been undertaken from either within the government department administering the programmes or by independent research companies contracted by the department.

Research undertaken by the Wellington People's Resource Centre (1999) on mandatory interviews for Domestic Purposes Beneficiaries, reflects a community perspective and emphasises the need for independent research on the work test provisions of the Social Security Act 1964: "Only by doing so can WINZ and the Government have confidence in the effectiveness and overall benefit of such policies".⁸ The aim of that research most closely resembles the aim of this thesis.

There is extensive overseas employment programme evaluation literature, which employs various research methodologies. When the Coalition Government was considering the implementation of the community work programme, they requested information only about overseas work for welfare programmes, despite the local research in existence.⁹ It is therefore, reasonable to assert that New Zealand employment programme evaluation literature has had little or no influence on the work test policy that has evolved throughout the 1990s.

It is pointed out by Jelichich and Lynch (1994) in their evaluation of the New Zealand and international literature on active labour market policies that there are two factors which impinge on the importance and ability of programme evaluation to influence policy. Firstly, employment programme evaluation is notoriously difficult, especially where there may be multiple objectives of a particular programme or where it is necessary to isolate an outcome (such as

community taskforce programme, NZES, Wellington.

⁵ PMTFE, *The Issues*, May 1994, chapters 6, 7, and 8 and Annex 1 and 2.

⁶ NZES, Market Research and Evaluation Team, *The Enhanced Job Action and Youth Action Programmes: An Evaluation*, March 1998 and Colmar Brunton Research, *Evaluation of Compass and Customised Service*, March 1996.

⁷ Research Unit, Dept. of Internal Affairs, *An Evaluation of the Alternative Employment Programme of the Department of Internal Affairs*, May 1991.

⁸ Matthews, L; Ross, C; Ruth, S. *Help or Hassle: the experience of mandatory interviews*, letter to Roger Sowry, 5/8/99.

⁹ State Services Commission, questions from the incoming Coalition Government – Appendix.

obtaining employment) that was the direct result of an intervention, from one which may have occurred in spite of any intervention. This problem has been claimed to have been overcome by adopting research methodology termed 'random assignment,' which essentially compares one group of programme participants with another group who have not participated.¹⁰ By this it is claimed to be able to isolate an outcome that was a result of the programme. However, even where research of this nature identifies a positive link between participation in programmes and employment outcomes, this effect is still small enough to question the need for compulsory participation.¹¹ The evaluation of the Compass programme (Colmar Brunton;1996) attempts to a certain extent to utilise this method in order to compare outcomes between Compass (a voluntary programme) and Customised Service – which all beneficiaries are subject to. The results of this research is positive, but far from overwhelming in terms of any employment effects of the programme.

Secondly, Jelichich and Lynch (1994), claim that there is very little evaluative research in New Zealand on employment programmes in the past and the present and therefore, it has no impact on policy. This appears to be true; there is not only a problem with the lack of quantity of research, but also perhaps a lack of quality in what is existent. It was found that for the purpose of this study overall, analysis of employment programme evaluation literature was actually peripheral to the main task. It was not the intention to analyse the programmes, except where the literature contained any reference regarding the impact of compulsory participation. It was not the purpose to find out if any programmes were successful or not; rather the purpose was to focus on how the compulsory features of the requirement to participate in programmes operates.

In this study , it was sought to focus on the perceptions of the respondents regarding their overall experience of work testing, including participation in any of the programmes.

Advocacy perspective.

This study was not undertaken from a neutral perspective. My background in employment as a community worker has primarily been in the area of advocacy services for beneficiaries, and I have therefore had the benefit of observing at close proximity, the process of benefit law and policy changes.

The increasingly complicated legislation that has been created over the last decade to fulfil the 'targeting of welfare' policy aim, has served to increase the

¹⁰ For example, this is the methodology discussed and utilised by Orr, L. and Bloom, H. (ed.), *'Does Training for the Disadvantaged Work?'*, 1996.

¹¹ For example, comparative increase in participation in employment by participants in unemployment programmes was found by 'random assignment' method in: *Ibid* and Bryson, Lissenburg and White, *'The Impact of Public Job Placing Programmes'*, 1997

demand for beneficiaries advocacy, or welfare rights organisations. It is these community – based organisations which have developed the expertise regarding social security law. This area of the law is not of great interest to lawyers, except where they may be assigned to represent beneficiaries charged with welfare benefit fraud.

The functions of beneficiary advocacy, or welfare rights services, is primarily to assist individuals with the benefit claiming process, by providing information and representing individual cases. It was intended to emphasise in this study that the social security law itself, is the most important factor in relation to both access to welfare benefits and the definition of rights to welfare benefits. The study sought to draw attention to an issue which arises from this analysis, which is that if neither beneficiaries nor benefit administrators are sufficiently aware of the law which concerns them, then this has profound implications regarding the way in which rights to welfare benefits are understood by these groups, and how these rights are both received and applied.

Welfare rights organisations have a high degree of success in securing welfare benefits for those who are entitled to them. They essentially utilise strategies which seek to either emphasise the exercise of discretion where it exists in the law, or to emphasise the rigorous application of the law, whichever is the most effective way of achieving the aim. In terms of effecting wider gains such as improving the means of income distribution, these organisations are of little significance. "Claimants' unions and welfare rights organisations never in themselves became a vehicle for political mobilisation to secure social rights".¹² Despite this, some of these organisations have on many occasions become intensively involved in all forms of individual and collective political action. Welfare rights services provide a focus or basis from which issues about social rights can be further developed.

Conclusion.

The perspective of this study is essentially opposed to work testing in welfare. it is not opposed to employment programmes or any state provided employment services, but it is maintained that there is no evidence that necessitates that these programmes need to be made compulsory. Analysis of the work test raises issues about how we understand unemployment and the provision of welfare benefits, and it raises important questions about how effective this policy is as a response to these issues.

The question under investigation, is how has the work test evolved to its current form, and what purpose does it serve today. It may be found that the answer to this question raises a further question about the continued relevance of

¹² Dean, H. *'Welfare, Law and Citizenship'*, 1996, p.225.

compulsory requirements in welfare at all.

CHAPTER TWO.

THE WORK TEST IN THE HISTORY OF SOCIAL WELFARE.

This chapter seeks to explain the reasons for the evolution of the 'work test' to its present form, and attempts to locate it in its historical, theoretical and social policy context. The 'evolution' of this aspect of welfare policy is first explained through investigation of the historical context within which it operated. The historical context is defined as the social, political and economic conditions that have influenced the general form of New Zealand's welfare system. The discussion is further reduced to a focus on New Zealand's experience of unemployment, and policy devised in response to it.

The precursor to the modern day version of the work test apparent in early forms of centralised welfare measures, was the ultimate 'workhouse test' of genuine impoverishment, determined by the requirement to remain in confinement within the workhouse.

Any person asking for relief would be offered assistance only if he consented to enter the workhouse. Inside the workhouse, the pauper's condition would be rendered less eligible, or more unpleasant, than that of the poorest paid labourer outside.¹

This requirement was established through the Poor Law Amendment Act of 1834 in Britain.² Dean claims that the political principles which underlay the treatment of 'sturdy beggars' in sixteenth – century Britain, the eighteenth – century Speenhamland wage – subsidy system, and the nineteenth – century Poor Law, are the same principles which underlie the modern day work test of the twentieth century.³ These principles, already inherent therefore, in Britain's early administration of charitable aid, were simply imported along with the British system of colonial administration, to New Zealand.

The British colonial government became politically dominant in New Zealand when the country became part of the British Empire in 1840. This was signified by the signing of the Treaty of Waitangi which, in many of the settlers' minds at the time, no doubt finally represented the British conquest over the indigenous Maori population, the end of their tribal social structure and the imposition of the system of individual land ownership. Oliver (1988), has usefully divided New Zealand's colonial social policy development into three stages, comprising the late nineteenth century, or period from which intense European settlement took place, and the early twentieth century and later twentieth century. He identifies

¹ Pinker, R. *'Social Theory and Social Policy'*, 1971 p.55

² Ibid, p.55

³ Dean, H. *'Dependency Culture: The Explosion of a Myth'* 1992, p.1

initial social policy as being achieved through land acquisition and what he terms as 'enablement' policies – policies which 'enabled' the breaking in of, the legal and illegal acquisition, and settlement of the land.⁴ These initial development policies represented the beginning of central state involvement in the economic and social organisation of New Zealand. Oliver states: "The starting point for social policy, then, is not welfare but land settlement."⁵

The Nineteenth Century.

Land was the basis of the Maori social and economic structure and in the absence of a cash – flow economy, tribal activity revolved around labour which was socially necessary to the maintenance of the tribe. As Sutch points out, the Maori economic and social structure which existed before the colonial government became fully politically and economically dominant in New Zealand, did not divide people into tenants and land owners, or into wage – earners, labourers and owners of capital as the developing British capitalist system did.⁶ Unemployment in the Maori tribal structure was non – existent and the Maori economy initially thrived as a result of early European settlement. However, Maori did not expect the subsequent complete usurpation of their tribal authority and social and economic structure, the preservation of which they believed had been guaranteed by the signing of the Treaty of Waitangi. As a result, the Maori kept the Imperial and settler armies busy at war for twenty years from the 1860s, in a struggle for control and ownership of the land which was the very basis of the Maori economy. In the process of the conquest of the Maori, economic and political dominance over the settler labourers was assured by the concentration of political power in the hands of wealthy land – owners. The right to vote was the prerogative of large land – owners. All others were excluded from the political process until 1879, and even then, voting rights were conditional upon meeting strict residency requirements, thus excluding much of New Zealand's mobile casual and seasonal labour force.

Many of New Zealand's early European settlers came here to escape the extreme poverty that was the consequence of nineteenth century industrialism. The new forms of industry in Britain, resulted in the migration of large numbers of agricultural workers to urban factories and this caused the erosion of traditionally rural communities. "Escaping rural poverty, rigid class and status barriers, and landlessness, they wanted material security, social and political rights and opportunities for economic independence...."⁷ If an individual could not earn a living through wages, the alternative was the workhouse: "Poverty, or fear of poverty, formed the background of their lives".⁸ Many chose the hardship

⁴ Oliver, W. *'Social Policy in New Zealand: An Historical Overview'* RCSP, 1988, Vol 1, p.4

⁵ Ibid, p.4

⁶ Sutch, W. *'The Quest for Security in New Zealand 1840 – 1966'*, 1966 p.30

⁷ Vowles, J. *'Liberal Democracy; Pakeha Political Ideology'*, 1986 Winter Lecture Series, p.219

⁸ Sutch, W. *'The Quest for Security in New Zealand 1840 – 1966'*, 1966 p.1

of travelling the 12,000 miles by sea to New Zealand and the promise of work and land, as being preferable to their possible existence as a pauper in a workhouse in England.

For many of the European settlers, conditions in the new colony were extremely harsh, although there was no workhouse in New Zealand. Early provision of aid to the poor in New Zealand, was left to private charity. The 'workhouse test' principles could be said to have been applied in the extreme by the colonial administrators – there was such a strong social and political aversion to the 'workhouse' system of Britain, that it was never established in New Zealand. This was not because poverty did not exist, but perhaps because its establishment as an institution was avoided on the grounds that allowing such a place to exist, would have been tantamount to admitting that poverty existed, which would have been bad copy for the 'new' British colony. Sutch states: "In official handbooks, therefore, there occurs with suspicious persistence the statement that New Zealand had no workhouses, the implication being that poverty did not exist there".⁹ Harris (1975), talks about a set of "myths" embedded in the New Zealand political culture; one of these is the 'myth of the self – made man':

New Zealand was and is a land of opportunity. It has never had an aristocracy nor the rigid class structure of Britain. And man, by dint of thrift, hard work and sacrifice, can rise to become an employer, financier, merchant or landowner. Those at the top of society are there because they have applied this prescription, or are the offspring of those who have. Those at the bottom of society deserve their place because they are either too lazy, or spendthrift or bloody – minded to better themselves.¹⁰

Early provision of aid was entirely charitable, disorganised and relatively ad hoc, provided through hospitals, churches and charitable organisations. The 'Friendly Societies' are an early example of welfare organisation in New Zealand. These were collectively – based organisations imported by the settlers from 1840, and they "practised the ideals of self – help and self – reliance that had become part of the colonial ethos. Yet they excluded the poorer members of society, those who were migrant or were in irregular employment".¹¹ Whichever end of the political spectrum, provision of aid to individuals who could be objectively assessed, through age or disability for example, was both easier to administer and more politically acceptable than welfare for the 'able – bodied poor', which generally meant the unemployed.

⁹ Ibid, p.47

¹⁰ Harris, P. *'Mythology and Society: Three Examples from New Zealand Politics and Culture'*, Political Science, Vol.27, July – December, 1975.

¹¹ Graham, J. *'Settler Society'* in Rice, G. (ed.) *'The Oxford History of New Zealand'* 1992, p.137

The earliest piece of legislation in New Zealand which was to reflect the attitude that unemployment and poverty were essentially the fault of, and under the ultimate control of the individual, was the New Zealand Vagrancy Act of 1866. If a person was found to be without any demonstrable means of support, they could be "deemed idle and disorderly", and punished as if they were a criminal.¹² Since there was no workhouse in New Zealand, presumably being charged with vagrancy was one way to get temporary food and shelter (in jail) if there was no other way.

The New Zealand economy experienced a decline from 1865 onwards as gold production and the price of wool and other exports decreased and it continued to decline until and throughout the 1890s, a period termed by some as the 'Long Depression' (Sutch, 1966; Hawke 1985 – although he expresses hesitation as to the actual applicability of the term). From the mid -1860s, unemployed men began lobbying and petitioning local authorities to provide public works.¹³ At this time, there was no register of the unemployed so their actual numbers were unknown. The hugely expanded system of public works introduced in the early 1870s by the then Colonial Treasurer Julius Vogel, who later became the Premier, became the main unemployment policy, apart from the later introduction of the unemployment benefit, for the next one hundred years. This is an indication of the political determination of subsequent governments to ensure that work was done in exchange for a state – funded wage. This, in turn, ensured that such expenditure of government funds on unemployment was both politically acceptable and justifiable.

The public works policy that began to emerge from this time, was influenced by both the demands of unemployed labour as well as by a growing political awareness of the consequences of high unemployment. Distinctive political interests were still not easily identifiable amongst those involved in the political process during the 1870s and early 1880s however, but a strong labour movement was made evident by 1890, the same year of the Maritime Strike, which was the first major strike in New Zealand. The emergence of a distinctive labour movement in New Zealand is important, because of the analyses, ideas and goals that it articulated regarding economic theory and the labour market and the influence of this debate on subsequent economic and social policy. The demands of labour to secure basic rights such as a minimum wage and working conditions, were replaced by demands for employment and welfare relief during times of high unemployment.

New Zealand social policy, in terms of initial state welfare measures, began to take shape from the late nineteenth century; the old age pension was the first state – provided welfare measure, enacted in 1898. It was not universal,

¹² Sutch, W. *op cit*, p.44.

¹³ *Ibid*, p.38.

excluding some people on racial grounds, as well as those deemed morally corrupt. Most importantly, a wide range of industrial relations legislation was established under the Liberal Government during this time, some of which endured until the late twentieth century. Sutch comments upon social conditions in the last years of the last decade of the nineteenth century:

After long agitation and industrial disturbance, after years of depression and misery, after over half a century of official history, and after gaining the vote, the insecure received in the nineties the long delayed labour legislation; but apart from old age pensions, social legislation was still in the future.¹⁴

The origins of the Department of Labour.

The establishment of centralised labour department type institutions throughout emerging welfare states in the late nineteenth / early twentieth century, was, to a large extent, in recognition of the fact that the market had failed to provide enough employment for every person who required it. Unemployment was definitely a factor leading to government intervention in the labour market.¹⁵ State – provided labour exchanges in Britain, Germany, USA and New Zealand – set up in response to high unemployment from the mid to late nineteenth century, formed the basis from which large labour department type institutions were created. The initial function of these departments was to coordinate employment availability with labour availability and collect statistics on the labour market for the purpose of informing social and economic policy. The intention of establishing these networks of labour exchanges was to “increase labour market mobility” by providing information about vacancies.¹⁶

Martin claims that New Zealand was the only country whose Department of Labour was to develop with dual functions. That is, as well as administering labour exchanges and the system of public works (and therefore the work test) and collecting statistics about the labour market, it also retained responsibility for monitoring all of the labour and employment legislation that was enacted.¹⁷ The Department of Labour’s extensive role in the organisation of the labour market had profound implications for the organisation of society generally and therefore, the political origins and events which led to the establishment of the Department of Labour, and its subsequent structure and function, are of significance.

New Zealand’s Department of Labour mainly evolved in response to labour

¹⁴ Ibid, p.81.

¹⁵ King, D. *‘Actively Seeking Work?’*, 1995, p. xii

¹⁶ Ibid, p. xiii

¹⁷ Martin, J. *‘Holding the Balance’*, 1996, p.11

market conditions which were characterised by high unemployment as well as increasing industrial unrest, during the sustained economic depression of the late nineteenth century. Despite considerable improvement in the economy by the early twentieth century, and the reduction of unemployment, significant industrial disputes such as the Blackball Miners strike in 1908 and Waihi Miners strike in 1912, served to demonstrate the nature of political discontent within the labour movement. Initial state intervention in the labour market, was concerned with achieving the smooth and efficient operation of the labour market within the framework of a liberal market economy and the capitalist mode of production.

New Zealand's Department of Labour was established in 1891. It was initially called the Bureau of Industries and it was given the responsibility of monitoring the operation of the labour market, providing information to the government, administering the programme of public works for the unemployed, and providing information on employment vacancies in order to eradicate any perceived frictional unemployment. Analyses of the causes of unemployment were just beginning to develop, and the establishment of state – provided labour exchanges is an indication of the initial political perception that unemployment was 'frictional', that is, this perception was based on the theory that the unemployed lacked necessary information about all of the employment vacancies and employers lacked information about labour availability. "Labour exchanges were intended to organise the labour market systematically in order to diminish frictional unemployment and to place employer and worker in contact with one another".¹⁸ Martin also claims that the nature of New Zealand's labour market made the department's job of measuring and analysing it extremely difficult: "Work was often intermittent, seasonal or casual, or was performed in sectors of

the economy such as farming or households which were politically difficult to investigate; workers were transient and shifted from job to job; industries came and went in unpredictable fashion."¹⁹

Essentially, the Bureau coordinated employment vacancies with unemployed labour and if private employment was not found, workmen could be sent to any district where public works, or relief works were provided. They were provided with railway passes (which had to be paid back from wages) and sometimes job equipment and clothing. The system of public works was initially aimed to facilitate the wider macroeconomic policy for development and settlement of the land in order to firmly establish agriculture as the basis of the economy. Subsequently, most of the work consisted of bush – felling and road and railway construction.

The first register of unemployed on public works was begun by the Bureau in 1892. A broadsheet published in 1892, which provides a brief report on the

¹⁸ *ibid*, p. 100

¹⁹ *ibid*, p. 77

activities of the Bureau of Industries, and is quoted in Martin (1996: 20), provides a good example of the official attitude that accompanied the administration of relief to the unemployed, as well as an indication of the Bureau's primary activity. It refers specifically to the 'test' of genuine unemployment that was a requirement for participation in the public works schemes:

Every effort, short of espionage, is used to ascertain the *bona fides* of applicants and to prevent the railway – passes falling into the hands of rogues. Few, it is believed, of the "loafing" fraternity have defied the scrutiny of the department, the true loafer rather desiring to loiter about the streets of towns than to be sent to heavy work in bush districts where he must either toil unremittingly or starve.

The result of the establishment of the Bureau was encouraging in the extreme. The congestion of labour in the large towns was reduced, and a true test applied to those who declared themselves as in want of work.

Other attempts are being made by the Bureau for the benefit of the deserving workmen needing employment.²⁰

Initially therefore, the Bureau's primary activity was the facilitation of the public works scheme, guided by the administration of the work test. The importance of work, and not welfare, for the relief of unemployment, is demonstrated by the political emphasis and strict adherence by the Department of Labour, to the underlying intention of the public works policy. An abhorrence of receiving any form of welfare without work was expressed as part of the rationale for public works. In the third annual report of the Department of Labour in 1894, the first Secretary of Labour, Edward Tregear comments:

Others, [some migrants to New Zealand] not used to the country districts, have been morally ruined by the state doles of bed and board given, without return in the shape of work, by the other colonies. While recognising the great pressure of sudden poverty under which this system was commenced, it is one of such evil principle, and its effects so utterly disastrous to the self – reliance and uprightness of the working – classes, that I trust this department will be allowed to continue to uphold its steadily – applied rule of, "Without work, nothing."

²⁰ *ibid* p.20.

However necessary charitable aid may be for the sickly and helpless, for the strong and healthy, the acceptance of money or money's worth without equivalent of labour is infinitely shameful and degrading.²¹

In the years from 1895 until the First World War, with improvement in the economy, Government intervention in the labour market became more dominated by industrial relations concerns than unemployment. A wide range of industrial relations legislation was established, under the Liberal government. Industrial relations policy and specifically, the Industrial Conciliation and Arbitration Act (I.C.A. Act) of 1896, generated more controversy from the mid 1890s to the First World War, than the public works measures for unemployment.

The Beginning of the Twentieth Century.

Apart from minor recession in 1906 – 1907, unemployment was not a major political priority in the beginning of the twentieth century as the economy improved. It was however, still a factor and continued to be a concern of the trade unions. The industrial militancy of 1912 – 13, and especially the violent Waihi miners strike in 1912, can be understood not only in the context of a growing gap between wages and prices, but also in relation to the reduced bargaining power of unions when there is a pool of unemployed ready to work for lower wages and conditions than those that have already been gained by the union.²²

The political struggles of the labour movement from the late nineteenth to early twentieth century, gave the Federation of Labour and the Labour Party itself, the impetus for their increasing progression, and by the end of the First World War, the Labour Party emerged with an ever strengthening basis of support. The political alliances of the labour movement that were created during these years, were increasingly important in terms of the influence that they were to have in the decades after the First World War.

Although unemployment insurance had been established in Britain and Germany from before the First World War, and both the Liberal and Reform parties had indicated that it would be considered in New Zealand, it was never established here. It was the subject of some of the political debate from approximately 1909. Joseph Ward, the New Zealand Liberal Party leader from 1906 – 1912, had been in Britain during the time that the British National Insurance Act was passed under Lloyd George, and he had indicated that the New Zealand government would also consider such a scheme, which, it was suggested, could

²¹ Department of Labour, 3rd Annual Report, 1894, *AJHR*, H – 6.

²² Sutch, W. *op cit*, 1966 pp. 110 - 11

possibly be associated with the Friendly Societies.²³ The new Secretary of Labour in 1914, F.W Rowley, stated a preference for public works to deal with unemployment, rather than a contributory unemployment insurance scheme, because it was claimed that the nature of the casual and mobile New Zealand labour market made the implementation of such a scheme difficult and might encourage voluntary unemployment.²⁴ There seemed to be a firm political belief that the state could provide enough public works to deal with unemployment, and so political priorities turned towards the exigencies of war – time administration. The issue of unemployment insurance did not arise again until the late 1920s when unemployment rose sharply, and it was rejected again by the newly formed Unemployment Committee, established subsequent to the National Industrial Conference in 1928.

A National Industrial Conference had been held in 1928 to consider industrial relations in New Zealand, and a government Unemployment Committee was established in the context of rising unemployment, to investigate the unemployment problem. Debate at this conference focussed on the causes of unemployment as it was clear that some change had occurred from the nineteenth – century problem; unemployment was no longer an occurrence of intermittent insufficient employment for seasonal and casual labour. Unemployment had become endemic in the major urban areas and affected previously secure employment in urban industries. Hawke states: “It was still possible for the Conference to wonder whether the only thing changing was the propensity for people out of work to register”.²⁵

Unemployment was again therefore, a topic for major political focus from the late 1920s as New Zealand entered the World Depression, which reached its peak in the early 1930s. This Depression was characterised by a huge increase in the level of unemployment and decreases in wages and in prices for exports. Definitions and measurements of unemployment at this time were still developing, but registered unemployment began to increase from about 1925.²⁶ The issue of unemployment insurance was intensely debated from time to time in parliament from 1925; as a topic it was always introduced by the Labour members of parliament, who perceived that it was a duty of the state to make such provision for unemployment. Labour members such as Fraser and Armstrong would constantly refer to inadequacies in the public works policy, as well as inadequacies in the system of the measurement of unemployment, which only accounted for registered unemployed. Because of the growing inability of public works to absorb all of the unemployed, not all of those unemployed were therefore registered. Labour’s Peter Fraser introduced an Unemployment Insurance Bill in 1929, essentially outlining how public works ought to be funded

²³ Martin, J. *op cit*, 1995 p. 101.

²⁴ *ibid*, p.101

²⁵ Hawke, G. *The Making of New Zealand*, 1985 p.148

²⁶ *ibid*, p.148.

and provided to combat unemployment, but most importantly, the Bill recommended that maintenance payments of no more than the minimum wage should be paid to the unemployed if work could not be provided.²⁷ It was a widely held view in the Labour Party, that the structure of the economic and labour market itself, could not provide for all of the needs of labour. In that case, the state had a responsibility to mitigate unemployment. Fraser identified the system of capitalist economic relations as central to the cause of unemployment:

I am opposed to the capitalistic system. I do not want to go into the merit or demerits of that or any alternative system; but I think it must be admitted that as long as we have the capitalistic system of production and distribution of wealth, then unemployment is inevitable. Now, if under that system, as some economists put it in a heartless way, a reserve of labour – in other words, unemployment – is practically essential to modern industry and modern industrial conditions, then surely it is the duty of those who uphold the present system, even more than that of those of us who would like to see it altered, to make provision against that inevitable unemployment.²⁸

Despite this view, the political determination to avoid an unemployment insurance scheme, was vigorously adhered to, and was perhaps reminiscent of the same determination which would not countenance the establishment of the 'workhouse' system in the previous century in New Zealand. This view prevailed:

I remember quite well that the late Government clearly indicated to the Conference and Parliament that if, in the last analysis, it was found that no solution could be suggested in the matter of unemployment, one course only was open and that was to fall back on palliatives – say, some scheme of insurance. But before we attempt to load our community – and I say that advisedly – with a permanent liability of the kind, we should be careful to see that we have searched every possible avenue whereby those wanting work may be placed in useful employment.²⁹

Therefore, in 1929, and due to so much political pressure to take action on unemployment, Ward announced that all unemployed were instead invited to register with the Department of Labour in order that they could obtain relief

²⁷ Sutch, W. *op cit*, 1966, p.125

²⁸ Fraser, P. *NZ Parliamentary Debates*, Vol. 217, 1928, p.535

²⁹ Coates, J. *NZ Parliamentary Debates*, Vol. 223, 1929, p.187

work.³⁰ The government was, in effect, attempting to convince the public that it could provide work for all of the unemployed. The numbers that rushed to register were overwhelming and eventually even the expansion of public works under Prime Minister Ward and the newly elected and newly formed (out of the Liberal Party), United government, could not accommodate all of the unemployed.

The Unemployment Committee, established subsequent to the 1928 Industrial Conference, included employer and trade union representatives as well as the Government Statistician and F.W Rowley, the then Secretary of Labour of the Department of Labour.³¹ The Committee recommended a flat tax on incomes for financing unemployment relief and it stressed that unemployment was a 'social problem', and that everyone should 'share the burden' of alleviating it.³² This tax of three pounds per year applied initially to every male over twenty. Sutch calls this type of taxation "a medieval poll tax", because he claimed that it signified that the burden of unemployment was to be carried by the workers rather than by the employers and his criticism includes the workers representatives who signed the report endorsing such a tax: "The main idea was that the workers should provide for most of the upkeep of the unemployed who were necessary for the functioning of the economic system. The workers' representatives signed the report".³³ The Unemployment Committee also argued that it was more important to provide work than a monetary sustenance payment, but it conceded that sustenance might have to be paid if work could not be found.³⁴ The Unemployment Committee also rejected the introduction of unemployment insurance supposedly "because of the impossibility of calculating risks in New Zealand's seasonal economy".³⁵

Soon after the Unemployment Committee had made its recommendations, the new United Government (which included most of the members of the disintegrated Liberal Party) introduced an Unemployment Bill which incorporated the Committee 'poll tax' recommendation. A flat rate levy of thirty shillings per year was imposed on all men aged twenty and over, to establish an Unemployment Fund which was to be administered by an Unemployment Board. The government was to contribute on a pro – rata basis to the fund. Maori were exempt from the levy, but could receive relief if they chose to contribute.³⁶ The Unemployment Board was given the authority to establish labour exchanges, organise schemes by coordinating local authorities to provide work and equipment, and fund the relief works. The Unemployment Act of 1930 contained provision for sustenance payments in principle, but it was also stated, that this

³⁰ Martin, J. E. *op cit*, 1995, p. 169

³¹ *Ibid*, p.171

³² *Ibid*, p.171

³³ Sutch. W. *op cit*, 1966, pp.127 – 28.

³⁴ Martin, J. *op cit*, 1995, p. 171

³⁵ *Ibid*, p.171

³⁶ *Ibid*, p. 172

was not an automatic right:

The sustenance scheme incorporated in this measure is entirely different from what is known as the dole system in the Old Country. This is not a dole system – the purpose of this sustenance allowance is to relieve the Hospital Boards of the enormous cost of meeting the distress that is directly due to unemployment. The real principle underlying this measure is not the hard and fast rule of no work no pay, but it does lay down the principle that there shall be no pay if a man refuses work which he might be reasonably be expected to accept; and There is no absolute right to sustenance under this Bill. There is a moral right which would apply so long as the [work test] conditions applied.³⁷

It was clear therefore, that in general, sustenance would not be paid and the work test was stringently administered by strict means testing and rigorous investigation of circumstances in order to meet the criteria for relief.³⁸ This criteria was administered through the labour exchanges at which it was compulsory to register in order to receive relief work.

So initially, no relief was paid to those for whom work could not be found. The eligible unemployed were sent to work of a hard physical nature on roads, farms, parks, domains, forests, sandhills and swamps.³⁹ The schemes, introduced in early 1931 were intended to be short term only. The major relief scheme, Scheme No. 5, absorbed the greatest number of unemployed and largely provided work in urban areas. Martin (1995) states: "This scheme embodied the Board's commitment 'to provide relief work for all qualified male wage earners', but underneath was more a device to allow sustenance payments to be made within the framework of the 'no relief without work' dictum".⁴⁰ Other schemes included subsidised work on farms and camps in the country which were initially intended to provide work for single men but later included married men who could be refused relief if they did not go.⁴¹ The Unemployment Fund could not cope with the numbers however, and in 1931, the same year that the schemes were established, wages were reduced and relief work was rationed by the new Coalition government. By 1932, the government's unemployment programme was overburdened by the magnitude of the unemployment problem.

In the past, the public works provided under Ward and financed through loans,

³⁷ Veitch, F. *NZ Parliamentary Debates*, Vol. 224, 1930, p. 411

³⁸ Martin, J. *op cit*, 1995, p.175

³⁹ Sutch, W. *op cit*, 1966, p.130

⁴⁰ Martin, J. *op cit*, 1995, p.174

⁴¹ Sutch, W. *op cit*, 1966, p.134

had attempted to ensure that productive work would be done. The huge numbers of unemployed that the 1930s schemes tried to accommodate however, often simply meant that work was provided for work's sake and the attempt to ensure that the work was productive, was abandoned. Hawke states: "Useful work was provided by the Main Highways Board, local bodies and government departments, and on land improvement schemes on Crown lands, but there was also resort to futile manual tasks and scope for officious and bullying supervisors, as well as distress among separated families, waste of skills among those engaged and inappropriate labour for some of them".⁴²

Unemployment reached its peak in 1933. By this time there were approximately 81,000 registered unemployed which represented about 12% of the labour force.⁴³ The coalition government of Forbes and Coates was formed by the alliance of the two conservative United and Reform parties, and it had won the election in 1931. This government, with Forbes as Prime Minister, pursued a policy of severe economic retrenchment in response to the economic crisis, and later, the perceived failure of these policy measures, prepared the way for the landslide victory of the Labour Party in the election of 1935. The Coalition Government's measures, took the form of cut backs in government spending, reducing wages and devaluation of the currency. No sooner had New Zealand established the machinery of the Unemployment Fund as a means of providing relief for unemployment, than the Forbes – led government began to reduce expenditure on the unemployment schemes.⁴⁴ Work was rationed to a few days per week depending on marital status and number of dependents and later, relief work was provided for three weeks out of four. Relief wages were also reduced, enabled by the general reduction of 'standard' or minimum wages. There is some evidence that the work schemes resulted in employment 'displacement'. In such economic hard times, employers could dismiss existing employees and then re – hire them on relief rates. Martin (1995), states: "Now that relief was generally available employers began to lay off workers and this greatly magnified the pressure on the Board".⁴⁵ Sutch (1966) claims that workers from the Public Works Department and the Railways were sacked and replaced by unemployed workers on relief rates of pay.⁴⁶

Forbes would not countenance the 'dole' or sustenance payments, which were allowed for under the Unemployment Act. Sutch states critically:

Just as arrangements were being completed to provide sustenance payments to the growing army of unemployed,

⁴² Hawke, G. *op cit*, 1985 p.149

⁴³ Macrae, J. and Sinclair, K. 'Unemployment in New Zealand During the Depression of the late 1920s and early 1930s', *Australian Economic History Review*, xv.1, (1975) pp. 35 - 44

⁴⁴ Sutch, W. *op cit*, 1966, pp. 129 - 30

⁴⁵ Martin, J. *op cit*, 1995, p.174

⁴⁶ Sutch, W. *op cit*, 1966, p.134

the Prime Minister, Forbes, arrived back from the Imperial Conference and insisted that no relief be given without work.⁴⁷

Hawke is less critical however, claiming that Forbes' opposition to the 'dole' was in keeping with his "observation of the effect of prolonged unemployment in Britain and is by no means inconsistent with a commitment to maintaining sufficient jobs to avoid both unemployment and the dole".⁴⁸ The whole system of measures regarding unemployment came under severe criticism. The opposition focussed on the lack of any real commitment of the government to demonstrate responsibility for the plight of so many unemployed:

What is the government of this country doing today?
Taxing the working class to feed the working class. The
Government is doing nothing, not one penny – piece is
coming out of the consolidated fund.⁴⁹

An Unemployed Workers Movement was started as a trade union by the small but active New Zealand Communist Party. Such political activity was made possible by the concentration of unemployed on work schemes and at registration centres: "In work – camps or in road – gangs relief workers met men advocating a range of panaceas and thus many acquired new political ideas in novel circumstances; among the activists were Communists who helped form the Unemployed Workers Movement in many areas".⁵⁰ The movement advocated social democratic as well as socialist aims and it wanted, amongst other things, a system of non – contributory unemployment insurance and adequate income provision for the destitute unemployed; and that they be exempted from the unemployment tax levy; the repeal of the Vagrancy Act, and an increase in sustenance payments.⁵¹ The Communist influence was minimal and increasingly unpopular however, as more trade unions and unemployed gave their support to the Labour Party, and by 1934, the pro – Labour National Union of the Unemployed had the majority support of the unemployed.⁵²

Dissatisfaction with government policies and the severity of the experience of economic hardship for so many, led to protests and riots in 1932. The unemployed and relief workers all over the country, took strike action against the mandatory one week stand - down for relief work, because it meant that they were forced to seek charitable aid through hospital boards or private charities

⁴⁷ Ibid p.130

⁴⁸ Hawke, G. *op cit*, 1985, p.149

⁴⁹ Armstrong, *NZ Parliamentary Debates*, Vol. 235, 1933, p.1081

⁵⁰ Gibbons, P. 'The Climate of Opinion', in Rice, G.(ed.), 'The Oxford History of New Zealand', 1992, p.327

⁵¹ Sutch, W. *op cit*, 1966, pp. 135 –6.

⁵² Richardson, L. 'Parties and Political Change', in Rice, G.(ed.), 'The Oxford History of New Zealand', 1992, p.228.

during the stand – down week. The Department of Labour was the target of much of the discontent and anger of the unemployed towards the perceived inadequacy of measures that were put in place to relieve unemployment. Since the Department's offices were where the unemployed had to go to register for relief work, they became places where large numbers of unemployed would congregate. Rioting by the unemployed in Auckland, Wellington and Dunedin in the late 1920s and early 1930s served to focus attention on policies needed to contain the problem.

As a result of these public demonstrations, Parliament passed urgent legislation immediately after riots in Auckland and Wellington, enabling the government to proclaim a state of emergency if public order or safety were perceived to be at risk. After these events, some concessions were made through amendment of the Unemployment Act, which made it possible for the government to increase funding for unemployment relief. The concessions gained included the end to the stand – down week for relief work, relief rates were raised, and more unemployed were given relief. There was no further rioting after this, and it is stated in Sinclair (1976), that the unemployed retreated into a "sullen resentment".⁵³

These changes were representative of the government's realisation that comprehensive provision for unemployment relief was necessary and this was made clearer when the hospital boards began refusing rations to the unemployed during the stand – down week, claiming that they were the responsibility of the Unemployment Board. The Unemployment Board then established a system whereby the unemployed were classified on a range of criteria determining work capacity, ranging from 'fit for any work', to 'unfit for work of any kind'.⁵⁴

It was apparent that by late 1933, because of the inability of the schemes to absorb all of the unemployed, that sustenance would have to be paid. The failure of the work schemes to provide for all unemployed, and the increasingly unpopular Coalition government's actions during the depression, brought into question the whole issue of the 'no work, no relief' policy. There was considerable opposition to greater numbers of married men being sent to work camps and in 1934, after demonstrations of unemployed refusing to go, the government finally allowed for sustenance to be paid to those without work. Once introduced, the system of relief work began to gradually wind down. By mid – 1934, sustenance was being paid to about 6 percent of those on relief.⁵⁵ At the same time as the system of unemployment relief was being eased somewhat, through amendments to the Unemployment Act, monitoring of the schemes was intensified "for fear that people would take advantage of

⁵³ Sinclair, K. *Walter Nash*, 1976, p.100.

⁵⁴ Tennant, M. *Paupers and Providers*, 1989, pp. 194 – 95.

⁵⁵ Martin, J. *op cit*, 1995, p.194.

sustenance or improved relief rates.”⁵⁶ Sustenance was definitely viewed by the government as a last resort, and they were keen to prevent potential abuse of the system that, it was claimed, would be inevitable as a result of its establishment:

The only practical alternative seems to be a system of sustenance payment without work. The Board has been gradually testing the principle of relief by means of sustenance without work in a few of the main centres, and although sustenance without work may be as badly abused as any other system, there seems to be no escape from this form of payment. In conclusion I should like to state that both the Unemployment Board and the Government desire to give the fullest measure of assistance to unemployed men generally, but care must be exercised not to over – burden those who have to find the money and also not to unduly relieve individuals from realising their own responsibility.⁵⁷

The public and political debate about the causes and the effects of the Depression on New Zealand society, was extremely influential in the outcome of the 1935 election and the subsequent further development of social welfare policy. The underlying focus of the debate was on the appropriate amount and nature of future state intervention in the economy and labour market. The retrenchment policies of the United Government during the Depression, were viewed as unnecessarily harsh in the public eye.⁵⁸ The Labour Party’s proposed social and economic policies found more favour with the public and culminated in their political victory: “The Labour Party brought a new impetus to social policy. It fought the 1935 election arguing for the expansion of the role of government to ensure individual security and national prosperity.”⁵⁹ Much of the political debate surrounding social policy, was based on opposing analyses and explanations of social and economic conditions and it is reflected by observations made by socialist economist W. Sutch, and ‘orthodox’ economist G. Hawke:

New Zealand came through the depression with less national debt than it entered it; each year of the depression saw the Unemployment Fund in credit. This was perhaps orthodox finance, but the truth of Keynes’ remark that ‘The budget can be balanced with the country flat on its back’ could be seen in every town. Men were

⁵⁶ Ibid, p.195

⁵⁷ Hamilton, *NZ Parliamentary Debates*, Vol. 238, 1934, p.p. 668 - 9

⁵⁸ McClure, M. ‘*A Civilised Community*’, 1998, p.58

⁵⁹ Ibid, p.59

going to relief camps in sandshoes, without underclothes; relief workers on No. 5 scheme often went without a midday meal;for most men it was more comfortable in goal, where they could at least keep warm at night.⁶⁰

And the contrasting view:

Again, industrialised countries had more redundancies, a quantity reaction, while agricultural countries had more wage reductions, a price reaction, but there is still nothing to suggest that New Zealand's Depression was outstandingly severe in an international perspective. Furthermore, the social costs of unemployment often came from prolonged enforced idleness, making workers 'unemployable' and conveying a message of uselessness to individuals; New Zealand's experience was of a deep cut in employment, but for most people not a prolonged one, not at least as judged by the contemporary experience of South Wales or the north east in Britain.⁶¹

The First Labour Government.

The period during the first half of the twentieth century is identified by Oliver (1988), as the period where government policy shifted from an emphasis on development, to an emphasis on the creation of a modern welfare state.⁶² Some of the social democratic and socialist principles which formed the ideological base of the Labour Party, were reflected in their economic and social welfare policies throughout the 1930s and 1940s. The Labour Government, like many counterpart governments in Europe, embraced new Keynesian economic policies of intense state intervention in the economy, because the Depression was widely perceived as a result of the failure of classical liberal – market economics.⁶³

By 1935 and the election of the first Labour Government, 'sustenance' for the unemployed was being paid in most urban centres by the Department of Labour, and the major relief scheme no. 5 was being gradually phased out. The first Labour Government made the issue of unemployment its first priority, although initially it made no change to the existing unemployment flat – rate taxation levy structure or the basic system of administration of unemployment relief, which it had previously strenuously opposed. In 1936, the Employment Promotion Act

⁶⁰ Sutch, W. *op cit*, 1966, p.136

⁶¹ Hawke, G. *op cit*, 1985, p.124

⁶² Oliver, W. H 'Social Policy in New Zealand: An Historical Overview', RCSP, 1988 p. 19

⁶³ Maitra, P. 'The Globalisation of Capitalism and Economic Transition in New Zealand' in Rudd and Roper (eds), 'The Political Economy of New Zealand', 1997, p.26

was passed, and an 'Unemployment Division' was established within the Department with the responsibility of administering this Act. The Act essentially consolidated the existing measures, but sustenance payments were increased and eligibility was extended. The Unemployment Board was formally abolished and the Unemployment Fund became the Employment Promotion Fund. Relief jobs were abolished to be replaced by employment on public works. These measures meant that all unemployment policy functions were undertaken again by the Department of Labour, having diverged from the Department subsequent to the 1930 Unemployment Act, which had established the Unemployment Board and Fund.

The Labour Government was also committed to pursuing a more intensive role in assisting the labour market through employment policy goals, and attempted to achieve this through the promotion of industrial development. The creation of the State Placement Service within the Department of Labour in 1936, was heavily promoted as an important employment initiative and was also intended to demonstrate that the government's activities in the labour market were not completely dominated by the administration of unemployment relief.⁶⁴ The State Placement Services were primarily labour exchanges and they also facilitated job placements on public works. A number of these services were established throughout the country.

Despite the government's efforts, unemployment was still an enduring problem in 1936 - 37, and the unemployed continued to be sent on public works programmes. Scheme No.13 was introduced in an effort to place every unemployed man in full time work.⁶⁵ The difference in Labour's policy from that of the United government, was simply that the existing system was eased and expanded; relief rates were increased and those on public works were paid minimum wages, and age eligibility was lowered. Despite this, conditions for eligibility were further tightened in late 1937, as concerns were expressed about the potential for the system to be abused, and there were reports of men refusing to take work that was offered.⁶⁶ The Labour government still pursued the ideology that public works was preferable to sustenance, but it was much criticised on the grounds that the work was not productive; it was, in fact, much the same as before and so it was alleged that it was in conflict with their policy of industrial development.⁶⁷

The Social Security Act of 1938 embodied a large part, but not all, of the welfare ideology by which Labour sought to transform New Zealand society in the wake of the Depression. This ideology was also influential in the passage of a wide range of legislation with a social goal from 1936. The Reserve Bank Act was

⁶⁴ Martin, J. *op cit*, 1995, p.205

⁶⁵ *Ibid*, p. 209

⁶⁶ *Ibid*, p. 208

⁶⁷ AJHR, 1938, H - 11A, p.p. 9 - 11

amended to include in its wording, that 'the economic and social welfare of New Zealand may be promoted and maintained', amendments to the Industrial Conciliation and Arbitration Act restored compulsory arbitration and introduced compulsory unionism, amendments to the Factories Act introduced the 40 hour week and 8 hour day and guaranteed prices for agriculture were introduced. It was the clear intention of the Labour Government to include or link social policy aims with their economic policy. The Department of Labour was one of the key institutions involved in the administration of much of this legislation. "The fact that in New Zealand social policy focused on the direct improvement of economic conditions for wage – earners rather than on indirect mechanisms of redistribution emphasises the importance of the Department of Labour."⁶⁸ The inclusion of the concept of full employment in the legislation and policy introduced by the first Labour Government, became generally acceptable as one of the means of defining the relationship between government and society. That is, the function of the state to pursue full employment became politically institutionalised from the late 1930s, until as recently as the late 1980s.

The effect of the Social Security Act 1938, was to repeal the Employment Promotion Act and it served to reduce the official number of unemployed by excluding the counting of those on subsidised works, and excluding those unfit for work who could then be eligible for sickness or other type of benefit.⁶⁹ Payment of unemployment benefit was transferred from the Department of Labour to the new Social Security Department. The Social Security Act was the first wide – ranging piece of welfare legislation in New Zealand that partially embodied concepts of universal welfare as a right of citizenship. Differences between entitlement criteria for benefits and rates of benefits, suggested notions that some categories of beneficiaries were more deserving than others. Unemployment benefit was the lowest rate of benefit and the work test conditions also set it apart from the other categories of benefits in that penalties were put in place for the voluntary unemployed, as well as anyone dismissed from employment. The penalties were either stand down of six weeks before commencement of benefit, or termination of benefit for failure to accept employment. The Labour Government by this time had still not achieved its goal of full employment. McClure maintains that despite the success of the Social Security Act 1938 in conferring legal welfare benefit rights, there were still difficulties in achieving its systematic application, because of inherent conflicts between its universalist principles, and the practical need to retain aspects of means – testing to ensure that benefits went to those in greatest need.⁷⁰

A crisis in the Reserve Bank's exchange reserves in 1938 and decreases in export earnings, caused intense political debate both within the Labour Party

⁶⁸ *Ibid*, p. 12

⁶⁹ *Ibid*, p. 209

⁷⁰ McClure, M. *op cit*, 1998, p.p. 91 – 2.

itself, and in Parliament generally.⁷¹ The government was faced with the question of how to deal with this crisis. An orthodox economic response would have been to cut back spending, and spending on public works was helping to minimise unemployment. It chose to introduce import and exchange controls as its monetary policy, in order to try to maintain full employment and protect New Zealand's domestic industries.⁷² To these ends, such measures were largely successful, although some academics have questioned the sustainability of this policy, maintaining that the economy was revived because of the effect of the outbreak of war (Hawke; 1992). Rosenberg states:

The result [of the economic controls] was undoubtedly a rise in prices at home and a shortage of imported goods. Had it not been for the war, which broke out in September 1939, these consequences might have been even stronger. As it was, the outbreak of war a year after the introduction of import controls, diverted the minds of conservative economists and made appear as patriotic and as a matter – of – course a policy of full employment spending which would have been violently resisted in times of peace.⁷³

Suddenly New Zealand's export market was no longer in crisis as the British government sought to purchase all of New Zealand's meat and agricultural exports to meet the exigencies of the Second World War effort.

The government's response to the outbreak of war was to introduce the Industrial Manpower Emergency Regulations which empowered, amongst other things, the suspension of some of the labour legislation. The government's existing employment services were diverted from the Department of Labour, into a new National Service Department which coordinated military service and domestic labour needs.⁷⁴ After conscription was introduced in 1940, under compulsory labour laws, thousands of men and women "were conscripted for essential civilian work".⁷⁵

As the New Zealand war effort intensified, stricter measures to control the economy were put in place, specifically, wage and price controls. These 'stabilisation' policies created plenty of political conflict but they were nevertheless, supported by the Federation of Labour leadership, who were part of the Economic Stabilisation Commission, established in 1940.⁷⁶ Unemployment

⁷¹ Scrimgeour, C, Lee, J, Simpson, T. *The Scrim – Lee Papers*, 1976, p.p 85 – 87.

⁷² Rosenberg, W. *Full Employment Can the New Zealand Economic Miracle Last?*, 1960, p. 33.

⁷³ *ibid*, p. 34

⁷⁴ Martin, J. *op cit*, 1995, Glossary, p.362

⁷⁵ Sutch, W. *op cit*, 1966, p.284

⁷⁶ *ibid*, p.p 301- 3.

disappeared as a result of the demands of the war industry.

In 1944 and 1945, in the spirit of international post – war reconstruction as well as in the context of a huge growth in international academic interest in the area of human rights, the United Nations Charter, the International Labour Organisation Charter and the Bretton Woods agreement (which established the International Monetary Fund and Investment Bank for the purposes of post – war reconstruction), were all established. All of these international agreements embodied ideological concepts of ‘social rights’. They all contained expressions of significant principles regarding social and economic aims, and these were influential in the post – war development of modern welfare states. Of greatest significance, was the expression in the United Nations Charter and International Labour Organisation Charter, of the principle of the ‘right to employment,’ indicating international political recognition of the link between employment and social wellbeing. In all, there was agreement on the pursuit of full employment as a political objective. The New Zealand Labour Government placed much political emphasis on the concept of full employment, which, it was widely believed, could be achieved by adopting a state interventionist income – expenditure economic model based on Keynesian economic theory.⁷⁷ A senior public servant, Bert Bockett who was to become the Secretary of Labour in 1947, wrote in 1945:

There can be little doubt that the success of any peace settlement will substantially depend upon the extent to which the nations of the world are able to realise and maintain a state of full employment. The policy of the New Zealand Government is based on recognition of the fact that the State is fundamentally responsible for the maintenance of full employment.⁷⁸

The Labour Government was returned to power after the 1946 election. The Employment Act of 1945, established the National Employment Service in 1946 – it was separate from the Department of Labour, and its aim was the promotion of full employment. The creation of the National Employment Service had its critics from the political opposition, who saw no reason for such a new department, claiming that the same function could be undertaken by the existing Department of Labour.⁷⁹ The Labour Government, responded to the criticism by claiming that the new department’s focus would be on the promotion of employment rather than a focus on providing work schemes for the unemployed, which had been the major concern of the pre – war Department of Labour:

May I say that the difference between this employment

⁷⁷ Westrate, C. *Portrait of a Modern Mixed Economy*, 1966, p.159

⁷⁸ cited in Martin, J. *op cit*, 1995, p.232.

⁷⁹ NZ Parliamentary Debates, 1945, Vol. 271, p.3

measure and all previous employment measures is that the previous measures were brought forward under the stress of existing unemployment. This measure is brought forward not only when we do not have unemployment, but when we have a surplus of employment. It is a provision to prevent the evil from overtaking us. All other measures were taken after the disaster had occurred. This measure is not only to act as a remedy but as a preventive.⁸⁰

It was apparent that the political emphasis given to the full employment policy, was accompanied by political aversion towards the pre – war pattern of the payment of welfare benefits to the unemployed. There was some debate regarding the level of compulsion that could be inferred from the Employment Act, in terms of whether or not it would operate to compel people to work. It was expressed that this was not the purpose of the Act, but that social security benefits could be withheld for voluntary unemployment.⁸¹ It was a strongly held belief that since the Employment Service was given the power to establish hostels and accommodation and generally facilitate employment needs under the legislation, that therefore it provided enough inducement to prevent voluntary unemployment.⁸² The National Employment Service began operating in 1946 and its primary concern was with the employment needs of industry, the promotion of full employment and the collection of statistics and information in order to forecast and analyse employment trends.⁸³

The National Employment Service did not last long however; by 1947 it had merged with the Labour Department to become the Department of Labour and Employment. Martin contends that this “represented a permanent rejoining” of the two main functions of the Department of Labour; coordinating employment needs with employment vacancies and administering the industrial relations laws.⁸⁴ The addition of ‘employment’ in the Department’s title was intended to demonstrate the government’s commitment to full employment. It was perceived by some who opposed the amalgamation of the departments, that the role of promotion and facilitation of employment, would conflict with the department’s role of administering and policing the labour laws.⁸⁵

By 1947, New Zealand was well past the experience of the endemic unemployment of the pre – war years, and instead, labour shortages and full employment were characteristic of the next two decades. Some economists used the term ‘over – full employment’, to denote the situation where the numbers of

⁸⁰ Ibid, p.16

⁸¹ Ibid, p.p.2-3

⁸² Ibid, p.3

⁸³ Martin, *op cit*, 1995, p.233

⁸⁴ Ibid, p.232

⁸⁵ Ibid, p.236

employment vacancies were in excess of the numbers of registered unemployed people.⁸⁶ Some New Zealand economists writing in the 1950s and 1960s, explained the full – employment phenomenon by an analysis of the underlying Keynesian economic principles which were built into the economic institutional structure of New Zealand (Westrate; 1959, Rosenberg; 1960, Parker (ed.) 1953). Others claim that neither standard Keynesian nor monetarist theoretical explanations are adequate accounts of New Zealand's experience of full – employment (Hazeldine; 1994). Despite the Labour Government's achievement of full employment, it was claimed by the political opposition, that its intensively interventionist economic policy served to suppress inevitable inflationary effects and resulted in the continuation of rationing and the shortage of some consumer goods throughout the late 1940s.⁸⁷ These policies became increasingly politically unpopular, and the National Party won the general election of 1949.

Overall, in social welfare policy, the Labour Government of 1946 – 1949, sought to consolidate and stabilise the welfare measures it had introduced from 1935. In 1945 the universal family benefit had been introduced; its rate was increased in 1946, and in 1947, increases in war pensions and all other social security benefits were enacted.⁸⁸

The post – war welfare state.

The 1949 National Government did not enact any changes to the existing social welfare legislation, and it too, pursued a policy of full employment: “[The National Government] was increasingly realising that full employment, like the adequate access to overseas markets conferred by war, was fundamental to the socio – economic system. Its ranks were full of people whose life – chances Labour had restored or launched”.⁸⁹

The new National Government also sought to deal with the industrial turmoil of the early 1950s notably, the 1951 Waterfront Strike. Its response was to declare a state of emergency, and using the powers conferred by the Public Safety Conservation Act that had been established in response to the rioting of unemployed in 1932, the 1951 strike was vigorously defeated by the police and army.

By 1954, with full employment and little need to deal with the unemployed, the National Government decided to drop the symbolic ‘Employment’ from the title of

⁸⁶ Parker, R.S ed. *'Economic Stability in New Zealand'* New Zealand Institute of Public Administration, cited in Chapple, S. *'Before and After the Fall: New Zealand Economists on the Post – War Unemployment Experience'*, p.12

⁸⁷ Chapman, R. *'From Labour to National'*, Oxford History of NZ, 1992, p.371

⁸⁸ Social Security Amendment Act 1947, N. Z Statutes 1947, pp 225 - 32

⁸⁹ Chapman, R. *'From Labour to National'*, Oxford History of NZ, 1992, p.373

the Department of Labour. It repealed the 1945 Employment Act and introduced a new Labour Department Act (1954) which maintained the stated aim of the promotion and maintenance of full employment.⁹⁰ Under circumstances of labour shortages in some industries, the employment and immigration divisions of the Department of Labour were merged – the government attempted to counter labour shortages by the active encouragement of migration, principally from Britain. Martin comments that: “...the employment function became a poor relation which was subordinate to assisted immigration”.⁹¹ An amendment to the Reserve Bank Act in 1965, demonstrates the continued political commitment to include social goals in fiscal and monetary policy, although the full employment ideal now became subtly linked to controlling inflation. That is, the purpose of the Act was maintained but some of its wording was changed: “to promote growth and raise standards of living while maintaining full employment and the maximum stability of the internal price level”.⁹²

The end of full employment.

The break down of full employment has been identified as beginning from 1967 – 68, and it coincided with devaluation of the currency, a measure undertaken in response to the beginning of economic recession (Hawke;1985: 325). Unemployment suddenly became significant, reaching a peak of more than 8,000 registered unemployed by mid – 1968, and job creation, or special government works were re – established in an effort to place the unemployed in jobs.⁹³ In reply to a question in Parliament regarding the nature of the ‘special unemployment schemes’, the Minister of Labour at the time, T.P Shand stated:

It must be clearly understood that the winter employment programme is a programme of normal public works programmed to assist those unable to find employment. It is not to be confused with the ‘relief work’ of ill fame in earlier times.⁹⁴

The number of unemployed fell again in 1969, remaining at approximately 1 per cent of the work force.⁹⁵ It was not until the mid - 1970s that those employed on such government works were also counted as unemployed, the rationale for this being that the definition of ‘real’ unemployment was excess labour that could not be catered for in the private or ‘normal’ operation of the labour market. This definition appeared to exist more in a statistical sense however, and Hawke states: “Those engaged on special projects produced goods and services valued

⁹⁰ NZ Statutes Reprint, 1908 – 1957, Vol. 6, Section 8, p.832

⁹¹ Martin, J. *op cit*, 1995, p.241

⁹² Reserve Bank Act, 1965 NZ Statutes

⁹³ Martin, p.311

⁹⁴ NZ Parliamentary Debates, 1969, Vol. 360. P.830

⁹⁵ McClure, M. *op cit*, 1998, p.161

by the community and they were not unemployed in any normal language sense".⁹⁶

The recession caused much official examination of the economic structure, and it began to be realised that New Zealand needed to substantially increase its export market in order to become less dependent on Britain as its primary export market. From the early 1960s, Britain had indicated its intention of joining the European Community to protect its own domestic market, and this impending change to the traditional terms of trade caused considerable concern regarding its likely effects on the overall structure of the New Zealand economy. A National Development Conference was held in 1969 for the purpose of determining alternative economic strategies, particularly the pursuit of market diversification and expansion of trade in manufactured goods.⁹⁷ It suggested a thorough appraisal of social security, and it also recommended a more active role for the employment service of the Department of Labour in the promotion of employment, in addition to its role of placing the unemployed in work schemes.⁹⁸ The Department of Labour therefore, began to focus on a core of longer term unemployed that had emerged from the recession and comprised "mainly those without skills or a sense of responsibility, those with poor work records, limited intelligence or physical or other defects and those residing in rural areas".⁹⁹ The term 'active Labour market policy', entered the political discussion and it referred to policy aimed towards improving employment opportunities through training and job placement as a preventive against unemployment.¹⁰⁰ These were similar principles to those on which the 1945 Employment Act was based. To these ends, in 1970, a new Employment Service was established and a separate Employment Division within the Department of Labour was created.

In 1969, in accordance with the recommendations of the National Development Conference, the National Government appointed a Royal Commission to assess the provision of social security and the adequacy of benefits and it delivered the report of the Royal Commission on Social Security in 1972. Whilst it generally endorsed the principles upon which the 1938 Social Security Act had been based, in terms of the adequacy of benefits, it stated that: "Benefits should be paid at a level which enables people to participate in and belong to the community".¹⁰¹ This suggested that benefit levels ought to be at more than a subsistence level as well as implying that the opportunity for 'participation' in the community was part of the definition of citizenship. It reiterated that it was a responsibility of the state to provide social security: "Social Security is a community responsibility and it is a legitimate function of the state to redistribute

⁹⁶ Hawke, *The Making of New Zealand*, 1985, p.323 – 24.

⁹⁷ Hawke, G. 'Economic Trends and Economic Policy', *Oxford History of NZ*, 1992, p.p. 436 - 37

⁹⁸ Martin, J. *op cit*, 1995, p.312

⁹⁹ *Ibid*, p.312

¹⁰⁰ AJHR, 1969, H – 11, p.p.5 - 6

¹⁰¹ NZ Royal Commission on Social Security, 1972, p.65

income so as to ensure that everyone can live with dignity".¹⁰² Overall, it emphasised the importance of social security to provide income maintenance rather than subsistence.¹⁰³ It pointed out that the specific provisions of the unemployment benefit were based on the assumption that unemployed beneficiaries had greater ability for self – reliance and therefore, provisions to encourage finding work were necessarily in place.

Despite considerable improvement in the economy in 1970, and a reduction in registered unemployment from 1969, which was to be a temporary phase, the political dominance of the National Government for the previous twenty one years began to crumble. A number of diverse social and economic grievances began to accumulate, and the traditional policy responses of the National Government were severely challenged, resulting in resounding political victory for the Labour Party in late 1972.¹⁰⁴

The importance of the maintenance of full employment and continuation of the 'active labour market' policy was implicit in the Labour Government's first budget of 1973.¹⁰⁵ However, the world oil crisis of 1973 – 74 dealt a severe blow to the economic strategy goals which had been articulated at the National Development Conference. Economic growth through expansion and diversification of the export market was increasingly difficult, under circumstances of the subsequent contraction of the world export market in general.¹⁰⁶ Inflation and taxation were dominant political issues and changes to the nature of employment, such as decreases in overtime and increasing job insecurity, resulted in increasing union militancy as a notable feature of the 1970s, compared to the relatively industrially peaceful decade of 1960.¹⁰⁷ The Labour Government also came under increasing fiscal pressure as unemployment began to significantly increase from 1975, and it reintroduced and substantially expanded the public sector special work scheme to hospital boards, local authorities, catchment boards, educational authorities and in 1976, to non – profit making community organisations.¹⁰⁸ The Assisted immigration scheme ceased in 1975.

National was returned to power in 1976 and economic issues regarding the balance of payments, and export – led growth were the political priorities. In the 1960s, debate about social security had centred on whether the state should be more generous, whilst by the 1970s, debate focussed on questions about whether the state could, or should, sustain such a generous social security

¹⁰² Ibid, p.65

¹⁰³ McClure, M. *op cit*, 1998, p.p.165 – 166.

¹⁰⁴ McRobie, A. '*The Politics of Volatility*', Oxford History of NZ, 1992, p.p. 386 - 88

¹⁰⁵ AJHR, 1973, B – 6, p.p. 12, 42.

¹⁰⁶ Hawke, G. '*Economic Trends and Economic Policy*', Oxford History of NZ, 1992, p.437

¹⁰⁷ Dunstall, G. '*The Social Pattern*', Oxford History of NZ, 1992, p.471

¹⁰⁸ Martin, J. *op cit*, 1995, p. 315

system.¹⁰⁹ The National Government maintained an economic interventionist approach, notably by wage and price policies which culminated in the wage and price freeze of the early 1980s, although between 1981 and 1984, it took some steps towards enacting policies consistent with its free enterprise policy such as deregulation of the transport and freezing industries and the introduction of voluntary unionism.¹¹⁰ Martin states that the unpopular wage and price freeze policy intervention was one of the most important factors which impelled the later shift towards the withdrawal of the state from economic intervention, by the fourth Labour Government.¹¹¹

The Employment Schemes.

In 1977, under conditions of rising unemployment, policy was directed towards job creation programmes and the Prime Minister, Robert Muldoon announced the establishment of the Temporary Employment Programme (TEP).¹¹² As its name implied, this programme was intended to be temporary, endorsing the perception that employment in the private market was 'normal' employment and that government could not provide permanent employment. Policy regarding public works such as Railways, the Forest Service and the Ministry of Works was also continued in order to maintain employment levels.¹¹³

In the six months between September 1977 and March 1978, the numbers of registered unemployed more than doubled, from just over 8,000 to nearly 20,000.¹¹⁴ Participation in TEP was targeted to those registered as unemployed for six months or more. The intention to continue the focus on job creation was explicit in the National Government's 1978 budget.¹¹⁵ In addition, in an attempt to ensure that the training and employment function of the Department of Labour was also maintained as a focus, the Education Department's vocational guidance service was absorbed into the Department in 1978. The cost of the unemployment programmes as well as the general increase in both the numbers and the cost of welfare benefits as a percentage of government spending, was of increasing political concern. The 'Think Big' projects that were announced in 1980 in response to the second world oil crisis in 1979, had a twofold aim; firstly, they were intended to assist the economy and industry by making the country self – sufficient in energy, and secondly, they were intended to stimulate the economy by providing jobs.¹¹⁶ In the National Party's election manifesto, it was promised that 410,000 jobs would be created through the 'Think Big' projects.¹¹⁷

¹⁰⁹ McClure, M. *op cit*, 1998, p.p. 204 -5

¹¹⁰ McRobie, A. 'The Politics of Volatility', in *Oxford History of New Zealand*, 1992, p.399.

¹¹¹ Martin, J. *op cit*, 1995, p.344

¹¹² *ibid*, p.316

¹¹³ Internal Affairs, 'Alternative Employment Programmes Evaluation', 1991, p.39.

¹¹⁴ NZES, 'Labour Market Information Handout', 1992, p.1

¹¹⁵ AJHR, 1978, B – 6, p.p. 11 - 12

¹¹⁶ McRobie, A. 'The Politics of Volatility', *Oxford History of NZ*, 1992, p.p. 395 - 96

¹¹⁷ NZ National Party, 1981 Manifesto, 'This is Your Future: Policies for the Decade of the 80s,'

From the beginning of 1980, various training and work schemes began to be established and in addition to the Department of Labour's role in the facilitation of the schemes, the Department of Internal Affairs also became involved in the administration of 'Alternative Employment Programmes,' under the broad category of 'community development'. An evaluation of all of these schemes undertaken by the Research Unit of the Department of Internal Affairs, provides a brief rationale behind the establishment of such programmes:

The programmes of the Department of Labour were at that stage more suited to the needs of the individual unemployed. There was consequently a need to develop community based programmes for groups wishing to work in co – operative ventures in an alternative way.¹¹⁸

SCOPE, Small Cooperative Enterprises Scheme, was established in 1980. It intended to provide assistance, including some establishment funding, to unemployed groups and individuals wanting to establish business ventures.¹¹⁹ The Work Development Scheme was introduced in 1981 following a recommendation from a committee established to address concerns about the growth of gangs and criminal behaviour, under circumstances of increasing unemployment.¹²⁰ A Task Force on Youth Training was set up in 1982, and the STEPS (School Leavers Training and Employment Preparation Scheme) programme was established in 1983.¹²¹

So throughout the 1980s, various schemes were established and then discontinued. There was a bewildering array of abbreviations for the programmes. Some of the more well known schemes were the 'Temporary Employment Programme' (TEP), changed to the PEP; Project Employment Programme; VOTP, Voluntary Organisation Training Programme; JOS, Job Opportunity Scheme; WSD, Work Skills Development, Contract Work Scheme and there was Restart, Access and Maccess and Steps and Taps and Tops. There were also a number of lesser known partially subsidised schemes that came and went such as FES, Farm Employment Scheme; FJP – First Job Programme; AJP – Additional Jobs Programme and PSEIS – Private Sector Employment Incentive Scheme.

The schemes ranged from training programmes to fully subsidised or partially subsidised work and 'work experience'. With regards to the fully subsidised job creation schemes, PEP and VOTP, the Internal Affairs evaluation states:

p.4

¹¹⁸ Internal Affairs, *'Alternative Employment Programmes Evaluation'*, 1991 p.2

¹¹⁹ *Ibid*, p.2

¹²⁰ *Ibid*, p.3

¹²¹ *Ibid*, p.49

[The PEP and VOTP schemes] over these years alleviated some of the social costs of unemployment and resulted in completion of many worthwhile community projects. Criticisms of these schemes focussed on their enormous expense, the temporary nature of the assistance and a perceived high deadweight capacity.¹²²

At its peak in 1985, the PEP scheme which was fully subsidised, involved 21,000 job seekers at a cost of \$268 million.¹²³ By 1986, there were just over 50,000 registered unemployed (NZES; 1992). The official unemployment rate from 1984 - 1986 was approximately 4 per cent, and by 1989, it was up to 7 per cent.

From 1980, unemployed beneficiaries had been required to report to the Department of Labour monthly to ensure continuation of benefit. This measure was maintained by the Labour Government from 1984; reporting was not necessarily for the purpose of an interview regarding job search effort, although there was considerable regional variation in the administration of reporting, it was more a requirement where failure to attend could result in de – registration of the beneficiary, and therefore the benefit would be cut off.¹²⁴ After a beneficiary had been registered as unemployed for one year, the Department of Labour normally required them to attend an interview regarding job search efforts. In addition, the Department of Labour also undertook home visits in some regions to interview the unemployed, normally after approximately six months registration. Monthly reporting and home visits were ceased by approximately 1986.

¹²² *Ibid*, p.

¹²³ State Services Commission, *Answers in response to questions from the incoming Coalition Government*, 1997, GF No. 504/1, p.9

¹²⁴ Information based on accounts from beneficiaries advocates – specifically, attempts by the Unemployed Worker's Union in 1981 to apply for judicial review of the reporting requirement.

CHAPTER THREE.

WORK TEST POLICY FROM 1984 – 1999.

The Fourth Labour Government

Labour won a snap election in 1984, and it immediately inherited an economy in crisis and a huge balance of payments debt, partly attributed to changing trends in international markets, as well as to the National Government's policy of overseas borrowing for resource development schemes such as 'Think Big', to stimulate economic growth.¹ Labour came to power in circumstances that were not directly related to the economy, but during the snap election campaign, a foreign exchange crisis developed, largely due to speculation regarding devaluation of the currency.² Some political analysts have maintained that Labour did not have a coherent or fully determined economic policy when it became the Government in 1984 (Kelsey: 1995, Jesson: 1989). Many New Zealand economists and academics have identified that the Labour Government adopted an economic policy that was largely advocated by treasury officials who were themselves strongly influenced by contemporary American neo – Liberal economic theory. (Kelsey:1993, 1995; Jesson:1989, Roper:1992, Easton:1989, Holland and Boston:1990).

The traditional postwar policy responses to unemployment (public works and job creation), and to the general fluctuations of the capitalist economy, had been based on Keynesian economic models and these measures came to be perceived as widely inadequate: "The mechanisms which had produced full employment in the 1950s and 1960s had been lost; the fundamental problems remained. The need for change was widely recognised".³

While Labour had promised a more democratic and consultative approach to economic management to achieve consensus, the Treasury Briefing papers to the incoming government, titled 'Economic Management', informed a major shift in the economic and social direction of the country, which meant that traditional labour market policy would be strongly challenged.⁴ It asserted that full employment was an impossible goal in a market – based economy and that meant inevitability of some unemployment.⁵ Unemployment was essentially caused by high wages and an inefficient economy.⁶ If the market could not

¹ Hawke, G. 'Economic Trends and Economic Policy', in 'Oxford History of New Zealand', 1992, p. 438

² Jesson, B. 'Fragments of Labour', 1989, p. 63.

³ Hawke, G. *op cit*, 1992, p. 438.

⁴ Kelsey, J. 'The New Zealand Experiment', 1995, p.p. 31 – 2.

⁵ Treasury, 'Economic Management', 1984, p.p. 235 – 36.

⁶ *Ibid*, p. 237.

provide the jobs, then nothing else, especially not government intervention through job creation, could be relied upon to achieve this.⁷ Treasury recommended a “reorientation of policies which are currently inhibiting our economic performance and the removal of impediments to a more flexible labour market”.⁸ ‘Economic Management,’ presented the need for the rationalisation of government spending and establishment of a strict monetary policy as fundamental economic necessity.⁹ Labour immediately initiated many of the recommended economic reforms and floated the New Zealand currency, removed or reduced import controls and tariffs, substantially liberalised the finance sector, abolished subsidies, and changed the taxation base. Many of these policies had been established and institutionalised by the first Labour Government, and they were undone by the fourth Labour Government.¹⁰ Restructuring of government departments and rationalisation of government spending between 1984 – 87 were accompanied by significant increases in unemployment.

Despite the obvious break with tradition represented by such economic policies, the Labour Government attempted to maintain the appearance of progressive social policy by an emphasis on consultation with interest groups.¹¹ The Economic Summit of September 1984 held at Parliament was such an attempt. The government brought together trade union, business and community groups, including representation from the national Unemployed Workers Rights Centre organisations, Te Roopu Rawakore, in order to promote discussion on economic issues which could inform policy regarding economic management. Although there were expressions of unity at the conference as well as some agreement that economic reform was needed, major differences between interest groups were apparent, indicating the difficulty in achieving any form of consensus on the nature of reform.¹² Dalziel states: “Without a doubt, the group most clearly identified as suffering at the time of the Economic Summit Conference was the unemployed”.¹³ The Minister of Employment at the conference, Kerry Burke, talked about government investment in high employment areas as well as in training, and he also talked about adopting an “active labour market policy which researches, anticipates and plans, and ensures that as old skills run down we train and locate our work force in the right places”.¹⁴ The Minister also argued against government employment subsidies on the grounds of displacement (the theory that a subsidised job ‘displaces’ a potential fully paid job), and also

⁷ Oliver, W.H. ‘An Historical Overview’ in Royal Commission on Social Policy, 1988, April Report, p.p.34 – 5.

⁸ Treasury, *op cit*, 1984, p. 237.

⁹ Kelsey, J. *op cit*, 1995, p.55.

¹⁰ Jesson, B. *op cit*, 1989, p.9.

¹¹ *Ibid*, p.p.32 – 3.

¹² Dalziel, P. ‘The Economic Summit: What People Were Thinking’, in Easton, B. ‘The Making of Rogernomics’, 1989, p. 54.

¹³ *Ibid*, p.60

¹⁴ Employment Summit Conference, Secretariat 1984b, p.p. 252 – 53.

because it was maintained that unemployment was mostly short term or frictional.¹⁵ The more pressing problem was long – term unemployment. An ‘Employment Promotion Conference’ for the following year was proposed.

The Employment Promotion Conference was held early in 1985. The Minister’s somewhat pessimistic views on employment subsidies and job creation were later used to justify the reductions and termination of many of the unemployment work schemes.¹⁶ At this conference, the Minister talked about the importance of the role of government in the promotion of employment, but he also argued against employment subsidies and job creation on the basis of their cost as well as ineffectiveness in dealing with unemployment, that is, there was increasing criticism of the notion that job creation acted as a bridge towards full employment.¹⁷ The Department of Labour prepared the ‘Review of Employment Subsidy Programmes’ and recommended a focus on training and targeting of the long – term unemployed.¹⁸ Following this in 1985 the government published “A new Deal in Training and Employment Opportunities”, in which it was announced that the fully subsidised work schemes, notably, PEP, VOTP, WSD and Contract Work Scheme would cease and that there would be a “shiftto an active longer term labour market approach, centred on training and skill development and integration into the workforce”.¹⁹ STEPS and TAPS were discontinued and the Access Training scheme was introduced in 1987, as the last of the fully subsidised schemes ended. Access training programmes were ‘purchased’ by Regional Employment and Access Councils and these organisations, became the Department of Labour’s clients, rather than the trainees themselves. Although government spending on unemployment benefits increased during the Labour Government’s two terms, spending on unemployment programmes, especially subsidised employment, was reduced.

Unemployment in the 1988 Royal Commission on Social Policy.

The Labour Government had established a Royal Commission in 1986, to attempt to convey that it was consulting the public on social policy. The Royal Commission was given extremely broad terms of reference which encompassed economic policies and issues, as well as general issues about social welfare. McClure maintains that such terms of reference rendered its task “almost unmanageable.”²⁰ Traditionally, Royal Commissions worked in the context of analysing legislation that requires review or reform, but this one was required to work within the framework of vague and sometimes abstract policy principles

¹⁵ Ibid, p.p.44 – 45.

¹⁶ Endres, A.M. ‘Perceptions of ‘Full Employment’ in Relation to Other Policy Goals 1984 – 1988, in Easton, B. *op cit*, 1989, p. 136.

¹⁷ Martin, J. ‘Holding the Balance’, 1995, p.345.

¹⁸ Ibid, p.345.

¹⁹ Labour Government, ‘A New Deal in Training and Employment Opportunities’, 1985, p. 3.

²⁰ McClure, M. *op cit*, 1998, p.226.

regarding notions such as 'justice' and 'equity' for example. Jesson claims that the terms of reference were both "haphazard" and "indefinite" and that this was reflected in the Commission's final report.²¹ One of the terms of reference stated that the purpose of the Royal Commission on Social Policy was:

.... to inquire into the extent to which existing instruments of policy meet the needs of New Zealanders, and report on what fundamental or significant reformation or changes are necessary or desirable in existing policies, administration, institutions or systems to secure a more fair, humanitarian, consistent, efficient and economical social policy which will meet the changed and changing needs of New Zealand and achieve a more just society.²²

The Royal Commission published a number of 'Discussion Booklets', in order to assist the public understanding of its wide terms of reference. In one of its discussion booklets, it outlined some of the issues around unemployment and invited public submissions on questions such as how unemployment benefits should be financed, and whether or not unemployed beneficiaries should have to participate in "compulsory employment schemes".²³ The booklet provided a definition of work. This definition included unpaid work, as well as a definition of unemployment and underemployment, and it stated evidence of an increase in long term unemployment which it identified as a key problem.²⁴ It states as a matter of fact, that some people do not want to work:

Some people do not want to work in paid employment. If they can obtain the unemployment benefit they are able to live a lifestyle they desire rather than working in a job and/or rather than moving away from friends and family and an environment that is important to them.²⁵

Submissions were invited on the role of government in the labour market, although the discussion booklet generally expressed doubt that any interventions could have any significant effect on the labour market. It stated that various economic goals, which included full employment, were sometimes competing goals and so there had to be "trade – offs between these goals".²⁶ A suggested role for the government in the labour market was to improve the system of information about employment opportunities, and provide education and training programmes and 'mobility allowances' in order to meet the needs of

²¹ Jesson, B. *op cit*, 1989, p.106.

²² RCSP, the April Report, Vol 1, p. v.

²³ RCSP, Discussion Booklet No.3, 'Work: Its Nature, Role and Value in New Zealand', p.18.

²⁴ *Ibid*, p.p. 3 – 11.

²⁵ *Ibid*, p.11.

²⁶ *ibid*, p.12.

the labour market.²⁷ It stated that it was debatable as to whether or not direct government investment in public works or other job creation, actually had any effect on the level of employment.²⁸

One of the main issues of debate for the Commission regarding the provision and rate of benefits, revolved around what is termed the 'replacement ratio,' or the relationship between benefit levels and general income levels.²⁹ The concern was regarding whether or not a high 'replacement ratio', that is, the rate of unemployment benefit, would deter participation in the work force, and to this extent, it questioned any assumption that the unemployment benefit was intended to replace income or wages. It is however, pointed out that the welfare goal (in terms of the 1972 Royal Commission on Social Policy) of sufficient income support to enable 'participation' in society, would imply that benefit levels should be related to general income levels and that the gap should not be too large.³⁰

As part of its brief, the Royal Commission also undertook a survey called 'Attitudes and Values' survey. In the summary of its results, it was found that a majority of respondents supported the idea of adequate tax funded unemployment benefits, but it stated that the majority of these respondents, also supported the concept of working for the unemployment benefit.³¹

In general, the Royal Commission on Social Policy report firmly endorsed the need for social policy to reflect the priorities of full employment, and state – funded health, education and other social services, and it recommended expansion in many of these areas, although it was short on specific details regarding social security reform.³² It is claimed however, that the Commission was largely ineffectual and failed due to the economic and political circumstances in which it was undertaken, specifically, the fact that the economy had already been set on a course affecting its transformation, and also because of the political conflict within the Labour Government itself, as a result of the free – market and neo – liberal direction of the economic reforms.³³ McClure states:

But the Royal Commission failed to tackle the central issue of social security policy in the 1980s; in the midst of current unemployment, how was the government to fund the increasing costs of the community's responsibility for

²⁷ *ibid*, p.12

²⁸ *ibid*, p.13

²⁹ Income Maintenance and Taxation: Working Paper No. 3 - The Social Security System, *Royal Commission on Social Policy, 1988*, p.13

³⁰ *ibid*, p.13

³¹ RCSP, April Report, Vol 1, 1988, p.p. 422 – 23.

³² McClure, M. *op cit*, 1998, p.p. 226 – 27.

³³ Jesson, B. *op cit*, 1989, p.p. 126 – 27.

individuals?³⁴

Labour Government 1987 – 1990.

By the time Labour was re – elected in 1987, deep division within the Labour Government was becoming apparent between the supporters of ‘Rogernomics’, the term given to describe the economic reforms driven by Labour’s Minister of Finance Roger Douglas, and others who were opposed to the direction of the reforms. The Treasury briefing papers to the Labour Government after the 1987 election, titled ‘Government Management’, made it clear that intensive government involvement in the provision of social services was, ideologically, really an ‘oppressive’ function of the state in that it removed individual choice and it therefore recommended that social services be funded as much as possible by private insurance, including a form of unemployment insurance.³⁵ Whereas ‘Economic Management’ had focussed on the overall restructuring of the economy, ‘Government Management’ focussed on the restructuring of the state, and especially on reducing its role in the provision of social welfare.³⁶ In the briefing papers, a philosophical rationale for the nature of such reform is provided by reference to libertarian political principles and theory. Treasury asserted that the main function of government ought to be to ensure the protection of individual and property rights, rather than enacting social policy which ostensibly reflected collective interests, because the notion that there was such a thing as collective interests, was held to be generally illusory.³⁷

Many of the proposals regarding the extensive reform of social welfare as outlined in Government Management were not implemented, although from 1984 – 1990 the Labour Government introduced and later increased GST, introduced taxation of unemployment benefits, and introduced the Guaranteed Minimum Family Income (GMFI), the latter which was opposed by Treasury. This measure was designed to encourage people on low – income to remain in employment by providing an income top up to a minimum level; the criteria was based on a claimant working for a minimum of 20 hours of paid employment for a sole parent, or 30 hours for a couple with children. The Labour government did not pursue the extensive labour market reforms suggested by Treasury, although it did undertake substantial reform of the state sector, indicating the business approach that was intended to be a feature of restructured government departments.

The Department of Labour was substantially restructured in 1988. Its restructuring was a direct effect of changes to labour market policy as well as

³⁴ McClure, M. *op cit*, 1998, p.227.

³⁵ Treasury, ‘Government Management’, 1987, p.p. 38 – 41.

³⁶ Jesson, B. *op cit*, 1989, p.113.

³⁷ Treasury, ‘Government Management’, 1987, Vol. 1, p.p. 410 – 15.

public sector reform. Its role in the administration of industrial relations legislation was both changed and reduced subsequent to the Industrial Relations Act 1987, and its structural transformation into four separate business units, reflected the general direction of reforms to the public sector pursuant to the State Sector Act 1988. The New Zealand Employment Service (NZES) was established through this process. It attempted to develop a new identity by a focus on job – matching between employer and unemployed and it launched a range of promotional and advertising campaigns to convey its new role as employment facilitator or ‘broker’.³⁸

It is claimed that by 1987, the Labour Government had effectively achieved the removal of social goals from its economic policy, demonstrated by a lack of commitment to the pursuit of any economic policy goals remotely linked to the ideal of full employment. This ‘link’ had enabled the goal of full employment to exist in the law and policy, even when full employment itself was not achieved.³⁹ This separation of economic and social policy was formally affirmed by amendments made to the Reserve Bank Act in 1989, which effected the removal of clauses that set out the principle that social goals could be linked with monetary policy, specifically, the aim of full employment. It is claimed that this last factor, made it clear that employment was to be sacrificed in the pursuit of the sole objective of general price stability.⁴⁰ The Labour Department Act was also repealed in 1989 and this was the only other piece of legislation which contained stated objectives of the promotion of full employment.

In 1989, the Labour Government announced its intention to change the structure of social security benefits. While these measures never came about after they lost the election in 1990, they signified the ideological shift in social security that began to emerge from 1990, which was that entitlement criteria for almost all benefits, would be based on work test principles. In a pre – budget statement of July 1990 regarding benefit reform, Labour proposed a ‘Universal Benefit’ that would “remove unnecessary distinctions between the treatment and entitlements of people who are in similar circumstances”.⁴¹ This meant that many benefit categories would be removed, namely, unemployed, widows, domestic purposes, sickness and invalids benefits, and replaced by the proposed ‘universal benefit’. It stated:

All beneficiaries will be assessed to determine their ability to undertake work or training, or some other useful activity. Beneficiaries will be classified as either: paid work exempt; or paid work transition; or paid work ready. Each of these groupings will have clear obligations and

³⁸ Martin, *op. cit.*, 1995, p.358.

³⁹ Jesson, B. *op cit.*, 1989, p.p. 80 – 85.

⁴⁰ Kelsey, J. *op cit.*, 1995, p.160.

⁴¹ Labour Government Benefit Reform Policy Statement, July 1990, p.1.

conditions.⁴²

It was proposed that the Universal Benefit would be based on the single adult 'core benefit rate'; sole parents whose youngest child was 13 or more would generally be put into the 'work ready group' and others into the 'work exempt' group; the same would apply to spouses of unemployed beneficiaries. The Universal Benefit would only be available for those 18 years and over, with a lower 'youth rate' of benefit applying to 18 and 19 year olds, and benefits for 16 and 17 year olds would be based on an entirely new set of criteria.⁴³ Labour managed to achieve reducing the benefit rate for 18 and 19 year olds, as well as the removal of entitlement to unemployment benefit for 16 and 17 year olds, replaced by new criteria for the new Training Benefit, Job Search Allowance and Independent Youth Benefit

In the same policy statement, Labour also announced its "Reforms to Counter Welfare Fraud and Abuse", including the introduction of monetary penalties, and the expansion of data – matching and other powers to obtain information regarding the circumstances of beneficiaries.⁴⁴ Unlike the 'Universal Benefit', these proposals were put in place and the 'Benefit Payments Control Units', which later became the Benefit Investigation Units and are currently called the Benefit Crime Unit, were established in 1989.

The National Government 1990 – 1996.

Internal conflict within the Labour Government by the late 1980s had severely undermined its political credibility, and it lost the October 1990 election. While the Labour Government had launched the process of neo – liberal economic reform, it did not transform the structure of social welfare as extensively as was achieved by the reforms undertaken by the new National Government after they won the 1990 election. The Labour Government had justified the economic reforms as fiscally necessary and to this extent it followed many of the principles outlined in the 1984 Treasury briefing papers, 'Economic Management'. But it was the National Government which fully carried through the reforms to social welfare as suggested in Treasury's 1987 'Government Management', and reiterated in Treasury's 1990 briefing papers, beginning with the benefit cuts outlined in the December 1990 Economic Statement and carried out in the April 1991 budget.⁴⁵

By the time National became the government, the numbers on unemployment benefit had risen from almost 21,000 in 1980 to almost 150,000 in 1990.⁴⁶ These

⁴² Ibid, p.1

⁴³ Ibid, p.p. 2 – 3.

⁴⁴ Ibid, p.p.10 – 11.

⁴⁵ Kelsey, J. *op cit*, 1995, p.62.

⁴⁶ NZISS Annual Report, 1997, Table 3.

numbers peaked in 1993 to reach just over 180,000 (the 1990s figures include the Training Benefit, Job Search Allowance and the Independent Youth Benefit).⁴⁷ The numbers of registered unemployed people increased from almost 164,000 in 1990, to almost 225,000 in 1993.⁴⁸ And the official rate of unemployment, as measured by the Household Labour Force Survey, had risen steadily from approximately 4 per cent in 1984 and 1985, peaking at approximately 11 per cent during 1992 and 1993.⁴⁹

The National Party policy on employment, titled "Getting New Zealand Working", had been released in May 1990. It stated:

A major effort will be made to prepare the long – term unemployed for the workforce. We'll also apply stricter work tests for the unemployment benefit and ensure that those claiming it do not turn down reasonable job offers. The unemployment benefit will be only for those who are genuinely seeking work.⁵⁰

It also announced the need for labour market reform including recommendations for a system of individual employment contracts, which would replace the system of award wage bargaining, and voluntary unionism. It maintained that: "These policies will transform the range of workplace opportunities open to the unemployed, resulting in more jobs and lower welfare dependency".⁵¹ Essentially, the 'Getting New Zealand Working' document outlined National's proposals for the unemployed, none of which include direct job creation projects or public works. It promised to provide up to \$200 million for new programmes with an emphasis on training, community projects (introduction of Taskforce Green), and individualised assistance "to identify the problems which prevent them [the unemployed] obtaining employment".⁵² It was clear that the proposed measures would be designed to impose compulsory obligations on unemployed beneficiaries and punishment for failure to meet obligations: "All of the programmes will demand from the individual a commitment to self – improvement. Those who unreasonably refuse to take part will not receive the unemployment benefit."⁵³

A few months later in August 1990, National released its policy on social welfare titled "Welfare that Works". This was elaborated on in a more extensive document with the same title in July 1991, and this was the theme that provided the background for the changes to, and the expansion of work test conditions.

⁴⁷ Ibid, Table 3.

⁴⁸ Department of Statistics, *Key Statistics*, July 1997, p.38

⁴⁹ Ibid, p.28.

⁵⁰ National Party Policy on Employment, 'Getting New Zealand Working', 1990, p.1.

⁵¹ Ibid, p.p. 3 – 4.

⁵² Ibid, p.p. 2 – 6.

⁵³ Ibid, p.6.

The language of welfare dependence began to evolve, mirroring contemporary developments in counterpart British and American welfare systems. "Welfare that Works" was both a critique of the existing welfare state, as well as a programme for its reform, based on the ideology of 'work first' and welfare benefits only as a 'safety net'. It was maintained that welfare traps people into state dependence, and therefore, it was necessary to redefine the state's responsibility to the citizen and the individual's responsibility as a citizen.⁵⁴ 'Welfare that Works' claimed that high benefit levels had a negative effect on beneficiaries lives, because the 'generosity' of the benefit system was both a poverty trap as well as a disincentive to take on paid work.⁵⁵ "We will not allow unemployment to become a lifestyle option".⁵⁶ It was suggested that the design of welfare provision was important in terms of its effect on recipient's behaviour: "If assistance is poorly designed the cost is measured not solely as extra state spending but also as a major factor damaging our economy and undermining responsible social behaviour".⁵⁷ The July 1991 extended document 'Welfare that Works' reiterated the December 1990 Economic Statement which had stated that one of the measures to be undertaken, would be the introduction of the work - test for solo parents with children aged seven years and over.⁵⁸ For the first time, the requirement to be actively seeking work to receive a benefit was to be extended to another benefit type other than unemployment. This measure was not enacted immediately however, unlike the benefit cuts and changes to some of the entitlement criteria. Although the policy document talked about the extension of the work test, one of the central themes was fiscal, primarily concerned with the overall cost of the welfare state. It was intended to phase reforms in gradually:

As we have said, the rate at which the reforms are implemented must reflect the reality of the labour market. The Government acknowledges the futility of introducing an excessive focus on the ability to work as a measure of eligibility when there are high levels of unemployment. The most important need is to put in place processes that will speed up the method of getting beneficiaries back into the work force as the economy improves.⁵⁹

The benefit cuts and other major changes to the Social Security Act were outlined in the Finance Bill (No.6) 1991. This Bill was introduced on the same day as the Employment Contracts Bill. In terms of the general goals of the National Government for deregulating labour and employment , it was inevitable

⁵⁴ National Government, '*Social Assistance: Welfare that Works*', July, 1991, foreword, p.1.

⁵⁵ *Ibid*, p.12.

⁵⁶ National's Policy on Social Welfare, '*Welfare that Works*', August, 1990,

⁵⁷ *Ibid*, p.1

⁵⁸ *Signpost*, February 1991, p.2

⁵⁹ *Ibid*, p.29

that benefits would be reduced in line with the predictable fall in wages that the pursuit of such a goal would result in.

The largest benefit reduction for unemployed, was for all single unemployed people, especially single 20 – 24 year olds, who lost almost 25 per cent of their income from the benefit.⁶⁰ This age group of both unemployed and sickness beneficiaries became a new category under which youth rates of benefit became payable. Other major changes were introduced for the unemployment benefit, including compulsory participation in Community Task Force (CTF) or any other programme as directed by NZES with punitive 26 week stand down measures for non - compliance on more than one occasion to complete a course, or attend a job interview. Mandatory 2 week stand downs for entitlement to benefits were introduced for all, with additional stand downs of 26 weeks for 'voluntary' unemployment or for misconduct resulting in dismissal from employment, and a high - income stand down was also introduced for those entering unemployment.

The Community Task Force programme was established through this legislation and it was intended to provide work experience opportunities in 'community projects' for those registered as unemployed and on a benefit for 26 weeks or more. It could be made compulsory and the 26 week stand down for dismissal as the result of misconduct or voluntary unemployment could be reduced to 4 weeks if a claimant agreed to participate in a CTF project; this was called participation in a 'clean slate' activity. Compulsion to participate in CTF was not widely apparent however, because it was initially undertaken on a small scale and dependent on available community projects.⁶¹ Participants initially received \$15 per week on top of their benefit, and were required to attend the programme for three days per week. Projects were not supposed to exceed 26 weeks. Project providers were required to be community organisations and were generally from the non – profit voluntary sector but also included schools and pre – schools. The types of organisations suggested by NZES as meeting the criteria as CTF providers are stated as; community organisations, educational authorities, government departments (except the Department of Labour), local authorities (for example local councils), and private sector employers.⁶² Project providers were required to sign a contract which specified that the project must be non – profit making, that it must be additional to the normal work of the organisation and that it must not replace a paid position, and that it must not consist of regular ongoing maintenance work.⁶³

The other programme created through the 1991 legislation was Task Force Green, which was a wage subsidy to employers to give full – time work

⁶⁰ The National Government Budgets of the First Year in Office - A Social Assessment, *Frater, Waldegrave, 1991, Figures taken from Table B.6, appendix 2.*

⁶¹ Minister of Employment, media release, 28/9/97, p.4.

⁶² NZES Brochure, *Community Task Force*, 1997.

⁶³ NZES contract with CTF Project provider organisation.

experience that was “of benefit to the environment or community”.⁶⁴ Task Force Green was also required to be for no more than 26 weeks, and targeted to those registered as unemployed for 26 weeks or more. The numbers of participants on Task Force Green from June 1992 – June 1993 were approximately 9,000 out of nearly 225,000 registered unemployed.⁶⁵

In 1992, the National Government began the process of restructuring the Department of Social Welfare into business units and the New Zealand Income Support Service (NZISS) was created as one of these business units.

Further legislation was enacted in 1993, extending the statutory authority of NZISS to obtain information about beneficiaries, and this included the imposition of financial penalties to anyone who refused to provide information requested pursuant to the Social Security Act. Only information which was legally privileged was exempt. Landlords, families neighbours and employers of beneficiaries were legally obliged to respond to the department’s requests for information. It was logical that the approach which had been outlined in ‘Welfare that Works’ to increase work test conditions and to ensure that applicants for benefits met strict conditions for entitlement, would require greater intervention by NZISS in terms of verification and evidence of applicants’ details.

The National Government was returned to power after the 1993 election, and the mandate for the transformation of the electoral system to mixed member proportional representation was won by referendum at the same time.

The Prime Ministerial Task Force on Employment.

In 1993, the government announced that a Prime Ministerial Task Force on Employment (PMTFE) would be established and it reported back at the end of 1994. By mid 1993, the numbers of registered unemployed began to reduce and the official rate of unemployment also began to fall. The report of the PMTFE reflects a growing optimism regarding the evidence of economic growth that began to occur at the same time as it was undertaking its report.⁶⁶

The terms of reference for the PMTFE were relatively broad; they were required to report on unemployment and employment dynamics in New Zealand and make proposals for reducing unemployment, “having regard to the Government’s economic and social objectives”.⁶⁷ The first two terms of reference are specific regarding the aims of maintaining levels of fiscal expenditure and price stability.⁶⁸ Much emphasis was placed on the need for the New Zealand

⁶⁴ NZES Brochure, *Task Force Green*, 1995.

⁶⁵ PMTFE, 1994, *The Issues*, Annex 2, p.124.

⁶⁶ PMTFE, ‘*The Issues*’, 1994 p.p. 2 –3.

⁶⁷ *Ibid*, p. 147.

⁶⁸ *Ibid*, p. 147.

economy and labour market to adapt itself to the global economic market: "Our task is to make the most of whatever international economic environment we find ourselves in – good or bad".⁶⁹

The PMTFE mainly focussed on the importance of finding solutions to long term unemployment, but it was claimed that its final recommendations contained few specific details.⁷⁰ Its underlying theme was that the indication of economic growth at that time would result in improvement in employment opportunities. It stated that economic growth was the foundation for employment growth, although it acknowledged that economic growth by itself would not necessarily benefit all of the unemployed. Hence the emphasis was placed on the problem of long term unemployment, which, it was claimed, was a particular disadvantage or barrier to employment. It suggests that the benefit system structure can affect employment and unemployment: "Both the design and administration of the benefit system can influence the incentives for beneficiaries to take up paid work."⁷¹ It stated that the assumption upon which payment of the unemployment benefit was originally based, was that it was a short term benefit for temporary unemployment, and this had now diminished in relevance and therefore, it asked the question: "Is it desirable to consider any changes to the period of time for which an Unemployment Benefit is payable?"⁷² The issues that the PMTFE raises regarding the work test are extremely relevant to the changes that began to take shape from 1995. They indicate that any changes should be directed towards further tightening of the work test conditions:

When considering what form of work test should operate in New Zealand, one task is to clarify what a job seeker should reasonably do to satisfy the work test. Unemployed job seekers may have to adjust their expectations, and accept a lower paying job or a job outside the field of their previous employment. A second concern is to determine the extent to which continued receipt of income support should be dependent upon participation in some form of education or labour market programme;and the criteria for any exemptions.⁷³

In terms of its final recommendations under the sub – heading: 'Reinforcing the message: the income support system', the report's focus was on youth unemployment only, emphasising that all young unemployed should be in education, training or employment.⁷⁴ However, further recommendations under

⁶⁹ Ibid, p.107

⁷⁰ Auckland Unemployed Workers Rights Centre, 'Mean Times', Vol 6, Iss. 3, Jul/Aug 1995, p.11

⁷¹ PMTFE, *The Issues*, 1994, p. 101.

⁷² Ibid, p.101.

⁷³ Ibid, p.103.

⁷⁴ Ibid, *Proposals for Action*, November 1994, p.34.

the sub – heading ‘Individualised Assistance’, were for “intensive individualised assistance”, with the objective of attaining the goal that no registered unemployed person will remain without work, training or education for longer than 26 weeks, by the year 2000.⁷⁵ Under ‘Improved Delivery’, the reduction of the 26 week stand down to 13 weeks for voluntary unemployment and dismissal for misconduct is recommended, as well as a system of graduated reductions for work test failure, rather than a 26 week stand down and it suggests that the CTF subsidy to participants be increased to \$30 per week.⁷⁶ Other things that the PMTFE recommended were the establishment of ‘Local Employment Commissioners’, to coordinate ‘local employment opportunities’; the reduction of compliance costs related to employment for businesses; reform of the taxation and benefit system “which discriminate[s] against part – time work”; targeted investment in early childhood education; and a more coordinated training and qualification system.⁷⁷

In an issue of ‘Mean Times’, published by the Auckland Unemployed Workers Rights Centre, a question is asked as to whether or not the government was going to act on any recommendations of the PMTFE.⁷⁸ In fact the recommendations that the government acted upon were those which leaned more towards compulsory and interventionist measures, as well as some of the proposals regarding improved departmental (NZISS/NZES) coordination to achieve this.

After the PMTFE: 1994 – 1996.

In 1994, before the PMTFE had published its final proposals, the government launched the outline of its next phase of welfare reforms, and this was titled ‘From Welfare to Wellbeing’. This document was the forerunner to the 1996 Ministerial Briefing papers titled ‘Strategic Directions’; both documents substantially expanded on the need to address the perceived negative social impact of long – term receipt of welfare benefits, by providing an interventionist structure that would ‘encourage people into employment’. Whereas ‘Welfare that Works’ emphasised the fiscal problems of an expansive welfare state, ‘Welfare to Wellbeing’ indicated a much greater emphasis on the welfare dependency issue which provided the rationale for a more coercive benefit structure.

A social welfare reform bill was introduced in 1994 and although no changes to the work test were proposed, except for a 26 week stand down for the first failure to complete an employment related training course, which was eventually scrapped, the overall effect of the reform bill was to tighten eligibility criteria for discretionary ‘third – tier’ benefits such as the special benefit and special needs

⁷⁵ *Ibid*, p.36.

⁷⁶ *Ibid*, p.38.

⁷⁷ *Ibid*, p.p. 26 – 34.

⁷⁸ AUWRC, ‘*Mean Times*’, Vol 6, Iss.1, Feb/Mar 1995, p.7

grant. It was the policy changes as a result of 'Welfare to Wellbeing', rather than any legislative changes, that initiated the shift by NZISS towards an even more coercive and interventionist approach to benefit administration in 1995:

The Department took on more direct intervention with people on benefits on the principle that a benefit was not simply a good owed unconditionally to the recipient, but should be granted with a sense of contract: the person receiving the benefit should enter into a reciprocal relationship with the state, and was expected to contribute in some way in return for economic support. This echoed the concept of active citizenship which underpinned the benefit reforms. The initiative demanded more of both staff and people on benefits.⁷⁹

The department focussed on what was termed 'customised service', where one beneficiary was assigned to one staff member, in the hope that this would assist individual beneficiaries to access training or employment opportunities. It was also for the purpose of regularly reviewing entitlement to benefit. In reality, it signified the extension of the work test to other categories of beneficiary, especially Domestic Purposes Beneficiaries (DPBs), some of whom were expected to sign 'contracts' with their customer services officers, outlining their 'goals and challenges' in terms of participation in paid employment or training. The 'Compass' programme was established as a voluntary pilot scheme in some NZISS district offices, with the aim of assisting sole parent beneficiaries into education, training and employment.

Other policy undertaken in 1995 which indicated that entitlement to sickness and invalids benefits would eventually depend upon meeting work test criteria, was the introduction of departmental designated doctors to confirm incapacity for work, and the increase of the 'percentage' incapacity for work criteria for applicants for invalids benefit, from 50 per cent to 75 per cent.⁸⁰ There was increasing suspicion that the unemployed were shifting to the sickness and invalids benefits because of the higher rates of these benefits.⁸¹

Individualised assistance to unemployed beneficiaries was the responsibility of NZES, and it had been a focus of their policy since 1994, in line with the recommendations of the PMTFE. Two new programmes were established by NZES in early 1995, with the objectives of targeting the long term unemployed. 'Job Action' and 'Youth Action' was a compulsory one week 'motivational' course, run by private agencies contracted to the NZES, so the programmes varied considerably from one to the other. The other programme, 'Job Intro',

⁷⁹ McClure, M. *op cit*, 1998, p.252.

⁸⁰ Combined Beneficiaries Union, '*Fair Deal*', 1995, p.p 10 – 11.

⁸¹ McClure, *op cit* p.255.

which later became 'Job Link', was intended to provide 4 weeks unpaid work experience to long term unemployed. 'Job Action' attracted some criticism, and advocacy and unemployed workers rights organisations began to hear reports of meaningless and patronising course activities being undertaken on some of these programmes.⁸² Participants were required to have completed a 'back to work action plan' by the end of the one week 'Job Action' course.

With much of the policy already in place, the National Government then introduced the Tax Reduction and Social Policy Bill in February 1996. This cemented some of the new policy into law, for example, making annual interviews mandatory for Widows, DPBs, and spouses of unemployed beneficiaries whose youngest dependent child was aged 7 years or more. It also put into law proposals to further extend the work test to these categories of beneficiaries when their youngest child turned 14 years, requiring them to be available for part – time work. This resulted in the inclusion and definition of the new term 'work tested' beneficiaries into the law. These specific provisions were to take effect from 1 April 1997. The outstanding feature of this Bill, was the proposed inclusion of sections relating to the work test and its explicit purpose, for example:

(1) To reinforce the reciprocal obligations of work tested beneficiaries to seek work or take steps to improve their employment prospects as a condition of receiving the benefit; (2) To increase the awareness of the opportunities for education, training and employment so as to increase the prospects of self reliance for Widows, DPBs and spouses of unemployed beneficiaries.⁸³

New sets of regulations to the Social Security legislation were established, specifying the grounds on which exemptions from the work test could be granted. The reciprocal obligations, in terms of the list of reasons that a sanction could be imposed for work test failure, were outlined in detail in the proposed legislation. Graduated sanctions for a first work test failure were introduced to replace the 13 week stand down after failing the work test more than once.⁸⁴ Significantly, this bill also introduced the specific legal requirement for work tested beneficiaries to register with the NZES, and to comply with any directions by NZES to attend job interviews or NZES programmes. Although this had always been the policy in practice, it had only been implied in the law, and the new sections made it explicit.

⁸² Auckland Unemployed Workers Rights Centre, '*Mean Times*', Vol 6, Iss.2, April/May 1995, p.6, and The National Unemployed and Beneficiaries Movement, '*Declaration*', Issue 6, June 1996, p.14

⁸³ Wellington Community Law Centre, '*Welfare Scene*' 1996/2, 18/3/96, new S60GA, p.2.

⁸⁴ *Ibid*, S.60J and S.60JA, p.3

The legislative and institutional structure under which benefits were received and administered, was to undergo still further substantial change after the 1996 election.

The 1996 Coalition Government.

New Zealand's first election in October 1996 under the Mixed Member Proportional system, resulted in a Coalition Government of National and the New Zealand First Party. It was New Zealand First who introduced the policy on compulsory Community Work for benefit and who sought the merging of employment, training and income support institutions, or the creation of 'one stop shops', as this idea was termed.

And it was the Social Welfare post – election briefing papers titled 'Strategic Directions' which best articulated the government's approach to future benefit delivery, based on the perception that benefit 'dependency' was the problem around which policy needed to be focussed. The terms 'dependency', 'long – term dependency' and 'intergenerational dependency' permeate this document, the implication being that benefit dependency creates extremely negative social consequences for individuals and society generally.⁸⁵

In the briefing papers the welfare dependency argument was to a large extent, justified by the observation that "economic and employment growth have not reduced total numbers of working age beneficiaries".⁸⁶ The Official rate of unemployment had decreased from a high of over 11% in 1992 - 93, to 6% - 7% in 1996 - 97, but there had been no corresponding decrease in the total number of benefit claimants. While numbers of unemployed benefits had decreased, the numbers of DPBs, sickness and invalids benefits had risen. 'Strategic Directions,' presents the extent of social welfare benefit assistance as a massive problem of startling proportions, and the increase in numbers of beneficiaries during a period of economic growth is described as "the welfare conundrum".⁸⁷ It suggests that this problem can be resolved through changes to the structure of the benefit delivery system to provide "active assistance to promote self – reliance".⁸⁸ 'Self – reliance is vaguely defined: "Self - reliance means different things for different groups. For example, self - reliance will mean being independent of the benefit system for most working - age people".⁸⁹ It maintains that changes to the benefit delivery structure can influence peoples behaviour, and under the heading: "Changing Behaviour by Helping and Hassling", it states:

There are ongoing debates as to why benefit numbers

⁸⁵ Ministerial Briefing Paper 1996, *Strategic Directions*, p.p. 5 – 7.

⁸⁶ *Ibid*, p.5.

⁸⁷ *Ibid*, p.5.

⁸⁸ *Ibid*, p.24.

⁸⁹ *Ibid*, p.7.

have not reduced more rapidly in a period of economic growth. One line of argument suggests that benefit recipients develop an attitude of dependency (either becoming “dependent” as a result of relying on a benefit for an extended period of time, or because they lack appropriate motivation to accept responsibility for their own welfare). The solution to welfare dependency from this perspective is to force a change in attitudes to work – the “hassling” philosophy.⁹⁰

The ‘Strategic Directions’ paper indicated that the future policy aims of ‘active assistance’, were essentially for benefit administrators to become more involved in the active monitoring of individual beneficiaries’ efforts to find employment or participate in training. Successful intervention would be more easily achieved if it was within the framework of compulsory conditions or reciprocal obligations.⁹¹ It points out however, that in terms of gaining the cooperation of individual beneficiaries regarding their obligations, “the key appears to be clear expectations from staff early in the process, rather than through enforcement of heavy sanctions”.⁹² It was clear that nearly all categories of beneficiaries would be included in any new measures. In terms of issues around what should be the nature and type of ‘active assistance’ and whether or not it should be focussed on work or training, the Briefing Papers emphasise that there should be a range of all types of programmes that should be piloted and rigorously evaluated.⁹³ Although it does not refer specifically to compulsory work for benefit, extension of sanctions is recommended:

The “hassling” component in New Zealand remains largely limited to “verbal” persuasion rather than financial sanctions. There may be merit in extending sanctions to requirements such as formulating an active assistance plan and carrying out agreed activities within the plan.⁹⁴

Overall, the ‘Strategic Directions’ document provides a detailed discussion of the underlying intention and objectives for increasing work test obligations. Primarily the aims revolved around requiring greater accountability from beneficiaries, under the auspices of encouraging them towards ‘self – reliance’. There was still more to come.

The Community Wage and the Coalition Agreement.

⁹⁰ Ibid, p.26.

⁹¹ Ibid, p.27.

⁹² Ibid, p.27.

⁹³ Ibid, p.p.29 – 32.

⁹⁴ Ibid, p.29.

Just after the 1996 election, the Coalition Government had requested information from the State Services Commission regarding costings estimates for two unemployment policy options: either requiring all registered unemployed to participate in compulsory work and training, or only those registered for twenty - six weeks or more. In response, the State Services policy costings document was not particularly optimistic regarding the policy proposal, with one of the problems being the large numbers of people that it was intended for. It stated that "the scale of the programme envisaged would make the achievement of the participation targets extremely difficult, and in the case of option (b) virtually impossible".⁹⁵ Option 'b' was the requirement for all registered unemployed to participate. The document states the difficulties of providing the costings in the "absence of clearly stated programme objectives. As a result the model used has been based on experience with current programmes of a considerably smaller scale."⁹⁶ The document speculates that the proposed compulsory work programme would create significant 'displacement' in the job market (where unsubsidised jobs are replaced by subsidised positions), to the extent that one of the outcomes would possibly be "increased unemployment resulting from the displacement by programme participants of potential or existing unsubsidised employees."⁹⁷ It did not anticipate that the programme would result in a significant reduction of the unemployment register.⁹⁸ And in response to another question from the Coalition Government regarding the establishment of the 'one stop shops', primarily the merging of NZES and NZISS, the State Services Commission points out that such an arrangement could in fact undermine the aim of achieving an employment focus:

The full integration approach would provide a 'seamless' income/employment assistance system, with one institutional point of contact for all beneficiaries, although possibly to the detriment of the efficacy of the employment focus and employment outcomes.⁹⁹

In November 1996, the incoming Coalition Government had also requested further information from the State Services Commission regarding plans for the introduction of compulsory Community Work and Training (the Community Wage scheme). A detailed description of "workfare type" programmes that were in operation overseas was requested, including how they operated, for whom, what their objectives were, and any evaluative research regarding their effectiveness.¹⁰⁰

⁹⁵ State Services Commission, *Information supplied by the public service in response to requests made by political parties taking part in coalition formation talks*, GF No: 504/1, 29/20/96, p.2.

⁹⁶ *Ibid*, p.1

⁹⁷ *Ibid*, p.p. 4 – 10.

⁹⁸ *Ibid*, p.10.

⁹⁹ *ibid*, GF No. 504/2, 5/11/96, p.9.

¹⁰⁰ Information supplied by the public service in response to requests made by political parties taking part in coalition formation talks, GF No: 512, 26/11/96, p.1.

In spite of the fact that New Zealand already had several programmes in place, including CTF which could be made compulsory and which had been in existence for approximately five years, the government looked to overseas models for examples of programmes. Other programmes in existence at the time, were the Compass programme, Job Action, mandatory interviews, Work Focus interviews, Job Clubs, Job Plus, TOPS and Task Force Green, which could all also be made mandatory. In short, New Zealand already had several programmes and procedures in place that had similarities with what is termed "workfare type" overseas examples, and this is pointed out in the State Services response:

New Zealand operates a range of programmes designed to move jobseekers into work. These include job search assistance, basic education and training, wage subsidies, unpaid work experience, paid work experience, and case management. Any of these programmes may be mandatory for a particular individual under the work test. Sanctions in the form of loss or reduction in benefit can result from failure to take part in these activities. To the extent that overseas evaluation results capture the combined effects of some of these interventions, particularly mandatory active job search, applying an overseas model in New Zealand may not show such strong additional results.¹⁰¹

The State Services document articulated what was considered to be the generally universal and multiple objectives of "workfare type" programmes. These were:

- ensuring that people who receive social welfare assistance do something in return (the "quid pro quo");
- instilling basic work habits in welfare recipients;
- improving motivation and self – esteem;
- developing employment - related skills;
- encouraging active job search;
- limiting benefit abuse, by providing an opportunity for the administering agency to identify people who are in receipt of benefit to which they are not entitled (in particular because they are already in paid employment); and
- creating a disincentive for people to become welfare recipients for 'lifestyle' reasons. There is a tension here between creating a strong deterrent and targeting programmes to a subset of welfare recipients for whom they will be

¹⁰¹ *ibid*, p. 2.

most effective.¹⁰²

All of these objectives are broadly reflected in legislation and policy from 1996 to 1998. Despite many reservations outlined in both of the State Services documents, the compulsory Community Work for benefit and 'one stop shop' proposals were accepted in the Coalition Agreement, under the policy heading; 'Employment'.¹⁰³ The Coalition Agreement was in place by February 1997 and it outlined the proposal to replace the unemployment benefit with the community wage:

Introduce programmes over the term of the Parliament that require registered unemployed to undertake a prescribed level of work or training in return for the unemployment benefit with an equivalent community wage or training allowance. The main outcomes sought by this approach will be on reducing the percentage of long term unemployed, and maximising the involvement of jobseekers in suitable part – time community work or training.¹⁰⁴

The institutions to be integrated into one employment service were NZES, NZISS, Community Employment Group (which was part of Internal Affairs) and the Education and Training Support Agency who administered the Training Opportunities Programmes within the Ministry of Education. The Coalition Agreement also outlined the establishment of Regional Employment Commissioners as recommended by the PMTFE.¹⁰⁵

Background discussion around compulsory work for benefit in the PMTFE and State Services Community Work and Training costings document, had focussed on work test requirements for long term unemployed, and identified long term unemployment as the purpose for which the work test needed to be strengthened. The Coalition Agreement also states that the community wage was to replace the unemployment benefit and the outcomes sought were a reduction in long term unemployment. Whilst numbers of long term unemployed (defined by NZES as registration for 6 months or more) had proportionally increased by the mid – 1990s, these numbers represented a small percentage of total numbers of beneficiaries.¹⁰⁶ The 'Strategic Directions' document and 'Welfare to Wellbeing' served to expand the argument regarding 'welfare dependency', thereby focussing the problem on the numbers on welfare benefits generally, and the perceived negative social consequences of long term benefit

¹⁰² *ibid*, p.6.

¹⁰³ National – New Zealand First Coalition Government, Coalition Agreement, Feb. 97, p.25.

¹⁰⁴ *ibid*, p.25.

¹⁰⁵ *ibid*, p.25

¹⁰⁶ PMTFE, 'Facing New Zealand's Biggest Challenge', 1994, p.11.

receipt generally. This focus provided the rationale for the application and extension of work test conditions, including compulsory community work, to almost all categories of beneficiaries. By 1998, the past 8 – 9 years of welfare ideology was spelled out in the legislation, and reducing long term unemployment as well as benefit dependency became the combined goals of the work test: “to reduce long – term unemployment and benefit dependency by encouraging those in receipt of social welfare to take up opportunities to move into paid work”.¹⁰⁷

The benefit ‘dependency’ argument.

In late 1996, the Department of Social Welfare had announced that it would be hosting a conference on welfare called ‘Beyond Dependency’ in early 1997, and speakers from America and Britain were invited to deliver papers regarding welfare reforms and work for welfare programmes in their countries. One of the most controversial speakers was Jean Rogers, the architect of the Wisconsin Works programme. This programme requires almost all beneficiaries to undertake compulsory work or training for their welfare benefits; they are able to participate in work or training for a maximum of two years, with entitlement to benefit for five years in total.¹⁰⁸ The Director General of Social Welfare, Margaret Bazley, defended the Wisconsin Works programme as a feature at the conference, on the grounds that it contained many positive elements and “a whole host of things that have great appeal to this country”.¹⁰⁹ Mrs Bazley also stated that the presence of overseas speakers did not necessarily mean that it was “the intention that New Zealand should pick up an entire overseas approach and drop it into our system”.¹¹⁰ Advocates of compulsory work for benefit programmes appealed to subjective notions of preserving the dignity of beneficiaries through work, as one of the justifications for implementing these programmes.¹¹¹ Jean Rogers stated that “welfare replacement” work programmes removed the stigma of being a beneficiary, and this outcome may be more important than fiscal considerations:

What is the greatest benefit of replacing welfare? Reducing caseloads is important but it is not the main benefit. Financial savings are important but they are not the main benefit either. The greatest benefit in replacing welfare with work is that the stigma of welfare will be removed. No longer will there be welfare recipients. Instead there will be job seekers. No longer will there be a

¹⁰⁷ Social Security (Work Test) Amendment Bill, 1998, Explanatory Note, p.i.

¹⁰⁸ Hubbard Anthony, ‘*Making the Welfare System Work*’, NZ Sunday Star Times, 16/3/97.

¹⁰⁹ NZ Herald, 20/3/97.

¹¹⁰ NZ Herald, 20/3/97

¹¹¹ for example, Peter McCardle, reported in the Dominion, 5/2/97, and Jean Rogers, NZ Herald, 18/3/97.

welfare cheque. Instead there will be a bona fide paycheque. No longer will people go to the welfare office to get benefits. Instead they will go to the Job Centre to get a job.¹¹²

By the time the conference was held in March 1997, the Coalition Government had already announced that it would be going ahead with the community wage scheme. This work for benefit scheme and the implications of the 'Beyond Dependency' conference generated much controversy, and an alternative conference was held at the same time which was titled 'Beyond Poverty'. This was attended and organised by academic and non – government organisations (NGOs), and was intended to provide a forum where opposition to the community wage scheme, as well as opposition to the general direction of welfare reforms could be discussed. The somewhat negative concept of 'dependency' had become the ideological framework within which welfare reforms of a strongly coercive nature were being directed, and there was considerable opposition to the validity of the assumption that the provision of welfare itself, created the 'welfare dependency' problem as it was perceived by the protagonists of the reforms.¹¹³

Final Implementation.

By April 1997, part – time work testing for widows, DPBs and spouses of unemployed beneficiaries with no dependent children or a youngest child aged 14 years, was enacted as had been outlined in the 1996 Tax Reduction and Social Policy Bill.

In the June 1997 Coalition Government's budget, it was announced that beneficiaries may be required to abide by a "code of social responsibility". This was meant to be an extension of the reciprocal obligations concept, where not only was a beneficiary supposed to demonstrate active job search behaviour, they were also expected to act in a socially responsible way, such as by looking after their children and ensuring that they went to school, or sought budgeting advice if they found it difficult to manage their finances.¹¹⁴ The underlying concept behind the introduction of the code of social responsibility, was linked to the rationale behind the extension of work test conditions: "But the groundwork for his [Treasurer Winston Peters' code proposal] announcement yesterday had

¹¹² Rogers, J. 'Designing Work - Focused Welfare Replacement Programmes', Soc. Pol. Journal of N.Z, iss.8, March 97, p.72.

¹¹³ see for example, Cass, B. 'Questioning the very idea of dependency. Public policy responses to unemployment and marginalisation', Paper delivered at the Beyond Dependency Conference, Auck, March 1997, and also, Hyman, P. 'Deconstructing "welfare dependency"/"welfare reform": A critical review of the language and concepts', paper delivered at the Beyond Poverty Conference, Massey University, Auckland, March 1997.

¹¹⁴ NZ Herald, 27/6/97, p.1.

already been laid in stricter work tests brought in by National".¹¹⁵

In the same budget, the Minister of Employment, Peter McCardle, announced that the CTF scheme was to be substantially expanded, and to these ends, a major advertising campaign to encourage potential project providers, was embarked upon in August. It was clear that the time frame for the implementation of the community wage scheme and the merging of NZES and NZISS as stated in the Coalition Agreement was delayed, so it was intended that the extension of CTF was part of the strategy towards the full implementation of these measures.¹¹⁶ It was also announced that the government would be looking to community organisations to assist in the expansion of CTF, hence the establishment of Community Brokering Organisations (CBOs), whose role would be to find Community Work placements for beneficiaries.¹¹⁷

In an NZES media release in August 1997, which is headed 'Successful Community Taskforce programme to be extended', it states that "Community Taskforce is a proven work experience initiative for unemployed job seekers, which also benefits the community".¹¹⁸ It offers no evidence of paid employment outcomes, and despite the claims of success, no evaluation of the CTF programme has ever been undertaken by NZES.¹¹⁹ It is claimed that the benefits to job seekers from participation in CTF include demonstrating and updating work skills, gaining work experience, increasing motivation and self – esteem, and possibly gaining employment.¹²⁰ It was aimed to extend the programme to place 20,000 job seekers into CTF projects by the middle of 1998. This required finding enough CTF projects for an extra 17,000 – 18,000 beneficiaries in less than twelve months, since in August 1997, there were approximately 2,500 participants on CTF.¹²¹ Figures provided by the Office of the Minister of Employment however, state the total number of participants in the 1996/97 year as 8,695.¹²²

The final form and implementation date of 1 October 1998, for the community wage scheme and the merging of income and employment services was announced in the May 1998 budget. These changes and others were enabled through the Social Security Amendment Bill No.5, which was passed in

¹¹⁵ NZ Herald, 27/6/97, p.1.

¹¹⁶ Office of the Minister of Employment, "McCardle Strengthens Community Ownership in Community Work Initiative", Media release, 28/9/97.

¹¹⁷ Ibid, Background Information, p.p. 3 – 4.

¹¹⁸ NZES, Media Release, 'Successful Community Taskforce programme to be extended', 20/8/97, background information, p.1.

¹¹⁹ An Official Information request to NZES for evaluation material on CTF was undertaken as part of this study, and no such material was made available.

¹²⁰ NZES, Media Release, 'Successful Community Taskforce programme to be extended', 20/8/97, background information, p.2.

¹²¹ Ibid, p.1.

¹²² Letter from Minister of Employment in response to Official Information Request, 16/10/97.

Parliament under urgency, two days after the budget announcement.

From 1 October 1998, the unemployment and sickness benefits were renamed the community wage, and all work tested beneficiaries were required to sign a new job seeker contract, outlining their work test obligations, which includes compulsory Community Work if directed, for which an extra \$21 per week on top of benefit is paid. Increased work test obligations were announced for DPBs, widows and spouses of unemployed and invalids beneficiaries. Mandatory annual interviews are required for all of those with dependent children under 6 years old, and when the youngest child turns 6, registration as being available for part time work is required. Once the youngest child is 14, the beneficiary is required to be registered as available for full time work. If there are no dependent children, availability for full time work is required. Both registered part time and full time work tested beneficiaries would be required to participate in 'organised activities'. These requirements were to be in place by 1 February 1999.

Other significant changes were that the rate of the sickness benefit was aligned with the rate of the unemployment benefit from 1 July, and the sickness benefit was merged into the community wage scheme from 1 October. In an internal NZISS document explaining the changes, it states in regards to the sickness/unemployment benefit rate alignment: "This change will send more consistent signals about the need to find work," and then a more complicated explanation; "This alignment of rates reinforces the outcomes sought for the benefit reform work of improved labour market participation of beneficiaries".¹²³ In reference to the merging of the sickness benefit with the community wage, it is also stated: "It is intended that the merge will result in a clear message to customers that they have a requirement to return to work as soon as they are well and it will ensure that they have access to employment related services as soon as possible".¹²⁴ An applicant can now apply for a community wage on the grounds of illness, injury or disability and they can be deferred from all or any of the work test requirements on these grounds. They are required to sign what is called a 'job seeker contract'. Existing sickness beneficiaries will be required to sign the job seeker contract in the course of usual 'customised' interviews.¹²⁵

Changes to the entitlement criteria for invalids benefit were announced to commence on 1 September, and a 'work capacity assessment' trial was to be launched from 1 November, later changed to 1 February 1999. The changes to entitlement criteria resulted in a more prescribed definition of the existing criteria of 'permanently and severely incapacitated'. 'Permanently' was defined as being expected to last for two years or more, and 'severely' was defined as being unable to work for 15 hours or more per week in open employment. If an

¹²³ NZISS, *General Information from budget announcement pack 14 May 1998*, Budget 98, p.1.

¹²⁴ *Ibid*, p.4.

¹²⁵ NZISS Newsletter, '*Support Talk*' p.3, Iss. 10, August 1998.

applicant was assessed to be capable of working for 15 hours or more, they would not be eligible for the invalids benefit but would have to apply for the community wage. The reasons for this change are stated in the NZISS document: "The decisions taken around tightening the eligibility criteria for Invalids Benefit were made to address the continuing growth in numbers claiming Invalids Benefit:..."¹²⁶ The introduction of a trial 'work capacity assessment' process was to be applied to new applicants for invalids benefit as well as new applicants for the community wage on the grounds of sickness, injury or disability and again the rationale for this is to emphasise the supposed employment focus of the changes:

The underlying principle of the benefit reform and employment strategy work is that all people in the working age population should be taking steps to maximise their work capacity and support themselves through paid employment. The work capacity assessment process is being developed in line with this principle, and will be a tool which will determine what capacity to work an assessed person has and whether that capacity would be increased if certain types of support and assistance were available.¹²⁷

The Social Security (Work Test) Amendment Bill was introduced shortly after the Social Security Amendment Bill. It effectively resulted in the addition of more than twenty new sections pertaining to the work test, such as the establishment of 'organised activities' and consequences for work test failure and procedures for imposing sanctions. This Bill was referred to a parliamentary select committee, and 92 per cent of the submissions received were in opposition to it.¹²⁸ Some submissions commented on the fact that there were already adequate compulsory and punitive measures in place in the legislation which were found to be rarely imposed, indicating that the vast majority of work tested beneficiaries complied with requirements.¹²⁹ The inclusion of the requirement to 'satisfactorily participate' in any of the 'organised activities' was widely opposed.¹³⁰ Despite this, this Bill was passed with few changes.

The work test amendment introduced what is termed 'organised activities'.¹³¹ These are not named specifically but they obviously encompass all of the programmes that have been in existence throughout the 1990s, such as

¹²⁶ NZISS, *General Information from budget announcement pack 14 May 1998*, Budget 98, p.5.

¹²⁷ *Ibid*, p.7.

¹²⁸ Donald, R. MP. speech notes on the select committee report back on *Social Security (Work Test) Amendment Bill*, p.3, 6/8/98.

¹²⁹ *Ibid*, p.1

¹³⁰ for example, submissions from Auck. District Council of Social Services, Combined Beneficiaries Union and groups and individuals organised in opposition to workfare.

¹³¹ Social Security Act, 1964, sections 109 and 110.

Compass, Job Club and Work Focus Interviews and Community Work. The 'Job Action' programme is no longer being undertaken, and this fact indicates that in spite of the increased emphasis on compulsory activities, the actual number of programmes have decreased. In essence, the Community Work aspect of the community wage operates in the same manner as CTF, despite the repeal of CTF in the legislation subsequent to the budget. The basic CTF structure is the foundation of the Community Work for benefit scheme. For example, the 'Conditions of Agreement for Community Work' contract between Work and Income (WINZ) and Community Work providers, has the same clauses as the 'Conditions of Agreement for Community Taskforce' contract that CTF providers were required to sign. Apart from name changes; CTF to Community Work and the Department of Labour to WINZ, the only other change to the contracts relates to the providers' responsibility to inform WINZ regarding participants' attendance. So clause 5 of the CTF contract reads: "That the sponsor will notify the Employment Projects unit of the Department in writing the names of those participants who leave before a project is completed, with the reasons for their departure, and if possible where they are going."¹³² Whereas clause 5 of the new Community Work contract reads: "That the sponsor will notify WINZ in writing of the names of those participants who leave before a contract is completed, or fail to attend or participate in a contract, along with the reasons for this."¹³³ It is notable that the contract does not state 'satisfactory participation' as a requirement, as it does in the legislation. The difference between the two clauses is subtle, but it is clear that policing of participation in the Community Work scheme is an increased responsibility for the providing organisation. The 'organised activities' do not include any new programmes, and so the overall effect of the new work test legislation is simply to emphasise stricter conditions for participation in existing programmes.

In reality, the cooperation of a large number of community and voluntary organisations is required to fulfil the government's aim for the creation of such a wide scale Community Work programme. In order to achieve this, the government has funded a number of 'Community Brokering Organisations' (CBO), within the community and voluntary sector itself, who are expected to find Community Work placements for work tested beneficiaries, either in their own organisations or other organisations. The government had begun the contracting process with CBOs when it had announced the extension of the CTF programme in August 1997. Placements into community projects were normally found by NZES and CEG, and one of the rationales offered for contracting CBOs, was that community organisations may have better links with unemployed and therefore, "may be better placed to find a proportion of the placements

¹³² NZES/CTF sponsor standard contract, Clause 5, 'Conditions of Agreement for Community Taskforce.'

¹³³ WINZ/Community Work sponsor standard contract, Clause 5, 'Conditions of Agreement for Community Work'.

which will meet the needs of these individuals".¹³⁴ The government also claimed that CBOs would enhance the concept of "community ownership" of the programme.¹³⁵ If responsibility for policing of participation in the Community Work scheme denotes "community ownership", then certainly scheme providers retain such "ownership".

Some groups from the community and voluntary sector have publicised their opposition to the community work for benefit scheme, by signing a pledge that they will not participate in the scheme, but instead will only support the concept of voluntary work in its true sense, that is, where it does not involve coercion or compulsion by threat of sanctions.¹³⁶ Some of the groups who have signed the pledge, were previously CTF providers, so the expanded Community Work for benefit programme has definitely been perceived as having wider implications than the smaller scale CTF programme, despite the obvious similarities between the two. Organisations are generally opposed to the scheme on several grounds, including that it results in displacement, that it undermines employment conditions since participants are not protected by employment legislation and that it undermines true voluntary work. It is a concern of some of the groups in the voluntary sector who have refused to provide Community Work for benefit, that any of their volunteers who are also work tested beneficiaries could be required to undertake other Community Work in organisations that are contracted Community Work providers.

Exemptions from the work test, and penalties and sanctions for "unsatisfactory participation" are outlined in two new sets of regulations to the legislation. These regulations replace those that were put in place in 1996 and 1997, and they are titled: "Social Security (Reciprocal Obligations: Exemptions and Deferrals) Regulations 1998", and "Social Security (Penalties for Unsatisfactory Participation) Regulations 1998". The term 'Reciprocal Obligations' in the title of the Regulations, replaces the words 'work test' in the revoked 1997 Regulations regarding exemptions. The penalties include graduated sanctions for lateness to a programme or interview, or failure to complete a course, or participate satisfactorily in a course. The amendments to the work test legislation have essentially served to add extra layers of conditions to the existing work test law, requiring increased levels of administration as a consequence. This is the framework of the 'case management' or 'individualised assistance' approach that is discussed in the policy material.

¹³⁴ Minister of Employment, Media Release, *'McCardle Strengthens Community Ownership in Community Work Initiative'*, p.2, 28/9/97

¹³⁵ *Ibid*, p.2

¹³⁶ Auckland District Council of Social Services, *'Communities With a Conscience: Opposition to Workfare'*, (by January 1999, 95 organisations had signed the pledge)

WINZ: The new institution.

On 1 October 1998, WINZ was established, effecting the merging of NZISS, NZES, Community Employment Group (CEG) and Local Employment Coordination Unit (LEC) into one department, as outlined in the Coalition Agreement. The creation of the one agency, was purported to be in line with the government's desired employment policy outcomes, and these were stated as:

- the key outcome is the reduction in the percentage of long term unemployment among all working age beneficiary groups by job seekers obtaining unsubsidised employment; and
- the complementary outcome is maximising the involvement of job seekers in community work or training.¹³⁷

The general objective of the merger was allegedly to enable more effective individual case management of work tested beneficiaries, and to provide a focus on work:

The new organisation will be able to take case management a further step forward by managing employment initiatives positively and negotiating work that matches the skills of customers.¹³⁸

And further:

Work and Income New Zealand (WINZ) is a service delivery organisation, responsible for the implementation of employment, community development and income support policies that are consistent with the Government's overall fiscal, economic and social policy strategies. Work First will be the primary driver with income support being the secondary, but critical function.¹³⁹

WINZ is now one of the largest public service departments in New Zealand, retaining responsibility for administration of all benefits, including student allowances. Presently, the majority of WINZ offices are not fully merged, that is, previous NZES and NZISS offices are still located on separate sites. When it was established on 1 October, there were six fully integrated 'one stop shops' opened.

In structuring the new department, the Government sought to emphasise that its

¹³⁷ Dept. of Labour, Transition Briefing Kit, 'Description of New Agency', Issue 1, p. 2, 1997.

¹³⁸ NZISS Newsletter, 'Support Talk,' p.1, Issue 10, August 1998.

¹³⁹ Integration Transition Team, WINZ, 'Consultation Report and Organisation Structure', p.3, August 1998.

focus would be on employment. The PMTFE had proposed the establishment of Regional Employment Commissioners and this idea was incorporated into the new structure. The 'employment' title has been dropped however, and these positions are called 'Regional Commissioners'. Several of the submissions received by the Integration Transition Team from NZES employees, favoured changing the name to 'Regional Employment Commissioner'. However, the rationale for retaining the shorter title is given:

While employment outcomes will be the key focus for the Regional Commissioner, they are also accountable for income maintenance outcomes in their region. A title change implying a sole focus on employment would be misleading.¹⁴⁰

The intended role of Regional Commissioners is vaguely stated, such as that they "are collectively responsible for the achievement of the government's employment outcomes," and "[they] will be accountable for improving employment and income maintenance outcomes in their region."¹⁴¹ The income maintenance outcomes which need to be improved are not defined. A more specific role of the Regional Commissioners, is to assist in the expansion of the Community Work scheme. It is not stated however, exactly how this will be accomplished, apart from through what essentially amounts to a major public relations exercise in gaining the cooperation of community organisations and the public in general, in order to legitimise the Community Work for benefit scheme:

Regional Commissioners have been set up to bring about a fundamental change in the way that the department interacts with the community. The innovation, energy and commitment which exists in communities must be harnessed by the Regional Commissioners so that job seekers are assisted into sustainable employment, community work or training in much bigger numbers than currently and to a much greater effect.¹⁴²

It has been reported that up to February 1999, approximately 700 new Community Work positions had been created since the scheme began operating in October 1998.¹⁴³ These positions are over and above those CTF programmes already in existence that would have continued operating and rolled over from that time.

So work testing through interviews and referrals to training or other programmes

¹⁴⁰ Ibid, p.26.

¹⁴¹ Ibid, p.22.

¹⁴² Ibid, p.25.

¹⁴³ *Jobs Letter*, February 1999

will essentially be administered by frontline WINZ workers, who in addition to administering benefit entitlements to beneficiaries, including making determinations regarding exemptions and deferrals from the work test, are now also expected to individually case manage their 'customers' in order to maximise participation of beneficiaries in organised activities.

Conclusion

The application of work testing is a constant theme that emerges throughout the history of policy regarding unemployment and employment, initially as a criteria for participation in public works and then later, for receipt of unemployment benefit.

Unemployment has been a relatively constant factor from the beginning of intensive European settlement in the 1860s until the early 1900s, with a brief respite immediately post – World War One and then significant unemployment from the late 1920s until the second World War.

The period of full employment for the next twenty five to thirty years post – World War Two is identified as being characterised by intensive state intervention in the economy and the labour market, as well as full employment policy goals (Rosenberg:1960; Endres:1989; Shirley:1990). Economic intervention to influence labour market outcomes was a direct response to the experience of wide scale unemployment during the depression. These economic and social policy features (wage bargaining and import controls for example), led to the description of New Zealand's post – war welfare state as the "wage earners' welfare state."¹⁴⁴ The nature of economic and labour market interventions as part of overall macro – economic policy, were essential to fulfilling the objective of the policy of full employment, and they have been described as "...the primary instrument of welfare and social security was residual."¹⁴⁵ Social Security is described as residual in this sense, because the situation of full employment due to economic interventions, made it appear that there was no need for further policy intervention by the government, in terms of unemployment measures.¹⁴⁶ As a result, under circumstances of increasing unemployment, where labour market and wages policy has been radically transformed, and in the absence of any pre – existing unemployment insurance scheme, the New Zealand Social Security system is exposed as a tightly targeted, residual system which is far more selective in its coverage than was apparent when there was low unemployment:

These considerations explain why schemes of social

¹⁴⁴ Castles, F. *Testing the Limits of the Metaphor: Fordist and Post – Fordist Life Cycles in Australia and New Zealand*, 1994, p.6.

¹⁴⁵ Ibid, p. 31.

¹⁴⁶ Ibid, p.16.

expenditure in these countries [New Zealand and Australia] have tended to be selective and laggard and why the tax state has been both small and redistributive in emphasis. Targeting benefits only to those in need followed from seeing them as a secondary safety – net only for those who somehow fell through the mesh of the primary wage control mechanism.¹⁴⁷

Although full employment began to break down from the late 1960s, it has been identified that the actual full employment policy, ceased to be part of the macro – economic policy from 1984 onwards.¹⁴⁸ Successive Labour and National Governments from this time have pursued policies of minimal intervention in the economy under the axiom of the free market and individual consumer choice. This monetarist economic approach, was accompanied by political aversion to maintaining or increasing traditional employment subsidy measures such as subsidised job creation and job training, on the grounds that it was solely economic growth, rather than interventionist measures, which would result in the spontaneous recovery in employment.¹⁴⁹ The decline in importance of these employment policies as a response to large scale unemployment, was indicated by a decline in expenditure on employment promotion activities from approximately 1986.¹⁵⁰

Labour market intervention, including administering the work test and the unemployment benefit, was initially carried out by the establishment of the Department of Labour, which became one of the largest and most influential of all of the government departments until its restructuring in 1988. The Department of Labour removed the promotion of full employment clause as one of its primary functions, from the opening statement in its annual reports by 1986. This change occurred even before the promotion of full employment was deleted from the Reserve Bank Act, and before the repeal of the Department of Labour Act in 1989. The usual clause was replaced by the statement: “The Department of Labour’s prime concern is with people and work”.¹⁵¹ The eventual removal of full employment goals from legislation and policy, has meant that ‘active’ labour market policies as they were originally defined, are no longer pursued as part of overall macro – economic policy. Subsequent employment policy has mainly been concentrated on “the microeconomic aspects of job search, information dissemination, and training policy”.¹⁵² In other words, employment policy has been reduced to a focus on the adjustment of individuals to the labour market, or

¹⁴⁷ Ibid, p.16.

¹⁴⁸ Endres, A. *Perceptions of ‘Full Employment’ in Relation to Other Major Policy Goals, 1984 – 1988*, in Easton, B. (ed.) *The Making of Rogernomics*, 1989, p.p. 128 – 144.

¹⁴⁹ Treasury, *Government Management*, 1987, p.291.

¹⁵⁰ Endres, A. *op cit*, 1989, p.141.

¹⁵¹ Dept. of Labour, Annual Report 1986, p.6, cited in Endres, *op cit*, p. 142

¹⁵² Endres, A. *op cit*, 1989, p.143.

'individualised assistance', thus ensuring that the issue of unemployment remains marginal to the wider macro – economic picture.

It has been shown that the divergence and convergence of the unemployment functions of the Department of Labour has been a historical pattern, generally linked with the level of unemployment. In times of high unemployment, the unemployment policy function has normally diverged from the Department of Labour, apart from the brief existence of the National Employment Service during near – full employment in 1946. The evidence of the continuation of this historical institutional pattern is seen by the most recent development of the merging of NZES and NZISS into one agency. It is reasonable to expect that the form of WINZ will become entrenched for a long while.

Since the work test is now a major function of 'individualised assistance' and therefore, employment policy, it is asserted in this thesis that the work test is the framework from within which any active employment policy is delivered.

The work test policy is historical, and its new significance in the 1990s is a reflection of an historical pattern related to levels of unemployment. Even its application to the newly articulated 'benefit dependency' problem, is a reflection of an historical controversy around the provision of benefits for the unemployed, and now, for any beneficiary of working age.

CHAPTER FOUR.

THE WORK TEST LEGISLATION: SOCIAL SECURITY ACT 1964.

It is intended in this chapter to elaborate on the present work test legislation that has been discussed in its historical context in chapter two. It is aimed to show the complexity of the requirements and some of the administrative ambiguities that may arise as a result. A short summary of previous legislation is begun with.

Legislative background of the work test.

The earliest legal definition of a work test was in the 1930 Unemployment Act:

Section 20 (4): No sustenance allowance shall be paid to any person in respect of his unemployment if such unemployment is due to his refusal or failure to accept employment offered him by or through the Board or to accept any other employment offered to him which in the opinion of the board would be suitable in its nature, conditions, rates of remuneration and location.¹

Interestingly, there is no provision requiring the need to be actively seeking work, perhaps omitted because it was expected that public works could contain the unemployment problem and therefore extensive legal conditions around the payment of benefit were not necessary.

The following conditions and other penalty provisions were introduced through the 1938 Social Security Act, but the term 'work test' was not included:

Section 51: Every person who is over 16 years of age and is not qualified to receive an age benefit, shall be entitled to a benefit under this part of this act who satisfies the Commission

- (a) That he is unemployed;
- (b) That he is capable of undertaking and is willing to undertake suitable work;
- (c) That he has taken reasonable steps to obtain suitable employment;
- (d) A married woman shall be entitled to a benefit under this section only if the Commission is satisfied that her husband is unable to maintain her.

Section 54 (2): The Commission may in its discretion postpone for such period, not exceeding six weeks, as it

¹ NZ Statutes, *Unemployment Act 1930*, s.20 (4).

thinks fit, the commencement of an unemployment benefit, or as the case may require, may terminate any such benefit, in any of the following cases, namely: -

- (a) If the applicant has voluntarily become unemployed without a good and sufficient reason; or
- (b) If the applicant has lost his employment by reason of any misconduct as a worker; or
- (c) If the applicant or beneficiary has refused or failed, without a good and sufficient reason to accept any offer of suitable employment;.

These sections were maintained as they were, until a small amendment in 1972, which added to the above section: "(d) The applicant has failed to take reasonable steps to obtain suitable work".

By 1980, unemployed beneficiaries were required to report regularly to the Department of Labour as a condition of receipt of benefit. These requirements were not due to legislative amendment to the Social Security Act; rather, they were a policy initiative, theoretically enabled by Section 51(b) and (c). Reporting was supposedly evidence of taking reasonable steps to obtain employment.

1990s changes.

The substantive changes which marked the beginning of implementing stricter requirements on unemployed beneficiaries, and harsher penalties for work test failure were established by Finance Bill No. 6 introduced in 1991. Although extending the work test to widows, DPBs and spouses of unemployed beneficiaries whose youngest child was seven years old, had been mentioned in the December 1990 Economic Statement as well as in 'Welfare that Works', these requirements were not included in this Bill.

It can be seen that the legislative changes which began to take place from the beginning of the 1990s, effected the revival and refining of the existing work test principles, by placing them firmly in a legal context.

The 1991 changes enabled the reductions in benefit rates. It removed entitlement to benefit for 16 and 17 year olds. It introduced the potential compulsory participation in the Community Task Force (CTF) programme for unemployed beneficiaries. Twenty six week stand down for failure to comply with directions to attend job interviews or programmes without good and sufficient reason was introduced, with reinstatement made possible immediately by participation in a 'clean - slate' provision, which was specified as participation in a CTF project. It introduced a mandatory two week stand down for the commencement of benefit and a twenty six week stand down for voluntary unemployment or dismissal from employment for misconduct.

Between these changes in 1991 and the next amendments introduced in 1996, and enacted in 1997, a number of programmes were established in addition to CTF such as 'Task Force Green', 'Job Action', 'Work Focus', and 'Job Club'. They could all be made compulsory, supposedly enabled by s.51(b) and (c). These programmes were primarily for unemployed beneficiaries. 'Compass', 'Wahine Ahuru' and 'Hikoi ki Pae Rangi' were established for solo parents. They were not compulsory programmes. In addition, the 'designated doctor' system was introduced in 1995, whereby invalids and sickness beneficiaries were required to be medically assessed by a doctor appointed by the department.

The actual term 'work test' was not introduced into the legislation until 1997; this was through the Tax Reduction and Social Policy Bill 1996. The term 'work tested' appeared in the newly created category "part – time work tested beneficiary".

The following table sets out the new work test requirements for DPBs and others that were introduced through this Bill, and enacted into the Social Security Act, 1964:

| Domestic Purposes Beneficiaries | New Requirements |
|----------------------------------|----------------------------------|
| | |
| Caring for a sick or infirm | Mandatory annual interview |
| Women alone | Part time job search or training |
| Youngest child 0 – 6 years | None |
| Youngest child 7 – 13 years | Mandatory annual interview |
| Youngest child 14 years and over | Part time job search or training |
| | |
| Widows' Beneficiary | |
| | |
| No children | Part time job search or training |
| Youngest child 0 – 6 | None |
| Youngest child 7 – 13 years | Mandatory annual interview |
| Youngest child 14 years and over | Part time job search or training |
| | |
| Unemployment Beneficiary Spouse | |
| | |
| No children | Full time job search |
| Youngest child 0 – 6 years | None |
| Youngest child 7 – 13 years | Mandatory annual interview |
| Youngest child 14 years and over | Full time job search |

These changes were accompanied by regulations which set out the conditions for exemptions from the requirements. This Bill made it explicit that work tested

beneficiaries must register with the NZES and comply with their requests regarding job and training referrals. This closed a loophole in the law whereby a sanctioned beneficiary could appeal on the grounds that while the policy inferred that registration with NZES was evidence of actively seeking work, it was not compulsory in the law, thereby allowing the beneficiary to provide other evidence of actively seeking work, apart from registration with NZES. Twenty six week stand downs were reduced to thirteen weeks for voluntary unemployment, dismissal for misconduct, and failing the work test.

The greatest changes to the legislation were the result of the two Bills introduced in 1998; Social Security Amendment Bill (No. 5), and the Social Security (Work Test) Amendment Bill. These have significantly altered the Social Security Act 1964. These amendments have resulted in the addition of approximately thirty new sections into this legislation that pertain to new criteria for various benefits, work test conditions and penalties and sanctions.

There is no speculation required as to the government's intention and aims of the new legislation; these are completely explicit in both Bills and loaded with subjective assumptions. It was considered appropriate here to quote the 'General Policy Statement' in its entirety:

The measures contained in this Bill are designed to reduce long – term unemployment and benefit dependency by encouraging those in receipt of income support to take up opportunities to move into paid work. They are underpinned by the view that taking part in paid work is a prerequisite to economic independence and improves the welfare of benefit recipients and their families. The Bill also reinforces the concept that the provision of income support implies reciprocal obligations. While the State has an obligation to provide income support and employment assistance to beneficiaries, beneficiaries have an obligation to help themselves, including an obligation to seek paid work if they are able.²

The explanatory notes to this Bill which follow this statement, are at least highly presumptuous, and at the most they are patronising in the extreme. This also applies to the explanatory note in the Social Security (Work Test) Amendment Bill. To illustrate this, another example from the latter:

The Bill also replaces the existing graduated sanctions regime for work – test failure with a consistent set of

² Social Security Amendment Bill (No. 5), 1998, *Explanatory Note, Context*, p. i.

sanctions designed to reinforce the message that “if you don’t work you don’t get paid”. This helps to create an environment for work – tested beneficiaries which is as much like work as possible, in order to keep them attached to the labour market.³

The changes around work testing that were brought in by these Bills have been discussed in chapter three and they are summarised again here in greater detail:

- The Community Wage replaced all categories of unemployment beneficiaries and the sickness benefit. Applications for community wage can be made on the grounds of sickness, injury or disability, in which case deferrals from the work test may be granted. Community wage/sickness (which is the code that WINZ use), is now paid at the same rate as community wage/unemployment for all new applications from 1 July 1998. All community wage beneficiaries must sign the ‘job seeker contract’. The community task force scheme was repealed and replaced with community work.
- The ‘work capacity assessment’ and a range of changes to criteria for entitlement to the invalids benefit were introduced. The ‘work capacity assessment’ was to be a trial pilot project for, as its name implies, assessing the work capacity of invalids beneficiaries. Criteria for entitlement to the invalids benefit is based on medical confirmation that the applicant is unable to undertake fifteen hours per week of paid employment.
- Extended work testing for DPBs, widows and spouses of community wage and invalids beneficiaries. All of these can be required to attend a mandatory annual planning interview. Part time work testing is now applied to all of these when the youngest child turns six. Full time work testing applies to these when the youngest child turns fourteen.
- Introduced the concept of ‘organised activities’, which replaced the previous requirements regarding community task force, and which encompass the entire range of programmes and requests made by the department regarding job search activities, participation in programmes and community work. By using the broad term ‘organised activity’, this enables any new programmes to be established and made compulsory, under this heading.
- Grounds for deferrals and exemptions are established by regulations, with another set of regulations outlining the penalties for unsatisfactory participation in a work test activity.
- Establishment of a range of graduated sanctions for various work test

³ Social Security (Work Test) Amendment Bill, 1998, *Explanatory Note*, p. ii.

failures, such as for failing to participate to the satisfaction of the department in an organised activity, which can result in a decrease in the amount of benefit. A reduction in benefit is the mildest sanction, all other sanctions for a first failure are benefit suspension. Established a wide range of conditions around re – compliance with work test conditions after a sanction has been imposed, in order to get the benefit reinstated. Established rules regarding how the department calculate work test failures.

Critical analysis of the new requirements.

It is aimed here, to give some examples of potential administrative problems that could arise due to the complex nature of the work testing rules. This is because one of the key assertions of this thesis is that regardless of what is intended to be the aim of work test policy, the outcomes or effects rest will be substantially influenced by how it is administered.

One of the key themes, is that the nature of the penalties and sanctions, and the fairly wide and diverse range of 'organised activities' (which will also vary regionally) are fairly complex features of the legislation. If they are administered incorrectly, then this can result in undesirable consequences for both individual beneficiaries, and in terms of the aims of the WINZ institution. For example, it is intended to demonstrate the power that individual departmental (WINZ) workers, or case managers, have over their customers. Although the requirements are heavily prescribed in the legislation, there is tremendous responsibility on individual case managers to decide the nature of activities or job search requirements that are suitable for their 'customers'. The success or otherwise of the policy, is hugely dependent on the individual interaction between case manager and beneficiary, and on the case managers awareness and application of the rules. The consequence of this power imbalance may defeat the purpose of the supposed training and employment focus of the institution, the requirements perceived of as nothing more than perfunctory 'hurdles' that the beneficiary must go through, in order to retain their benefit.

The sections referred to in the following examples, are all current and are contained in the Social Security Act 1964.

- There is potential for arbitrary decisions about work testing in cases where beneficiaries undertake casual employment. This would also apply to applicants for invalids benefit. In the former case for example, what work test rules would apply to a part – time work tested beneficiary who was employed for between five and twenty hours per week on a casual basis? Or an applicant for invalids benefit under the same circumstances? The work test conditions are deemed to have been met if a part – time work tested beneficiary has regular part time work of fifteen hours or more. But the legislation does not mention where casual employment fits in, despite this

being an increasing feature of the operation of the labour market. It becomes obvious that there will be substantial differences in how the work test will be administered in many individuals circumstances; these differences will depend on the interpretations of the rules, and judgements made by departmental workers.

- When is a work test not a work test? When it is a 'work – preparation exercise' (s. 60HA). This is the term used to define the mandatory annual planning interviews for solo parents, widows and the spouses of unemployed beneficiaries, with children from babies to six years old. There is a universal format to the plans, but their content is individualised; all plans that are made are between the beneficiary and their case manager. They are presented to the beneficiary as being in the nature of a contract between themselves and their case manager. Failure to comply, including failing to complete the plan, can result in a sanction being imposed, specifically, a reduction in benefit. The types of things that are known by the writer to have been included in plans that the beneficiary has agreed to are: to investigate childcare costs with a view to undertake training, go on a course or undertake training, seek budgeting assistance, look for part – time work, provide evidence at a follow up meeting of part – time job search. The extent to which plans are monitored would be up to the case managers in each case. This again results in many inconsistencies in terms of vigilance of monitoring. It also highlights the issue that all beneficiaries are work – tested, despite this particular requirement having its own definition as a 'work preparation exercise'; it has all of the elements of the work test, specifically because sanctions may apply. The inference entailed by this law, is that an individual with pre – school children is unemployed, even if they are a primary caregiver.
- A similar issue arises with deferrals. Section 107 establishes that a deferral of all or any part of a person's work test obligations can be applied for and granted. Deferrals can be granted on the grounds of sickness, injury or disability, or on grounds set out in the regulations. The section states that the department can still require a person who is granted a deferral, to participate in one or more specified organised activities. This excludes community work; such exclusion is found in another section. It is established that a deferral can be granted for a time, and on conditions established by the department. Again, decisions regarding conditional deferrals may be both arbitrary and inconsistent, since it is apparent that it can be left up to the judgements of individual case managers, as to whether or not a person should participate in an organised activity. No cases of conditional deferrals have been identified by the writer. However, the inference of this piece of legislation is that deferred people can still be work tested, despite the provision of a medical certificate. It appears that the way that this is actually administered, is that if a person provides a medical certificate, and they are categorised as community wage/sickness, they are fully deferred from their work test

obligations. However, this is merely an observation based on experience of beneficiaries advocacy in one particular area. The point is, is that the law provides potential scope for both strict, but random imposition of the work test, as well as vigilant monitoring of community wage/sickness beneficiaries.

- This issue is also applicable regarding the granting of exemptions. Section 105 outlines that exemptions can be granted on any ground specified in the regulations, but that they can be granted for a time and on conditions established by the department. Exempted beneficiaries can be requested to attend and participate in an interview as specified in the section pertaining to organised activities. Sanctions apply “as if the person were a work – tested beneficiary and as if the interview were an organised activity” (s.105(6)). So in reality, people granted deferrals or exemptions from the work test can still be work tested. There is much potential for administrative confusion in the application of these requirements, for example, on what basis would it be decided to be appropriate to require a deferred or exempted beneficiary to undertake a work test activity? Again, no cases have come to light where this is an issue. However, it highlights the scope of administrative power that the department holds over beneficiaries.
- The exemption and deferral rules are linked to the work testing of invalids beneficiaries. The potential work testing of invalids beneficiaries is made explicit in section 39F and section 45. The former is in relation to applications for invalids benefit; it is stated that these applications are “to be considered in the context of the expectation that people of working age support themselves directly or indirectly through employment, and that other measures are available for people who are temporarily unable to support themselves”(s. 39F(2)). There are no qualifying sub – sections to this, so it is difficult to determine the legal or administrative implications for invalids benefit applicants of “the context of the expectation”. It appears to simply be a statement, inferring that invalids beneficiaries are included in the overall legal requirement that all beneficiaries must be orientated towards participation in the labour market. The latter section 45, establishes that an invalids beneficiary can be required to participate in activities, including vocational training but not work, if the department considers that it would “improve the person’s prospects of obtaining employment or moving towards independence” (s.45(1)). Failure to participate can result in a sanction. This is not specified as an ‘organised activity’ pursuant to section 110, so the nature of the activity that may be required is unclear. The administration of these requirements are left up to the responsibility of individual case managers. This entire section is extremely problematic in terms of its interface with the application of exemptions.
- Sections which outline the purpose of the work test (s. 101), and the specifications of ‘organised activities’ (s. 110), contain the words ‘self –

reliance' and 'self – betterment', which are two of the more subjective terms out of many throughout this legislation. The 'organised activities' are in reality most of the programmes that have been in existence throughout the 1990s. The context of these terms is that a person can be required to undertake 'organised activities' that are deemed to encourage or result in 'self – reliance' or 'self – betterment', among other things. An amendment was included to the section regarding appeals against decisions; an appeal cannot be submitted against any decision made by the department pursuant to section 110, regarding the purpose of organised activities (s.12J (4)). It is still possible to provide good and sufficient reason for not participating in an organised activity, but this cannot be on the grounds of the nature of the activity itself, such as that it will not achieve 'self – reliance' or 'self – betterment', as the section purports is the purpose of the organised activities and the work test generally. Under the circumstances, it is not difficult to see why it was necessary for the government to ensure that appeals could not lie against the organised activities and their purposes specified in the Act. This is because it then would have had to hear appeals requiring interpretations of terms such as "self – reliance" and "self – betterment", which are far from self – evident.

- Sections 94 and 95 pertain to the job seeker contract. It is a requirement that all community wage beneficiaries sign the job seeker contract. This includes applicants for community wage/sickness who may be deferred from their work test obligations. The job seeker contract states that the beneficiary has reciprocal obligations which arise from the receipt of the benefit and which requires them to be subject to the work test:

"This contract outlines the obligations and responsibilities you have when you apply for and accept a benefit with work – related responsibilities or when you are a work – tested partner of a person that applies for a benefit. When you sign this contract, you accept these responsibilities and agree to carry them out to maintain and improve your employability".⁴

Section 95 outlines the requirement for other work tested beneficiaries, apart from community wage recipients, to sign the job seeker contract. Exempted beneficiaries are not required to sign the job seeker contract, as all work tested beneficiaries are required to do, but they can be required to participate in an activity for which failure to do so can result in a sanction being applied as if they are a work tested beneficiary.

These are some examples that illustrate the potential for inappropriate, arbitrary and inconsistent applications of the work test rules. One of the strongest themes to emerge which is also pointed out in the research by the Wellington Peoples

⁴ WINZ, Job Seeker Contract.

Resource Centre, is that assisting people with their training and employment needs, requires skills and knowledge, and it is doubtful that WINZ employees are trained to have this expertise.⁵ WINZ employees who were employed under NZISS to administer benefits are now required to also 'case manage' their customers towards independence, and WINZ employees who were formerly employment advisers with NZES, are required to also administer their customers benefits.

The following is stated in the Ministerial Post – Election Briefing Paper on income support in 1996, regarding the Social Security Act:

The present legislation is unnecessarily complicated, extremely complex, lacks consolidation with other legislation, is difficult to use and contains a number of weaknesses and redundant sections. In April 1996 further major and complicated changes were made to the Social Security Act as part of the tax reduction and social policy programmes.

There is an urgent need to review the legislation to make it user friendly, easier to access and in plain English.⁶

The amendments to this legislation established in 1998, could not have been more complex and user unfriendly if they had tried. Legislation is often not made more "accessible" when it is substantially added to. The post – election briefing paper indicated that policy would be established which would increase the compliance requirements for beneficiaries. This would in turn, necessitate the increased monitoring of these requirements. In other words, if more extensive and targeted conditions are considered necessary, then this requires more legislation that is likely to be more complicated, rather than less.

The nature and extent of the legislation reflects specifically, the shift that has taken place away from welfare rights and towards strictly prescribed conditions for receipt of benefit, or obligations. It is extremely doubtful that most beneficiaries are aware of the exact extent of their rights and obligations under the Social Security Act, and detailed awareness of the law that they are administering, is not prevalent among departmental case managers. As a result, the system of administration itself becomes the focus, in terms of the actual effects of the policy. That is, where the policy seeks to achieve a reduction in long term unemployment and benefit dependency, what it actually succeeds in doing, is creating extra tiers of confusing administrative requirements, with added confusion for beneficiaries whose circumstances do not neatly fit into the

⁵ Matthews, Ross and Ruth, Wellington Peoples Resource Centre, *'Help or Hassle: The Experience of Mandatory Interviews'*, 1999, pp. 24 – 25.

⁶ Post – Election Briefing Paper, 1996, *Social Welfare in New Zealand: Income Support*, p.22.

prescription, and too much potential for errors of judgement. The general effect as pointed out by Dean; 1996, King; 1995 and Matthews, Ross and Ruth; 1999, is that the claiming process itself, can become the overriding concern of both the beneficiary and the institution. Success in terms of training or employment outcomes, becomes peripheral to this task.

Social security provision is embodied in a technical legal and administrative process, indicating that unless a person knows their legal rights, then their access to 'welfare rights' may be very limited. Dean sums up the importance of the law in terms of how it defines welfare rights:

To the extent that welfare rights founded in social legislation are inevitably embodied in legal form, it can be difficult in practice to sustain a distinction between welfare rights and legal rights.⁷

It has been shown here how the work test legislation attempts to express particular social policy aims, primarily emphasising the 'reciprocal obligations' of beneficiaries. As identified by Wilson (1997), the way in which this type of legislation is administered, will be one of the variables which will determine, or mediate between, the actual and the intended effects of the policy. Given the essentially coercive legal framework of the requirements, it is asserted in this study, that it is this factor of compulsion which primarily shapes the relationship between the individual and the institution. By doing so, the goal of the institution to provide an effective training and employment service function, has less significance.

In conclusion, it was aimed to demonstrate in this chapter, the nature of the work test related law and policy and the overwhelming amount of cross – referencing that is needed to determine the exact requirements to be met for each category of work tested beneficiary. While it may be an aim of the work test policy to increase employment opportunities or job search activity, this aim is likely to conflict with the need of the institution to administer and monitor the compulsory and punitive aspects of the work test. The administrative and legal aspects of the work test will have the most impact on work tested beneficiaries, and any employment outcome may be marginal to this fact. This law and policy seeks to influence the labour market through intensive intervention (individualised assistance), which is complicated, and which is underlined by the power of the institution to reduce or cease payment of benefit.

⁷ Dean, H. *'Welfare, Law and Citizenship'*, 1996, p. 8.

CHAPTER FIVE.

THE WORK TEST IN SOCIAL THEORY.

The underlying principles of the work test.

In terms of its location in social theory, the principles upon which the work test is based are linked to notions and definitions of work itself and especially analyses of the labour market, within the framework of a market – based economy. It is also relevant to theories regarding citizenship, especially where the concept of citizenship has implications for the provision of social welfare. In its practical sense, the work test in New Zealand exists as a piece of welfare administration prescribed in law through the Social Security Act.

If we use Oliver's broad definition of social policy as: "...all those things deliberately done by government to promote wellbeing and to limit the effects of misfortune" (1988:3), then analysis of any aspect of social welfare policy, requires examination of what is "wellbeing" and "misfortune" (theoretical or a priori questions), and how are these things expressed by what is "deliberately done" (an empirical question). So, social theory is necessary for providing explanations about the nature and aspects of welfare states, and empirical description is also necessary to complete any analysis of social policy.

It is asserted that the work test is one of the most enduring features of modern welfare states. Robert Pinker (1971:49) and others (Dean;1992, King;1995) have identified the English Poor Law of 1834 which established the 'workhouse system', as the original precursor to today's work test. Pinker claims that the Poor Law is the point from which the study of social administration and social policy itself begins, as well as the point around which most of the debate regarding the nature of social policy is centred: "The origins of the discipline [of social policy and social administration] and all the great normative disputes about social policy which are still pertinent today derive from the new Poor Law of 1834".¹

The work test is based on broad principles and it is fundamental to past and present welfare ideology and policy. It has arisen and endured as an expression of the importance and centrality of employment, or waged work, to society. The extent and type of welfare assistance provided to the unemployed, is underpinned by the theoretical link that has evolved between paid work and welfare in its general sense; this link is based on the presumption that individual physical and material security (welfare), is best obtained by 'working for a living' or 'earning a living'. "Dressed up as an obligation consistent with a liberal conception of citizenship, this "work ethic" is an inescapable (and often grinding)

¹ Pinker, R. *Social Theory and Social Policy*, 1971, p.49.

necessity for survival.”²

The ability to and the importance of obtaining paid employment necessary for survival is derived from the theory of the self-regulating market economy. Polanyi states: “[economic liberalism] evolved into a veritable faith in man’s (sic) secular salvation through a self-regulating market”.³ The political justification for the work test has always been based on a general acceptance of the structure of liberal market economic relations; it is presumed that the labour market is the means by which people should aim to earn their living, either through wages or private enterprise.

Policy responses to unemployment, such as the public works and relief works which were underpinned by the work test, were essentially measures that were compatible with market processes; that is, they were measures which reinforced the labour market as the appropriate vehicle through which individual economic independence is gained.

Eichbaum talks about two approaches in policy on employment and unemployment which he identifies as the ‘market managed’, or Keynesian model and the ‘market liberal’ model.⁴ Both retain work testing policy, but they reflect slightly different values in terms of how the labour market and the economic market are viewed: “Whereas the market managed model suggests that unemployment is *involuntary*, the market – liberal model view is that unemployment is *voluntary*.”⁵ The difference between the two in a practical sense, may only be in the level of coercion or vigilance with which the work test is administered. Unemployment welfare policy has always been directed towards establishing objective evidence of inability to participate in the labour market, or evidence of willingness to participate, before welfare assistance can be given.

The subsequent ability of the state to withhold welfare assistance for failing to meet work test requirements is viewed by some as essentially a coercive measure, which functions solely to both enforce and reinforce work norms (Dean; 1991, Piven and Cloward; 1971). That is, any social function fulfilled by provision of benefit for unemployment, is secondary to its primary function as a coercive measure. Pinker’s definition of the early form of the work test as “the statutory and practical expression” of “certain forms of normative theory, which sought to explain and justify a new kind of competitive and industrial order”, is entirely applicable in a contemporary context, although the basic form of the competitive and industrial order referred to is not new.⁶

² King, D. ‘*Actively Seeking Work*,’ 1995, p. xi.

³ Polanyi, K. ‘*The Great Transformation*’ 1944, p.135.

⁴ Eichbaum, C. ‘*Employment and Unemployment: Policy Options in a Market Economy*’ in Birks, Chatterjee (ed.) ‘*The New Zealand Economy; Issues and Policies*’ 1997, p.205.

⁵ Ibid, p.205.

⁶ Pinker, *op cit* 1971, p.49.

The endurance of the work test in welfare is evidence of the resilience of the structure of the liberal or free-market economy. Historical institutionalist explanations for the work test assert that it is the nature of the institutions that have evolved around this structure which have profoundly influenced the type of policy implemented (Clasen; 1994, King; 1995). The particular entrenched institutional arrangements which have arisen around the administration of the work test demonstrate the distinctive way in which welfare for unemployment is dealt with, compared to other institutionalised forms of welfare. That is, welfare benefits on account of unemployment have always been a contentious type of social security provision, compared with provision for old age or invalidity and the eligibility conditions surrounding these. Thus:

By contrast, the cause for becoming and staying unemployed is not only harder to establish and to control administratively, but also requires a shift in the perception from voluntary unemployment to joblessness outside of individual control.⁷

So, explanations for the work test which focus on the structure and theory of economic relations, labour markets and welfare institutional organisation, are reasonably adequate in terms of understanding the way in which unemployment welfare policy has evolved and the underlying principles upon which work test policy is based.

However, the work test reforms were extended to a wider group of beneficiaries than the unemployed and this has had two effects. One which is to link the concept of 'reciprocal obligations' (of beneficiaries) with the concept of citizenship, and the other is that by doing so, all beneficiaries have become theoretically defined as either unemployed or exempt (from the work test). This aspect of the reforms requires an examination of arguments regarding concepts of citizenship and 'welfare dependency'.

Theoretical Minefields.

There is a point at which social theory regarding the welfare state which is derived from opposing political viewpoints, utilises the same method of analysis and reaches a similar conclusion, but ascribes vastly different meaning and rationale to the overall verdict. For example, Pierson (1991:9 – 11), talks about the similarities between two of the opposing 'grand theories', Marxism and "classical political economy", in terms of their analyses that the welfare state is an incongruity of the capitalist economic structure. He states that "what they share is a common belief that the 'steady-state' welfare capitalism of traditional

⁷ Clasen J. *Paying the Jobless*, 1994, p.12

social democratic analysis is untenable.”⁸ In other words, both theories are essentially opposed to the welfare state but for different reasons. Pierson also introduces his discussion of the various social theories around the subject of welfare states, as a “minefield of competing explanations” (ibid: 5).

It was intended in this study, to research literature which made direct reference to work testing or similar policy, and to examine the theoretical context of this discussion, rather than attempt to summarise differences between various wide – ranging social theories. This was because while perspectives on work testing may be inferred from a lot of social theory, such inference would be merely presumptuous where no direct reference to the policy itself, is made. Also, where specific mention about work testing is made in social theory, it was generally identifiable as derived from one or the other ‘meta – theories’; Marxist or neo – Marxist, (Bedggood; 1998, Rudd; 1997, Dean; 1994, 1996) and classical economic theory or neo – Liberal (Green; 1996, Mead; 1996, Murray; 1984). There is plenty of New Zealand literature which is critical of the reforms to welfare generally over the last two decades (St. John; 1994, Kelsey; 1995, Boston et al; 1997, Hyman; 1997). More detailed critical analysis of the compulsory community work for benefit scheme is provided by Higgins (1999), Adams (1997) and Bedggood (1998).

The idea of no compulsory work testing requirements at all in welfare, is found in theory which is also prescriptive and which advocates for a ‘universal basic income’ (Parijs; 1992, Rankin; 1997); that is, welfare benefit for everybody without means testing or work testing. There is a growing interest in this idea in New Zealand; a conference was held here with the universal basic income as the theme in 1998. The underlying theory behind this concept is based on human rights and the recognition of economic rights as one of the defining features of citizenship.

In a practical sense, political differences in how the work test policy is administered, are not necessarily significantly apparent. For example, the difference between a Labour government’s and a National government’s administration of work testing, may only be in terms of the level or amount of coercive requirements that they view as necessary in order to achieve the efficient functioning of the welfare system. This is also demonstrated by the various political parties’ policies leading up to the election: National would maintain the existing structure, the Labour Party seeks to abolish work for benefit and work testing for sickness beneficiaries (but would presumably maintain other work test requirements), the Act party would seek to expand the work for benefit scheme and increase compulsion, the Alliance party would abolish work for benefit, and remove punitive sanctions, and the New Zealand First party would “[expect beneficiaries] to contribute to community in return for

⁸ Pierson, C. *Beyond the Welfare State?* 1991, p.49

state payment".⁹ It is reasonable to assume that all of the political parties would retain some form of work testing, should any one become the government.

In reality, if work testing were completely abolished, this would transform the welfare state, or at least a major part of it. Although such transformation may be the ultimate goals of both neo – Liberal and neo – Marxist theory, the prescriptive theory in opposition to work tested welfare, comes from the proponents for 'universal basic income'.

The neo – Liberal literature.

The term neo – Liberal is used in this study, in a general sense, to encompass ideology based on classical economics or liberal – market economic theory. Other terms for ideology of the same theoretical derivative are neo – Conservative or New Right.¹⁰

It is suggested that neo – Liberal ideas have had the most prominent influence, in terms of articulating opposition to many of the assumptions upon which post – war welfare states developed and expanded.¹¹ Haworth claims that the break down over the last two to three decades, in what he calls the 'traditional accommodation' of the state, left a policy vacuum which neo – Liberal policies could easily fill.¹² It was successfully argued that the expansion of the welfare state was one of the factors of disruption of the 'self – regulating' economic market.¹³ As a result, a moral imperative arose from this observation, embodied in the work test and its link to the concept of citizenship, which itself is now synonymous with 'reciprocal obligations' (if you are a beneficiary), and which need to be enforced. The policy is essentially driven by moral and subjective assumptions regarding peoples' behaviour, within a social and economic structure which has entrenched welfare. The neo – Liberal justification for the work test reforms therefore, rests on subjective determination, regarding beneficiaries' behaviour.

It has been claimed that the expansion of the welfare state, has undermined peoples incentive and motivation to participate in the labour market. (Douglas; 1993: 196 – 200, NZBR; 1990: viii, Prebble; 1999). This is backed up by the argument that this must be the case, because there has been economic growth but no corresponding decrease in numbers of benefit claimants; the "welfare conundrum" (Strategic Directions; 1996). So, proponents of increased work testing and work for benefit, base their support of such policy not only on the

⁹ NZ Herald, 18/10/99, p.11.

¹⁰ Pierson, C. *op cit*, 1991, pp. 40 – 45.

¹¹ Pierson, C. *op cit*, 1991, p.40.

¹² Haworth, N. in Sharp (ed.), '*Neo – Liberalism and Economic Internationalism*', 1994, p.23

¹³ for example, Business Roundtable; 1990, *foreword*, pp. 1 – 6, claims that 'rigidities' of the labour market and the structure of the welfare benefit system itself, can contribute to or cause unemployment.

premise that individuals' participation in the labour market is an economic and social imperative, but on the corollary that more coercion (with less welfare) is necessary in order for people to retain, and regain, the work ethic. In this way, the intensive state intervention required to administer such measures, is justified. This is in spite of the fact that a major part of the neo – Liberal criticism of the welfare state focussed on the extent to which the intervention of the welfare state undermined individual choice and therefore, individual freedom (Government Management, 1987).

Insofar as the economic reforms entailed a reappraisal of the role of the state in terms of many of its traditional functions, the highly interventionist nature of the work test policy appears to be at odds with the overall non – interventionist approach of the other reforms. This fact has not escaped the attention of critics: "Paradoxically, the quest for less government via greater targeting [of social welfare] will increase the intrusiveness of the state".¹⁴ Also, Sharp talks about the dual and contradictory and simultaneous processes of state "withdrawal" and "encroachment".¹⁵

The neo – Liberal literature which either infers or directly supports increased compulsion in welfare administration, emphasises moral considerations as its rationale for such support: "The welfare problem is moral as well as financial. Welfare programmes have tended to impair human character, above all because they have undermined the older ethos of 'community without politics'"¹⁶ Also:

The very existence of a welfare system was assumed to have the inherent, intrinsic, unavoidable effect of undermining the moral character of the people ...a welfare system was perpetually in danger of tilting the balance in favor of the easy way out.¹⁷

The idea that welfare is demoralising because it seeks to be 'objective', and has therefore become devoid of any 'moral code', is articulated by Morgan:

Society's submersion of moral principles and its loss of the vocabulary to express the moral values it still holds at least implicitly, is in some measure partly to blame. The process of "objectifying" reliance on welfare – not seeing it as the result of loss of an important moral code but rather as arising from some impersonal economic forces is a manifestation of this process. By accepting

¹⁴ Boston, J 'Targeting: Social Assistance for All or Just For the Poor', in Boston and Dalziel, (eds), *The Decent Society?* 1992, p. 97.

¹⁵ Sharp, A. (ed) *Leap Into the Dark*, 1994, p.2.

¹⁶ Green, D. *From Welfare State to Civil Society*, 1996, p.1

¹⁷ Murray, C. *Losing Ground: American Social Policy 1950 – 1980*, 1984, p.16

beneficiaries as of no different status to income earners, the demoralising of low – income earners is assured.¹⁸

These types of analyses essentially became articulated as the problem of 'welfare dependency'. In the New Zealand literature, neo – Liberal critics of the welfare state argued that aspects of the benefit system create a disincentive to work, and so reforms were needed to address this negative aspect of benefit provision (Morgan; 1995:2, Douglas; 1993: 40-41, 61, Prebble; 1996:16-18). Although these writers critical approach is centred on the issue of disincentives in the welfare system, there is also a moral basis to this approach; which is that because of the disincentives in the system, many beneficiaries have lost the work ethic and benefits have become a lifestyle choice. So, although they do not necessarily state their direct support for increasing and expanding work test requirements, it can be inferred by their suggestions for overcoming the problem of the 'perverse incentives' created by the benefit system. For example, although Morgan states: "The best Government can do is to prevent economic destitution by providing last resort financial assistance", he also advocates: "lowering benefits to levels that are substantially below those of the lowest earned incomes", and "[policy] retaining the targeting approach but strengthening the policing of payments by imposing a higher degree of accountability on recipients....".¹⁹ And although the focus of Douglas's policy suggestions towards resolving the incentive problem was the Guaranteed Minimum Family Income, he also suggests that benefit provision could be provided for limited periods of time, and then: "Those who have not found work at the end of the prescribed period are then placed in training programmes or on a lower rate of benefit".²⁰ So in both, their latter suggestions for welfare benefit policy reform require greater government involvement in the establishment and monitoring of conditions for benefit receipt.

By contrast, the more extreme neo – Liberal, Dr. Green, advocates that unemployment benefit ought to be administered by the NZES, including compliance with certain requirements as a condition of receiving benefit, but he also states: "Attaching conditions to benefits can be useful, but because the conditions are to be enforced by public officials (whether in one agency or two) any such scheme will inevitably take on a mechanical character".²¹ Green's overall theory is that government should not have a central role in the provision of social welfare, and instead, this function is properly the role of private charity or voluntary organisations. He therefore suggests:

A better alternative would be to combine state aid with a

¹⁸ Morgan, G. 'Families, Morals and Welfare's Role', Soc. Pol. Journal of NZ, Iss.4, July 1995, p.8

¹⁹ Ibid pp. 11 – 12.

²⁰ Douglas, R. 'Unfinished Business', 1993, pp. 69 – 70.

²¹ Green, Dr. D. *op cit*, 1996, p.127.

system of referral to wholly independent voluntary agencies. Government agencies should be primarily concerned with constructing exits from benefit dependency. They should not apply mechanical tests or mechanical incentive systems, but encourage a personalised programme of skills involving voluntary agencies.²²

He does however, expect that the voluntary agency would provide more "personalised help" and would establish conditions based on "mutual agreement".²³ Interestingly, one of the rationales for services provided by voluntary organisations is that: "A face – to – face relationship with a voluntary association worker will not have the same corrosive effect as a relationship with a public official."²⁴

One of the most articulate neo – Liberal writers on why work or training should be made compulsory for beneficiaries is the American, Lawrence Mead. The basis of his argument is that poverty in America is essentially 'attitudinal', and it is because poor people have a lower work ethic than others:

Nonwork – by which I mean failure to work or look for work by the employable – is the immediate reason for destitution and dependency among most of today's working – aged poor, who are the most controversial of the needy. For mysterious reasons, poor adults no longer work as regularly as they once did, a fact too often neglected.²⁵

He therefore suggests that; "To raise work levels, an effort to *enforce* work is unavoidable".²⁶ Mead contends that many theories which attempt to explain poverty or unemployment as the result of systemic or structural failure that is predominantly economic, are incorrect. This is because of evidence of economic growth, and job growth. Therefore, the poverty problem is primarily because of poor peoples' attitudes to work. Mead is extremely enthusiastic about compulsory programmes and the enforcement of employment and he claims that evaluations of mandatory work programmes are "promising", in terms of improving participants attitudes towards work. He states:

If society merely wanted to get tough with the poor, it

²² *Ibid*, p.127

²³ *Ibid*, pp. 128 – 129.

²⁴ *Ibid*, p.129.

²⁵ Mead, L. '*The New Politics of Poverty*', 1992, p.5.

²⁶ Mead, L. '*The Non – Working Poor in America*', paper presented at 'Beyond Dependency Conference', Soc. Pol. Jnl. of NZ, Iss. 8, March 1997.

could achieve this simply by abolishing welfare. Rather, workfare is a paternalist policy. It joins benefits that poor persons need with requirements that they function in improving ways.²⁷

In New Zealand, the neo – Liberal view reflected in the policy regarding work testing and work requirements for beneficiaries, is best articulated in government policy monographs such as ‘Government Management’ (1987), ‘Welfare that Works’ (1991), ‘Welfare to Wellbeing’ (1994), and ‘Strategic Directions’ (1996). These documents have been referred to in the previous chapter. The content of these documents in terms of many of the subjective assumptions that are made about the effect of provision of welfare benefits on recipients’ behaviour, includes references to and reflects the influence of, American neo – Liberal ideas such as those advocated by Lawrence Mead and Charles Murray. The neo – Liberal influences on the reforms to welfare in New Zealand since 1984, have been summed up as effectively “remoralising welfare”, and the work test reforms are the greatest example of this.²⁸

There are major problems with the neo – Liberal theoretical links made between welfare and morality. Some research relating indicates that it is impossible to over – simplify the complex interaction between incentives and disincentives, and benefits and labour market participation (Wilson; 1996, Shaw and Walker; 1996). The evidence would appear to lean more towards primarily objective and structural conditions, rather than a ‘welfare mentality’, which contribute to the need or demand for welfare benefits.

The critical analysis.

The work test policy is a perfect example of the ‘commodification’ of labour, which is a concept derived from Marxist theory, and which has been used to provide the basis for a generalised explanation for the evolution of welfare (Offe; 1984, Gough; 1979). It is a concept which relates to the importance of policy that is established to meet the requirements of the capitalist economy; that is, ‘commodification’ is primarily reflected by the extent to which social policy functions to reinforce labour power as a market commodity, the usefulness or otherwise (of labour), determined by the needs of the free market economy.

Such an analysis is summed up by the following quote from Offe: “We suggest that one such hypothetical point of reference for the functional explanation of social policy is: social policy is the state’s manner of effecting the lasting transformation of non – wage – labourers into wage labourers.”²⁹ Transforming

²⁷ Ibid, p.15

²⁸ O’Brien, M. ‘To Market, To Market to Buy A ...?’ in Dean and Woods (ed.) *Social Policy Review* 11, 1998, p.248

²⁹ Offe, C. ‘Contradictions of the Welfare State’, 1984, p.91

non – wage labourers (work tested beneficiaries) into wage labourers is certainly the primary aim of the work test.

“Commodification” of labour is a structural analysis which is based on the premise that the principal function of the welfare system is to reinforce participation in the labour market as a social and economic imperative, consistent with the nature of capitalist economic relations. As such, the operation of the market becomes the central focus of almost all policy, and the labour market is viewed as just another aspect of the economic market; which is that labour is a commodity to be exchanged, involving buyers and sellers.³⁰ Labour market policy then, may impose or restrain minimum legal requirements in respect of employment and unemployment conditions. Although the work test is a specific function of social welfare policy, it is also part of an overall strategy closely linked to labour market policy.

The extent to which social and economic policy is orientated towards the acknowledgement of, and mitigation of inequalities which exist in the market, is the primary indicator of the type of welfare state that exists. This analysis is developed by Esping – Andersen (1990), who uses it as a basis to identify “three welfare state regimes”; universal, social democratic, and liberal or residual. These three ‘types’ of system are identifiable by the degree or extent of ‘commodification’ reflected by the policy. He talks about social policy which effects “de – commodification”: “De – commodification occurs when a service is rendered as of right, and when a person can maintain a livelihood without reliance on the market”.³¹ Welfare as of right, based on citizenship, indicates a truly universal system, which, it is pointed out, has never existed in New Zealand, or anywhere else (Prebble, M. 1991, Castles 1985). The opposite to this is residual, where welfare may be entirely left to private charity, or rigorously means – tested in order to relieve destitution but not relative poverty. The social democratic model is obviously in between; some aspects of welfare provision may be universal, and some may be strictly targeted.

Increased means – testing, targeting of welfare benefits and increased work test requirements, are therefore evidence of a shift more towards a residual type of welfare system than one which is universal, or orientated towards welfare as of right, regardless of an individual's economic power or their status as employed or unemployed. “In other words, social needs (for example, to enjoy a healthy and happy life) are not subordinated to or dependent upon a person's economic power or status in the labour market”.³² The reforms to work test policy are described as signifying a “dramatic shift from welfare rights to market rights.”³³

³⁰ NZ Business Roundtable, *‘Unemployment Realities and Illusions’*, 1990, p.viii, pp. 6 – 7.

³¹ Esping – Andersen, G. *‘The Three Worlds of Welfare Capitalism’*, 1990, pp. 21 – 22.

³² Rudd, C. *‘The Welfare State’* in Roper and Rudd (ed) *‘The Political Economy of New Zealand’*, 1997, p.238.

³³ Bedggood, D. *‘Beyond Dependency or Beyond Capitalism’*, 1998, p.8.

A detailed critical analysis of the shift from what is termed a 'soft' to a 'hard' workfare regime is provided by Higgins (Boston et al. 1999). A 'hard' workfare regime is defined as compulsory work for benefit, while a 'soft' workfare regime is defined as a range of activities including compulsory job search or training programmes.³⁴ Higgins analyses the new community work for benefit scheme in the context of a contradiction between the underlying principles of the scheme itself and its anticipated employment objectives, with particular emphasis on the displacement effects of the scheme. Also, this analysis identifies the implications of the concept of reciprocal obligations as "the individualisation of the social contract" (which constrains rights to welfare) as opposed to the concept of a "collective social contract" which leans towards conferring or expanding welfare rights.

The purpose and function of the work test, as policy on its own, can be adequately explained by the "commodification of labour" framework of analysis. This is because it is aimed to reinforce the idea that individuals are duty bound to seek paid employment on the market; these are the 'reciprocal obligations', and failure to meet the obligations, can result in punishment by reduction of welfare benefit. It does not aim to mitigate inequalities that exist in the market, rather, the work test in its most coercive form, serves to convey the message that it is only the market which can adequately resolve inequality. The effect of expanding the work test, signals that beneficiaries who are 'deserving', are only those that are willing to work.³⁵ It infers that unemployment is mostly voluntary. The work test serves as a function of both micro – economic policy and social policy, focusing on compelling individuals to adjust to the imperative of the free market economy. The extension of the work test has signalled that there are more categories than 'Community Wage/Unemployed' beneficiaries who are unemployed.

Central to most of the critical analysis therefore, is the claim that the neo – Liberal ideology underlying welfare reform, disregards obvious and objective structural inequalities, inherent in the institutions of the free market (Dean and Taylor – Gooby; 1992, 27; Gray:1993; xi, Digby; 1989; 130 - 31). Dean and Taylor – Gooby (1992; 11 - 25) for example, in introducing their research which seeks to analyse and disprove many of the assumptions underlying the discourse of 'welfare dependency', point out many of the demographic and social and economic changes in 'post – modern' society that have contributed to the persistence of unemployment and poverty and therefore, reliance on welfare. In other words, their analysis seeks to explain objectively, why the need for welfare exists.

³⁴ Higgins, J. 'From Welfare to Workfare', in Boston, Dalziel, St. John, (eds), *Redesigning the Welfare State in New Zealand: Problems, Policies, Prospects*, 1999, pp. 260 – 61.

³⁵ Ibid, p.11

It is claimed that there has not been any major shift or change to the social welfare system as a result of the reforms (Prebble: 1991, 4.). But many critics have pointed out that the work test reforms specifically, contain many elements reminiscent of old policy (Walker: 1991, Adams: 1997, Dean: 1996). Certainly, although the welfare state has not been entirely dismantled, the work test policy reflects an especially regressive conceptual basis, and this is well described by Digby, who draws a comparison between welfare reform in the previous century, and the welfare debate since the 1980s:

Debates in the late 1980s on the future of welfare have some striking parallels with those in the early 1830s which forced the change from the traditional, Elizabethan system of relieving the poor to the workhouse – dominated system of the Victorians. The Old Poor Law was then discredited as a welfare system out of control, by allegations of swollen poor rates, an inefficient bureaucracy, ever – increasing pauperism and – worst of all – an ensuing welfare dependency that harmed the economy.³⁶

It is necessary then, to look at some of the arguments around the issues of citizenship, 'social rights' and 'welfare dependency' in order to explain why the policy retrenched from the discourse of welfare rights, to the discourse of 'welfare dependency'.

'Welfare Dependency' and Citizenship.

The justification for the expansion of work testing to more beneficiaries, requires an examination of how the concepts of 'citizenship' and 'social rights', have implications for the provision of social welfare and vice versa.

The concept of social rights, and the idea that they can be bestowed through the welfare state, was articulated by the classic work of British sociologist T.H. Marshall (1950). He talks about citizenship as a status held by "full members of a community", and which entails "rights and duties".³⁷ He states that there are no universal principles which determine the rights and duties, but that society will determine an ideal of these against which progress can be measured.³⁸ He viewed the political recognition of human rights as an historical progression; first was the gaining of civil rights, then political rights and then social rights, the latter measured by the implementation of social welfare measures.

Citizenship and social rights are abstract philosophical concepts and so the

³⁶ Digby, A. *British Welfare Policy: Workhouse to Workfare*, 1989, p.126.

³⁷ Marshall, T.H. *Citizenship and Social Class*, 1950, p.87

³⁸ *Ibid*, p.87

meaning and significance of these concepts have been intensely debated throughout history. Marshall (1950) links the two concepts with the provision of social welfare: "The institutions most closely connected with it [citizenship] are the educational system and the social services."³⁹ He asserts that the form of the post-war welfare state signifies a "marked shift of emphasis from duties to rights", and he asks the question: "Is this an inevitable feature of modern citizenship – inevitable and irreversible?"⁴⁰ 'Economic' and 'Social' rights are terms commonly found in the discourse of human rights. While it is a reasonable proposition to view the expansion of post-war welfare states as an example of growing political recognition of a definition of citizenship (Marshall:1963; 70 – 4, Esping – Andersen, 1990:21), the progression of welfare has always been contentious. Claims that welfare can confer social rights, or define citizenship, have always been challenged on the basis that in a liberal market economy, full economic and social rights cannot be properly achieved:

In a market economy in which no single person or group determines who gets what, and the shares of individuals always depend on circumstances which no one could have foreseen, the whole concept of social or distributive justice is empty and meaningless.⁴¹

This type of challenge has been central to the neo – Liberal argument which asserted that welfare states have failed to achieve the significant implementation of social rights, because these are idealistic and unattainable in a practical sense: "The 'belong and participate' goal is seen as an invention of the highly prosperous early seventies. In the 1990s it is seen to be unsustainable."⁴² While this appears to be an objective assessment related to fiscal considerations (the state cannot afford welfare), it is also linked to a concept of citizenship by the reference to the 'belong and participate' statement of the Royal Commission on Social Security of 1972. In other words, not only can we not afford the welfare state, but the ability of the welfare system to enable "belonging" and "participating", is an 'invention' that did not work, or at least it no longer works in the 1990s. This analysis presents a major challenge to the definition of "belonging and participating" intended by the Royal Commission. It implies that attempting to provide social welfare at a level which may enable more than subsistence, that is, which may provide individuals who must rely on welfare with enough means to also participate fully in society relative to others who do not have such reliance, is not possible. True citizenship is (rightly or wrongly), held only by those participating in the labour market. So in answer to Marshall's

³⁹ Marshall, T.H. *'Citizenship and Social Class and Other Essays'*, cited in Held, D (ed): Robertson, M, *'States and Societies'*, pp. 249 – 50.

⁴⁰ Ibid, p. 249.

⁴¹ Hayek, F. *'Law, Legislation and Liberty'*, Vol. 1, 1973, p.13

⁴² Prebble, M. *'Critical New Elements in Government Thinking'*, in G.R Hawke (ed.) *'A Modest Safety Net?'*, 1995, p.5

question as to whether or not the discourse of social rights is irreversible, the increased vigilance in respect of work test requirements, which marks a shift from the emphasis on rights and back to duties, may be a demonstration of how the discourse can indeed, be reversible. Some writers have identified the welfare reforms, targetting, means testing and work assessments as essentially functioning as methods of social control: "Piven and Cloward (1971) argued that the chief function of such programmes [he calls them public welfare programmes] was to regulate labour: they charted the cyclical nature of the development of US relief programmes and concluded that expansive relief policies were designed to mute civil disorder, and restrictive ones to reinforce work norms".(Dean:1991;2) Dean tries to expand this concept: "I shall seek to enlarge the concept of 'social control' so as to encompass, not only the suppression of civil disorder and the enforcement of work norms, but also the imposition of individual self – discipline and 'extra goodness'" (Ibid: 2).

The neo – Liberal argument maintains that individuals participating in the market is not only the 'real' determinant of welfare, but also that participation in the market is morally superior to 'dependency' on welfare (Green 1996:12 – 14, Hayek; 1982:144). It is pointed out that the link between employment and citizenship has been implicit in much of the political discourse of the twentieth century (Watts; 1996). Such an implicit link has become questionable at a time when "Un – employment and under – employment appear to now be "permanent" parts of our social and economic landscape", (Ibid; 4). Certainly, the 'right to work', which is a term used in some United Nations declarations, confirms the importance placed on employment; such importance being linked with economic and social rights.⁴³

It is argued that despite the ideological nature of social rights and the question as to whether or not they can be constituted as elements of citizenship, they are equally as important as civil and political rights, and yet they continue to be subordinate in terms of enforcement and provision (Dean; 1996, 215 – 18). Such 'subordination' is demonstrated by the procedural mechanism through which social rights are conferred; that is, the social security system, which is selective, compared with the mechanisms of universal enforcement and 'provision' of civil and political rights. It is argued that social rights are not necessarily different from civil and political rights, and that the latter are rendered meaningless if social rights cannot adequately be conferred institutionally and universally in the same way.⁴⁴

These types of arguments, inform analyses which have sought to articulate a definition of citizenship which encompasses full economic and social rights, which could be conferred through a 'universal basic income'. The idea of

⁴³ Universal Declaration of Human Rights and UN Covenant on 'Economic Social and Cultural Rights' 1966..

⁴⁴ Ravlich, A. 'Economic, Cultural and Social Rights Need Action', NZ Herald, 14/01/00, p. 9.

'universal basic income' is a reasonable proposition, given the fact that full employment is no longer a goal of policy, nor is it attainable in post – modern society:

In an age of permanent underemployment and precarious employment, basic income offers one policy response capable of renovating an older model of citizenship dependent on participation in the labour market, and underwriting a commitment to a robust regime of citizenship rights offering social security as a right.⁴⁵

This proposition militates against the neo – Liberal view that in post – modern society, the achievement of ideal forms of distribution of resources is impossible, and that it is only individuals competing in a free market which can properly determine the allocation of resources. The work test policy, with its emphasis on the employment imperative affirms this view, and as such, 'citizenship' for unemployed and beneficiaries, is equated with the discharge of 'reciprocal obligations', or demonstration of commitment to the labour market. In order to be 'citizens', beneficiaries must live on a subsistence level of income, as well as fulfil work test or 'reciprocal obligations' requirements such as working for the benefit.

The concept of 'universal basic income' is an idea still ahead of its time, in spite of recent changes to the governments of some democratic welfare states (such as Britain, Germany and New Zealand), which indicate swings against the tide of neo – Liberal ideology. It is reasonable to expect that the work test will remain for some time as an entrenched part of social security provision.

Research relevant to the work test.

This section is a review of some of the relevant research regarding the dynamics between incentives and disincentives and welfare and labour market participation. It is clear that these are extremely complex dynamics and it is claimed in this study, that the research requires us to consign the work test to oblivion, because the underlying assumptions that it is based on regarding the links between welfare, morality and the 'work ethic', are not supported by the empirical evidence.

In terms of considering what type of research was relevant to this study, it has been shown that the work test reforms were established primarily in response to two issues; unemployment and the 'benefit dependency' argument. The fact that the work testing of other categories of beneficiaries in addition to the unemployed is relatively recent, means that most of the research which deals with the links between employment/unemployment and the benefit system, tends

⁴⁵ Watts, R. 'Citizenship and Basic Income in an Age of Precarious Employment', Keynote paper presented at UBI conference, 1998, p.5.

to focus only on the unemployment benefit, in spite of the fact that it no longer exists, at least by name. Despite this, studies which focussed specifically on the relationship between the unemployment benefit system and the labour market were obviously highly relevant to the subject of this study. It is considered however, that although some of the findings of research on the relationship between unemployment benefit policy and the labour market may be applicable to all work – tested beneficiaries, it may not provide an adequate framework of analysis for the examination of the relationship between work test policy, the labour market and the Domestic Purposes Benefit for example. Or the effect on the labour market (if any) of stricter criteria for entitlement to the sickness and invalids benefit. The rationale for these aspects of the work test reforms (extension to other beneficiaries), was informed by the 'benefit dependency' argument, which was itself to a certain extent, justified by using similar arguments and analyses which justified the establishment of stricter criteria for the unemployment benefit. Research undertaken by Dean and Taylor – Gooby in Britain and the Wellington Peoples Resource Centre in New Zealand were the closest studies found which focussed on the relationship between work – tested beneficiaries, the benefit system and the labour market, using 'benefit dependency' as the framework for analysis.

Overseas studies.

One of the most specific and detailed studies that was found in relation to the administration of the work test, is a British study; 'Policing the Workshy: Benefit Controls, the Labour Market and the Unemployed'(1992). It is an extensive examination which focuses on the legislative amendments made to the British Social Security Act in 1989 in respect of work testing. In many aspects, the changes in New Zealand since 1991 regarding work test requirements, have mirrored the British approach. The study looks at whether the changes actually increased 'claimants' prospects of obtaining employment as well as whether:

....administrators of public policy have succeeded in balancing employment advice against benefit checking, or whether the fear of 'benefit scrounging' (which goes all the way back to the Poor Laws of 1834) has made the system more 'penal' than 'good' labour market policies alone would dictate.⁴⁶

The research is intensively focussed on the analysis of the administrative structure of the work test requirements, rather than their theoretical bases, although it claims that the research goes some way in disposing of the 'scrounger myth' which it claims, is the precept upon which the legislation is founded.⁴⁷ The design of the research included the examination of statistical

⁴⁶ Bryson, A. and Jacobs, J. 'Policing the Workshy', 1992, p.xi

⁴⁷ Ibid, p.xii

data on benefit suspension, penalties and appeal decisions, questionnaire for the unemployed and interviews of the unemployed, as well as structured and unstructured interviews with employers, employment advice agencies, Employment Service staff, Department of Social Security staff, and local councils. It also encompassed case study material and anecdotal accounts from Citizens Advice Bureaux. The study found the statistical data kept by the Employment Service and Department of Social Security regarding penalties and sanctions for failing to actively seek work or refusal of employment, to be severely deficient. This is certainly also the case in New Zealand; such data is not generally published and although an official information request can obtain the numbers of sanctioned beneficiaries, it cannot provide a breakdown of why the sanctions have been imposed, that is, what aspect of the work test was failed to result in a sanction.⁴⁸ The numbers of sanctions have been ascertained by answers to parliamentary questions, which may be published by the media. It appears that there are, in reality, few sanctions imposed.

In 'Policing the Work Shy', it was found that the impact of the legislation depended on beneficiaries' awareness of the changes and the extent to which changes in job – seeking behaviour increased employment opportunities, the way in which it was administered by the government departments involved, and the extent to which employers would employ the unemployed.⁴⁹ The conclusions of the study found major shortcomings of the legislation, such as that the intentions of new legislation were not being carried out and that the new procedures were not working in terms of increasing employment opportunities or job – seeking behaviour of beneficiaries. It found that perceptions of the procedures (compulsory interviewing, making 'back to work' plans etc) amongst claimants, was generally that they were of limited value in terms of obtaining employment.⁵⁰ There was a clear overall perception amongst claimants that the procedures had more to do with coercion and policing of the rules, than they had to do with the enhancement of employment opportunities.⁵¹ In other words, claimants' compliance with the rules was more in order to ensure the retention of their benefit, than it was motivated by a belief that the procedures would assist them in employment. It was also found that some of the legislative and operational procedures, served to undermine claimants' legitimate rights to benefits and this was especially so where decisions about capacity or non – capacity for work had to be made, leading to widely differing interpretations of

⁴⁸ Information obtained from WINZ head office, (by telephone, 21/7/99) stated inherent difficulties in compiling accurate data on the use of sanctions and penalties, firstly because operational systems of the new WINZ agency are still evolving, secondly because of the various levels of sanctions and penalties that exist, and thirdly, because where a sanction may be imposed, it can also be lifted by re – compliance with the requirements which may be immediate, i.e. a sanction may be imposed for a short time. It was acknowledged that it was not a specific category under which data was automatically collected.

⁴⁹ Bryson and Jacobs, *op cit*, 1992, p.4

⁵⁰ *Ibid*, p.p. 246 - 48

⁵¹ *Ibid*, p.p. 230 - 32

work capacity.⁵² It found that in reality, penalties and sanctions were very rarely imposed. However, the very existence of penalties ensured compliance with the procedures, because they were generally perceived of as threatening to individuals' only means of support. This finding, that few sanctions are actually imposed, seems to confer with evidence from New Zealand.⁵³

It is considered that overall, 'Policing the Workshy' is an extremely thorough and relevant piece of research. Its design and methodology could be easily applied to the New Zealand experience and the lack of this type of research in New Zealand is a major drawback in terms of assessing the impact of work test policy. Despite a lack of theoretical and ideological analysis in 'Policing the Workshy', its overall empirical and generally impartial approach to analysis of the work test, provides enough evidence to demonstrate the pointlessness of the policy, specifically, its compulsory and punitive aspects.

The question of whether 'work – welfare' policies improve labour market efficiency is central to the study by Desmond King called 'Actively Seeking Work?'. It is a comparative analysis of what is termed the 'work – welfare' policies of Britain and USA, and how they have historically evolved through employment service institutions in those countries. The term 'work – welfare' is used to encompass three types of government policies for the unemployed; they are the job placement function of government institutions, training schemes for the unemployed, compulsory work test conditions and the compulsory work for benefit programmes, generally known as workfare. King maintains that the unemployment programmes have failed because of the institutional arrangements which require them to be administered in the context of also policing benefit claimants. The merging of these functions (unemployment programmes as well as benefit administration), means that the focus is on unemployment rather than employment. He states:

I argue that the political origins of these programs and the way in which they were institutionalised explains the resilience of liberal tenets and the programs' inadequacies. I explain why American and British work – welfare programs emphasise the punitive experience of receiving public assistance while simultaneously failing to equip participants for effective labour market entry.⁵⁴

He states that the American and British state Employment Services have poor records in job – placement or employment outcomes because they suffer from a public perception which associates these departments with receipt of welfare

⁵² Ibid, p.p. 238 - 40

⁵³ There have been 2 parliamentary questions regarding numbers of sanctioned beneficiaries in 1997 and 1998 – they revealed 19 in 1997, and 8 by August 1998.

⁵⁴ King, D. 'Actively Seeking Work', 1995, p.p. xii – xiii.

benefits. In other words, the public employment services have become “synonymous with unemployment, not employment”, and they are known as the “dole – house”.⁵⁵

King argues that the ‘work – welfare’ programmes of these countries are defined by their primary function, which is their coercive aspect:

The defining feature of British and American work – welfare programs is the integration of the receipt of benefits initially with placement and subsequently with the discharge of either work or training activities. I argue that this linkage derived from the priorities of the political coalitions (both to advance and oppose options) influencing work – welfare schemes in each society. This integration creates an organisational bias toward the monitoring of labor and away from the enhancement of work opportunities.⁵⁶

King claims that explanations for the values inherent in both British and American systems of ‘work – welfare’, can be found through examination of the legislative history and the subsequent institutional arrangements arising from this. This perspective is known as ‘historical institutionalism’. The validity of this perspective in terms of this thesis, lies in the fact that the historical origins of the work test help to explain why work testing is an entrenched feature of welfare policy.

King’s research is based on the actual job – placement records of the national employment services in the two countries, rather than on any individual qualitative effects of ‘work – welfare’. He is clearly opposed to the concept of compulsory participation in ‘work – welfare’ programmes and he refers to research that shows that the most effective programmes have been based on voluntary participation, but there is no detailed analysis of this research (King; 1995, 198) The focus of King’s research, which is on job – placement outcomes of both the programmes as well as of the state employment services generally, does not provide an adequate explanation of why ‘work – welfare’ programmes have failed however, and so the critical focus of his argument is undermined. For example, it does not seem reasonable to assert that the poor job – placement records of the institutions is solely due to their preoccupation with administering the work test, no matter how tempting to do so, because job – placement statistics may also be simply due to general labour market conditions, specifically, increasing unemployment. That is, where there is high unemployment, it is not likely that employment services will record high numbers of job – placements; the ratio of registered unemployed to numbers of registered

⁵⁵ Ibid, p. xiii.

⁵⁶ Ibid, p. xiv.

vacancies will increase. This is a generalised but nevertheless logical criticism of the actual methodology of his research. So while King's argument is convincing in many ways, the data is unconvincing in terms of validating the argument.

The central premise of his theory, is agreed with in this study: "The most significant effect of this early organization [of the employed/unemployed labour market through department of labour institutions] arose from the political determination to exclude the undeserving from the receipt of public benefits" (ibid: 63). However, the following statement that: "This aim overrode the commitment to improving labor market placement and information" (ibid, 63), implies that without the coercive work test as a means of organising unemployed labour, job – placement records could improve. This is a dubious conclusion in the absence of any general analysis regarding the dynamics of unemployment and employment and the constantly changing nature of the labour market.

King would have been better off to take his own advice, when he points out that scholarship in the general area of welfare and welfare theory "...need[s] to be complemented by studies historically sensitive to a small number of cases..." (1995; p. xvi). The reliance on job – placement data only, fails to illustrate the impact of 'work – welfare'.

Research by Hartley Dean and Peter Taylor – Gooby attempts to refute the underlying assumptions and negative implications inherent in the popular 'Thatcherite' argument about 'welfare dependency', which they claim generally informed the changes to British welfare policy:

Social security for unemployed people changes its character. From being an apparatus designed to maintain the incomes of those out of work, it becomes a system designed to force people into work.⁵⁷

They attempt to evaluate the effects of these policy changes; increased targeting, monitoring and sanctioning of beneficiaries, which were established as a response to the 'myth' of the existence of a 'welfare dependency culture.' Their research: "Dependency Culture – The Explosion of a Myth" (1992), was based on qualitative methodology, specifically, discursive interviews with eighty five British beneficiaries. They sought to find out whether any patterns of behaviour or attitudes among beneficiaries could be identified which could indicate the existence of a dependency culture, as well as to examine some of the theoretical issues around competing ideas about social welfare, specifically in the context of work incentives, benefit sanctions and citizenship.⁵⁸

⁵⁷ Dean, H. and Taylor – Gooby, *'Dependency Culture – The Explosion of a Myth'*, 1992, p.55.

⁵⁸ Ibid, p.p 85 – 6.

The purpose of their study was to ascertain the experience of 'benefit claimants', to determine how they were affected by changes to social security laws and policy in Britain since 1989. They sought to find out, through informal interviews, if there was any evidence of a 'dependency culture' in terms of the expressed attitudes of the claimants themselves. It is stated that this approach avoids the partiality of a questionnaire based method only, because this may be limited in terms of the questions asked, and the general scope of the research. There is however, plenty of analysis of questionnaire responses and data from other research provided. So they claim that the qualitative approach of interviews: "... enables us to examine in detail how the new policies were interpreted by the claimants themselves in the context of their own lives. Both approaches are necessary to provide a full picture of the experience of claiming".⁵⁹

The respondents in this research were found by a diversity of means; some were referred by independent agencies such as Citizens Advice Bureaux and a local hostel, others presented in response to radio broadcast and local press item, and some were identified by the Department of Social Security.⁶⁰ Although the selection of respondents is not a major issue discussed in the research, the diversity in the means of selection, enabled a certain neutrality of the respondents in that no partiality in their attitudes to welfare policy could be attached by their link to any one particular agency.

Dean and Taylor – Gooby's "Dependency Culture" (1992), essentially reflects a neo – Marxist theoretical perspective, in that it proposes that relationships of 'interdependency' are established through the roles of individuals within historically particular social and economic structures, such as worker and employer, the family and the welfare state. Relationships of 'power' are the principal features inherent in these structures. This is the framework of analysis within which the meaning of dependence and independence are discussed:

Power, we shall argue here, is not inherent but largely external to the individual, being vested, if not directly or exclusively in classes, then in social structures. Where power does vest in individuals it is not by virtue of their own 'achievement', but through the dependency of others upon them.⁶¹

Insofar as a fundamental premise of neo – Liberal theory is the importance of the autonomy of the individual:

From the New Right's 'anti – collectivist' perspective, dependency is quite logically a failure of individual

⁵⁹ Ibid, p. 79.

⁶⁰ Ibid, appendix, p.179.

⁶¹ Ibid, p.152.

autonomy. However, certain forms of dependency (i.e. dependence upon the wage relation and within the family) do indeed appear as 'natural' conditions of the social relations of production and reproduction, and only one form of dependency (i.e. state welfare dependency) remains visible.⁶²

The 'welfare dependency' argument therefore, has been falsely constructed by neo – Liberal governments as a somehow unique form of dependency, and it is purported to represent the ultimate failure of the individual. Dean and Taylor – Gooby argue however, that benefit dependency culture is not an objective phenomenon or circumstance of welfare provision itself, as purported by neo – Liberal theory:

Although the relationship between the state and individuals of all ages has increasingly in the age of modernity been understood in terms of 'welfare' rather than power it is historically specific relations of power which determine not necessarily the extent, but the meaning, of our dependency.⁶³

The research found that the behaviour and attitudes of beneficiaries was ultimately comparable with the rest of mainstream society, including their motivation to work: "It would seem therefore that for most claimants their motivation to work is quite unrelated to and largely independent of any pressures exerted upon them by the social security system".⁶⁴

Where respondents attitudes were observed to be "at odds" with mainstream values, this was accounted for by their perceptions of the claiming process itself, especially the perceived stigma attached to their status as benefit recipients.⁶⁵ Transcriptions of the interviews were examined in order to identify any key or common words used among the respondents regarding their experience of the benefit process, and a pattern was found in the use of words associated with perceptions of personal low self – esteem and shame.⁶⁶ It is stated that the majority of respondents, "...were predominantly uncomfortable with if not actually resentful of their status as social security claimants".⁶⁷ It is proposed that these perceptions of stigma, are formulated as a result of the punitive or 'disciplinary' nature of the policy itself and so the policy does not succeed in its aim of fostering incentives or individual motivation. It was found for example, that

⁶² Ibid, p.152.

⁶³ Ibid, p.174.

⁶⁴ Ibid, p.92

⁶⁵ Ibid, p. 88.

⁶⁶ Ibid, p.134.

⁶⁷ Ibid, p.136.

where respondents expressed motivation to train, the majority who had experienced the government training schemes, either voluntary or compulsory, had found them to be unhelpful.⁶⁸ Participation in programmes was largely perceived as a necessary condition of retaining benefits, rather than as a real opportunity to gain skills or employment. The research cites data regarding employment outcomes of participants on youth training schemes and concludes that there is no strong evidence that they are any more likely to find work at the end of the programme than those unemployed who do not participate.⁶⁹

The conclusion reached as a result of the research, was that the social security reforms have largely failed in their aims to reduce the numbers of benefit claimants (dependants on the state), except where the policy itself has resulted in removing claimants from the register, such as by excluding 16 – 18 year olds from access to the unemployment benefit. It was concluded that the policies have also failed in their aims to significantly influence the job – seeking behaviour of beneficiaries. Instead, it was found that: “The social security system does not foster a dependency culture, but it constructs, isolates and supervises a heterogeneous population of reluctant dependants”.⁷⁰

The New Zealand Research.

The relevant New Zealand research that was reviewed was less extensive in terms of its qualitative analysis of the effect of the work test on individuals, compared with the overseas research discussed previously. Most of the research which was reviewed in this thesis, was undertaken by individuals employed in government institutions or research companies contracted to them. This is not because independent research does not exist, but simply because government – based research indicates the terms of reference under which policy is established.

It is tempting to dismiss the underlying premise of the work test reforms; that benefit dependency has reduced the work ethic, by citing evidence which simply finds that where there is employment growth, there has been a corresponding decrease in the numbers of registered unemployed, as well as a corresponding decrease in overall unemployment as measured by the Household Labour Force Survey (PMTFE, 1994: 6). This suggests that if the unemployment benefit was really such an attractive alternative to paid employment and that it undermined the work ethic, then the link between job growth and reduction of registered unemployment would be invisible, and this is clearly not the case. This type of argument is articulated by Hazledine (1994) in his discussion about the post –

⁶⁸ Ibid, p. 90

⁶⁹ Ibid, p.65.

⁷⁰ Ibid, p. 124.

war full employment era in New Zealand and unemployment in the 1990s, in the context of the monetarist economic theory that gave rise to benefit reforms:

Yet in New Zealand, where up until 1977 labour moved happily between jobs and firms and industries with almost literally zero time spent in the unemployment pool, inflation was not at all out of the ordinary, compared with other slow – growing economies. And the clear fact that no – one chose to ‘invest’ in voluntary full – time search despite quite generous unemployment benefits was – and is! – a terrific counter example to the monetarist rationalisation of unemployment.⁷¹

Another way of looking at the question about whether welfare benefits are a disincentive to work, is to consider the ratio of notified job vacancies to numbers of job – seekers. For example, if there are twenty five job – seekers and ten vacancies, then is it a problem if ten of those job – seekers do not want to work? Data for December 1997, shows that there were sixty registered unemployed people for every notified vacancy at NZES.⁷² This would indicate that a pool of unemployed will continuously exist no matter what disincentives are put in place to deter them from claiming welfare benefits such as stand downs for voluntary unemployment, or what ‘incentives’, such as organised activities or community work to encourage or motivate job search, are established.

However, the extension of the assumption (that unemployment benefits are a disincentive to obtaining paid employment), to the conclusion that benefit dependency in general is the problem (all benefits are a disincentive to obtaining paid employment), renders arguments opposed to increasing levels of coercion in benefit administration which are based on labour market data analysis, as too simplistic. This does not mean that these arguments are totally lacking in logic. The benefit dependency argument served to introduce complex subjective elements into the incentive/disincentive equation, and these cannot be adequately dealt with by recourse to quantitative data only. At the same time, the quantitative data regarding unemployment, appears to have been woefully ignored in the introduction of increased work test conditions in income support policy.

It has been shown that the work test reforms were established in response to addressing these two main issues, unemployment and benefit dependency. No research was found which indicated that unemployment was primarily voluntary or the result of the unemployed individual’s lack of motivation to obtain paid

⁷¹ Hazledine, Tim, ‘*Employment in New Zealand Then and Now*’ in Labour Employment and Work in New Zealand, proceedings of the sixth conference, 24 – 25 November 1994. p.22

⁷² ‘*The Jobs Letter*’, no. 73, 10/2/98, ‘*Special Supplement*’.

employment. Studies such as the PMTFE, and “The Barriers to Employment Faced by Long Term Job Seekers (1996)” which is NZES commissioned research, acknowledge all of the causes of unemployment, such as that it can be structural, frictional and cyclical, and where these studies propose that individuals are unmotivated to work, this is primarily linked to long – term unemployment:

Previous research has found that the longer a person is unemployed, the more pessimistic they can become about their prospects of finding work, and consequently their job search efforts may diminish. This problem is the primary rationale for NZES’s operation of various motivational options for long term job seekers, including Job Clubs, Job Search seminars, Job Action workshops and Work Focus interviews.⁷³

So long – term unemployment was the focus of these studies and for a while, it was also the political focus; it was the rationale behind the New Zealand First Party’s community work for benefit idea. For example, unemployment is primarily identified as short term for the majority of people on unemployment benefits; the majority of registered unemployed beneficiaries leave the register within one year (PMTFE 1994; 12). The increase in long term unemployment is identified as “the single most worrying feature of unemployment” (ibid; 18). The PMTFE is an essentially conservative document, which tends towards suggesting strengthening or increasing the vigilance in administration of the work test (ibid, 100 – 104). In some ways, these suggestions do not follow logically from assertions made throughout the document regarding labour market dynamics and the characteristics of unemployment. For example, it is stated that: “Income support policies need to be seen in the context of the trends in the labour market, and the social and demographic changes described throughout this report” (Ibid, 100). It acknowledges the complex factors involved in the evaluation of income support policy and how it will affect employment and unemployment, and yet the presumption is still made that stricter conditions around work testing and benefit entitlement will provide more incentive to take up employment. This presumption does not appear to be supported by evidence presented in the overall report. Since there were already plenty of compulsory requirements in the legislation at the time the task force began its report, it is asserted in this study that it would have made more sense to evaluate the nature of these requirements and their impact on employment, before making implied suggestions that these measures should be extended.

A useful study, in terms of raising questions about the assumptions which have informed changes to income support policy, was found to be “Income Support for

⁷³ AGB McNair, ‘*The Barriers to Employment Faced by Long Term Job Seekers*’, 1996,p.12.

the Unemployed and Labour Supply Behaviour: Three Frameworks For Analysis" (Wilson:1996). It is suggested in this study that there are a wide set of diverse factors affecting relationships between welfare benefits and labour market incentives and disincentives that bear further analysis in terms of implications for policy decisions. The study essentially highlights many of the complexities involved in the evaluation of these relationships, and concludes that there are many ambiguities which need to be considered in the formulation of income support policy.

Although this study has been undertaken from within the Social Policy Agency, it uses the language and equations of economics and economic theory, rather than the language of social policy analysis. The issue under investigation in this study is the level of the unemployment benefit and the central question is what would be the hypothetical effect on 'labour supply behaviour' of lowering or raising the level of the unemployment benefit. Conditions regarding work testing are related to the discussion. It might be asked why the benefit level issue was at the centre of the study, given that by 1996, benefits had already been reduced in 1991 and there were no serious policy proposals to alter the level of the unemployment benefit at that time; the level of the unemployment benefit was of less concern than the overall conditions under which most benefits were received. The significance of this study is because the arguments behind questions relating to the appropriate level of unemployment benefit, are similar to the arguments about incentives and disincentives in the welfare benefit system which have informed the welfare dependency discourse, and subsequent reforms to the work test.

Income support policy making in the recent past has been informed by the view that the level of income support for the unemployed must be lowered in order to provide incentives to work.⁷⁴

The study examines the theoretical basis for this view. It looks at three basic arguments used in economic theory to make predictions about 'labour supply behaviour', or what individual behaviour and decisions would likely be under certain welfare benefit and labour market conditions. It critically examines the merit of each argument, (the three 'frameworks of analyses'), and evaluates the potential implications for transitions in and out of unemployment, if there was an increase or decrease in the level of the unemployment benefit.

The first framework of analysis is termed the 'income – leisure' model, which is also described as the "standard neo – classical view of labour supply" (ibid, 7). This view holds that the unemployment benefit must be pitched at a level which

⁷⁴ Wilson, M. *'Income Support for the Unemployed and Labour Supply Behaviour: Three Frameworks For Analysis'*, 1996, p. viii.

will reduce its "attractiveness" as an alternative to paid employment and thus discourage voluntary unemployment. This view is articulated in Douglas (1993) and was the rationale behind the benefit cuts in 1991. Again, the premise that conditions for receipt of benefit also need to be made more strict to discourage voluntary unemployment flows from, and encompasses this standard neo – classical view. Wilson acknowledges that increased restrictions on entitlement criteria to reduce the ability to choose unemployment are among the: "Various policy prescriptions [which] flow from this analysis.....that reduce the attractiveness of unemployment as a state of leisure...." (ibid: 56).

Labour supply behaviour is defined as transitions between employment and unemployment; such transitions will be determined by individual's decisions about whether or not to enter or search for employment, subject to certain constraints. (ibid, 7). The view that these transitions will be significantly affected by changes in benefit levels, or changes in work test conditions, assumes a perfectly competitive labour market. Wilson states that this view "provides a simple static model for conceptualising people's decisions about whether to work and about how many hours of work to supply at any point in time" (ibid, 7). It is the 'static' nature of this model or framework of analysis, and its presumption of a perfectly competitive labour market, which is problematic. It is not difficult to see why. The 'income – leisure' model assumes that peoples decisions regarding employment and unemployment are primarily based on considerations about wage or benefit rates, and the incentive effect of these on remaining employed or unemployed. The study identifies many more factors of possible consideration around such decisions, and unsurprisingly, concludes that there are many more constraints and factors surrounding labour supply decisions which are structural or "institutional". These constraints are indicated by, among other things, the identification of the specific characteristics of unemployment, such as that it is more prevalent in some regions, and among certain age groups and racial groups than others for example. The fact that there are many barriers and other effects on the transitions from unemployment to employment which arise from these characteristics of unemployment, is ignored by the 'income – leisure' model. It leads to the conclusion that unemployment is primarily voluntary:

In the income – leisure framework, the disproportionately high rates of unemployment for young people, the low – skilled, ethnic minorities and workers close to retirement can be understood as a product of either their low potential wages, or their preference for leisure time, both of which increase vulnerability to the disincentive effects of income support. Unemployment is a voluntary choice made by those who have a preference for leisure, or who have little to gain from employment.

Wilson finds that there are many more factors and barriers which contribute to the transition between employment and unemployment, that cannot be accounted for by using the 'income – leisure' framework, or the 'job search' framework which is based on a similar theory (ibid: 24 – 29). In the 'job – search' framework, it is presumed that the intensity of an individual's job search will generally be determined by income considerations, especially the wage rate at which they are prepared to undertake, or search for employment. It is claimed that the policy prescriptions which arise from these frameworks of analyses can actually perpetuate labour market disadvantage.

For example, a voluntary unemployment standdown may discourage people from taking up job offers if they are uncertain about whether the job will be suitable. Policies that compel unemployed people to lower their job aspirations can condemn them to jobs that do not use and lead to the loss of their existing skills or that carry a high risk of repeat unemployment.⁷⁵

Wilson claims that the labour supply literature has tended to overemphasise the importance of models of behaviour (ibid; 34). It is suggested therefore that the more appropriate framework for analysis of labour supply behaviour is what is termed the "institutional framework". It is claimed that this framework of analysis allows for much wider speculation, because it enables the consideration of a much more diverse set of circumstances that influence individuals' decisions regarding employment and unemployment:

Institutional theories of the labour market are diverse. What they hold in common is the view that institutional structures, practices and constraints – informational, cognitive, economic, social, organisational or political – influence labour market processes and outcomes in ways that are not conceptualised within the conventional competitive framework.⁷⁶

An example of one of the factors that will offset the predicted incentive or disincentive effects of policy based on the 'income – leisure' model, is the actual administration of the policy itself:

The nature of the administration of the rules of entitlement will mediate between the predicted and actual impact. The intensity with which compliance is monitored, the degree to which knowledge and understanding of the conditions are promoted among both unemployed and employed

⁷⁵ Ibid, p.56.

⁷⁶ Ibid, p.18.

workers, and the consistency with which penalties are applied, will all influence their effect on transitions.⁷⁷

Wilson poses an interesting question about how assumed disincentive effects of income support policy should be viewed anyway. That is, in terms of the smooth operation of the labour market, are income support policies (such as increasing the rate of benefit, or reducing compulsory requirements), which might raise the probability and duration of unemployment efficient or inefficient?⁷⁸

The study concludes that policy decisions based primarily on the 'income – leisure' model, which is exposed as an over – simplified model of behaviour, would not be expedient.⁷⁹ Generalised predictions cannot be made about the complexity of the links between policy and incentives based on such models. The general and specific characteristics of labour market behaviour may require a re – examination of how the policy problem or issue is actually defined. Existing policy is inconclusive in terms of its effects on labour supply behaviour.

It is considered that Wilson's examination and criticism of the conventional frameworks of analyses of labour supply behaviour, holds significant merit. Much of the research in the area of the effects of benefit reform on labour supply behaviour can be found in the economic literature such as Maloney (1997), Prebble and Rebstock (eds.1992), and Brosnan and Wilson (1989). All of these studies seek to define and measure the transitions between unemployment and employment, or labour supply behaviour, that are the result of income support policies. They employ a variety of measurement and methodological systems to support their theories and reach a variety of conclusions about the extent to which welfare benefit policy affects the labour market or labour supply behaviour. Maloney (1997: 64) finds that the impact of the 1991 benefit reforms on labour supply behaviour was existent and significant and substantially influential, whereas Brosnan, Wilson and Wong (1989) found that the impact of benefits was inconsequential although this latter study was undertaken before any significant reforms had been enacted. However, these studies tend to conform to the basic assumptions regarding incentives, disincentives and behaviour models that are identified by Wilson, and they are generally focussed on benefit and wage rates. Even where studies such as Maloney (1997) claim to be able to identify a positive impact (such as increased labour market participation) of benefit reforms on the labour market, it is also acknowledged that the real quantitative effects are estimated to be quite small (ibid, 65). It can be concluded from all of these studies, that measurement of any specific effects of benefit reforms on the labour market is extremely difficult, and even where there may exist any quantifiable impact at all, it is of questionable significance. None of these studies considered the potential impact on labour supply

⁷⁷ Ibid, p.41.

⁷⁸ Ibid, p.56.

⁷⁹ Ibid, p.57.

behaviour of increased work test requirements for other beneficiaries apart from those categorised as unemployed, but it can be presumed that such consideration would return similar results.

The State Services Commission report to the incoming Coalition government in 1996, about the fiscal costs of requiring the unemployed to participate in community work or training, does include all potential work tested beneficiaries in its costings calculations. The new work test rules for some domestic purposes beneficiaries and spouses of unemployed had been established, but not practically enacted at the time the report was prepared. So the report accounted for the predicted increase in the unemployment register as a result of the inclusion of more beneficiaries. Although this report has been discussed in the previous chapter, its overall conclusions regarding the impact on the unemployment register and the labour market are that the impact is insignificant and the costs are high. In spite of this, the government established the community work for benefit programme and extended the work test, requiring new groups of beneficiaries to register as unemployed.

An excellent qualitative independent study was undertaken by the Wellington People's Resource Centre (1999), which is a community – based organisation, defining itself as: "A self – help project run by and for people on benefits or low wages".⁸⁰ The research was motivated by changes to legislation and policy regarding work testing, and in response to the benefit dependency argument. It was also inspired by a survey undertaken by the Waimakariri Women's Collective in Rangiora, which looked at how the work test changes from 1996 were experienced by some beneficiaries, particularly, domestic purposes beneficiaries. The results of this survey were presented by the organisation at the 'Social Responsibility – Whose Agenda' conference held at Massey University in February 1998.

The Wellington Peoples Resource Centre research also sought to find out how people were experiencing the new work testing rules, specifically, the requirement for some domestic purposes beneficiaries and spouses of unemployed to attend mandatory interviews, in order to establish individual plans regarding work or training. The mandatory 'planning interviews' are a work test activity and failure to attend can result in a sanction being imposed.

It is stated that the research was not intended to be a statistical report, but that it was an attempt to present a picture of the experience of attending mandatory interviews.⁸¹ Disappointment is expressed at the small numbers of responses to the surveys, and it is acknowledged that this impacts on the validity of

⁸⁰ Wellington Peoples Resource Centre Inc, *letterhead*.

⁸¹ Wellington Peoples Resource Centre Inc, Matthews, L. Ross, C. Ruth, S. 'Help or Hassle: The Experience of Mandatory Interviews', 1999, p.10.

conclusions able to be drawn.⁸² However, it is valuable nevertheless because it has been shown that one of the problems in assessing the impact of income support policy in terms of its goals, is that it cannot be quantitatively measured. Most studies have attempted to measure any impact in terms of its implications for unemployment. The social security legislation however, now contains words such as “self – reliance” and “self – betterment”, so in terms of measuring this goal, people’s personal experiences is valuable data.⁸³ It is admitted in the research that no ‘concrete conclusions’ can be reached regarding the effectiveness of the mandatory planning interviews because of the low response; however, it is claimed that some patterns were identified.⁸⁴

Some respondents to the survey had many positive comments about their interviews, but it was found that fifteen out of twenty seven respondents who had attended an interview had felt “under pressure to attend the meeting and commit to a plan”.⁸⁵ It is claimed in the analysis of the results that: “...the predominant attitude towards the whole planning process was negative.”⁸⁶ There are fourteen questions in the survey, most of them requiring comments rather than one answer. The questions essentially revolve around whether respondents found the process helpful, what was established at the interview, and what they would consider to be helpful in order to gain employment or undertake training. It is stated in the interpretation of the results, that: “A common thread through many of their comments is the clearly stated or implied financial leverage of losing their benefit if they did not attend the meeting.”⁸⁷

Some depth of analysis is given to the issue of access to and affordability of childcare since the survey included questions on this subject. Both these issues were considered to be a barrier to employment and training; this was identified as a theme throughout the responses.⁸⁸ This issue is linked to gender issues regarding work testing and child rearing. Despite the fact that the survey did not collect data regarding the gender of respondents, it cites statistical evidence that the majority of domestic purposes beneficiaries are women and the majority of respondents to the survey were domestic purposes beneficiaries.⁸⁹ The respondents expressed that they felt it both a right and responsibility to prioritise care of children over employment.⁹⁰ The study considers that there are ideological contradictions in respect of the work test policy and other social policy discourse such as the ‘Code of Social and Family Responsibility’, which

⁸² Ibid, p.11.

⁸³ NZ Statutes, *Social Security Act 1964*, section 110 (4) (a); the section relates to the purpose of organised activities.

⁸⁴ Wellington Peoples Resource Centre, op cit, 1999, p.18

⁸⁵ Ibid, p.27

⁸⁶ Ibid, p.14

⁸⁷ Ibid, p.13.

⁸⁸ Ibid, p.18.

⁸⁹ Ibid, p 18.

⁹⁰ Ibid, p. 15.

proposed a sort of social contract, with one of its 'clauses' about ensuring responsible parenting. There is therefore a conflict between policy which purports to support women's roles as primary caregivers, and work test policy which expects solo parents to prioritise employment:

Not only is government policy flying in the face of years of socialisation, it is now presenting single parents with what they perceive as conflicting statements about their responsibilities; they are to be good parents and employed parents.⁹¹

Since the Wellington Peoples Resource Centre is involved in advocacy for beneficiaries, the research also provides an insight into administrative practices of NZISS (as it was then), finding inconsistency in information given at the interviews by individual departmental workers as well as what is termed 'unlawful behaviour', such as requiring beneficiaries who are not required in the law to be work tested, to attend the mandatory planning interview.⁹² This evidence concurs with cases and anecdotal evidence from other advocacy services. The research overall is not opposed to programmes which are established to assist beneficiaries with their training or employment needs. It does however doubt whether real 'help' can be provided within the framework of compulsion, and also, whether the NZISS institution itself is capable of effecting useful training and employment outcomes, given the need for it to also administer complex social security legislation and policy.⁹³

In general, in all of the literature reviewed in this study, there is no direct evidence of a link between increasing compulsory requirements regarding the receipt of benefits and any significant positive impact on labour market dynamics, such as reduced unemployment or increased participation in employment. There is no noticeable quantitative effect of the policy on the labour market and therefore, it would appear that the work test policy has not been greatly influenced by the empirical evidence. If there is a link between increased work test conditions and incentive to gain employment or increase job search, this is not measurable by quantitative analysis (such as examination of labour market dynamics), but must be ascertained by examining case studies and individuals real perceptions and experiences of the policy. This thesis is an attempt at such a qualitative analysis.

⁹¹ Ibid, p. 20.

⁹² Ibid, p. 21.

⁹³ Ibid, pp 22 – 23.

CHAPTER SIX.

RESEARCH METHOD.

Introduction.

I have examined the development and principles of the work test through an historical and theoretical analysis, and described the present form of the work test through explanation of its legislative framework. In order to find out more about how the work test works, it was clearly necessary to ask the work tested.

It has been said in the introduction to this study, that the work test policy is not supported by the empirical evidence. The definition of 'empirical' in this study concurs with the definition of this type of research given by Bulmer (1982:31), although the distinction that he makes between the terms 'empirical' and 'empiricist' are not considered to be of significance. He states that this type of social research primarily revolves around the collection and interpretation of data as an end in itself, and that it can be summed up by the saying: "the facts speak for themselves" (ibid: 31). Bulmer is a critic of the method, and I concur with his argument, particularly in relation to the methodological requirement to establish categories that data can be ordered into, and from which facts are interpreted. For example, it was shown in the review of Wilson's (1997) criticism of the 'income – leisure' economic model that has informed benefit policy, that this is a rigid and over – simplified model, which attempts to conceptualise things that have almost infinite variables, such as people's decisions about employment. It is not the purpose here however, to discuss the dialectic of methodology. The intention of the statement in the introduction, was in order to point out that some of the quantitative analyses and data, such as statistics regarding unemployment, as well as some of the research which makes generalisations based on the analysis of quantitative data, is extremely important; empiricism is not useless! It provides an initial indication that unemployment is persistent and involuntary.

The following are a few simple examples where empirical evidence, or conclusions derived from the collection of quantitative data, raise questions about the need for expanding and intensifying the work test:

1. In a report back from the Social Services Select Committee on the Social Security (Work Test) Amendment Bill, from the co – leader of the Green Party, Rod Donald, it is pointed out that existing sanctions had, at the time been imposed on 0.4% of beneficiaries. This indicated that the large majority of beneficiaries complied with the existing requirements, and as such, the need to bring about even stricter requirements was doubtful under the circumstances.

2. Statistics regarding the ratio of registered unemployed to notified vacancies in a special supplement to 'The Jobs Letter', 10/2/98, shows that there were 60 registered unemployed people for every notified vacancy. This indicates both the involuntary nature of unemployment, as well as raises the question regarding the need for coercion; a large pool of unemployed will still remain after the vacancies are filled, whether they want to be employed or not.
3. The two State Services Commission reports in response to questions asked by the incoming Coalition Government regarding compulsory community work for benefit, were not in favour of the scheme. They found that not only do we already have programmes comparable to those overseas 'work – welfare' programmes that the government sought information on, but that such a scheme on a wide scale, would result in significant employment displacement and could therefore, potentially increase unemployment.

The use of these few examples is to illustrate that there are some simple assumptions that can be made from the interpretation of statistical or probability data that on the face of it, raise questions about the logic of establishing more law and policy of a coercive nature as a response to unemployment.

However, one of the main issues that this thesis has attempted to emphasise, is the 'mismatch' between the dual objectives of reducing long – term unemployment as well as 'benefit dependency'. Initially, where the empirical research disaggregated the characteristics of unemployment and identified long – term unemployment as a significant issue, policy was directed towards this issue.¹ Long – term unemployment definitely became a major focus in terms of defining the actual problem that needed to be resolved. Many of the programmes that were established, such as Community Task Force and Job Action were targeted towards those registered as unemployed for six months or more.

However, for the purposes of determining the implications and definition of benefit dependency, research which draws conclusions from the observation of the characteristics of unemployment is not adequate, precisely due to the abstract meaning of benefit dependency. This difficulty in terms of measuring such a thing as 'benefit dependency', has made it easier for the government to base the work test policy entirely on ideological assumptions, especially about welfare, morality and the work ethic. This has enabled statements such as those

¹ For example: NZ Department of Labour, *'Administrative Issues and the Management of Long – Term Unemployment'*, 1989, also, Prime Ministerial Task Force on Employment, *'Proposals for Action – a Summary'*, November 1994. Also, the long term unemployment focus is behind NZES commissioned research such as AGB McNair, *'The Barriers to Employment Faced by Long Term Job Seekers'*, December 1996.

made by Peter McCardle² and Jean Rogers,³ that the rigorous enforcement of work related 'obligations', particularly compulsory work for the benefit, is good for the morale of beneficiaries. These types of statements have not needed to be justified by recourse to any empirical or quantitative research. These assumptions have however, been challenged through research such as Dean and Taylor – Gooby; (1992), and the Wellington Peoples Resource Centre; (1999). These studies use a qualitative research model which focuses on, in the former, finding out the extent to which a culture of dependency actually exists among beneficiaries, through discursive interviews with beneficiaries. In the latter, the findings are established through a survey, focussing questions on individual's experience of the mandatory annual interview process, to determine its effects.

In terms of considering the quantitative and qualitative issues around social research, my point of view is that these two methods are not contradictory. Instead, the view taken here is that each method entails at some point, the use or application (however rigorously) of the other method (Sarantakos; 1993, 52). The topic itself of the study, will determine the research method and design. It followed from this, that the form of this research had to be primarily qualitative, for the simple reason that its objective was to find out the extent to which the work test was understood and applied to beneficiaries, and their views on this policy. It was difficult to see how any quantitative data could be meaningfully derived from these criteria. Qualitative research on the other hand, attempts to answer questions about the nature of social structures, stressing the importance of peoples understanding of, and the meanings that they confer upon certain structures and social relationships. It is a precise method in this research to the extent that reporting peoples perceptions of their experience can be said to be precise descriptions of reality. Conclusions drawn from such analysis are ultimately speculative, and therefore, definitions and explanations can only be approximations (Guba, 1990:22).

Research relationship.

One of the main factors influencing the design of the research, was my proximity to the institution (WINZ), as well as to individual beneficiaries, through my employment as beneficiaries advocate for Beneficiaries Advocacy and Information Service (BAIS), based on the North Shore, Auckland. The organisation is based in a community setting within the Glenfield Community Centre, North Shore. Among the many activities that are held at the community centre on a daily basis, such as creche and Plunket, a food bank and food shop are also operated, and once a week, a 'community lunch' is provided. I obtained the permission of the management committee of BAIS, for the purposes of

² Peter McCardle, 'Working for dole can only benefit jobless', NZ Herald, 21/7/98.

³ Rogers, J. 'Designing Work - Focused Welfare Replacement Programmes', Soc. Pol. Journal of N.Z, iss.8, March 97, p.72.

inviting client participation in my research. I have a knowledge of the legal and administrative process regarding welfare benefits, and I also know personally some of the advocates from other similar organisations throughout the country. This enabled me to distribute surveys through personal networks. So in terms of the subject, I am an "insider" so to speak. Although I sought objectivity as much as possible, as a welfare rights worker, I do not have a neutral or value – free perspective of my work. To a large extent, I have first – hand knowledge of the dynamics of interaction between beneficiaries and the WINZ institution. It was sought to be objective insofar as I was attempting to identify what beneficiaries had been told or required to do, as much as I was attempting to find out what they thought or understood about this. To these ends, it was decided to compile a survey focussing on finding out what beneficiaries had been required to do in terms of work testing requirements or activities, which could be distributed through some of the advocacy services. I also decided that I needed to undertake discursive interviews with individual beneficiaries, in order to pursue issues that would not be apparent from survey results.

I sought to identify 'positive' or 'negative' responses. That is, a positive response would be where a respondent stated or answered that their experience or perceptions of the work test requirements, such as programme participation, was of value to them in any way whatsoever. I also sought to identify the same responses regarding the institution itself. (The term 'institution' is intended to encompass WINZ, NZISS and NZES, since at the time the survey and interviews were undertaken, the merging of these new institutions had been fairly recent and so respondent's replies were expected to relate to the three institutions). A negative response would be where replies indicated that the work test requirements, or the institution itself, were of no help to them as individuals. In this way, it was aimed to identify the nature of the relationship between individual beneficiaries and the work test administering institution. The degree of positive or negative overall perceptions provided by respondents would serve as the measurement of the effects of the work test requirements.

I sought to determine how the work test was being carried out in terms of what beneficiaries had been required to do, such as participating in programmes or attending job interviews. This would indicate how active the institution is in effecting participation in work test activities.

I also wanted to find out how much respondents knew about the work test requirements, and the extent to which they had been made aware of penalties or sanctions if they did not do what was required. This would also indicate how vigilant the institution is in ensuring that the full meaning of compulsory requirements is understood. It was considered that overall, the responses to these questions would indicate any problems which arose in the administration of the work test and the causes of any problems. These problems may be linked with the complexity of requirements and misunderstandings which arise as a

result.

The aims and objectives of the work test policy are both concrete (to effect employment outcomes) and abstract (to effect individual motivation). It has been shown that isolating employment outcomes as the result of programme participation is virtually impossible, so attempting to measure employment outcomes as the result of any work test activity would be equally as difficult. It was considered for this research, that the only effective measurement of the objectives of the work test policy, would be the opinions of respondents themselves about how it had actually affected them. It was sought to determine how the new institution was perceived by respondents since the WINZ advertising had been prevalent throughout 1998 and 1999. Finding out the opinions of work tested beneficiaries about the work test process, was essentially the aim of the research.

The survey.

The survey questionnaire and information sheet is appended to the thesis (appendix 2).

It was intended that any beneficiary could complete the survey, whether they were work tested or not. This was because it was aimed to establish any indication of work test requirements for other beneficiaries, and any confusion that may arise or be ascertainable about this in the responses.

The first two questions were intended to find out about the term itself; that is whether respondents had heard of the term work test and then whether they were sure or not, if it applied to them. Awareness and knowledge of the institutional terminology are factors which may indicate how effective the institution has been in providing information about changes, or whether individuals may be confused about how they are affected.

It was attempted to ascertain how vigorous the institution may be in terms of informing people of sanctions. This was the relevance of questions 3 and 5.

The amount of programme participation was considered to be significant, as well as how the programmes rated. Although these 'ratings' were pre – determined in the direct questions, there were options for people to respond in more noncommittal ways. For example it was asked: "Would you describe your need to attend as....", and then the negative options were that it was either annoying or inconvenient. So I attempted to establish these differences because they may indicate the intensity of negative or positive feelings of respondents about the programmes. This question also asked for respondent's general comments about the requirement to participate in programmes. Related questions were intended to deal with the process of participation, and whether any respondents

had been sanctioned. These were the issues of relevance regarding questions 5, 6, and 7.

The purpose of question 8 was to determine the extent of requirements applied to sickness or invalids beneficiaries.

Questions 9 to 13 are general and related to the institution; the extent to which respondents were aware of the merging of NZISS and NZES, and the extent to which they considered WINZ as providing a service that they would use for training or employment purposes. Also, it was sought to find out the extent to which WINZ had emphasised informing people of sanctions if they did not comply with requests.

Questions 14 to 17 are also general and relate to what people think about the rules regarding working and receiving the benefit, as well as what they think about compulsory programmes and whether the programmes are perceived to be useful to them.

Question 18 is entirely open – ended, and simply sought to obtain any general comments regarding the subject of the survey.

Distribution.

Although I sought a wide distribution, I was acutely aware of the constraints in terms of time and resources on community organisations in assisting me to distribute and collect the surveys. It was relatively easy for me to distribute the surveys in my immediate working environment, that is, not only through my organisation, but also by asking visitors to the community centre if they wished to participate. Sixty seven surveys were distributed in total (appendix 1). Forty six surveys were distributed to five advocacy organisations. Only one of these organisations was outside of Auckland. There were individuals within all of these organisations who were known to me and who I had contacted by phone regarding my research. I enclosed a covering letter with the surveys as well as a donation to each organisation to cover any postage or copying costs. I also followed up by phone to the organisations to remind them to return the surveys. Sixteen surveys were returned from three of these advocacy organisations.

A further twenty one surveys were distributed by our organisation to the local community, that is, two were provided to a local budget service, and the remaining nineteen were distributed to clients of our organisation, including two clients who took more than one survey for their friends to fill in.

Most of the surveys were distributed from December 1998, and were returned by April 1999. After considering the fact that WINZ had only been in operation since October 1998, ten of the twenty one surveys were distributed throughout August

and September 1999 to BAIS clients and visitors to the community centre.

A total of thirty one surveys were returned. Although this is slightly under 50% return rate, I did not construe this as problematic. I am well aware of beneficiaries feelings regarding intervention in their lives that is associated with receipt of benefits, and I considered that there was a strong likelihood that the questionnaire could represent this type of association to some people.

The Interviews.

I considered that discursive interviews would reveal more depth in terms of understanding how people perceived their work test requirements. The problem was how to interest people in participating. Included in the information sheet with the surveys that were distributed in Auckland, was my request that people could contact me if they wished to be interviewed. Unfortunately nobody did! I realised that a more personal approach needed to be made and I decided that I would have to invite people to participate. This meant that participants were all from my immediate working environment; that is, seven were clients of BAIS, and three were visitors to the community centre.

All participants were provided with a written information sheet, outlining the purpose of the interview and informing of the interview process (appendix 3). They were also required to sign a consent form before the interview commenced (appendix 4). All respondents were assured that confidentiality would be strictly maintained, and that I would be the only person with access to the interview recordings, which would be destroyed at the completion of the thesis.

In reality, I interview people everyday in my role as a welfare rights advocate. This sort of interviewing is specific and focussed. It is aimed at establishing facts, and identifying whether there is a problem, what the problem is and what are the options for resolution. Often a major topic of the interviews will revolve around the client's interaction with WINZ. I considered that my position as advocate and researcher could be viewed as predictably returning biased results. This may be so, but in other ways, welfare rights work in New Zealand has an interesting, and important history, especially in the last twenty years. These organisations can provide huge insights into the effects of welfare benefit policies as there is no shortage of daily cases revolving around bureaucratic requirements to access benefits. In other words, they are a good source of research material. It could be said that welfare rights workers are involved daily in action research. This type of research is described as:

the application of fact finding to practical problem solving in a social situation with a view to improving the quality of action within it, involving the collaboration and cooperation of researchers, practitioners and laymen.⁴

⁴ Burns, R. B. *'Introduction to Social Research in Education'*, 1990, p.252, cited in Sarantakos,

If the government seeks to be informed on welfare benefit policies, then it should be seeking the information from welfare rights organisations, because this is definitely where the information is. The welfare rights 'advocacy perspective' was discussed previously in chapter one; it was intended to encompass considerations regarding the importance of these services in terms of ensuring that the boundaries of law and administration of social security are pushed as much as possible.

Although the interviewing of respondents for the purposes of this research would involve utilising similar techniques to those in advocacy work, I was also aware of my need for less direct questioning of research respondents. I decided that it was necessary to invite clients who were work tested beneficiaries, and who required the assistance of our service on matters unrelated to work testing issues. This was necessary to achieve impartiality regarding these issues. I attempted to be conscious at all times during the interviews that I was not trying to be involved in problem resolution, and that this should not be the direction of the interviews. This was easier said than done however. The problem arose where my questions did reveal a problem, and so I would offer information. In other words, the role of researcher and advocate became blurred in some instances. After giving this some consideration, I decided that this was also part of an 'advocacy perspective', and under the circumstances, it was unavoidable.

To a large extent, the aim of the interviews was to elicit factual information about the process of interaction between the respondent and WINZ. Also, it was necessary to identify respondents feelings about this interaction. I needed to know what work test activities respondents had been required to do and what this had meant to them. I also needed to know what respondents understood and thought about the elements of compulsion and I sought their general comments regarding changes to the benefit system and their perceptions of the changes. I did not intend to ask respondents the same questions, but I prepared a list of guideline questions of a very general nature, such as whether people thought compulsion was necessary for them as individuals, as well as whether they thought it was necessary for all beneficiaries and why they thought this. As much as possible I sought to ensure that respondents felt comfortable enough to be as open and honest with me as possible.

Each interview respondent was personally approached and invited to participate in an interview. All respondents were linked to my work environment, that is, they were clients of my organisation, or visitors to the community centre who were work tested beneficiaries, but who did not require advocacy services. In all, approximately sixteen people were approached and ten people were interviewed. Where people who were approached expressed reluctance to be

interviewed, I did not attempt to persuade them otherwise. The interviews took place in a variety of settings, including respondents homes, in the office of my organisation and in a car in a carpark. I used a dictaphone to record the interviews. The duration of the interviews varied considerably. Although I had informed respondents that the interviews would take between ten to fifteen minutes, where respondents were comfortable with continuing beyond this time, I did not perceive this as problematic. The longest interview lasted thirty minutes, and the shortest interview was for five minutes.

The analysis of the interview results records in general the responses, including a few direct quotations where it was considered these were pertinent and descriptive. In terms of analysis of the transcripts, Dean and Taylor – Gooby's research (1992), proved to be an excellent guideline for this task. I did not seek to establish categories, but I attempted to identify the use of key words, and any obvious patterns or similarities in responses.

Limitations of the research.

As with the research undertaken by the Wellington People's Resource Centre (WPRC), the production of statistical data was not the aim of this research; rather, it was sought to provide a "picture" of people's experiences.⁵ The WPRC states that because of its low return of surveys (30), this meant that it was not possible to derive any definite conclusions about the effectiveness of the mandatory planning interviews.⁶ Although it is not completely clear what is meant by this in terms of what was perhaps hoped to be defined as "effectiveness", it has been shown that there are so many problems regarding the determination of this, that it is impossible to reach any definitive conclusion anyway, no matter how widespread the research. It was the intention of this study to define the "effectiveness" of the work test policy by how it was perceived by beneficiaries, either negatively or positively. That is, if respondents informed that the work test or any organised activity was perceived to be useful to them for any reason, then this would be the measurement of its effectiveness.

This research is not geographically representative, in that the only information from respondents outside of Auckland, is from the six completed surveys which were returned from the Rotorua Unemployed and Beneficiaries Union. Nine further surveys were returned from the Auckland Peoples Centre and Auckland Combined Beneficiaries Union. The other sixteen surveys were returned from the North Shore. So there was limited geographical representation from within Auckland. Geographical representation is further limited in the interview results since all of the respondents were, at the time, residents on the North Shore, Auckland. This may have had some impact on results, given that unemployment in New Zealand has specific regional characteristics. In addition, some of the

⁵ Matthews, Ross and Ruth, *Help or Hassle: the Experience o Mandatory Interviews*, p.10.

⁶ *Ibid*, p.18.

programmes or organised activities that are available will differ across regions, so none of these differences would have been captured. Apart from information regarding respondent's age, type of benefit received and length of time spent on benefit, no other information was requested in the surveys. This information was also requested in the interviews, and gender balance was sought although not quite achieved; six men and four women were interviewed.

Many people who were invited to participate in the interviews were reluctant to do so. This was presumably for many reasons. I did not consider it appropriate to ask for explanations. Some of the respondents who agreed to be interviewed expressed that they did not mind because they had been able to utilise the services of our organisation, and they felt that they would be contributing in return. Respondents quotations were used where it was considered they were pertinent or illustrative and also where they were comprehensible. It was difficult to obtain concise quotes from some of the transcribed responses as they would have been incomprehensible when written down, outside of the context of the verbal interview.

It would be fair to say that a welfare rights advocacy perspective is not an impartial approach, and it has been said that neutrality in the overall perspective of the research was not sought. It may be considered that survey and interview respondents would have had a predisposed negative approach towards the research subject by virtue of the fact that they were predominantly those who had had some contact with welfare rights organisations. It would be assumed that they already had a problem with the benefit process since this would be why they sought such services. I would contend that this fact does not necessarily cause a significant bias in the results. This is because the people who utilise welfare rights services find out about the services through all manner of information sources, and they make contact for any number of reasons. Many times this will be simply for information or advice rather than problem resolution. In addition, one of the functions of these services is to determine if a problem which can be resolved exists at all. It has been stated previously that the perspective in this thesis is opposed to coercion and sanctions in welfare, it is not opposed to unemployment programmes. In this way, positive comments were sought from respondents regarding their experience of the work test, as it was considered extremely important to determine aspects of the work test that that they felt were useful to them or that worked for them.

The limitations of any research will depend on what its objectives are in the first place. Many research objectives will be determinant upon resources available to proceed with it. The objectives in this case were limited to the examination of how a small group of beneficiaries experience and perceive the compulsory work test requirements.

CHAPTER SEVEN.**RESULTS OF THE RESEARCH****Survey results.**

31 surveys were returned out of the 67 distributed (appendix 1).

Information provided by respondents regarding the type of benefit that they were on, their age and length of time on benefit was as follows:

| BENEFIT TYPE | NUMBER |
|---------------------------|--------|
| Community Wage | 13 |
| Domestic Purposes Benefit | 7 |
| Invalids Benefit | 4 |
| Other | 2 |
| Did Not Answer | 5 |

| AGE OF RESPONDENTS | |
|--------------------|------|
| 18 years or less | None |
| 18 – 25 years | 4 |
| 26 – 35 years | 9 |
| 36 – 49 years | 12 |
| 50 years plus | 2 |
| Did Not Answer | 4 |

| LENGTH OF TIME ON BENEFIT | |
|---------------------------|----|
| Less than 6 months | 3 |
| 6 – 12 months | 3 |
| 1 – 2 years | 4 |
| 2 – 5 years | 6 |
| 5 or more years | 11 |
| Did Not Answer | 4 |

Question One:**Have you heard of the work test for beneficiaries?**

All respondents replied to this question. Most (27) had heard of the work test, 4 answered no.

Question Two:**Are you a work tested beneficiary?**

| | |
|----------------|----|
| Yes | 17 |
| No | 5 |
| I am not sure | 8 |
| Did Not Answer | 1 |

Question Three:**Have you ever been told verbally or in writing that your benefit could be stopped or reduced if you did not do something that was required?**

13 respondents answered 'yes' to this question, and they had also answered 'yes' to being work tested beneficiaries.

10 other respondents answered 'yes' to this question, and yet they had answered 'no' or 'I am not sure', regarding whether or not they were work tested beneficiaries.

3 respondents answered 'no' to this question and they had answered 'yes' to being work tested beneficiaries.

5 respondents answered 'no' to this question and they had also answered 'no' or 'I am not sure' to being a work tested beneficiary.

Most respondents had been told about punitive measures by WINZ, with some answering that they had been told this by NZES and NZISS, and some answering that they had been told this by more than one institution.

Question Four:

This question asked about programme participation; specifically whether people had been invited to participate in a programme and then all of the current programmes in operation were specified. These were:

- a) Community Task Force (CTF).
- b) Community Work
- c) Task Force Green
- d) Interview at WINZ or at NZISS to fill in the 'goals' and 'challenges' form. (This programme is actually the format for the mandatory annual interviews. It was specified as the 'goals' and 'challenges' form because I presumed that

respondents may be more aware of it presented in these terms, rather than the 'mandatory annual interview' which is a term that they may not have heard of).

- e) Compass Programme
- f) Job Action Workshop
- g) Work Focus Interview
- h) Job Club
- i) Interview with a caseworker at NZES
- j) TOPS Course
- k) Any other work or training programme

All of these programmes except for the Compass programme, which is voluntary only, can be made compulsory. However, all of these also operate on a voluntary basis in that individuals may agree to participate in a programme after it has been suggested to them, whether they have also been told that it is compulsory or not. It was intended for respondents to indicate their past experiences, hence questions about NZES. At the time of the interviews the institution had only recently merged to become WINZ, but it was sought to find out about respondents recent past work test experiences, and this was more likely to be found out by reference to NZES than WINZ.

A high rate of programme participation emerged, and three responses indicated confusion about this. One of these had answered that they had not been invited to participate in any programme, but had written next to the question regarding 'Interview at NZISS or WINZ to fill in the 'goals' and 'challenges' form', that their case manager had filled in this form for the respondent in their absence. The other, had put a question mark next to 'interview with a caseworker at NZES', but had answered 'no' to being asked to attend any programme. The third had ticked 'yes' to an interview with a caseworker at NZES and in the category for any other programme not specified, the respondent had written that they had provided a certificate stating that they could undertake no more than 10 hours of work. This was presumed to be a medical certificate although this was not specified.

13 respondents answered that they had attended more than one programme, and one of these respondents had participated in 8 programmes, including both CTF and Community Work.

9 other respondents had participated in one programme.

9 respondents answered that they had never been asked to attend any programme.

Of those 13 respondents who had answered 'no' or 'I am not sure' to being a work tested beneficiary, 9 had answered that they had been on a programme.

Of those who had answered 'yes' to being a work tested beneficiary, only 2 had never been asked to participate in a programme.

Question 5:

Were you told either verbally or in writing that attendance on the programme was compulsory?

This question applied only to those who had been asked to participate in a programme. The total number of respondents that had been asked, was 22.

16 respondents answered that they had been told either verbally or in writing that attendance would be compulsory, and 5 respondents answered that they had not been told this. One respondent crossed out the options and wrote: "TVNZ". The inference was that this respondent was made aware of changes and increases to the compulsory requirements for receipt of benefits through the media, rather than through the institution.

Question Six:

This question and the related questions were regarding the programmes, including whether respondents actually attended, if they attended voluntarily, if they attended to make sure their benefit continued, and how they felt about their need to attend.

| | YES | NO |
|---|-----|----|
| Did you attend the programme voluntarily? | 6 | 15 |
| If your participation was not voluntary, did you attend to make sure that your benefit continued? | 12 | 4 |

The discrepancy in numbers relating to these questions was because some respondents answered later that they did not actually attend the programme at which they were invited to attend.

Would you describe your need to attend as any of the following?

| | |
|--|---|
| I was annoyed about having to attend. | 6 |
| It was inconvenient | 3 |
| Both annoyed and inconvenient | 4 |
| I didn't mind | 4 |
| I was glad for the opportunity to attend | 1 |
| Both didn't mind and was glad | 0 |

Respondents were asked for any other comments regarding their need to attend any of the programmes. Ten respondents provided written comments. Most of these are provided here:

- “Afrade (sic) of becoming slave”.
- “Was waiting for confirmation of employment. Took relative (sic) correspondance (sic). Was very low key”
- “Motivation workshops don’t work for me”
- “I avoid any contact with NZISS as much as possible”
- “Job action workshop was a five day waste of time. Day 1 instructor late, day 2 same/some work on CV day 3 waited around then all sent home day 4 adventure playground day 5 NZES supposed to turn up, did not”.
- “I felt if I didn’t attend certain meetings and to(sic) a topps course I’d be sent to job experience and my problem back is not up to that yet until after I’ve had an operation”.
- “As a fifty – plus former hospital department head I felt intellectually insulted to have it stressed that this free 2wk course (which would have cost me \$35 pw bus fares to attend) would teach me how to prepare my cv (which I already had just updated) and would teach me how to speak nicely on the telephone !!”.

9 respondents answered that they had asked to be excused from attending the programme.

11 respondents answered that they had not asked to be excused from attending.

Of the 9 respondents who had asked to be excused from attending, 6 of these answered that they were not excused from attending and 3 of these answered that they were excused.

4 respondents answered that they had failed to attend. One of these had written “left after two days”. Out of these 4, 3 respondents were sanctioned, and one transferred to another benefit. The sanctions included one respondent’s benefit was stopped, one respondent’s benefit was reduced, and one respondent’s benefit was continued because they eventually met the requirements.

Question 7:

Of the 22 respondents who had been asked to participate in a programme, 3 were excused. Although a further 4 respondents had answered that they had failed to attend, one of these had stated that they had attended for two days and another had also 'eventually met requirements'; both these respondents answered the questions relating to actual attendance on a programme. One respondent had transferred to another benefit, and another respondent who had answered 'yes' to being invited to participate, had stated that the case manager had completed the 'goals' and 'challenges' form in the respondent's absence. These 2 respondents, did not answer the questions relating to actual participation in a programme.

So the total number of respondents who had actually participated in a programme was 17.

Did you find participation in any programme or at any interview, useful in any of the following ways?

| | YES | NO |
|---|-----|----|
| Did it make you feel more motivated to look for employment or training? | 2 | 15 |
| Do you think that it increased your confidence? | 1 | 16 |
| Did it lead to employment or a job interview? | 1 | 16 |

You would rate your overall estimation of the programme as:

| | |
|--|----|
| Disappointing and a complete waste of time | 10 |
| It was of some use but I don't think it helped me with getting employment at all | 4 |
| I enjoyed it and found it useful | 0 |
| It was helpful and I feel that I learned something | 1 |

Respondents general comments were invited regarding the programmes. Two respondents who had not answered any of the options had made comments instead. One respondent's written comments were: "Parts of it were helpful",

while the other respondent's written comments were less positive: "Total governmental pressure and brainwashing. Made everybody feel useless and self – esteem was threatened".

General comments regarding any of the programmes were also asked for at the end of question 7.

Six respondents made comments, 3 of those as follows:

- "Parts of it were helpful".
- "I was excused from attending after strong appeal from the community project I was already involved in".
- "I didn't enjoy being rushed through my correspondence course just so I'd have a qualification to help look for employment in Feb. A six month – 1yr course had to be completed in 4 mths".

Question 8:

If you are a sickness or invalids beneficiary, have you ever been required to do any of the following?

5 respondents answered that they had been required to see a departmental designated doctor. Two respondents answered that they had been required to see a designated doctor as well as attend any interview or programme regarding work or training.

Question 9:

Have you ever been referred to an actual job interview either by the New Zealand Employment Service (NZES) or WINZ in the last 3 years?

| | |
|----------------|----|
| Yes | 8 |
| No | 22 |
| Did not answer | 1 |

Question 10:

Did you know that NZISS has merged with NZES to become Work and Income New Zealand (WINZ)?

| | |
|----------------|----|
| Yes | 26 |
| No | 4 |
| Did not answer | 1 |

Question 11:

If you are looking for work do you think that you would enquire at WINZ for employment purposes?

| | |
|----------------|----|
| Yes | 7 |
| No | 22 |
| Did not answer | 2 |

One respondent who had answered 'no' to this question, also wrote the comment: "It's too difficult to get to talk with anyone".

Question 12:

If you were considering training or education, do you think that you would enquire at WINZ for this purpose?

| | |
|----------------|----|
| Yes | 8 |
| No | 22 |
| Did not answer | 1 |

Question 13:

If you have been in to WINZ since October, have you been told that you may have to go on a programme or work in order to remain on the benefit?

| | |
|----------------|----|
| Yes | 10 |
| No | 17 |
| Did not answer | 4 |

Question 14:

Do you think that the rules about working and receiving the benefit are easy to understand?

| | |
|----------------|----|
| Yes | 5 |
| No | 25 |
| Did not answer | 1 |

Question 15:

Do you think that the rules about working and receiving the benefit are fair?

| | |
|----------------|----|
| Yes | 4 |
| No | 26 |
| Did not answer | 1 |

Question 16:

Do you think that community work for benefit or attending interviews or programmes (called organised activities), should be compulsory for beneficiaries?

| | |
|-----|----|
| Yes | 1 |
| No | 30 |

Question 17:

As a beneficiary, do you think that the current policy of compulsory community work and organised activities will help you in any way?

| | |
|-----|----|
| Yes | 1 |
| No | 30 |

Conclusions of the survey.

WINZ is fairly active in the administration of the work test, in terms of the quite high amount of programme participation revealed in the survey, as well as the fairly high response regarding questions about whether people had been told about sanctions and penalties. The survey revealed two sanctions; one reduction in benefit, and one cancellation of benefit. Some confusion about whether or not respondents were aware that they were work tested was apparent.

There were very few indications that programme participation was beneficial, or perceived to be very useful by respondents. Most respondents to these questions did not attend voluntarily and most respondents stated that they attended to ensure the continuation of benefit. This indicates that processing beneficiaries through various programmes may be nothing more than perfunctory administration of the work test, and that the programmes are generally perceived as requirements to meet to retain benefit, rather than being

helpful to individuals.

It was intended for respondents to confirm whether their attendance on programmes was voluntary, and six confirmed this. Many people would understand 'voluntary' to mean that they were willing to attend anyway, despite any compulsion that may be attached to attendance. The question was intended to encompass this meaning of the word voluntary. From a beneficiaries advocacy perspective, there is frequently plenty of goodwill expressed on the part of many beneficiaries to participate in work test activities. However, despite the indication of goodwill that may be interpreted by the answers from the six respondents who stated that their participation was voluntary, by the end of the survey, only one respondent affirmed that they thought that the current policy of compulsory community work and organised activities would help them in any way.

Of the five respondents who had answered the question aimed at sickness or invalids beneficiaries, two of those had also been required to attend an unspecified programme or interview, in addition to seeing a designated doctor. This indicates that the new rules regarding partial deferrals and exemptions for these beneficiaries, are already being administered. This supports the theory that the new work test policy seeks to convey the message that all beneficiaries are to be primarily viewed as unemployed.

A small number of respondents had been referred to a job by one of the institutions. The majority of respondents stated however, that they would not consider utilising WINZ regarding their employment or training needs. Most respondents considered that the rules regarding working and receiving benefit were difficult to understand, as well as not being fair. Only one respondent indicated that they thought that participation in organised activities should be compulsory for beneficiaries. Similarly, only one respondent answered 'yes' to the question about whether or not individuals considered that the organised activities would help them in any way.

Overall, the institution and the requirement to participate in organised activities, did not rate highly in the survey results, in terms of overall positive responses. The results were not devoid of some positive responses. Beneficiaries are by no means automatically resistant to opportunities to participate in programmes because they are compulsory. But even where it was indicated by some respondents that their participation was voluntary, the usefulness of the programme to the same respondents was rated low. Beneficiaries will judge the effects of work testing activities on the perceived quality of the activity and its relevance to their individual circumstances.

Results of the interviews.

All of the participants expressed their own unique circumstances, experiences and perceptions. None of these were identical. The first questions that respondents were asked related to their awareness of and their experiences of the work test requirements. Respondents were then asked about whether they thought that work requirements and community work for benefit should be made compulsory for beneficiaries. They were asked if they thought that benefit sanctions or penalties should be imposed for failing the work test. Some of the respondents reconsidered their initial response to the question regarding their thoughts on compulsion after the question about sanctions. Lastly, respondents were asked about what they had heard about changes to benefit requirements or publicity about the new WINZ institution.

Initially, relevant excerpts were directly transcribed into the computer, and then some themes were identified that were considered to be relevant to the main issues of the administration of the compulsory requirements. Quotes were used where they were intelligible in written form, or pertinent illustrations of individuals experiences. These are discussed under the following headings:

Terminology.

Only three respondents used the term WINZ, and as with all of the other respondents, these three also used the terms 'Income Support', 'Social Welfare', NZES and the Labour Department, when referring to the institution. Even though WINZ had been in operation for approximately six months by the time the first interview was conducted, most respondents continued to refer to the institution as 'Income Support'. Respondents referred to departmental workers by a diversity of terms including; 'case officer', 'case worker', 'case manager', 'customer services officer', and 'employment officer'. Throughout this research, I have used a number of terms; frequently 'case manager' and at times, 'departmental worker'; both mean the same things but they denote different time frames which reflect, to a certain extent, changes in policy. The term 'case manager' is the current correct institutional terminology, intended to reflect the aim of individualised service, a policy aim since 1995. In this chapter, I have used the term 'case manager' even where the respondent has used a different term.

In their replies to questions asking respondents if they had heard the term 'work test', and did they know what it was and if it applied to them, seven of the respondents were hesitant in replying, including four of these who asked me to clarify the question. This hesitancy can be summed up by one respondent's reply, who asked: "Is that where you're supposed to work?". One respondent answered that he was not work tested and did not know what that was, but it was apparent that he was and that he had had extensive involvement with NZES

in the past and WINZ in the present. When the term was clarified, all of the respondents indicated their general awareness of the work test principles. This awareness was demonstrated by replies which made references to compulsory community work and other programmes, as well as references to what they had been told or required to do by case managers, and references to gaining employment. While all respondents were generally aware of the new emphasis in welfare policy towards getting beneficiaries into paid employment, only three indicated confidently, their familiarity with the actual term 'work test'.

The significance of respondents use of benefit administration terminology is fairly limited, although it is considered that it may indicate the amount or quality of information that beneficiaries are provided with. All of the respondents experiences as beneficiaries have been during a time when the entire social welfare environment has been in constant change and so imprecision in their use of terminology is unsurprising. However, it is reflective of a general underlying confusion, not only among beneficiaries, but also among benefit administrators. It was clear in general, that respondents were not aware of all of the precise requirements that they were subject to, and some of the things that they had been required to do, or things that they stated had been told to them, were at the least lacking in common sense and at most legally incorrect.

Individualised assistance.

The commonest factor that could be identified, was that nine of the ten respondents mentioned or described in some way, aspects of their interaction with individual case managers at WINZ. The only respondent who did not mention any specific experience with a case manager was the youngest respondent who had been on benefit for the shortest duration; that is, less than six months. All respondents had dealt with more than one case manager. For example, seven of the respondents talked about case managers (in the past or present) as either generally helpful or understanding, compared with others (in the past or present) who were not. Respondents' perceptions of their experience was therefore, strongly influenced by the quality of their interaction with individual workers. For example, one person expressed positive aspects of their general interaction with their case manager, in terms of the amount of information about criteria regarding supplementary benefits that they were told about, as well as expressing that this worker was fair. Comments were extremely varied in terms of positive and negative interactions with individual case managers. That is, a majority of the respondents expressed both negative and positive aspects of their interaction with individual case managers. For example, one respondent who talked about the transition from a non – work tested DPB, to a full – time work tested community wage beneficiary, stated: "They got on to you immediately. She [the case manager] told me it was crunch time. I got a form to fill in, this really really childish thing, that I had to have on her desk on Monday, with jobs applied for. I remember finger wagging". This

respondent then stated that he had been sent off to NZES and saw another person who he was positive about: "She was realistic. She was the only one who treated me as a real person. She made an enquiry to some quite relevant job that I could have done". So in terms of how respondents expressed that they were treated at WINZ, it was most often in reference to their interaction and opinions of individual case managers.

In terms of an overall view of respondents statements regarding their interaction with individual case managers, it was not possible to conclude that the quality of this interaction was perceived as more positive than negative or vice versa. The only conclusion that can be drawn is that work tested beneficiaries perceptions of the benefit claiming process is influenced by this interaction, which can be both positive or negative at any point of the claiming process.

Experiences of the requirements.

Six of the respondents had been employed within the last year of being interviewed. Seven respondents indicated that they had had both negative and positive experiences of the work test requirements, two respondents described their overall experience of the administration of the work test requirements as fairly positive and one respondent was non – committal because he had not had much experience of WINZ since being granted the benefit three months previous to the interview.

Five of the responses to questions regarding their experience of the work test process are summarised as follows:

One DPB respondent expressed that she had been extremely distressed at being required to complete a form stating evidence of job applications, and she stated that she had been told on one Friday that she had to have it filled in and returned by the following Friday. She had been told that failure to do so would result in the benefit being cancelled. This respondent had been in and out of low – income, part - time employment since her youngest child was three. At the time that she became a part - time work tested beneficiary, and was required by the case manager to fill in the job search form, she was not in any employment. She explained that she had not been working because her youngest child had required hospitalisation. When she went back into WINZ, she had taken a relative with her to explain these circumstances. She stated that the case manager "was not as hard on me as before" at this interview. At the time of the interview for this study, this respondent was in part – time casual employment with varied hours, normally no more than twenty hours. She had not obtained this employment through WINZ. Any contact that she presently had with WINZ was in respect of declaring income, or other things such as applying for special needs grants.

One respondent on community wage, was in community work. He expressed that it had been frustrating having to comply with some of the requirements. He had been contacted twice by phone by his case manager at WINZ regarding jobs; on one of these occasions this was while he was doing his community work. On both occasions he had been told that he had to go in to a different district office that was not the WINZ office which administered his benefit, because that WINZ office did not provide the employment service. This respondent had been frustrated because he felt that the information or employment details could have been given to him over the phone. On the second journey in response to the telephone request, he had received a ticket for no warrant of fitness while the car had been parked outside WINZ. After that, he had asked that the case manager delete from his file the information that he had available transport. He stated that he had not considered either of the jobs which he was referred to, suitable to his work experience and qualifications, and he also stated that he wanted them to assist him to find a position in the area that he was attempting to gain a qualification in, and which required that a number of practical hours be completed. He stated that he enjoyed the community work position and did not mind fulfilling the requirements, but that there were problems with the practicality of these requirements for this respondent. He had not found dealing with WINZ too much of a problem although he did not consider that they had particularly helped him much and he stated: "They haven't been very realistic with me so far".

One female respondent on DPB, was extremely positive about her past experience of programme participation. She had attended the programme voluntarily after making enquiries at the NZISS about possible courses. The programme was Hikoi ki pae – Rangi, aimed at solo mothers. She described how the group of participants were encouraged by the facilitator to look at the skills that they already had developed from time in and out of paid employment, and from bringing up children, and think of how to use those skills to get employment. This respondent stated that she had felt motivated by the programme. She recalled that some of the women who attended were not happy about being there, because of grievances about debts with the NZISS. She stated that they had been shown a video about a woman who had begun a business from home by utilising her sewing skills. They had worked on CV's and job interview skills. The respondent stated that during one of the days of the programme, a benefit crime investigator had come in to talk to them about relationships in the nature of marriage. She stated that for a few months after the course, she made numerous job applications, none of which were successful and her confidence began to decrease. Although her case manager seemed to be "relaxed" about her part – time job search requirements, this respondent expressed annoyance about the case manager's administration of her benefit, including canceling the benefit after claiming that the respondent had not returned benefit review forms, which she claimed had been returned. Previous to attending the programme, she had also attended a mandatory annual planning

interview. She stated that this interview was not a problem. This respondent often obtained "cash work" to supplement benefit income.

One male respondent expressed frustration with the new WINZ institution, regarding access to job vacancies. He stated that before the merging of NZISS and the NZES, he could go in to the NZES, look at the job list and then see someone immediately, and make contact with the employer immediately. He stated that recent experience with WINZ had made him angry. There were no longer any job lists at the WINZ office. When he had made enquiries to see an employment advisor he stated that he had been told that he must make an appointment by telephone through the call centre and that he could not make an appointment in the office itself. He was also annoyed at having to complete his work history form again, claiming that the department already held this information. As such, he stated that the new process was slower and less efficient and he felt that it had become more difficult for him to access job vacancies or individual assistance with jobs. He stated that approximately one month previous to the interview, a WINZ case manager had stated that only about 9% of job seekers gained employment through WINZ so that he would be better off "to look somewhere else". He was not sure if he had one case manager; he stated that he had seen someone who was good about the "benefit side of things", but that she did not deal with any of the employment issues. He stated that there was another person that he last dealt with from NZES who had assured him that he would get back to him regarding an employment enquiry, but never did and so the respondent no longer wanted to deal with this person.

This respondent had been in and out of paid employment for approximately fifteen years, and the NZES had been the main source of job search for this respondent during this time. This respondent stated that he had been sanctioned twice in the last three years, with thirteen week stand downs. One of these stand downs was for dismissal from employment which he claimed was unjustified, as the claim was made that he was supposed to be wearing safety equipment. He stated that "this was a technicality as far as I was concerned." The second time was allegedly for voluntary unemployment and he stated that the department had received information that he had begun work for a company, when he in fact had not. This respondent had not pursued either of these stand downs in terms of appealing the grounds on which the stand downs were applied. Overall, this respondent was very frustrated with the new WINZ institution.

Another female respondent on community wage unemployment, had stated that the last contact that she had had with WINZ was that her case manager was supposed to be investigating a placement for her on a course where participants could gain their 'Heavy Traffic' licences. She had eventually been informed by telephone, that there were no places available for her at that time, but that she would be on a waiting list for the next course intake in three months time. She stated that her case manager was new and that she recently had to re - apply

for the benefit after she had been in full – time employment, and was made redundant after three months. She had become extremely distressed to find that WINZ was going to place her on a thirteen week stand down after receiving advice from the employer that she had left the job for “personal reasons”. She stated that she had insisted to the WINZ case manager that there had been no more work for her at that job, and at her insistence, the case manager had telephoned the employer then and there. The employer agreed at that point that there had in fact been no more work available for her. Once that was ascertained, her benefit application was processed normally. She expressed frustration at the “run around” from WINZ regarding the ‘Heavy Traffic Licence’ instruction course. She stated that she was constantly making job applications, primarily from the ‘situations vacant’ through local and national newspapers and occasionally through WINZ. Apart from being threatened with a thirteen week stand down, and getting different and conflicting information regarding the training course that she was aiming to participate in, she stated that WINZ were generally not a problem in terms of compulsion regarding employment issues. She stated that they were not helpful enough. She always retained evidence of job search and was able to provide this at meetings with her case manager. This respondent was more frustrated about the administration of her benefit, particularly regarding supplementary benefits, than about the administration of the work test requirements.

In terms of an overall conclusion regarding respondents experience of the work test requirements, no single conclusion could be drawn. The work test requirements did not appear to have a significant employment effect on any of the respondents in that their job search experiences seemed to be independent of any of the actual job search requirements that are the conditions of the work test. That is, most of the respondents were active job seekers despite compulsory requirements. There was some evidence of vigilant administration of the work test in that four of the respondents had expressed concern about having their benefits cut. They stated that they had been threatened with this consequence by their case managers. Also, as reported, one respondent had actually experienced thirteen week stand downs twice.

Overall perceptions of compulsion.

Respondents were asked whether or not they thought that compulsory requirements for beneficiaries were necessary or a good idea. The compulsory requirements were explained as the things that WINZ expected them to do as beneficiaries, such as attend job interviews or undertake community work or ‘organised activities’ that were aimed at improving participants’ employability.

Three respondents indicated that they thought compulsory requirements were unnecessary. One of these stated that he already undertook adequate job search and did not need to be assisted or compelled to do this. He also stated:

"If they were any good at getting you a job, I'd take their suggestions". Another of these respondents stated that he was referred to job interviews which he always attended, but he considered that the stand down for voluntary unemployment was particularly unfair. He explained that this was because of his experience of some working conditions and his perception that it was too easy for workers to be dismissed unfairly. He claimed that wages had got so low, that labour was cheaper than hiring machinery to do a job. Overall, this respondent thought that any programmes or community work for beneficiaries, should be voluntary. The third respondent stated that he did not see much point in making people do community work or other activities when there was so much unemployment, and he added that he thought that participants on the community work scheme should be paid real wages. This respondent also mentioned the demise of apprenticeships in the context of talking about youth unemployment, and how this had been a good scheme in terms of meeting youth employment needs.

Six of the respondents indicated that they were in favour of compulsory work test requirements for beneficiaries, and one respondent stated that he did not know. Three of the six responses in favour of compulsion are summarised.

One respondent stated: "Well you've got to have something I suppose, otherwise people could just go on the dole like it's a holiday". Another expressed as a reason for her support of compulsory requirements: "If they're on long term they become trapped in a mentality – in a sense being stuck". A third respondent who indicated that he thought requirements should be compulsory stated: "I think some people need to be pushed sort of or they give up too easily and maybe just get you know, a bit of work under the table that's around".

All of the six respondents who indicated their support of compulsory requirements, made direct or indirect reference to the concept that paid employment was better than being on benefit, or that they would rather have a job than be on benefit, or that they would rather not have to be on a benefit, in their responses to questions about the necessity or otherwise of compulsory work test requirements. Three of these six respondents, who were the DPB beneficiaries, made reference to a perceived lack of financial gain from part – time employment and partial benefit. One stated: "I'd been cleaning as casual for a few months and I got told by Inland Revenue that I owed them back payment of child support. A friend told me it was probably because of working and what I earned and I still don't know how I owe them – all I knew is that I thought what's the point?" It was established that this respondent actually meant family support and not child support. Overpayment of family support and other tax debts, are fairly common problems for some people who are either in part time employment and receiving partial benefits, or for people who may be in and out of employment and unemployment.

Childcare issues were mentioned by two of the three DPB respondents in the context of their replies regarding questions about work requirements as a condition of the receipt of benefit. One stated: "My kid started to go off the rails when I got a job".

Four of the six respondents who supported compulsory work test requirements, differentiated between compulsory work for benefit and meeting job search requirements, insofar as these four indicated that they were opposed to compulsory work for benefit. Two of the answers which distinguished between compulsory job search requirements and the community work for benefit scheme are summarised:

First respondent: "People shouldn't be forced to work". This respondent stated that she thought that there should be compulsory training for the young unemployed, or perhaps compulsory work experience for young unemployed.

The second respondent talked about the importance of being referred to appropriate job interviews, and having the right to decline employment and leave employment. He also expressed disagreement with the community work for benefit scheme. He informed that he had once been asked to participate in a Community Task Force programme which he had objected to. He had been excused from attending without being sanctioned. He was extremely critical of the nature of this particular CTF project on the grounds that it would have had no effect in terms of improving his skills or employment prospects. (Sladojevic)

Penalties and sanctions.

After the question about whether or not they supported compulsory requirements, respondents were then asked if they thought that beneficiaries should be punished with benefit sanctions or penalties for failing to meet the work test requirements that had previously been described. The three respondents who were opposed to compulsory requirements, were clear in their opposition to the imposition of penalties and sanctions.

Four of the six respondents who had indicated their support of compulsory requirements, then reconsidered the implications of this support in the light of the punitive elements of these requirements. To an extent, the sequence of the questions that were asked may have contributed to these four respondents hesitancy to this question. That is, the questions about penalties and sanctions were asked after the questions about compulsion. Penalties and sanctions were described as stand downs for voluntary unemployment and benefit reductions or cancellations for failure to comply with work test requirements. Confusion arose when it was pointed out to respondents that penalties and sanctions are necessarily linked to compulsion that they ostensibly supported. If the sanctions did not exist, then participation in organised activities would be voluntary. The

four respondents who reconsidered their previous views regarding compulsion are summarised:

The first respondent stated that she had not thought of the link between compulsion and penalties: "in that way", in which case she then stated that she disagreed with penalties for failure to attend programmes or for voluntary unemployment. This respondent then expressed a condemnatory opinion about the general administration of her benefit. She then added that her voluntary attendance on Hikoi ki pae Rangi was because she had made enquiries about what was available rather than being made aware of what was available, insinuating that the department had not been forthcoming in terms of employment or training assistance.

The second respondent gave a similar reply by offering strong criticism of the general administration of her benefit. She stated that she was opposed to sanctions and penalties regarding voluntary unemployment, and not participating in organised activities. This respondent was not sure however, whether or not people should be penalised for not attending job interviews when directed. She stated: "It's good if you get someone decent who can be helpful and they don't get sort of heavy with you if you know what I mean". She stated that to a certain extent, the compulsory nature of job search did motivate her job search but that lack of money was a more compelling reason behind her desperation to obtain employment.

These two answers indicate that for these two respondents, penalties and sanctions were associated with departmental errors regarding the administration of their benefits. In other words, when the two respondents contemplated the possibility that the department had the authority to sanction them for failing to comply with a requirement, they identified this fact with perceived failures on the part of the department to administer their 'welfare rights' reasonably. The link between penalties and sanctions and departmental 'failure' was made in an abstract sense; the respondents were not sure as to whether their benefits were actually being administered incorrectly because they did not have access to information to determine this, but they nevertheless perceived or suspected that this was the case.

The third respondent who reconsidered her view on compulsion after being asked if she thought that there should be penalties and sanctions stated that when she had first received the letter to inform that she was a part – time work tested beneficiary: "I admit I thought [expletive] you". All of these letters contain a standard explanation that failure to comply with any conditions resulting from the persons new status as part – time work tested, could result in the benefit being stopped. This respondent had volunteered for, and participated in, a community work programme. She then distinguished between the need for compulsory conditions for youth and adults. That is, she considered that

compulsory conditions with penalties and sanctions should be imposed on unemployed youth, but she was not sure if this should apply to adults. She stated that she did not agree with work testing for solo parents. This respondent had stated her opposition to the compulsory work for benefit scheme in the first instance.

The fourth respondent who had initially stated agreement that there should be compulsory work test conditions, but who was opposed to the community work for benefit scheme, answered that he did not think that penalties or sanctions should be imposed. When it was pointed out that this would then mean that the work test requirements would be voluntary, he then indicated that he changed his position on compulsion and that he agreed that programme participation and job search should be voluntary.

Two respondents agreed with, or were in favour of, penalties and sanctions for breaching work test requirements. This was despite the fact that both had described their experience of requirements as fairly stressful. For example, the first of these respondents was the same one who had been told that she had to complete a form in one week to provide evidence of jobs applied for, at a time when her youngest child was hospitalised. She had expressed that she had been extremely distressed about this, because of the expressed threat that her benefit could be stopped if she did not comply. Similarly, the other respondent who agreed that penalties and sanctions needed to be in place to administer the work test, had also described his experience of being requested to participate in a CTF scheme as stressful and demeaning because he stated that his morale was already low on account of being unemployed. However, this respondent had stated his clear opposition to the community work for benefit scheme, but his support of compulsory requirements relating to job search and training programmes.

It was clear that the questions regarding sanctions and penalties were not necessarily easy questions for six of the respondents. The three respondents who had indicated the most familiarity with the term work test and work test requirements and who were generally opposed to compulsion, had the least trouble in responding to questions regarding penalties and sanctions. That is, these three respondents were clearly opposed to penalties and sanctions. The youngest respondent who was the least communicative when interviewed compared to the other respondents, and who had answered; "I don't know" to the question about whether or not he thought that there should be compulsory requirements as a condition of receipt of benefit, answered with a simple "no" to the question about sanctions and penalties.

In summary, respondents' perceptions of compulsion and penalties and sanctions were diverse. It was significant that respondents generally distinguished between compulsory work for benefit and other compulsory

requirements such as job search. For example, nine of the ten respondents were opposed to the community work for benefit scheme. Of these nine, one offered no opinion on other compulsory work test requirements, and three did not agree with any compulsory requirements. The remaining five respondents had fairly differing views on other compulsory work test requirements. It would be reasonable to conclude that these respondents initially indicated or expressed their general acceptance of having work test conditions attached to receiving benefits. One of these five respondents retracted his support of requiring compulsory job search or participation in organised activities after being asked his opinion of benefit sanctions and penalties. The remaining four respondents, although more cautious in their answers regarding sanctions and penalties, generally agreed that there had to be some punitive measures. One respondent was in full agreement with all of the requirements of the work test, including community work and sanctions and penalties. It could therefore be concluded that half of all of the respondents interviewed, agreed with the concept of reciprocal obligations, or conditions attached to the receipt of benefit.

Conclusion.

Many of the themes which emerged from the data obtained from the interviews, contain similarities with the findings of Dean and Taylor – Gooby (1992). For example, in their research it was found that overall, respondents were confused or uncertain about their entitlements, and used incorrect terminology.¹ This was also a theme that emerged from the interviews for this research; a majority of respondents mentioned difficulties that they had encountered making applications for supplementary benefits, or other things which related to the overall administration of their benefit. In addition, it was noticeable that respondents were uncertain about the specific attributes of the work test. That is, there was a general acceptance of work test conditions but a fairly low awareness of what these were specifically, and how respondents may be individually affected.

In interpreting the data from the interviews, it is reasonable to conclude that respondents motivation to work, or at least their job search activity, was not necessarily linked to the requirements of the work test, or pressure exerted by the institution. Dean and Taylor Gooby (1992: 92) also reached similar conclusions. Respondents motivation to work and their expression of the need to gain employment, indicates that beneficiaries share the same work ethic that is assumed to be a characteristic of the employed, but it has somehow been lost by those dependent on welfare. There was some evidence of respondents expressing that their self – esteem was diminished as a consequence of being beneficiaries. Much has been presumed about the degree of disillusionment among the unemployed and its link with diminishing job search effort.² For

¹ Dean and Taylor – Gooby, *'Dependency Culture: The Explosion of a Myth'*, 1992, p. 131.

² For example, see Peter McCardle: *'Working for dole can only benefit jobless'*, NZ Herald,

example, NZES research (1996), found that 26% of job seekers fitted into the pre – determined category of “withdrawn” job seekers. “Withdrawns” are defined as:

“Withdrawns” are not confident of finding a job. They are not actively looking and have almost given up. They often have withdrawn from the world, are depressed and sometimes angry. 26 percent of job – seekers.³

The NZES research is actually focussed on a sample of beneficiaries who had been unemployed for more than one year and so to a certain extent, such a high percentage of “withdrawn” job seekers is to be expected. But it would be too presumptuous to conclude that there is a strong link between ‘disillusionment’ and loss of the work ethic. For example, it is reasonable to conclude from the interviews undertaken in this research that some respondents expressed a degree of pessimism about obtaining employment, as well as doubts about the level of income that could be expected from employment. Despite this, it was indicated that more income was the prime motivation for the majority of respondents who were seeking employment. In other words, where they may have expressed a lowering of self esteem, or even disillusionment regarding gaining employment, it could not be interpreted as a loss of the work ethic since nine of the ten respondents were actively seeking work. The motivation to increase individual income was also found to be the primary motivation behind job search activity in the NZES (1996) research.⁴ Beneficiaries therefore, have a strong work ethic and are motivated to seek employment regardless of the compulsory requirements to do so.

It is debatable whether beneficiaries are more motivated towards job search by the threats of benefit sanctions, than they are motivated by the perception that the institution can meet their employment or training needs. That is, it is another question to determine whether beneficiaries have been at all motivated by the WINZ marketing campaign to establish itself as a key national employment service, and whether they view their need to interact with the institution for employment purposes, or because they must do in order to meet benefit requirements.

The research found that respondents felt motivated by programmes or individual assistance that they felt actually assisted them in some way, whether compulsory or not. Respondents overwhelmingly indicated willingness to participate and comply with the work test requirements, but their overall experience of such participation was insignificant in terms of its effects of

21/7/98.

³ NZES/AGB McNair, *The Barriers to Employment Faced by Long Term Job Seekers*, 1996, Appendix 4, p.41.

⁴ Ibid, p. 41.

increasing the motivation of respondents to obtain employment, or actually enabling them to obtain employment. This evidence substantially weakens the argument for compulsory requirements.

Questions regarding penalties and sanctions engendered angry responses and expressions of bitterness. It could be interpreted by this, that the existence of punitive measures could actually serve to undermine respondents self – esteem, especially where they may be desperate to gain employment. In other words, being out of paid employment and being a beneficiary is already perceived to be like a form of punishment. The additional threat of losing ones benefit for not complying with the very requirements which actually serve to define the individual's status as 'beneficiary', is perceived to be insulting. The anger expressed by respondents regarding penalties and sanctions could also be interpreted that punitive measures, serve to undermine the confidence of individuals in the ability of the institution to assist with their employment needs. The institution certainly lost credibility among the respondents when sanctions and penalties were discussed.

The fact that the majority of respondents initially supported some form of compulsory requirements anyway, indicates that beneficiaries generally share normative views in respect of the importance of employment in society, and in respect of the perceived problems around numbers on welfare benefits. This was also a conclusion derived from Dean and Taylor – Gooby's research; that beneficiaries "subscribed by and large to mainstream cultural values,...".⁵

This conclusion is also supported by general observations from a beneficiaries advocacy perspective. That is, the interview respondents, just as much as the beneficiaries who seek the services of welfare rights organisations, expressed the same type of concerns and attitudes and sometimes prejudices about welfare and welfare beneficiaries that can be found throughout the general population.

Despite this, the welfare benefit system serves to first identify and then compel certain categories of beneficiaries, as if they are different from other citizens in society. The factor of compulsion and the existence of punitive measures, requires far more consideration as to its necessity, in the light of evidence which indicates that the work test requirements have little effect on beneficiaries behaviour or attitudes.

⁵ Dean, H. and Taylor – Gooby, P. *op cit*, p.136.

CHAPTER EIGHT.

CONCLUSION.

Introduction.

This thesis has been a detailed examination of the historical origins of the work test policy in welfare, and an exploration of how this policy has evolved to become a central part of the social security legislation and the administration of welfare benefits.

The work test policy originally evolved in response to unemployment, and its purpose reflects the importance of employment to the overall existing social and economic structure. It has been shown that the work test is part of both labour market and income support policy. It has also been shown that the purpose of the work test policy over the last decade has been expanded in response to the perceived problem of 'welfare dependency'. The work test has attained a much greater significance in welfare now than ever before.

This study has explored some of the theoretical and administrative issues that have arisen as a result of increased compulsory and punitive work test conditions under which benefits are received. These issues revolve around the principle of compulsion in welfare, and the objective of the study has been to examine the relevance of this principle in the present social and economic circumstances. The purpose of compulsion is essentially to reinforce the idea that participation in the labour market is an obligatory condition of citizenship. There is more debate and intellectual discourse about concepts of employment, and paid and unpaid work in the present, than there has ever been before (Watts; 1983, Meadows; 1996, Else; 1994, Waring; 1995). One of the most important political questions currently facing the governments of democratic welfare states, is how future social policy will define such key issues around employment and unemployment, sole parenthood, invalidity, work capacity and poverty. The definition of employment and paid and unpaid work is a central issue which needs to be examined and determined in the context of twenty first century social and economic circumstances.

Background and history.

The work test has always been a condition for the receipt of the unemployment benefit. It was always perceived as necessary policy in order to prevent voluntary unemployment and to emphasise the social obligation of individuals to obtain paid employment through the labour market. The current work test policy has served to strengthen, and in no way alter, these perceptions. As such, the underlying principles of the work test are the same as those upon which the nineteenth century workhouse system was based.

Although New Zealand never established the workhouse system as a means to deal with poverty, successive governments from the late nineteenth century until the first Labour government of 1935, strongly resisted the notion of both unemployment insurance, and payment of the unemployment benefit as of right. As much as possible, New Zealand's social and economic policy sought to provide public works to alleviate unemployment. The public works policy was expanded to encompass compulsory work schemes for the unemployed during the 1930s depression. When these schemes could no longer cater for the numbers of unemployed, the unemployment benefit was finally paid with work test conditions attached, but without the compulsory work conditions.

For approximately thirty years from the end of World War Two until the 1970s, unemployment and the payment of social security benefits (apart from superannuation) were a relatively insignificant political issue because of high employment. From the mid to late 1970s, the welfare state expanded considerably, and political attention began to focus on the social and fiscal implications of this expansion. Criticism of the extent of welfare was central to the neo – Liberal ideology which gained political prominence throughout democratic welfare states from the middle of the 1970s. This criticism was expressed by ideological opposition against government intervention in the economy and labour market. As unemployment increased considerably during the decade of the 1980s, the work test policy began to be more rigorously administered, and this served the essentially anti – welfare objectives of neo – Liberal economic and welfare policies.

Most of the discourse around employment and unemployment policy that was taking place until approximately 1997, focussed on long term unemployment as a central issue that needed to be addressed by stricter work test prescriptions. Even though the language of welfare benefit dependency began to emerge from the beginning of the 1990s (Welfare that Works; 1991), the work test was not extended to other categories of beneficiaries until 1997.

So the work test policy prescription that had existed from the beginning of the twentieth century as a means of addressing unemployment, began to be rigorously applied at the end of the century, as a means of addressing the issue of unemployment as well as 'benefit dependency'.

The literature.

The thesis has examined the relevant theoretical literature and found that in terms of the question regarding the need for compulsion in welfare, there are two main views that best express the issue.

The first is the dominant neo – Liberal theoretical view which underlies current

welfare benefit policy. It argues for a reduced governmental role in the economy, the labour market and social welfare generally. This theory ranges from the fairly extreme view that welfare should only exist as private charity and that unemployment is primarily an individual attitudinal problem (Green; 1996, Mead; 1995), to the more mainstream version which seeks tighter targeting of welfare benefits as a necessary consequence in the pursuit of a free market economy (Douglas; 1993, Prebble; 1996, 1999). The present work test law and policy is the practical application of some of this theory, resulting in increased state intervention in the lives of beneficiaries, it appears as contradictory to the argument behind policy which seeks to reduce the state's role in the regulation of the economy and labour market. Increasing the work test requirements has also served to reinforce the more extreme neo – Liberal view which proposes that welfare has negative moral consequences for individuals, and that unemployment and welfare benefit dependency are primarily the result of deficiency of moral character and unwillingness to work.

The second view is expressed by critical theory which argues that the existing structure of the labour market and the institution of social welfare serve to maintain capitalist economic relations, and that the strengthening of the work test in welfare, serves to further reinforce the concept of labour as a market commodity (Offe; 1984, Rudd; 1997, Esping – Andersen; 1991). This theory is essentially the neo – Marxist view. It follows that this view opposes compulsion in welfare because of its analysis which proposes that poverty and unemployment are caused by structural inequalities, rather than the result of individual character defects. The most obvious argument against compulsion in welfare, is found in theory which supports the concept of 'universal basic income', as a right of citizenship (Rankin; 1997, Watts; 1996, 1998, Van Parijs; 1992). This concept is linked to, but not necessarily encompassed by, neo – Marxist analysis. It is based on a concept and definition of citizenship which includes the recognition of economic and social rights.

This study found no evidence among the respondents who participated in the research to support the neo – Liberal view that the provision of welfare benefits has served to undermine work values or individual character, or that compulsion is necessary in order to reinforce the work ethic. Instead it found that the respondents retained strong motivation to obtain employment and were generally active in independent job search. The research found that respondents held diverse views regarding compulsion, some expressing that they supported compulsion, and some were clearly opposed to the concept. This demonstrates that beneficiaries share the same diversity of views regarding the provision of social welfare as could be expected from the general population. In accordance with the results of research undertaken by Dean and Taylor – Gooby (1992), it was also found in this study that respondents' negative views regarding their experiences as beneficiaries, were generally to be expected in the light of the overall stigma attached to their status as beneficiaries. It would appear to be

obvious that long term benefit dependency can lead to individuals becoming disillusioned regarding their employment prospects, but the neo – Liberal view which proposes that provision of welfare benefits in itself, degrades individual motivation and initiative, is considered to be invalid. The work test policy sought to essentially increase compulsory requirements and penalties and sanctions for compliance failure, because it was perceived that these measures were required to prevent people from unreasonably claiming and remaining on benefits. Statistical fluctuations in unemployment rates and numbers on benefits, would appear to indicate that factors such as employment growth or decline, are more influential in determining the rate of unemployment or numbers of people on benefits, than the administration of compulsory work test measures.

It is also suggested that the imposition of penalties and sanctions is not as low key as suggested by some (Donald; 1998). This research uncovered two sanctions in the surveys, and two in the interviews. It certainly revealed that the institution is thorough in reminding people of consequences for work test failure. Also, it is suggested by some that the imposition of the work test and penalties throughout the 1980s was also low key (Mckenzie; 1997), but anecdotal evidence among advocacy services at the time, indicated that cutting people's benefits off for failing to report to the Department of Labour was reasonably prevalent. The conclusion to be drawn from this, is that the work test has been vigilantly administered for at least the last two decades in this country, reflecting an historical pattern of vigilance which was most evident in the 1930s when unemployment rates were high, just as in the 1980s and 1990s.

The research.

The most thorough research which examined the effects of changes to work test legislation and policy in Britain, found nothing which would confirm that the work test law and policy there, has any significant effect on employment outcomes or the job search behaviour of the work tested (Bryson and Jacobs; 1992). A range of quantitative and qualitative research methodologies was used in that study as well as a wide range of respondents including the department which administered the work test law and policy, employers and beneficiaries. It found that overall, compliance with the work test requirements was generally perceived by respondents to be something that they simply had to do to retain benefit, rather than something which motivated or assisted them with their employment needs.

It has been shown that most of the recent and relevant New Zealand research, focuses on long term unemployment as the central issue that needed to be addressed through welfare policy.¹ In addition, the research which examines

¹ For example, Prime Ministerial Task Force on Unemployment (1994) reports focus on long term unemployment, also, NZES/AGB McNair, *The Barriers to Employment Faced by Long Term Job Seekers*, NZES, 1996.

questions about incentives and disincentives that are perceived to be consequent to changes in labour market and welfare benefit policies, is relatively inconclusive in terms of what it expresses regarding the necessity for compulsion. Wilson (1996), adequately demonstrates that conclusions regarding incentive and disincentive effects of labour market and welfare benefits are extremely difficult to make, because the behavioural models upon which such research is based, are too simple. Even where research claims to determine a positive link between compulsory unemployment programme participation and employment outcomes (such as Maloney; 1997), the effect is not significant or compelling enough to conclude that compulsion is an overwhelming necessity.

There are insurmountable difficulties involved in providing quantitative analyses regarding possible effects of work testing or programme participation. It was considered that the effects of compulsory work test requirements can only be measured qualitatively, in terms of how the requirements were perceived by work tested beneficiaries. As such, the results of this research, concur with the results of other qualitative studies (Dean and Taylor - Gooby; 1992, WPRC; 1999), in that it is clear that the work test requirements do not have a significant effect on respondents job search behaviour, or on their attitude towards employment and benefit receipt. Where respondents perceived that the experience of work test requirements was positive, it was more due to their personal interaction with helpful case managers than a direct consequence of the policy itself.

Concluding Remarks.

This thesis has shown that the strengthening and extension of work test policy was intended to address two issues; unemployment and benefit dependency. The work test was always in place as a means to prevent voluntary unemployment and to reinforce work related citizenship obligations. To the extent that the work test has ever succeeded in reducing unemployment or numbers on welfare, the fluctuations in numbers of unemployed and numbers on welfare, would indicate that the work test is fairly inconsequential as a determinant in the unemployment or benefit dependency equation.

From a beneficiaries advocacy perspective, the outcome of this research is unsurprising. It concurs with the general observation from this perspective, that beneficiaries of working age have no differences in their attitudes to employment, or in their opinions about social welfare, than the rest of the population. Most of the negative attitudes expressed by beneficiaries, relate to the paltry rates of benefits, as well as the perception that WINZ is not a particularly efficient institution when it comes to the administration of benefits. Many of the respondents were unperturbed about compulsory requirements, although strong resistance towards the community work for benefit scheme was encountered. Where respondents had experienced the compulsory requirements

such as planning interviews or programme participation, the effects of these on their job search behaviour or employment prospects was insignificant. There appears to be no need for compulsory requirements of any kind. It is a reasonable observation based on this research, as well as from a beneficiaries advocacy perspective, that individuals will have no hesitation in availing themselves of the opportunity to participate in training or programmes if they are perceived as, or known to be, useful. It would appear that so far there are no programmes currently in place that are popularly perceived to be significant to individuals in terms of their employment or training needs.

It has been found that the net effect of the policy, was to create quite complex legislative and administrative layers on top of the existing law. It was also found that the legislation in respect of exemptions and deferrals from work test requirements, is circular and virtually self - contradictory. These factors regarding the law and policy, mean that there is too much potential for errors and mere perfunctory administration and this will in turn, certainly detract from the ability of WINZ to provide a fully focussed and individualised employment service.

The case for compulsion in welfare has been lost. It was a factor of welfare benefit provision from the time that welfare policy was first devised in response to unemployment. It had no effect then on preventing unemployment or the need for benefits, and it has no effect now on unemployment or benefit dependency. The sole purpose of strengthening and expanding work testing requirements, appears to be that it simply suited neo - Liberal ideology. This ideology sought to curb the expansion of the welfare state by utilising a moral argument which strongly opposed the concept of welfare provision as of right. As a result, the work test policy now, most closely resembles the work test policy in the past when it was administered the most vigilantly; at the beginning of the twentieth century when governments were determined that no relief would be given without work, because it would be immoral otherwise.

The compulsory work test requirements and accompanying punitive sanctions and penalties, should be relegated to history, where they belong.

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BENEFICIARIES ADVOCACY and INFORMATION SERVICE

2 December 1998

Dear

Our organisation has been asked to assist in a research project which aims to find out how the recent changes to benefit laws are affecting beneficiaries.

This request has been made by a Massey University Masters student undertaking research about the administration of benefits in order to complete a university degree. We have agreed to assist by contacting you to see whether you may be interested in participating in the research. We agreed to assist because we view such research as possibly useful for organisations such as ours. It could help us in our aim to provide a quality community – based service to beneficiaries and people on low – incomes.

We are asking you to distribute the enclosed questionnaire to any of your clients who are interested in filling it in and who are on welfare benefits, except for National Superannuation. You can contact us if you need several copies of the questionnaire. We are asking that the participant return the questionnaire to our organisation, but we will collect any filled in questionnaires from your organisation if returning them to us is difficult for your clients. Please let us know if we need to collect any questionnaires from you. We are asking that the survey be run from December 1 to January 31 and we will contact you before this deadline.

Attached is an information sheet setting out the details of the research. It is in two parts – there is a questionnaire and also contact details if anybody wants to participate in an interview in addition to, or instead of, filling in the questionnaire.

We welcome your response and look forward to hearing from you if you have any further enquiries.

Yours faithfully,



Janferie Bryce-Chapman
Chairperson.



MASSEY
UNIVERSITY

A L B A N Y

COLLEGE OF HUMANITIES AND SOCIAL SCIENCES

DEPARTMENT OF SOCIAL POLICY & SOCIAL WORK

APPENDIX 2

WORK TESTING FOR BENEFICIARIES SURVEY.

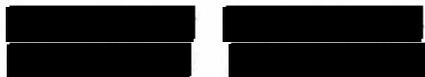
INFORMATION SHEET.

Purpose of the research:

My name is Sarah Barker and I am a Massey University student. I am undertaking this survey about work testing of beneficiaries in order to fulfil the thesis requirement for my masters degree in Social Policy. This work is supervised by Professor Mike O'Brien at Massey University, Albany Campus, Department of Social Policy and Social Work. All of the research that is involved in my thesis is undertaken in accordance with the Massey University Code of Ethical Conduct for research and has been reviewed by my research supervisor.

I am an experienced community worker and beneficiaries advocate as well as a student. I presently work part – time as an advocate for Beneficiaries Advocacy and Information Service Inc, on the North Shore, Auckland. I am also a member of the executive committee of the Auckland District Council of Social Services, which is a coordinating body for social services in Auckland.

Contact phone no's:



What it is about:

The purpose of the research is to investigate the effects of benefit changes, especially beneficiaries' increased legal obligations to look for work, and how these things are administered by the new Work and Income Agency (WINZ).

The results of the survey:

The results of the survey will be used to complete the student's thesis. Also, the overall results and a general summary of the study will be made available to all participant organisations and individuals if requested.

It is hoped that overall, the research will be useful to social services such as community – based organisations, which may be involved in providing some types of services to beneficiaries. It may, for example, help to identify any general or particular issues that have arisen as a result of changes to the structure of welfare benefits.

Who is to be surveyed?

The survey is being circulated to people and organisations who have used the Beneficiaries Advocacy and Information Service, (which recently changed its name from Beneficiaries and Family Law Consumer Service) as well as to people regionally and nationally through other advocacy and social service agencies whose clients are willing to participate.

Anyone who has been affected by, or thinks that they have been affected by, changes to benefit regulations since 1997, especially the rules about work obligations, is invited to fill in a questionnaire. Even if you think that none of the changes have affected you, we would still invite you to consider filling in the questionnaire.

What if I don't want to participate in the survey?

You are under absolutely no obligation or pressure to fill in the questionnaire if you do not want to. Whatever you decide, it will not affect your access to our service, or any other service that you may have obtained this questionnaire from, in any way whatsoever.

Confidentiality:

All information that will be collected from the survey will be used for statistical purposes in the research. It will not be possible to identify any individuals and no information will be provided to any organisation that may be able to identify any individual who has participated in the survey.

What do I have to do?

Answer the questions on the next 5 pages and return the questionnaire to the following place by 31 January 1999:

Organisation name:

Postal Address:

Street Address if different:

But wait, there's a bit more!

We are also interested in hearing from you if you would be willing to be interviewed by the researcher, either instead of, or as well as, filling in the survey. This would be for the purpose of hearing about your experience of the benefit changes either recently or in the last 2 - 3 years. This would be for approximately 10 - 15 minutes at a time and a place that is convenient for you. Please phone us on (09) 444 9543 if you are interested in participating in an interview or if you have any enquiries about the interview relating to its purpose, or how any information that you provide in an interview will be used.

A detailed information sheet outlining your rights and how the interviews will be undertaken will be made available for you to consider if you wish to be interviewed.

Summary of your rights:

- To not participate in the survey.
- To decline to answer any particular questions.

QUESTIONNAIRE

It is assumed that you have given your consent by filling in the questionnaire. You have the right to decline to answer any particular questions.

Please tick or write comments in the spaces provided.

1. Have you heard of the 'work test' for beneficiaries?

Yes. No.

2. Are you a work tested beneficiary?

Yes. No. I am not sure.

3. Have you ever been told either verbally or in writing, that your benefit could be stopped or reduced if you did not do something that was required? (This does not include letters regarding reviews or renewals of benefit).

Yes. No

Were you told this either verbally or in writing by:

NZISS (New Zealand Income Support Service)

NZES (New Zealand Employment Service)

WINZ (Work and Income New Zealand)

4. Have you ever been asked or invited to attend any one or more of the following:

a) Community Task Force.

b) Community Work.

c) Task Force Green.

d) Interview at WINZ or at NZISS to fill in the 'goals' and 'challenges' form.

e) 'Compass' programme.

f) Job Action Workshop.

- g) Work Focus Interview.
- h) Job Club.
- i) Interview with a caseworker at NZES.
- j) TOPS course
- k) Any other work or training programme
- l) I have never been asked to attend any programme
(please go to question 8)

5. Were you told either verbally or in writing that attendance on the programme was compulsory?

Yes. No.

6. Did you attend the programme voluntarily?

Yes. No.

a) If your participation was not voluntary, did you attend to make sure that your benefit continued?

Yes. No.

b) Would you describe your need to attend as any of the following:?

I was annoyed about having to attend.

It was inconvenient.

I didn't mind.

I was glad for the opportunity to attend.

Any other comment:

c) Did you ask to be excused from attending?

Yes. No.

d) Were you excused from attending?

Yes. No.

e) Did you fail to attend?

Yes. No.

f) Did this failure affect your benefit, in any of the following ways:

Benefit was stopped.

Benefit was reduced.

Benefit was continued because I eventually met requirements.

I transferred to another benefit.

None of the above.

7. Did you find participation in any programme or at any interview, useful in any of the following ways:

a) Did it make you feel more motivated to look for employment or training?

Yes. No.

b) Do you think that it increased your confidence?

Yes. No.

c) Did it lead to employment or a job interview?

Yes. No.

d) You would rate your overall estimation of the programme as:

Disappointing and a complete waste of time.

It was of some use but I don't think it helped me with getting employment at

all.

I enjoyed it and found it useful.

It was helpful and I feel that I learned something.

Any other comments about any of the programmes?

8. If you are a sickness or invalid beneficiary have you ever been required to do any of the following?

See a designated doctor.

Attend any interview or programme regarding work or training.

9. Have you ever been referred to an actual job interview either by the New Zealand Employment Service (NZES) or WINZ in the last 3 years?

Yes. No.

If yes, state which year -----

10. Did you know that NZISS has merged with NZES to become Work and Income New Zealand (WINZ)?

Yes. No.

11. If you are looking for work, do you think that you would enquire at WINZ for employment purposes?

Yes. No.

12. If you were considering training or education, do you think that you would enquire at WINZ for this purpose?

Yes. No.

13. If you have been in to WINZ (NZISS) since October, have you been told that you may have to go on a programme or work in order to remain on the benefit?

Yes. No.

14. Do you think that the rules about working and receiving the benefit are easy to understand?

Yes. No.

15. Do you think that the rules about working and receiving the benefit are fair?

Yes. No.

16. Do you think that community work for benefit or attending interviews or programmes (called organised activities) should be compulsory for beneficiaries?

Yes. No.

17. As a beneficiary, do you think that the current policy of compulsory community work and organised activities will help you in any way?

Yes. No.

18. Do you want to make any further comments regarding this questionnaire or the subject of the questionnaire?

Information about you. (Please circle)

Benefit type: Invalids. DPB. Sickness. Community Wage.

Other.

Age Group: Under 18. 18 – 25. 26 – 35. 36 – 49. 50 +

Length of time on a benefit:

Less than 6 months. 6 – 12 months. 1 – 2 years. 2 – 5 years.

More than 5 years.

Thank you very much for taking the time to fill in this survey – we really do appreciate it. We urge you to return the questionnaire to this address:

Organisation name: -----

Address: -----

Street address: -----

-
Phone No: -----



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COLLEGE OF HUMANITIES AND SOCIAL SCIENCES

DEPARTMENT OF SOCIAL POLICY & SOCIAL WORK

INFORMATION SHEET FOR BENEFICIARY INTERVIEWS

Purpose of the research:

My name is Sarah Barker and I am a Massey University student. I am undertaking research about the work testing of beneficiaries in order to fulfil the thesis requirement for my masters degree in Social Policy. This work is supervised by Professor Mike O'Brien at Massey University, Albany Campus, Department of Social Policy and Social Work. All of the research that is involved in my thesis is undertaken in accordance with the Massey University Code of Ethical Conduct for research and has been reviewed by my research supervisor.

I am an experienced community worker and beneficiaries advocate as well as a student. I presently work part – time as an advocate for Beneficiaries Advocacy and Information Service Inc, on the North Shore, Auckland. I am also a member of the executive committee of the Auckland District Council of Social Services, which is a coordinating body for social services in Auckland.

Contact phone no's: [REDACTED] [REDACTED]

What it is about:

The research is aimed to investigate the effects of benefit changes, especially beneficiaries increased legal obligations to look for work, or attend programmes or training, and how these things are administered by the new Work and Income Agency (WINZ).

The reason for interviewing individual beneficiaries is to find out about their views and experience of the new work test rules, and how they may be affected by them.

The results of the research:

The results of the research will be used to complete the student's thesis. Also, the overall results and a general summary of the study will be made available to all participants.

It is hoped that overall, the research will be useful to social services such as community – based organisations, which may be involved in providing some

types of services to beneficiaries. It may, for example, help to identify any general or particular issues that have arisen as a result of changes to the structure of welfare benefits. It is also aimed to report on the views and experiences of beneficiaries, of the benefit system.

Who is to be interviewed?

As this research project is supported by the Beneficiaries Advocacy and Information Service, and since I am employed by the organisation at the same time as undertaking this research for my thesis, I am inviting people who contact the organisation to be interviewed. I am also distributing a questionnaire to some community organisations around Auckland and I have provided information with the questionnaire, inviting anyone who wishes to participate in an interview to contact our organisation.

What will I be expected to do?

I am asking for your permission to record an interview with you for approximately 10 – 15 minutes. This would be at a time and place arranged at your convenience. It is intended to be informal and I will be asking you questions about your experience of the work test rules and the administration of your benefit by the Work and Income Agency. I will also be asking you about your views on the changes to benefits and I would seek your permission to quote any of your comments in the research.

What are my rights?

You do not have to participate if you do not want to.

If you do choose to participate, you can stop the interview at any time. Since it is intended to tape record the interview, you can ask to turn the tape recorder off at any time during the interview. I will be transcribing the taped interview and no other person will have access to any of the tape recorded interviews.

Confidentiality:

The information gathered from the interview will be presented in such a way in the research so as to reflect the views and experiences of the participant. It will not be used for any other purpose.

Individual names and any other identifying information will not be used in the study so all participants will remain anonymous.

It is intended to destroy the tapes after they are transcribed unless participants wish to retain the copy of their taped interview.

You have the right to:

- Not participate in an interview.
- Not answer any particular question.
- Ask any questions about the study and purpose of the interview.
- Retain a copy of the taped interview.
- Withdraw from the interview at any time.



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CONSENT FORM FOR BENEFICIARY INTERVIEWS.

I have read the information sheet, and the purpose and details of the interview and research have been explained to me. I understand that I can ask questions at any time either before or during the interview, about any aspect of the research and interview.

I understand that I can decline from answering any particular questions and that I can leave the interview at any time. I understand that I can ask for the tape recorder to be turned off at any time.

I agree to be interviewed by the researcher on the condition that my name or any other details regarding my identity, will not be used in the research. I understand that any other information that I provide will be used in this research.

I agree to the interview being taped.

I agree to participate in this study under the conditions set out in the Information Sheet.

Signed:

Name:

Date: