The April Report

VOLUME III
Part Two

Future Directions

Associated Papers

Report of

The Royal Commission on Social Policy

Te Kōmihana A Te Karauna Mō
Ngā Āhuatanga-Ā-Iwi

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THE ROYAL COMMISSION ON SOCIAL POLICY

TE KŌMIHANA A TE KARAUNA MŌ
NGĀ ĀHUATANGA-Ā-IWI

Sir Ivor Richardson *Chairman*
Ann Ballin *member*
Marion Bruce *member*
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HOUSING ISSUES

D. H. Thorns

Housing Issues

D. H. Thorns

Structure of Paper

The paper will be structured around four areas. The first will discuss the background to, and development of, New Zealand housing policies. The second will review the current housing scene and identify issues and problems. The third will consider objectives of housing policy, and the final section will link housing with other social policies.

Background and Development of Housing Policy

Adequate shelter is considered a basic human right within an advanced society concerned for the wellbeing of its citizens. Consequently meeting the varying needs for shelter within the community through the production of housing has always occupied a central place within the development of social policy. Without adequate shelter it is difficult for people to have access to such other basic requirements as adequate food, health, security, education, work and income. It is, therefore, a basic provision and one which requires an effective means of delivery to the community as a whole.

In New Zealand housing provision from late last century has been an area where successive governments have played an important role in facilitating individuals and families to purchase their own freehold properties. This pattern of tenure was begun with the nineteenth century Advances to Settlers Act 1894, was further encouraged by Workers Dwellings Acts in 1905 and 1919, and by

the Advances to Workers Act 1906. This act was followed by the formation of the State Advances Department in the 1920s to administer housing loans. One result of this pattern of support was the high level of home ownership within New Zealand, even in the early years of the present century, at a time when many other countries, e.g., United Kingdom had a tenure structure dominated by private renting. (Wilkes and Wood 1984.)

During the term of the first Labour Government, from 1936 to 1949, the concept of the welfare state, initiated in the 1890s, was broadened. The welfare state was to be built around a set of guarantees. These were to provide the citizens with adequate, though never clearly defined, housing, health, employment, education and income. The state, therefore, became a central agency in both the provision of housing for rental, and the financing of house purchase through the supply of loans at modest interest rates to those on average to below average incomes. The success of these policies in housing the population can be seen in the steady growth of owner-occupation from 52 percent of all households in 1947 to 69 percent in 1986 (see Figure 1).

However the period from the 1930s to 1970 had two distinct phases. The first part to 1949 represented a move to the public provision of rental accommodation as a major part of the solution to perceived housing problems. After 1949 the emphasis shifts from the construction of state rental housing to the supply of mortgage funds to first home owners buying a new house. The State Advances Corporation through the 1950s and 1960s thus became a major lender for first home buyers. Finance was provided for the construction of new houses, which were built on large quarter acre sections. The link between the loans and new housing, together with the increase in population associated with economic growth, led to the expansion of suburbs around the major urban centres.

The 1970s provide the beginnings of important changes to the basis of the welfare system established in the 1930s and 1940s. The mid 1960s saw the end of the post-war boom and a move towards less buoyant economic conditions which included slower growth, rising unemployment, a more difficult external trading environment and a move to add a new productive sector to the economy to provide additional revenue. This sector was the energy related 'think big' projects such as the Glenbrook steel mill, Marsden Point refinery expansion and the synthetic fuels development in

Taranaki. To fund these projects and maintain the pattern of subsidies to both farmers and manufacturers the Government was forced to re-direct the flow of money at its disposal. The consequence of this was a decline in direct government assistance for the housing sector and a move towards the encouragement of a re-organisation of private financial institutions providing housing loans. Gradually over the 1970s and into the 1980s, therefore, the role of the Housing Corporation as a major lender declined, and it has increasingly adopted a role as lender for those groups who are unable to obtain loans from other sources because of income level or lack of resources more generally (Thorns 1986). This change was also associated with a more diversified pattern of lending activity which included new and existing houses, renovations and improvements of older housing, and more general urban renewal programmes.

In the mid 1980s the moves towards a less regulated economic climate and the removal of the controls upon the lending of banks, building societies and life insurance companies has removed housing finance from a protected circuit of capital. The result has been both a rise in interest rates to record levels, and an increase in the availability of finance but at a much increased cost to the borrower. Accompanying the move to greater market competitiveness in the arena of housing finance has been the re-definition of the Housing Corporation's role as one of lender of last resort with its resources to be targeted to those with the greatest financial need. This has resulted in Housing Corporation activity and lending being focused at the lower end of the housing market.

This brief review of housing policy has attempted to point to the erosion that has taken place in the original concept of the welfare state established in the 1930s, wherein the state guaranteed the rights of citizens to a set of services which would be wholly provided or subsidised by the state. Although the guarantees still exist there has been an increasing reluctance by the architects of state policy to be as extensively involved in the actual provision of services. Consequently the state has moved from a 'universalist' stance with respect to provisions to a more limited one where benefits are directed to identified groups with particular needs. With such a move the previous concept of the welfare state as guarantor and provider of a wide range of social services has come under attack and a strong argument has been advanced for the state to be a

residual provider, a last resort rather than a primary provider of services. Such a role sees the state filling the gaps that the private market either cannot or is unwilling to fill. However, such a shift in policy and practice has not been without costs. In the next section some of the results of this change as it has affected the housing arena will be identified.

Current issues

The number of houses required within a society is always likely to be the subject of controversy. The demand for housing may well always exceed the supply, and the level of resources which is required within the housing sector will be a reflection of not just the demands of individuals and households for accommodation but will reflect macro-economic policy (Carrie and Clark 1976, National Housing Commission 1978, 1983, Davey 1980). The fluctuations which are visible in the numbers and types of dwellings that have been constructed, therefore, need to be understood against a background of housing need. Important demographic changes in the 1970s and 1980s have had a marked impact upon housing demand (Poole 1986, Johnston 1978). The two most significant changes are the pattern of internal and external migration and the increasing rate of household formation. The migration pattern has contributed to the uneven regional pattern of housing demand, whereas the household formation rate has influenced the demand for smaller housing units to accommodate single parent families, single young, etc. Given these changes over the last 2 decades, how has the pattern of housing construction responded?

Dwelling Stock

The 1970s and 1980s have been decades in which considerable fluctuation has taken place in the number of new flats and houses built. The peak year for new house construction was 1975 when over 30,000 additional units were built. This represented the end of a short construction boom from 1972 to 1974. From 1976 the rate of construction fell steadily until 1981 when a short boom through to 1982 occurred. 1983 was another slump year with an 18 percent decline to be followed by a boom year in 1984 which was sustained through to the end of 1986 with building at a higher rate than since before 1978. However, 1987 has produced a marked downturn of 14 percent registered from March 86 to

March 87 (see Figures 2 and 3). The fluctuations demonstrated by these figures appear to be most strongly influenced by macro-economic policy decisions rather than the demographic and house-hold changes that have occurred (Gallagher and Savage 1987).

The reduction in the rate of construction during the 1970s and 1980s means that the present housing stock is ageing and, as such, is likely to require an increasing level of maintenance.

Tenure Pattern

The tenure pattern, as noted earlier, has been dominated by owner occupation for all of this century. In 1970 the proportion of owner occupation had risen to 69 percent of all households. By 1981 this had increased a further 2 percent to 71 percent and by 1986 to 72 percent. State rental has remained at around 6 percent from the early 1950s and private renting around 16 percent, although the latter has shown some slight decline over the past 5 years. The largest landlord in New Zealand is the state, with the Housing Corporation owning 60,000 units or 24 percent of the total rental stock. The private landlords who control 69 percent of the rental stock have been found to be mostly small operators, holding the properties as much for capital gain as for rental income (Lehrer 1984, Synergy 1986). The changes in the property market in the 1980s have resulted in rental property becoming less attractive as an area of investment compared to the share market, and overseas money markets. Consequently the availability of rented accomada-tion, especially at a modest price, has been declining.

Finance

Housing finance in New Zealand is much more fragmented than in other comparable owner-occupier societies, e.g., Britain and Australia. However, over the past 17 years a number of important changes have taken place. In 1971 the major lender was the Hous-ing Corporation providing 19.8 percent of the total amount of mortgage money compared with 8 percent from the trading and trustee savings banks 13.5 percent from the building societies, 10 percent from life insurance companies and 48 percent from private individuals and non-institutional funds. By 1986 the role of private individuals has declined as has that of the Housing Corporation to be replaced by the increasing activity in the home lending field of the trading banks who provided 35.6 percent of loan money com-pared with 17.3 percent from Housing Corporation.

The second major change in respect to finance has been the cost of borrowing. In 1971 the average interest rates for newly registered mortgages was 7.02 percent. By 1981 this had risen to 12.8 percent and by 1982, 14.3 percent. The rate has continued to rise with house lending on first mortgage by mid 1987 between 19 percent and 21 percent (see Figure 5). The rises have affected both private sector and public sector interest rates. In mid 1976 the Housing Corporation rates ranged from 3 to 7.5 percent. By 1986 these had risen to a range of from between 7 and 17 percent.

Land and House Prices

The period from 1970 through to the mid 1980s was one in which there were two distinctive booms in house prices pushing them well ahead of inflation as measured by the consumer price index. The first one was between 1972 and 1975 when at the height of the boom prices rose on average 40 percent per year. The second boom period was 1980-83 with a peak rate of around 35 percent per year. However, price rises for houses and land have not been even over the country but have shown marked regional variations. Auckland with home prices on average over $150,000 at the end of 1986 has price levels at about twice the national average level of $83,000 (see Figure 4).

Problems Emerging

The key housing problems that are emerging as a result of the changes in policy and economic conditions over the 1970s and into the 1980s are those of access and affordability. This is demonstrated by housing taking up an increasing proportion of household expenditure. In 1975 it took on average 42 percent of the average weekly wage to purchase an average cost home. By 1976 it required 63 percent to buy an existing house and 73 percent to purchase a new house. Clearly this is impossible for a single earning household. Not all households will purchase at the average price, but nonetheless the data indicates the increasing cost of housing (National Housing Commission 1986 and Tables 1 and 2 at end of chapter).

Further waiting lists for public housing have been increasing as the costs of housing in both the ownership and rental markets have been increasing. Many of those on the urgent waiting lists are those who have been in emergency housing or are in receipt of

social welfare benefits indicating the linked nature of the social problems facing those with inadequate income produced by lack of employment, changed household or family circumstances or through disability. The cumulative effects of these costs and access problems is to increase housing pressure upon the lower cost accommodation available, driving up the rent levels and increasing levels of overcrowding. Overcrowding provides a lack of adequate space for individuals and families and increases stress leading to other social difficulties, including domestic violence. Finally there are indications of a number of households who are homeless. The estimation of the size of the number of homeless is extremely difficult due in part to the lack of visibility of such groups (see Percy 1982). Many spend some time in emergency accommodation or various types of shelter and half-way houses. However, agencies operating in this area indicate increasing pressure upon such resources. This problem has been heightened by the recent moves to de-institutionalise a number of areas of care, for example the development of community based care for psychiatric patients. As yet such policies have not addressed the accommodation aspects of this change.

The key issue in the New Zealand debate about homelessness is adequacy of housing rather than a dramatic increase in those with no shelter at all. The increasing costs of shelter have produced greater crowding, more people living in poorly maintained housing, and a rise in those living permanently in temporary accommodation, for example, in caravan parks and camping grounds.

The increasing costs of home ownership and rental have done nothing to alleviate the housing problems of the Maori population. Recent reports (Douglas 1986, Housing Corporation 1987a) have documented the decline in the housing condition of the Maori population. Between 1971 and 1981 the total number of Maori households increased by 45 percent. This rate was almost twice that for all households (25 percent). Consequently Maori housing demands have been growing much faster than those of the general population but their ability to satisfy these needs has not shown a similar growth. In 1981 only 45.3 percent of dwellings occupied by Maori headed households were owner occupied compared to 72.9 percent for the non-Maori households. The figures show that, far from increasing, the proportion of Maori home owners is declining with the 1951 figure 54.2 percent. A further measure of Maori housing conditions is the proportion of households living in

crowded conditions. In 1981 Maori households formed 6 percent of all households but made up 33 percent of those identified as crowded. Reasons for the level of crowding include larger families and low incomes reflecting labour market position and the proportion of the Maori population unemployed. A further contributing factor is the concentration of the Maori population in those urban areas which have the highest housing prices, i.e., Auckland, Bay of Plenty, Waikato, and Wellington. The movement to such areas reflects migration to areas where employment has been growing. The next two decades are likely to see an increasing problem unless substantial improvements occur within Maori housing opportunities as the rate of household formation, especially of single headed households, is much greater than for the European population (Douglas 1986, Poole 1986).

A further group with identifiable housing needs is women. The increased instability within marriage has led to a rapid rise in the household formation rate. This creates a substantial group of people requiring second chance loan finance. Such a group often has some, though limited capital available for house purchase. However, they often have limited income, maybe only at the level of the Domestic Purposes Benefit. Currently this group of single parent families would represent one of the most significant groups seeking assistance from the Housing Corporation (see Davey and Atkin 1980, Davey and Gray 1985, Housing Corporation 1987b).

Current Debate on Housing Policy

There are basically three positions currently being advocated:

State Intervention

The traditional policy position within New Zealand which has been the basis of provision since at least the 1930s is one based around state intervention into both the construction of housing and the financing of house purchase. The latter intervention has been to ensure a supply of funds for purchase at an affordable price to those on average to below average incomes. Such a position supports the continuation of a state role in both the construction of housing for rent and in facilitating the individual's capacity to enter the home ownership market. Debate here centres on the relative efficiency of different policy instruments such as mortgage

designs, interest rate subsidies, cash grants and suspensory loans (e.g., homestart scheme) for achieving desired policy aims at the least cost to the state and, therefore, to the taxpayer.

The argument for a continuing major role for the state relates to the acceptance of the *obligation* to house those who by current standards of acceptability have no, or inadequate, accommodation. Although New Zealand does not at present have legislation which places a statutory obligation upon the Housing Corporation to house the homeless, the Corporation, as the state's agent for housing delivery, has attempted, within its fiscal constraints, to ensure housing has been provided for those with greatest need.

A broader reason for the Government to remain involved in housing provision relates to the interconnection between housing and other aspects of social welfare. The attainment of general social wellbeing necessitates a stable and secure residential situation to provide the opportunity for families to develop and for relationships to become established which enable individuals and families to function effectively within society.

The satisfaction of these requirements of adequate housing for all social groups at a cost they can afford is unlikely to be satisfied simply by leaving housing to ordinary market forces.

The reasons for this are:

(a) Housing involves a very large part of a family's weekly income and invested capital and plays a key role in the wellbeing of individuals and groups, including non-earning households. Consequently there is a need to ensure protection of this asset against financial failure of the mortgage provider. Failure to do this could lead to substantial losses to home owners and the forced sale of their homes.

(b) Resources move slowly in and out of the housing market. The built environment is consequently slow to change, requires considerable lead time to shape development and co-ordinated activity across a number of sectors (e.g., financial institutions, builders, planners, and local authorities) Failures when they occur are likely to be large scale and expensive to correct (e.g., use of weatherside cladding or poor alignment of service roads within a sub division). The state in New Zealand has directly affected land use patterns through its involvement in land subdivision. In the 1960s and 1970s this was mainly through subdivision

development, whereas in the 1980s urban renewal and infill have increased.

(c) Building industry and local body planning changes require advocacy and pressure from the Government to ensure they meet the full range of needs within their localities rather than just those of the most articulate or wealthy. Further the Government needs to ensure that the statutory responsibilities of the building industry and local planners are made explicit.

(d) Resources devoted to building houses (finance, supplies, skills) are competed for by the more powerful and articulate members of the community. Government intervention to redress this imbalance, therefore, is a necessary component to ensure that the allocation of resources reflects need within the whole community.

Market Allocation

The market oriented position would seek to minimise and remove the elements of subsidy and protection that have developed over time with respect to housing provision. This position is based upon the principal of *consumer* sovereignty, which is assumed to maximise *individual* choice.

Choice in itself is a commendable thing to aim for, and the idea that people should be free to choose their housing situation is a goal to which most would subscribe to. However, there are a number of severe problems with the economists notion of choice and consumer sovereignty.

(a) Consumer sovereignty is based upon the notion that all actors in the market place have equal access to information and are thus able to make rational choices.

(b) The concept ignores past social, political and economic realities, which limit choice for the majority. Limitations are produced by job history, income levels, housing history, size of family, etc. Further, markets are made up of complex social relationships between the suppliers of the commodity, housing, and the buyers. Such markets are not neutral but part of wider economic, social and political processes. Markets, therefore can be captured, manipulated, and controlled by particular interest groups.

The market position would advocate the move from the state providing actual accommodation, in the form of state housing or loans for purchase, to a system whereby those in society with inadequate income are compensated up to a level considered appropriate for minimum level participation within society. Such an approach would have the Housing Corporation disappear, and state houses would be sold, and there would no longer be a need for subsidised state controlled loan activity. In its place a system of housing allowances could be introduced. These would be set at a level to facilitate either renting or house purchase at some given level. However, overseas experience of housing allowances in United States indicates that they:

(a) Do not lead to an increased level of accommodation being made available to the poorer sections of society; and

(b) They tend to drive up rents and house prices at the lower end and thus defeat the purpose of the allowance.

The abandonment of a lending service via the Housing Corporation in this model would have further undesirable consequences:

(a) It would be difficult to target mortgage assistance to special groups, e.g., Maori housing, second chance loans, or single income families. Evidence again suggests that the private market will lend where it receives the best return, which means to low risk clients (those on median to upper incomes with secure employment and savings history with the institution).

(b) Would be difficult to develop and maintain a general housing advisory service for either the Government or for the public generally. Such a service is currently provided by the Housing Corporation with respect to housing options for households and more broadly with respect to planning regulation and building design.

Public Control

A third option would be for the state to attempt a greater degree of control than has yet been envisaged, through the public acquisition of land, and public development and building. Such an option would require the state to acquire land ahead of time for future housing, and to plan and develop the housing upon the blocks in response to the assessed overall needs within the particular area. A

necessary component of such a move would be the introduction of taxes or other forms of control upon housing and land speculation.

Clearly such a move towards greater public ownership and control would mark a radical departure from current policy movements. Where partial state control over land development to reduce speculation, has been tried as in the United Kingdom, it has not been a marked success. One reason for this being the existence of 'loopholes' within the legislation which allowed avoidance. This suggests a partial scheme is flawed and only a complete shift is likely to be successful in bringing about the objectives of such a policy proposal.

The advantages of such a policy relate to the ability to plan comprehensive development, for the benefits of land development to flow to the entire community, rather than to developers, and to increase the level of control over the development process available to both national and local government. The disadvantages relate to the possible inflexibility of bureaucratic planning, the costs of land acquisitions, and the shift from an individualistic based process to one based on a collective notion of welfare and public good, in which individuals would be prepared to forego some of their individual capital gains accumulated through private property market operations.

Links with other Social Policies

The terms of reference of the Royal Commission indicate that it should focus upon the development of a more consistent, efficient and economical social policy to achieve a more just society. Housing has been in the past, and is likely to be in the future, a key element in achieving this objective.

The debate about the delivery of housing services presented here has its parallels across all social provisions, and the same emphasis upon a 'market-individual' solution is currently in vogue. However, evidence is not very supportive of the view that in either housing, or in health, or education, or income supplementation strategies, is this a way of providing adequately against homelessness, poverty, ill-health, or an adequate level of education.

Shelter is a basic right of households and individuals, and, therefore, in order to produce a just and stable society adequate housing is necessary. Inadequate housing is a factor which contributes to

social dislocation, leading to increased stress upon household members. The provision of adequate housing is therefore, and important part of social policy, which seeks to prevent social problems occuring. It provides a solution to some of the causes of social problems rather than simply addressing some of the symptoms.

The evidence presented above indicates that housing is for many becoming less affordable, and that this is increasing the level of housing stress in the wider community. Inadequate shelter and even some degree of homelessness does exist in New Zealand especially in South Auckland, rural North Island areas, and the Wellington region, Significant housing needs amongst the Maori population have been identified in recent reports (Douglas 1986, Housing Corporation 1987a) and need addressing, and the de-institutionalisation policies within the health and justice services also generate housing requirements which have not as yet been met. In many of these cases the private market has shown no interest in providing any degree of assistance, therefore, if they are to be adequately dealt with, a strong and continued presence within housing by the state is a necessary requirement.

List of Tables and Figures

TABLE 1: Outgoings on existing houses, December 1975—December 1985

Year	Average house price[1] (principal urban areas)	Deposit (20% of house cost)	Total sum of mortgage required	Average interest rate on new mortgages[2] (excluding government)	Weekly repayments[3]	Average total gross weekly earnings[4]	Weekly repayments as % of weekly earnings[4]
1975	25698	5140	20558	9.65	41.22	97.33	42
1976	28086	5617	22469	10.74	48.84	110.77	44
1977	29384	5877	23507	11.36	53.37	123.91	43
1978	30590	6118	24472	11.98	57.98	140.40	41
1979	31837	6367	25470	12.97	64.39	165.57	39
1980	34856	6971	27885	14.80	78.89	215.50	37
1981	42994	8599	34395	16.05	104.44	259.20	40
1982	52370	10474	41896	17.32	136.17	286.83	47
1983	59471	11894	47577	15.40	139.27	294.77	47
1984	67125	13425	53700	16.41	166.36	309.11	54
1985	78044	15609	62435	18.92	219.78	347.52	63

[1] *Source:* Valuation Department, *Urban Real Estate Market.* Figures for half years ended December

[2] *Source:* Reserve Bank. December rates

[3] Assuming a table mortgage with 6-monthly rests, over 25 years

[4] *Source:* Department of Labour. Gross, all person figure used. For 1975–1979 the figures relate to October and for 1980–1985 the figures relate to November

TABLE 2: Outgoings on new houses December 1975—December 1985

Year	Average house price¹ (principal urban areas)	Deposit (20% of house cost)	Total sum of mortgage required	Average interest rate on new mortgages² (excluding government)	Weekly repayments³	Average total gross weekly earnings⁴	Weekly repayments as % of weekly earnings
1975	29709	5942	23767	9.65	47.65	97.33	49
1976	34411	6882	27529	10.74	59.85	110.77	54
1977	37223	7445	29778	11.36	67.60	123.91	55
1978	40001	8000	32001	11.98	75.82	140.40	54
1979	44008	8802	35206	12.97	89.01	165.57	54
1980	51427	10285	41142	14.80	116.40	215.50	54
1981	62496	12499	49997	16.05	151.82	259.20	59
1982	70263	14053	56210	17.32	182.70	286.83	64
1983	72492	14498	57994	15.40	169.86	294.77	58
1984	78892	15778	63114	16.41	195.52	309.11	63
1985	90297	18059	72238	18.92	254.29	347.52	73

¹ *Source:* Valuation Department, *Urban Real Estate Market.* Figures for half years ended December, using the building permit method
² *Source:* Reserve Bank
³ Assuming a table mortgage with 6-monthly rests, over 25 years
⁴ *Source:* Department of Labour. Gross, all person figure used. For 1975–1979 the figures relate to October and for 1980–1985 the figures relate to November
⁵ Provisional

Figure 1: Growth of housing tenure 1951-1986

Percentage

Legend: Rent, Mortgaged, Freehold, Rent Free

Years
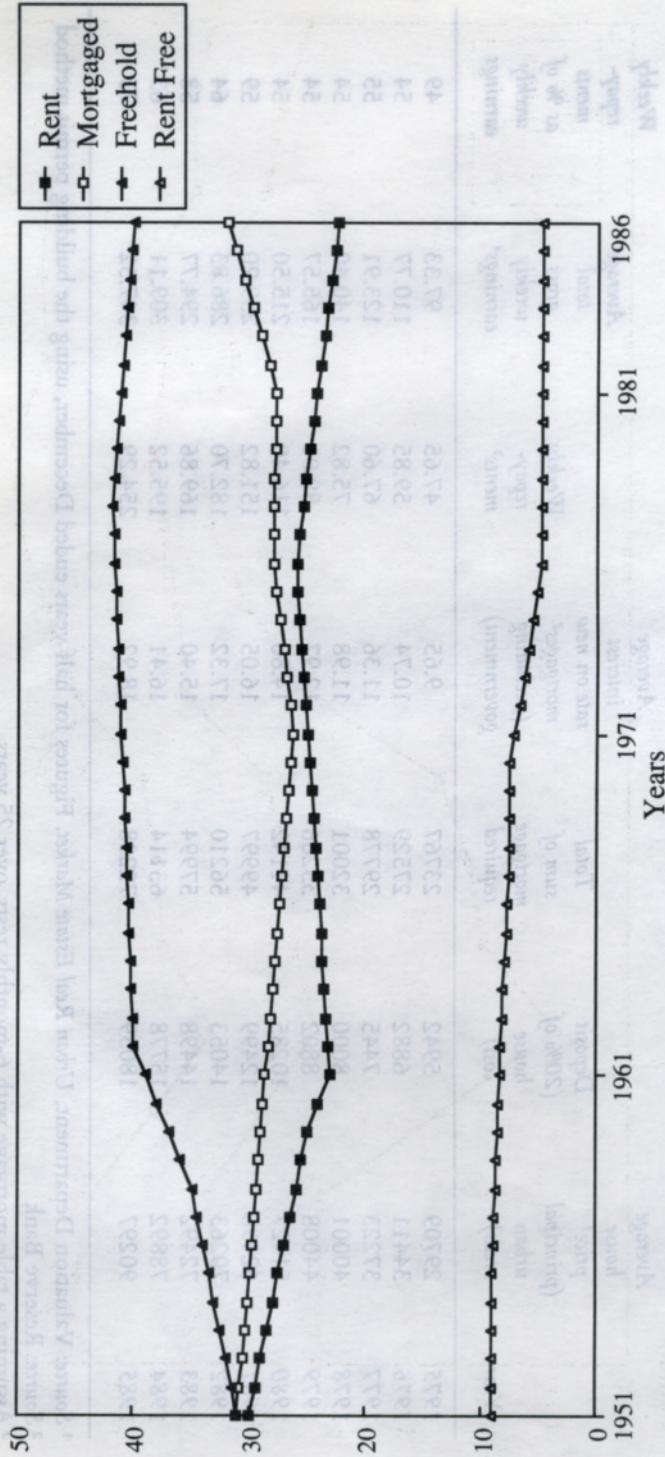
Source: Department of Statistics, Census Volumes 1951-1986

Figure 2: Permits issued for new dwelling construction between 1970 and 1987
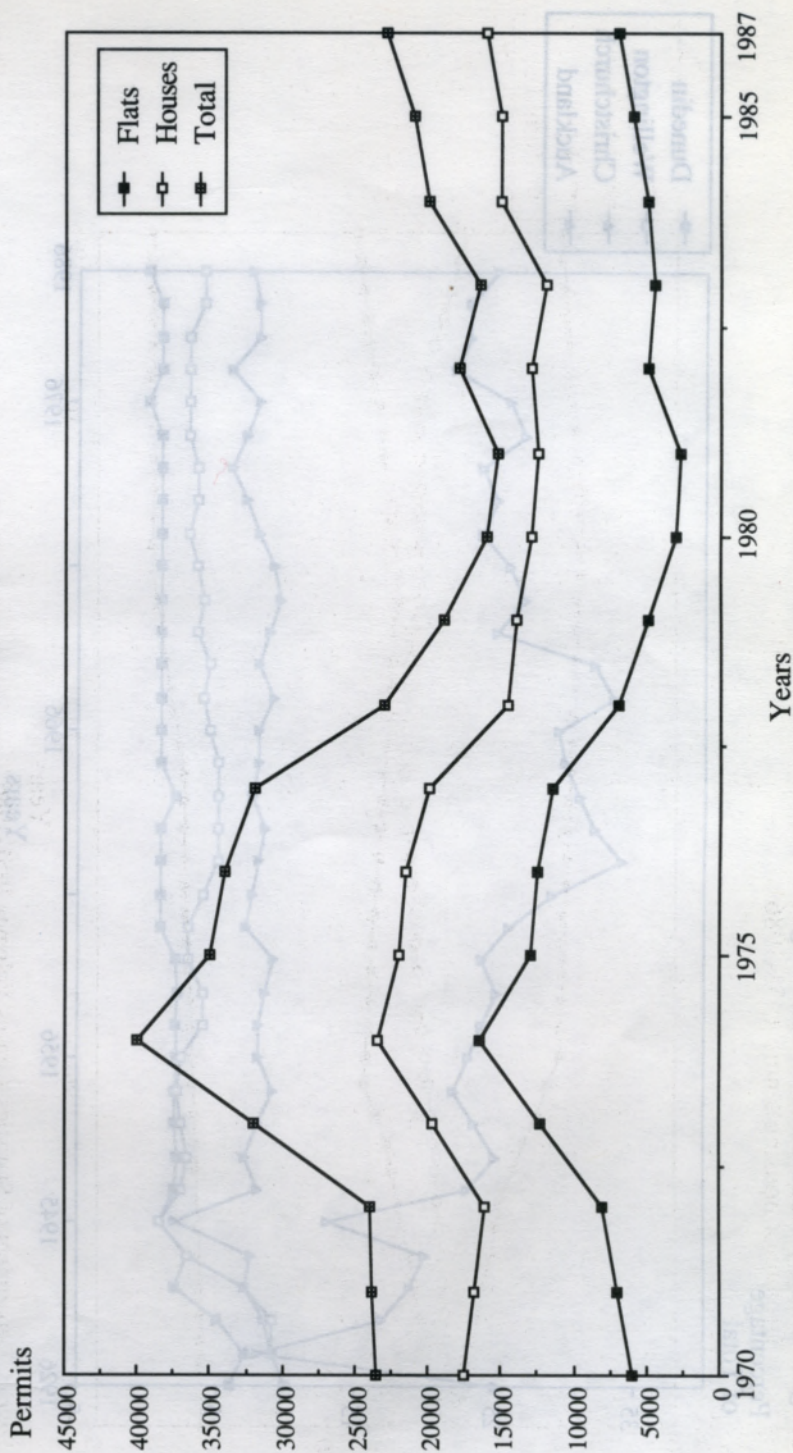
Source: Department of Statistics

Figure 3: Permits issued for new dwelling construction in the four main centres, 1926-1986

Percentage of Total

Years
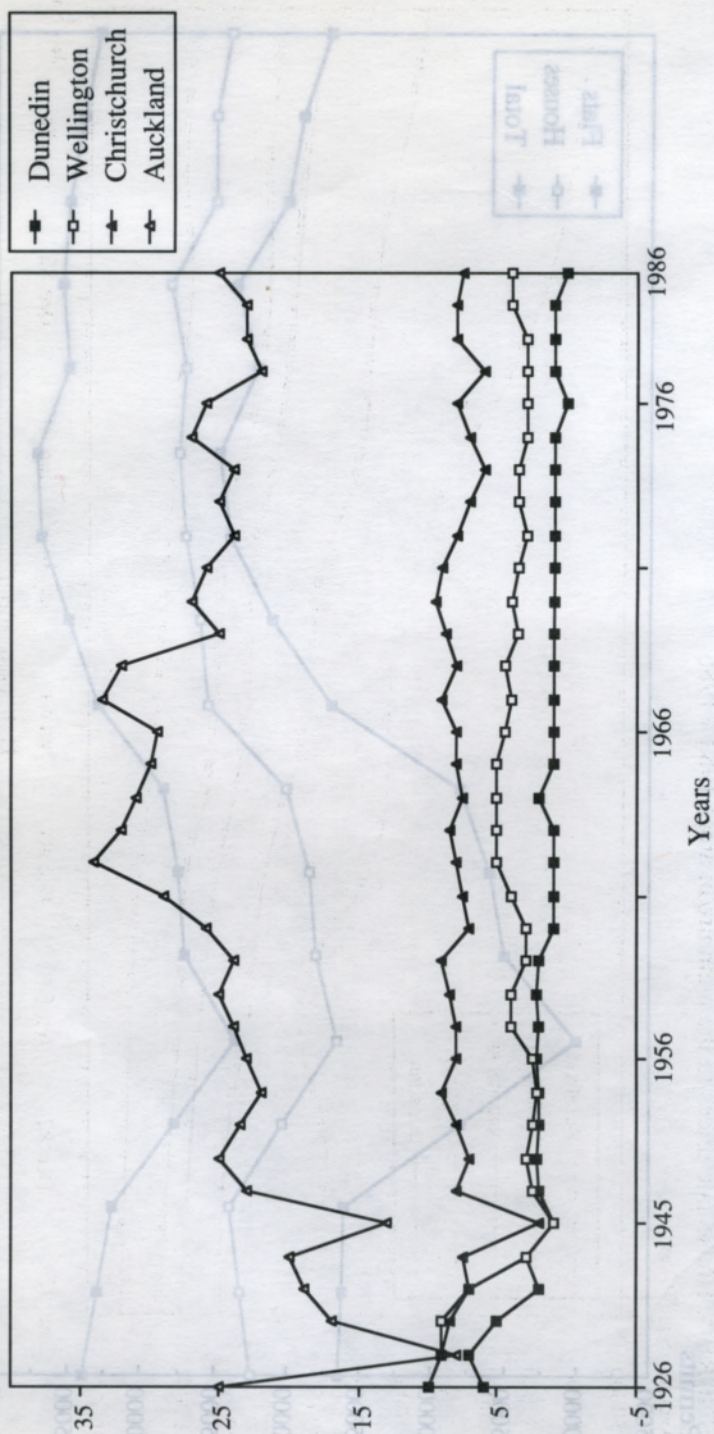
Source: Department of Statistics

FIGURE 4: House sale prices in the main urban areas 1982 - 1986
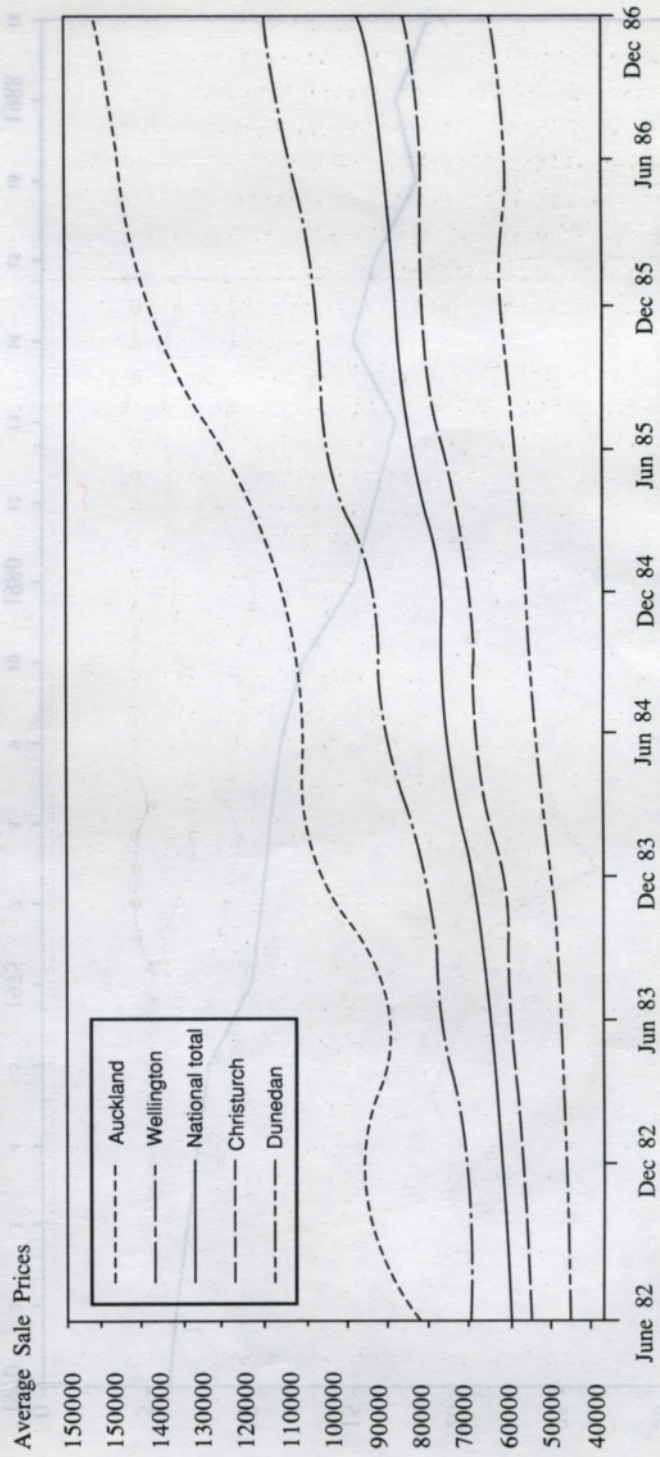
Source: Valuation Department, 'The Urban Real Estate Market in New Zealand 1986', (Research Paper 86/3): 'The Real Estate Market in New Zealand 1986, Provisional Report', March 1987

Figure 5: Mortgage interest rates 1970-1987
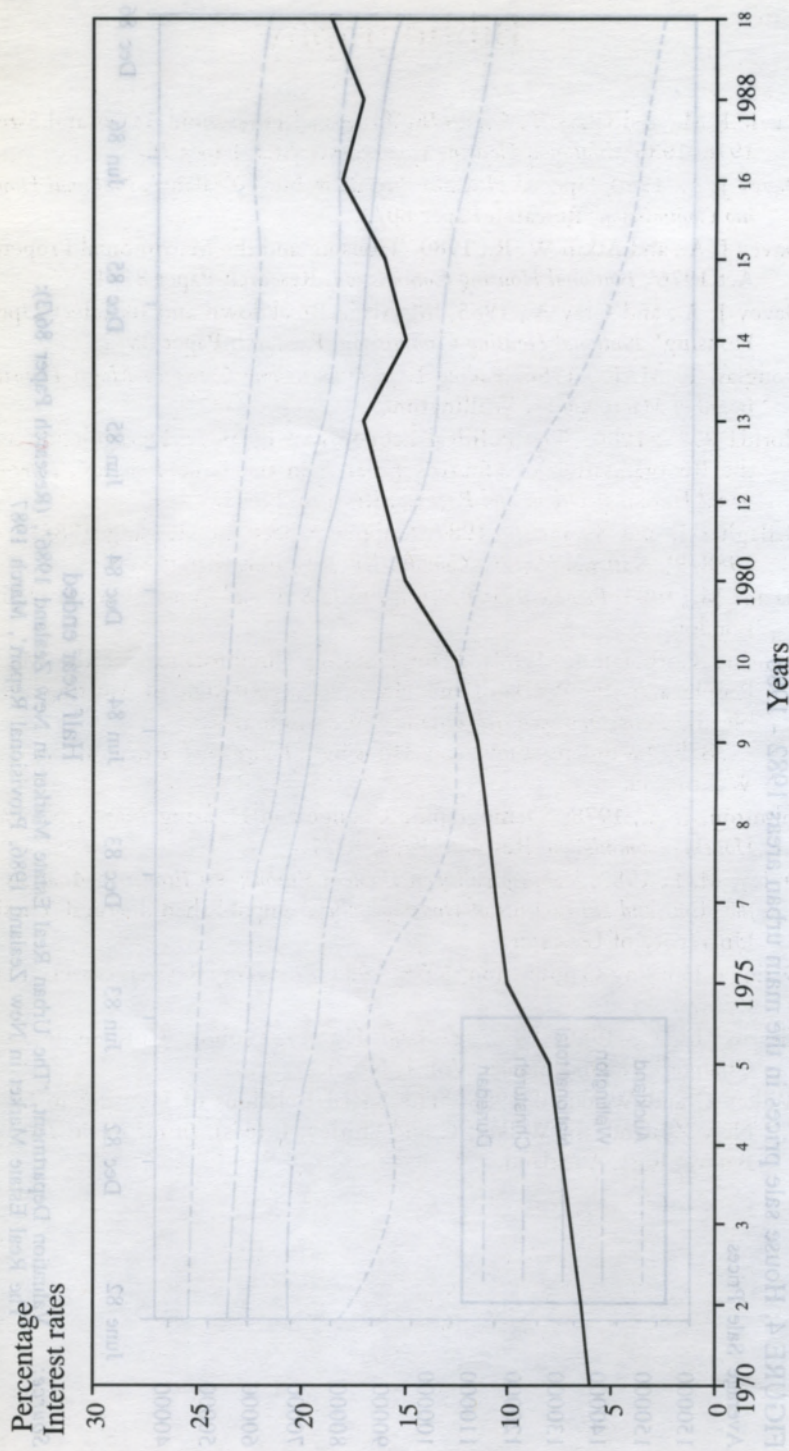
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THE STATE
OR
THE MARKET

Sophie Watson

The State or the Market

The Impact of Housing Policy on Women in New Zealand

Sophie Watson

Introduction

> Half a house is half a hell (German proverb)

Adequate shelter is a fundamental human need and a basic human right in society today. Without an adequate place to live it is difficult for people to meet their other needs, such as health, education, employment and income. Homelessness or bad housing renders individuals powerless in many other areas of their lives. Consequently, the provision of housing is absolutely central to all social policy. A recently agreed government objective recognised this imperative:

> Our role is to ensure that all New Zealanders have affordable housing of an acceptable standard with a reasonable choice between different types and tenures of housing.

There is increasing concern that this objective is not being met and that many New Zealanders face housing problems and homelessness. How this housing crisis is to be solved is a central question for the Royal Commission on Social Policy to address.

The focus of this paper is the impact of housing policy on women, both Pakeha and Maori. The first section will briefly analyse the main features of the housing crisis. The second section analyses the position of women in the housing market and argues the case for paying specific attention to the housing problems many women face. The third section explores the different tenures and forms of housing currently provided. The fourth section examines

the housing needs of different groups of women and of women at different stages of their lives. In the fifth section there is consideration of the advantages and disadvantages of state versus private sector provision of housing for women, and there is discussion of the strategies of direct income support and service provision. In the final section, the policy requirements for equity in women's access to housing in New Zealand are addressed and certain policy initiatives undertaken elsewhere are described and evaluated.

1   The Housing Crisis in New Zealand

Defining Homelessness

There are clear indications that in New Zealand at the present time there are serious housing problems which need to be addressed. The extent of the problem is difficult to measure since the quantification of current housing needs or homelessness relates directly to the *definition* of adequate shelter. This issue is particularly relevant where women are concerned.

Homelessness is a difficult concept to define and may be seen in quite different ways, over time and across cultures, with further complexities of definition across gender and class dimensions (Watson, 1987). A definition of homelessness must be related to the normal expectations of the general population in regard to housing. The New Zealand Housing Network offers the following definition. Homelessness exists if:

- there is eviction or threat of eviction by tribunal order;
- a person cannot secure entry to accommodation;
- domestic violence makes occupation of accommodation impossible;
- people are living in a movable structure and have nowhere to park it;
- people are squatting on premises;
- people are made homeless or threatened with homelessness through flood, fire or other disaster;
- people are occupying emergency accommodation;
- people are living in overcrowded conditions, with health risk.

Adequate housing can be assessed by a range of measures. The following criteria represent some of the most important:

1 Affordability. Housing in each sector should be provided at a cost which a household can afford. The generally accepted level of housing/income expenditure is 25 percent.

2 Standards and Conditions. These are more difficult to specify. However, acceptable standards include: structural soundness; a minimum of services (water, heating, gas, electricity, sewerage disposal, etc.); no public health risk; a minimum of space standards, that is, no overcrowding; reasonable state of repair and maintenance.

3 Security of Tenure. This attribute should be applied to all tenure. At present the private rental sector offers a minimum level of security, while owner-occupation is associated with greater security.

4 Privacy and Safety. This applies to safety and privacy within the household (safety from domestic violence, incest, harassment), as well as from outside the household.

5 Control. This attribute is more commonly associated with owner-occupation. However, it is important that all forms of tenure offer each inhabitant—not only the head of household—control over their housing.

6 Accessibility to transport, employment and community services and amenities. This is particularly important to aged and disabled people, women, and household members with no access to a private car.

7 Opportunity for households to live as they choose. It is important that housing design and form does not simply reflect Pakeha culture and traditions but provides opportunities for Maori and Pacific Island communities to live as they would choose. Social interaction is one component of this.

8 Mobility. This refers to the household's ability to move if necessary or desired, and to have choice of geographical location. Housing which may be adequate in other respects in areas where there are no jobs or limited accessibility, etc., does not constitute adequate housing.

9 Genuine choice. Some people are not deemed homeless because they have accommodation. However, they in fact

may be living in someone's house where they do not wish to be, or where the main occupier does not want them.

If a household, or member of a household lacks all or some of these attributes, they can be said to be in housing need. The evidence suggests that many households in New Zealand are in housing need. The majority of these households, it will be argued, are headed by women, frequently Maori women. Many submissions received by the Commission attest to this.

Demand for Housing

Demand for housing is not determined by population growth alone. In 1981–86 the population increased by only 4.2 percent, while the number of occupied dwellings increased by 8.3 percent. This can be explained by the increasing rate of household formation and changing household structure. Households are much less constant than they were in the past. Increasingly, households split and form smaller household units. This increases the demand for dwellings and for a range of different dwellings.

At the same time there is increased longevity, especially among females, and a liberalisation of societal attitudes towards people choosing to live alone, in couples, and in groups outside of traditional family structures. Between 1976 and 1981, for example, single person households increased in number by 28 percent compared to a 4 percent increase in the number of single-family households. Women's greater economic and social independence, and the growing number of marriages ending in divorce, means that women are more frequently in the position of wanting rental or owned/mortgaged accommodation in their own right.

Maori households have increased more rapidly over the last decade than the total rate. Only 45 percent of Maori householders are homeowners compared to 75 percent of non-Maori householders (Douglas, 1986:4). In 1981 Maori households represented 6 percent of all households but constituted 33 percent of those identified as crowded.

Pacific Island Polynesians constitute another marginalised group who are becoming increasingly vocal in their demand for housing.

These and other social and demographic shifts are changing fundamentally the nature of housing demand.

Affordability

On the supply side there have been two major rises in house prices in the last 15 years. During 1972–75 house prices rose at an average rate of 40 percent per year, and again at a rate of 35 percent in 1980–83. There has been considerable regional variation in house and land prices, with Auckland home prices running at approximately double the national average level (Thomas, 1987:5). Affordability and access have thus emerged as major housing problems. Average weekly repayments on existing houses have risen from 42 percent of weekly earnings in 1975 to 63 percent in 1985, with an even larger increase (24 percent) on new houses in the same period. These costs are clearly prohibitive to single income households and those on low incomes—many of whom are women and Maori.

Demand for Public Sector Housing

The waiting lists for public rental housing and for ownership assistance through the Housing Corporation (HCNZ) have been growing. This is a clear indication of demand exceeding supply. In 1987 12,248 applicants were on the waiting list for rental accommodation. The New Zealand Housing Network estimates that there are 20,000 homeless families in the country at present, which suggests at least 7,000 of those homeless have not applied for public rental housing (Housing Corporation, 1987:5). This could be because they do not meet the prescribed criteria or they believe their chances of being allocated accommodation are small. The Housing Corporation waiting lists cannot, therefore, be used as a measure of homelessness.

Regional Differences in Housing Supply

There is a considerable amount of unevenness in the extent to which supply matches demand. Low income earners wishing to enter home ownership are at greatest disadvantage in Auckland and Wellington, where there is a relative shortage of housing and prices on average are the highest in the country. The reverse is true for Invercargill or Dunedin. The recent unevenness of economic development and restructuring across the country has further exacerbated the regional differences in the supply and demand for housing, leading to very serious levels of homelessness in some areas.

Manukau is one area where the problem is particularly grave. The Manukau City Council has presented several submissions to the Minister of Maori Affairs (15 March 1983) as has the Auckland Regional Authority and the City Neighbourhood Development Unit Housing Group. In a recent study of housing need in the region, there were 976 emergency housing enquiries between January and August, 1987. Of these, 38 percent reported overcrowding, 20 percent had a notice to quit or eviction notices, 7 percent were suffering violence and 10 percent faced a health hazard or problem. 40 percent of enquiries were from single parents. Nearly 60 percent of all applicants were living with friends and a further 11 percent were living in cars, tents, parks, garages and sheds. Many of these households are Pacific Island (50 percent) or Maori (23 percent). Manukau City Council is very anxious to find measures to alleviate this serious situation, including state rental housing, co-operative housing, Maori housing. Another issue frequently raised in this context is the links between poor housing and health (see Wellington Hospital Board submission to the Community Health Services Committee, 30 June 1987). The problems reported by Hospital Board social workers included the following:

(a) Lack of affordable rental accommodation, particularly for people on low incomes/benefits.

(b) Lack of accommodation for people with particular needs.

(c) Difficulties finding accommodation for people with poor health.

(d) Overcrowding and substandard conditions (including damp).

(e) Stress as a result of unsatisfactory housing.

(f) Family break up.

(g) Single pregnant women's requirements were not assessed until after their babies were born. Thus, many had to return to overcrowded and unhygienic conditions to have their housing needs assessed.

(h) A number of patients were being kept in hospital longer than was medically necessary because of housing problems.

(i) Difficulties of returning psychiatric patients back into the community due to lack of suitable accommodation.

Various perspectives on the housing problems in New Zealand have been presented to the Commission by housing suppliers (for example, Neil Holdings Limited, Real Estate Institute of New Zealand Incorporated (REINZ Inc.). In particular, the migration of the population to certain areas, and specifically the enormous expansion of the population in the Manukau region, is cited as a central issue for the real estate industry. Problems have arisen from the lack of availability of land for subdivision. This limits the building industry's ability to service the new housing market, and puts pressure on the purchase of existing homes. It therefore has a major impact on prices in the region. Northland is also cited as an area of poor housing conditions in which the Maori are particularly vulnerable. Under-utilisation of housing stock is also recognised as a problem and in response to this it is important to encourage households to move from dwellings which are too big for their needs.

The shortage of private rental sector accommodation, according to the REINZ is generated by the poor financial returns gained from investment in this sector compared to alternative financial investments, although some have identified the Residential Tenancies Act as the cause. The Institute strongly supports the role of the Housing Corporation in the housing market. The Institute sees the Corporation as providing essential co-ordination of social, financial and practical skills to service the community and the housing market.

Summary

Statistics on homelessness are invariably an underestimate. This is because they are usually based on those people who sign on the Housing Corporation waiting list or approach an agency or institution for the homeless, while the housing need/homelessness of countless other households remains hidden. Women's homelessness, in particular, has a tendency to remain concealed. This is because the lack of alternative housing options often militates against women leaving intolerable domestic situations or conditions (Watson, 1987).

There is, however, forceful evidence of serious levels of homelessness in New Zealand, some of which has been presented in submissions to the Royal Commission on Social Policy (for example, Shelter for All Coalition, Salvation Army).

This brief overview of the housing situation in New Zealand has illuminated a growing and serious level of housing need which is not currently being met. The housing problems which are emerging are faced by all low income households and by households who are marginalised either because they do not fit the traditional Pakeha nuclear family model, because they are headed by women, or because they are Maori or Pacific Island Polynesian. The focus of the rest of this paper is on women.

2 Women's Relation to Housing

Introduction

Women are disadvantaged in their access to housing for a number of different reasons. The overall structure of housing provision and finance in New Zealand favours home ownership and the traditional nuclear family structure. New Zealand has one of the highest rates of home ownership in the world. Over three-quarters of male occupiers owned (with or without a mortgage) their dwellings in 1986.

Home ownership is seen to offer an asset, security, privacy, control, freedom and a number of other important attributes. However, home ownership is the dominant tenure for a specific form of household, that is, the Pakeha male-headed (usually two income) nuclear family household. Other forms of household, for example Maori, Pacific Islander, female-headed, single-person, etc, are much more likely to be concentrated in rented accommodation (see Tables 1 and 2 at the end of this chapter).

The reasons why the family household is favoured by both public and private housing institutions and authorities will be discussed in the next section. The important point to note here is that this focus on the family in housing means that single person and certain other households are often disadvantaged in their access to housing.

Affordability is a major issue for these households. The average incomes of women in New Zealand are still significantly lower than those for men: the average female wage is approximately three-quarters of the male wage. Women's labour force participation rate is lower than men's, particularly in the 27–34 years and 45–59 years age groups. Women have higher rates of part-time

work and unemployment. There are particularly low rates of labour force participation and, therefore, particularly low levels of income amongst unpartnered women who have children and whose access to the workforce is constrained by inadequate childcare provision. There are also significantly lower rates of labour force participation amongst Pacific Island and Maori women as compared to Pakeha women (see Table 4), and thus significantly lower incomes also (see Table 5). In a society where housing is primarily a private good, bought or rented in the market place, it is no surprise, therefore, to find that on income grounds alone, many women and non-Pakeha households are marginalised in the housing market.

Women's primary responsibility for childcare in this society has several implications. Upon marital breakdown women take the major responsibility for the children in nine cases out of ten. As mentioned earlier, women's access to the labour market and to reasonable income, and thus their access to the housing market, is restricted. The growing number of single parents on the housing waiting list and in emergency housing clearly illustrates this. A related issue is that women's ability to move to find employment, is often constrained by the presence of dependent children. Discrimination towards single-parent families in the private rental sector, is a further constraint.

The problems women face in housing are not only financial. Women suffer from both direct and indirect discrimination in the housing market, although the form that this takes varies within each tenure. Women's housing problems also derive from the fact that the majority of architects and planners have traditionally been male, and the input of women into the design of houses or the planning of cities has been minimal. Finally, houses are constructed primarily with the nuclear family household in mind with little attempt to design housing which meets the needs of other forms of household. Houses are not being designed around the needs of the person who takes the major responsibility for domestic work or who spends the major part of her time at home. It is women who bear the brunt of cramped kitchens, neighbourhoods with no safe play areas for children, thin walls, dark and dangerous alleyways or stairways. Likewise, the common separation of housing from centres of industry and employment, combined with poor community and social services, facilities and transport, acts to further exclude

women from the labour market and reinforce them in their domestic role.

There are two general points which need to be made with respect to women's housing. The first is the significance of the demographic and social changes which are taking place. Many of the growing number of households are comprised of or are headed by women. The increase in marital breakdown, increased longevity especially amongst women, and changing social attitudes, are all important factors contributing to the increase in female households. Public awareness of domestic violence, less pressure to remain in unsatisfactory marriages, wider social acceptance of lesbians, of unmarried couples and of being single, also have an impact on the increasing divergence from the traditional nuclear family household. This in turn implies a growing need for a range of housing forms and tenures. It is particularly important to provide low cost and affordable housing, because women tend to have lower incomes.

The second point to note is that New Zealand society is comprised of a number of different cultures. At least one-fifth of women in New Zealand are Maori, Pacific Island Polynesian, or of other non-European origin and their housing preferences and needs should be central to any analysis of the impact housing policies have on women and strategies for women's housing. In fact, housing policies have generally been formulated based on the needs of the Pakeha nuclear family which is a minority household form.

Tenure

Women's access to housing and women's housing problems are different according to tenure. There are three main forms of tenure:
– home ownership
– public rental
– private rental
Each of these will be discussed in turn.

Home Ownership

Table 1 at the end of Chapter 2 shows the differences between levels of home ownership amongst male and female heads of

household. In each ethnic group men are more likely than women to own, with a mortgage, a dwelling. This reflects their higher levels of income and better employment prospects. Interestingly, there is less discrepancy between men and women in percentage terms on outright ownership *without* a mortgage. Indeed, with the European groups, the percentage of female household heads in this category is greater than the percentage of male household heads. This largely reflects women's greater longevity. The majority of these women are likely to have gained access to ownership as household heads through widowhood or divorce. Table 6 substantiates this argument. The other important point to note here is that the *number* of men and women who are home owners, as opposed to the *percentage*, differs substantially (see Table 6). Approximately one-third of female household heads have mortgages and the ratio of women to men who are household heads and outright owners is approximately 1:2. These differences arise from discrimination, women's economic position, and structural factors.

A study of women and money, carried out by the Society for Research on Women (SROW) in 1981 revealed discrimination towards female credit seekers 'in circumstances which appear to be totally unjustifiable'. Women reported the need to provide a male guarantor even when the woman seeking credit was financially independent, while the woman's income was ignored in joint applications for finance on the assumption that she would withdraw from the labour force for pregnancy or childrearing. These findings replicate similar studies in Australia (Watson, 1985) and Britain (EOC, 1978). SROW also reported that traditional prejudiced attitudes and behaviour towards women remained and influenced decisions about the credit-worthiness of women, despite recent legislative changes giving women equal rights. In Australia, studies of women's access to home ownership (for example, Watson, 1985; DOH, 1988) also found that prejudicial attitudes and discrimination towards women persisted at the branch levels of financial institutions, despite the assertion at head office that no such discrimination existed.

Indirect discrimination occurs when women do not fit the criteria for access to loans, particularly in the private market. Women's generally lower wages and high level of dependence on benefits are the major issue here. The Housing Corporation is crucial, therefore, as a lender to women, since they have been more prepared to lend to lower income households and beneficiaries. The HCNZ's

lending policies are of two types: deposit assistance and subsidised home finance.

There are two schemes through which deposit assistance is provided under the Home Ownership Savings Scheme. Depositors who save for at least two years can receive benefits worth approximately half their eligible savings with a maximum benefit around $5,000 per account holder. Through 'Homestart', a 'repayable suspensory' loan of up to a maximum between $6,000 and $10,000, depending on the applicant's income and eligibility, is available. Families and single persons over the age of 26 buying or building a first home can apply.

Subsidised home finance is provided through the modest income scheme which is first mortgage lending to 'modest-income' (up to a maximum guideline of $450 per week total household income) families buying or building a first home. In 1985/86 33 percent of modest income loans were allocated to solo parents (HCNZ, 1987:8), which indicates the significance of this scheme for women. The HCNZ also provides refinance and second chance loans to prevent the forced sale of a family home, or with less priority, to assist people with dependants to purchase a spouse's share or a second family home following a marriage breakdown. This is an important mechanism for enabling a women to re-house herself and her children (or stay housed). However, the HCNZ sees itself as a lender *of last resort* in this situation. The scheme has been criticised by women because it is very difficult to obtain assistance. Its purported aim of being targeted at those most in need was reported to have been unsuccessful in many instances.

Women's lack of access to high incomes often militates against their raising a mortgage deposit or being able to meet regular mortgage repayments (HCNZ, 1987b:35–38). The proportion of income spent on mortgage repayments by women exceeds that of their male counterparts.

As a consequence of their disadvantaged economic position women are often forced to buy dwellings that are of a lower standard or in a poor location. Children are thus disadvantaged by living in poor quality accommodation, which may be located at a distance from recreational or community facilities. Women, particularly single parents, are disadvantaged by having to perform domestic tasks in a difficult and hostile environment with little disposable income. They are also trapped by the negative inter-relationship between housing and labour markets. That is, areas where

house prices are low are likely to be on the edge of cities at a distance from labour markets or childcare services, or in areas of high unemployment. Poor housing exacerbates women's marginalisation in the labour market. A final point is that poor quality housing is likely to lead to higher repair and maintenance costs and, in colder areas, higher heating costs also.

The specific problems encountered in access to home ownership or within the tenure by different groups of women—for example, divorced women and Maori women—will be analysed in Chapter 4.

State Rental Housing

(a) HOUSING CORPORATION In New Zealand one quarter of all homes are rented, of which approximately one quarter (60,600 properties) are managed by the Housing Corporation, and a further 16,200 rental units are managed by local authorities. Because of women's generally lower incomes, the public rental sector is of particular significance to them, since it offers low cost and relatively secure accommodation.

Currently demand far exceeds supply. There was a waiting list of 11,281 in April 1987. Any person is entitled to apply for a Housing Corporation rental tenancy and several factors are taken into account. These are: the state of existing accommodation, health, income in relation to rent, previous home ownership, record of previous tenancies, and length of residence in the country. Submissions to the HCNZ about women's housing reported that some young single mothers slipped through the net of eligibility (HCNZ, 1987b:24). The points system as the allocation method is also criticised by women for failing to give priority to those in greatest need. This is because homeless women are often forced to shift from place to place and their accommodation during the time of need can affect the number of points they are allocated whilst the underlying homelessness continues as a real problem. The corporation is currently changing its points system to deal with this problem.

Other issues of relevance to women in the public rental sector include:

1 *Location*
   Women, especially those who are solo parents need to live in areas which are well serviced by public transport. Fewer

women than men have access to a private car, close to services and amenities, and to labour markets. Some HCNZ housing is poorly located on the edge of cities. Also, with regional shifts in employment opportunities there are areas where there are houses to rent and no jobs (for example Invercargill) and other areas with jobs but little rental accommodation.

2 *Representation, accountability and control*
Allocation committees have been criticised by women for excluding women, Maori and Pacific Island Polynesians (HCNZ, 1987b:25). There is also a need for greater participation and control by women in the management of public rental housing in order to best meet their own needs. The decentralisation of the HCNZ to regional offices may enable greater participation.

3 *Repairs and maintenance*
Although one of the major benefits of public rental housing is that repairs and maintenance are done, some women have complained to the HCNZ that repairs are carried out in an 'untradesmanlike' manner and need to be properly checked.

4 *Single person households*
Single people are largely excluded from public rental housing. This exclusion has serious implications for single women whose access to private rental or ownership is more difficult than men's because of women's generally lower incomes.

The public rental sector appears to have strong support from women, despite some criticisms of being mono-cultural and patriarchal in its policies and practices. This is because it is seen as the main provider of low cost rental housing, as 'relatively' accountable, as providing security of tenure, and several other attributes. Issues facing specific groups of women in the sector will be discussed shortly.

(b) CITY AND BOROUGH COUNCIL HOUSING Similar advantages accrue to women in housing run by local authorities. Local authority housing offers secure, good standard accommodation at a low cost. Table 7 shows that 8 percent of all female tenants are accommodated in this sector. There is a higher proportion of European women than Maori or Pacific Island Polynesian women in local authority rental housing. The specific advantages of local

authority involvement in the direct provision of housing is that they are better placed to be sensitive to local needs and variation. This can be particularly important where women are concerned.

With regard to design, for example, local authorities are well placed to construct housing which fits in with the local environment and meets the needs of the households who are to live there.

(c) THE PRIVATE RENTAL HOUSING   The private rental sector in New Zealand is estimated to be in the range of 175,000 units. It represents an important source of accommodation for single women and for solo parents (see Table 2). 54 percent of all female tenants are private tenants (see Table 7), with a much greater proportion of single women in this category due to their marginalisation in the state rental sector. Over half (57 percent) of women who had never married were in private rental housing (see Table 6).

Women face a number of problems in the private rental sector. First the availability of affordable good quality rental accommodation is extremely restricted, particularly for women with children (SROW submission to HCNZ). Market rates for rental accommodation are beyond the means of many women. The direct effect of this lack of availability and high level of demand is that rent levels are very high. Hamilton Housing Resource Centre reported that many women were falling into arrears and being evicted, as well as being prevented from saving to buy their own homes (HCNZ, 1987b:19). Bonds are also high (for example, $500 just for the key [HCNZ, 1987b:20]) and prohibitive for prospective tenants on low incomes to pay.

Another factor influencing women's access to private rental housing is discrimination. Davey (1980) and many women's groups (for example, Dunedin Women's Refuge, National Council for Women) have provided evidence that private sector landlords are reluctant to let to young solo female parents, especially Maori and Pacific Island women. This discrimination appears to be linked to a stereotype of solo mothers as being bad financial risks, although landlords often use the 'unsuitability of the flat for children' as an excuse. This endorses findings of a study of the private rental sector in Australia (Watson and Coleman, 1985). Indirect discrimination in rental housing operates at the level of concentrating women—in particular Maori and Pacific Island Polynesian women—in the poorer quality rental market due to their low

incomes. They also tend to have to pay a significantly higher proportion of their income on rent—sometimes up to three-quarters.

The HCNZ (1987b) report on women's views on housing emphasised several other points. First, there is a lack of security of tenure. Second, the nature of the landlord-tenant relationship is problematic. It is characterised by one party making profits and capital gains, having all the power and control and someone to look after his property investment, and by a second party paying a high price for shelter, losing security, dignity, control and power. Reports of harassment (sometimes sexual) and intimidation of women are also rife. Lack of understanding of tenancy agreements and the owner-tenant relationship can also be a major issue for Pacific Islanders renting accommodation in the private sector. Third, the standard of private rental accommodation was a major cause for concern (HCNZ, 1987b:21–22). One community development officer reported that prospective tenants were being offered dwellings with malfunctioning services; mouldy, water-soaked floors or walls; faulty electrical wiring; no laundry tubs; leaking taps and toilets and inadequate cooking facilities. Women, who often have children, are forced to live in this standard of accommodation through a lack of alternative accommodation. The YWCA reported similar problems. These problems in turn raised the need for greater regulation and control of the private rental sector.

The Residential Tenancies Act was introduced in February 1987 in order to resolve many of the inequities and problems women and other households face in the private rental sector. The Act is administered by the Tenancy Bond Division of the Housing Corporation. Services provided through the Act include:

(i) an advice service for landlords and tenants;

(ii) a mediation service to help landlords and tenants resolve disputes;

(iii) a Tenancy Tribunal which has similar functions and powers to a District Court but deals only with tenancy matters.

Under this legislation bonds are held by the Tenancy Bond Division rather than the landlord. Tenants have to be given 90 days notice of eviction.

The majority of submissions to the HCNZ review of women's housing needs welcomed the legislation as providing more protection to women. However, my own research revealed some reservations. The National Collective of Independent Women's Refuges expressed concern about the requirement of 4 week's rent for the bond. The amount was seen as excessive, and prohibitive for women leaving refuges. A community law centre lawyer in Wellington reported that the Tribunal still operated very much in favour of landlords. She suggested that many women were intimidated by the process, had little knowledge of the process, and had to make their case to (usually) male adjudicators in front of (usually) male landlords. It is apparently not uncommon for women who are not assertive to feel forced to compromise and forgo their rights.

In conclusion, then, women tend to be concentrated at the lower end of the private rental sector where there is greater insecurity of tenure, higher rents and poorer standards—if they gain access at all. For Maori and Pacific Island women, the picture is an even bleaker one.

TABLE 1: Housing tenure of male and female household heads by ethnic origin, 1986 (%)

	Own with mortgage	Own freehold	Rented/ leased	Provided free	Not specified
NZ Maori					
Men	37	15	42	5	1
Women	25	14	57	3	1
NZ Maori/Other					
Men	48	16	32	4	—
Women	34	14	49	2	1
European					
Men	47	32	17	3	1
Women	33	38	26	2	1
Pacific Island Polynesian/Other					
Men	42	6	50	1	1
Women	28	7	62	1	2
Total					
Men	46	30	20	3	1
Women	32	34	30	2	1

Source: Housing Corporation of New Zealand, unpublished

TABLE 2: Housing type by tenure, 1986 (%)

	Own with mortgage	Own freehold	Rented/ leased	Provided free	Not specified
Couple No Children	32	49	17	2	–
Couple Plus Children	64	18	15	3	–
Couple Plus Children Plus Other Persons	35	31	31	2	1
Solo Parent Plus Children	54	17	24	4	1
Solo Parent Plus Children Plus Other	38	25	35	1	1
Two Families	36	17	45	2	1
Three Families	44	24	30	2	–
Single Person	41	21	36	1	1
Non Family	16	49	50	4	1

Source: Housing Corporation of New Zealand, unpublished

TABLE 3: Changes in the over 60 population 1971–1981

Age	1971	1976	1981	Percentage change 1971–76	Percentage change 1976–81
Males					
60–64	55,597	60,924	61,020	9.6	0.15
55–69	42,700	49,805	53,346	16.6	7.1
70–74	28,462	33,826	39,243	18.8	16.0
75–79	16,754	19,942	23,820	19.0	19.4
80+	15,933	15,419	17,154	−3.2	11.3
Total M 60+	159,446	179,916	194,583	12.8	8.2
(as percent of total all ages)	6	6	6		
Females					
60–64	58,260	66,304	68,583	13.8	3.4
65–69	47,914	56,643	61,950	18.2	9.4
70–74	37,221	42,029	49,509	12.9	17.8
75–70	26,612	30,136	34,434	13.2	14.3
80+	28,571	31,707	36,738	10.9	15.9
Total F 60+	198,578	226,819	251,214	14.2	6.0
(as percent of total all ages)	7	7	8		
Total M/F 60+ population	358,024	406,735	445,797	14.0	9.6
(as percent of total)	13	13	14		
Total all ages	2,862,631	3,129,383	3,175,737		

Source: Census of Population and Dwellings 1971, 1976, 1981

TABLE 4: Employment status of male and female households heads by ethnic origin 1986(%)

By ethnic origin 1986 (%)	Full-time	Part-time	Unemployed	Not in labour force
NZ Maori				
Men	74	6	5	14
Women	29	8	10	54
NZ Maori/Other				
Men	83	5	3	10
Women	37	10	9	43
European				
Men	73	3	1	22
Women	32	11	4	54
Pacific Island Polynesian/ Other				
Men	80	5	5	10
Women	40	7	8	45
Total				
Men	73	4	2	21
Women	32	10	4	54

Source: Department of Statistics, *Census of Population and Dwellings*, 1986

TABLE 5: Total personal income by sex and ethnic origin (%)

	NZ Maori		Mixed NZ Maori Other		European		Pacific/ Polynesian Other	
	Men	Women	Men	Women	Men	Women	Men	Women
$1,000 or less	7	13	11	18	5	12	9	17
$1,001–5,000	6	14	9	15	4	14	4	11
$5,001–10,000	20	32	17	25	19	33	18	26
$10,001–15,000	25	17	22	17	17	17	31	20
$15,001–20,000	17	6	15	8	17	10	17	6
$20,001–30,000	13	2	15	3	22	6	9	1
$30,001–40,000	2	–	2	–	7	1	1	–
$40,000–50,000	–	–	1	–	2	–	–	–
$50,000 +	–	–	–	–	2	–	–	–
Not Specified	10	15	7	13	5	5	11	19
Total %	100	100	100	100	100	100	100	100

Source: Department of Statistics, *Census of Population and Dwellings*, 1986

TABLE 6: Housing tenure of male and female heads of household by marital status, 1986 (%)

	Own with mortgage	Own freehold	Rented/ leased	Provided free	Not specified
Never Married					
Men	26	18	49	6	1
Women	21	18	57	2	1
Married/Remarried					
Men	52	32	13	3	–
Women	56	25	16	2	1
Separated					
Men	40	15	42	3	–
Women	40	13	45	1	1
Divorced					
Men	15	63	18	3	1
Women	10	68	18	2	1
Widowed					
Men	39	22	36	3	–
Women	41	21	36	1	1
Total					
Men	46	30	20	3	1
Women	32	34	30	2	1
Total no.					
Men	330,936	215,430	140,403	21,855	6,207
Women	113,700	122,010	106,107	7,590	4,482

Source: Department of Statistics, *Census of Population and Dwellings,* 1986

TABLE 7: Landlords of tenants by ethnic origin of heads of household, 1986 (%)

	Housing Corporation	Other government department	Local authority	Private landlords	Not specified
NZ Maori					
Total	38	9	4	43	6
Men	28	14	4	46	8
Women	49	3	4	38	6
NZ Maori/Other					
Total	26	10	3	59	2
Men	16	14	3	63	4
Women	35	5	3	55	–
European					
Total	18	7	8	63	4
Men	13	10	6	68	4
Women	26	4	9	58	3
Pacific Islander Polynesian/Other					
Total	47	3	3	40	7
Men	44	4	3	41	8
Women	51	2	3	38	6
Other					
Total	11	6	4	75	4
Men	9	6	3	77	5
Women	17	5	6	68	5
Total					
Total	23	7	7	59	4
Men	16	10	6	64	4
Women	31	3	8	54	4

Source: Housing Corporation of New Zealand, unpublished

3 The Diversity of Women's Housing Needs

This section analyses the housing needs of specific groups of women and offers some recommendations as to how these needs can be met.

Maori Women

Maori women suffer double disadvantage in the housing system in New Zealand and their housing needs deserve special consideration. This section draws closely on interviews with several Maori women and a paper written by Te Ohu Whakatupu on Maori women and housing. The Housing Corporation request for submissions from Maori women's groups on Maori women's housing issues resulted in 5 of the 160 individual submissions and 9 of the 170 group submissions coming from the Maori community. Te Ohu Whakatupu considers that this low Maori response belies the overwhelming need of housing for Maori women and their families, and reflects their lack of faith in government departments to act on research into the experience of Maori people.

In spite of research of Maori housing needs, there is a very limited amount of statistical data. Douglas's report *Fading Expectations: The Crisis in Maori Housing* (1986) provides the most comprehensive picture. The 1986 Census statistics indicate serious inequality between Maori and non-Maori in access to housing. These differences apply across gender categories also. Table 1 shows that 52 percent of male Maori household heads and 39 percent of female Maori household heads own (with or without a mortgage) their dwellings, compared to 79 percent and 71 percent of the respective non-Maori groups. The discrepancy between Maori women and non-Maori men is considerable. In contrast, Maori people, particularly Maori women are concentrated in rental accommodation. Over half of all Maori tenants are housed in the public sector, with a high proportion of Maori women living in Housing Corporation accommodation (see Table 7). Maori women face the same housing problems that Maori families in general face. However, Maori women's income and employment prospects are poorer than men's, and their access to private housing is further reduced. Until 1981 households headed by Maori women were the fastest growing type of Maori household.

Maori dwellings on average have twice as many people living in them as non-Maori dwellings. Overcrowding occurs at a rate 8–10 times greater for Maori than for non-Maori. Maori dwellings are generally smaller with fewer rooms and fewer modern amenities. Maori and Pacific Island people constitute the majority of those living in substandard housing in both rural and urban areas. In some rural areas many Maori people live in homes made of tarpaulin and iron, with no running water or electricity.

Maori female-headed households with children are more likely to be renting a home than owning it, due to their low income position. Maori women tend to have children at a younger age than Pakeha women, and for this reason Maori women are often faced with housing problems at an earlier age, when they have fewer financial resources to secure a home.

It is argued that current needs-based policies do little to engender a sense of community among Maori people. Instead, community isolation, and a further breakdown in whanau and hapu structures is often a direct result of the experience of short-term better housing. Women who have always played a large part in ensuring that whanau and hapu structures remain strong are put in an isolated position, which militates against them maintaining the basis of the culture.

Design is another issue for Maori women. State housing programmes and private sector construction have tended to be very mono-cultural in outlook. The two or three bedroom house with the kitchen facing south and the laundry directly adjoining is often less than ideal for Pakeha women. It is even more likely to be inappropriate for Maori women and families.

Te Ohu Whakatupu considers that the greatest issue facing Maori women is their own fading or non-existent expectations of ever attaining their own home. Maori women obviously face many of the same problems that non-Maori women face, which are discussed throughout this paper. However, they face the double disadvantage associated with their gender and race.

The solutions to Maori women's housing problems are similar to the solutions proposed for Maori housing in general. A commitment to an equal level of home ownership between Pakeha, Maori and Pacific Island households has to be the major objective and outcome.

A range of mechanisms could be devised to achieve parity in home ownership rates. One proposal is to specify a quota of loans

to Maori people. Douglas (1986:7) recommends that a specific and realistic proportion of Housing Corporation low and moderate income mortgage finance be targeted to meet the needs of the Maori and Pacific Island communities. Another proposal is that the Department of Maori Affairs be responsible for overcoming the estimated 1,750 houses per year backlog through provision of new whare awhina, and whare tapiri; through purchases of existing dwellings; and through the provision of home improvement loans for existing Maori dwellings. A further important point made by Douglas is that the Housing Corporation must collect and publish ethno-specific data on their clients, to enable Maori and Pacific Island Polynesian needs to be met, monitored and then addressed.

Te Ohu Whakatupu argues that one of the major constraints for Maori people, particularly for Maori women is the deposit. It therefore recommends the introduction of a notional deposit scheme whereby a loan can be made to a whanau group without a deposit actually needing to be paid. The whanau as a whole would be responsible for repaying the mortgage. This is a concept which complements Maori social organisation of whanau, hapu and iwi.

The Papakainga housing scheme represents an important initiative for meeting some of the demand for housing on multiply-owned land and should be extended. In the past, lending institutions have been reluctant to provide finance for home ownership on multiply-owned land. Under the Papakainga scheme run by the Housing Corporation, Maori people are given loans to build homes on their own whenua. Again, this scheme takes account of the structures of the whanau and hapu, and provides a way for these structures to be maintained and strengthened. Its shortcomings are that:

(a) Maori people who are not shareholders are not eligible for Papakainga housing;

(b) a deposit has to be raised;

(c) while the whenua is no longer at risk if the mortgagee defaults, the actual house is (HCNZ, 1987b:45).

In the public rental sector there are several issues. First, there is a need for greater biculturalism. Housing policies need to be written from the perspective of Maori people themselves. Maori people, and Maori women in particular, need to be employed at all, including senior, levels of the Corporation in order to increase sensitivity to Maori housing needs. This would help deal with the problem of discriminatory practices and attitudes within the Corporation

towards Maori people. Another problem is that Maori people have little access to rental housing in rural areas where it is most needed. Positive discrimination towards Maori people, especially Maori women needs to be a major priority.

Pacific Island Women

As has been mentioned elsewhere in this report, Pacific Island people, like Maori people face very poor housing conditions, high levels of homelessness and discrimination. Many of the problems they face are similar to those of Maori households, and many of the problems of Pacific Island women are similar to those of Maori women.

There is little statistical or research documentation of the housing problems of Pacific Island women and men. Table 1 shows the high concentration of Pacific Island women in rental housing (62 percent). A high proportion of these tenants are housed by the Housing Corporation (see Table 7). There is a low rate of home ownership amongst this group, particularly amongst women. This can be explained by very low levels of income and by discrimination. In 1986 only 7 percent of Pacific Island women had an income greater than $15,000 per year. Their income levels are lower than the income levels of all other groups of women, despite higher levels of full time labour force participation (see Tables 4 and 5). It is clear that mechanisms need to be formulated to improve the housing situation of this group. Consultation with Pacific Islanders, particularly women, should be a prerequisite for any policy formulation.

Women After Divorce

Women's unequal access to education, employment and income, and their primary domestic role has severe implications for their position when the marriage ends. Often women have access to home ownership through their dependence on a male partner. When the marriage ends they often have difficulties housing or re-housing themselves and their children.

Davey and Gray (1985) have carried out an analysis of the effects of marital breakdown on housing in New Zealand, the main points are summarised here. The 1976 Matrimonial Property Act and the 1983 amendment specify the disposition of the marital home after

separation. The basic principle is one of a 'clean break' which encourages early settlement of matrimonial property and early sales of marital homes. De facto marriages are not covered by the Act and settlements can be difficult, especially for women who have not contributed financially.

The clean break principle is leading to a shorter period of occupation for the spouse remaining in the marital home, despite the 1983 amendment which specifies the need to consider young children's housing requirements when occupation orders are made. Financial circumstances are very important in determining whether or not a home will be sold—for example, the need for the departing spouse to realise his/her capital; access to finance for re-purchase; the chances of buying the other partner out; and income levels. The lack of alternative finance or housing may act as a factor keeping some couples together.

According to the Ministry of Women's Affairs, even though a woman may receive half of the proceeds of the sale of the family home, this amount rarely enables her to re-purchase unless she can borrow:

> Women in this position often have no job and no income either, except for the DPB, until they can get a paid job which is likely to be paid at a low level and perhaps involve only part-time hours. If the woman has custody of her children, the level of maintenance she receives from her husband is also likely to be low. If the woman has no income and cannot get a job because of her lack of qualifications or lack of jobs in her area or lack of affordable childcare, then she must rely on the DPB as her only source of income. Clearly no woman living on a very low income who has dependent children can realistically contemplate taking out a new mortgage in the private finance market. (Submission to HCNZ 1987b)

According to Davey (1985:v) husbands, with or without the children, had a better chance of re-purchasing. An Australian study of housing after divorce in Australia revealed similar findings (Watson, 1985).

Women's low incomes, and the lack of availability of low-cost private rental accommodation, and prohibitive costs of acquiring accommodation (rent in advance and bond), means that this sector does not offer a viable alternative for women on divorce. State rental housing thus represents the most likely option for many divorced women and their children. However, an applicant may be deemed ineligible if she (or he) has had an interest in a residential property within the last five years. Also, long waiting lists for state rental housing can mean a woman and her children are homeless

for considerable periods of time. Many women find themselves trapped in limbo, unable to obtain a loan to buy their ex-husband's share of the house, unable to borrow at the current interest rates on their low income, and yet not considered desperate enough to be allocated a Corporation tenancy since eviction or a mortgage sale are not immediately imminent. Women on the Domestic Purposes Benefit (DPB) experience especially severe difficulties.

Not only are women beset by financial difficulties on marital breakdown, they also usually face considerable social and psychological stress. Many women do not want to move from an area with which they and their children are familiar: where the school, social networks and services are all known factors. Often their only hope of achieving security in this situation is to stay in the marital home or to buy another one. Renting is not often an option. For those who do enter the private rental sector, the lump sum from the sale of the home can disappear on rental costs in a very short time, leaving a woman in insecure accommodation and poverty.

Women leaving violent relationships are even more vulnerable, particularly when they have to support children who have been emotionally, physically and sexually abused. Frequently these women are housed by a woman's refuge until suitable accommodation can be found. There are currently 46 refuges for women in New Zealand, which, according to the National Collective of Women's Refuges, is insufficient to meet the need. Refuges currently deal with 3,000 new women each year and 5,000 children. Refuge workers consider this to be the tip of the iceberg.

Maori women are particularly vulnerable and services which are appropriate to their needs are necessary. At the present time, two Maori women's refuges have been established and two refuges have shifted their orientation towards primarily accepting Maori women. Women in refuges may be paying for two forms of accommodation—the refuge rent, and continuing payment (rent or mortgage) on the family home—while they decide what to do. If the couple were joint tenants of the Corporation dwelling and damage has been done, the woman may be liable and is often the one to pick up the damage costs and any outstanding debts because she is easier to find. If the woman had to leave the tenancy through no fault of her own, it is unlikely that she will be re-housed or transferred, particularly in the short term and if the man remains in the tenancy.

Changes need to be made in order to improve the housing situation of women on marital breakdown. Some of the key problems identified by women in their submissions to the Housing Corporation were:

(a) *Demand for loans* The demand for Second Chance / Refinancing loans appears to be fairly significant. The amount of money allocated to the Second Chance / Refinance budget has increased significantly since the programme's introduction due to a high demand for funds.

It appears that demand exceeds the available funds. However, this is difficult to quantify, and further work is necessary in order to establish a better picture of demand.

(b) *Affordability* Many women, after marriage breakdown, have only small amounts of equity from the sale of their home (or in the home they wish to refinance) and many are on low incomes (often DPB). Loans from the private sector are often difficult to obtain. The Housing Corporation is, therefore, a major provider of refinancing loans.

The interest rate currently charged on Second Chance/ Refinance loans is the prime rate of 17 percent. This interest rate makes loans unaffordable for many women who could otherwise be assisted by this type of loan. The interest rate under this scheme is higher than it would be for applicants on a similar income level for a modest income loan. This discrepancy relates to the traditional emphasis of the Corporation's lending policy, that is, of assisting first home buyers. This approach is inconsistent with an approach to assisting people on the basis of need.

(c) *Publicity of the scheme* Probably due to the limited amount of money allocated to this lending scheme and a high demand for funds, the Second Chance/ Refinance scheme has not been publicised widely. Many women in their submissions indicated that such a scheme could help them, but they were not aware of the existence of the scheme, and believed that the Corporation would lend only to first home buyers.

(d) *Lender of last resort criteria* Under the Second Chance/ Refinance scheme the Corporation is to be the lender of last resort. This can involve applicants in a number of fruitless (and somewhat humiliating) interviews with private lending institutions. Given the current level of interest rates in the private sector, it would not be difficult for Corporation staff to assess the likelihood of a particular applicant obtaining a loan from the private sector. Women

attempting to raise a loan in the private sector, after marital break-down, are often discriminated against because their savings record and credit history are in their ex-partner's name rather than their own.

The lender of last resort criterion is also inconsistent with modest income lending. The Corporation's lending programme is directed at low and modest income earners, who could not afford to support a loan from a private institution. However, under the modest income lending criteria, there is no requirement on applicants to prove they can not obtain an affordable loan from another source.

(e) *Attitudes towards applicants* A number of women applying for Second Chance/ Refinance loans felt that Corporation staff had negative attitudes toward them, and that they were being discriminated against because of their marital breakdown.

The difficulties associated with obtaining Second Chance/ Refinance loans resulted in the budget being underspent by 25 percent. This has led to the conclusion that there is inadequate demand which in turn has resulted in approximately $4,000,000 being cut off this budget in 1987/88. Instead what is needed is greater sensitivity to applicants, increased publicity about the scheme, the introduction of affordable interest rates and improvements to the scheme as suggested above. An analysis of the scheme and its take-up is needed.

The introduction of a shared ownership scheme and the extension of the Equity Sharing programme have also been proposed. Under the Equity Sharing scheme repayments in excess of 30 percent of the borrower's net income may be capitalised on to the loan debt. This has the result of increasing the loan debt until rising income causes enough interest to be paid to reduce it again. Thus, lower interest payments are possible, not because they are subsidised but because they are deferred.

It is also recommended that Housing Corporation policies be more sensitive to the needs of women both before and after marriage. Women as joint tenants need to be effectively informed about tenant liability. In addition, Housing Corporation policy needs to be more flexible. Policies need to be formulated which recognise the specific housing situations which occur on marital breakdown so that women and children are considered for re-housing in the rental and ownership sectors before they become homeless and caught in a poverty trap, and before the equity from the

sale of property is whittled away. Divorced women should be offered the same terms for loans as first home buyers, in the recognition that they constitute a new household and are likely to be disadvantaged in their access to private sector loans.

Single Women

The lack of accommodation and access to housing is a serious problem for women who are single or who want to live in groups. The majority of housing is built and designed for traditional nuclear family households (couple plus children). Access to public rental housing is restricted through the eligibility criteria. Access to loans for home ownership is also restricted. A large number of submissions to the HCNZ (1987b) study of women's housing needs came from single women on low to moderate incomes who were unable to obtain finance. Where age limits are set for access by single people to subsidised loans, young women are further disadvantaged. High house prices in some areas militate against all single income households entering home ownership, and single women are the worst hit. Table 3 confirms this picture. Over half of never married women, most of whom have no dependants, are living in rented accommodation, with only 21 percent of these households owning with a mortgage. There are 45 percent of separated women in the rental sector, many of whom have either no dependants at all, or adult children.

Solo Mothers

About 80 percent of solo parents with dependent children are women, and about half are divorced or separated. Solo mothers make up over 90 percent of DPB recipients (Davey and Gray, 1985).

Ferguson (cited in Davey, 1980) showed that solo mothers on the DPB were experiencing a significantly lower standard of living compared with two-parent families, and had fewer savings and assets. While the benefit was enough for a 'careful' housekeeper to live on, there were problems with emergency items and items of large expenditure (for example, housing). It was also significant that the housing situation was seen to be important in determining whether solo mothers thought that their benefit was adequate.

Other studies (Watson, 1988) have shown that single parents in Australia and Britain suffer from low standards of amenities, dissatisfaction with accommodation and lower incomes, and thus low levels of home ownership compared to single fathers. This picture appears to be similar in New Zealand (Davey, 1980). Submissions to the HCNZ (1987b) revealed that Maori and Pacific Island Polynesian women found access to good quality, affordable, long-term rental housing extremely difficult, and faced racial and sexual discrimination by landlords.

Older Women

There are increasing numbers of women living into old age. Female longevity is far greater than male longevity (see Table 3). Older women have access to the following range of housing options:

1 State subsidised pensioner rental units (including kaumatua housing). These are provided by local authorities.

2 State subsidised pensioner purchase units. Under this scheme, local authorities and welfare organisations are assisted to provide owner-occupied housing for older people.

3 Homeswap. This is a very positive recent (1986) policy initiative which enables home owners aged 55 years and over to exchange older property, which has become too difficult to maintain, for a small compact retirement unit. Older women home owners interviewed in Australia (Watson and Coleman, 1987) commented on the problems associated with the repairs and maintenance in old age, particularly for women whose husbands had formerly managed these problems in the house. Women also mentioned a lack of confidence or little knowledge of how to buy and sell dwellings. Homeswap has the potential to alleviate some of these problems that older women face.

4 Granny flats. This is a scheme which enables independent accommodation in the form of relocatable flats to be provided by the Housing Corporation or by local authorities on the same property owned by the relatives on whom they depend. This is a useful scheme for older women who are dependent on family support. However, older women interviewed in Australia were adamant that

enforced dependence on family members should be avoided.

5 Home maintenance loans. The Department of Social Welfare and the Housing Corporation both provide home loans to low to modest income elderly home owners (see Campbell *et al*, 1987:18–19 for details). These sources of finance are crucial since it is not uncommon for older women who are home owners to be living in substandard accommodation due to lack of finance to conduct the necessary repairs.

6 Retirement villages. This is a growth industry in which private sector interests prevail. Retirement villages provide a range of accommodation from independent housing to hostel/hospital type accommodation. A substantial outlay is provided by developers and thus a high level of equity and income is needed by prospective residents. Such accommodation is thus only an option for older women who have a substantial property to sell, or high incomes. Although these villages represent one option for some older women, it is important that they are not seen to be a significant solution to the housing problems of the aged. Other studies have shown (for example, Coleman and Watson, 1987:23) that many of these villages are poorly located, at a distance from community services and facilities and transport, and do not satisfy many women's needs. Women interviewed mentioned several problems:

(a) Deposits were non-refundable once they had been paid. This meant that it was impossible to move if the accommodation proved unsatisfactory.

(b) High service and management costs.

(c) Lack of choice. Some women had been placed in this accommodation by their families against their will.

(d) Lack of control, privacy and freedom.

(e) Lack of adequate space to conduct a social life.
    Positive aspects of retirement villages mentioned by women interviewed were as follows:

(i) Security.

(ii) Freedom from home maintenance and domestic responsibilities.

(ii) An end to isolation and loneliness.

(iv) The possibility of relieving the family of future worries.

7 Church and welfare provision. This tends to cater for the dependent older person with the incorporation of hospital facilities in many complexes. As fees charged are lower than for those charged by private institutions, their waiting lists tend to be long.

In conclusion, what is needed for older women, and older people in general, is a range of different forms of accommodation to meet their needs. Some older women need supported accommodation while others do not. New initiatives such as the provision of accommodation for small groups of people living together for mutual support and friendship along the lines of the Abbeyfield Society in the United Kingdom need to be encouraged. Public sector rental accommodation for older women is one important option which needs to be expanded, in the recognition that many older women are on very low incomes and have limited financial resources. The high costs of private rental accommodation, its insecurity and its often low standard make this sector the most unviable option for older people. Schemes to ensure that older women who are home owners can move if they so desire; renovate their dwelling in order to share with a friend; take on a tenant, lodger, etc.; or have their repairs done at an affordable cost, should be initiated and expanded. It is important to recognise that many older women in the current over-sixties age groups have had little access to independent income and employment during their lives, and need proper support, information and assistance in the housing problems and decisions which confront them.

Women with Disabilities

It has been argued that women are disadvantaged because housing design and provision favours the traditional nuclear family form. It does more than this. It assumes an able-bodied individual. Women with disabilities are therefore additionally disadvantaged. It is harder for disabled women to gain access to employment and thereby an adequate income. Consequently, their access to housing is also restricted. Women with disabilities are particularly disadvantaged in the private rental sector where low standard accommodation can compound the problems they face. It is very rare for

private rental or privately owned housing to be sensitive to disabled people's needs. Adaptation can be expensive and beyond a disabled woman's needs. Under these circumstances, the Housing Corporation or other forms of public rental housing are best placed to provide accommodation which suits a disabled person's needs. It is important, therefore, that a range of appropriate and diverse housing is provided in this sector, in the recognition that not all individuals' physical capacities are the same.

Lesbians

An increasing number of women are choosing to share housing. Many of these are lesbians. Discrimination against lesbians in the private sector is likely to be covert, although such discrimination undoubtedly exists as other studies have shown (Watson, 1988). Lesbian couples are indirectly discriminated against by their exclusion from Housing Corporation rental housing by the points system. Housing co-operatives provide one avenue for low-cost secure accommodation for lesbians who want to live together and work co-operatively with other women. In London a housing co-operative for women—the Seagull Housing Co-operative—was established in 1981. The women established their own concepts of how they wanted to live and allocated according to their own criteria of need. This co-operative has been very successful and has provided accommodation for several hundred women.

Ex-psychiatric Patients

Following the policies of de-institutionalisation and an emphasis on returning psychiatric patients into the community, there has been a serious increase of homelessness amongst female ex-psychiatric patients. Women leaving hospital are likely to have very low incomes, since they are entirely reliant on benefits in nine cases out of ten. They also are in need of some form of support, at least in the initial period. Low incomes, vulnerability, and lack of knowledge or familiarity with the housing system militate against these women establishing themselves in the private sector. Instead, they are very dependent on state rental housing, although they may lack sufficient points to qualify for housing. Many of these women end up in refuges which do not have the resources to provide the necessary special care. Thus there is an immediate and serious unmet housing need in this area. Funding and support for supported and

semi-supported short- and long-term accommodation is urgently required.

4 The State or the Market

In the first three chapters of this paper, the nature of the housing crisis in New Zealand and its specific implications for women have been outlined. The question then arises—what are the best mechanisms for solving this housing crisis? How best can the serious housing problems currently facing many households in New Zealand be alleviated? The focus of the debate rests on the extent to which the private market offers the best arena for meeting the Government's housing objective and the extent to which direct Government intervention is necessary.

There are two general arguments given for the view that the attributes of housing, that is, its methods of production and allocation and its value to the individual and the community make it more suitable for organisation by the market (Whitehead, 1984:116). First, housing is recognised 'as a private good' because most of the benefits go to the individual consumer, and a large part of this benefit arises from the individual household's capacity to choose the housing that meets their needs. The consumer is perceived as having the greatest level of knowledge and information about their own needs and as being, for the most part, better able to evaluate the attributes offered by alternative forms of housing than public servants acting on their behalf.

Ideally, in this scenario, the private market supplies the diversity of accommodation at a range of prices to meet the diverse desires, needs and demands of the population. Thus, if there is an increase in the number of single households demanding single people's apartments, the market will respond to the perceived and expressed demand by providing them. The private market is thus characterised as offering greater flexibility than a monolithic bureaucracy. This flexibility makes it more responsive to new forms of demand as they emerge.

The crucial point here, however, is that the level of output in the market is subject to an individual's capacity to pay. Second, one of the most desirable attributes of housing for many people lies in the joint consumption of ownership and occupation—an attribute which is unavailable through public provision (Whitehead,

1984:116). Several assumptions about the nature of housing are embedded in this argument.

There are various significant attributes of housing that have led to arguments for public intervention. First, a dwelling is a durable and indivisible commodity or investment, the production and consumption of which usually involves considerable sums of borrowed finance. Several writers have argued that the imperfections of the capital market would result in underinvestment in certain types of housing if governments did not intervene to improve the workings of that market and to offset additional costs (for example, Lansley, 1979).

Second, housing exists both as an asset and as a consumption good. Where these are separate, for example when a landlord rents out a dwelling, contractual problems often arise. This makes the landlord-tenant relationship inherently imperfect. Problems in relation to monitoring the contract, different levels of power, security, information, etc. can arise (Williamson, 1975). Thus it is argued that, at the very least, in cases where the tenant is in a weak bargaining position the state should intervene to enforce the contract, or take over the role of landlord to ensure the contract is enforced in a more socially desirable fashion.

Third, as Whitehead (1984:119) argues, new investment at any one time can only represent a small proportion of the total housing stock. Thus, supply cannot readily adjust to changing demand resulting from changing income, changing household forms, changes in the economy, interest rates, etc. Where adjustment takes place it takes time. Where housing is concerned, this is the time required to buy land, get approval, build, etc. Supply is affected by imperfections in the market for finance, risk aversion of builders, etc. Excess demand on the other hand gives market power to owners and property developers, while inelastic demand, it is argued, especially at the lower end of the market, pushes up prices. Deteriorating contractual conditions, particularly from the point of view of the consumer, arise. Under these conditions state intervention is considered desirable to limit market power, to improve supply conditions and to allocate the available stock more effectively (Le Grand and Robinson, 1974).

Another aspect of housing is that it represents possible and effective means of redistributing income and wealth (Whitehead, 1984:118). This is because it is very expensive in relation to most households' income. Second, there is also a belief in most western

societies that all members of a community, whatever their income, should have a minimum level of housing, and thus the social utility of housing is seen as being greater than its private value (Robinson, 1982).

According to Whitehead, these factors imply state intervention, although not necessarily public provision. Other options include subsidies to the private sector, redistribution through the tax system, the legal enforcement of minimum standards and contractual relationships. Whitehead concludes that public provision is the most efficient method of dealing with several of the problems. First, because it enables an easier enforcement of minimum standards of housing and quality control. The enforcement of building and housing standards in the private sector is complex. Second, the investment necessary to eradicate shortages relating to need rather than private demand can be more easily undertaken. This is particularly the case in relation to marginalised groups, such as women and Maori households, whose needs are often different from the 'normal' nuclear family household which dominates private sector thinking and behaviour. Private enterprise is less likely to intervene at this end of the market unless it is clear that there is a strong likelihood that profits can be made. Third, public provision eliminates the difficulties that arise from the private contract in the landlord tenant relationship. Again the less power the tenant has the more problematic this relationship can be. Whitehead also argues that past policies in Britain, particularly those affecting the private rented sector, limit the possibility of achieving an adequate level of private provision at the lower end of the market. Little work has been done in New Zealand to validate or invalidate the argument.

Treasury Proposals for Housing Policy

The statement on housing in the Minister of Finance's *Economic Statement* (17 December 1987) is as follows:

> Housing assistance should not create unnecessarily high marginal tax rates.
>
> There should not be any disincentives to the development of private sector rental markets providing accommodation for all income levels.
>
> The Cabinet Social Equity Committee will be developing policies which will ensure a better integration of housing assistance, in terms of rental and mortgage assistance, and in terms of the assistance offered directly via the Housing Corporation, and that provided to low income families via the private sector.

The Social Equity Committee will also consider areas of particular housing need with a view to developing policies for meeting these effectively.

This statement embodies the prime objective of the Treasury's policy on housing which is to shift expenditure from the direct provision of housing through the Housing Corporation to assistance offered directly to the consumer, be they tenants or mortgagors. The emphasis on assistance derives from the belief that the major housing problem in New Zealand is one of affordability. As discussed earlier, housing costs form a major part of a household's living expenses and housing costs, particularly in areas where these are high, and pose serious problems to those on low incomes (relative to housing). Capital markets obviously spread the cost of buying a house through the provision of housing loans. The rental market exists to provide accommodation, but the problem of affordability persists.

According to the Treasury's argument, the housing problem can thus be understood as primarily an income distribution problem. Low income people obviously find it difficult to purchase necessary goods and services. Housing, however, is a more problematic commodity because of the long-term nature of housing arrangements. An overnight shelter does not solve the problem of homelessness. A more complex, long-term solution is necessary. However, the basis of the problem in the Treasury's terms is still income assistance (Treasury, 1987:164). This analysis, however, ignores other serious issues.

The other problem acknowledged by the Treasury is discrimination towards women, Maori and Pacific Island people. Discrimination includes a landlord choosing a tenant similar to themselves in order to reduce information costs, charging increased rents, or refusing to let a property to the applicant. Lending institutions may also refuse to provide finance for home purchase to specific groups. This is the second housing issue that the Treasury considers needs to be addressed to achieve equity.

Several other constraints which arise in housing markets are also raised in the Treasury document (Treasury 1987:161–163). These are information costs, uncertainty, interdependence and opportunism (leading to the need for incentives).

Information problems, it is argued, arise from the fact that the seller or landlord generally knows more about the accommodation than the potential buyer or tenant. It is argued that this problem can be easily solved through inspection of the dwelling by the

potential occupier and through the involvement of Real Estate agents who acquire and assemble information in an accessible form. Valuers, lawyers, surveyors, and so on are also said to perform a similar role.

The focus of the discussion about interdependence is unsanitary housing which constitutes a public health risk. This, it is argued, is not of adequate significance to warrant wholesale state intervention. Individual cases can be dealt with at a local level through existing measures.

Uncertainty in housing markets is also considered impossible to remove by state intervention, since bureaucrats have no greater knowledge of future house prices rises, and interest rates. Much of the uncertainty in housing is related to personal considerations such as employment prospects or changing family situations. The individual concerned clearly knows more about these issues than any institution involved. Physical risk, such as floods and fire, are clearly unpredictable and as such irrelevant to the debate on whether the state or market can best deal with the problem, according to Treasury. However, uncertainty of this kind is best dealt with by governments. Insurance will not usually pay on such 'acts of god'.

The fourth constraint acknowledged by the Treasury is incentives. Here the classic case selected is 'the agency problem', that parents may not take proper account of their children's needs. But in the case of housing, this is largely irrelevant since children generally live with their parents, and most people are said to be likely to take an active interest in the quality of their housing. The suggestion that a state agency would have a clearer incentive to make appropriate choices in the housing area than a house owner or occupier is dismissed. More important is the argument which underlies the need for the Housing Corporation to continue to provide state housing and modest income loans. It is argued that the private sector does not have sufficient incentive to supply housing to low income and disadvantaged groups.

According to Treasury, there is no evidence to support this view other than the lack of competitors in the area. The inference behind the Treasury statement here (1987:163) 'that it would be surprising to find any supplier able to contest this market without a subsidy in line with that given to the Corporation', is that with such a subsidy the private suppliers would provide housing at this end of the market. It is assumed that if the subsidy were withdrawn

from the Housing Corporation, in the absence of a monopolistic state agency engaged in low income housing, the private market would expand to fill the gap. The argument that the state has greater incentives to innovate is also disputed since it is seen as inconsistent with the experience of state organisations elsewhere in the economy. The final constraint mentioned is scarcity. Because scarce goods can command higher prices it is argued that scarcity is the central problem in the housing market.

Most of the constraints in the housing market are thus seen to be either as easily solved, or no less easily solved by a state housing agency than by the private market. The two major constraints which are perceived as central are affordability and discrimination. The Treasury's conclusion is that the most preferable policy option would be to develop policies offering assistance which is better targeted to those on low incomes who face affordability problems, and to promote structures offering more contestability in the provision of housing assistance. Policies to counteract discrimination are rarely discussed.

Under the current system, the Housing Corporation is one source of central government assistance and the Department of Social Welfare is another. One form of Housing Corporation assistance is the provision of state rental accommodation administered by the Corporation. The other mechanism is through the provision of mortgages at reduced interest rates. The Accommodation Benefit is available through the Department of Social Welfare to assist beneficiaries and low income private tenants with rental payments.

These forms of housing assistance are criticised by the Treasury on the following grounds. First, the Corporation's level of assistance to individuals is determined irrespective of the quality and location of the accommodation. Thus, the actual amount of assistance received is a function of the income of the consumer. This is considered to be inequitable because people in the same circumstances in relation to income are receiving different levels of public assistance. It is seen to distort relative prices and encourage migration to Auckland, inhibiting regional development policies. Second, it is argued that this system is inequitable since the level of assistance does not change when an individual's circumstances, particularly income, change. Third, it is argued that it leads to inequities between state and private tenants, since Housing Corporation clients receive more generous assistance. In relation to home

ownership, the same arguments apply since Housing Corporation mortgagors are eligible for assistance with mortgage repayments, whereas low income mortgagors or beneficiaries in the private market have no such access.

The Treasury thus favours fixed assistance targeted to individuals on the basis of current circumstances, rather than variable assistance targeted to Corporation clients via fixed prices. They argue that the current system means that many of the most needy receive no assistance at all, and that the fragmented nature of assistance makes it difficult to identify poverty traps which encourage dependence on the state. Various suggestions have been made as to how this assistance should be delivered. The Treasury does not favour delivery via the Housing Corporation because it argues, housing contracts are typically long term while in many cases housing need is short term. Second, the Treasury argues that the absence of competition in the delivery of housing services by the Corporation means that there is no competitive check on cost or business practices. Delivery of assistance through competitive suppliers is also dismissed as an option because it is seen to restrict consumer choices and cause the potential crowding out of efficient market operators. The option favoured by the Treasury, and by the State Services Commission, is direct assistance to the consumer. This is seen to provide the maximum degree of choice to the consumer.

The Treasury arguments, contained in *Government Management* (1987) and other policy documents, are critical of the Housing Corporation as it currently functions on several other grounds. A central problem in their view is the combined social, regulatory, advisory and commercial roles of this agency. At present, the Corporation is the major producer of housing, and also the principal deliverer of housing assistance and regulations. The Treasury sees the Housing Corporation as entangling too many objectives and responsibilities and is thus in favour of separating out the policy, regulatory and commercial functions, and creating new institutional structures.

There are three other issues raised. Limited choice is seen as a problem since Corporation clients in most cases have to accept what is on offer. Discrimination towards Maori clients is also mentioned. Lack of contestability in the provision of housing services in Treasury's view raises questions about the efficiency of delivery of housing assistance by the Housing Corporation. There is no consumer feedback, options to consumers are limited, and control

over the Corporation is reduced. These are all seen to be the results of restricting delivery of assistance to one major institution which is considered by Treasury to have a low level of accountability in terms of performance and expenditure.

In conclusion, several proposals have been suggested by the Treasury to deal with the problems that they have identified in the current housing system. Government housing policy, in their view, needs to:

1 be effective in assisting people to obtain adequate housing;

2 encourage the operation of the housing market;

3 be targeted to the disadvantaged people it is intended to assist;

4 maximise individuals' and groups' ability to choose;

5 avoid unnecessary biases affecting individuals' and groups' choices between goods and services, including different housing tenures;

6 maximise individuals' and groups' incentives to be independent;

7 treat people in a similar position in a similar way;

8 have the ability to meet different housing and cultural needs;

9 be at least cost to the Government.

Summary

The institutional structure for the delivery of housing assistance to low income and other disadvantaged people is closely related to the type of assistance to be delivered. Officials have not yet completed an analysis of the most appropriate forms of assistance. The directions indicated by preliminary analysis, which may be subsequently modified are:

(a) a continuation of the present range of policy options, delivered by the Department of Social Welfare, the Department of Maori Affairs and appropriately modified Housing Corporation (Housing Corporation);

(b) modified forms of assistance delivered direct to the consumer by a departmental organisation (Treasury);

(c) modified forms of assistance, which in the case of lending policies are delivered direct to the consumer by a departmental organisation, and in the case of rental are delivered either via an State Owned Enterprise Housing Corporation or a departmental organisation (State Services Commission).

The institutional structure for the provision of advice on the housing issues favoured is:

1 A modified Housing Corporation (Housing Corporation).

2 A departmental organisation (Treasury/SSC).

The institutional structure for regulation of the housing market favoured is:

(a) A departmental organisation (Treasury/SSC).

(b) Not yet resolved (Housing Corporation).

A Critical Evaluation

The Treasury's proposals are based on several important assumptions. First, the housing crisis is seen as primarily the result of an affordability problem. Second, the private market is perceived as best able to offer solutions to the housing problem, provided that low income households are given assistance to rent or to buy, and that the monopoly of the Housing Corporation over housing provision and assistance is reduced. Third, discrimination is acknowledged as an issue which needs to be addressed. This section evaluates the validity of the Treasury's argument.

The Treasury's proposals are based on the notion that the housing market system is only faulty in so far as low income households do not have the income to express their preferences. The assumption is that, if demand in the market was increased through housing assistance, supply would follow. In a competitive market, preferences are made, utility is maximised, and suppliers will not make excess profits, because excess profits will attract new suppliers into the market. Thus, the assumption is that housing costs will be kept at a 'reasonable' level as more suppliers are attracted into the market.

There are several problems with this argument, particularly in relation to housing as a commodity. First, for the Treasury model to work, there has to be a considerable number of new suppliers waiting to enter the market as soon as demand increases. These

suppliers would have to have the necessary skills, training, expertise, resources and capital to enter the market. Also of specific relevance here, the assumption is that these suppliers will not only enter the market as it is currently structured, but that they will also be prepared to build housing for lower income households, the single, Maori households, single parent households, etc. The necessary combination of these attributes is difficult to attain.

Assuming, however, that there are suppliers out there working at under-capacity in the market or outside of the market, there remain several important barriers to entry. First, housing is an expensive commodity to produce. Small builders have limited financial resources, and of more relevance here, lack risk-taking resources. These suppliers are much more likely to be prepared and be able to borrow finance to build for what is seen as a secure proposition. Traditionally, small private builders in New Zealand have built dwellings for families with some capital. This relates to the second barrier to entry into the provision of low-cost and diverse housing and that is lack of knowledge. Without the capacity to do research, to forward plan, to analyse the housing needs of the more marginal groups in society, and to predict demographic and social changes, private builders are likely to continue to build the kind of housing that is certain to guarantee profits—housing for middle to higher income families—rather than to take risks. Similarly, finance is easier to borrow where there is an assurance of security and stability. The nuclear family household has been seen as an important component of this stability. Thus, the structure of housing finance and provision has traditionally been heavily focussed on this household unit. Such practices would be extremely difficult to change in the short to medium term and in an economic climate of uncertainty. The two groups more significantly excluded here are Maori and women. In the case of Maori people, the joint ownership of land is an institutional factor which excludes them from access to finance. Financial institutions are unwilling to lend to Maori households because joint ownership within the whanau lacks the element of certainty associated with lending to a specific person that these institutions require.

If, on the other hand, large suppliers enter the market, it is possible that they would be more prepared to take risks to figure out new areas where profits can be made, and have greater financial capacity and knowledge to provide different forms of housing for different groups. This is likely to lead to the dominance of a

monopoly supplier in the market. Such an outcome discourages new entrants to the market, and breaks down its competitive nature. There is then no pressure to eliminate excess profits. Moreover these profits, under the current proposals, would be made from income assistance given by the state. This would simply represent an income transfer from taxpayers to a monopolistic developer or landlord and is not a good use of public money. Such a development in the absence of competition would also lead to poor quality building or housing standards in the ownership and rental sector since poor quality would enable greater maximisation of profits. In this scenario, the same problems attributed by the Treasury to the monopolistic nature of the Housing Corporation would arise.

A further important point is that the level of investment in housing is related to the rate of return available on investments in other parts of the economy. Neither small nor large suppliers, or financial institutions, will invest in property if relative profit levels are low. The high costs associated with investment in this sector are of relevance here. Given the low incomes and, in many cases, rent default records of these tenants, private landlords will be reluctant to provide accommodation to lower income tenants, unless the Government were to guarantee to cover the cost of unpaid rent, etc., in which case the Government (or quasi-governmental organisation) might as well provide the accommodation themselves.

The second problem with the Treasury proposals lies in the question of who receives the subsidies. This issue has been a subject of much controversy in the United States in relation to food vouchers. There are four points to note here. First, the individual receiving the subsidy may or may not make a decision as to how it is spent which is in the best interests of those that are dependent on them. This is of particular relevance for women, where men, as the household heads, more frequently make decisions as to where the household should live.

This means that place of residence is more commonly made on the basis of the man's access to employment, with women's access to labour markets, services, childcare, and so on being considered as secondary. Second, there is the question of whether the consumption decision is in the best interests of the state, and whether negative externalities arise as a consequence of a household's decision. An obvious example here is urban sprawl, which has resulted from the individually accumulated effect of households deciding to

maximise their space and suburban lifestyle attributes, at the cost of the urban environment. Suppliers, of course, respond to this demand, and high or medium density accommodation is rarely built.

A further important issue is whether a system of income support can be directed in a sufficiently comprehensive and well targeted way so that everyone who needs it receives assistance. This issue is also of particular relevance for women. In cases of family break-down, many women are likely to end up without assistance. Is the assistance to continue to the household head even when other members of the household are no longer dependent on him or (in most instances) her? In all cases of income support there is also the problem of identifying the nature of family relations within the household; how is a sexual or dependent relationship proved, etc.? This has been a long and thorny issue within the social security system in countries where supporting parent's benefit is only given to women with no man residing with them. Another point is that the administrative costs involved in the provision of this assistance, and in ironing out the difficulties, would be immense. Just as the structure of housing provision and finance rests on the national security of the family unit as a stable unit, so too income support rests on stable family structures. As these structures become more and more unstable with an increase in marital breakdown and other forms of household, so complexities multiply with income assistance schemes.

The third problem with the Treasury proposals lies in the buyer-seller, tenant-landlord relationship. In both cases there is tremendous inequality between the two parties, where one has more knowledge and power than the other. Where there is a surfeit of knowledge the supplier has the potential to exploit the situation. In the case of ownership, the buyer can have the house surveyed, checked out and the advice of professionals can be sought. At the lower end of the market, however, the buyer has less access to such support, because it is expensive. The seller, on the other hand, is more likely to provide housing of poor quality since greater profits can be made. Women and Maori are more likely to be buying at the lower end of the market. However perfect the operation of the market was, it is likely that these problems would persist. Similar arguments can be mounted for the private rental market, although the power imbalance, particularly where there is minimal landlord-tenant legislation as in New Zealand, is likely to be greater.

A related issue is the assumption by the Treasury model that households possess the knowledge, ability and resources to search for and provide accommodation for themselves. This is not the case with marginal groups. Women, particularly women who have hitherto been dependent on men for their accommodation, are less likely to have the necessary skills or the financial resources. Various studies (for example, Coleman and Watson, 1987; Watson, 1986) have found that women have difficulty gaining access to such information. Public provision, however, puts certain professional services at the disposal of groups of individuals who do not otherwise have access to them. For example, housing co-operatives create the possibility of giving people access to a solicitor or architect which individually they may not be able to afford. This represents a more efficient and comprehensive use of resources.

The Treasury model also assumes that individual households know how to best act not only in their own interest but also in the interests of society at large. Earlier in this section some of the negative externalities resulting from leaving housing to an individual consumption decision were noted. Lack of knowledge, and of the resources to afford to buy that knowledge are key factors in obtaining adequate housing. Would these transaction and information costs be included in the housing assistance package? If so, yet more complexities would arise.

The transition period from the current system of housing assistance and delivery would present a series of significant problems which the Treasury has paid little attention to. For example, a massive increase of supply would immediately be needed in the different tenures to meet increased demand. Housing is slow to produce, and particularly slow to produce in locations where demand is greatest and land and other resources are limited. Another problem would be the lack of training and expertise within the private sector to deal with the needs and requirements of different groups in society, particularly the more marginalised groups such as Maori and female-headed households.

The question of incentives has generally been given scant attention. Special incentives would be necessary to encourage private institutions to lend to borrowers in lower income groups. The question is how to design a bounty that will actually encourage additional lending to target groups, and will not just be captured on lending that would have been made anyway. It may, in fact, be

more efficient to improve the system of lending provided by a state organisation.

Before analysing the wider context of housing policy and the Treasury proposals it would be useful to analyse the effects of housing assistance in other countries. The overseas literature on direct assistance to housing revealed that it has mostly been given as tied assistance in the form of housing allowances or vouchers. Adams, in her submission to the Commission (9 July 1987) suggests two forms of difficulties with the income supplementation approach which have emerged in other countries. First, the literature suggests that housing allowances are associated with discrimination, low participation, no increase in supply, inadequacy of allowance, and no security of tenure (Howenstein, 1986; Hartman and Keating, 1974). In the United States, for example, when enrolment was open and the programme had unlimited funds, take-up rates were well below 50 percent of those eligible and, according to Whitehead (1984:124), this experiment led to high proportions of income (at least 30 percent) spent on housing. This would represent a large cost for single parents. For a national scheme to be financially viable, it has been argued that households would have to pay 35–40 percent of their income to housing even with this low level of take-up. Moreover, those households with the worst housing standards participated least (Struyk and Bendick, 1981). Again, the comparable statistics on female-headed households' housing standards in Britain and Australia (Watson, 1986) suggest that women are concentrated in poorer standard housing.

Adams's second point is that with untied income assistance governments have had no ability to ensure minimum standards, or to ensure that the housing needs of dependants have been met, and they are unable to increase the consumption of housing for merit good reasons. Struyk and Bendick (1981) in the United States found that the more stringent the standard set, the fewer repairs were made by landlords.

Research on the price effects has produced varying results. Harloe's research (1984) on the United States and Europe has found that housing allowances tend to push up rents and house prices at the lower end of the market, which defeats their purpose. Adams's research found that rent inflation would occur in Canada if an allowance system were introduced where rental housing supply is limited as in most rural areas and in housing groups with special needs. Evidence from Europe (Howenstein, 1986), shows that

the higher the allowance and the more people taking it up, the greater the effect will be on the market. If there is no rent control, a low vacancy rate and a large number of participants, considerable rent inflation is likely to occur. Finally, the complexity of administration of allowances has also been universally cited as a major problem.

In Australia, Vipond (1987) and Yates (1987) argue that rental assistance can be a useful and effective method of reducing poverty amongst low income private tenants in the short term but stress that it is not sufficient in itself as a method of solving the long-term problem of providing affordable housing. Yates argues that longer-term views of housing policy and state involvement are necessary.

Overseas experience thus indicates considerable and complex problems with housing allowance schemes. It would appear that the housing problems of many households at the lower end of the market, where women are frequently located, have not clearly been solved by this method.

Several other arguments can be made against leaving the provision of housing to market forces. Thorns makes some important points on this question in his paper to the Commission (30 July 1987). He argues that there is a need to ensure the protection of housing as an asset against the financial failure of the mortgage provider. Otherwise substantial losses to home owners or forced sale of their homes could occur. The considerable lead time to shape development and the slow movement of resources in and out of the housing market require co-ordinated activity across a number of sectors (for example, planning authorities, local authorities, builders, financial institutions). Failures which occur, particularly failures in infrastructural provision can be large scale and expensive. Another set of arguments relate to the power of the market. Building and local planning changes require advocacy and pressure from government to ensure that a wider range of needs in the community than those of the wealthy and articulate are met. Moreover, markets can be captured, manipulated and controlled by particular interest groups and have to be seen to exist within a wider economic, social and political context. Thorns also endorses the observation made earlier in this paper that private markets tend to lend where the best return can be received that is to low risk clients. Female-headed and Maori households, on account of their low incomes and insecure employment, do not fit into this category.

The final set of issues within the Treasury's proposals which needs to be addressed relates to the implied destruction of an integrated welfare system. The housing system needs to be able to meet a diversity of housing needs which are constantly in a state of flux. If inadequate housing is provided for various sections of the population, the costs are picked up elsewhere. That is, poor housing is associated with a reduced level of health, education, unemployment, social problems, etc. This is an argument for structuring housing provision so that it can incorporate the delivery of other necessary components, such as a stable environment for people to live in. Otherwise, increased expenditure will be necessary in other areas or a more unequal society will result. This relates back to the argument that the external consequences of a private consumption decision are easily ignored. An example might be the man choosing to live in an isolated suburb, travelling to work in the one family car, while his wife, excluded from the labour market, lonely and stressed, cracks up and enters psychiatric care.

Housing, together with health, education, and employment, constitutes part of the core of an integrated welfare system. It is particularly important that housing policy is linked in with labour market policy. It does not work to provide employment where housing is scarce or vice versa. This relationship is an important one to emphasise, since houses are fixed in location while labour markets can shift more easily. An integrated housing-labour market approach is more feasible if there is state housing provision. In a climate of regional imbalances, as currently exists, this argument needs to be given serious consideration. It is interesting to note that in countries where labour market policies are based on high mobility, there is a high level of state housing provision to facilitate that mobility.

Housing cannot be dealt with simply as a commodity which people go out and buy. It is too central to the social fabric, and must be integrated with other relevant policy areas. Income support can only operate as a safety net. The Treasury's proposals will lead to dependence on this net as the central focus of the housing system. It is likely that in the end this will become a much more expensive, more inefficient and less accountable use of public money, and lead to a further deterioration in housing conditions. This is particularly likely to be the case in the current macro-economic environment of New Zealand (high interest rates, high unemployment, inflation, a continuing external debt, etc.). The

provision of public housing in the long run is likely to be the more cost-effective strategy.

There is a need for a more coherent approach to housing policy which recognises the benefits of the state provision of housing assistance and accommodation and which recognises that housing is a basic right. The private market may be an effective mechanism for meeting the housing needs and preferences of households which are able to pay, which have the knowledge and resources to enter the market, and who are unlikely to be discriminated against.

Studies of discrimination towards women and non-white applicants in other western countries are numerous (for example, Department of Health (DOH), 1988; Equal Opportunities Commission (EOC), 1978). For those who are on low incomes or who are marginal, or who are likely to be discriminated against (for example, women, Maori, and Pacific Islanders), the private market is unlikely to provide the best solution. Many of the reasons for this have been already given. Discrimination by landlords and financial institutions is difficult to eradicate, particularly where there is little accountability or obligatory in-house training. The Treasury assumes that discrimination would diminish if there was a corporate sector made up of competing institutions supplying rental accommodation, each large enough to have the incentive of a good name not to discriminate on the grounds of race and sex. Not only does this view overlook the considerable time needed for the development of such a sector but it also underestimates the persistence of prejudice and discrimination and the difficulties associated with its eradication. This is not to deny that the state, through the Housing Corporation is involved in discriminatory practices, but simply to argue that it is easier to change these practices within a state organisation which can be made more accountable if the will is there.

The details of the extent of participation by the private and public sectors in the provision of housing needs to be carefully explored and evaluated. Undoubtedly, there are problems with the Housing Corporation as it is presently structured. Greater accountability is needed, as well as improved collection of statistical data. Furthermore, greater sensitivity to clients—particularly women and Maori—a greater diversity in housing provision, decentralisation to regional and local levels, and greater participation by tenants, are goals which need to be pursued by the Housing Corporation and indirectly many bureaucracies. However, this does

not lead to the conclusion that state intervention in housing should be reduced. In fact, with the current economic demographic and social changes taking place, the need for state intervention in housing to meet the needs of those marginalised in the private market increases.

If there was an adequate amount of low income rental housing provision within the state sector, the need for substantial housing assistance to private rental tenants would cease to exist. In this scenario the argument that there are inequitable disparities in assistance levels to private and public tenants would thus lose its force. As far as buyers are concerned, decisions as to what level of assistance should be given to increase or facilitate home ownership are open to question. There is certainly a danger in pushing people into home ownership at the lower end of the market, if all it means is that they will be trapped with huge repayments and initial and ongoing poor quality housing, or an unsaleable commodity in an area from which they need to move. Nevertheless, the provision of housing assistance for ownership through state agency has the potential to be more equitable, accountable, and related to broader policy issues. Subsidies to the private market are likely to be less accountable and inevitably less coherent in their outcome. Women, Maori, Pacific Islanders and other disadvantaged groups are likely to continue to be marginalised. In the next chapter some more specific housing policy options are considered.

5 Recommendations and Housing Initiatives Overseas

In Chapter 4 I argued that state intervention in the provision of housing, particularly low income housing, was vital. This is even more important where female-headed, Maori and Pacific Islander households are concerned, since their low income levels, poor employment prospects and discrimination restrict their access to secure affordable accommodation. In conclusion, what is needed, therefore, is a range of different forms of housing provision to meet a range of different housing needs. Diversity of tenure and, as much as possible, equality between the tenures in relation to the positive attributes associated with the accommodation are both necessary. Thus, home ownership should be facilitated for low income households where this is appropriate, at the same time as

new forms of tenure are developed to meet the needs of other households who do not choose to live in the home ownership sector, or for whom this tenure is unsuitable. State rental housing should also be increased to meet the housing needs of the thousands of households applying for this accommodation. Similarly, it is important that the design and form of housing reflects the diversity of households and cultures which exist in this society.

No one housing solution can provide the total answer. People's housing needs change throughout the lifecycle. What was once a nuclear family becomes two households, consisting of a solo parent plus children and a single person; what was once a couple becomes an elderly adult alone. As people's lives change, so do their housing requirements. This is particularly true for women whose options are often limited by their low incomes and primary responsibility for children. It is important, therefore, that government housing policies are imaginative and far-reaching in the recognition that this is a bicultural society, that women's housing needs differ from men's, and that young people's housing needs may differ from older people's. This final chapter of the paper outlines some examples of innovative schemes from Australia. In addition it offers a few general comments on how various aspects of the housing system in New Zealand might be improved. Recommendations which are specific to different groups of women have been discussed in Chapter 3 of this paper. It must be remembered that the recommendations made here should in no way be seen as definitive. A range of policy proposals and initiatives would have to be undertaken to address the very serious housing problems which many women in this society face.

Housing Corporation

Throughout this paper I have commented on the performance of the HCNZ and made some suggestions as to how the public sector can be improved. I shall, therefore, briefly refer to several important points here, as well as summarise the recommendations proposed by the Ministry of Women's Affairs.

The Ministry of Women's Affairs recommends that the Housing Corporation:

1   Systematically revises its practices with regard to establishing priorities for rental accommodation and housing loans to ensure that these better cater for women's needs.

2   Recognises that the Maori people are the tangata whenua, that they have special housing needs which are not being met by present policies, and that an affirmative action policy to direct more Housing Corporation assistance to Maori people is urgently needed.

3   Acknowledges that women's access to housing following a marriage breakup is a point of particular stress and that current policies need to be revised to ensure this stress is relieved. Equity sharing is one possibility that should be investigated.

4   Revises the existing policy of not giving loans to single women without dependents in favour of a policy based on need not marital status.

5   Encourages the Housing Commission to ensure that in advising government on access to housing it investigates and reports on the effect of women's depressed economic position.

6   Takes steps to ensure that information about Housing Corporation assistance with housing is more widely and freely available. (The Ministry of Women's Affairs is interested in preparing a brochure on housing as part of in its 'Everywoman's Guide to the System' series.)

7   Establishes a joint working party of Housing Corporation and Ministry of Women's Affairs personnel to pursue the recommendations arising from the Housing Corporation's study of women's housing needs and to develop specific policies which address those needs.

8   Endeavours to improve the collection of statistics by the HCNZ, so that applications, allocations, loan assistance, etc, can be monitored on the basis of gender and ethnicity.

9   Investigates and responds to the specific housing needs and requirements of Pacific Islander people.

10   Encourages greater participation by tenants in the management of their housing. Decentralisation to regional offices should assist this objective.

11   Consults with women and ethnic groups as to how housing policies, designs, forms of accommodation could be improved to meet their specific needs.

12 Increases the diversity of accommodation provided, and recognises the diversity of women's housing needs (see Chapter 3).

Home Ownership in the Private Market

It has been argued that home purchase assistance to low income groups and women is more viable through a state agency. There are, however, various measures which could be undertaken to improve women's access to home loan finance in the private market. Some of these measures are outlined below.

1 Training programmes and community education programmes should be devised to try to eliminate discrimination towards women and non-Pakeha households. Discrimination can also be tackled through legislative mechanisms.

2 Incentives or subsidies could be provided to the private sector to encourage participation at the lower end of the market. As discussed in Section 4, this method is likely to be less successful at achieving its objective than the provision of assistance through the HCNZ or a similar agency.

3 Encourage lending to non-traditional households through educating suppliers about areas of untapped and hidden demand.

4 Provide information on non-traditional lending arrangements which do not necessarily reduce profits in order to encourage the private market to think more innovatively and creatively.

Private Rental Sector

There is a need for greater regulation and control of the private rental sector. Rent controls and reducing the level of bonds required are important here. There is also need for decent standards to be enforced within this sector. Discrimination by landlords and estate agents towards women, Maori and Pacific Island people needs to be addressed through community education and legislative mechanisms. Improved security of tenure is another issue.

In relation to the Tenancy Tribunal, a 50/50 male-female ratio amongst adjudicators in the tribunal and in the mediation process would help provide a less intimidating atmosphere for women

tenants. The Tenancy Bond Division should take initiatives to provide information to tenants and not expect tenants, particularly those from the more marginalised groups, to necessarily understand or be familiar with the law. It is important that women have information about rights.

Given that the interest from the bond money funds the Tribunal and the Tenancy Bond Division, it would seem sensible to use this money to the benefit of tenants. One recommendation proposed by a community lawyer was that this money could be used most usefully to resource tenant unions or tenant workers.

The private rental sector, because of its very nature as a sector where a reasonable rate of return on invested capital has to be maintained, will not be able to offer secure, low-cost, good quality accommodation to all those in need. Applicants and tenants at the lower income levels and in the more marginalised sections of the community will inevitably continue to rent at the bottom end of the rental market, whatever assistance they receive. For this reason, housing co-operatives, state rental housing, or other forms of tenure are likely to represent a more positive and viable option.

Housing Co-operatives

Co-operative housing has become an increasingly important tenure form in several European countries (for example, Sweden, West Germany and England) and in Canada over the last decade. There are several approaches to co-operative housing which are discussed in detail in the Urban Research Associates report commissioned by the National Housing Commission in 1983. These are outlined briefly here:

1　*Co-ownership schemes*　These differ from true co-operatives in that they do not operate on a non-profit basis. Occupants buy in shares in the apartment building which gives them a 'proprietary lease' to occupy the unit and use common areas. There are no individual mortgages which limits individual liability, but reduces flexibility for borrowing and means that defaulters become a burden on the rest.

2　*Non-profit (non-equity or par-value) co-operatives*　In these co-operatives residents collectively own and manage their property in which each occupies a flat or house, but individual members do not realise financial gain through

increased value. Either no individual stake in the equity is recognised, or this stake is limited to its original value when the resident bought into the co-operative. This type of co-operative is common in Europe and in Canada.

3 *Tenant participation co-operatives* Here housing schemes which were previously tenanted are passed over to co-operative co-ownership and are managed co-operatively by the tenants. This scheme has been successful in England and in Victoria, Australia.

4 *Housing associations and secondary co-operatives* These can be defined as non-profit making associations which provide, construct or improve, and manage housing for letting.

Housing co-operatives have provided an important source of housing for women in many countries. The significant attributes offered by co-operatives include security, control, the possibility of participation and involvement, co-operative living, alternative design forms.

Co-operative housing has been supported by Te Ohu Whakatupu. In its paper on Maori women and co-operatives, it sees co-operative housing as having three main benefits:

1 it offers realisable alternatives to the types of housing available;

2 it provides a collective style of housing to suit the needs of the whanau;

3 it provides the basis for less dependency on the state to provide housing without the state necessarily abdicating any responsibility for providing safe and adequate accommodation.

Co-operative housing can provide safe and adequate accommodation for both middle and low income earners, and provides a realistic alternative in rental accommodation. The provision of co-operative rental housing could be one of the most positive outcomes of any proposals for co-operative housing.

Group sponsored rental housing would go a long way to providing affordable rental accommodation for Maori people and other low income groups. Maori trust boards and other Maori groups could be responsible for providing rental housing on a co-operative basis. This could work in rural as well as urban areas, on papakainga land as well as European-titled land.

Te Ohu Whakatupu sees a partnership between Maori organisations and the State on co-operative housing as a positive way of providing housing to Maori people.

One of the most positive aspects of co-operative housing is the options under the umbrella term 'co-operative'. These include housing co-operatives-primary, which include par-value, equity based and tenant management co-operatives; and secondary co-operative schemes using resource agencies and sponsoring organisations to provide co-operative housing.

Te Ohu Whakatupu sees these as being appropriate for Maori people and in particular Maori women. Co-operative housing efforts make it easier for the different needs of the whanau to be met.

The whanau in the rural area will have different needs from those in urban areas. The membership of the whanau may be demographically different. For example, in rural areas there may be more kuia and kaumatua to be housed on the papakainga. In urban areas there may be a greater concentration of young people with families who stay in the cities for employment purposes. Co-operative housing makes it possible for different types of whanau to be housed 'under the same roof' or in close proximity to one another, therefore making it easier to maintain the social links of whanau, hapu and iwi.

Co-operative housing would also make it easier for the whole whanau to be responsible for housing. Housing the whanau would no longer have to be the legal responsibility of one or two, but spread through the whanau as a whole. A holistic approach with whanau responsibility is more in line with traditional concepts of whanau, and therefore provides options other than mono-cultural individual home ownership.

In its submission to the Housing Corporation on Women's Views on Housing, Te Ohu Whakatupu suggested that a national deposit scheme could overcome the problem of finding a deposit for a home, and the national deposit scheme should be used for co-operatively owned housing. This would allow Maori people to begin co-operative housing schemes immediately and have whanau responsibility for repaying the loan.

One of the other advantages of co-operative housing, especially for Maori women, is that of ongoing support and guidance from other members of the co-operative.

As women are the primary caregivers of children and usually have fewer financial resources to secure accommodation, co-operative housing is a way to do this as well as a way of getting social support in a culturally appropriate way. It would also mean women could share resources and childminding duties.

Te Ohu Whakatupu agrees that co-operative housing offers a level of security rivalled only by absolute freehold.

In addition, co-operative housing allows people to make considerable financial savings in land development, professional fees and building construction which currently disadvantage Maori people and low income people further when they try to compete for home ownership and rental accommodation on an individual basis.

Par-value co-operatives with an outside organisation's or government sponsorship are one of the best options for Maori people and often low income groups. Par-value co-operatives have no capital gain. They rely heavily on subsidies, thereby ensuring the members being housed have a low financial contribution. However, this would mean that if the co-operative collapsed or dissolved the house would revert to the sponsoring organisation or the government so long as any land in Maori ownership was secure.

The possibility of groups obtaining finance from private sources, but with the government providing subsidies so the groups effectively pay 2–10 percent interest rates is another idea worthy of further investigation.

Te Ohu Whakatupu would like to see the state sponsor pilot projects of the different types of co-operative housing. This would have a two-fold effect. First, the state would be providing positive models for co-operative housing. Second, it would combat some of the negative stigma attached with co-operative housing. This provides one way of overcoming the ethos that private/individual ownership is best and goes some way to breaking down the institutionalised barriers to co-operative housing.

Women's Housing Units and Women's Housing Programme

The Ministry of Women's Affairs and Women and Housing Working Group have proposed that a women's unit be established within the Housing Corporation to ensure that in every area of

policy formulation and implementation women's needs are being considered.

A women's unit could have the following functions:

- background research and policy work for the Women and Housing Working Party;
- development of policy initiatives agreed by the working party;
- following the demise of the Working Party on women's housing, generating or advising a housing policy appropriate for women;
- monitoring the implementation of new policies designed to improve housing provision for women;
- gathering information from Housing Corporation branches and women in the community on current issues and initiatives in women's housing;
- disseminating information to Housing Corporation branches and women in the community on relevant housing policies and programmes, through written material, and workshops and other media;
- developing a comprehensive information and data base on women's/Maori women's housing issues;
- liaison with all sections of Housing Corporation involved in policy review work to ensure women's needs are considered, including preparation of background papers, advice on how to consult with women, etc.;
- liaison with a variety of agencies, public, private and voluntary, involved with housing policy and provision (for example, banks, through lending policies) and promotion of policies which identify and meet women's needs.

Institutionalising a women's housing unit is important in order to provide the necessary skills and resources to make a significant impact. This is not to under estimate the competence and goodwill amongst current Policy and Research section staff, but women's housing is often one of many tasks that women are managing in addition to other major workload commitments.

It is, in fact, quite dangerous for work on women's housing to rely on the sympathy of individuals who may not remain indefinitely in the same jobs, who have other responsibilities within their work and who may be seen by the hierarchy of the organisation to have split loyalties. Women's housing requires a properly

resourced unit with at least four staff to give legitimacy and visibility to work on housing provision for women. The unit's existence could be tied to a specific time scale with a review, after, say, five years, to establish the extent to which women's housing needs were being consistently and effectively addressed by the Corporation.

New South Wales Women's Housing Unit

A similar such unit has been operating in New South Wales since 1984.

The establishment of the unit is:
- Manager
- 2 × Senior Programme Officers
- 2 × Programme Officers
- Administration Officer
- 2 × Research Policy Consultant (to September 1987)
- Training Officer Consultant (to February 1988)
- Community Development (Aboriginal) Consultant (to February 1988)
- Community Development (General) Consultant (to February 1988)
- Typist

The specific functions of the unit are to:
- develop needs indicators on a state-wide basis;
- liaise with Women's Housing Initiatives Group which is a organisation for women's housing services re:
- community consultation,
- development of schemes;
- prepare budgets and schedules of recurrent funding submitted to Ministerial Advisory Committee and Minister for approval;
- liaise with Community Properties Unit re: capital purchase, including administration of consultant stock siters;
- liaise with Community Properties Unit re: design aspects of purpose built stock;
- liaise with schemes re: furnishing of accommodation stock;
- ongoing administration of schemes;
- participate in the development of a National Women's Housing strategy;

- preparation of relevant correspondence, submission and Ministerials relating to the Programme;
- to work on Women's Housing Policy matters, in general.

The NSW Women's Housing Unit is also involved with running a women's housing programme. While the Women's Housing Programme provides a level of 'resourcing' to its tenants, it is a housing programme first and foremost. The introduction of resource factors into a housing scheme is in recognition that for those people who have special and particular housing needs, the provision of these services is essential to guarantee satisfactory, stable and independent living situations.

The specific objectives of the Programme are as follows:

- to provide medium-term housing (3–12 months) to homeless women and women with dependent children;
- to provide a range of resource services to women accommodated under the programme;
- to acquire through purchase or construction a supply of public housing to be available to women for medium-term use;
- to assist women accommodated under the Programme to locate satisfactory permanent housing;
- to contribute to the development of a National women's housing strategy;
- under the Programme special attention is being given to women who are:
- Aboriginal[1]
- from a non-English speaking background
- young
- suffering from a history of psychiatric conditions
- developmentally delayed
- recovered from drug and/or alcohol addiction
- leaving crisis accommodation services and intensive support programmes
- incest survivors
- recently released from institutions.

Its total funding allocation is $13.272m which represents a 244 percent increase in 3 years. The target groups identified as being

[1] A minimum of 20 percent of accommodation is being targeted to Aboriginal women.

most in need of the provision of housing from the crisis stage to long-term accommodation include:

1 Women and their dependent children who need some resourcing to stabilise their lives after being in a refuge. These women and their children have often been victims of domestic violence and/or incest situations. In addition they may also:
   – find it difficult to adjust to single parenthood;
   – have no family support or support of friends;
   – have no financial assets;
   – have limited or no income;
   – have limited budgeting skills;
   – need a safe secure environment to re-establish family cohesion.

2 Single women and women with dependent children recovering from drug or alcohol dependency, who are homeless and require resourced housing following rehabilitation/recovery programmes. In addition they may:
   – need assistance to re-establish long-term drug-free lifestyles;
   – have no family support or support of friends;
   – have no financial assets and may have incurred financial debts;
   – have limited or no income;
   – may have limited budgeting and household management skills;
   – need assistance to reintegrate back into local communities.

3 Women leaving prisons and institutions. Following lengthy stays in institutions or goals, women will find it difficult to readjust to independent living. They may:
   – need assistance in re-establishing patterns of household management and to develop budgeting skills;
   – need assistance to rebuild support networks in their local community;
   – have limited or no income;
   – have no financial assets.

Many women described in (2) and (3) have children in foster care arrangements. They require a stable environment to

re-establish their relationships with their children and assistance in advocating for their custody.

4 Single women and women with dependent children who have had a history of being mildly psychiatrically affected and emotionally disturbed but whose primary need is housing. They may:

– have been homeless for extensive periods of time;
– not require intensive ongoing health/welfare services;
– need some assistance to stabilise their lives to be able to live independently.

Without limited resourced housing, these women report that they have returned to institutions when they are homeless because they provide available 'secure' accommodation.

Other women in need of resourced housing may include disabled women, developmentally delayed women and women who have been sexually assaulted.

Within specific needs groups mentioned, both aged and young women are especially vulnerable. They have even less access to financial resources and aged women in particular experience social isolation and limited mobility.

The NSW Women's Housing Programme has recognised that Aboriginal women and women from non-English speaking backgrounds experience additional difficulties which, although varied, are made worse by discrimination.

Aboriginal women, both single women and those with dependants, experience the most severe racial, economic, social and legal discrimination. In recognition of this, a minimum of 20 percent of resourced housing has been targeted to these women.

The Women and Housing Group has proposed a similar policy for women's housing, which is included as an Appendix 1. Housing Initiatives of this kind for women are urgently needed in New Zealand.

Joint Ventures for Affordable Housing

This is a scheme which has been introduced under the Labour government in Australia to provide low-cost housing for low income households. The scheme is a co-operative effort between local, state and federal government levels, community and charitable organisations, service groups and the private housing sector. The object is to help the relevant authorities to adopt new methods

of providing detached housing which can provide a greater range of choice and lower production costs at the same time improving the level of amenities in residential areas. It has so far been particularly successful in providing housing for the aged.

Some Examples of Innovative Schemes for Home Purchase Assistance Schemes in Australia

I have chosen two illustrations of innovative home purchase assistance schemes in Australia which have been successful in enabling divorced women to stay or become owners.

South Australia

The South Australia Housing Trust (SAHT) runs an innovative home purchase scheme. It is the state in which it is comparatively easy to divorce as a home owner since there are realisable options for both remaining in the marital home or for purchasing another dwelling.

The HOME (Home Ownership Made Easier) scheme was introduced by the South Australian Government in October 1983 and incorporated State Bank concessional low interest loans and the rental purchase scheme. The State Bank provides loans at concessional interest rates to prospective home owners consisting of:

(a) a person or persons with one or more aged, invalid, or child dependants provided that the total household income for a family with one dependant does not exceed 90 percent of the most recently published average male adult earning in Australia plus a further 5 percent of average earning for each dependant in excess of one;

(b) couples without dependants provided that their total household income does not exceed 85 percent of average earnings;

(c) a single person aged 30 years and over, provided that the total household income does not exceed 55 percent of average earnings.

There are three aspects to these State Bank loan arrangements of relevance to divorced women. First, the loans are not restricted to first home buyers. Second, divorced men or women over 30 without dependants are eligible for concessional loans; this is particularly relevant to divorced women whose dependants have grown up and left home. Third, the bank recently introduced a special

scheme for people in difficulty with concessional loans aimed specifically at the party left in the home after marital breakdown.

In such instances loans are made available to refinance existing borrowings from commercial sources in order to buy out a joint owner. Applicants must have sought and be eligible for assistance available under the South Australian Housing Trust's mortgage relief scheme and satisfy the standard income and eligibility criteria for a concessional loan. Approximately 120 people had applied to this scheme in the first year, the overwhelming majority of whom were women. However, most of these applicants were unable to meet the bank's 'standard capacity to pay' test and were directed to the rental purchase scheme and lower interest rates.

Data provided by the State Bank of South Australia showed that 12.7 percent of applicants for loans approved between March–September 1984 were in receipt of benefits. From a survey of 722 loans advanced in July, August and September 1984, 98 loans had been granted to single-parent families of which 93 were headed by women. All five men were in employment whereas only 38 of the women were employed; the average age of the employed women was 34.

The rental purchase scheme assists low income households to become home owners as the Trust buys the property of the household's choice, receives rent payments which are equivalent to home loan repayments and transfers ownership on completion of the repayment period. The scheme is aimed at households who have difficulty raising a deposit, who are worried about taking out a mortgage, who are the subject of some doubt as to whether they will be able to support their mortgage obligations, or whose income is considered too low to qualify for a concessional loan from the State Bank. The household is responsible for maintenance and rates. Interest rates are the same as for State Bank loans. The State Government Insurance Commission will make funds available to the Housing Trust where one spouse is pressing for a property settlement on a property the other spouse has elected to remain in. These funds are available as a bridging loan, at a relatively low interest rate compared with the commercial rate to buy the other partner out.

This is a very positive scheme as far as divorced women are concerned. In the first 9 months of the scheme 37 percent (179) of the 482 applicants were divorced or separated women, while only 3 percent (15 applicants) were divorced or separated men. The

majority of the female applicants (185 out of 214) had children. 77 percent were under 40. The incomes of the female applicants were much lower than the incomes of the male applicants: 86 percent of women compared with only 44 percent of men had incomes less than 5 percent of average weekly earnings. One hundred and forty-one of the 214 female applicants were on supporting parents benefit, and only 42 were employed compared with 182 men in employment out of the total (268) number of applicants. (These figures were supplied by the State Bank.) The usefulness of such a scheme, particularly for women, in cases of marital breakdown is clear.

Victoria

In line with the Ministry's innovative attempts to assist low income households into home ownership, the Ministry devised a new 'low start loans' package. Many low income women, and divorced women in particular, are excluded from home ownership because of the initially high real levels of repayment in the early years of a loan involved in traditional lending arrangements. As Nippard (1985) argues, this artificially raises the income level necessary to service a loan, and because of women's relative low incomes, this constitutes a serious barrier. He argues (1985:1) that because of excess demand and conservative attitudes to risk, current income is generally used as a guide to a person's ability to repay a home loan over 20 to 30 years. For many people, particularly single mothers, current income is an inadequate guide to future income and ability to repay a home loan, because their low income state is often 'temporary' relative to a 30-year home loan.

Under traditional mortgage lending arrangements (credit financier loans) the repayments are calculated, given an interest rate, term and amount borrowed. The repayments are constant for the term of the loan, assuming interest rates are constant. However, higher levels of interest rates have dramatic effects on the level of repayments and hence the minimum income necessary to service the loan. The Ministry of Housing has restructured mortgages using capital indexed loans to overcome these effects on the repayment burden by replacing constant nominal payments in favour of constant real payments. Under this scheme, repayments are set at a constant rate of 25 percent of the household's current income. The loan can be given up to 95 percent of the value of the house. The

remaining 5 percent of the value must be provided by the applicant in the form of a share of the equity from a previous dwelling, gift or first home owners assistance (if eligible).

Until recently home ownership assistance schemes in Victoria were limited to first home buyers. This has now been changed. The scheme is confined to applicants over 25 years of age. As of April 1985 25,000 applicants were on the waiting list. In 1984 19.7 percent of total applicants were lone parents (Zika, 1984:15). This proportion has increased dramatically under the new scheme.

The Community Tenancy Scheme

In New South Wales an innovative scheme was initiated in 1982/83 to provide a positive alternative to private rented housing. This was the Community Tenancy Scheme (CTS). CTS was developed with funds allocated to the states by the Commonwealth Government under the Mortgage and Rent Relief Scheme. Funding under the MRRS was allocated to states on a matching dollar-for-dollar basis to provide short term housing assistance to both rent and mortgage payers who are experiencing genuine financial difficulty in meeting their rent and mortgage commitments. The New South Wales State Government and Housing Commission of the time were however hesitant to use the MRRS funds on rental assistance. This was because the funds available were likely to be totally inadequate to meet existing demands (as the other states were soon to discover), and because rental subsidy schemes had a tendency to have a inflationary effect on private rents. The CTS was thus perceived as a mechanism for using the funds to their fullest potential.

CTS's objectives were to provide secure affordable housing to low income single people and family units; to manage housing stock at the local level through community based organisations or local government; to lease or purchase housing stock which has traditionally been available to low income groups but which is now declining, such as boarding-houses; to increase the supply of housing stock through the construction, upgrading of substandard dwellings or conversion of commercial/industrial buildings to residential use; and to establish community housing organisations with the potential to operate long-term housing programmes (Housing Commission of NSW, 1985:4). The advantages for a private or other landlord in leasing their property to the scheme is that rental

income is ensured without the problems of managing the proper-
ties and collecting rents. The scheme thus works to everyone's
benefit. Between 1982 and 1985 $15 million has been allocated to
the programme.

An analysis of CTS tenants was carried out in mid-1984. 54 per-
cent of adults were women; half of all households were single, 29
percent were single parents, 14 percent were couples with child-
ren, 4 percent couples and 2 percent other households. Overall
gross average income was $112.18 per week. Four-fifths of the
tenants were of English background with Aboriginals constituting
the largest proportion (7 percent) of those with a non-English
background. The major reasons given by tenants for leaving their
previous housing were: it was only emergency housing (23 per-
cent); domestic conflict, (18 percent); too high rents (17 percent);
overcrowding (14 percent); and eviction (12 percent). (HC, NSW,
1985:49–50)

The Community Tenancy Scheme illustrates the potential for
constructing positive alternatives to private rented accommodation.
CTS tenants are protected from the high rents, the insecurity of
tenure, the poor standards and the lack of control suffered by most
tenants in the private sector. From women's standpoint, particu-
larly those who are solo parents, these benefits are especially
important. The Community Tenancy Scheme has exposed a signif-
icant hidden housing need amongst households, many female-
headed, which experience difficulty obtaining accommodation
through the usual routes to housing. Equally important, it provides
an example of how the state can intervene to positively challenge
the inequities of the private rental sector. From the point of view
of the private landlord, or public authority, renting their property,
the problems associated with managing a property are avoided.
Thus, the scheme works to every party's benefit.

Appendix I
Women's Housing Project Fund:
New Policy Proposals

1 *Proposal*

That Housing Corporation allocate $2.8m into a special women's housing project fund to be used to pilot five initiatives in sheltered housing and five independent housing projects for women, which are beyond the scope of current policies.

2 *Background*

2.1 Women face many and varied housing problems particularly because of their poorer economic status than men and their social role related to caregiving. Women with male partners are to some extent shielded from this. The full extent of this disadvantage is felt when women seek accommodation on their own—as young, middle-aged, older single women or as one-parent families. An increasing proportion of all families with dependent children are now single parent families, and 85 percent of these are female-headed. Maori women are doubly disadvantaged and are an increasing percentage of all female-headed households.

2.2 The Housing Corporation's report *Women's Views on Housing* identified a variety of gaps in current housing policies and practices as they affect women. This project fund proposal provides a starting point to address some but by no means all of the problems identified. The work piloted under the project fund will complement the other work of the Women and Housing working party as it examines all mainstream housing policies and identifies how they can be made more sensitive to women's needs and Maori women's needs in particular. Some initiatives piloted under the project fund may be able to become mainstream policies; others may well continue to belong more appropriately in a separate women's housing programme.

2.3 The project fund aims to provide resources in the continuum of housing provision that exists, that is, from sheltered to independent housing for women whose needs cannot be catered for by

either current public or private sector provision or the over-crowded sheltered housing. To redress some of the current problems, it is necessary for both existing forms of provision to continue to expand to better meet the needs of existing target groups (for example, women's refuge, Housing Corporation rental stock) and *new* forms of provision to be developed to meet a broader range of needs with varied forms of provision (of which the women's project fund would be one).

Continuum of housing provision

	Sheltered/Semi-sheltered housing	Independent/state subsidised housing	Independent housing
Expand existing provisions where pressure	Women's Refuge emergency houses Homes for Youth at risk	Housing Corp rentals Housing Corp loans Maori Affairs loans	Private landlord Private lending
	Women's Housing Project Fund Expands range of options to include other women		

2.4 *Sheltered Housing* Current emergency housing policies cover categories of families, youth at risk, and women's refuges. Women's refuges are often overcrowded, yet are under pressure to accept women outside their primary target group with a wider variety of needs because there is nowhere else for those women to go. Emergency housing is commonly overcrowded too, and does not adequately cater for single women or provide a suitable support environment for some women with dependent children. Groups in Christchurch, Palmerston North and Hamilton have each taken community initiatives to establish women's sheltered housing and have had difficulty fitting their objectives to current criteria for funding allocation. Other projects (for example New Plymouth) are still in their formative stages. Client groups of these newly established shelters include single women (mostly without dependent children) requiring housing and social support due to previous psychiatric, drug/alcohol, incest/sexual abuse experience. The nature of these women's needs is most suited to a women only environment. Women's organisations establishing such shelters

have even less financial backing than traditional church/social service organisations. The Housing Corporation has acknowledged the need to broaden the criteria for eligibility for its 'special tenancies' to take better account of these needs. The project fund would aim to designate five initial houses as an addition to the special tenancies programmes for women's projects.

2.5 *Worker Funding* While the broadened criteria for sheltered housing will help secure the actual houses for women's organisations, an essential adjunct is worker funding. This is already recognised within some existing DSW schemes (for example, for women's refuges and youth at risk), with comparable levels of establishment, operational and worker costs to those recommended in this project fund proposal. There is no such funding now for new women's sheltered housing initiatives which fall outside the refuge, family or youth at risk categories. Consequently new projects get ad hoc and inadequate funding and rely very heavily on women's unpaid work. The most appropriate 'home' for such worker funding would be alongside DSW's women's refuge housing programme. This would require a specific allocation in DSW's new policy round for five projects, in addition to whatever expanded funding women's refuge require to meet their existing needs.

Allocations for worker support would take into account the number of women being supported and the degree of support needed as currently undertaken in the women's refuge programme.

2.6 *Independent Housing* Many other groups of women experience housing difficulties which are not necessarily associated with particular social support needs. Current private and public sector provision still does not cater for the many and varied needs of single women, with or without dependants, seeking housing. Maori women, women of colour, women with disabilities, women separating from relationships, women ready to leave sheltered housing, have different needs which require innovative response. Some women have a small amount of equity (for example, from matrimonial property) which may be able to be pooled to achieve co-operative housing. Other women will be unlikely to ever accumulate a deposit and may need notional deposit type policies, community rental housing trusts, marae or whanau based housing schemes or other innovative solutions to their housing needs. The pilot projects initiated under this part of the project fund would primarily be group housing projects aimed at innovations in meeting low

income women's housing needs, not catered for by current policies, and would also aim to assist women ready to move on from refuge (thus using this accommodation more effectively) and other sheltered accommodation into permanent housing.

3 *Objectives*

The fund would aim to:
- provide some immediate assistance to women's urgent housing needs;
- encourage interdepartmental co-operation in funding housing and workers for sheltered women's housing projects;
- pilot innovative responses to women's housing needs in both sheltered and independent housing;
- identify programmes which could become mainstream housing policies;
- establish appropriate levels of resourcing and delivery systems for women's housing needs which would continue as a separate women's housing programme.
- provide models for devolution of housing resources for community control.

4 *Criteria for Allocation*

Projects would need to:
- be run by women;
- cater for homeless women and women with dependent children whose needs are not catered for by other housing policies;
- assist women towards satisfactory permanent housing;
- be organised with a defined managing body, registered as or sponsored by an incorporated society or other legal entity;
- be willing to contribute to monitoring work on their projects and development of women's housing policy;
- be unable to get adequate funding from existing schemes.

Target Groups Priority assistance will be given to projects meeting the above criteria assisting Maori women. The target group for *sheltered housing* is likely to focus, in particular, on single women leaving prisons, psychiatric or other institutions, or recovering from alcohol/drug related problems, incest or sexual abuse but

would not preclude a broader group of women with need for housing and emotional support, including women with dependent children.

The target group for *independent* housing would include all those for sheltered housing where they are requiring permanent housing, plus women leaving refuges, women with disabilities, Maori women, women of colour, women alone with dependent children, single women with low incomes (young, middle aged and elderly).

5 *Administration of the Fund*

Where appropriate, the Management Advisory officers in Housing Corporation branch offices could act as the first point of contact for groups seeking funding, and could assist if necessary in the preparation of an application. Other branch staff of Housing Corporation, Social Welfare, Maori Affairs could play this role as necessary. Ideally the women's housing unit would be established by the time the Project Fund was launched and staff in this unit would process the applications. The Women's Housing Working Party would set priorities and make the final decisions in the piloting phase, on the basis of information supplied by the women's unit staff. Once the fund is fully established, beyond this first pilot year, decisions may be devolved to a branch level with head office monitoring and advice from a women's housing unit.

6 *Monitoring/Liaison*

It is essential that these pilot projects be carefully monitored in order that the form of housing assistance offered be most appropriate to the particular needs of the women concerned. The experience will be useful to refine appropriate mainstream and project fund policies/delivery mechanisms for the future. This would primarily be the function of the Women and Housing Working Party although actual servicing and liaison work would rely heavily on the Corporation's Women's Housing Unit personnel and would be usefully assisted by the management Advisory Officers in the pilot project regions. Groups funded would be required to prepare an annual progress report.

7   Funding Formula and Costings

7.1   Sheltered Housing Funding Formula   Housing Corporation supplies the house and leases to the women's organisation at peppercorn rental as currently applies to refuges. Worker support of up to $27,000 per year (Women's Refuge level) provided, depending on occupancy rates and degree of worker support required. An establishment grant which may include feasibility study work of $5,000 per project would also be made available, plus operational costs of $5,000 per year. Worker costs would be charged against Vote:DSW.

7.2   Independent Housing Funding Formula   Groups of women interested in co-operatives, community rental housing trusts, marae/whanau based housing or other innovative independent housing initiatives would be eligible for Women's Project Fund loan finance, based on an income-related interest rate as the priority target groups will be low income. Feasibility funding/establishment grants of up to $5,000 per year.

7.3   *Budget* projection over three years (which may require extension for 2nd/3rd year depending on demand).

Sheltered Housing at 5 houses/year	88/89	89/90	90/91
House purchase costs	$1m	$1m	$1m
Feasibility/establishment grant	$25,000	$25,000	$25,000
Operational costs	$25,000	$50,000	$75,000
Worker funding (DSW)	$135,000	$270,000	$405,000
Independent Housing at 5 projects (average 3–4 houses/year)			
House purchase costs	$1.7m	$1.7m	$1.7m
Feasibility/establishment grant	$25,000	$25,000	$25,000
Operational costs	$25,000	$50,000	$75,000
Less loan repayment income	—	?	?
Total	$2.85M	?	?

7.4   *The NSW programme*, serving a similar sized population, with slightly narrower scope than this current proposal, began in 1984/85 with $4 million ($500,000 for recurrent funding including administration costs, wages and travel; $3,500,000 for capital funding including purchase of houses, repairs and furnishings). In

the 1986/87 year it received $13,272m ($2.472m recurrent fund-
ing, $10.8m capital funding). This is provided in addition to main-
stream funding as a separate state allocation.

8 Conclusion

Women (particularly Maori women, Pacific Island women, and
single women with and without dependants), constitute a major
group in housing need. This is reflected both in the numbers of
women currently qualifying for Housing Corporation rental hous-
ing and large numbers whose housing needs are still yet to be met.
In order to address women's many and varied needs in housing, a
systematic review of all mainstream housing policies is being
undertaken by the Women and Housing Working party to iden-
tify key areas for policy change in the medium term. For this new
policy round, some key areas have been identified which require
urgent attention. The project fund can pilot innovative solutions
which may assist in formulating future policies, mainstream and
separate. The project fund would be expected to grow over the
next three years, at a rate determined by demand in the first year of
operation.

9 Recommendations

That Housing Corporation Corporate Management Committee:

(a) agree in principle to the Women's Housing Project Fund
     as new policy proposal for the 1988/99 new policy
     round;

(b) agree to Housing Corporation officials doing more
     detailed costings on the associated budget requirements
     for such a fund;

(c) agree to make staff resources available to provide the
     necessary head office implementation of such a fund;

(d) agree to refer the new policy proposal to the Director
     General of Social Welfare in order that related budgetary
     implications can be considered.

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MIDDLE CLASS CAPTURE: A BRIEF SURVEY

Geoff Bertram

Middle Class Capture:
A Brief Survey

Geoff Bertram

'**Capture:** ... sb 1541 ... 1. The fact of taking forcibly, or by strata-
gem, or of being thus taken, esp. the seizing as a prize. 2. The prize,
prey, or booty so taken.' *Shorter Oxford Dictionary.*

1 Introduction

I have been asked to prepare a short survey of the literature in the
area of so-called 'capture' of welfare state services. Although there
is a vast literature on the evaluation of the modern welfare state,
and on the issue of whether any particular groups or classes have
benefited disproportionately or illegitimately from the operation of
the system, the term 'capture' is not easy to find in New Zealand or
overseas writing prior to its appearance in the Treasury's 1984
briefing document, *Economic Management* (see, however, Joskow
and Noll 1978; Toma 1986). It has recently come into wide use
amongst participants in New Zealand debates, denoting usually the
idea of some group appropriating resources to its own use at some-
one else's expense, under the aegis of state-sponsored welfare
programmes.

Obviously, if such appropriation by a group is considered 'just',
then capture is the desired outcome; if 'unjust', the opposite.
Although Treasury writings use the term in both situations (cf.,
1987, Vol. 2, p. 272, 'societal benefits may not be fully captured by
the individuals being educated or their agents'), the word 'capture'
is most frequently encountered in contexts where it conveys a tone
of disapproval. 'Capture' seems to be perceived as a problem, rather
than merely a process.

There seem to be three situations which attract the label 'capture'. (This classification is based on ideas from Jones 1983, Chapter 4, fitted to what I have encountered of the contemporary New Zealand oral and written tradition.) First is 'consumer capture'— the situation where some group of users of state-provided services or benefits secure *preferential treatment against the wishes or interests of other users.* Second is 'provider capture'—the situation where those who supply state-provided services pursue their own interests *at the expense of the interests of consumers.* Third is 'administrative capture'—the situation where government departments, not directly involved in the production or delivery of state-provided services, act to advance their own objectives *at the expense of the quality of those services.* The first two of these are particularly strong as themes in the various so-called 'critiques' of the welfare state which have emerged in recent years from both the Right and the Left of the ideological spectrum. The third issue has arisen forcefully in the current debate over the restructuring of the New Zealand public service along lines advocated by the Treasury and the State Services Commission.

The paper which follows begins with some exploratory discussion of concepts and schools of thought, then addresses the above three issues in turn, and finally draws a couple of brief conclusions. Given the scale of the literature, it constitutes no more than a preliminary reconnaissance.

2 Is 'Capture' Really the Relevant Concept?

Despite the wide currency of the word 'capture' in recent New Zealand debate, there are grounds for regarding it as an unfortunate metaphor, which may itself illegitimately predispose participants in the debate to reach particular types of view about the welfare system. Not only does the 'capture' metaphor imply a conflict rather than consensus view of society; it further tends to fit more readily into a line of discourse opposed to the *very concept* of a 'welfare state', than into the ongoing social-democratic debate over how the welfare state should be organised. An implication of this section is that the 'capture' metaphor should be used, if at all, only with the greatest care and with explicit qualifications.

Economists have traditionally been suspicious of concepts such as 'capture' because of the implied connotations of a zero-sum game. A prize or prey has to be 'captured' *from* some other, non-consenting, party, and the clear implication is that the victim is made worse off by the transaction. Mainstream economic theory, in contrast, rests upon a view of the world in which most observed outcomes are interpreted as the results of positive-sum games, in which both (or all) parties are better-off even where the gains are asymmetrically distributed. The welfare state of Savage and Beveridge, with its universal subsidised provision of basic services such as health and education, and its commitment to a range of 'non-targeted' cash income supplements for groups such as the old and the parents of young children, rested explicitly upon a positive-sum vision. The rationale for the welfare state was to turn away from zero-sum redistributive battles (the 'class struggle') towards the pursuit of a better society *for all*, from which the working class would benefit in *partnership with other classes*. While there was often an explicit hope that subsidised provision of basic needs to all would result in the reduction or removal of inequalities in society, this possible redistributive effect of non-market provision of basic needs was subsidiary to the wider aims *so long as overall welfare was enhanced and the lower classes gained in the process.*

The recent re-emergence of a critique which views the welfare state (along with most other forms of government intervention) as a zero-sum or negative-sum game arises largely from the attack, by a particular body of economic theorists, on the view that government intervention can deliver net welfare gains relative to a free market. situation. (See, e.g., Cheung 1978; Buchanan et al. 1980, Chapters 1, 2, 20, 22.) This body of theory either discounts alleged externalities, public-goods and economies of scale, or else asserts that any social gains from intervention are likely to be offset by the waste involved in the associated 'rent seeking' activities. Other work by these and similar writers portrays government as unable either to distil any coherent 'public interest' (cf., the criticism of so-called 'idealist democracy' in Buchanan and Tullock 1962) or to deliver policies which efficiently advance such a public interest by detailed intervention (cf., Buchanan 1972).

Obviously enough, if one starts from a presumption that the net benefits arising from large-scale state activism are zero or negative, it must then follow that benefits secured from the state by any one group must have been so secured at someone else's expense. If, on

the other hand, one retains the view that the welfare state is an effective (however imperfect) instrument for raising aggregate welfare in comparison with the free-market state of the world, then the fact that some particular group obtains identifiable benefit from the state is not *in itself* cause for concern, and does not necessarily imply any antagonistic relationship vis-a-vis other groups. One can with equanimity contemplate high incomes and job security for health professionals, teachers, public servants et al., if one believes that in return for such rewards these groups deliver the right sort of high-quality services, commitment, and universal access to basic needs, at a lower overall cost than would be possible via the market alternative.

Turning to the 'demand' side of the welfare state, it has often been observed that in practice certain parts of the modern welfare state system tend towards a distribution of benefits which reproduces (albeit in a modified form) the inequalities of income and wellbeing embedded in the existing class structure and that 'over time, the middle class will dominate the welfare state' (Jones 1983, p. 89).

There has been a long, and ultimately unresolved, debate over the question of whether the *net* impact of the *overall* 'welfare state' package is redistributive. Only at the level of individual case studies of particular parts of the package, is it possible to sustain strong claims about the incidence of benefits relative to some (generally arbitrarily) specified distributive norm. Ambitious attempts to claim 'success' or 'failure' for the welfare state as a whole on the basis of distribution data (see, e.g., Le Grand 1982) have so far proved unsatisfactory and unconvincing, both because of data problems and because of the lack of agreed criteria of success. Theorists of a positive-sum welfare state usually see the state provision of services as primarily a means to improve system-wide delivery of such services, with redistributive goals, if any, secondary. In such a world, the criterion of distributional equality *cannot* on its own provide sufficient grounds for evaluation.

In a zero-sum world, however, the issue of whether this aspect of the welfare state is redistributive would be vital to an evaluation precisely because the other, primary, justifications for governmental provision are inoperative.

Use of the word 'capture' in recent discussions of monopsonistic or monopolistic elements in the 'welfare sector' appears to carry (and often to be intended to carry) the zero-sum presumption. The

fundamental critique of the welfare state, in other words, is prior to and embedded in the word. It is in this sense that we should probably interpret the 'capture' concept used in the 1984 and 1987 briefing papers from the New Zealand Treasury, since the Treasury has adopted a posture of scepticism towards the social-democratic vision of a benevolent state advancing the public interest by direct intervention.

If this is a fair reading of their position, then the Treasury's use of the word 'capture' implies prior acceptance of a set of highly-controversial propositions about the nature of both state and society. It follows that it will always be important to tease out *precisely* what is meant by those who use 'capture' as an analytical concept in the New Zealand debate. The risk in loose usage of the term is that readers may inadvertently read into it the (possibly unintended) corollary that government intervention is a zero-sum game.

3   Counterfactual Worlds

We may take it for granted that 'capture', whatever it means, is interesting only insofar as it changes the state of the world relative to some norm or reference state—a non-'captive' world. It is immediately possible to distinguish two main strands in the debate:

(a) Authors whose 'counterfactual' world of reference is some state of the world *other than the welfare state*—for example, a free-market system with no welfare state interventions, or a non-capitalist system superseding the mixed economy; and

(b) Authors whose 'counterfactual' is some concept of a welfare state which has not undergone 'capture'.

The distinction obviously hinges on the definitional question of what is, and what is not, a 'welfare state'. As a working definition for the purposes of this paper, I shall *exclude* arrangements of the kind described by 'New Right' writers, with the state's role limited strictly to defining property rights, and undertaking a redistribution of money incomes through taxes and transfers on the sole criterion of pre-tax money income. I shall exclude also non-capitalist (e.g., socialist) forms of social organisation. The welfare state is thus understood as a mixed economy in which the government accepts some direct responsibility for ensuring the delivery of basic

needs ('welfare') to its citizens, other than by the mere redistribution of money incomes. Great precision of definition is not essential, once it is seen that the underlying political issue for welfare states such as New Zealand is whether to re-jig the existing social contract or scrap it and start from a different basis.

This distinction is important because it isolates the two main ways in which the 'capture' idea has come to be used.

For writers adopting the first counterfactual approach, middle-class/professional dominance tends to be viewed as an inevitable feature of the welfare state in its modern form, which dooms the welfare state to 'failure' in its alleged project of advancing general wellbeing. The welfare state, it is claimed, is conceived, organised and run by 'middle class' or other vested-interest groups, for the benefit of their own kind, instead of (or as well as) the (incidental) benefit of the underprivileged. By thus revealing the underlying *nature* of the welfare state, it is hoped to discredit it *as such* and open the way for alternative social strategies. The main strands of work along these lines may be identified (very loosely) as New Right, Marxist Left, and Green.

Writers on the New Right (e.g., Seldon 1981, Friedman and Friedman 1980) yearn for the 'withering' of the welfare state and a return to a free-market economic system with state intervention limited to the redistribution of purchasing power to enable all members of the society to exercise effective rights as consumers. Underlying their work is a profound scepticism, amounting at times to cynicism, about the possibility of a modern state representing any coherent conception of the 'social good' or 'public interest'. There are two legs to this argument: first, that defining and identifying a meaningful 'social welfare function' is impossible if one begins from a philosophical starting-point of libertarian individualism (which these writers espouse); and second, that it is in practice impossible to devise constitutional or political arrangements which will reliably immunize the state apparatus from the sort of low-level corruption represented by the idea of 'capture'. From these propositions follows a minimalist argument on the scope and role of the state, and a consequent head-on challenge to the welfare state as defined above. (A summary of this position is provided by Taylor-Gooby 1985, pp. 121-124.)

Some writers on the Marxist Left (e.g., Gough 1979, Bedggood 1980) see the welfare state as a capitalist creation which dominates the working class and the poor rather than liberating them. The

starting-point for such analyses is the view that capitalism is inherently a class system in which the 'superstructure' of state institutions cannot help but reflect the relations of domination and exploitation in the economic 'base'. There are substantial debates among Marxist writers on the question of whether the welfare state represents an historical victory for the working class, a new form of capitalist domination, or a neutral battleground over which the class struggle is fought. (A summary of some Marxist views is in Taylor-Gooby 1985, pp. 135-141.) A number of writers (e.g., Poulantzas 1978) emphasise the 'relative autonomy' of the bureaucracy in the modern state and the possibility of capture of the state by the white collar 'petty-bourgeoisie'. Analyses of this kind echo a long-standing tradition in the sociological theory of elites and bureaucracy, developed by non-Marxist writers (such as Weber 1968, Vol. 3, Chapter 11, Michels 1966; Mosca, 1939; Mills, 1956; and Burnham, 1945). The conclusion tends to be that there are enormous, and possibly insuperable, problems in the way of any project of advancing a *shared,* consensual 'public interest' in the environment of a class society.

The 'Green' perspective is epitomised by the work of Ivan Illich on professional dominance of health, education, and other social services, and Schumacher's 'small is beautiful' defence of small-scale decentralised forms of economic organisation. (Some feminist critics of the welfare state as a system of male domination should probably be included under this heading.) Here the implicit counterfactual tends to be a democratised, decentralised society based on co-operative principles. The focus in these analyses is almost entirely on the supply side of the welfare state system; the problem is perceived as the self-aggrandisement of professional monopolistic suppliers of basic needs such as health and education, and solutions are sought which break down those monopolies and open the system up to alternative forms and modes of provision. Trust-busting attacks on medical practitioners, teachers, social workers and similar bodies *need not,* of course, imply any diminution of the scope of state provision. The Green critique, however, is generally taken to imply radical changes in the role and nature of the state, in order to give consumers/voters more genuine participation in the design and provision of basic needs; and in some manifestations it revives older anarchist visions of an alternative social order.

It is hard to find a term broad enough to encompass these very diverse strands of political thought, but it may be helpful to characterise them as possessing a 'utopian counterfactual', given that their reference-point for evaluating the existing welfare state is an alternative state of the world, even when their detailed policy prescriptions turn out to be reformist rather than revolutionary.

In contrast, writers in the second broad tradition identified above may be characterised as possessing a 'social-democratic counterfactual' in the sense that their critique of actual welfare state institutions is anchored by reference to some preferred way of organising and running the welfare state in a mixed economy. For these writers the agenda is one of remedial reform—the construction of programmes for the reconstruction of the welfare state rather than its replacement. Evidence of 'middle class capture' is deployed to show (avoidable) deviation from some ideal-type welfare state; policy should be redirected to minimise such deviation. The reference-point for evaluation of the existing welfare state is some more-or-less clearly articulated set of objectives which the welfare state is intended to meet, and there is generally only a partial acceptance of philosophical individualism as a starting-point (although some recent writers such as Weale have sought to re-establish welfare state principles on this basis). Harris (1987) offers a survey of the problems with individualism, and a reconstruction of the 'citizenship theory' which he considers is the real underpinning of the modern welfare state as a political ideal. While these writers recognise 'capture' (or rather, the set of problems covered in this paper) as an issue to be confronted in the real world, they view it as susceptible to cure, and retain the concept of a beneficent state motivated by a coherent ethical vision.

At a higher level of philosophical abstraction, the same issues have been worked through by MacIntyre (1981), who argues that the individualist premises of the Enlightenment have proved incapable of supporting any logically derived notion of collective or social 'good'; and that the Enlightenment must therefore be regarded as having failed to supplant the Aristotelian view of individuals as primarily members of political communities, from which they derive their roles in life, and which embody collective definitions of 'the good for man'. The philosophical discussion in the New Zealand Treasury's *Government Management* (1987, Volume 1, Annex) takes the same view on the first point (the impossibility of

deriving any satisfactory social welfare function from individualistic premises). The Treasury, however, by retaining those premises rather than rejecting them as MacIntyre does, is led to conclude that the role of the state must be strictly limited if it is to rest upon a sound philosophical foundation. The choice of premises, clearly, matters a great deal in any attempt to define the legitimate scope and role of the state.

The perceived extent of 'capture', its likely long-term effects, and the policy implications, will be seen in different ways depending on the underlying philosophy of a particular writer or group of writers. In the following sections of this paper we shall attempt to clarify different meanings of the word 'capture', and alternative ways of interpreting evidence adduced in support of the claim that 'capture' has occurred. It will be argued that there exist sufficient disagreements about exactly what the problem is, to caution us against programmatic statements that use alleged 'capture' as the justification for sweeping policy changes. By examining the use made by a particular writer of evidence of distributional bias in state provision, we can identify the philosophical tradition in which that writer is working; but we cannot thereby resolve fundamental philosophical disagreements about the legitimate role and scope of the state.

4 'Capture' as an Explanatory Hypothesis

As already noted, the terms 'middle class capture' and 'professional capture' are not widely used in the international literature, although the idea that middle class groups exercise influence out of proportion to their numbers in a modern bureaucratic system is of course widespread. Use of the term 'capture' clearly carries a set of meanings additional to the mere exercise of influence; it implies a degree of subservience of the institution to the captor group. The word 'capture' does not appear in the work of Julian Le Grand, nor (so far as I have been able to discover) in that of James Buchanan—the two authors who appear to have been most influential in shaping the approach of the New Zealand Treasury (1984, 1987)—but the use of the term in Treasury (1984) seems to imply acceptance of 'Director's Law' (Stigler 1970) while that in Treasury (1987)

more-or-less corresponds to the idea of 'rent seeking behaviour' as found in Buchanan et al (1980).

The dictionary definition of 'capture' involves a result which is secured by deliberate action, involving either the direct exercise of power, or the use of stratagems, or both. (See the *Shorter Oxford Dictionary* definition at the beginning of this paper.) For an institution to be 'captured' by a class or group, strictly speaking, there would need to be some more or less articulated policy pursued by the group collectively, or by its members individually, leading to the institution becoming a 'prize' or 'prey'. The aim would be the self-aggrandisement of the class or group at the expense of its rivals, and one would expect to see evidence of 'capture' both in discernible influence by the captors over decisions made by the relevant institution, and in the distribution of benefits (spoils) generated by the institution in carrying out its functions.

If, therefore, it is observed that some reasonably well defined class or group is benefiting to a disproportionate extent from the operation of some agency of the state, or is influencing the supply process in ways that appear to serve that group's interests, then *one possible* explanation for such a pattern would be that the class or group had 'captured' the institution and was manipulating it to that group's own advantage.

It is immediately evident that alternative, rival explanations could be offered for such a concentration of benefits or influence. Two are of particular relevance to the present paper. They are as follows:

(a) Group A may receive an apparently disproportionate share of the benefits from institution B as a result, not of any deliberate policy or manipulation, but simply as the unintended consequence of the operation of wider, impersonal forces embedded in the economic system as a whole. Use of the word 'capture' in this context is misleading if we retain the sense of deliberate predatory activity, and a more neutral term would seem appropriate. It is noteworthy that Le Grand (1982), who offers such an impersonal market-driven explanation for his evidence on the United Kingdom (discussed below), makes no use of the term 'capture'; nor does it appear in his subsequent work (e.g., Le Grand 1984, Le Grand and Winter 1987) which deals explicitly with the power of the middle class to obstruct retrenchment of government spending.

(b) The apparently favoured group may have been recruited to their present position, obtaining their benefits by virtue of invitation rather than capture. The decision to hire quali-fied medical staff to perform services in a hospital means that, by simple logic, such people will be the dominant group performing those services in that setting. The obser-vation of their numerical or professional dominance can-not *in itself* establish anything about the process leading to that situation. The same applies to, e.g., the observation that middle class people receive National Superannuation; this arises from the nature of the legislation, reflecting the intentions of the legislature. Without scrutinising the basis for the original decision to make a particular benefit uni-versal, we cannot say whether it arose directly from the exercise by the middle classes of their political power, or from a principled decision in favour of universality, or from the desire of non-middle class groups to 'pay-off' the middle class and thereby render the welfare system sustain-able in the longer run. All three possibilities can be argued with plausibility, and the only way to reach a judgement will be to inspect the historical record for the particular case.

Where, therefore, some group is alleged to be securing more than its 'fair share', the idea of 'capture' will provide only one of (at least) three possible models to account for the anomaly. Existence of an anomaly will *not* suffice to *establish* that 'capture', in the sense of the exercise of deliberate predatory agency, has occurred. To be persuaded by a strict 'capture' explanation, we would need to be shown grounds for discounting the alternative explanations that (a) rather than creating the distortion, the institution in question has merely failed to eliminate pre-existing distortions in the wider social or economic system; or (b) the favoured group has been deliberately so favoured for good reasons unrelated to predation.

Recognition of this problem of drawing conclusions about *politi-cal processes* from statistical data about *economic outcomes* probably accounts for the shift in the ground of the local debate over cap-ture, from a focus in the first half of the 1980s on cross-section dis-tributions of taxes and expenditures, to the direct analysis of processes of public choice in the second half of the decade. The so-called 'egalitarian critique' of the welfare state has been rather superseded by models which derive strong *a priori* hypotheses

about political and administrative behaviour from postulates of individual maximising behaviour subject to particular sets of constraints and incentives.

We can illustrate this shift in thinking in the New Zealand case by reference to the passages on capture in the 1984 and 1987 Treasury briefing documents (Treasury 1984, pp. 258-259, and 1987, pp. 41-45 and Chapter 2). The next two sections consider 'Director's Law' and Le Grand's 'egalitarian critique', which has provided the inspiration for the 'client capture' model in Treasury (1984). The following sections then discuss the application of Buchanan-ite ideas from the 'public choice' literature, which has switched the focus to models of 'professional capture' and 'administrative capture'.

5 Director's Law

We begin on the demand side of the welfare 'market', with the issue of whether the benefits of the welfare state are distributed in accordance with some acceptable idea of 'fair shares' based on an intelligible concept of social justice. In the recent economics literature the classic paper most often cited is Stigler's 1970 exposition of 'Director's Law' that 'Public expenditures are made for the primary benefit of the middle classes, and financed with taxes which are borne in considerable part by the poor and rich' (1970, p. 1). Stigler's paper typifies both the methodology and the underlying philosophy of a great deal of subsequent writing in the 'public choice' tradition. First, he admits that the supposed law is 'empirical'—that is, inductively derived by generalising from particular instances. Secondly, he disclaims any intention of undertaking the 'vast empirical studies' which would be required, he thinks, to establish the law 'rigorously' (1970, p. 1). Third, he asserts the 'plausibility' of the law, and seeks to enhance this plausibility by constructing an a priori story on the following basis (1970, p. 1):

> The philosophy of Director's Law is as follows. Government has coercive power, which allows it to engage in acts (above all, the taking of resources) which could not be performed by voluntary agreement of the members of a society. Any portion of society which can secure control of the state's machinery will employ the machinery to improve its own position. Under a set of conditions to be discussed below, this dominant group will be the middle income classes.

The conditions which lead to the middle classes securing control are, Stigler claims, those of democratic politics with universal suffrage, in which the middle classes occupy the strategic middle ground between the rich and the poor. (This has subsequently become known as the 'median voter theory'.) 'In the long run', Stigler suggests (1970 p. 9), 'the middle classes may have been beneficiaries of [the expansion of government] because they were in coalition with the rich in the nineteenth century, and are entering into coalition with the poor today'.

Stigler's view of modern government as a prey to strategically-located vested interests was in tune not only with the long standing United States conservative suspicion of big government, but also with Marxian (especially New Left) critics of the capitalist state, and a growing body of liberal United States opinion which considered that the federal welfare bureaucracy had taken on a life of its own (Wilson 1967).

Striking a responsive chord is one thing; establishing a 'law' as superior to competing theories is quite another. The view of the state and the political process espoused by Stigler is both ideologically loaded (the image of the state is of 'coercion' rather than promotion of the public interest) and tautological (any group which appears to reap disproportionate benefits is presumed to have secured them by 'securing control of the state's machinery' rather than by legitimate means). Alternative paradigms of government behaviour such as democratic pluralism (the usual social-democratic story of how the government comes to represent the 'public interest') or countervailing power (Galbraith's theory of mutually cancelling bilateral monopoly in government and business) are swept aside rather than dissected. So is the ideal type of the selfless, public-spirited administrator. These criticisms continue to apply to much of the work of the 'public choice' school of economists headed by Ronald Coase, James Buchanan and Gordon Tullock.

The central difficulty in the long standing debate between these paradigms of government is the problem of induction. The various alternative models of the state have been built up and supported mainly by the accumulation of anecdotal evidence; and because anecdotes are in infinite supply and subject to conflicting interpretations, it is difficult to find crucial tests in which competing theories can be confronted with each other. It is impossible to 'prove' any model of the state merely by assembling large amounts of qualitative or statistical evidence on the distribution of benefits. There

has nevertheless been a large amount of research effort devoted to such a programme in the past decade, and the resulting information is undeniably of interest to all parties in the debate on the welfare state—however much they may draw different conclusions from the same evidence. The so-called 'egalitarian critique' of the welfare state arises as part of this work.

6   The Egalitarian Critique of the Welfare State

There exists a substantial literature analysing the distribution of welfare services and benefits among the different classes of society. The United Kingdom case has been intensively studied, and several of these empirical studies, especially that by Julian Le Grand (1982), have been very influential on policy thinking in New Zealand. Le Grand's central result, widely replicated by other studies in the United Kingdom and elsewhere, was that middle and upper income groups appeared to be the prime beneficiaries of the British welfare state, in the sense that they received/consumed an above-average per capita share of the total supply of benefits and services. Harris (1987, p. 46) summarises a widely held view of the United Kingdom experience as follows:

> The welfare state, in fact, is not noticeably redistributive across class lines. Most redistribution is intra-class and across an individual's lifetime. Welfare operates more as a scheme of compulsory insurance than as compensation. Similarly, the evidence suggests that the welfare state has failed to secure a more equal distribution of life chances. Even though rates of social mobility have improved in the post-war period, relative rates have changed little, with the upshot being an increasingly homogeneous and marginalized unskilled working class.

A summary and discussion of Le Grand's 1982 book enables us to identify the type of evidence commonly used in studies of this kind, and to focus on some of the problems in drawing policy conclusions from such evidence. At the outset, it should be repeated that the word 'capture' does not appear in Le Grand's book. His position is that '[t]he failure of public expenditure on the social services to achieve equality can be explained primarily by its *inability successfully to counteract the influence of the more fundamental social and economic inequalities* that still pervade British society. . . . Hence, for any strategy of equality to succeed, it has to tackle these inequalities directly.' (1982 p. 139). [Emphasis added].

A major problem for readers of Le Grand's book is to identify precisely which counterfactual he is using. Le Grand himself proposes (1982, pp. 16, 166) two criteria, and claims that both give the same result, so that he does not need to discriminate between them in any systematic manner. The first criterion is the past pattern of distribution, in the period before the introduction of public provision of social services. The second is a hypothetical situation in which the relevant institutions of the welfare state were absent, but in which the British government had adopted a policy of radical redistribution of money income by means of the tax system. Against these benchmarks, he claims, the present structure of public provision in the United Kingdom represents no advance on the past, and its elimination would not worsen the degree of inequality in British society.

Le Grand's statistical evidence, however, turns out to rest mainly upon a comparison of the actual distribution of publicly provided services *with a hypothetical situation of full equality of distribution.* (To judge by the review in *The Economist,* 17 October 1987, p. 104, Le Grand's reworking of his data in Goodin et al. (1987) also uses this counterfactual.) His central claim (not supported by his evidence, as we shall see below) is that 'almost all public expenditure on the social services in Britain benefits the better off to a greater extent than the poor' (1982, p. 3), and his claims relating to the 'failure' of the welfare state in Britain are based upon this comparison rather than on any very careful examination either of the past, or of a counterfactual present without the welfare state. (This is not to say that he is necessarily wrong in claiming that state-provided services have left previous inequalities untouched—simply that he fails to establish that case.)

Part 2 of Le Grand's book tackles, in successive chapters, the distribution of the benefits of public-sector expenditure on health care, education, housing, and public transport, in descending order of thoroughness. He does not deal at all with social welfare benefits—a significant omission, given that these are central to the income-redistributing side of the welfare state—nor with social workers, home help and similar services; but he does include some 'tax expenditures' related to housing. His argument is that public-sector provision of the four types of services studied has no significant redistributive impact and is therefore discredited.

Chapter 3, on the National Health System (NHS), starts from 1972 General Household Survey data on the utilisation of the

health system by different socio-economic groups. These (volume) data were multiplied by the estimated per-unit cost of providing the services used, in order to estimate a percentage allocation of the total public health budget across groups. The result was (Le Grand 1982, Table 3.1, p. 27) that if the estimated total consumption of health services by each group was divided by the number of people in the group, the pattern of expenditure across income levels was fairly even, with some weighting in favour of the lowest socio-economic group; but if each group's health-service consumption was divided by the number of sick individuals in the group, there was a clear bias towards greater per capita expenditure on sick people in the higher income brackets. The second of these calculations, in Le Grand's view, was the important one, since it measured the quantity of health services consumed relative to 'need', with 'need' measured by the reporting of sickness. Supplementary (anecdotal) data indicated that the better-off groups benefit from longer consultations and more sympathetic treatment by NHS staff, and that health status (which some people regard as a rough indicator of the *outcome* of the health system) is positively correlated with income.

Le Grand cited several earlier studies besides his own which obtained similar results—Abel-Smith (1958), Alderson (1970), Cartwright and O'Brien (1976) and Black (1980). He recognised also (Le Grand 1982, pp. 29-30) some contrary evidence reported by Collins and Klein (1980), who used more detailed General Household Survey data for 1974. Le Grand discounted the Collins/Klein results on the basis of problems in interpreting the data; but arguments of that kind cut both ways, and it must therefore be noted that Le Grand's own estimates of the distribution of health services have since come under attack from, e.g., Collins and Klein (1985) and Puffer (1986).

Having produced some evidence for his view that the rich have received more from the NHS than have the poor, Le Grand pursues several lines of discussion which bring him to the conclusions (i) that the NHS should be retained (though with modifications); (ii) that unequal use of medical services is not the basic problem; and (iii) that such unequal consumption is explicable in terms that require no resort to ideas of monopsony power wielded by the middle classes as consumers.

The second of these points he develops by claiming (with some supporting evidence) that differences in health status amongst various socio-economic groups are to be explained by income and environmental differences, rather than by differential access to health services. That is to say, a perfectly equal distribution of health care across socio-economic groups, or even a distribution skewed in favour of the poor, would not provide the key to equalising the health status of the various classes of British society. The really effective way to equalise outcomes in the health field, Le Grand claims, is to redistribute income. The health system should not be used as an instrument of egalitarianism because 'there is little the Health Service can do to reduce inequality in its use or in the private cost of that use. The principal determinants are largely beyond its control' (1982, p. 51).

Le Grand offers two explanations for inequality in consumption of health care. First, the costs of using the system are greater for the poor than for the rich (when costs are measured in terms of the monetary cost of travel plus the opportunity cost of time). Second, the NHS has been distorted by the exercise of monopoly power by professional *supplier* groups—the 'provider capture' issue to which we return below. Both points open up lines of policy development which could aim to improve the existing system, using as guidelines 'equal use for equal need' and 'equal cost to users' (1982, p. 46) plus a conscious attempt to tailor the system to the needs and attitudes of the poor. Neither leads to any conclusion that the system of universal free public health care should be scrapped or reduced.

Le Grand, in fact, argues strongly *in favour of* the NHS, and against targeting or means-testing. As he puts it (1982 p. 48):

> There are numerous reasons, quite unconnected with the question of equality, why the NHS should not be replaced by the private market. Market allocation of a commodity will be socially inefficient if the commodity has external benefits or substantial consumer ignorance associated with it, and medical care has both. There are monopolistic elements in, among other things, the supply of medical practitioners and of drugs. The NHS, being itself a (virtual) monopoly purchaser of these factors, can play an important role in keeping down their costs. More generally, it has been argued (notably by Titmuss...) that non-market allocation systems increase the opportunities for altruistic behaviour and hence encourage a wider diffusion of that behaviour, a desirable end in itself.

Means testing would increase:

. . . both the time and psychological cost of using the service . . . , even to those who had to pay no charge. The likely result would be to discourage both middle- and working-class use of the NHS, an outcome which many would view as undesirable in itself, and which, in any case, would have little impact on relative inequality.

The option of abolishing NHS is, nevertheless, considered briefly on p. 48, where Le Grand speculates that if the reduction in government expenditure were returned to the poor as extra disposable income, the result could be to render health status more equal—by raising the standard of living for the poor—while making medical care more expensive, and hence less accessible, for all. He sets this option aside without any very serious consideration of the costs and benefits, largely because he clearly does not trust government to transfer to the poor any savings in the budget arising from abolition of the health system. But the tone of his discussion in Chapter 3 makes it clear that Le Grand would see no reason why abolishing the NHS should be necessary for, or in any way related to, a government-organised redistribution of income—if this were viewed as desirable in itself.

Chapter 4 tackles the public education system, obtaining results which at first sight are very similar to those for health. The rich consume more publicly funded education per capita than do the poor. This is explicable in terms of a combination of rational consumer choice (the poor see fewer benefits from education, and face higher relative opportunity costs) and supplier behaviour (which tailors the system for the rich rather than the poor). Unequal educational status across classes is to be blamed on basic socio-economic inequalities, not the education system *per se*. And as with health, Le Grand is sceptical of the efficacy of education in reducing inequalities in income, employment or average rates of pay. Education is 'not an effective tool for creating equality' (p. 79).

The chapter ends with a very sweeping claim: 'The provision of free education has created neither equality of use, cost, public expenditure nor outcome' (1982, p. 79). This conclusion goes beyond the evidence presented in the body of the chapter. Le Grand's own calculations (1982, p. 58, Table 4.1) make it evident that there is a fundamental distinction to be drawn between compulsory education (up to age 15) and post-compulsory education. Expenditure on compulsory education is strongly skewed in favour of the poor, and similar results are reported from Colombia (p. 60). Expenditure on post-compulsory, and especially tertiary, education is heavily skewed in favour of the rich, a pattern reported also in

studies of France, Colombia, Kenya, Malaysia and California (p. 60).

When, therefore, Le Grand turns to the question of policy options, he does not contemplate reducing or abolishing the compulsory basic education system. On the contrary, he concedes that raising the leaving age could be an equalising reform (1982, pp. 78-79). The burden of his criticism falls almost entirely on the *tertiary* education system, where the evidence is strong that publicly funded provision is utilised disproportionately by the children of the rich, and where inequality appears to have remained unchanged over the past half century (p. 61, on the basis of skimpy data from a single longitudinal survey). Tertiary education, therefore, cannot justify its claim to heavy public subsidy *on egalitarian grounds*; Le Grand recognises (1982, p. 78) that there may be other grounds for subsidising tertiary education, but he offers only very limited discussion of these, confining himself largely to an unsubstantiated claim that there are few genuine externalities associated with this level of education.

Turning to housing, Le Grand again produces an eyecatching conclusion which glosses over crucial distinctions. His data (Table 5.1, p. 88) show two separate and strongly contrasting strands to housing policy. Public *provision* of housing (through subsidies on council housing and rent rebates to poor tenants) is dramatically pro-poor in its distribution. The equalising impact of expenditure policy, however, is more than offset by the distorted tax system of the UK, which allows mortgage interest tax relief but does not tax imputed income from owner occupied housing. Le Grand's dramatic conclusion, that housing policy overall is biased in favour of the rich, relies heavily on the aggregating of these two opposing policies.

The elimination of tax expenditures on housing emerges as Le Grand's main policy recommendation; if implemented, this would leave the other side of housing policy as a success story for the 'strategy of equality'.

Perhaps significantly, when he comes to the tax-expenditures issue, Le Grand eschews any attempt at explaining the reasons for the bias in policy. It should be noted that this is the first point in his study at which the notion of 'consumer capture' seems consistent with the story being told. The tax treatment of mortgages and imputed income is indeed subject to strong group pressures through the political process, and may therefore be a case of the

rich using political muscle deliberately to skew the system in their favour.

Finally comes public transport, in Chapter 6. Here again, Le Grand obscures as much as he reveals by aggregating two very different parts of the overall system. Bus services appear to be used more by the poor; suburban rail services by the rich. At the same time, the rich have more cars and use them more than do the poor. Hence public subsidies to British Rail, and roading expenditures, benefit the rich more than the poor. Le Grand proceeds to draw the sweeping conclusion (1982, p. 118) that *if the aim is merely to promote equality* then reform should 'reduce, insofar as it is possible, the public subsidisation of transport' and distribute the resulting savings as cash benefits to the poor. Le Grand subsequently deals in rather cavalier fashion with arguments for transport subsidies on efficiency grounds (1982, pp. 118-120).

More than any of the other chapters, this transport section reveals the very limited reach of Le Grand's analysis. Obviously, in writing a book to convey a simple message about the pursuit of equality *as an end in itself*, he found it necessary to set aside any detailed consideration of social goals other than equality. In order to obtain striking and apparently uniform results supporting his position, however, he then went further than his evidence could justify, first in discounting arguments other than equality for government intervention, and second in sweeping under the mat the specific cases where his own evidence runs counter to his conclusions.

From the point of view of a discussion of 'capture', Le Grand's 1982 book is unsatisfactory, although some of the evidence he collects is of obvious relevance. He finds three examples of publicly provided services where an equality goal, *construed in isolation from other social goals,* would justify drastic cuts in expenditure: higher education, mortgage interest tax relief, and subsidies to commuter rail services (Le Grand 1982, p. 131). He finds other cases where a stand alone equality goal would support continuation or expansion of the existing expenditures—council housing, rent rebates, compulsory education, bus services. He suggests, almost in passing, that abolition of the National Health Service would have 'little effect' (1982, p. 131). Results as diverse as this, based on data which in the final analysis must be recognised as fragmentary or indirect, could strongly buttress an argument for piecemeal reform of the welfare state—*provided* that we were satisfied (i) that the state truly

represented an egalitarian version of the 'public interest', (ii) that the pursuit of equality is the fundamental justification for government intervention, and (iii) that public provision of services represents a feasible means of correcting wider inequalities.

Le Grand gives his book greater public impact and wider sweep by rejecting (iii), ducking (i), and adopting a very half-hearted line on (ii). There does not seem, he claims (1982, p. 137):

> to be much prospect of retrieving the situation through any piecemeal reform. Basically, the forces which created the inequalities in the first place and which perpetuate them seem to be too strong to be resisted through indirect methods such as public expenditure on the social services. Rather, the strategy of equality has to be aimed at tackling those forces directly. . . .

This reading of the situation is certainly not inconsistent with the evidence collected in his book; but neither is it established by that evidence. The 'forces which created the inequalities in the first place' are nowhere identified or explained, and the inability of piecemeal expenditures to counteract those forces is asserted rather than demonstrated—by treating mortgage relief and higher education as the norm, and council housing and compulsory education as exceptions to that norm. The view that a genuinely egalitarian strategy must bite the bullet and undertake direct redistribution of income by taxes and transfers if it is to be effective is not supported by Le Grand's evidence, and begs the important historical question of the actual origins and goals of the welfare state.

There is, for example, a widely held view that the British welfare state evolved as a political compromise to maintain working class consent to Westminster democracy and the market economy. (Cf., e.g., Taylor-Gooby 1985, Chapter 3; Ferris 1984, pp. 50-53.) The objectives of the system, in this view, were as much to create a *subjective* sense of participation as to produce any simple *objective* outcome such as complete equality of money income. Furthermore, insofar as objective goals were pursued, they were always multifaceted, addressing simultaneously issues of efficiency as well as (or even, in some cases, rather than) equity. And since the maintenance of a strong market sector based on private enterprise was an intrinsic part of the package, it followed that the scope of direct income redistribution would be limited.

This view of the nature and origins of the welfare state serves to highlight fundamental problems with Le Grand's analysis. The welfare state was accepted by the political Left and its working class constituency as a viable *alternative* to a head-on attack on the

British class structure and income distribution; and it was accepted by conservatives as a strategy of limited concessions that left intact large areas of the private market system—including, of course, the underlying class structure and its accompanying distribution of factor incomes. If, as Le Grand appears to argue, there have been *no* significant (relative) gains for the lower classes, and the benefits have been one-sided rather than general, then we are left with two propositions that require far more support than Le Grand's book offers. First, that a zero-sum redistributive approach is in fact a feasible and superior way to ameliorate inequality in Britain. Second, that the strong and consistent evidence of political support for the welfare state by the lower classes rests upon false consciousness. Both propositions boil down to the claim that the working class, and its political leaders, were mistaken in their original adherence to the welfare state, and are deluded in continuing to support it.

This (rather lengthy) review of Le Grand's 1982 book has taken us some way from the specific question of 'capture', and it is time to sharpen the focus. As already noted, Le Grand does not develop any explicit theory of 'capture' in his book. His view is that the social-services side of the welfare state merely reproduces the wider pattern of British society, and is thereby discredited as a means to the end of greater equality. Apart from the National Health Service case, he barely recognises the possibility that other ends than equality may in fact have been the ones sought.

His lack of a systematic, consistent theory of politics and the state, and his attempt to draw extreme conclusions from inconclusive evidence, did not prevent Le Grand's book from having a considerable impact, especially among economists (for whom some of the findings may have appeared more novel than in fact they were). His position against state provision of basic needs, and in favour of monetary redistribution, coincided neatly with the views then current among the so-called 'New Right', who sought a radical reduction in the role of the state and a uniform once-for-all solution to inequality and poverty by means of a tax-transfer system including a negative income tax. Similar views were strong in the New Zealand Treasury at the time, and in 1984 Le Grand's egalitarian critique was reproduced in *Economic Management*, —harnessed now to an explicit (though poorly-elaborated) story of 'middle class capture'. On the face of it, the Treasury espoused Le Grand's approach, endorsing the ostensible aims of the welfare state but suggesting that existing policies are inefficient means to those ends,

and that there should be more careful 'targeting' of specific poli-
cies, together with a broader commitment to *redistribution of money
incomes* where greater equality *per se* is really the central aim. (*Eco-
nomic Management*, Part 2, Chapter 12, Section 5(d)). *Economic
Management* provides a brief discussion of 'Shifting and Middle
Class Capture', including the following statements (pp. 258-259):

> Under certain conditions, almost all the benefits of a programme may be
> 'shifted' to groups other than the intended targets. Important examples
> are the likely capitalisation into house prices of subsidies both to new
> home owners and to urban public transport. . . .
>
> Another failure of many programmes which are targeted at low-
> income households is that the benefits are largely 'captured' by middle
> and upper-income households. A variety of studies (in countries with
> welfare systems broadly similar to New Zealand's) have concluded that
> most public expenditure on the social services is actually distributed in a
> manner that favours the middle and higher social (income or occupation)
> groups, *despite its notional targeting at low-income groups.*
>
> If services are provided free or at a uniform price to all, then it is prob-
> able that the wealthy will benefit most. This is because there will always
> be some costs associated with using services, even if there is no direct
> charge. Such costs could include the cost of travel involved in order to
> use the service, the income lost through the time involved in using the
> service, or the legal and administrative costs involved in complying with
> complex requirements. These costs *invariably* weigh more heavily on,
> and discourage, the poor rather than the rich.
>
> The *only established exceptions* to the finding that middle and higher
> income groups benefit most from social expenditure programmes, are
> certain programmes which are explicitly confined by policy decision
> (e.g., income test) to people on low incomes (and even then there is no
> guarantee of redistribution). Among the most extreme examples of cap-
> ture is tertiary education, which in Britain has been estimated to
> represent a transfer of $5 to the rich for every $1 to the poor. Interest
> groups (e.g., students' associations) of course often seek to maintain or
> extend programmes which benefit them on the grounds that they
> improve opportunities for the less well off. Typically, organised groups
> comprise principally people who are educated, articulate, and have the
> resources or spare time to pursue the interests of their group.
>
> [Emphasis added]

This passage bears an obvious family resemblance to Le Grand, and
the figures for tertiary education (the only empirical evidence actu-
ally produced by the Treasury in this connection) were taken from
Le Grand's Table 4.1 (1982, p. 58). The Treasury's rendering of
the argument, however, goes considerably further even than Le
Grand in drawing strong conclusions from evidence which in fact
is inconclusive. The claim that 'under certain circumstances [not

specified] almost all the benefits of a programme may be shifted to groups other than the intended targets' is not supported by any of Le Grand's case studies, besides begging the question of how the 'intended targets' have been identified. At worst, Le Grand found that benefits were skewed in favour of particular groups, but none of his examples would warrant use of the term 'almost all'. The capitalisation of subsidies is certainly a relevant area for analysis, but I have not located any empirical study in New Zealand or elsewhere showing the shifting of 'almost all' of the benefits to non-targeted groups. (Subsidies such as SMPs have of course been much criticised on efficiency grounds—but the claim that target groups have been given the *wrong incentives* needs to be distinguished clearly from the claim that target groups *have not derived substantial benefit.*)

In similar vein, the Treasury goes well beyond any finding of Le Grand's in claiming that administrative and access costs 'invariably' weigh more heavily on the poor. Le Grand certainly provided some specific examples of such unequal cost burdens, but he nowhere seeks to draw a *general* conclusion. And the Treasury's claim that 'the only established exceptions' are provided by targeted public services runs directly contrary to Le Grand's result for, e.g., universal compulsory education.

The appearance of the term 'capture' in the 1984 Treasury document serves mainly to add a dramatic touch to what is probably best read as a carelessly written essay in persuasion. In common with Le Grand (1982), the Treasury (1984) offered no systematic political theory of any 'capture' process, and the context in which the word is used in the above quotation could equally well be interpreted as involving passive rather than active middle class beneficiaries. As of 1984, thus, it does not seem that any clearly articulated model of 'consumer capture' was on offer in official New Zealand.

Limited Power of the 'Egalitarian Critique'

The Treasury's 1984 adoption and adaptation of Le Grand's analysis looks, in retrospect, more a marriage of convenience than a genuine conversion. Le Grand's claim, that the welfare state had become discredited by its failure to achieve redistributive goals via public provision of basic needs, provided welcome ammunition for those who wished to argue for a sharp reduction in the size of the

public sector; but the redistributive issue was never *fundamental* to the New Right attack on the public sector, and there was (and is) a substantial overlap between overseas New Right and New Zealand Treasury positions. While apparent evidence of the ineffectiveness of the public sector in achieving any goals was grist to the mill, the New Right were more interested in asserting the impossibility of improving *resource allocation* by government intervention. Le Grand's line of attack, resting as it did upon the initial assumption that state provision of services had arisen from an attempt to redistribute income rather than from an attempt to correct market failure, cut across the New Right agenda.

The 'egalitarian critique' suffered from a further serious problem which rendered it unsatisfactory as a basis for major policy changes. The sort of data analysis undertaken by Le Grand was in fact not new, especially among social-democratic observers, but the empirical evidence on the distributional impact of the welfare state in Britain, New Zealand, and elsewhere remains controversial, as does its interpretation.

Le Grand in 1982 was replicating results already familiar from a long series of exercises over the years in the United Kingdom, and for that matter in other welfare states (see, e.g., Fry 1979, on Sweden). In particular, a sharp debate over who benefited from the welfare state had taken place in Britain in the late 1950s and early 1960s (Abel-Smith 1958, Titmuss 1960, HM Treasury 1962, Marsh 1964) and had led to the conclusion *not* that the welfare state *per se* was discredited, but that it was susceptible of improvement. At that time the inadequacy of egalitarianism as a criterion for evaluating governmental provision of services had been clearly identified by Marsh (1964, p. 120):

> To suggest that all things could ever be equal for all men at all times, or that all men would take equal advantage of equal opportunities and conditions at all times, is utopian. There are few protagonists of the welfare state who would make such claims, yet many critics of what they assume to be the welfare state as it exists in this country imply that the sole aim of the protagonists is to ensure absolute equality

Le Grand recognised the existence of some of this earlier work (1982, pp. 132-133) but downplayed it as the product of 'lone voices'. However, given that his policy conclusions were rather different from those of, e.g., Titmuss or Piachaud, it is appropriate to ask whether the change between the 1960s and the 1980s had been in the data or the climate of opinion. A casual glance at the literature rather strongly suggests the latter explanation. Anti-

public-sector feeling was a great deal stronger and more articulate in the late 1970s and early 1980s than had been the case a decade or two earlier. Whereas the defenders of the welfare state had previously been able successfully to confront critics who 'implied that the sole aim [of the welfare state] was to ensure absolute equality', in the 1980s this line of attack proved more demoralising to social-democrats, and struck a responsive chord among the theorists of 'government failure'.

The egalitarian critique was no less vulnerable on its merits in the 1980s than in the 1960s, however. It rested heavily upon the key, and unwarranted, assertion that, in the words of *Economic Management*, all public provision of services was 'notionally targeted at low-income groups'. It will be noted in the passage quoted above from *Economic Management* that, within two paragraphs of introducing this assertion, the Treasury authors were already explicitly admitting as *exceptions* to their general rule those services which were *in fact* so targeted. Le Grand (1982, Chapter 2) in his survey of Tawney, Crosland, Marshall, and Beveridge recognises that the pursuit of equality was only *one amongst several goals* set out for the welfare state to perform, but then asserts (without producing any evidence from legislation or official government pronouncements on the matter) that 'it seems clear that there is a widespread belief that public expenditure on the social services can promote equality and that this belief has played a major role in guiding public policy in those areas' (1982, p. 12). On this basis he proceeds to analyse his series of public expenditure case studies as if each and every one of them is best evaluated on the assumption that equality was its sole or dominant goal, and having done so he offers the judgement that (1982, p. 132) 'the strategy of promoting equality through public expenditure on the social services has failed. It has failed to achieve full equality of whatever kind for most of the services reviewed. In those areas where data is available it has failed to achieve greater equality over time; and, in some cases, it is likely that there would be greater equality if there was no public expenditure on the service concerned.'

The problems arising from this unidimensional approach are manifest in the dramatic example of alleged 'capture' singled out by the Treasury (1984) as their clinching example: tertiary education. Of all the areas of publicly funded provision, tertiary education must surely be the one whose notional goals lie furthest from the promotion of social equality *per se*. Tertiary education has not

obviously had 'targeting to low-income groups' as a primary aim in either the United Kingdom or New Zealand. Politicians may have seen fit to make speeches about some supposed equalising function of higher education, but the designers and managers of the university system in both Britain and New Zealand have had other notional priorities—the pursuit of knowledge, the cultivation of excellence, the production of a skilled white collar labour force, and the maintenance of a 'high culture', which has always been (and still remains) largely the preserve of the middle and upper classes. The discovery that in the United Kingdom rich consumers outweigh poor ones by five to one, cited by the Treasury as evidence of 'capture', is better interpreted as evidence that higher education has been a service designed not so much to redistribute income as to meet other, quite distinct, goals. As O'Higgins remarks (1985a, p. 16), 'the structure of tertiary education is not defensible on egalitarian grounds'. One might be forgiven for suspecting that the Treasury selected this example primarily because of its striking magnitude rather than its actual relevance.

The real function of the egalitarian critique turns out, on reflection, to be not the discrediting of the welfare state itself, so much as the discrediting of *a particular line of argument in defence of the welfare state*. Le Grand's work may thus have performed an important function in clearing the ground for a subsequent debate on the real fundamentals, but with that task accomplished, it had little more to offer. (Cf., the criticism of Le Grand's work offered in Heald 1983, pp. 143-146.) O'Higgins (1985a, pp. 13-14) has neatly identified one school of pro-welfare state thought that has always been vulnerable to the Le Grand type of attack: those who defend universal social provision as 'progressive' on the grounds that it promotes 'global equality' (that is, equality of *ex post* incomes). Even a fully successful attack on that position leaves unscathed, however, the other mainstream defences of universal provision—that it improves resource allocation, minimises qualitative differentiation of service, is politically sustainable because of the wide spread of beneficiaries, and performs an important socially integrative function by underpinning rights of citizenship.

Moving on to the actual reading of the evidence on redistributive impact, it is important to note that Le Grand's 1982 methodology has come under telling attack. His counterfactuals turn out on inspection to be poorly specified and not necessarily the relevant benchmarks for the arguments he wishes to make, and his use of

data on *distribution* of expenditure rather than *incidence* has been
strongly questioned, since incidence measures tend to show a sub-
stantially greater equalising impact from social services than do dis-
tribution measures. (Cf., Harding 1984; New Zealand Planning
Council Income Distribution Group 1987.) His exclusion of social
welfare benefits also means that his analysis lacks consideration of
the most explicitly redistributive part of the welfare state system—
and the only part where equality is actually the sole or dominant
objective.

A direct attack on Le Grand's results on several of these grounds
is O'Higgins (1985b) which assembles tables showing the distribu-
tion of taxes, benefits, health, education, and housing expenditures
by income quintiles, relative to the distribution of market incomes.
(This particular standard of comparison had been rejected by Le
Grand (1982, pp. 165-166), on grounds which were relevant but
not conclusive.) The results (O'Higgins 1985b, Tables 4, 6, and 8)
showed that the overall impact of taxes, cash benefits, and 'in-kind
benefits' (i.e., social services) was substantially equalising relative to
the distribution of market incomes, and that even those social ser-
vices which went disproportionately to the well-off were less
unequally distributed than market incomes.

In reply, Le Grand (1985, pp. 311-312) retreated to the position
that the egalitarian critique 'has been more concerned with the
[social services'] effectiveness in achieving other kinds of equality
than greater equality in final income. Thus the health service has
been criticized for not achieving equal treatment for equal need;
the education system for not providing equal education for equal
ability, and so on. O'Higgins' figures do not address this issue.'
Nor, one may note, did Le Grand's own figures address it in the
cases of education, housing, or transport—all cases where he
settled for simple measures of expenditure distribution, albeit but-
tressed by anecdotal qualitative material. The defensive tone of Le
Grand's response, and his shift to complaints about qualitative as
much as quantitative issues, suggest that O'Higgins' 1985 attack
was well directed.

There has been a certain amount of empirical work carried out
in New Zealand over the past decade aiming to replicate Le
Grand's British work. Fougere (1987) summarises work by Snively
and McGuire Cleave as showing public expenditure on health ser-
vices to be evenly spread across the income deciles—a result
matching Le Grand's for raw expenditure, without an attempt to

adjust the results for differential morbidity rates—while expenditure on education *as a whole* (i.e., including tertiary education) was skewed in favour of upper-income groups. However (Fougere 1987, p. 7):

> Tracing out the pattern of vertical distribution makes apparent the extent of horizontal distribution involved: education means redistribution from families without children to those with; health involves redistribution towards the old. Thus the distributions involved are as much between risk or dependency groups as they are between income groups—middle class capture catches only a part of the picture.

This clearly echoes Culyer's remark that (Culyer 1985, p. 137) 'an exclusive emphasis on [the welfare state's] vertical redistribution characteristics may miss a large part of its purpose.'

The New Zealand Planning Council Income Distribution Group (1987) used 1985 data from the Household Expenditure and Income Survey to demonstrate the clearly redistributive effect, relative to the market income distribution, of social welfare benefit payments across household income deciles (1987, pp. 5, 16-18). The methodology is directly comparable to that of O'Higgins (1985b), and the results seem robust, even given the problems of using household income deciles rather than more systematic and direct measures of socio-economic status. (The lowest income deciles contain a disproportionate number of elderly people, for example.)

Work in progress by the Group extends the analysis to cover the full territory of the 1985 O'Higgins-Le Grand debate, and obtains results which seem to indicate that the New Zealand system is less vulnerable to the egalitarian critique than the British one. Compulsory education expenditure appears to be distributed fairly equally *per child* across the household income distribution, while an incidence measure (showing the percentage addition to household incomes) shows progressivity. In contrast to the British picture for tertiary education, cited by the Treasury (1984), the New Zealand data seem to show that tertiary education expenditures are also evenly distributed across young adults in the various income deciles, and an incidence measure also shows relative neutrality. Thus primary and secondary education expenditures appear to have an equalising impact in New Zealand, and tertiary education is not disequalising. Six previous New Zealand studies of tertiary (mainly university) students between 1980 and 1984, however, found evidence that socio-economic status was strongly related to attendance

at educational institutions; the explanation for the apparent contradiction seems to be that socio-economic status does not correlate well with household income—a key issue for the egalitarian position—and that non-university tertiary education appears to be distributionally neutral. Overall, even the claim that tertiary education in New Zealand has been subject to 'middle class capture' is not clearly substantiated by the available data at this stage (though no one involved in university teaching is likely to claim with much conviction that New Zealand universities are overcrowded with children of the poor).

Similarly, on a preliminary analysis health expenditure appears to be concentrated on those in greatest need, and in general seems to be redistributive in its impact. Data on housing expenditure distribution are fragmentary for New Zealand to date (though it is worth noting that the tax breaks on mortgage interest which Le Grand attacked in Britain are not found in the New Zealand tax system).

It appears, thus, that work now in progress and well advanced will shortly become publicly available to permit comparisons with the Le Grand (1982) and O'Higgins (1985b) results in Britain, and will probably suggest agnostic or mildly favourable judgements on the New Zealand welfare state from an egalitarian standpoint. Certainly it does not seem likely that local empirical work in the Le Grand tradition will substantiate the very negative tone of the Treasury's (1984) comments. In the meantime, however, the focus of debate has rather shifted away from 'consumer capture' for theoretical rather than empirical reasons.

We conclude our rather sketchy discussion of consumer capture, thus, with the feeling that the attempt to use aggregative data to establish *general* propositions about the 'failure' of the welfare state has not been productive. Social-democrats have obtained good mileage from expenditure distribution data when they have used it to identify specific problem areas, or as one of several indicators in discussions of possible reforms of the welfare state. But the best such work has been at the micro-level, identifying specific cases and probing back into the political processes at work to determine the distribution of benefits among classes. The proposition that 'the welfare state has failed' on egalitarian grounds is not substantiated by evidence to date; nor is the proposition that 'capture' is the best general explanation for the observed patterns of expenditure distribution. If the 'capture' theme is to be operationally significant

it must either narrow its focus to particular plausible cases (such as Le Grand's mortgage interest tax relief, or New Zealand's National Superannuation) and eschew unwarranted generalisations about government failure; or it must switch to a more sophisticated account of political and administrative decision-making.

Le Grand himself appears to have reached this view after his 1982 book. His subsequent research programme (Le Grand 1984, Le Grand and Winter 1987) has focused on the identification of those parts of the British welfare state that are especially *difficult to dismantle* due to the strength of middle class political support for them, and he has produced an impressionistic but useful matrix classifying elements of the social services according to the extent of middle class dominance in supply as well as consumption. His data confirm that it is politically difficult to attack institutions which are supported *by the middle classes as well as the lower classes* (that is, by a coalition rather than a single class), and that Mrs Thatcher's attempted retrenchment of the public sector has made headway mainly in areas which lack such support and benefit mainly lower class groups: NHS ancillary services, council housing, means tested benefits and so on. The lesson to be drawn from this line of research is not necessarily best expressed in terms of 'middle class capture', however, and Le Grand again does not use the term 'capture'. Working class support for the extension of universal health and education services to the middle classes was, after all, originally motivated to a large extent by the hope of rendering these services politically sustainable, and Le Grand's new data seems to validate that strategy, which may be better described as recruitment of (or alliance with) the middle classes rather than capture by them.

Essentially the same point, but formulated in terms which come closer to the spirit of the 'capture' idea, is made in *The Economist* review of Goodin, Le Grand et al (1987) (*Economist*, 17 October 1987, p. 104) as follows:

> [M]iddle class involvement in the welfare state is more than just a regret-table flaw in the delivery of social services. It is systematic. . . [T]hey constructed the welfare state in the first place and still run it. Their poli-tical influence has helped preserve those areas from which they gain most from the sharpest spending cuts of recent years.
>
> Britain's middle classes, after all, did not set up their welfare state just because they felt sorry for the poor. They did so to provide social insur-ance for themselves in a world traumatised by depression and war. If the welfare state's aim is to promote equality, it is failing; if it is to ensure

minimum standards of health, housing and other needs, it is a blunt instrument.

A blunt instrument perhaps, but not necessarily ineffective in terms of meeting actual political objectives. Whether we explain the British welfare state as constructed by the working class in alliance with the middle classes, or (as in the above passage) by the middle classes in alliance with the workers, makes little difference. Enduring alliances need to be based upon perceived mutual advantages; any accusation that one partner has 'captured' the joint project would need to be sustained by evidence that the original social contract had been betrayed—but it is precisely here that the egalitarian critique fails to make its case, by failing to provide an historically informed account of the actual terms of that contract.

The Castles Study

Castles (1985), in his recent book placing the Australian and New Zealand welfare systems in an international comparative context, has echoed this point in his discussion of the 'universal versus selective' debate. Criticising the 1972 New Zealand Royal Commission on Social Security case in favour of selective benefits as the most equitable way to allocate a fixed welfare budget, he suggests (1985, p. 102) that the size of that budget is 'a function of the political willingness of the community to devote expenditure to public purposes' and that by recruiting wide political support for welfare spending, 'universal provision may well lead to greater and more generous expenditure on the poor, and may, in consequence, have a greater egalitarian impact than the more meagre provision typical of systems characterised by a selectivist social policy structure'. He cites international comparative data on benefit rates to buttress this view.

Castles offers also an analysis of the origins and class basis of the welfare state in Australia and New Zealand, thereby filling the political void in the Le Grandian approach. Of especial interest for the present paper is his conclusion that the Australian and New Zealand welfare states differ fundamentally from their European counterparts, so that arguments based on, say, British or Swedish experience, may not apply here. Whereas critics of the British welfare state worry about the favourable treatment accorded to the middle class relative to the working class, Castles argues that in the

Australasian context the welfare state has been systematically oriented to the interests of workers and biased against those outside the labour force. The Australian and New Zealand (Castles 1985, p. 106.):

> strategy of social amelioration has traditionally paid little attention to causes of poverty other than low wage levels for male heads of households and has been systematically ungenerous to those whose poverty derives from other causes.

(For a directly contrary view of the New Zealand case, incidentally, see Easton 1986, p. 26.)

The central plank of these welfare states since the radical reforms of 1890-1910, Castles argues, has been 'wage security for the worker rather than social security for the citizen' (1985, p. 87), with the key institution being statutory minimum award wage rates based on the criterion of supporting the worker and his family at a standard of living appropriate to life in 'a civilised community'. Early extensions of state welfare provision in that period were either measures to provide security of workers' incomes over their life-cycle (compensation, pensions, invalidity benefit) or safety-net 'residual' provision for the destitute. Subsequent developments such as child benefit were aimed to deal with the anomalies resulting from setting a uniform minimum wage to cover workers whose numbers of dependents differed. (For similar comments on the Australian child benefit of 1941, see Watts 1987.) Minimum wages plus full employment performed in Australasia the function of Beveridge's 'social wage' in the United Kingdom, namely the underpinning of 'basic needs' provision, but with the vital difference that 'the criterion of inclusion was status as a wage-earner, rather than status as a citizen.' (Castles 1985, p. 103.) In matters such as housing and transport, workers in Australasia aimed for self-sufficiency on the basis of adequate private wage income, where British and European workers looked more to public provision.

Alongside this primary reliance on the minimum wage, Castles argues (1985, p. 97.):

> the single most significant distinguishing feature of the Australian and New Zealand welfare states for much of this century has been the persistence of a selectivist ethos in welfare provision.

Only in the 1970s, he suggests, did universal benefits make substantial headway, examples being New Zealand's Accident Compensation and National Superannuation, and Australia's Medibank;

and none of these departures from historical precedent is yet politically secure. (Medibank fell to the Fraser government's axe; Accident Compensation and National Superannuation are both under threat as universal schemes).

The obvious implication of Castles' description of the Australasian welfare state is that relative to European countries, the opportunities for 'consumer capture' by the middle classes have been limited. Selective benefits and minimum award wages offer meagre pickings for the middle classes, and the real beneficiaries were the members of the primary labour force. The class conflict—or 'structural cleavage'(Castles 1985, p. 106)—which now looms for these welfare states is between waged and unwaged (or in Bedggood's catchier phrase, between the idle and the overworked (Bedggood 1980, p. 126)), not middle class and workers, and if this conflict is to be resolved in favour of the poor the solution is likely to lie in an increased degree of universalism, not a retreat to greater selectivity. If, on the other hand, employment status rather than citizenship remains the criterion for entitlement to a civilised living standard, then the conflict is apt to be resolved in ways which leave the waged in a privileged position and condemn the unwaged to marginal status.

For the New Zealand reader, the main problem with Castles' account is that it was written in Australia and its analysis focuses primarily on Australia, where the selectivist ethos and the strength of labour mobilisation around the minimum wage are easy enough to discern. Although Castles recognises the very important differences between Australia and New Zealand, these tend to be downplayed in the interests of his central theme. For purposes of policy analysis in New Zealand, however, the differences are crucial and need to be emphasised. The New Zealand Labour Party enjoyed a long period of political hegemony from 1935 to 1949 and used that time to implement measures which, Castles recognises (1985, p. 70), were based upon an 'early principled attachment to universal rights of citizenship'—notably the 1938 Social Security Act. As a result, New Zealand by the 1940s had established a true welfare state with a family resemblance to the later Beveridge vision—which indeed was partly modelled on New Zealand's 1938 legislation. The Australian Labour Party, in its briefer period of power in the 1940s, achieved no comparable breakthrough. The importance of universal benefits—superannuation, free medical and hospital care, family benefit—was therefore greater in New Zealand than

in Australia from the 1930s on, and this relative lead widened in the 1970s with New Zealand's introduction of Accident Compensation and National Superannuation while the Whitlam government struggled (ultimately unsuccessfully) to establish universal free medical care.

Since middle class 'consumer capture' is feasible only in a context of universal (or at least, not-too-selective) provision of benefits, it thus follows that New Zealand has had more opportunities for such capture to occur than has Australia, because of the wider scope of its welfare state. Castles' point remains, that compared to the United Kingdom, the New Zealand welfare state has been relatively limited both in scope and in the scale of post-1945 expansion, and has been less committed to universalist systems of delivery. Nevertheless it is important not to overstate his critique of the New Zealand welfare state, and to recognise the fundamental ambivalence between citizenship and employment as competing criteria for the design of welfare provision in New Zealand. It is noticeable that media/politician campaigns against 'dole bludgers' (a major theme of 'capture'-type debates in Australia) have made less headway with the New Zealand, than with the Australian, public; and that the New Zealand Government has to date been unable to find a politically saleable line of argument in defence of its clear intention to prune the National Superannuation scheme. Indeed, the National Superannuation issue appears to be the clearest example in New Zealand of the 'median voter' model in action—the scheme is difficult to destroy precisely because it offers benefits to *all* voters in old age.

The Shift from Empiricism to 'A Priorism'

A reoriented version of the 'consumer capture' idea is found in Treasury (1987), in the form of an *a priori* argument based directly upon the work of Buchanan and Tullock (Treasury 1987 Vol.1 p.52):

> While the Government's powers can enable it to achieve or promote collective goals, individuals can be expected continually to interact with the state in attempts to persuade it to alter any given definition or distribution of rights in their favour. . . . Individuals form themselves into groups to lobby the Government on particular issues.
>
> However the expression of preferences by interest groups cannot be regarded as a sufficient revelation of the wishes of the electorate at large. In any policy issue it is likely that information concerning the costs and

benefits of a proposed change will be asymmetric. The costs are often dispersed across many people and therefore less evident, while the benefits may be concentrated on a small group. This creates different incentives for various groups of voters to lobby government and express preferences.

... a key characteristic facing government is the tendency for groups in society to lobby the Government to secure policies to their benefit, frequently at the expense of other groups in society. This could lead to the adoption of policies which are not in the collective interests of society......[T]he need is to have institutional arrangements which allow conflicts of interest to be settled in line with legitimate collective goals rather than in ways which favour legislators or public servants or some sub-group of voters.

As is normal in Buchanan and Tullock's 'public-choice' writings, the above chain of reasoning manages to create the strong *impression* of pervasive 'government failure' without summoning any systematic argument or evidence to establish the *actual* extent of such failure. The words 'may' and 'could' recur throughout that literature at the crucial point in the argument where we move from the plausible conjecture that governments are subjected to pressures from self-interested groups, to the proposed further conjecture that governmental allocative decisions are normally, or even frequently, best explained as examples of surrender to such pressures. This step is a logical *non-sequitur*—the fact of being subject to pressure does not in itself render government the prisoner of those pressures. To establish the argument on even a half-firm footing, the government failure conjecture has to be rooted in an appropriate theory of the state, and buttressed in each particular case by sufficient empirical evidence to render it plausible for that case. The Treasury (1987, Vol. 1 p. 52) is content merely to assert that three-yearly elections are an insufficient safeguard in New Zealand. They provide no explicit assessment of the actual performance of New Zealand politicians and bureaucrats in resisting unjustified pressures from vested interests.

The origins of the Treasury's 1987 approach can be clarified by a summary and critique of the closely related concept of 'rent seeking' as it is developed in Buchanan et al. (1980). The following two quotations, from papers by different authors in the 1980 collection, show that the term 'rent seeking' can be, and is, used in two quite distinct senses. Consider first Orr's introduction to the concept (Orr 1980, pp. 222-224):

Rent seeking ... is the active pursuit, involving resource expenditure, of transfer payments or monopoly franchises from government.... Rent

seeking is rivalrous redistributive activity that *seldom* conveys any gain in aggregate wealth; indeed, *usually it can be expected to* diminish aggregate wealth, first, because of the resources consumed directly in both pressing and resisting the activity, and second, because of the altered incentives that some programs impose on those from whom tribute is transferred. The 'services' provided by government in response to the activity of rent seekers can take two forms: appropriation and transfer of wealth or creation and allocation of monopoly power. [Emphasis added]

Second, take the more tightly defined image provided by Buchanan himself (Buchanan et al. 1980, Chapters 1 and 22):

... the behaviour of persons in trying to maximize returns on their own capacities or opportunities can be socially beneficial in an ordered market structure, behaviour that we may here describe to be 'profit seeking'. The self-same behaviour under a different set of institutions, however, may not produce socially beneficial consequences. The unintended results of individual efforts at maximising returns on opportunities may be 'bad' rather than 'good'. The term *rent seeking* is designed to describe behaviour in institutional settings where individual efforts to maximize value generate social waste rather than social surplus... *(1980, p. 4)*

... The entrepreneurial activity of *rent creation* is functionally quite different from that of *rent seeking. (1980, p. 7)*

... *Rent seeking* ... refers ... to activity motivated by rent but leading to socially undesirable consequences. *(1980, p. 8)*

... Rent seeking involves social waste. Resources that would otherwise be devoted to value-producing activity are engaged in competitive effort that determines nothing other than *distributive* results. Rent seeking, as such, is totally without allocative value. ... *(1980, p. 359)*.

The essential difference between these two conceptions of rent seeking lies in the question of whether the behaviour in question may be accompanied by a net payoff to society. In Orr's usage (which corresponds to a good deal of contemporary discussion) the question of whether or not there is a net payoff is to be determined empirically, case by case. The underlined words 'seldom' and 'can be expected to' leave open the possibility of socially productive rent seeking, albeit Orr clearly does not believe there is much of it about.

Buchanan, in stark contrast, declares rent seeking to be socially unproductive *by definition*, and explicitly gives two other names— 'profit-seeking' and 'rent creation'—to activities which are identical with respect to the behaviour of the individual agent, but productive from society's point of view. Any 'package' of institutional/individual interaction which yields a social surplus, even if it generates rents in the process, is excluded from the 'rent seeking' category *by definition*.

For Buchanan, Tullock and similar writers in the 1980 collection, the distinction matters relatively little, because of their prior belief that government intervention is inherently unproductive. The case studies they use are, for the most part, carefully selected to buttress this image: bribe taking by the officials in charge of import licensing in India and Turkey; royal grants of lucrative monopolies to political favourites in the high age of monarchy in post-Renaissance Europe; imposition of tariffs in cases where there is no justification for doing so (on this last case also cf., Bhagwati and Srinivasan 1983). By starting from cases where no social value is created by the protection of the activity, it is easy then to portray rent seeking as undesirable and to convey the impression that *any* governmental activity which generates rewards for particular individuals is *ipso facto* rent seeking and wasteful.

What, though, are we to say about the public health system or the national education system? Rewards to providers which constitute the incentives to deliver superior service and the appropriation of rents created in the activity, will be excluded from Buchanan's definition, but included in Orr's. The risk is that commentators, using Orr's looser approach, may describe some socially productive provider group as 'rent seekers' rather than 'rent creators', and thereby convey the unwarranted impression that the activity being rewarded is unproductive.

For the purposes of the present paper, it seems clear that the 'rent seeking' concept has substantial overlap with the current usage of the term 'capture'. In the interests of clarity, Buchanan's crisp and transparent presentation of the rent seeking concept seems more informative and operationally useful than the commonly encountered labelling of any and all rent yielding activity. (Nobel Prizes for Economics, one hopes, reflect precision and transparency of thought and argument.) A strict rendering of 'capture', I have argued above, carries the same normative message as Buchanan's 'rent seeking', namely the presumption of a zero- or negative-sum game. (Cf., Tullock 1980).

From this follow two propositions concerning the interpretation of evidence relating to professional capture (the subject of the next section of this paper). First, it is important to distinguish explicitly between arrangements and activities which generate a social surplus ('rent creation') and those that do not. Rents so created may legitimately be appropriated ('captured' is really the wrong word to use for this process) by their creators, *provided* that

such appropriation does not violate the society's prevailing standards of equity. Arrangements which yield no social surplus yet provide rents to some group are the pure 'rent seeking' case and are candidates for elimination *unless* the redistribution thus brought about is socially approved on equity grounds. (Targeted benefits, for example, come into this category so far as their allocative impact goes.)

Second, evidence of a privileged position occupied by some professional group, or of professional control over syllabus, standards, technology of delivery, and so on, cannot suffice as evidence of 'capture' in the narrow sense; to establish capture as a plausible description of this situation it is necessary to seek out and analyse evidence that the situation is not one of partnership (or at least common interest) between the professional group concerned and the public interest widely defined.

7 Supply-Side ('Provider') Capture?

A robust critique of bureaucrats and professional bodies for their alleged exercise of monopoly power at the expense of the social good has come from a wide range of writers adhering to very different conceptions of the social good. Given that any government intervention which alters market outcomes must involve, by definition, the exercise of market power, the existence of a degree of monopoly on the supply side of the welfare state is not in doubt. The issues raised by discussions of provider and administrative capture are first, the identity of the groups which actually wield the government's market power, and second the objectives pursued by those groups.

The ideal-type on which social-democratic strategies have been based is one which sees state power delegated to groups of vocationally motivated professionals, working in partnership to serve a 'public interest' defined through the processes of political democracy. While human error and the complexities of the real world mean that from time to time particular policies or practices may fail the test of public benevolence, the overall likelihood (and record) of success is held to validate the model. Faced with the problem of subversion of the system by self-interested groups, social democrats tend to put their faith in 'professional sense of

vocation' and countervailing power as forces supportive of the welfare state ideal—while at the same time seeking to build-in appropriate checks and balances to protect the public good from depredation by self-interested provider or administrator groups, and to ensure that the incentive structure is supportive of the welfare state rather than contradictory.

The opposing ideal-type presented by opponents of the interventionist state sees government's market power, like private monopoly power, as basically an ability to secure rents by exploiting the general public. The availability of those rents provides the incentive for self-seeking individuals and groups to establish control over the relevant state agencies and to impose their own objectives in place of the 'public interest'. Disinterested and altruistic officials and professionals, if indeed they exist, will lack the motivation and ability to withstand the rent seekers so long as prevailing constitutional arrangements give any discretion to administrative or professional decision-makers. Consequently a political version of Gresham's Law dictates the inevitable degradation of any political system not tightly constrained by an appropriate framework of rules. (Brennan and Buchanan 1985, Chapter 4). Anything worth 'capturing', in this view, will tend eventually to be captured. Any group of ordinary people placed in a position of monopoly power will use that power to their own advantage, and presumptively at the expense of others. The view is summed up in Buchanan's mocking question (Buchanan 1986, p. 25) 'Where are the economic eunuchs to be found to operate the system?', and is embedded in a series of offhand remarks in Treasury (1987),—for example, 'Those who provide the inputs to formal education *naturally* seek to defend and develop their own interests.' (1987 Vol. 1 p. 133)[emphasis added]. Immunity from capture can be secured only by designing government in such a way that no spoils are attainable—by a combined strategy of minimising the extent of government action, and imprisoning politicians, officials and professionals in a tightly defined set of constitutional constraints to cut down their area of discretion in decision-making.

Because these opposing views are ideal-types, each of them embodying some insights on the real world, it should not surprise us to find that many observers combine elements of both views, albeit the marriage is often an uneasy one. Few social-democratic writers today overlook the possibility of 'government failure' or

deny that incentive structures should be aligned as closely as possible with the explicit objectives being sought. Social-democrats have frequently been outraged at the intransigence of professional suppliers and the secretive empire-building of bureaucrats, just as New Right writers have waged a more generalised campaign against what they perceive as state 'coercion'. Marsh observed that (1964, pp. 18, 80, 85-86):

One of the outstanding features of the development of modern statutory social services has been the creation of vast administrative empires, well staffed and well paid, which constitute a powerful force in the pressure-group system of a democratic state.

.... Declared aims can, in a complex society, be achieved only by designed means, and both are the result of the thought processes of human beings. Who makes, controls and directs policies in the welfare state is a question rarely asked, and even more rarely examined. If it were then one fact at least would be revealed, and that is that the haphazard, ill-defined, and uncoordinated policies and practices, seen by many people as constituting an essential feature of the welfare state, have been made by men, and have given rise to enormous administrative units controlled by politicians and administrators, whose powers over the lives and destinies of the rest of us are far greater than is commonly assumed. They have become a powerful force whose vested interests may conflict with the real needs of society, and it is this 'administrative juggernaut' which has contributed most to the past design of our welfare state. . . .

.... The administrative machine in the public services seems on occasion to be an end in itself rather than the means to an end. It exists and continues to exist not merely to provide a service but also to promote the wellbeing of those to whom it gives employment, and the longer it remains in being the stronger the vested interests in its continuance become. There is obvious evidence in recent years of the power of administrative departments. . . to resist changes likely to lower their status, and conversely of their delighted acceptance of additional functions likely to strengthen their status and add to their assumed value. . . .

In similar vein, Wootton (1984, p. 37) has recently characterised the British welfare state as 'an enormously expensive bureaucratic monster', and Johnson (1986, p. 450) has suggested (on the basis of a historical survey of United States and United Kingdom social welfare institutions) that 'fundamental welfare reforms which aim to establish coherent and simple welfare systems will inevitably be rendered complex and inconsistent by subsequent incremental amendments advocated by vested interests and implemented for reasons of political expediency.' (Johnson goes on to suggest that Friedman's negative income tax is no less vulnerable to this process than was Beveridge's social wage (Johnson 1986, p. 458)).

The 1986 Health Benefits Review in New Zealand, in discussing pharmaceutical benefits, contrasted the above two ideal-type models in relation to the desirability, or otherwise, of deregulating the market, looked at some comparative international evidence on the effects of state intervention in pharmaceuticals markets, and concluded *(Choices for Health Care* 1986 p. 64):

> that quick ideological answers are unlikely to be helpful—that deregulation or increased state intervention do not in themselves guarantee favourable results. . . . What matters is the structure of the market and the forms of intervention—particulars rather than generalities.

The Treasury (1987) also takes a line which includes elements of both positions, although leaning rather clearly towards the Buchanan position. They accept (pp. 53-54) that democratic procedures have given support to a wide range of government programmes to deliver merit goods, but argue elsewhere (1987, Chapter 1) the public-choice case for minimal government confined mainly to the determination of individual rights, and for maximum exposure of all providers to competition or contestability as a means of minimising monopoly power and maximising consumer influence on the quality and type of services provided.

Illich's Critique of Professionals and Institutions

At the beginning of the 1970s Ivan Illich published *Deschooling Society*, the first of a very influential series of books attacking the professional providers of services such as education, health, and social work, together with the institutions in which they worked. *Deschooling Society* foreshadowed clearly Illich's central line of attack on professional/institutional provision: that 'process' and 'substance' had become confused with each other in the modern welfare state. Schooling [the institutional process], he claimed, is quite distinct from (and inimical to) education [the substance]; indeed, 'the right to learn is curtailed by the obligation to attend school' (1971, Introduction). The same applied to other professions: 'Medical treatment is mistaken for health care, social work for the improvement of community life, police protection for safety, military poise for national security, the rat race for productive work. Health, learning, dignity, independence, and creative endeavour are defined as little more than the performance of the institutions which claim to secure those ends, and their improvement is made to depend on allocating more resources to the management of hospitals, schools, and other agencies. . .' (1971 p. 1).

Schools, in a system of compulsory education, pre-empt the resources available for education and discourage other institutions and individuals from performing an educative role. Costs escalate without any corresponding improvement in educational outcomes (1971, p. 8). The solution, Illich suggested, was to take educational funding away from schools and devote it instead to life long genuine education—a process of self-motivated discovery tailored to individual needs. Not surprisingly, Illich offered early support (1971, p. 6) to Milton Friedman's idea of tuition grants or education vouchers distributed to individuals, as a means of achieving the 'return of initiative and accountability for learning to the learner *or his most immediate tutor*' (1971, p. 16), [emphasis added.] (As the reference to the 'tutor' indicates, Illich was not dismissing the relationship between 'master' and 'disciple'—his words—as a valid educational experience; merely asserting that such a relationship could not be institutionalised via 'school'.)

Illich's next target (Illich 1975) was the medical profession. The first chapter of *Medical Nemesis* was entitled 'The Epidemic of Modern Medicine', and the Introduction opened with the words 'The medical profession has become a major threat to health' (1975, p. 11). The profession, in Illich's words, was accused of having 'expropriated', and converted into 'a technical problem', the issues of health, pain, and death which individuals had previously faced as 'personal challenges' (1975, p. 12). In the process, he claimed, modern medicine had achieved no significant improvement in health status (which is determined by environmental factors rather than by medical care) while creating whole new classes of ill people by defining new needs for treatment (1975, pp. 15-17). (These arguments were cited and reproduced extensively and approvingly by Le Grand 1982.)

The tone of Illich's frontal assault on what he called the 'disabling professions (Illich 1977) is well caught in the following extracts from his 1978 book *The Right to Useful Unemployment* (1978, pp. 48-51):

> Let us first face the fact that the bodies of specialists that now dominate the creation, adjudication, and satisfaction of needs are a new kind of cartel. . . . The new specialists, who are usually servicers of human needs that their specialty has defined, tend to wear the mask of and to provide some form of care. They are more deeply entrenched than a Byzantine bureaucracy, more international than a world church, more stable than any labour union, endowed with wider competencies than any shaman, and equipped with a tighter hold over those they claim than any Mafia.

... Educators ... now tell society what must be learned and can write off as useless what has been learned outside of school. By this kind of monopoly, which enables tyrannical professions to prevent you from shopping elsewhere and from making your own booze, they at first seem to fit the dictionary description of gangsters. But gangsters, for their own profit, corner a basic necessity by controlling supplies. Educators and doctors and social workers today—as priests and lawyers formerly—gain legal power to create the need that, by law, they alone will be allowed to serve. They turn the modern state into a holding corporation of enterprises that facilitate the operation of their self-certified competencies.

... Today's domineering professionals, of whom physicians provide the most striking and painful example, ... decide what shall be made, for whom, and how it shall be administered. They claim special, incommunicable knowledge, not just about the way things are and are to be made, but also about the reasons why their services ought to be needed. ...

... [W]hat counts is the professional's authority to define a person as a client, to determine that person's need, and to hand to that person a prescription which defines this new social role. ...

... [A] profession, like a priesthood, holds power by concession from an elite whose interests it props up. As a priesthood offers the way to salvation in the train of an anointed king, so a profession interprets, protects and supplies a special this-worldly interest to the constituency of modern rulers. Professional power is a specialised form of the privilege to prescribe what is right for others and what they therefore need. It is the source of prestige and control within the industrial state. ... Professional autonomy and licence, in defining the needs of society are the logical forms that oligarchy takes in a political culture that has replaced the means-test by knowledge-stock certificates issued by schools. ...

The references to churches and priesthoods reflect the origins of Illich's thinking as a priest involved in the early development of 'liberation theology' in Latin America in the 1960s. His passionate concern with individual self-reliance and self-realisation, and his hatred of institutions which take away from people the power to control their own lives and natures, and to 'fend for themselves', arise from these roots. His critique of educational and medical institutions is constructed by simply transferring to them the liberation theologian's appraisal of the Roman Catholic church hierarchy, and his belief in the ability of individuals to discern their own real needs without professional intervention has obvious theological overtones (albeit Luther and Calvin can claim priority for these ideas).

A difficulty which immediately arises is that whereas religious experience is ultimately and unavoidably an individual matter (and non-material and unmeasurable to boot), health and education

needs are social needs as much as they are individual ones, and require the commitment of actual physical resources rather than merely moral ones. Some system for coordinating resource alloca- tion—for identifying 'appropriate' claims on resources, and directing the resources towards those uses—is inescapable. Only a full-blooded commitment to an anarchist social order could clear the way for the extreme changes advocated by Illich. His ideals of individuals 'liberated' from the oppression of the professionals, of 'the emergence of values which cannot be substantially controlled by technocrats' (1971, p. 2), and of a future lifestyle based on 'modern subsistence' with people doing things for themselves outside the market system (1978, pp. 93-94) are difficult to trans- late into practical programmes of action, as even many of his sup- porters have complained. The anarchist vision fits most satisfactorily a world in which each individual or self-defined group is *already endowed* with all the resources they require for 'modern subsistence'. Where initial endowments are unequal or insufficient, there is a problem in determining how endowments are to be modified without resort to central decision-making.

Illich skips this issue by proposing alternatives which in princi- ple could be implemented *within the actually existing system* but which would point towards a future alternative; for example, abol- ishing schools and redistributing the resources as tuition grants to individuals, or redirecting funding from institutional medical care to lifestyle enhancing alternatives. If these arguments are taken seriously as practical propositions to be evaluated by the rules of the existing system, they turn out to be merely the familiar issue of whether, at the margin, overall efficiency could be increased by changing the existing allocation. Illich's evidence, even if accepted, points to diversification of education and health options rather than total abolition of schools and hospitals. His case against entrepreneurial medicine reduces to an argument for more contest- ability and possibly more effective regulation of doctors. But rewriting Illich in terms of marginal evaluation and adjustment, which is the operational means of turning his case into practical measures in the present, inevitably subverts the sweep and moral thrust of his vision—abandoning his 'utopian counterfactual' world for a more modest social-democratic counterfactual, in terms of the classification introduced in Section 2 headed *Is Capture Really the Relevant Concept?*

That Illich is profoundly vulnerable to such rewriting is the real flaw in his case against professionals *as such* and *as a whole*. His evidence, case studies, horror stories of professionals doing harm rather than good, provide adequate ammunition for skirmishes around the vulnerable margin of the welfare state, where inevitably many opportunities for reallocation and reform are to be found, along with scandals and professional misconduct. The ammunition is not sufficiently far-reaching, however, to establish the case he wishes to make against the *core* of the system; this case he is able only to assert, not prove. (Cf., my identical earlier criticism of Le Grand's 1982 book above.) For those willing to make a 'leap of faith' to a belief in pervasive government and professional failure, Illich presents Truth. For the non-convert, he has seriously overplayed his (admittedly quite strong) hand.

Economists trained in the technique of marginal as distinct from global analysis are already partly immunised against arguments of the Illich type. Neoclassical economics has always managed to deflect attacks on capitalism *as a system* precisely by focusing on reallocation and redistribution *at the margin*, and this has proved a successful intellectual and political strategy because it diverts critics of the system away from formulating fundamental but abstract critical theory, and towards the reformist but more concrete research programme of identifying marginal opportunities for change. Specific case studies which demonstrate rottenness *at the core rather than the margin* of a social system are rare indeed. At the end of the day the real basis of Illich's attack is *moral* rather than *economic*; like Marx in his critique of capitalism, so Illich in his attack on institutionalised provision is concerned fundamentally with its effect on people's capacity to be themselves. Like Marx, he faces the difficult problem of specifying the counterfactual against which the status quo shows up poorly, and resolves it partly by appealing to a future state of society towards which mankind should aim, and partly by appealing to a supposed past state of society in which (actually or hypothetically) the alienation of individuals from the social product was less or non-existent—Marx's petty commodity production, Illich's 'self-reliance'. Even his key terms—notably 'expropriation'—are copied from Marx.

A second difficulty with Illich is his tendency to rely on the visionary sweep of his ideas to convince his readers, and to undertake only limited actual 'research' in the academic sense of the term. His books are all short, punchy, and based on a direct appeal

to personal experience rather than on any careful weighing of pros and cons. The result again is an absolute indictment of professionals and institutions, where a less sweeping verdict might have been more judicious. The assertions are forceful and the exposition eloquent, but there is little else in these books to sway the sceptic.

Just as theological debates tend to be followed with closest attention by priests rather than laity, so Illich's attacks on teachers and doctors tended to be taken to heart most readily by the very professionals he was attacking; but their reaction was to seek to implement changes in their own practices and organisation, rather than to commit mass professional suicide. The utopian sweep of Illich's critique left no comfortable niches for even converted professionals to occupy. Seeing no better hole to go to, most sympathetic professionals settled in practice for limited attempts to demystify and de-institutionalise their own professional work, within an institutional context which remained relatively unscathed by the 'New Left' and 'Green' attacks of the 1970s and early 1980s. In New Zealand, many of Illich's ideas were taken up by the Values Party, especially in its 1978 manifesto, and from there found their way into the thinking of a generation of young educated professionals, many of whom were pursuing careers in the public service. While the Values Party failed to secure parliamentary seats, it had an important impact on policy thinking among professional bureaucrats, and the no-holds-barred Illich approach to professional providers may well have contributed to the present official willingness to subject professional providers and their institutions to a rather indiscriminate shakeup.

Illich-type criticisms of the medical profession, in particular, have taken root in New Zealand, as is evident from the recent Health Benefits Review recognition of a so-called 'third perspective on the state's role in health care' (Health Benefits Review 1986, p. 2):

> The arguments here include a growing criticism of the medicalisation of society—that too much individual power and responsibility has been given up to the medical profession with the result that some people have become overly dependent on the opinions of health care 'experts'. There is also dissatisfaction with large bureaucracies which seem distant and unresponsive, and a demand for systems that take account of and react to the needs of local communities with their rich diversity of people. . . . There is a desire to demystify health care: the revolution that is making information so widely available makes people hungry for more and

means they are no longer prepared to acquiesce passively to the professional expert, no matter how benevolent. There is a slowly growing dissatisfaction with the idea that more drugs, more technology and more hospitals will solve the problems of the country's health.

These ideas . . . are powerful because they emphasise themes which lead to a search for experiment and innovation and because they encourage diversity. Moreover, attention given to local community involvement, decentralisation of power and more consumer influence may mean that solutions more closely match problems. . . .

Problems with 'Provider Capture' Models

There are crucial analytical difficulties with the usual case against welfare providers. Anecdotal/empirical case studies are, as a rule, most coherent when deployed in the service of piecemeal reform, and least satisfactory when used to advance *general* arguments about or against the welfare state on the basis of *particular* evidence (the standard 'problem of induction'). Nevertheless much of the influential recent work, including that of Illich just considered, falls into the latter category.

A priori arguments are more logically satisfactory, but their conclusions rest critically on the assumptions made about human motivation. It is all very well to run with the slogan 'Adam Smith was right—pass it on' (Buchanan 1986, p. 17); but it needs to be recalled that Adam Smith believed in 'sympathy' as well as 'self-interest' as a fundamental motivation of individuals in society, and that he believed in the concept of the 'statesman' (the selfless administrator pursuing the public good). Modern public-choice theories which reduce professional behaviour to unidimensional maximisation, with the consequent prediction that self-aggrandisement is the norm, are open to charges both of cynicism and of implausibility when advanced as *general* theories. An approach which holds that providers of government services are guilty unless proved innocent has the tactical advantage of shifting the burden of proof off the critics of the welfare state and onto the defenders, but in doing so risks falling into precisely the trap which led to the 'discrediting' of the previous consensus.

The old pro-state-intervention consensus, as public-choice theorists correctly point out, was built upon the combination of two strands of argument: first an inductive claim that market failure was all-pervading, based on an enormous accumulation of anecdotal evidence; and second a general assertion that the state could and

should provide a neutral, socially responsible guarantor of the public interest against the depredations of the market. The intrinsic weakness of this intellectual construction is in no way reduced by converting it to a mirror image, in which anecdotal evidence leads to an inductive claim that government failure is pervasive, while the market is asserted to provide a neutral embodiment of the public good.

On an overall assessment of the record, one would be forced to conclude that both market failure and government failure are encountered in the real world. Which seems the more important problem will tend to vary across countries and across historical conjunctures. Correspondingly, theories of the state as representative of 'the public interest' will be more or less plausible in different real-world settings. One could certainly draw an historical lesson that periods of high public credibility for the state will tend to increase the *opportunities* for unscrupulous self-advancement; but by the same token, these are also likely to be the periods in which high rewards are most willingly paid to professionals working in the public service. It is unwise to begin either from the presumption that all rewards are merited, or from the presumption that none are.

The medical profession constitutes one of the most debated examples of the provider problem. Its supporters view the high level of training required, the barriers to entry against unlicensed practitioners, the code of adherence to ethical standards set out in the Hippocratic Oath, and so on as institutional arrangements which *advance the interests of the consumers of medical services*, and regard this as their primary function. It is admitted that restrictions imposed to maintain professional standards of service will generate rents, and that successful entrants into the medical profession will be able to appropriate some of these rents for their personal benefit—but it is *not* admitted that this constitutes 'rent seeking behaviour' in the strict sense specified by Buchanan (1980, Chapter 1). Insofar as medical professionals do allow their own priorities to override the priorities of patient welfare they will obviously be open to the charge of abusing their privileged position, and it is always appropriate to maintain a regime of incentives and sanctions designed to prevent such abuse. But as a general rule, their defenders claim that medical providers as a group are guided primarily by the needs and interests of their clients, not merely because of formal incentive structures, but also because a large part of the true

payoff to being a doctor is the satisfaction derived from pursuing an altruistic sense of vocation.

The view of the medical profession implied by the 'provider capture' concept is a great deal less flattering. These critics are inclined to deny that doctors are better equipped than are their patients to judge what is in the patient's best interests, and to suggest that behind a smokescreen of 'vocation', medical professionals are really interested in pursuing their own interests. Doctors are drawn towards high-cost technologies which maximise their claim on society's resources; and they are drawn towards concentrating their attention on clients of compatible culture and behaviour—that is, they give preferential service to middle class clients for whom they feel affinity. Such proclivities are at the expense of, respectively, the rest of society, and lower class patients.

In contemporary New Zealand debate, the critical view of the medical profession has been powerfully strengthened by the recent enquiry into the management of cervical cancer cases at National Women's Hospital. Whether that case study is typical of New Zealand hospital practices, or exceptional, remains unknown. In either case, calls for reform rather than revolution seem an appropriate response—the evidence does not establish any need to, e.g., abolish free hospital care for women patients. It certainly suggests the need for more public accountability by the medical profession.

Insofar as the interests of doctors and patients *are* identical or substantially overlapping, the expansion of medical services will be a positive-sum game from society's point of view, and accountability poses no threat to doctors. Insofar as doctors gain from a system which yields no net benefits to patients as a group, the game will be zero- or negative-sum. The difficulty is to define and draw some line to define the phenomenon of 'provider capture', if in fact it exists.

This draws attention to a general problem with 'merit goods' such as health care and compulsory education. Government intervention was originally based on the view that these are areas of market failure arising from imperfect information, so that one cannot accept any *a priori* claim that clients or consumers are the best judges of their own needs or welfare. Where then can we turn for some generally accepted criterion to determine whether the professional providers are or are not acting in the interests of their clients? It is not a satisfactory answer to this question to claim that a competitive market process is the correct arbiter, because such a

claim will not be acceptable to those who perceive a market failure to exist. Neither is it a satisfactory answer to assert that the professional 'experts' have all the answers and should therefore be given unconstrained power to design and run the health system. There is no conclusive way to *prove* the existence or non-existence of this type of market failure by appeal to empirical evidence or 'expert' advice. (Estimating the extent of market failure once it is believed to exist is a different matter.) Hence the search for pragmatic, politically sustainable policy positions buttressed by a variety of professional and political checks and balances.

In this context, one central message of the 'public-choice' literature remains compelling as a guide for institutional design. However productive the activity, however clear the public interest in provision of some service by government, it will always be useful to keep track of the opportunities and incentives created by the structure of provision, and to seek organisational forms which reinforce, rather than erode, the incentives for professional providers to deliver the right goods, in the right quality, at the right price.

This said, the rest depends upon the qualities of analysis and judgement brought to the task of evaluation, and upon the criteria to which the managers and evaluators work—that is, specifics rather than generalities. There can be real possibilities of a failure of analysis if a provider group pursuing one objective or set of objectives is evaluated and/or restructured by members of a competing bureau who presume different objectives. The possibility of 'administrative capture' then arises.

8   Administrative Capture?

The idea of administrative capture arises from the literature on bureaucratic competition (cf., Faith 1980), and consists simply of a reproduction of the 'provider capture' model removed one stage from the provider-consumer interface. (A similar hierarchical model of successive displacement of 'rent seeking' is to be found in Buchanan et al (1980, Chapter 1)). If the state administrative apparatus is conceived of, not as a monolithic whole, but as a collection of warring bureaux, each seeking to aggrandise its own interests relative to the rest, then not only the direct 'providers' of government services will face opportunities to highjack the welfare state for their own ends. Predatory bureaux within the state machine

may equally seek to hijack the providers and/or their sponsors, serving those bureaux' own interests by an assault on the existing order.

Jones (1983, pp. 86 and 282) points out that far from being a united front, the 'professional middle classes' are in fact divided and competing among themselves, which limits the extent to which the 'welfare industry' is able to consolidate a durable monopoly position. There is, he claims, a natural tension between 'professionals' (providers of services) and 'bureaucrats'. The former benefit from, and seek to promote, in-kind delivery of basic needs. The latter prefer cash benefits with minimal contact between providers and consumers.

In the Australian context, Jones (1983, p. 90) remarks on the prevalence of cash benefits and the consequent relative weakness of the 'welfare industry'. Cash benefits, of course, may be paid out through a variety of departmental channels with a variety of attitudes, and Jones (p. 282) uses the term 'administrator capture' for the situation where young, low-paid, unskilled staff are hired on cost-cutting grounds to administer a range of contacts with beneficiaries which might be felt to require professionalism and maturity. The implication is that the effectiveness of government provision may be damaged, rather than enhanced, by the intervention of control departments which do not share the providing department's perception of consumers' needs. As Jones puts it (1983, p. 282):

> ... the administrators have long captured the Australian welfare system. Many are economists or have some economics training, and they resent professionalising the social welfare system with high-priced manpower when the task can be done by young people at far lower pay ...
>
> The administrative philosophy has triumphed in Australian social welfare: there is no professionalised and monopolistic 'middle man' to compete with the doctors in health care, and the academics and school teachers in education.

The underlying problem, in terms of constitutional design, is that the complexities of modern government impose some need for a division of labour among specialised departments of state, but the process of establishing such separate organised entities, each with its own agenda to pursue, runs always the risk that departments' priorities may conflict, and that it may not be easy or even possible to resolve such conflicts in ways which clearly serve the public interest. An example of such conflicting priorities is provided by the case of price-setting for government-subsidised pharmaceuticals in New Zealand (Choices for Health Care 1986, p. 65):

The goal should be straightforward: minimising pharmaceutical costs while maximising benefits. In fact the situation has been more complex. In pricing a large number of drugs on the tariff, the Department of Health has been heavily dependent on advice from the Department of Trade and Industry. But the Department of Trade and Industry's operating philosophy was not designed to ensure the least-cost purchase of drugs: it was, to ensure that adequate levels of return were given to manufacturers located in New Zealand. Consequently, prices negotiated have often reflected criteria other than least-cost acquisition.

Recent criticisms of the role of the Treasury in relation to public sector reorganisation in New Zealand seem to point towards the emergence of a claim that 'administrative capture' of the welfare state apparatus by the Treasury has taken place. (See, e.g., Gregory 1987; McLaughlin 1987, p. 22.) The essence of the implicit model is that redesigning the welfare state—e.g., by shifting from specific cash benefits administered by the Department of Social Welfare, to a negative income tax administered by the Inland Revenue Department—involves the dispossession of one group of providers for the benefit of an alternative group. At the same time, one set of provider clients (social workers) lose out and another group (tax consultants) gain.

Similar comments have been made about the payment of higher salaries to financial analysts in the setting of a realignment of policy advisory functions which has left the Treasury as the dominant voice in an area formerly characterised by vigorous interdepartmental competition.

The points made about 'capture' in the consumer and provider cases above, apply with equal force to this case. If 'capture' is interpreted strictly and given negative normative connotations, the issue is not whether one department gains and another loses, but whether the process is socially productive, and whether any *unwarranted* rents are being generated. Mere observation of dramatic changes in the internal balance of power in the state apparatus does not suffice to establish 'capture' in this sense. If, on the other hand, 'capture' is used loosely to describe the process of departmental aggrandisement regardless of its desirability or otherwise, then the Treasury risks falling victim to its own usage of the concept. That thought, more than any line of purely intellectual argument, may lead to its gradual disappearance from the New Zealand debate.

Elites and Society

As was briefly noted in an earlier section, there has been a long debate among sociologists and political scientists over the past century regarding the nature and consequences of rule by elites. A very accessible review of this literature is Bottomore (1966), who sees a transition from the early twentieth century preoccupation with elite domination of society (Pareto, Michels, Mosca) to an acceptance by mid-century of the proposition that elite formation is inescapable and that elites have a positive role to play. The issue is not whether elites exist and wield major influence over policy—this is an inevitable concomitant of modern government *per se*. Rather, the issue is the openness of elites and the degree to which they circulate their membership and remain open to the popular will. Bottomore observes (1966, p. 113)

> The reconciliation between the idea of elites and the idea of democratic government has proceeded apace during the twentieth century, and it has been assisted by a number of favourable circumstances. One of these is the general enhancement of the importance of leadership which has resulted from large-scale warfare and from the rise and development of new nations; all of which has turned men's thoughts away from the dangers of elite rule towards the need for efficient and enterprising elites.

He quotes Mannheim's view that (Bottomore 1966, pp. 112-113):

> the actual shaping of policy is in the hands of elites; but this does not mean that the society is not democratic. For it is sufficient for democracy that individual citizens, though prevented from taking a direct part in government all the time, have at least the *possibility* of making their aspirations felt at certain intervals. . . Pareto is right in stressing that political power is always exercised by minorities (elites) and we may also accept Robert Michels' law of the trend towards oligarchic rule in party organisations. Nevertheless, it would be wrong to overestimate the stability of such elites in democratic societies, or their ability to wield power in arbitrary ways. In a democracy, the governed can always act to remove their leaders or to force them to take decisions in the interests of the many. . . .
>
> We assume that democracy is characterised, not by the absence of all elite strata, but rather by a new mode of elite selection and a new self-interpretation of the elite . . . What changes most of all in the course of democratisation is the distance between the elite and the rank and file. The democratic elite has a mass background; this is why it can mean something for the mass.

While written primarily in respect of political parties as elites, these comments extend more widely to bureaucratic and professional elites as well. The message is that we should ask not *whether*

elites exist and wield power, but rather *what they do* with that power, and what ultimate checks and balances limit their freedom of action.

9 So What is the Problem?

The real problem is that there are a number of separate problems— not just one. Each deserves to be specified clearly and analysed in its own right. Not all point to the same policy conclusions. The 'capture' label fails to distinguish among the different particular problems, while conveying the unsubstantiated impression that there is some overarching meta-problem with the welfare state. It is therefore ultimately not very helpful.

In the course of this paper we have traversed many specific issues, all of which have at some time turned up in the 'capture' ragbag. A far from exhaustive list includes the following:

1 Distribution or 'Targeting' of Some Benefit(s) in Cash and/or Kind:

(a) By some criterion (which needs to be specified, explicit, and justified by reference to the *actual* aims of state provision), the global distribution may be judged 'inequitable' in terms of the share of resources reaching different groups. This distribution *should not be evaluated in isolation from the size of the total budget being allocated* because of the likelihood that the two are mutually dependent, given the need to secure political (electoral) support. (The obvious example in New Zealand is National Superannuation, where the issue is the size of the budget, and so-called 'targeting' arguments are used as transparent camouflage for a drive to reduce the budget itself.)

A pure egalitarian criterion is easy to apply for analytical purposes but is unlikely to match actual social contracts emerging historically from the political process. A 'max-imin' criterion makes more sense politically but is difficult to apply analytically, since it forces us into 'general' rather than 'partial' analysis of the state sector in the economy.

O'Higgins' (1987) discussion of criteria for judging equity is helpful.

(b) Regardless of the *global* distribution, some group may exercise unwarranted influence on the distribution *at the margin*,—e.g., by deploying lobbying power to gain concessions which are unwarranted in terms of the actual goals of state provision. In the short run, activity of this kind probably does not affect the global picture, but over time successive rounds of distortion at the margin can be expected to shift the global allocation. In the short run, resistance to this process depends upon the efficiency and commitment of the government executive and its officials. In the long run, it depends upon whether, beyond some threshold, political resistance is mobilised by or for those groups which lose from the process. (A New Zealand example may be the switch from workers' compensation to Accident Compensation in the 1970s.)

Problems at the margin are generally best addressed by marginal adjustments or reforms, rather than by wholesale radicalism. Obviously it always helps to have incentive structures and rules which prevent marginal 'distortions' from emerging, *provided* that those structures or rules are not themselves subversive of the entire enterprise.

(c) Regardless of the distribution of resources *per se*, certain groups of consumers may have disproportionate influence in determining the *form* of provision, e.g., professional parents influencing the educational curriculum, or trucking operators influencing the type of roads constructed. This is most likely to arise when there is a community of interest between the pressuring group and the providers of the service or benefit (cf., 2(b) below). Whether the exercise of such influence is subversive or supportive of the actual aims of the system cannot be known without a clear account of those aims. In the absence of such an account, the existence of qualitative influence carries no clear implications.

(d) Conflicts over, or dissatisfaction with, the distribution of benefits may lead some groups to attack the 'social contract' itself. Over a wide range of activities—electoral activism, demonstrations, strikes, research and publication, conferences, letters to newspapers—this poses no problem. There will nevertheless be some range of actions which are constitutionally out of bounds, armed revolt being the

obvious case. This does not currently seem a pressing issue in relation to middle class appropriation of benefits in New Zealand.

2 *Exercise of Monopoly Power by Suppliers of Services*

(a) Suppliers (including government departments directly involved in the provision of benefits or services) may act as vested interests seeking to expand their claim on resources beyond the scale justified by actual need for the service. It needs to be recognised, however, that appraisals of what constitutes 'need' and 'justification' can vary greatly, and quite legitimately so. Claims by professional suppliers that their service deserves more resources should not be dismissed out of hand simply because the claims are advanced by the suppliers. In many cases the suppliers of services perform a genuine 'middleman' function between consumers and government, and they may well be the people best placed to assess the scale of need, even if that assessment is sometimes coloured by vested interest.

(b) Professional suppliers may 'tailor' the style and quality of their provision to the needs of some group of consumers for whom they feel some affinity, in the process creating a product poorly matched to the needs of other groups of consumers. This complaint is most commonly encountered in the areas of medical care and compulsory education, and leads to an argument for greater diversity and increased range of choice for consumers, together with greater public accountability of suppliers. All of these changes can well be accommodated within the existing order, if in practice the charge of inappropriate provision can be sustained.

(c) Suppliers may subvert the distributional aims of the state by redirecting the resources over which they have control to serve ends other than those intended by the legislators. Again accountability, reinforced by checks and balances in the system, are relevant preventive measures; but prevention is no substitute for willing vocational service by suppliers who are motivated by personal commitment to the state's own aims.

3 Administrative Distortions

(a) Different departments of government may pursue conflicting objectives or agendas, resulting in bureaucratic confusion at the expense of the effectiveness of state provision.

(b) Individual departments which are not direct suppliers of benefits or services may secure disproportionate power within the state apparatus. If that power is then used to further aggrandise the department's own claim on resources, or to secure the preponderance of its own objectives, a problem arises unless those objectives are in line with the actual objectives of state provision. The question of who controls the control departments is a very live issue in New Zealand, but more fundamental is the question of whether the Treasury has correctly grasped the objectives of the New Zealand 'social contract'. If so, then a government department which acts as a 'philosopher king' (or in Buchanan and Tullock's less flattering version, a 'benevolent despot') can advance the public interest by bringing providers and consumers into line. If not, a powerful control department may subvert the public interest, by diverting resources away from the appropriate allocation and/or by restraining providers from supplying the appropriate product. It is obviously important for outside observers to know what the aims of the New Zealand welfare state actually are. Probably the key task faced by the Royal Commission, therefore, is to decide whether the Treasury has got it right.

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Glossary

Maximin	*maximising the welfare of the worst off*
Monopsony	*where there is a sole buyer in a market (as against a*
NHS	*monopoly where there is a sole seller in a market).*
SMPs	*National Health Service (United Kingdom)*
	Supplementary Minimum Prices

HOW FAIR IS NEW ZEALAND EDUCATION?

New Zealand Council for Educational Research

1   A Fair Education

Introduction

This report examines the fairness of the New Zealand education system in relation to seven groups identified as likely to be disadvantaged. They are: those from low socio-economic status (SES) homes; girls and women; Maori; Pacific Island groups; the disabled; ethnic migrant groups; and rural dwellers. Allowing for overlap between these categories, this accounts in fact for at least three fifths of the population[1] included broadly within the education system.

Research studies, statistical information and policy statements have been our major data sources. Available material varies considerably for the different groups, with some areas only sparsely or indirectly covered. Statistical information is also lacking on many of the aspects of social participation, access, and allocation of resources which are relevant to an assessment of fairness in education. There are, however, reasonable indications of the overall picture from individual studies. What we have aimed to do is synthesise such studies in a succinct form which identifies the major issues of fairness.

The Assessment of Fairness

Such measures as participation and retention rates, and the extent and kind of qualifications in relation to the proportion of each group within the population, provide one kind of index about the fairness of the education system. The fact that there are indeed marked differences in participation and success rates for Maori, low SES and women particularly indicates proportionately unequal

[1]Based on 50 percent girls and women, 30–35 percent low SES, 15 percent Maori, 5 percent Pacific Island and other ethnic migrant groups, 10 percent disabled and 13 percent rural, and a very conservative view of the degree of overlap between these groups.

shares of educational resources and raises further questions about fairness. How appropriate to these groups are the syllabuses and teaching styles to which they are being exposed? What are the aspects of schooling, in its broadest sense, which contribute to the largely negative impact of education on the lives of many of the individuals belonging to these groups?

The effect of education on the quality of life is also related to factors outside the education system *per se*. Educational qualifications carry more weight as economic decisions produce diminishing opportunities for unskilled work, and correspondingly more for skilled labour. Selection for training, retraining, and jobs with decision-making components, status, good income, or continuing interest depends increasingly on educational qualifications—however slim the match. The indirect social costs of the use of educational qualifications as a filter are that many with appropriate abilities go unused, and that there are few in the ranks of the policy-makers, professionals (including the teaching profession) and business management with an awareness of the concerns and needs of over half the population.

Educational experience also affects people's confidence, their understanding of themselves and the world around them, and hence their ability to actively engage in family life, community activities and organisations, and the political processes which frame the content and quality of both the personal and social dimensions of their lives. What happens, or doesn't happen, in our educational institutions therefore has a deeper significance than the qualifications which have come to loom so large. It is not just a question of whether there is a fair distribution of educational resources, opportunities and outcomes between different groups. It is also a question of whether New Zealand as a democratic society is being fair to itself, and realising its fullest potential.

Educational Policy and Fairness

New Zealand's educational policy has overtly aimed at providing education to individuals on the basis of their ability rather than their gender, race or family living standard. The Hon. Peter Fraser's 1939 statement continues to be quoted:

> The Government's objective, broadly expressed, is that every person, whatever his level of academic ability, whether he is rich or poor, whether he lives in town or country, has a right, as a citizen, to a free

education of the kind for which he is best fitted and to the fullest extent of his powers.

Yet in 1973 the Department of Education's Secondary School Curriculum Report admitted that:

> The present system foredooms a large proportion of students to failure on the basis, not of their ability, but of accidents of birth and circumstance which relate to their social and cultural background.

Though there is much improved access to the education system, the system has not adapted itself to meet the varying needs of different kinds of student. It was, and still is, based on a narrow 'academic' curriculum and a ladder notched by examinations based on a distribution curve with about a 50 percent failure rate overall, whatever the individual capability of students. As W. L. Renwick, the then Director-General of Education noted in 1977, supporting the mastery-based assessment which is only present at the edges of the system now:

> No matter how hard teachers and students work, no matter how much educational standards might improve, the number of high performing students will continue to be balanced by the number of low performing students, and most students will fall somewhere in between . . . . The Gaussian curve (normal curve of distribution) is deeply ingrained in the minds and expectations of teachers, students and parents. It focuses attention on each student's standing in relation to other students, from the 'best' to the 'worst'. It summarises an educational objective that seeks equality of opportunity, expects unequal results, and, to those who are not mathematically minded, seems to offer a scientific explanation that legitimates differences of individual performance and therefore of individual desert.[2]

So norm-referenced assessment procedures have helped undermine the egalitarian aim of the education system. To many researchers, our assessment system and 'academic' curriculum emphasis are examples of the way the education system reflects rather than changes the wider social inequalities. Classroom observations bear out that assessment. Teachers' expectations of the progress of their students, based on their showing in achievement tests, their behaviour, and teachers' unconscious associations of gender, race and class with particular abilities (or lack of them), shape their teaching style and content in such a way as to confirm their judgement. The unintentional result is that groups needing a different approach, or possessing skills not adequately catered for in the curriculum, fall

[2]Renwick, W.L., *Moving Targets; Six Essays on Educational Policy*, Wellington, NZCER, 1986, pp. 40–1.

behind, 'fail', or become alienated from learning, knowledge, and the social hierarchy they see replicated in the classroom.

Educationalists have become increasingly aware of the schools' contribution to the disadvantages already faced by members of the groups covered in this report. At the local level, there have been brave initiatives to break down the complex interaction of factors which deepen disadvantage. Often, however, such moves are seen as 'extra' demands on already stretched human and financial resources. Nor have these initiatives been sufficiently matched at the national level. The prime areas of teacher training and selection, for example, have remained relatively unaltered. School Certificate remains, albeit in new gradations aimed to disguise failure, but still based on the scaling system which produces it.

The ironies compound when funding is available for remedial training for the unemployed, in Labour Department rather than Education Department schemes, which approach the cost of the most expensive tertiary training. Compensatory education is costly, and its success equivocal. More important, it leaves the basic education system, which is a prime source of the problem, unchanged.

The conclusion reached from analysing the rather depressing evidence reported here is that the situation of disadvantaged groups will only improve if there are major changes in our education system. Yet it must be recognised that change of itself will not guarantee fairness, and that in some areas, for example rural education, we need to conserve as much as change. At the moment the education system is not fully meeting the needs of a substantial proportion of students who will become New Zealand's future citizens. The system has been insufficiently flexible to cope with trade skill shortages. Improving the system for the disadvantaged would improve it for all.

One of the side effects of the meritocratic strain in New Zealand's education system is probably an individualism amongst the qualified which is willing to accept the growing gaps in income and power in New Zealand as a reflection of actual worth. The Treasury stance that education provides predominantly individual benefits, and can be treated as a tradeable commodity, can be analysed in this light. The kinds of solutions suggested by the market model of education, such as 'user-pays' in tertiary education, 'consumer funding', and inter-school competition, share the problems of compensatory education by leaving unaddressed the

structures, assessments and assumptions which are the real root of disadvantage in education.

The Department of Education itself has identified and discussed many of the problems and has made positive recommendations to expand the curriculum, improve teaching methods and values, use suitable assessment as a diagnostic rather than credentialist aid, and improve the mutual support possible between schools and the people they serve.

What has been lacking is co-ordination between policy, administrative mechanisms, support systems, and the classrooms. It appears all too easy for one hand to undo the work of another. Perhaps this is because of a lack of clear educational objectives, backed by political will, by which to assess and amend each aspect of education. This allows meritocratic assumptions to prevail, entrenching disadvantage. One alternative, which might in fact bring a significant improvement in quality, is to put fairness of outcome as the prime goal of education in New Zealand.

2 Maori Education

This section outlines the main conclusions of the analysis. Because of the much larger amount of material on Maori people and the education system, this is dealt with more thoroughly in a separate paper, Fairness in Maori Education which is also printed in this volume.

1   This statement by the Waitangi Tribunal is well supported by the data on Maori education:

> We think that the record to date is quite unmixed. It is a dismal failure and no amount of delicate phrasing can mask that fact. . . . Judged by the system's own standards Maori children are not being successfully taught, and for this reason alone, quite apart from a duty to protect the Maori language, the education system is being operated in breach of the Treaty.

2   The present system, and its procedures and results as they affect Maori people, can be justified only by a narrowly construed form of strict market equity: that is, because Maori people as a class have lower than average incomes, and therefore presumably pay less tax, they also get lower than average benefit from the education system. Under the Waitangi principle or any other notion of equity, Maori students as a group are severely disadvantaged by the system, and there are few grounds for hope that this situation will change in the immediate future.

3   School Certificate is very important in this context because it highlights (and has a major role in):

(a) The filtering role assumed by the upper levels of the compulsory phase of schooling, which seeks to minimise success in order to limit entrance to tertiary institutions, particularly universities. This affects non-Maori more than Maori in terms of gross numbers, but Maori far more than non-Maori proportionately:

(i) it denies access to higher-level educational and employment opportunities to most Maori children;

(ii) it puts Maori in an uncompetitive situation even when they are successful, because of the vastly greater numbers of successful Pakeha.

(b) The fact that Maori students are clustered disproportionately in certain (often low-prestige) subject areas. This seems to be the result of decisions made by schools as much as pupils or their parents, and is symptomatic of an excessive amount of choice within the compulsory phase of the system which can act against the long-term interests of individuals or groups.

(c) The fact that students do not intend to fail and teachers may be unaware that the system itself predisposes many of their Maori (and other) students to failure. That ignorance may not be defensible.

4 Teachers at all levels, as a group, are likely to assume, unless there is clear evidence to the contrary, that Maori children are more likely to have low academic ability. Certain teaching practices, like keeping Maori children an extra year in the primers, only make matters worse.

5 Racial and cultural hostility (covert and overt) is a feature of everyday life for Maori pupils at many New Zealand primary and secondary schools, even though many teachers try sincerely to develop an atmosphere of acceptance and support for ethnic and cultural differences. Ethnic prejudices reflected in children's behaviour at school are reflections of attitudes held in the wider society; they may seldom come to the attention of teachers, and rarely if ever be condoned by them.

6 The Maori community lacks the economic resources necessary to ensure success at school. Maori education is also under-funded by the State. Per capita expenditure by the State on education is greater for non-Maori than for Maori.

7 Within the system there is nominal rather than real support for Maori initiatives and Maori concerns, in large part because the system itself is self-perpetuating and prevents reforms from being accomplished.

3 Equal Opportunity in Education for Girls and Women (General Overview)

The research of the last twenty years on equality of opportunity for girls and women reveals that for the most part the education system is continuing to reinforce traditional ideas on sex roles and relationships. Some equal opportunity initiatives by the Education Department, and the commitment of individual teachers and others such as guidance counsellors, have led to changes, but they are quite limited and have affected only a minority of women.

The most significant changes involve the high achievers in the system, who most commonly are girls from the higher socio-economic status (SES) groups. They have increased years of schooling, school qualifications and participation in university study, and are entering a wider range of university faculties and hence professions. On graduation they appear to have little difficulty finding employment. They tend to have fewer children than less educated women and to have their first child at a relatively late age. (52, 72) There is evidence that when they do so their family income is high, and if they do not take maternity leave they will often return soon to a fairly well-paid career. (69)

In contrast, while girls from lower SES groups, especially Maori girls, have increased their years of schooling and school qualifications, they still often leave school early, so contributing to the disproportionately high number of unemployed female school leavers. The 1981 Census showed that one out of every four Maori girls aged between 15 and 19 was unemployed.

Usually the girls who do find employment drift into traditional women's occupations, which are low paid, relatively unskilled and which normally do not offer opportunities for vocational training —as apprenticeships do for many boys. (10, 64) The work may be in areas where the number of jobs is contracting because of new technology. These women tend to have their first child young,

before they have acquired a useful background of work experience or perhaps even the right to take maternity leave.

The major findings of the research are the limitations on the aspirations and life chances of most young women at the completion of their secondary schooling and their limited participation in tertiary education. Of equal significance is the fact that the education system itself is in part responsible for this situation. Parental expectations, the media and society in general also share responsibility. Moreover the factors of sex, socio-economic status and ethnicity interact to compound disadvantage. The research shows clearly that the New Zealand education system does not offer the majority of girls a fair chance to develop their abilities. It is not equipping them to contribute effectively to the information-based society into which New Zealand is evolving, and hence to look forward to a future in which they can expect to remain independent of any income or family support provided by the social welfare system.

The Research and Sex-Role Stereotyping

Serious study of educational equality for girls began in New Zealand in 1967. If we put aside the statistical analyses published by educational institutions since then, most of the work has been done by women. This fact is highly significant for, as Middleton has pointed out, until a feminist dimension is added to educational sociology the adolescent girl remains largely invisible. (47) Moreover studies by women usually deal with process as well as statistics, and both approaches are necessary for a full understanding of educational outcomes. A considerable amount of research has been undertaken since 1967, ranging from officially sponsored projects to university theses. The latter are often small-scale, but even those with a narrow focus contribute to our understanding. This is because almost without exception such studies show up the sex-stereotyping which underlies the limitation of life chances already referred to.

The story begins in early childhood. Four studies of activities in pre-schools show the process of sex-stereotyping already operating at this level, for example through teacher-pupil interactions, play

equipment and the location of the equipment. (27, 45) These fac-
tors—teacher/pupil interaction and teaching resources—are again
evident in the nine studies of primary and intermediate schooling.
(48, 18, 19, 20, 30, 56)

Sex-stereotyping is however examined in the greatest detail in
the twenty-six studies of secondary schooling. Almost all types of
secondary school are covered by this work: city and rural schools,
co-educational and single-sex schools, state and private schools.
The only uncertainty involves this last group of schools which, as
the Australian Commonwealth Schools Commission points out in
its interim report on a national policy for the education of girls,
private schools cannot be ignored if change is to be effected on the
national education front. (13) Because none of the private schools
were identified it is not possible to ascertain whether any Catholic
school was included in the studies. The research concentrates dis-
proportionately on North Island schools, but since the findings of
the Christchurch and Blenheim studies parallel those for northern
centres this does not appear to be a weakness. (6, 62)

The process of sex-stereotyping is complex as well as pervasive.
The main factors identified by the research as responsible for this
process in the secondary schools are briefly described below,
although not always in order of importance.

The Curriculum

Of central importance is the existence in the schools of two infor-
mal curricula: a male curriculum built around mathematics, the
physical sciences and/or technical subjects, and a female one which
features commercial subjects, especially typing, home economics
and clothing, and biology and human biology. It seems that wher-
ever boys and girls are not required to study a core curriculum
there is a risk that they will choose the subjects thought appropri-
ate for their sex—or be channelled into them by arrangements like
streaming which suit the school's convenience. Many girls and
some boys will be disadvantaged by this. As Kennedy pointed out
as early as 1967, if girls do not study mathematics and the physical
sciences in the fifth, sixth, and seventh forms, 'it does mean that
(they) are less able to compete for entry to a wide range of occupa-
tions and are therefore at a disadvantage as far as vocational train-
ing and economic potential is concerned'. (39) Since then a higher
proportion of girls have been taking chemistry and physics, and

rather more have been taking mathematics, but at the same time more girls have been wasting precious class time in the junior school on typing.(11)

Decision-Making And Resource Use

The reasons for the large preponderance of men in senior positions in co-educational schools, and to a lesser degree in single-sex girls' schools, have been examined in depth by the Department of Education's ongoing Teacher Career and Promotion Study (TEA-CAPS). (16, 17) Several theses have also explored the topic. (3, 44, 83) In co-educational schools, because men hold most senior positions from principal to head of department, while women are seen around the school in supportive roles as classroom teachers, librarians, secretaries or 'mums' helping out on a voluntary basis, girls receive the clear though unofficial message (the so-called hidden curriculum) that men are the decision-makers in society, while women quietly support them. Without women in senior posts, particularly the three top positions in co-educational schools, girls lack role models to encourage them to become leaders, or to develop their abilities to the full even if this means obtaining higher grades than the boys. (1, 47)

Further, since boys receive the same message, they come to believe it is natural that they should dominate the classroom, computer room, gymnasium and laboratory (the fifth form workshop they often consider their own territory). The girls are expected to remain quiet, passive and, at least overtly, uncompetitive. (91, 62, 64, 11) This behaviour on the part of the boys reinforces the message of male dominance and superiority, and can result in direct academic disadvantage to girls since they may hesitate to ask questions when they need information from the teacher. This is one reason for the idea being explored overseas and in one or two New Zealand schools for separate mathematics classes for girls.

Teacher/Student Interactions

A related factor, which again disadvantages girls, is the different way teachers of both sexes interact with girls and boys in the classroom. The process is discussed at length by Middleton in her thesis. (47) Only limited research on it has been done in New Zealand, but this confirms the extensive work carried out overseas.

(23, 48) The process appears to depend on the differing kind of feedback teachers, particularly male teachers, give boys and girls. Boys, used to receiving considerable negative feedback about their general conduct, appear to take little notice of criticism of their school work. Girls, accustomed to praise for their good 'feminine' conduct, may overreact to negative comment on their academic work, lose confidence in their ability and may become under-achievers. Behind this factor lies some teachers' lack of interest in, if not overt hostility towards, the concept of equality between the sexes. (23)

Physical Education Programmes

Yet another influential factor is poorly thought out physical education programmes, which have the unintended effect of constraining girls' physical abilities, hence encouraging passivity and low self-esteem, while they build up boys' self-confidence through deliberately stretching and so enlarging their physical capabilities. (1)

Sexism in Teaching Resources

Sexism in textbooks and other teaching resources and in careers literature is commented on in several studies. (18, 19)

Careers Guidance

There was general agreement in the secondary studies on the importance of the roles of guidance counsellor and careers teacher, but the understanding among members of these two groups of sex-stereotyping and the need to widen girls' horizons at an early stage was found to be very variable. Some schools were not using careers programmes and parent events effectively to counter the effects of sex-stereotyping. (1, 11, 62, 64)

Resources Within The Secondary School

It is clear from the research that there are teachers and guidance counsellors, of both sexes, who wish to help young women realise their potential talents. They know that girls and their parents need help. What these individuals lack is not commitment but time, probably some additional training, and positive support from the

Education Department for initiatives to counter sex-stereotyping. This is an example of how a shortage of resources and the absence of a clear policy on promoting equal opportunity are working against girls, especially those from lower socio-economic groups. Other examples of the lack of resources for girls mentioned in the research were smaller playgrounds and the frequent absence in girls' schools of the facilities for teaching technical subjects. (80)

Girls and Co-educational Schools

The research has raised sufficient criticisms about how girls fare in co-educational schools for it to be appropriate here to supply a brief background to the development of co-educational schooling in this country.

Since the Second World War almost all new public secondary schools around the world have been co-educational schools. New Zealand participated in this trend although it did not adopt an official policy of doing so until about 1960. Significantly the only countries which continued to build sex-segregated schools were a small group of Moslem countries.

The main motive behind the trend to co-educational schooling, according to Irving's useful 1976 review of British and New Zealand research on the subject, was a commitment to equal opportunity in the broad sense, and equality between the sexes. Again according to Irving, the theoretical justification for co-educational schools was articulated by the Swedes and had never been seriously challenged.(34)

Yet if promoting equality of opportunity for the economically disadvantaged and for women was the rationale for the move to co-education, there are two curious features to be observed in the research as reported by Irving. The first is the nearly total absence of reference to socio-economic status as a factor in assessing co-educational schooling. The second is what appears to be the much greater emphasis on the academic achievement and social development of boys than of girls. When Irving concludes that 'All that can be said with any certainty is that co-educational schools are certainly not academically disadvantageous, whether here or overseas', there is an impression that he is speaking of the effects of these schools on boys, not on both sexes. This impression is strengthened when he continues, 'The qualifications regarding the

research evidence that have been made throughout this paper raise the whole question of the usefulness of sex as a basis for categorizing students in secondary education'. To be fair to Irving he then advocates more carefully constructed research which would place greater emphasis on 'the changing role of women in society'.

When Battersby reviewed the research on the respective merits of co-educational versus single-sex schools a few years later he presented a quite different picture. (6) It raised considerable doubts about the desirability of co-educational schools—for girls. The new perspective resulted from the emergence of the feminist critique of the mixed school, the work of Deem (1978), Sarah et al (1980) and others. Their work is not discussed here because in essence it is the overseas equivalent of the New Zealand research by Abigail, Middleton, Malcolm and others.

The feminist critique of the co-educational school need not be seen as justification for splitting up our co-educational schools into single-sex institutions, if such a move were financially possible. The challenge is rather for policy-makers and individual schools to meet the original goal of co-educational schooling: fairer treatment for girls and other disadvantaged groups.

There are a number of studies which make suggestions as to how this might be done for girls, one of the most useful being Middleton's thesis. This is a balanced, perceptive and scholarly statement, written by a former teacher, of how the present situation damages both sexes (though girls more than boys) and how it might be changed. Further, it is essential, at a time when the future shape of the Department of Education is being debated, that proposals for change within schools be matched by the development of a national policy on equal opportunity for girls and women.

Doubly Disadvantaged Girls

This section will focus on some of the factors identified in the research as interacting with what happens in the schools to confirm the cycle of disadvantage typical of women from lower socio-economic families. These factors are parental attitudes, lack of financial resources and, for girls of Maori or Pacific Island background, discrimination in employment.

The research on aspirations indicates that from 80 percent to 90 percent of today's adolescent girls expect their future to include

employment, marriage, childbearing and later a career or a job. (11, 82) The critically important factor distinguishing the work cycle of the working class woman (Figure I) from that of the professional women described in the General Overview section of this chapter, appears to be parental attitudes, especially mothers' attitudes. Whereas high SES parents usually (but not always) wish or indeed pressure their daughters to succeed academically, most low SES parents do not expect their daughters to stay at school as long as their brothers or to do as well. (82)

Behind the attitudes of low SES parents is the expectation that a daughter's status in life will be determined not by her occupation but by her marriage. Hence it does not seem to matter greatly what job she has on leaving school, or hopes to return to after childbearing. It appears irrelevant whether she obtains any formal school qualification, or when she leaves school. Under the present system of tertiary grants the parents may not have the financial resources to support their daughter through tertiary training even if they do believe further education for women is worth-while. (5, 66)

Uncertainty and concern over future employment—or the lack of it—are seen by several studies as having a negative effect on the aspirations of secondary students, especially Maori and Pacific Island girls. (11, 64) John Jones of Auckland University has found this process affecting attitudes as early as Form II. Although the research identifies Maori girls as being the group most likely to suffer discrimination on leaving school, there is some evidence that girls of Pacific Island background may be equally sensitive on this issue. (42)

A fair education system which offered all students genuine equal opportunity would have provisions to counter or compensate for the negative influences outlined here. The research indicates that at present our schools may instead be reinforcing unfortunate parental attitudes. An earlier section described how the co-educational school through its hidden curriculum teaches girls that men are the decision-makers of our society, with women being of secondary importance. There is evidence from a research project carried out at an Auckland girls' secondary school that these schools also teach an official and an unofficial curriculum, to the disadvantage of girls from minority groups and of low socio-economic status. (36)

Figure 1: The work cycle of the working class women

Working Class Women Have Always Worked

Return to work
SES 4/5/6 jobs as no/low
qualifications

Self
Parental
Social
Expectations

Goal of
Early Marriage

Child Rearing

Leave School Early
Low/no qualifications

Marriage

'Fill-in'/Temporary Jobs
2° Sector Jobs
Traditional female jobs
¹SES 4/5/6
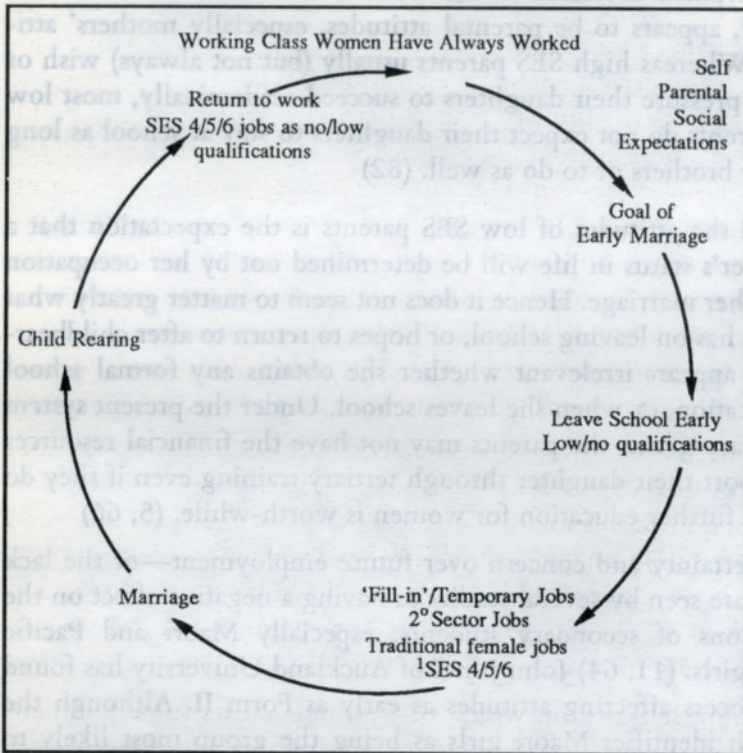
These are according to the Irving-Elley socio-economic index (1977).

Source: R. M. Wooton's M. A. thesis: 'Educational and Occupational Aspirations of Fourth Form Girls with particular reference to Working Class Girls and to Nursing as an Occupation', University of Canterbury, 1984.

Alison Jones' work with two fifth form classes in an Auckland city girls' school replicates the studies on teacher/student interactions reported earlier, but she examines interactions not by sex but by race and class. Her central finding is that within one school the teaching and learning processes involving high SES Pakeha girls on the one hand and Pacific Island girls on the other are quite different. The differences persist even when members of the two

groups are being taught the same subject in the same room. The result is academic success for the Pakeha girls and failure for the Pacific Island girls.

Jones has clarified, probably more effectively than any other New Zealander working in this field, the way in which the 'culture' of a minority shapes the educational experience of members of that minority. Minority is used here in the sense of any group other than those male middle-class Pakeha whose values underlie New Zealand education. Her work points, as did the research on co-educational schools, to the need for greater understanding between teachers and parents. Such understanding will not easily be achieved. It assumes more dialogue, on a more equal basis, between parents and teachers, but the parents most likely to take advantage of such dialogue will not be those from disadvantaged groups unless special efforts are made.

The need for changes within girls' schools to ensure greater equity for girls of low socio-economic background, or from different ethnic groups, should not obscure the fact that over the years single-sex schools have fostered independence and leadership qualities in New Zealand girls in a most desirable way. This fact is touched on in 'Politics and Porridge', a study of political women by the Society for Research on Women (SROW).

Building self-esteem, which the research shows to be problematic in the co-educational school, is an important aim if women are to enter public life, and to be elected (or appointed) to the boards of governors at various levels of our education system. In this respect, it is disappointing that so many of the chairpersons of the boards of girls' schools continue to be male. It is evident from the SROW study on women and school committees that as women increase their educational qualifications so they become more confident in seeking public office. (68)

Given the research on co-educational schools, it is surely significant that Battersby, having reviewed the literature on co-educational schooling and sampled local parental and student opinion, was not prepared to recommend that Marlborough Girls' and Boys' Colleges become co-educational. It could be argued that before we build more co-educational schools we need to take the more recent research into account.

Girls and the Study of Mathematics and Science

Reference has already been made to the fact that mathematics, the physical sciences and technical subjects form an unofficial male curriculum in the New Zealand co-educational secondary school. This phenomenon rests on the assumption, which has been the subject of considerable research in recent years, that boys have an inherent interest and ability in mathematics and related subjects, and girls do not. Yet there seems to be general agreement that gender differences in mathematics only appear at about age 11. According to a recent report of The Royal Society and the Institute of Mathematics and its Applications:

> There is no convincing or conclusive evidence that (any gender difference) can be adequately accounted for by an innate or genetic disability at mathematics in girls. Consideration is given to various influences, in particular the image of mathematics in schools, girls' self-perceptions (their attitude to themselves and to mathematics) and their interactions with, and the expectations of, their teachers, parents and peers. Teaching styles, methods of classroom interaction, the examination syllabus and modes of assessment are also influential. (24)

The finding of overseas research is that while almost everywhere fewer girls than boys learn mathematics, the proportion of girls studying mathematics, and their level of performance, can undoubtedly be raised where schools are prepared to undertake special programmes. (28, 30) Experimental schemes to make mathematics, science and technology more attractive to girls have been tried in the United States and the United Kingdom, and more recently in Australia.

Smith, reporting on experience with single-sex classes for mathematics in a co-educational English school, suggests that 'a school which mounts a sustained campaign to promote equal opportunity in maths classes can succeed without the device of single-sex classes'. (59) He points to other strategies adopted in the school: the recruitment of three female mathematics teachers so that half of all mathematics classes were taught by women, efforts by all mathematics teachers to ensure girls played an active role in mathematics classes, and attempts to change the male bias in the syllabus. However Smith does later concede that there may be merit in single-sex classes for the two lowest forms in secondary schools.

In a paper published earlier this year, Reilly and her colleagues at Auckland University refer with approval to the introduction of single-sex mathematics classes in two New Zealand co-educational schools on the grounds that the results of the 1985 Bursaries Pure Mathematics examination show girls are achieving better standards in our single-sex schools than in co-educational schools. (52) There was no difference between the boys in the two types of school which underlines the findings of the secondary school studies described earlier. There is still, however, debate on whether single-sex classes are the best way to improve girls' performance in mathematics and related subjects and also on computers. The important need in this area appears to be an ongoing national commitment to the goal of raising interest and competence in mathematics among girls.

Welch, in a survey of trends in women's training between 1972 and 1982 undertaken for the Vocational Training Council, has suggested that the problem of girls' low participation in mathematics study has been solved, and that attention ought now to shift to physics and chemistry teaching.(81) She is correct in pointing out that almost half the fifth formers taking mathematics are now girls (49 percent), and in drawing attention to the lower participation rates of girls in sixth form chemistry (43.7 percent) and physics (26 percent) in 1982. Since then a disturbing downward trend in the number of both girls and boys taking sciences in sixth and seventh forms has shown up. Even biology is affected. There may also be cause for concern over mathematics in the senior school, but the introduction of new mathematics papers means that for the moment we cannot tell what is happening.

What Welch is overlooking is the significant number of students, many of them Maori, who leave school before the fifth form. New Zealand mathematicians themselves are pointing to a need for action at third and fourth form level to make mathematics more attractive to the population as a whole, and to women and Maori in particular. (24) This raises the question of overall national goals and strategies. Our policy goal should not be simply to enable the same numbers of women as men to achieve certain educational qualifications so that they can enter the same occupations. (46) It should be the attempt to develop the potential abilities of all New Zealand's young people as fully as possible. This goal is central whether one is concerned with the personal development of individuals or with the need for highly trained workers for a modern

economy. If it is accepted as the national goal then the poor performance of New Zealand girls and boys in third form mathematics, which was identified by the second International Association for Evaluation of Educational Achievement (IEA) study, must be cause for concern. (24,12)

Clark and Vere-Jones have suggested a link between the low standard of third form mathematics and the low levels of expertise and interest in maths and science among teachers college primary trainees. Table 1.2 in their paper on science education (1987) shows that out of 75 trainees at Wellington Teachers College, only four were taking maths as their final year major and one was taking science. Clark and Vere-Jones are describing the current situation, but the problem they have identified is probably a long-established one, for women have always formed a large proportion of the New Zealand primary service, and concern and action over girls' participation in mathematics and science studies is only very recent.

Hence the problem over low standards in mathematics, with all its implications for the economy and for teacher shortages, can to some degree be traced back to a lack of interest in providing a balanced education for girls. Conversely, any special future efforts on behalf of girls in relation to mathematics, computer studies and the sciences should help to solve the general mathematics and science problem through increasing the potential pool of both primary and secondary teachers in these subjects. It is worth noting that moves such as this to promote equity for a disadvantaged group often have the effect of raising the quality of education for all. (55) The double benefit is especially important in relation to the question of resource allocation.

Women in Tertiary Institutions

At the tertiary level, if one leaves aside the statistical publications of the universities and the Education Department, the research is for the most part limited and fragmentary. All but one of the studies on women in technical institutes deal with the experience of very small groups, and this is also true of several of the university studies. The findings of this research therefore need to be treated with caution, except in so far as they confirm trends well attested elsewhere, either at other levels of the education system or in

research on related topics, for example in studies carried out by the
Society for Research on Women.

The main point which should be made, for it is a common
theme of the tertiary studies and of SROW research, is older
women's interest in courses which will help them to return to the
workforce or acquire additional skills. (65) According to the
research, relatively short courses, whether run by a technical insti-
tute or a university centre for continuing education, appear:

1 to contribute significantly to raising women's self-esteem and
   so;
2 to enable them to enter or return to the workforce or;
3 to enrol for longer vocational training courses. (67)

However it should be noted that even some continuing education
courses (for example extramural university courses) tend to attract
mainly women from the higher socio-economic groups and that
even they may find the costs of such study a problem.(50)

There is also evidence from two studies of the importance to
young mothers of childcare for their pre-school children. Without
a facility of this kind women may not be able to contemplate enter-
ing even quite short part-time courses. (67, 77)

Universities

From the point of view of research on equality in education, one of
the most significant points about the tertiary level research is its
paucity. The universities collect and publish considerable data on
the human 'inputs' and 'outcomes' of university education, but
there is very little apart from the recent Association of University
Teachers (AUT) study on academic women by Margaret Wilson
about the experiences of university women students or staff. We
did however receive a submission prepared for this year's review of
New Zealand universities by Otago University academic and non-
academic women. (71) Since it was written, Otago has advertised
for an Equal Employment Opportunity Officer. We understand
that other papers analysing the position of women in the universi-
ties are in preparation. This may indicate that the universities are
realising that women are not as well-treated in these institutions as
university authorities have assumed.

Although nearly half the university students at undergraduate
level (but not at post-graduate level) are now women, there are

very few women in senior positions on either academic or non-academic staff. Indeed there are fewer women teachers at university level than elsewhere in the education system, again resulting in an absence of role models and informal support networks for young women. In addition Middleton has noted that there are relatively few women in university education departments. (47) The latter point is particularly important, for only if there are a reasonable number of women in these departments can we expect to see educational sociology, educational psychology and indeed educational theory in general develop a female dimension, and so provide a balanced intellectual base for the inservice and pre-service training of teachers.

Teachers Colleges

The position in teachers colleges may be more satisfactory—or even less so. The three studies located which relate to teachers colleges give us relatively little information about teachers college attitudes to equal opportunities for women, and what they may be doing to promote it through course content changes or selection procedures. (2, 21, 25) It is obvious, as Abigail, Middleton and others point out, that teachers colleges have a most important contribution to make if sex-role stereotyping is to be challenged in pre-schools, primary schools and secondary schools. Certainly the special effort advocated here in relation to teaching mathematics and sciences will not be achieved without the co-operation of the colleges.

Polytechnics and Technical Institutes

In the paper already referred to, Welch has analysed the number of women entering technical institutes, and points to an encouraging rise in the proportion of women taking some technician courses. The increase in the numbers entering apprenticeships apart from hairdressing remains, however, very low, although we know from the studies carried out on behalf of the Women's Advisory Committee of the Vocational Training Council that special pilot programmes have been tried. The one piece of research on women polytechnic students published by a technical institute was an examination of the factors encouraging and discouraging women in apprenticeships. (40) Interestingly, none of the factors relevant to the women's decisions to complete or drop their apprenticeship

were related to their polytechnic experience. However, some anec-
dotal evidence indicates sex-stereotyped attitudes in the institutes,
particularly in traditionally male training areas. This needs system-
atic investigation. Almost all the work that has been done in this
area was commissioned by the Women's Advisory Committee of
the Vocational Training Council. In addition there have been one
or two reports by women staff members on courses with which
they were involved. (31, 43)

Socio-Economic Background of the Women Tertiary Participants

This section would be incomplete without a reference to the socio-
economic background of women students in universities, teachers
colleges and polytechnic nursing courses. The research shows
clearly that female university students, like male students, are
drawn largely from the top three SES groups. (38) In addition,
Alcorn's analysis of data on some Auckland entrants to teachers
college suggests that an undue proportion of these students are
from higher SES groups, while Wootton's Canterbury thesis indi-
cates that this pattern may also hold good for polytechnic nursing
courses. (2, 82) Lastly a paper on some Training Assistance Pro-
grammes (TAPS) for the unemployed run by an Auckland techni-
cal institute for the Department of Labour raises the possibility that
even these courses may be serving quite a number of students of
higher socio-economic background. (31)

The Research and Policy

Since New Zealand has ratified United Nations Convention 111
on the elimination of all forms of discrimination against women,
there is an official commitment to the equal treatment of girls and
women in education, and although there is anecdotal evidence of
it, none of the research studies identified overt discrimination in
schools or tertiary institutions.

On the other hand, the research findings that many girls have
unduly low educational and career aspirations and end up with
limited vocational training or none at all, and that they see them-
selves as having no place in society's decision-making processes,

indicate that national commitment to the principle of equal opportunity in education has not been translated into equal treatment in our institutions.

Several points are worth making. Political efforts by women to improve the situation can have an impact if there are pressure points within the system to ensure that politicians and departmental officials receive women's messages. The two major success stories of the period covered by the research, the increased participation of girls in mathematics study and the quite recent trend for more women to apply for senior posts in the primary and secondary teaching services, both grew out of women's demands for change. The initial study on mathematics and girls was the first research project undertaken by the National Advisory Council on the Employment of Women, while TEACAPS was a direct result of the 1975 International Women's Year conference on Equality of the Sexes in Education and the work of the National Advisory Committee on Education and Women set up following that conference.

These two success stories are of interest in that they show how the collection, analysis and dissemination of statistics can affect attitudes and behaviour positively in some cases. They suggest that the continued collection and publication of statistics relevant to girls' and women's participation in education is highly desirable.It is also essential for evaluation purposes, a point made by Jackson and Marsden in their United Kingdom study of 'Education and the Working Class'. (35)

Reference should also be made to the contribution of the Women's Advisory Committee of the Vocational Training Council, which has been particularly active both in promoting and evaluating programmes to allow women to enter non-traditional occupations. If there has been little change in the number of women taking up apprenticeships other than those in hairdressing over the past decade, this is not for want of initiatives by the Women's Advisory Committee. For an explanation of this lack of progress we must look instead to community attitudes and the limited nature of secondary school efforts to encourage girls to enter non-traditional occupations. One of the more successful promotions of this kind has probably been the Labour Department's Positive Action Programme for Women, and their 'Women can do anything' campaign. One study referred to the positive impact on schoolgirls of this campaign. Another less approvingly spoke of the

lack of effective evaluation by the Department of its training scheme for unemployed young women. (31)

While the Education Department deserves credit for its ongoing support of the TEACAPS study, for its statistical work generally and such research as the studies on sexism in school journals and textbooks, there is little evidence of changes in the education of women and girls resulting directly from initiatives by the Department. Just as much of the research reported here appears to have grown out of the women's movement, so the larger numbers of young women who have been attending technical institutes for technician training and the increased participation of women in university study can probably also be attributed mainly to this broad social movement.

In view of the creation, disbandment and re-creation of the Department's structure of advisory committees and officers responsible for promoting the education of girls and women, it seems reasonable to suggest that the difficulty has been a lack until recently of the political will to promote equality for women. Several officers are now working within the Department on women's issues, and this development is welcome. There remains however a question mark over the provision of sufficient resources to ensure that the various policies mentioned in the Department's 'Statement on Girls and Women' have a widespread effect and are not just gestures. For example, information from the Post-Primary Teachers' Association (PPTA) suggests that the inservice training and professional development in non-sexist and counter-sexist education mentioned in the statement is very limited in scope, given the extent of the problems identified in the research. It is good that Advanced Studies for Teachers Courses papers on the education of women and girls are being offered through teachers colleges, but what of mainstream courses in the colleges?

A number of articles on equality of opportunity for girls have been published in PPTA journals. Both PPTA and the New Zealand Educational Institute (NZEI) were part of the advisory group which worked on the TEACAPS study, and in 1985 PPTA ran a major conference on women in secondary schools. These moves indicate an encouraging interest in equality for girls and women, but it should be noted that women teachers have difficulty finding the time in their dual careers to participate as fully as men in union activities. So long as this is the case there is a danger that PPTA and NZEI may not give full support to equal opportunity

policies. The introduction a few years ago of the requirement that teachers with broken service must retrain appeared to reflect male worry about a shortage of jobs as much as concern over teaching standards.

It may also be significant that although some years ago the Association of Teachers in Technical Institutes (ATTI) gave a woman member of their executive special responsibility for promoting equal opportunity in technical institutes, it is only within the recent past that the tertiary teacher groups and their women members have all become active in pressing for change within their institutions.

Education and Employment

Reference has been made to the difference in life cycles of the professional women and the women of low SES background. The use of models of this kind clarifies the connections between parental and self expectations, educational experiences and subsequent employment/family history. It also illustrates the desirability of official research and action addressing the treatment of girls and women in educational institutions and the workplace in a co-ordinated way.

This chapter has already discussed the influence of parents' expectations on girls' educational experiences. To complete the picture it is necessary briefly to examine some of the employment factors which at a later stage in their life cycle prevent women from achieving equality. These factors include differences by sex in earnings and employment opportunities. Enlightened policies in schools will not assist girls much if they encounter discrimination immediately they seek employment. The research indicates that they do so even before they leave school. Several of the studies mention that employers ask guidance counsellors to send boys, but not girls, for job interviews, with Maori girls being at the bottom of the list. (1, 62) The counsellors are unwilling because of youth unemployment to challenge this practice, though they know it to be illegal, and try to combat it by sending girls for interviews just the same—which may increase girls' sense of incompetence and failure if they are covertly discriminated against by employers. Hence the unemployment of young Maori girls and the minimal

earnings of Maori women are explained partly by educational factors and partly by employment ones. (32)

There is also evidence in the research of a disturbing difference in at least the initial male/female earnings of university graduates.It appears from the limited figures available through the annual surveys carried out for the New Zealand Vice-Chancellors' Committee that there are already significant differences in the earnings of male and female graduates at this stage. Unfortunately most of the universities do not publish information on earnings, and where they do, the numbers in some faculties are so small that individuals could be identified. The figures for two Waikato faculties can however be quoted. (78) In one faculty the 1982 average salary for men was $18,035 and that for women $13,788, a difference of $4,247. In the second faculty in the same year, men received an average $16,529 and women $12,826, a difference of $3,703. It appears that male and female graduates were entering related but slightly different occupations. If so, most if not all the difference could be accounted for by the depressed pay rates in so-called women's occupations. This is the kind of pay discrimination which the equal pay for work of equal value principle (comparable worth) seeks to remedy.

Some economists suggest that the earnings gap between women and men, which is one of the most useful means of measuring equality of the sexes, is caused largely by 'human capital' factors—by women's lower educational qualifications and the breaks they take in their careers to have children. (58) The implication is that if only women bothered to take their education and work responsibilities seriously, their position in society and their earnings would be more or less the same as men's. According to these writers no action is needed on the employment scene on behalf of women.

There is research which points to a quite different conclusion, with employment factors emerging clearly as more significant than educational ones. Most of this work has been done overseas, particularly in the United States, but the limited research done in New Zealand supports the American findings. Thus the surveys carried out since 1973 by the Department of Labour, and discussed by the Equal Pay Review committee in 1979 and by Hyman earlier this year, note that the female/male pay ratio closed by about 9 percent over the years when the Equal Pay Act (1972) was being implemented, but has not closed further since that time. (22, 33) This is despite the rise in female educational qualifications, from, for

example, the much larger proportion of women undertaking university study.

The conclusion to be drawn from this discussion is the need to complement policies of equal educational opportunities for girls by an equal employment policy for women.

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4 Low Socio-Economic Status

Introduction

The problem of socio-economic status (SES) in the education system has been posed in many forms: for example, why do working class kids get working class jobs? Why is it that pupils from different SES backgrounds take different subjects at school, or have different pass rates? Why does buying a house in the Auckland Grammar zone add to the cost?

New Zealand's education system has persistent differential rates of achievement and participation that are related to SES. In general, the overwhelming weight of evidence concerning SES in education is bleak, despite a national ideology of everybody having a 'fair go'. If actual equality of educational opportunity existed, those with similar academic or intellectual abilities ought to do as well as each other. One study recorded over 50 percent of those from upper class homes (18.5 percent of total population) going to upper class occupations. The figure for those from working class backgrounds (58.5 percent of total population) going to upper class jobs was only 13 percent. Evidence such as this challenges the ideology of education as an agent of social mobility, instead providing support for the argument that education actually restricts that mobility. In the same study, almost 90 percent upper class pupils of high scholastic ability, passed their University Entrance, but less than 60 percent of high scholastic ability working class pupils did so. (1)

SES acts as a conceptual shorthand for a wide range of social, economic and cultural factors covering such things as parental attitudes to education, educational levels in the home, family size, the quality of maternal care of the young, the material prosperity of the home, life style and social organization. Low SES overlaps considerably with the Maori population, Pacific Islanders, many women and the disabled.

In general, SES is measured by either the Elley-Irving Socio-Economic Scales, or by some application of the New Zealand Standard Classification of Occupations. (2) Of Elley-Irving's six categories, 4,5 and 6 are generally used as a low SES indication.

However, studies vary, and low SES can refer only to categories 5 and 6, with middle 3 and 4, high 1 and 2. High in some studies refers to categories 1–3. Unfortunately, it is not always clear where the boundaries have been drawn. On the whole, SES categories are used relationally rather than to refer to absolutes.(2) It is important to understand that these do not measure SES as 'class'—rather they are a measure of a series of socio-cultural variables. The Elley-Irving scales measure education and income alone. This does not necessarily take account of the relationship of the people involved to the means of production. If they took into account the employment status of those people, for example self-employed, wage and salary earner, then they may become a better measure of 'class'. (3)

The problems here centre on the extent to which analysis of the effect of SES is simply an artifact of the way in which it is measured. The specific problem that this presents may stem from the analytical tool used. To provide guidance for intervention programmes, such a tool needs to provide a complete specification of intervening variables between the measure of SES and the measured effect. Until those variables can be specified, the effects of such programmes may be limited.

A common theme running through all the work on low SES and education is the quality of services, with the addition of access and funding in the non-compulsory areas of education. The issues, and the foci of research, however, vary considerably through different sectors of education. Accordingly, in reporting on this research, this chapter will deal with four broad areas of the education system: early childhood care and education, primary schooling, secondary schooling, and post-compulsory education.

Early Childhood Care and Education

The two principal issues in this area are access to and involvement in the service, and issues of child development as linked to SES.

Child Development

Studies that do exist point to a close relationship between SES and rates of development. The indications here seem to favour environmental explanations, or that informed and confident parenting techniques are likely to lead to 'intelligent' children. Studies by

Silva and others (4) all point to a significant increase in 'intelligence' measures and active experiential influences for all the family as SES increases.

Access

There is some difference between the subject of studies in this area, the major difference being whether childcare centres are included in the studies or not. Generally the principal focus is on kindergartens and playcentres.

Three general studies in this area (5) all present similar results. Firstly, there is a tendency for kindergartens and playcentres to serve the neighbourhood in which they are situated. This is more so for playcentres than for kindergartens. When both services are considered together, they usually provide a good distribution across all suburbs, old and new—with more kindergartens in older areas, and more playcentres in new areas. Even though there is a reasonably equitable geographical distribution, children from higher SES families get to them at a younger age.

This leads to the second point. There are proportionally more upper SES children in kindergartens and playcentres than their SES proportion within the population, and the reverse applies for lower SES children. Middle SES participation matches the general population proportion. There is no significant difference between playcentre and kindergarten use by high or low SES groups, which is slightly surprising given the extra costs of playcentre, but not in terms of their location or physical availability. In general, kindergarten and playcentre populations are virtually identical in their SES representation, but that representation is biased towards upper SES groups.(6)

As kindergartens get more funds per capita than the other early childhood services, this then suggests that lower SES groups get fewer resources. This can be clearly seen also at the post-compulsory level of education, with some indication, albeit limited, that this inequitable distribution of resources happens in the compulsory levels too.

Parental Involvement

Although the differences are not statistically significant, Meade (5) found greater proportions of upper SES groups using playcentres.

This, she suggests, may be due to the stress that playcentres put on parental involvement and an observed tendency for higher SES parents to 'belong' to more clubs and organisations. The indications are that there is a greater involvement of upper SES parents in the provision and administration of pre-school education than lower SES groups. This has led to a greater shaping of the service by upper SES groups, with the only real possibility of change having come through Kohanga Reo and similar developments. An evaluation of Te Kohanga Reo due later this year may well cast some light on this. There may not, however, be change; it may be that these organisations are just as dominated by upper SES groups as playcentre and kindergarten are.

Childcare Centres

Childcare centres are less likely than kindergartens or playcentres to serve their immediate areas. Barney's study suggests that high SES areas had around three times as many centres (not places) as low SES areas. Like kindergartens they tend to be concentrated in older suburbs, rather than new ones, probably because older houses are physically more appropriate for the needs of centres, are cheaper and are closer to work places.

A 1976 study of Newtown (Wellington) produced differing results. At each age level, a higher percentage of non-users were from lower SES groups—a higher percentage than of the total population. High SES children attended day care centres in greater proportions that low SES children and their proportion of the population. Cost is probably the major factor here. (6)

A 1984 study of mothers in the paid workforce in Christchurch showed that only 35 of 63 women with children under five used paid care. Of those 35, only 9 used childcare centres, 13 paid for care in their own home, 9 in someone else's home, and 4 used Barnardo's Family Day Care. The survey, of women in service and factory work, can be used to give some indication of the childcare services used by low SES women. One quarter of the women surveyed said that they would use childcare centres if cost and availability were not problems, rather than the one seventh using them at the time of the survey.(7)

Primary

Perhaps more than any other educational area, the primary sector is lacking in research on issues to do with SES factors. However, some work has been done on classroom interaction and on schools or areas targeted as 'special needs' or 'notional roll schools'.

Notional roll schools, introduced in 1976, are perceived as having specific socio-environmental characteristics that justify extra staffing over and above normal teacher-pupil ratios. As of August 1987 there are 45 notional roll schools, 35 of which are in the Mangere/Otara area, with the remainder in Porirua.

Prior to 1976, schools could qualify for extra staffing on an annual basis if they had special needs resulting from a high level of English-as-a-second-language (ESL) students, from the SES of pupils and the local community, from particular staffing problems, or other factors affecting the school function. These four criteria have now been expanded to thirteen that simply add more detail to the initial four.

When notional roll schools were introduced, roll figures were increased by 10, 15 or 20 percent depending on need, to allow the allocation of extra permanent teachers. A survey of notional roll schools in Mangere/Otara (8) found that there had been significant improvements in working and educational conditions. Over 90 percent of those surveyed pointed to improvements, but were adamant that they still did not have adequate conditions. Two studies have found either high levels of teacher stress or high teacher turnover in low SES areas. (9) The problems that this creates centre on the relative inexperience of teachers in the more difficult areas. These areas are generally unattractive to teachers and they tend not to be areas that teachers (usually from middle to higher SES backgrounds) either live in or come from in the first place. One survey (10) found a teacher turnover rate in South Auckland of over 50 percent per annum, compared with only 35 percent in the remainder of the Board area. The overall result is lower quality teaching in these areas. (8)

Studies by Berwick-Emms and Galloway and Barrett indicate that low SES is a major factor in teachers' identification of disruptive or unmanageable pupils. (11)

A study by Thomas (12) found that higher SES pupils were more likely to have developed flexible problem-solving strategies than

low SES pupils. This may be due to variations in family socialisation relating to SES. Or, it may be that low SES pupils are on the receiving end of discriminatory behaviour that serves to reinforce individualistic learning strategies and a lack of trust. Whatever the reason, the generally higher achievement rates in the school system of high SES pupils suggest that there is a good case for teaching strategies emphasising co-operation rather than individualism.

Secondary

Unlike the primary sector, secondary education has been the subject of a number of studies dealing with SES. Broadly speaking these studies have covered issues relating to zoning, streaming, testing, performance and success rates, and pupil aspirations.

Zoning

It is popularly claimed that the New Zealand secondary school system makes no effort to select its students. However, zoning, as well as being a thorny political issue, entails all the problems of any other system of selection.

Government policy since 1978, zoning has in fact been around since the 1950s in Auckland. At its simplest, the issue of zoning is the issue of what is wanted in and from public education, with 'choice' being available only to those who can afford to pay for it. Those opposed to zoning say that it limits their choice of schools for their children. Those supporting zoning point to, amongst other things, the value of the neighbourhood school and the right of access to it. For some this is a right which can be bought, by, for example, buying into the Auckland Grammar zone. Zoning can, in this respect, be seen to relate to other aspects of social policy, such as housing. Housing policies can, and often do, lead to SES segregation, which follows through to the local secondary school.

In its early days in Auckland, zoning really amounted to an informal agreement between principals and the Department of Education—which in the case of the grammar schools, at least, was an unwilling agreement and often weakened by special provisions. Schools often took more pupils from outside their zone than they were permitted under the agreement. (13) These schools were also highly selective about who they took from outside their zone, with McCulloch (14) reporting a 1963 investigation that those out-of-

zone pupils accepted to Auckland Grammar had higher I.Q. ratings than those out-of-zone pupils who were rejected.

There is a greater tendency for high SES families to send their children out-of-zone to 'better' schools, either state or private. This loss to suburban schools of their better students lowers their overall academic standards (for example lower overall Sixth Form Certificate marks), and leads to larger sixth and seventh forms in the inner city grammar schools with greater subject choice. Also lost to the suburban schools are the financial and other resources that these high SES parents may be able to supply. These phenomena contribute to variations in school quality.

The issue of whether pupils at schools in lower SES areas do any worse than pupils in schools in higher SES areas, or whether high SES pupils do better than low SES pupils, has been the subject of many studies. (14) This work, and its results, cannot be viewed in isolation from studies dealing with the aspirations of secondary school students, such as those dealt with in the Aspirations section of this chapter.

Each study in this area has used a different means of assessing SES. Even so, they all come up with the same general finding: that there is a significant relationship between SES and achievement at secondary school. Related to this, of course, is the issue of streaming.

Streaming

Harker found that when he held I.Q. constant at a low-average level, lower SES pupils were more able than the upper SES pupils in the group, but were still clustered in the vocational, non-academic streams. The basis of selection for streams was testing of oral skills, reading and arithmetic. His argument then was that to select on the basis of verbal ability has the same effect as selection on the basis of SES. (16)

Other writers have also criticised the use of ability and I.Q. tests to stream children, some because of perceived content bias (more true of construct oriented tests than ability tests), some because they believe that tests should be used as diagnostic tools for teaching rather than as a sorting mechanism which often determines subject choice (opening doors to particular occupations), and influences self-esteem and hence learning attitudes of students, and ultimately the quality of teaching they receive. (17)

Nicholls (18) has traced changes in children's conceptions of personal ability from something able to be increased with effort, to something immutable, to the increase in tests, exams and the introduction of streaming between primary and secondary school.

Kealey's classroom comparisons of a low ability and high ability class at Auckland Grammar School (19) show how streaming labels and limits capability. The lower stream boys have some differences in SES from the high stream, primarily in the parents' education level. In response to their labelling as low ability, they de-emphasize academic work, and create a noisy and distractive classroom which makes effective learning increasingly difficult. Many of them have also been demoted from higher stream classes, creating a peer environment which is anti-academic in its effects—in contrast to the conscious intentions of the boys and their parents to receive a 'Grammar' education. Kealey concludes that the high-streamed boys' advantages of having concentrating classrooms and peers confident of their ability, occur at the expense of those necessarily relegated by the streaming principle to low ability classes.

Jones' similar study in an Auckland girls' grammar school (20) reaches similar conclusions, though her focus on teacher-pupil interactions leads her to question the appropriateness and effectiveness of the teaching style adopted for the lower streams. The girls' behavioural response is however passive rather than disruptive, perhaps because of a high proportion of Pacific Island girls with a respectful attitude to teachers.

Streaming has declined somewhat over recent years, but 1985 figures (21) show that 60 percent of schools continue to use some variant at the third form level, increasing to 84 percent at the fifth form. The exact components of streaming decisions are not known on a national basis (though it is suspected that most include some form of scholastic ability test in the measures used at the third form level).

One new factor in recent years has been student selection of options. Darnell's study (22) shows that students' decisions on options were influenced by the school's option groupings, and attitudes of parents and peers, with some influence from teachers. The quality of information available to students and their parents was crucial. It appears that low SES and cultural factors played a part in steering students to options familiar to them or their families, whatever their actual ability, or the current usefulness of the options.

Elley's 1976 review (23) of the New Zealand evidence on the unintended effects of streaming concluded that there were no real advantages to pupils in streaming. Reid's 1984 review of overseas literature (23) was more equivocal. Overseas analysis (and re-analysis) has come down largely on the side of non-streaming, largely because any advantages that streaming has for the few at the 'top' are at the expense of the majority, particularly those from already disadvantaged backgrounds. (24) New Zealand has no official policy on streaming.

Aspirations

Robinson's work on SES effects looks even more closely into the question of aspirations. In her study, 67 percent of pupils aspired to University Entrance, but only around 25 percent actually passed, and 40 percent left school with no qualifications. Upper SES groups have higher educational aspirations and achieve higher qualifications than lower SES groups. She found that, in comparison with lower SES pupils, over three times as many pupils from upper SES families got three or more School Certificate subjects. This points to a lower retention rate for low SES groups, again implying that there are fewer resources spent on them overall than on their high SES school mates. In addition to a link between occupational type and educational aspirations, she found a clear link with father's education level. She also examined parental occupation, encouragement given to pupils, the number of books in the house, and the size of the family. (26)

The key findings from this study are that educational aspirations and achievement are closely related to SES, and that neither the school system nor the social climate of schools have been capable of overcoming this. The differences in achievement are more significant than the differences in aspiration. The complication for any targeted compensatory programme is that although most home background variables are related to educational performance, few are constant with that performance. That is to say, differences in these variables did not result in the same differences in performance, but that 'poor' performance tended to correlate with a cluster of home background variables and 'good' performance correlated with a different cluster.

Clifton's study (27) is perhaps the most detailed and comprehensive available. Using data from an IEA survey of physics and chemistry in New Zealand schools, he looked at factors such as the extent of parental encouragement, parental occupations, verbal ability, and gender. His results show that SES and gender generally have relatively small effects on the amount of parental encouragement pupils receive. However, mother's occupation, father's occupation, and father's educational level tend to have positive effects, whereas the number of siblings has a negative effect on the amount of encouragement. What this suggests is that specific factors within the SES composite determine the extent of parental encouragement.

This becomes relevant when looking at the academic motivation of pupils. Parental encouragement has the greatest effect here. SES variables, gender, and verbal ability all have a small effect, implying that parental encouragement mediates between SES and motivation. Note here that parental encouragement is linked to the key SES variables of education and occupation.

This effect becomes apparent when looking at SES as it relates to performance in science. A comparison of predicted values for the top and bottom SES groups in both chemistry and physics showed substantial SES effects on performance.

Research currently being undertaken by Hughes and Lauder at Canterbury University looking at 'successful' and 'unsuccessful' schools in Christchurch (as measured by examination results) points to clear differences in school type. There are only two schools in the 'bottom' half that are not state, co-educational schools, and only one in the 'top' half that is. The state co-educational school in the 'top' half is located in one of Christchurch's high SES housing areas. The results clearly show that pupils attending 'prestigious' schools (which means, in this city, private and single-sex state schools) are advantaged, while those attending state co-educational schools are disadvantaged. The lists do not change significantly when ranked on the basis of SES destination, that is, the jobs that school leavers entered, rather than 'academic' success in examinations. (28)

A number of educational innovations geared to cultural or SES needs, such as whanau groupings, have been constrained by the confines placed by nationally controlled examinations which are widely used as the major indications of personal achievement. The abolition of University Entrance has to a limited degree weakened

those confines. However, the change to a broad-banded grading in School Certificate has not affected the underlying scaling mechanism. Subjects such as woodwork and typing with low pass rates (around 50 percent), tend to be taken by low SES students, and others such as Latin and French with high pass rates (over 75 percent), for a variety of reasons, tend to be taken more often by high SES groups. Their credentials thus come to them more easily.

The overall results of studies looking at aspirations and SES are very similar to those from studies of success rates, with all studies showing a link between SES and educational and occupational aspirations. (29)

Hyde (30) found a clear relationship between father's occupation and intention to attend university; those from professional or farming backgrounds were 20–30 percent more likely to want to go than those from business, trades or unskilled backgrounds. However, when all the SES variables are considered, it does not rate at all in the intention to attend university, whereas self-assessed ability accounts for almost half of that intention. Hyde did not, however, investigate the relationship between self-assessed ability and SES variables. Clifton's study suggests that there may be a close linkage. When looking at occupational preferences, he found that the top two SES groups mainly sought careers in the professions, SES group 3 made up most of those seeking farming as a career, and groups 4 to 6 looked more than the rest to the armed forces. Testing revealed a significant but not strong correlation between SES and occupation sought.

Silva's 1986 data show similar trends, with a marked difference between low SES and high SES parents on school retention. Many of the low SES group did not envisage their children staying on to the sixth and seventh form. (31)

Mitchell et al (32) suggest that the differences in aspirations can largely be explained in terms of factors relating to SES, with cultural factors (such as ethnicity) having an influence in low SES areas. Their study, looking at aspirations in terms of SES and ethnicity showed that more Pakeha high SES pupils than Polynesians (here, Maori and Pacific Islanders) expected high SES occupations, and that twice as many low SES Pakeha pupils expected high SES jobs as low SES Polynesians. They did add two significant caveats to their data. One was that different cultures have different ways of measuring success and status. They also drew attention to

the concept of *whakaiti,* or self-denigration, that may apply in cases such as this.

The work done by Wootton and by Crothers et al (33) reinforces Robinson's findings of a clear relationship between aspirations and parental (especially father's) educational levels. Furthermore, the same links exist with parental occupations. In this respect, Robinson found that links between mother's occupations and aspirations are modified by father's occupations, and that aspirations of those whose mothers had professional or clerical jobs tend to be higher than those whose had sales or manual jobs, which were in turn lower than those not in paid work.

Why the Difference?

Robinson (34) attempts an explanation as to why these differences in achievement and aspiration come about. This has three parts: first, there are sub-cultural differences between middle class and working class values; second are the preconceptions of teachers; and third are explanations derived from socio-linguistics.

She argues that teachers tend to be biased in favour of high SES pupils and allocate them to high streams, regardless of their ability. There is some evidence from Berwick-Emms (12, 28) and research on low ability groups to support the claim that teachers favour higher SES pupils. This bias then influences self-evaluation—once pupils are labelled 'less intelligent', they tend to become so. As Hyde pointed out, self-assessed ability is very important in terms of educational aspirations.

A socio-linguistic explanation takes elements of the 'teacher expectation' argument, and adds to it differences in language patterns. (36) The trick, if there is one, is to get 'inside' the language code and discover ways to make it relevant to the users' learning needs. If that happens, more low SES pupils will have a better chance of meeting their aspirations.

There are three other types of argument to explain the relationship between SES and academic achievement. The first is a genetic argument—that lower SES pupils do badly because they are genetically inferior. This argument has provoked huge debates, more so when applied to ethnic groups than socio-economic groups. Research by Silva et al (30) in Dunedin suggests a link between maternal mental ability and the child's educational ability. However, the SES link that is seen here is likely to be the result of the

'cycle of deprivation' linking educational levels with job types and income with conditions of life and subsequent life chances, rather than genetic in origin.

A second, related to Robinson's cultural emphasis, is based on unequal educational treatment, in which low SES groups do badly because they have poorer educational conditions such as over-crowded class-rooms or less experienced teachers with a high turnover.

The third explanation is that the education system works to maintain class differences of power, status and income, whilst at the same time working to individualise those differences, their out-comes, and the subsequent credit or blame for those results. Insuf-ficient, inappropriate and unequal distribution of educational resources are attributed to individual ability and examination success.

Robinson's arguments regarding sub-cultural differences raise questions about the class-cultural content of school resources. In many cases, the role models that come through to the pupils and the cultural values or ideas that are stressed are middle class (high SES), although this may not be intentional. It is likely that the effects of the negation of a 'working class culture' are similar to those of assimilationist policies towards Maori, or the denial of women's culture and history. There has been official recognition that both women and Maori have separate and important cultures and histories. Such recognition has yet to be extended to 'working class culture'.

Post-Compulsory Education

It is in this sector—the education for those over 15 years of age—that the problems outlined in the previous sections of this chapter become most apparent. It is therefore in this sector that much of the criticism has been concentrated.

The evidence shows that a disproportionate number of high SES students are enrolled in our universities. This observation is noth-ing new. Parkyn showed that this was the case as far back as 1955. (38) The New Zealand University Students Association (NZUSA), using data from 1984, showed that the situation has not really changed—except that there has possibly been a slight increase in

the participation of middle SES students—and the proportions are much the same as for 1955. (37)

This is simply the articulation of a wider problem—that high SES pupils at high school take the academic subjects, pass the examinations and stay on to 'mainstream' higher education. Low SES pupils, on the other hand, take the subjects with low pass rates, leave school and finish up in low SES jobs, unemployed or on training schemes. The problem lies in the subject choices which pupils make about the time they start secondary school, or even before. To focus on the tertiary sector, as is normally done by those seeking short term, politically desirable solutions to the problems of participation, is to lock the door once the horse has bolted.

Technical Institutes

Until the beginning of this year, access to the technical institute system was often restricted to those who had an employer to sponsor them through. That requirement was abolished early this year, although it is unclear what effect it has had on participation rates. It is unlikely that relative SES participation rates have changed, or are likely to change simply because of this decision.

Surveys have consistently shown that participation is skewed towards the upper SES groups. Under the Elley-Irving Scale, 18.5 percent of the New Zealand male population falls into the top two SES groups. A 1984 survey of technical institutes showed 39 percent from these two groups, with only 13 percent from the bottom two groups, compared with 30 percent for the New Zealand male population as a whole. (40)

There is also an imbalance between course participation rates. At Christchurch Polytechnic in 1983, 43 percent of nursing students came from the top two groups, whereas only 23 percent of trade trainees did. (41) The same course, nursing, in Wellington in 1987 saw 42 percent from the top two groups. (42) Nursing is still largely seen as a middle class occupation (43), whereas trade training still seems to function as a form of limited social mobility for males.

Teachers' Colleges

Information on teachers' colleges again is limited. A 1983 survey of the year's intake gave reliable SES data for only those trainees

entering the three-year primary training programme. Here, 44 percent of trainees came from the top two SES groups, making up 18.5 percent of the total population. (44) There is no reason to assume that these figures will be any different for other divisions of trainees, except in the case of secondary trainees.

It is usually the case that secondary trainees have gone through university before they enter training college. It is highly likely, therefore, that they will have a higher SES origin than their primary colleagues. The information below on SES origins of university students will make this more apparent. Figures from Christchurch Teachers' College in 1984, covering both primary and secondary divisions, show 53 percent of trainees from the top two SES groups. (45) Secondary trainees therefore do appear to come from higher SES backgrounds.

Overall, in 1984, 46 percent of trainees came from the top two SES groups, and only 3 percent were from the bottom two. This points to an urgent need to recruit a much broader range of school teachers, given the important role they play in shaping the content of the education system. A number of researchers have pointed to the need for teachers to have links with the community in which they teach. It is not surprising that teacher turnover rates are high in areas such as Otara/Mangere, since teachers are very unlikely to have had any contact with those areas before beginning work there.

Universities

Inequities in participation rates are more comprehensively documented for universities than for any other sector of tertiary education. Data stems from 1955, and has been supplemented by nationwide surveys conducted by the New Zealand University Students' Association in 1969, 1978 and 1984. Auckland University also conducts triennial surveys of its student intake, investigating, amongst other things, SES origin. Surveys have also been conducted at Canterbury and Victoria Universities in the last four years. (46)

All this information conveys the same message: in 1955, 45 percent of the student population came from the top two SES groups, then representing 13 percent of the population; in 1984, 49 percent came from the top two groups, which by then represented 18.5 percent of the population. The figures for the bottom two

groups in 1955 were 8 percent of the students and 21 percent of the population, and in 1984, 8 percent and 30 percent respectively. In spite of burgeoning university rolls, the participation rates have become slightly more inequitable.

Jones (47) suggests that there are four main factors influencing, and to a large degree determining, entry to higher education: aspiration, accessibility, achievement, and availability. He suggests that SES has a direct link with achievement, aspiration and accessibility. Evidence already presented supports this claim. This study shows that school background is an important determinant in attending university, as are parental attitudes. However, SES makes no difference to students' academic performance once they get to university. The barriers occur long before. Low SES pupils are screened out of education before they get to university; if only they got there in the first place they would be likely to do just as well as the high SES group.

As noted above, participation rates in university-level tertiary education have changed little in the last thirty years—and there is only so much that can be said about such an unchanging situation. The major development in post-compulsory education in the last ten years has been the rapid growth of the so-called school-to-work transition courses.

Transitional and Vocational Education

Education to assist in the 'transition from school to working life' has been the focus of significant policy developments in the past ten years. There was first the growth of transition courses in schools, starting with the work exploration programmes that grew as schools could squeeze resources from other areas. From meagre beginnings in the mid-70s, by 1983 there were 26,532 students on school-based transition programmes (or 112 per secondary school). Through the same period there have developed a range of post-school schemes aimed at 'at risk' unemployed youth: the School Leavers Training and Employment Preparation Scheme (STEPS), the Work Skills Development Programme (WSDP), the Young Persons Training Programme (YPTP), the Training Assistance Programme (TAP), and now ACCESS.

This rapid growth of 'transition' courses has highlighted a number of issues in education. In one sense, transition education can be

seen as an extension of universal education. Davenport argued that universal education is:

> . . . the education of all sorts of men for all sorts of purposes and in all sorts of subjects that can contribute to the efficiency of the individual in a professional way or awake and develop the best that was born into him as a man and a human being.

His conclusion was that:

> . . . industrial education does not differ logically from any other form of professional training that requires a large body of highly specialised knowledge. . . . when we remember that all men need two educations, one that is vocational and one that is not . . . (48)

Davenport wrote that in 1909 and his use of the masculine gender throughout will not be overlooked.

The election of a Labour Government in July 1984 saw the establishment of a caucus committee to find ways to respond to the problem of youth unemployment and to fulfil the Government's policy that:

> All school leavers who fail to find employment in their first year after leaving school will have access to further education and vocational training.

The caucus committee's report, the Scott Report, became a briefing paper to the Employment Promotion Conference, and charts the course of Government policy. Their report states that:

> Secondary schools need to ask themselves why so many young people are leaving school so obviously ill-prepared for adult life. (49)

Preparation for adult life, however, included preparation for work. Employers do not believe that schools prepare young people adequately for work. (50) The government does not believe that schools adequately prepare young people for employment, claiming to have:

> . . . inherited an urgent problem in an unacceptably high and rising level of school leaver unemployment, its social consequences and a set of programmes both within schools and beyond which were not adequately dealing with it. (51)

The problem for many lies in the academic bias of the school curriculum. (52)

The Government therefore encouraged the development of transition education programmes in the belief that they would assist young unemployed people find work.

School-based Programmes

As stated above, school-based transition programmes have been around since the mid-70s. A 1983 Education Department survey (53) of these programmes classified them into three categories: 'at risk', 'work exploration programmes' or 'other'. The category 'other' accounted for around 60 percent of students. The survey produced the following participation rates for various SES groups: the 'at risk' programmes were weighted towards middle and low SES groups, 'work exploration' towards high SES groups, and the 'other' courses were skewed slightly away from low SES groups.

Included in the 'other' types of programme were activities found in 'life skills' courses, job-seeking skills, human relationships, pre-employment programmes, preparation for tertiary education, and introductions to urban living. School-based transition programmes have changed significantly in the last few years. When introduced, they were used as a sort of holding pen for difficult students or 'slow learners' until they could leave school. Now, transition courses are being used by all types of student, often those in the senior school, as a bridge to work. This has probably resulted from rising unemployment and a seeming tendency for pupils to return to school rather than face joblessness.

Schools and Jobs

This change in the nature of transition courses and their users highlights questions about the relationship between school and the labour market. As noted above, the Government has developed transition courses in the hope that they will help reduce unemployment levels. It has been argued (54) that education in New Zealand is seen by most as 'instrumentally connected to the world of work'. Although this has always been the case, in recent years as the economy has come under pressure, this connection has been stressed over and above other educational functions.

The link between schooling and job requirements is now being questioned because of an oversupply of seemingly qualified youth, and its nature is coming under scrutiny. A recent survey of school and work skills (45) shows that though employers tend to rely on particular subjects, such as English or Mathematics, to provide young people with work-related skills, these abilities are just as likely to be developed in History. The author concludes that employers do not understand what schools are teaching or how it is being assessed. Schools, he suggests, have an obligation to improve

the usefulness of their information to employers. Employers, on the other hand, have to begin to specify the skills that are entailed in a job, not just the tasks and duties. School subjects do not teach jobs—no school, for instance, teaches mail sorting. For employers to make use of information from schools about the skills taught, they will have to know what skills they need. This is backed by further studies comparing actual skills needed for a job, and the qualifications sought by employers. (56)

Training Schemes

Since the mid-70s, there have been many schemes devised for young people out of school, aimed at giving them job skills. Studies of these schemes, especially of the Young Persons Training Programme (YPTP), and the School Leavers Training and Employment Preparation Scheme (STEPS) have only begun in recent years, so there is little comparative data, and what data there is tends to be patchy, simply because this is a new area of research. (57) One study found that the school leavers most likely to be unemployed, and by implication finish up in a post-school transition course, were young, low SES women with few or no qualifications and a short time at secondary school. (58)

These schemes tend to be populated by low SES groups, since high SES school pupils tend to stay on at school. The young people on these schemes, especially STEPS, were often confronted with tutors with different expectations of the scheme and different attitudes towards work, often derived from different SES and ethnic backgrounds.

Both YPTP and STEPS have been severely criticised. In September 1984, the Director of Northland Community College, Noel Harrison wrote:

> Schemes such as YPTP-STEPS are limited in concept, tied to the prospect of an immediate job, and most are far too short to achieve anything of substance. They have been the product of short-term political expediency and been permanently handicapped by a dual system of control (Labour-Education) which has led to an inefficient, highly-centralised and costly system. They have never been fully evaluated. (59)

Ironically, when a Department of Labour review of STEPS was published in 1985, the programme was rated a success because over half the trainees surveyed made spontaneous positive comments about the programme, got a job or felt more confident. A review of

YPTP published at the same time found a high degree of satisfaction with the programme and a higher than expected placement rate. (60)

However, most training schemes were abolished in December 1985 and replaced by the Training Assistance Programme, as a lead into ACCESS. There is even less data on TAP. It is also very difficult to generalise about these schemes because they have taken over many of the types of programme that used to be covered by STEPS or YPTP. A study of TAP trainees at Carrington Polytechnic in 1986 showed that over half the trainees came from middle and upper SES groups. (61) This conflicts with previous data about STEPS-YPTP, but it must be remembered that the previous studies did not deal with trainees in technical institutes, but in other types of course. Herrick, noting that these people have come from 'backgrounds which would be expected to provide adequate educational-attitudinal preparation for employment' (62), called for more research in this area, especially as it may relate to the need for affirmative action policies to get lower SES groups into Polytechnic courses, and using those training programmes supposedly targeted to them.

A Solution or a Problem?

The whole concept of transition education has come under some close scrutiny. The Government's support for the programmes as a means to solve unemployment has been met with the criticism that it is attempting an educational solution to an employment problem. The real problem, these critics suggest, is that there are simply not enough jobs to go around. (63)

There have also been criticisms of the content of the courses. Moore observes that 'social and life skills training has the same relation to life as paint by numbers has to art'. (64) Content has been defended, for instance by Korndorffer, as at least giving these young people the skills to get by, if not 'really useful knowledge' to help them in their own lives. (65)

Those involved in this debate have also dealt with the function of transition courses. Windscuttle's argument that 'any moves towards more vocational training will simply mean that those who are unemployed will have different abilities from those who are presently unemployed' (66) has been taken further by other writers. Presdee, for instance, argues that the most important function that this type of training performs is that of social control, because

it fosters the belief that it will create jobs. (67) Watkins reaches the same conclusion from a different angle, arguing that because schools now produce skills levels higher than are needed by industry, where jobs have become increasingly 'standardised, routinised and deskilled', training schemes work to reduce expectations and produce acquiescence. (68)

Training schemes are a policy response to the problem of youth unemployment. They are a response formed by the belief that the current rates of unemployment are a temporary aberration in the New Zealand economy. Unfortunately, the indications from around the world are that the labour market for those aged 15 to 19 is ceasing to exist. Nash suggests that employment practices, skill levels and changing class cultural expectations make the 'complete recovery of the labour market for unqualified school leavers . . . unlikely'. (69)

It appears that those most on the receiving end of youth unemployment are low SES groups: young people who do not achieve at school and who do not then achieve in the world of work. Already for many young people that cycle of deprivation has begun. There is considerable doubt as to whether the policy response will be adequate to break that cycle without a policy commitment to making jobs as well.

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1   Lauder, H.C., Hughes, D.C., and Taberner, S.J., 'Education, Class and Inequality in New Zealand: A Preliminary Report', *Delta*, 1985, 36: 31–37.

2   The Elley-Irving Scales were designed simply so that researchers would have a tool by which the representativeness of survey samples could be tested. The scales, in providing a six point ranking of over 700 occupations (separately for men and women), are based on an analysis of mean income and educational qualifications. Criticisms have included a relative undifferentiation of educational levels (Brooks, I.R. and Cuttance, P.F., 'Socio-economic Status in New Zealand', *The Australian and New Zealand Journal of Sociology*, 1973, 9(3): 66–67); their only modest reliability presents problems when testing for a relationship between SES and other variables (Jackson, P.F., 'A Note on the Use of the Elley-Irving Socio-Economic Scales', *NZJES*, 1980, 15(2): 176–179); failure to provide a comprehensive measure of the variability of socio-economic conditions within families (Fergusson, D.M. and Horwood, L.J., 'The Measurement of Socio-Economic Status for 1109 New Zealand Families', *NZJES*, 1979, 14(1): 58–66). Despite these criticisms, most writers accept that the scales are valid as they were intended—as a measure of the representativeness of samples. More detail on these scales can be found in Elley, W.B. and Irving, J.C., 'A Socio-Economic Index for New Zealand Based on Levels of Education and Income from the 1966 Census', *NZJES*, 1972, 7(2): 153–167. The Scale was then updated in Elley and Irving, 'Revised Socio-Economic Index for New Zealand', *NZJES*, 1976, 11(1): 25–36; and again most recently in their 1985 article 'The Elley-Irving Socio-Economic Index 1981 Census Revision' in the *NZJES* 20(2): 115–128. In Irving J.C. and Elley, W.B., 'A Socio-Economic Index for the Female Labour Force in New Zealand', *NZJES*, 1977, 12(2): 154–163, they present the same data base analysed for women in the paid work force. Both Buttle, F., 'The Elley-Irving Socio-Economic Indices: Practical Problems in Their Use', Massey University Market Research Centre Research Reports, No. 26, 1980, and Mayo, R.W., 'A Review of Socio-Economic Classification Systems', Massey University Market Research Centre Research Reports, No. 36, 1984, contain discussion of the use of the scales and some comparison with other systems of classification.

The New Zealand Standard Classification of Occupations (NZSCO) presents problems of its own. Like Elley-Irving, the NZSCO slots occupations into fixed positions on a hierarchical scale. Elley-Irving presents some measure of status, however crude, by measuring on the basis of equal weighting to education and income. NZSCO merely ranks occupations according to type—professional, managerial, technical, sales, production, etc. It takes no account of the characteristics of the people actually doing those jobs. For some discussion in addition to Mayo (1985) see Neilsen, D., 'Towards a Framework for Socio-Economic Classification', *New Zealand Sociology*, 1986, 1(1): 34–49.

3   The New Zealand Class Structure Project currently under way at Massey University gives a different breakdown, defining the working class as those who neither own the means of production, nor control their work activities: their proletariat is 34.7 percent of the population, manager/supervisors 39.2 percent, small employers 8 percent, bourgeoisie (owner or part owner of business with at least 10 employees) 2.9 percent, petty bourgeoisie (self employed, or part owner of business with 1 employee) 9 percent and semi-autonomous employers, 6.2 percent. (*The Demographics of Class Structure.*) The categories have not yet been used in educational research. (Wilkes, C., Davis, P., Tait, D., and Chrisp, P., Working Paper 1, 1987).

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34   Robinson, 1982 [see note 15].

35   Berwick-Emms, 1986 [see note 12]. See also the material covered in the chapter on the disabled, and indirectly Kealey, 1984 (note 13) and Jones, 1987 (note 20).

36   According to this theory, low SES groups use a 'restricted' language code that features low level syntactic and vocabularic selection. It is discontinuous, condensed and has local meaning; it is concerned with the how rather than the what of communication; in particular it is verbally implicit. The upshot of all this is that it generates *particularistic* meanings. The code used by high SES groups, however, is 'elaborated' in that it represents things and events that are not immediately present. It therefore leads to *universalistic* meanings. So this 'restricted' code, with its base in immediate experience, has limited ability for abstract or conceptual learning, whereas that is precisely what the 'elaborated' code provides the tools to do. This suggests the need for school structure and teaching practice that take into account the local conditions and cultures. It also raises issues of teacher expectation again, in that many may see a 'restricted' code as in some way deficient. This is not necessarily so—it is difficult to argue that 'rap', the speech of New York street gangs, is in any way deficient. It is merely different, some would argue far more sophisti-cated, and more appropriate to the needs and the culture of those who use it.

37   Silva *et al,* 1982 [see note 3].

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5   Pacific Island and Migrant Education

The Basis of Policy:

The two basic alternative policy approaches to minority ethnic groups are the integration/assimilation model and the multicultural/pluralist model.

The assimilation model is aimed at enabling ethnic groups to obtain the majority culture and to succeed in the majority society. It stresses individual opportunity.

In the pluralist model education fosters cultural maintenance and ethnic identity. There is an attempt to bring knowledge of all cultures into the mainstream of education. (1)

The *Report on Educational Policies in New Zealand*, prepared for the OECD examiners in March 1982, mentioned that, 'It is the first time that a statement prepared by the Department of Education has taken the concept of ethnicity as a basis for policy discussion'. In the past, 'consciously or unconsciously, the attitude of mind has been assimilationist'.

Although the Ethnic Minorities section had been widened to include Pacific Islanders and South-East Asians, 'the section remains silent on a large number of groups of people . . . belonging to some ethnic or cultural minority but whose separate identity does not provide grounds for government initiatives to advance or protect their expressed concerns'. (2)

For integration to be successfully achieved in New Zealand then full opportunity needed to be given to minority groups to attain an equitable position in employment, status, etc. This has not happened, casting doubt on the effectiveness of assimilation-based policy.

There has been some further consideration of the Department's position since that time, with the Report of the Department of Education for 1987 stating that:

Policies that fall under the headings of multiculturalism are much less well developed than those under the heading of biculturalism. The

Department has, however, given considerable thought to the educational implications of multiculturalism. It has prepared a comprehensive set of proposals for the teaching of the languages of the main ethnic communities in this country. The full implementation of these proposals would require a firm, long-term commitment by government. (3)

If the goal is now a multicultural society then minority groups must be able to maintain their identities and contribute fully to New Zealand society.

The section of the *International Year of the Child Report* on 'The Child in a Multi-Cultural Society' gave the following definition:

A multi-cultural society is one in which various ethnic and cultural groups are encouraged to retain their own unique qualities and to bring up their children to continue with the same. It is one in which cultural diversity is highly valued and in which children are under no pressure to conform to one main cultural pattern.

By this standard New Zealand is not yet a truly multi-cultural society. (p. 145)

Currently we have a situation where minority groups are recognised only for their disadvantage or deprivation in assimilationist terms. In effect this protects and privileges the majority English status. How we move from this to the multicultural model based on human rights, emphasising retention of language and cultural identity, is a major issue. We need a clear picture of 'who' we are in New Zealand, and then to define 'where' we are going and develop processes on 'how' to do this.

Among the smaller ethnic groups represented by the Auckland and Wellington Ethnic Councils there is a genuine fear that the low level of recognition that they have at present may be submerged within a polarised Maori/non-Maori society.

The Education Department has appointed staff to positions with titular responsibility for areas of concern before developing a coherent policy or having a clearly articulated understanding of what their underlying purpose and direction should be. Examples are the appointments within the Maori and Pacific Island Education section of the Pacific Island advisers, the New Settlers Education Officer and the Multicultural Senior Education Officer.

In effect, people from the groups concerned have been appointed to positions in which it is possible for them to develop programmes in consultation with their constituent groups—yet these programmes are having to be developed in isolation from any government policy on the nature and preferred direction of New Zealand society, including education.

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6 Issues in Pacific Island Education

A major problem in reviewing the scant literature on the relative educational disadvantage of Pacific Island people in New Zealand is the general lack of useful statistics. Many reports and surveys simply group Maori and Pacific Island people together, frequently under the term 'Polynesians'. Others, including departmental reports, begin by making the distinction between Maori and Pacific Island and then continue in the body of the report to refer predominantly or solely to Maori. In those reports specifically covering Pacific Island groups there is usually no differentiation between the various island cultures.

Over the last 10–15 years there has been a move in the Pacific Island community towards stressing the importance of recognition of their own cultures as well as the provision of programmes to ensure equal opportunity in the existing New Zealand education system. The view that Pacific Island cultures should be recognised for their own inherent value is strongly supported in many of the submissions from Pacific Island groups to the Curriculum Review.

The case for the recognition and support for specific Pacific Island cultures and languages was made by Albert Wendt in his paper *An Education System for Whom?*: (1)

> We are what we remember. . .
>
> The majority or most powerful group in a society determines what is remembered and how it is remembered. Groups without political power are trapped in a reality prescribed by others. I am only a Pacific Islander when I arrive in New Zealand—elsewhere I am a Samoan.
>
> The New Zealand education system should try to give our children not just the memories of the majority culture and it should do so not just in the ways and language of the majority but it should also give them our memories and heritage in the ways we want them transmitted. New Zealand society should remember that it is both Polynesian and Pa'palangi.

In commenting on the human rights side of cultural identity, Paul Spoonley asks:

> Can an individual's linguistic rights be separated from his human rights? . . . when we say that Tokelauan or any other minor language does not

count, do we in fact say that the individuals who speak these languages do not count? (2)

Pre-School

Attendance at pre-school by Pacific Island children is considerably lower than that of either Maori or European children. A 1984 Department of Education survey (3) showed that for those four-year-olds whose fathers were Pakeha, only 12 percent did *not* attend pre-school, compared with 31 percent of those with Maori fathers and 67 percent of those with Pacific Island fathers. For mothers, the proportions were 11 percent, 45 percent and 60 percent respectively. The Pacific Island attendance was lowest in the Auckland Education Board area—with the highest proportion of Pacific Island population—reflecting the pressure on limited services in an urban area with a high pre-school population.

The Kohanga Reo programme has had a dramatic effect on Maori involvement in pre-school, quadrupling the numbers from 1969 to 1986. The development of Pacific Island language nurseries has been more dispersed than that of Kohanga Reo. Although a few Pacific Island pre-school centres, such as the Cook Island group in Tokoroa, were in operation before the development of Kohanga Reo, the main thrust has come in the last two or three years. In July 1987, the Education Department identified 18 early childhood centres based on a cultural philosophy, excluding Te Kohanga Reo. Although mainly Pacific Island, centres include two Jewish, one Chinese and one Dutch. The Pacific Island centres are four Cook Island, four Samoan, two Tongan and four simply identified as 'Pacific Island'. Nine of the centres are situated in the Auckland district, three in the Hamilton district, five (including the Chinese, Dutch and one Jewish) in Wellington and one in Dunedin.

Education Department support for Pacific Island 'language nests' was expressed in its 1987 Ministerial briefing papers, which state that 'Pacific Island groups are to receive priority for community-based, non-profit-making, pre-school groups' funds in the 1987/88 year'. The cost to the Department for the 15 Pacific Island groups in 1987/88 was estimated to be $23,267—$1,551 per centre. Yet this is a lower rate of financial support per centre than that provided to most other forms of pre-school education.

A current problem in gaining equitable funding is the lack of Pacific Island staff who qualify for the childcare trained staff subsidies. There has been no initiative from the Education Department for the training of Pacific Island childcare staff. In co-operation with PACIFICA, the New Zealand Childcare Association (NZCA) is currently training four Pacific Island women, who are all working in Pacific Island pre-schools, as childcare trainers. At the end of this training programme they will be qualified to train Pacific Island childcare staff for the NZCA certificate, which is recognised by the Education Department for the payment of the trained staff subsidies. No funding is available at present for the ongoing payment of these trainers, who will be employed by NZCA.

A home-based, early childhood care and education programme, linked to existing early childhood centres established by Pacific Island communities, is being developed over three years beginning 1987/88. Funding is made up of a $814,000 grant from the Netherlands-based Bernard van Leer Foundation and $625,000 from the Education Department. (4)

Members of the Pacific Island community have initiated the existing Pacific Island pre-school groups from within their own resources. The difficulties experienced in identifying appropriate funding sources are shown in a case study of the Cook Island Punanga Reo. (4,5) Major support has come from outside the Education Department. Examples are the training of childcare trainers by the NZCA, the Bernard van Leer grant and Labour Department funding of an ACCESS programme at the Newtown Samoan A'Oga Amata.

Primary and Secondary Schooling

Several studies have shown few or no achievement differences relating to ethnic background at new entrant level, slight differences at Standard 2 and more pronounced differences at Standard 4 and Form 1. A study carried out in 1977 in the Wellington region showed this trend applied to both Maori and Pacific Island children. (6)

Four research studies suggest that the response to the needs of ethnic minority children must go beyond a broad 'cultural understanding' to a change in actual classroom practices if students are to increase their learning success.

Hunkin considers that a more directive approach is more effective with Maori and Pacific Island students. Observation of eight 'successful' teachers at primary schools showed that they placed more emphasis on the group and less on the individual. The sex and ethnicity of the teachers was irrelevant; it was the classroom approach that was important. Hunkin recommends that teacher training should go beyond a 'soft' input on multicultural understanding to include input on culturally appropriate teaching techniques which are monitored and amended if need be. (7)

Thomas suggests the development of group-oriented teaching techniques, stating that research shows that Pacific Island children are more co-operative than Maori or Pakeha. This research showed a lower level of co-operation among Cook Island children tested in 1977 than in 1974. He also mentions that United States studies have shown group-oriented teaching methods have distinct advantages over individualistic teaching styles. (8)

In examining the 'on-task' behaviour of European and Polynesian (mainly Samoan) secondary school pupils, Stevenson found that the European pupils had high on-task rates throughout but they were higher during the individual contingency phase during which rewards and punishments were allocated to individuals (75 percent compared to 69 percent during the group contingency phase). Out of the 20 Polynesian pupils, 19 showed a higher rate of response during the group contingency phase. Stevenson suggests an attempt to increase the on-task behaviours of pupils in multicultural classrooms with group contingencies which would result in a greater emphasis on more group approaches to teaching—fostering co-operation, as well as or in place of, competition for all students. (9)

Jones' recent comparison of (mainly) Pacific Island low stream and (mainly) Pakeha high stream classes in an Auckland girls secondary school shows that a negative, if unconscious, teacher response to cultural factors as indicating slowness or a lack of interest in learning, helps to keep Pacific Islanders low achievers. (10)

The effect of teachers' attitudes on students' self-esteem was shown in a 1985 study by Johns of fourth formers from six

Waikato schools. The Pacific Island students showed great difficulty in making decisions (low decision-making ability: Pacific Island 46.5 percent, Maori 34.6 percent, Pakeha 16 percent), and this ranking order was similar to the numbers who maintained that their teachers 'make them feel bad' (Pacific Island 17.9 percent, Maori 16.3 percent, Pakeha 4.9 percent). Johns suggested that it was primarily a teacher problem requiring a teacher solution. (11)

The recruitment and training of Pacific Island teachers was a major issue in the submissions to the 1987 Curriculum Review from Pacific Island groups. The retraining courses for Pacific Island trained teachers run at Auckland (since 1975) and Wellington (since 1976) Training Colleges are providing some assistance but only for those who already have Pacific Island qualifications. The numbers accepted have dropped in recent years from 19 in 1980 to 11 in 1983.

A reserve quota for Maori and Pacific Island students for primary school teacher training was introduced in 1981. The departmental reports do not break the figures down into separate Maori and Pacific Island categories. As a joint category there was a drop between 1984 and 1985 in the number of Maori and Pacific Island students recruited. In 1984 (to commence training 1985) they made up 17.7 percent of the primary intake and 10.8 percent of the secondary intake. These figures fell to 11.1 percent and 4.8 percent respectively the following year.

The number of Pacific Island students accepted in the general intake appears to be low. A survey of applicants and entrants for teachers college in Wellington and Christchurch in 1982 showed 9 Pacific Island applicants out of 925 and 2 out of 225 who entered training college. Although figures on the situation in Auckland would be more useful, the figure of 1 percent for both applicants and accepted students appears lower than could be expected, for the Wellington area in particular.

The New Zealand Educational Institute (NZEI) review of the *Tomorrow May Be Too Late* proposals in April 1985, (12) found that there had been no move to provide teacher housing, no increase in support/release staff or the use of non-professional (i.e. multicultural) staff and that little multicultural classroom resource material was available.

On the positive side the RED (Resource, Experimental and Development) centres in Mangere and Otara were operating. Falling rolls meant that few schools could now be termed over-large.

'White flight' from the area had become a reality and the question of bussing students to ensure less segregated education was mentioned in passing. The ethnic composition of many schools in South Auckland is such that if they were in the United States then bussing would have already been introduced.

The concern being expressed by Pacific Island groups over the need for more Pacific Island teachers has grown in recent years. The earlier interest shown by education institutions in the multicultural education of existing, predominantly Pakeha, teaching staff appears to have had little practical effect.

Many official reports over recent years, including *Tomorrow May be Too Late* and the curriculum review, have called for more cultural input in teacher training and for teachers to be more aware of the cultural background of their students. The implementation of this policy consists largely of participation by teacher trainees in cultural courses at the Pacific Island Education Resource Centre (PIERC) and Multicultural Education Resource Centre (MERC) (13) and/or similar input to their training college courses. Although a comprehensive review of the effect of different classroom approaches to the achievement of Pacific Island (and other minority group) students is not available, the existing evidence suggests that this is an area requiring urgent attention.

Tertiary Education

Integrated policies on support for Pacific Island students at New Zealand universities, polytechnics and community colleges have not been widely developed. The lack of any comprehensive national statistics on participation in university studies makes it difficult to give a clear overview of the situation. Complicating factors include the lack of information on the varying achievement rates of New Zealand educated and Pacific Island educated students and the lack of any comparative figures between different Pacific Island groups.

The Research and Statistics Division of the Department of Education produces an annual profile of full-year, full-time technical and continuing education students. These show a growth in the Pacific Island proportion of first-year students from 1.68 percent in 1982 to 2.8 percent in 1986. However the regular annual increase was interrupted by a decrease in 1984, which may reflect an under-

identification of students. A similar downturn was shown in the Auckland University figures in 1983 and 1985. (14)

There is a high concentration of the Pacific Island population in Auckland and Wellington. In 1981, 64.56 percent of the New Zealand Samoan population lived in Auckland and 23.87 percent in Wellington; Cook Island population was 64.44 percent in Auckland and 14.28 percent in Wellington (11.10 percent in South Auckland/Bay of Plenty—mainly in Tokoroa). Together with the parents' belief that children should be supervised, preferably by older kin, this means that the concentration of Pacific Island students is likely to continue to be on Auckland and Victoria Universities.

Auckland University set up a sub-committee in 1976 to consider the educational opportunities at the university for Maori and Polynesian students. Between 1977 and 1980, the number of 'other Polynesian (Pacific Island) students' grew from 61 to 196, an overall increase of 221 percent, the annual rate of increase falling from 90 percent between 1977/78 to 26 percent between 1979/80. (15) However, there is some difficulty in collating figures as no official ethnic statistics are kept. A submission to the University Review Committee from the Standing Committee on Tertiary Assistance Grants gives the Pacific Island figures for 1977 as 85 and for 1980 as 204. The figures over the following years fluctuated considerably with a downturn in 1983 and again in 1985 which may have been a result of the under-identification of students as Pacific Island because of the current political climate. The figure given for 1986 of 514 is greater than the figure of 367 for Maori students in that year, while between 1977 and 1980 the number of Pacific Island students had been less than half the Maori number.

The submission suggests that the percentage of Pacific Island students was around one third to one quarter that expected, all other things being equal, from the Pacific Island proportion of the Auckland population. Pass rates for Pacific Island students were lower than for all students.

A 1987 University of Canterbury report showed that the number of Pacific Island students had grown from 33 in 1979 to 77 in 1987, and that the pass rates were around 10 percent lower than those for the University as a whole. Pacific Island students were over-represented in Law, average in Arts and Science and underrepresented in Commerce, where they had an especially low pass

rate of 42 percent in 1986 compared to 78 percent for all students and 72 percent for Maori students.

The following policies have been introduced by Auckland University:

1 There are preferential entry provisions in law and medicine in Auckland.

2 The University has a Maori and Pacific Island Liaison Officer who liaises with Pacific Island groups off-campus and Pacific Island students on-campus.

3 The University has appointed a counsellor with special responsibilities for overseas students. New Zealand-born Pacific Islanders also regularly use the service.

4 There is also a committee to ensure equal opportunities for Maori and Pacific Island students.

5 In 1982 a group of teaching staff and Pacific Island students met and set up a Standing Committee on Pacific Island Studies. A Tongan academic Dr Epeli Hau'ofa from the University of the South Pacific (USP) was brought to Auckland under the University visitor scheme in 1985.

6 In early 1985 the university Academic Committee and Council agreed to the establishment of a Centre for Pacific Studies. No director has been appointed yet. A 0.5 of a lectureship has been made to the Centre. Two introductory level papers on the political economy of the Pacific and Pacific arts and cultures will be offered in alternating years. The Political Economy of the Pacific course will be offered in the latter part of 1987.

The positive action taken at Auckland University is to be commended and could form the basis for a much needed national policy.

At Victoria University the School of Social Work has recently appointed a Pacific Island (Fijian) assistant lecturer. Part of her responsibility is to help develop a Pacific Island approach to social work, rather than simply teaching in the existing programme.

Many of the current Pacific Island leaders and government officials have been educated at university and often at secondary school, in New Zealand. A review of Tongan graduates (16) showed that 33 percent had their post-primary education overseas, mainly in New Zealand. The continuation of these links with

New Zealand rather than with Australia or other developed countries will depend to a degree on the level of support for Pacific Island culture shown by New Zealand universities. It could be in New Zealand's own political and economic interests for this to be encouraged.

Though there has been a growing emphasis in recent years on developing the University of the South Pacific in Suva, the effect of the recent military coup in Fiji brings into question its long term role. There may be increased pressure on New Zealand universities to replace the USP in some cases. (17) The Pacific Island Employment Development Board (PIEDB) has allocated a considerable proportion of its $2.5 million per annum government grant to training programmes. The stated purpose of the fund is 'to provide viable unsubsidised employment in Pacific Island communities'. The board has sponsored a journalism course at the Manukau Technical Institute, a welding course at the Auckland Technical Institute, arranged a Management Development Package with the State Services Commission and organised a series of business workshops throughout the country, run in conjunction with the Development Finance Corporation (DFC)'s education and training service, and Massey University.

The PIEDB considers access for Pacific Island people to appropriate training programmes as a key element in developing 'viable unsubsidised employment'. The high level of support provided by the Ministry of Pacific Island Affairs to the PIEDB has been critical to its successful support for training programmes. However, the need to invest a high proportion of the Pacific Island employment funds in sponsoring training at polytechnics and other agencies brings into question the relevance and accessibility of existing training programmes to the Pacific Island community.

Participation in Educational Decision-Making

There has recently been strong support for these initiatives from the Pacific Island advisory staff in the Department of Education. A major strength of the Pacific Island community is the network that has been established between the Ministry of Pacific Island Affairs, the Education Department advisory staff and groups such as PACIFICA. There is a strong Samoan influence in this network

which may not always encourage the smaller island groups to express their views openly. (5)

No statistics are available on the level of participation of Pacific Island groups in the management of education bodies. However, the need for increased involvement on school committees was stated by PACIFICA in their submission to the 1987 Curriculum Review, and the Auckland Pacific Island Teachers' submission said that Parent Teacher Associations (PTAs) must reflect all local cultures and that their procedures should be more open and informal. A problem experienced by some school committees and boards has been the formal procedures for election. Many Pacific Island people are unwilling to push themselves forward in a competitive election situation. It may be more appropriate to invite Pacific Island organisations to nominate representatives (18) who should not, however, be expected to represent the views of all the different Pacific Island communities represented at a school.

The *Curriculum Review* report (19) and the International Year of the Child report on *The Child in a Multicultural Society*, (20) recommended that managing bodies ensure their membership is more representative of the cultural mix of the communities they serve.

The report of the National Council of Adult Education (NCAE) Conference on Pacific Island Education Opportunities in New Zealand, stressed the importance of the selection of Pacific Island members for boards, committees and councils. It was suggested that the Ministry of Pacific Island Affairs could help encourage this process. (21) The Task Force on Trade Union Education's Second Report also emphasises increased participation and positive action to achieve it.

The importance of a sensitive approach which ensures that the actual ethnic groups attending a particular school are represented has been made by the Principal of Nga Tapawae College, Ann Gluckman. The college students are predominantly Pacific Island (57 percent, with 35 percent Maori and 8 percent other). The College Board is predominantly Maori and there have been some problems with an emphasised Maori culture being taught to Pacific Island students. (22)

Educating the Educators

The Pacific Island Education Resource Centre (PIERC) in Auckland was established in 1975 and the Wellington Multicultural Education Resource Centre (MERC) was set up in 1981. PIERC has recently established an outreach section in South Auckland and there has been a request from the Pacific Island community in Christchurch for a centre, possibly attached to the polytechnic.

These centres have provided a very effective source of education on Pacific Island and other cultures to European teachers, students, social workers and other state servants.

Pacific Island advisory staff have been appointed in the Department of Education at Head Office and in the Auckland region. The appointment of these staff members is the implementation of a departmental policy in itself. There is no overall education policy that they are employed to implement.

There has been an increase in the input on Pacific Island culture in teacher training and some classroom material has been made available. In 1984 PIERC produced resource material in five Pacific Island languages. A difficulty in measuring progress is the tendency for the provision of access to Maori and Pacific Island cultures to be grouped together.

There have been some comments from the Pacific Island community that cultural education has become a matter of Pacific Island people providing educational input to Pa'palangi government staff rather than supporting cultural education within the communities. As a consequence there has been a recent increased emphasis, from within PIERC in particular, on supporting the local Pacific Island community through programmes such as a pre-school centre.

Both centres have Samoan directors, and a suggestion made in a review of consumer attitudes towards the provision of government services to ethnic minorities was for revolving directorships among the staff from different cultures, which would better reflect the individual groups within the Pacific Island community. (23)

Workplace Education

One of the few recommendations from the seminal 1974 Lopdell House seminar which has not been implemented was, 'That legislation be passed entitling all migrant workers who need it to 160 hours at English and Community Affairs classes, in work time and while paid at the usual wage rates'. A pilot programme was run at the Dulux factory in Petone by the local technical institute, and the Manukau Technical Institute has an Industrial Language Training Programme with its own community committee.

This is an issue that still needs addressing at a national level for both Pacific Island and other migrant groups. Many factories employ teams from specific ethnic groups who communicate in their first language in the workplace. For this reason some may never attain a good grasp of the English language, with consequent implications for their understanding of safety procedures, their participation in wider community affairs and their chance for promotion to more senior positions.

The positive effect of a workplace education and support policy was shown in a 1976 survey by Paul Spoonley of the attitudes of gatekeepers (that is, those controlling entry to these areas) in the fields of accommodation, employment and education. Only eight of the 44 companies surveyed had Pacific Islanders in supervisory positions or in white collar jobs, while there were no Pacific Islanders in middle or senior management. Six of these eight companies pursued policies that ensured Pacific Islanders received special consideration and assistance in training and promotion. Those working in companies without such policies appear to have little prospect of advancement. (26)

An area of clear disadvantage is the small number of Pacific Island people in senior positions, both within the education system and in the general business community. Although this may reflect, to a degree, their status as relatively new immigrants to New Zealand, there is a need for a formal workplace education policy to ensure that this does not become a permanent situation.

Tokelauan and Niuean Languages

The situation of the Tokelauan and Niuean languages is particularly critical. In both cases the continuation of the languages is

under threat, as there is a decreasing storehouse of language speakers in the home islands. At the same time the populations in New Zealand are relatively small and scattered in comparison with the predominant Samoan and Cook Island groups.

The Samoan, Cook Island Maori and Tongan languages are all now supported by language pre-schools and through the limited teaching in some Auckland schools. At the same time the situation in New Zealand is backed up by large populations and living languages in the home islands.

This situation highlights the special needs of the 'minority within the minority', who may need additional support beyond that justified by numbers alone.

It is unclear whether government action would have any long-term effect on the preservation of Tokelauan and Niuean. Some commentators suggest that minority languages which no longer have the right to be used in modern society will inevitably disappear. This right of use depends on government policy and relates to the development of a national language policy discussed in the next chapter.

Key Areas of Disadvantage

1   The lack of wide recognition of the separate Pacific Island cultures within the general education curriculum.

2   The low number of Pacific Island teachers at all levels of the education system from pre-school to university.

3   Low levels of use of access to pre-school education.

4   The tendency for Pacific Island pupils to fall behind their age cohorts in primary school.

5   The low level of participation in university education and low pass rates.

6   The lack of workplace education.

7   The low involvement of Pacific Island parents in the management of education institutions.

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7 Migrant/Multicultural Education

Little research has been carried out in New Zealand on the education situation of minority ethnic groups outside the Maori and Pacific Island communities. For that reason much of the material in this chapter has been taken from official reports, discussions with advisory officers and other involved individuals, the *Curriculum Review Report* and the State Services Commission report, *Provision of Government Services to Ethnic Minority Groups—a consumers' viewpoint*.

Current Government Policies

Education Department policies in this area have been directed either at the Pacific Island community or at the resettlement of refugees, especially those from South East Asia. The provision of additional departmental resources to these two groups has resulted in recent years in increased requests from minority ethnic groups which have been resident long-term in New Zealand for recognition of their own educational and cultural needs.

An English as a Second Language (ESL) programme which trains teachers of ESL, was set up in 1976 at Victoria University with 12 graduates in the first year. A survey of the graduates from the 1976–79 courses in 1981 showed that 38 of the 44 were still working in the education system with another 2 teaching ESL overseas. Of those working in New Zealand 34 were involved in second language teaching and multicultural education. Suggestions for changes to the course included more coverage of Pacific Island cultures, more contacts with other ethnic groups and less emphasis on language details. (1)

The appointment of Head Office advisory staff. A New Settlers Advisory Officer, with responsibility for the resettlement of refugees, was appointed in 1981. The position was made permanent in 1986 and an additional position, Multicultural Advisory Officer, established. The lack of a clear policy on multicultural issues has restricted the development of programmes. The work of the

Pacific Island advisory staff has the support and influence of the Ministry of Pacific Island Affairs and voluntary organisations like PACIFICA. The other ethnic groups do not have this form of support, although in the last two years Ethnic Councils have been formed in both Auckland and Wellington. The Department of Internal Affairs has made funds available this year for a national meeting of these groups.

Publication of New Settlers and Multicultural Education Issues. This periodical has been published since 1984 (at first as *New Settlers Education Issues*) and it provides useful resource material, for teachers in particular, as well as a forum for the exchange of ideas and experiences among those active in this field. (2)

Mangere Immigration Centre. Newly arrived refugees usually stay here for either a six or twelve week period during which time they take part in an orientation and ESL course. The announcement this year by the Minister of Immigration that New Zealand will accept 800 refugees per year for the next three years has been accompanied by a decision to make the centre permanent, with permanent staffing.

Regional ESL and orientation programmes. Those refugees coming into New Zealand under the family reunification programme travel directly to their host areas rather than going through the Mangere hostel. This has meant that local arrangements have had to be made for ESL and orientation education courses. These have usually been operated through the various Labour Department programmes. In Wellington the courses have been run through the Wellington Polytechnic using the YPTP, WSDP, and TAPs programmes. The new Regional Employment and ACCESS Committee (REAC) has decided not to continue funding through the ACCESS programme. This has resulted in pressure from the course organisers, the Wellington Ethnic Affairs Council and REAC, to government to get permanent funding through the Immigration, Social Welfare or Education Departments. The Ministers of Immigration and Employment announced at the end of September that the course would continue until the end of 1987 under a temporary funding arrangement.

As an employment programme, the ESL course run at the Karori Training College was one of the most successful in the country, having a placement rate of 85 percent. Just as importantly, many of these placements were in positions where the employees were able

to make use of their work and professional skills learnt prior to arrival in New Zealand. (3)

Of the current annual intake of 800 refugees, one third are expected to travel directly to Wellington, making the operation of regional courses critical to effective resettlement.

A major concern of those operating the courses in Wellington has been that many of those now arriving from both the Middle East and from South East Asia have been institutionalised into refugee camp life. The services of a psychologist seconded to work with the students was found to be very important in helping with resettlement into a non-institutional way of life.

The Wellington Multicultural Education Resource Centre (MERC) was set up in 1981. This followed the Auckland Pacific Island Education Resource Centre which was established in 1975. As is indicated by the name, the MERC has a broader brief than PIERC. Senior staff have been drawn from the Chinese as well as Pacific Island communities. The centre has acted as a meeting place for the Wellington Ethnic Affairs Council and has been used as a base for refugee orientation courses.

Policy Gaps

Currently New Zealand has no national policy on languages, although the issue was raised in the department's 1987 briefing papers to the incoming Minister of Education, which stated that 'It would be desirable to have a policy on languages which recognises the plural nature of society, the diversity of people and the many languages that exist in New Zealand now'.

National Languages Policy

The prime importance of language in the maintenance of a cultural identity is a key issue in many of the articles in the recent New Zealand publication Living Languages, especially in 'Towards a Language Policy', by Chris Hawley, Education Department New Settlers Education Officer. The issue was also included in the recommendations from the Curriculum Review and stressed by most groups interviewed in the State Services Commission (SSC) report, Government Services to Ethnic Minority groups—a consumer's viewpoint. (4)

Many ethnic minority groups have themselves taken the initiative in developing their own language teaching. These include culturally based pre-schools (Pacific Island, Jewish and Chinese), Indian language schools (5) and Yugoslav and Chinese evening classes. Of these initiatives, only the Pacific Island pre-schools have received any government recognition. Currently, almost all ethnic first language teaching takes place outside school hours, with no public funding.

The request for support in maintaining their own languages was a key feature in the feeling of inequity expressed by many of the ethnic groups in the SSC report. Communities such as the Indian and Yugoslav pointed out that although they could not be termed 'disadvantaged' in economic terms, they felt discriminated against by New Zealand society due to the lack of recognition given to their cultures, especially the language. It was felt that this was a human rights issue rather than one of material poverty and financial disadvantage. If a minority group does not have the recognition and support of the wider community in maintaining its culture, then its members are unlikely to feel able to play a full part in the affairs of the community.

The Report of the Department of Education for the year ended 31 March 1987 stated that: 'The department has, however, given considerable thought to the educational implications of multiculturalism. It has prepared a comprehensive set of proposals for the teaching of the languages of the main ethnic communities in this country. The full implementation of these proposals would require a firm long-term commitment by the Government.'

An internal report on the development of this policy (6) outlines four major language areas:

1   English for all

(a)   English for those whose first language is English

(b)   English for those whose first language is not English.

2   Maori for all

(a)   Maori for those of Maori descent

(b)   Maori for those not of Maori descent.

3   Languages other than English and Maori

(a)   languages of wider/international communications (Chinese, French, German, Japanese, etc.)

    (b) community languages—those used both inside and outside the home for everyday activities (notably some Pacific Island languages)

    (c) heritage languages—those used in the home or on ceremonial occasions (notably some European and Asian languages).

4 Special languages

    (a) sign languages

    (b) computer languages

    (c) non-standard varieties of languages.

It suggests the establishment of a Language Policy Committee which would carry out a survey of the country's current language policies and future language needs. Government would then make policy decisions based on the survey and further consultations. A Language Centre could then be set up to oversee and evaluate the implementation of the policy.

First Language Support Within the School System

There have been several examples of special resources being made available for non-Pacific Island first language teaching within the school system. In each case this has related to a specific economic situation rather than the social support of a New Zealand domiciled cultural group. Examples are the support for Japanese language and culture at a Wellington primary school used by staff from the Japanese Embassy, the children of Italian workers on the central North Island hydro-electric schemes and of Dutch workers at the Marsden Point oil refinery.

Similar resources have been requested unsuccessfully by long-term resident ethnic groups including the Auckland Indian community.

A problem for first language teaching is the way in which ethnic groups are spread throughout schools in many parts of New Zealand. Figures from the Wellington Education Board area on the number of children requiring assistance with the English language showed there were 40 different ethnic/language groups. Those with 15 or more pupils at one school included Samoan (who made up half of the total numbers), Cook Island, Tokelauan, Indian, Italian, Greek and Maori. (7)

A suggested solution proposed by the Auckland Indian Association is the attachment of one teacher to the association who could spend time at a number of schools in the Auckland area.

Other Issues

1 Teaching about non-British religions and cultural traditions in the New Zealand curriculum is often not considered to be adequate or appropriate by the communities concerned.

Appropriate cultural material from minority ethnic groups needs to be integrated into the wider New Zealand education curriculum.

2 A national policy on workplace education for those arriving in New Zealand as adults and moving directly into the workforce is required.

3 Improved access to continuing education is required for those arriving as adults and those who have lived in New Zealand for a considerable time without attaining proficiency in English.

4 The emphasis on cultural maintenance can mean the retention of languages which may no longer be widely used in the home country. Examples are the use of Cantonese by New Zealand Chinese while in mainland China Mandarin is the national language. The New Zealand Yugoslav community and some others from Eastern Europe have a similar problem, with the language spoken in New Zealand no longer being the same as that spoken in the country of origin.

5 A positive language maintenance policy would have implications for New Zealand's immigration policy. If the government decides to encourage the maintenance of ethnic languages then there will be an increased demand for the continued inward migration of people from the various ethnic groups concerned. There has already been a request to the Minister of Immigration from the Yugoslav community for a special quota of 1,000 people a year (8) and also a request for a specific quota from the Indian community.

As language is the basis of cultural identity, and considering the issues noted above, there is an urgent need for the development of a national languages policy.

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8   The Disabled

Of the current school population, 2.5 percent are reckoned to receive Department of Education services for pupils with 'special needs'(1) because of some form of physical, intellectual, emotional or sensory impairment, for whom the facilities and/or the education provided for the average child (of their age) would prove unsuitable unless significantly adapted. (2) These services range from itinerant teacher support for pupils placed in regular classes, through separate classes in regular schools (allowing regular social and some class contact with other pupils) to entirely separate institutions. The services do not reach all those who can be described as having special needs.

No national survey has been carried out to find out just how many children there are with such 'special needs'. (3) Two surveys of pre-school populations give estimates of 11 percent and 13 percent.(4,5) Estimates from a number of smaller studies based on regular class teacher and principal assessments give figures ranging from 5.8 percent to 15 percent (6–11), with estimates including the somewhat contentious category of the 'learning disabled' ranging even higher, to as much as 28 percent. (12)

('Learning disabled' refers to those whose capability seems higher than their achievements. However, the measurement of capability is itself based on intelligence and ability tests, which reflect previous educational experience rather than innate capacity, and which have been criticised as culturally biased. Another contention arises over the source of lagging learning. Researchers have been unable to find any organic reasons, and have therefore moved to focus on the learning process and classroom interactions. Organisations such as the Specific Learning Disabilities Association (SPELD) continue to believe however that there are organic reasons for learning failure.)

Various terms are currently in use which can cause different estimations of the number of disabled. The 'exceptional' is increasingly popular and covers 'the gifted' as well as those covered by the definition of 'special needs'. In this chapter the terms 'disabled' and 'special needs' will be used. 'The disabled' is an umbrella term covering many different kinds of need or quality.

Policy

The Department of Education's policy has had until recently two major strands. First, not ' . . . to set any group of children apart from their fellows any more than is necessary for their welfare'.(13) This has been analysed as due in part to the expense of setting up separate specialist institutions throughout the country. (14) It did mean that New Zealand's provision was less segregated than that of other countries. However, it was not until the 1970s that extra provision for those with special needs in regular schools began to be made, with more liberal ancillary staffing in 1974, and 1975 legislation to ensure educational institutions were physically accessible to all (an aim which has yet to be met by many schools and some tertiary institutions). Technical developments allowed many blind and deaf students to join regular classes.

At the same time, the Government had no legal responsibility to provide education for handicapped children (leaving several hundred intellectually handicapped children entirely outside its provision). (15,16) This points to a hesitancy about the educability of disabled children, reflected also in the programme content of some special schools and classes and the location of some severely disabled in the Department of Health, Social Welfare or voluntary societies. This year, however, education for the disabled comes close to becoming a right in the 1987 Education Amendment Act. (Some groups perceive 'let-out' clauses which undermine the major statements of the Act.)

What has helped change perceptions about the educability of the disabled are comparative studies which show intellectual, social and some employment gains made in environments of increased expectation and appropriate teaching, and the results of 'early intervention' programmes which demonstrate expansion of independence, understanding and skills in such disabled children as those with Down's syndrome. (17–25) Other countries' legislation for special needs children, based on education as a universal human right, has also been influential.

The final report of the Review of Special Education carried out by the Department of Education is due later this year. The draft report emphasises 'mainstreaming', the integration as far as possible of special needs children into regular classrooms, or at least sharing school and play facilities with 'ordinary' children to allow the social interaction which has been found to augment social and

language skills. 'Mainstreaming' also implies the development of teaching skills to meet a wider range of different needs within the same classroom. Mainstreaming has already been occurring for some years at the local level, but due mainly to the initiative and commitment of individual groups of professionals and parents. (26–28)

Research on the educational services provided to the disabled and their adequacy is limited, but sufficient to provide a broad picture and point to the areas of greatest need.

Where do the Disabled Children Come From?

Organically handicapped children come from all SES and ethnic backgrounds in proportion to the general population composition. However, there is over-representation of low SES groups and Maori in the emotionally disturbed, the 'cultural-familial' mildly retarded, those referred to special classes and special schools, and those referred to activity centres for disruptive secondary school students. (29–33) Researchers have pointed to three major reasons for this over-representation.

First, is the comparative cultural, material and educational disadvantage of the home background, linked to low pre-school attendance and opportunity for stimulus and interaction outside the home.

Second, teachers may be less comfortable or skilled in teaching pupils with different behaviour needs or different language, and so more ready to classify them as unteachable in a regular classroom. (29–36) They may therefore refer more of these children to the Department's psychological service, which makes admission decisions to special classes, services and schools.

Third, are the lowered teacher expectations of pupils with low IQ or ability scores. The use of these measurements to predict individual progress and capability has been heavily criticised by researchers and educationalists because of (a) inherent bias in the tests (37); (b) a comparatively high rate of teacher mis-marking to the detriment of non-Pakeha and low SES particularly (38,31), and (c) the danger of self-fulfilling prophecy.

New Zealand classroom observations bear out the latter point, showing different teaching styles from the same teacher for groups

classified as 'low-ability' in comparison to high, with the low-ability group receiving less effective attention than the high-ability group. (39–41,29,31,24,35) They also show that for the low achievers, 'off-task' behaviour rather than 'on-task' attracts more of the teacher's attention. Disruptive behaviour is encouraged. A vicious circle is created for both teacher and pupil which makes successful learning increasingly difficult. Conversely, expectations of success and individualised programmes pitched to a child's current ability, yield improvements. The Reading Recovery programme, which falls on the border of 'normal' and 'special need' provision, and which grew out of research into reading, is a prime example. In 1984 nationwide coverage became Government policy, a goal which will be achievable by 1992—providing financial resources are available. (42) Indeed, evaluation of the programme, indicating that of the estimated 10–15 percent of 6-year-olds who need extra work to learn to read, only 0.5 percent remained illiterate, has led Marie Clay to state that the 'learning disabled' category refers only to those children for whom the appropriate teaching strategy has yet to be found.(43)

How Appropriate are Special Schooling and Classes to the Needs of the Disabled?

Evidence on the effectiveness of special schools and classes is scanty and somewhat piecemeal. Indirect evidence for different groups of disabled exists in the studies of mainstreaming which show gains in social skills, language development and sometimes significant— but often unremarkable—academic gains after integration, (45–50,51–56,9–24,33,34,27) regression in two sets of hearing impaired and mildly mentally handicapped students who had to return to special school because they had no mainstreamed options (57,54) and a study showing a markedly lower level of attainment in special class, mildly retarded children than their comparable peers in regular classes. (58) The prevailing belief appears to be that special schools are places of last resort, one reason why teachers do not refer all who could be referred—even if there were places for all those eligible. (6,10,14,55) One study shows that

only 7 percent of mildly retarded children referred to special classes returned to the regular classroom. (30)

Many special schools in fact now have a degree of integration, though often a limited one. Most are catering more for the multi-handicapped, who along with autistic children seem to benefit least from mainstreaming. (33,34,56)

Though overseas and New Zealand work (with Down's syndrome) indicates that the inclusion of parents in intervention or concentrated educational work is an important component of successful programmes, (22,23) there appears to be little parent involvement in New Zealand. The few studies in this area note a tendency for teachers not to make any extra effort to involve them, and to think of parent involvement more in terms of general support (for example fundraising, supervision on school outings) than individual programmes. (32,33,34,61,62) In fact parents of disabled children are less likely than other parents to be involved in the social/parent support of their child's school, reflecting the generally lower social participation of the children's families. This has been linked to already high financial demands on often low incomes. (63)

'Experience classes' have been offered at secondary schools for special needs children who were not expected to cope with the normal curriculum. Their focus was to be more on social and work skills. The employment record of their graduates was reasonable to good, but has declined as the general economy has worsened. (64,73) On the whole, the graduates have more limited social activity than the wider community. One study shows an increase in contact with police which is traced to unemployment. (66) Another study following up a group of physically handicapped shows the patchiness of their preparation for the work world (though their school days were the 'happiest' of their lives), and inadequate co-ordination between the four institutions responsible for their 'after care'. (74)

A big gap in the evaluation of special schools and classes is the lack of longitudinal data. The impression is that the special schools and classes have had more of a custodial than educational role, and that segregation does not increase normalisation, or the chance to participate actively in the world.

The Disabled who Attend Regular Schools

Evidence is also largely absent on the effect of their educational experience on the lives and well-being of the majority of the disabled, who have attended regular classes.

No statistics exist on the range of occupations, educational qualifications, interests or representation on decision-making bodies amongst the disabled. The census does not include any questions on this group. Surveys on educational use do not include disability as a dimension of interest. Jack's 1975 survey showed that most of the disabled left school without formal qualifications, a higher proportion than the general population. (75)

Neale's 1984 survey (76) of parents of disabled fourth formers showed an older age group than their non-disabled classmates, suggesting that their disability 'had already contributed to the pupils' lack of attainment and social development in the education system'. Teachers had a greater influence on the subjects chosen by the disabled. 'Soft options' limiting future education and career options were most prevalent, particularly for disabled girls (who were also expected by parents and teachers to spend least time at school).

O'Brien's forthcoming work on mainstreamed, visually impaired students shows that many schools did not make extra effort for them, and that the students were stigmatised for their disability. (77)

The 1981 survey of the physically handicapped in the Wellington area (78) indicated that the educational experience had more barriers for the disabled than the able; that 'Almost all primary school children were in ordinary classes but by secondary school half of them . . . were in special classes'; that at secondary school more than half knew the occupation they would prefer—yet only one thought their disability would have no effect on their future career; that three quarters of the adults surveyed thought their education had been affected by their disability; of these more than half had no formal qualifications, were more likely to experience difficulty getting a job, and were less satisfied with their present jobs than those disabled who felt their education had not been affected by their disability—many of whom were not handicapped as a

child. This survey found only two disabled who had a tertiary education, and their disablement occurred after or during that education.

A 1982 survey of access by the disabled to tertiary institutions found under-representation at this level; (79) only 6 of the 29 with stated admission policies, with little if any provision by teachers colleges; few courses designed for the disabled; disadvantages in the bursary system for the disabled; and room for improvement in physical access. The 1985 Report on the requirements of disabled students in tertiary education (80) indicated that most of the 1982 survey's findings still stood, though one positive result of deliberate policy change was the threefold increase in disabled students at Auckland University from 1981 to 1985 with the appointment of a Disabled Students Resource Officer.

Preparation for Teaching the Disabled

No policy exists to recruit disabled people as teachers for the disabled. The provision of training for able-bodied teachers of the disabled is light. While there are specialist courses for teachers available, graduates tend to remain in cities in which they trained, thereby limiting coverage. Of the 210 graduates between 1974 and 1982, only 45 remained in special education. (2, 81) Regular class teachers with learning disabled or mildly retarded children, do not have access to full time teachers college courses. (82) A 1985 survey of primary and secondary teachers with visually impaired students in their classes found the majority had had no training for working with them. Special education is not covered in the core compulsory curriculum of teachers colleges.

While teachers have accepted mainstreaming, surveys of teachers' attitudes have not found an overall enthusiasm. (10,14) In part this appears linked to the lack of training in special education, and the lack of personal and successful experience with disabled children. In part it arises from a realisation of the necessary support for the classroom teacher identified in mainstreaming studies. While the Department has begun to provide such support, for example itinerant teachers, the small numbers so far are inadequate. (84)

Policy Development

It cannot be said from the research that those with special needs are well served by present provisions, as the Department's own review of Special Education acknowledges. There are great gaps between the local successes of tremendously committed parents, professionals and persevering children, the luck of the draw with regular class teachers, and the long-term direction of national policy making.

Their limited access to all levels of education at present excludes a large number of the disabled from many of its rewards, such as satisfying work, status, community participation, interests dependent on literacy, social skills or initiative and self-knowledge.

Education department policy has moved to acknowledge that the disabled have, like all other citizens, a right to be educated. That right is not a given, but is based to some extent on a changed assessment of their educability. It is now seen as a horizon which can be widened with appropriate programmes and teaching, rather than a fixed biological ceiling. But while the disabled have (almost) won a legal right to education, there is a long way to go before *all* their very different special needs have been adequately catered for. Many of those needs appear to be able to be met through mainstreaming in regular classrooms, or some integration in shared facilities, provided teaching styles, equipment (especially computers—which have proved most effective) (85) and expectations are adjusted, and specialist support available. There appears to be no negative effect on other children in the class from mainstreaming, provided it is introduced positively and supported.

A 1984 study (86) sets out a useful guide to factors affecting successful mainstreaming:

1. the development of a set of competencies and skills that the students need to possess prior to being mainstreamed;
2. preparation of handicapped students prior to mainstreaming;
3. preparation of nonhandicapped students to receive the mainstreamed students;
4. promotion of communication between educators;
5. evaluation of students' progress and provision of inservice training.

However, education for the disabled would suffer if it is assessed as worthy of support on their employability alone. Jobs that were

available to those with special needs are diminishing with a reduced demand for unskilled labour, and increasing competition for work. It is difficult to see employment for the disabled opening up unless affirmative action policies are put in place. At present, the disabled are not even covered by the Human Rights Act, making them even more vulnerable than other minorities. A draft revision by the Human Rights Commission suggesting its extension to cover those with physical and mental disability is presently with the Minister for Justice.

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9 Rural Education

A basic difficulty in assessing the extent of rural disadvantage and the effectiveness of existing policies is the variation in definition of the term rural. Although the New Zealand Census of Population and Dwellings defines rural as a settlement of under 1,000 persons, the reports and services reviewed have used a variety of definitions including:

1 centres with less than 1,000 population,
2 centres with less than 2,000 population,
3 centres with less than 5,000 population,
4 centres with less than 7,000 population,
5 homes with RD addresses,
6 provincial areas.

Another problem is that the major distance education services such as the Correspondence School, Technical Correspondence Institute and Massey University provide services that are based on physical as well as geographical isolation. Reviews of their provision do not usually break the delivery of services into a useful urban/rural distinction, though Correspondence School statistics show that around 30 percent of their adult students are from rural areas where 17 percent of the total population live, and that 70 percent of their primary school students are enrolled for 'distance' reasons and 30 percent for medical and itinerant reasons.

Some rural areas of New Zealand with above average unemployment rates, particularly Northland and the East Coast, also have large Maori populations. The majority of those who could be considered to be educationally disadvantaged in these areas, due to the lack of local pre-school services, distance from continuing education facilities, low employment possibilities and distance education services targetted to others, are Maori. Most of the distance education services do not currently target their services directly to the Maori community and the National Library ministerial review recommends that attention be given to this (see below).

There is little recent research showing who actually uses the distance education services in rural areas. Ramsay notes in his 1986 review of the operations of the Westland Rural Education Activities Programme (REAP), that the services tend to be used by those with above average education qualifications and that 'the lack of

central direction had allowed those already in possession of educational knowledge to take advantage of the new offering'. (1). It is likely that the process required to gain access to distance education would result in it also being used largely by those with existing 'educational knowledge'.

Current Rural Education Policies

Thirteen REAPs have been established over the country. The first four were set up in 1979 to compensate for the apparent decline in rural education in the face of advances in metropolitan and larger provincial areas. From the outset, one of the expected outcomes of REAPs was that there would be greater co-ordination of the four sectors (pre-school, primary, secondary and continuing) of educational provision. (1)

The Westland and Buller REAPs are currently under review and may be replaced by a West Coast Continuing Education Service. (2) This would reverse the vertical co-ordinating process in favour of a horizontal grouping with other services within the same sector. The proposed change reflects the reality of providing a cross-section of services in a geographically diverse region rather than the 'fairly vague' initial guidelines.

The *rural school bus service* was established in 1924 and is currently being transferred to the private sector over a three year period through the tendering of bus routes, despite considerable parental concern over its likely effect on school use and likely closure.

In a survey of 189 families using rural school transport in the Wairarapa in June 1987, only 7.5 percent said they would send their children to boarding school or use the Correspondence School if the transport service was removed. A strong commitment was expressed towards keeping their children at the local school in a classroom learning situation, with 14 families (7.5 percent) saying they would leave the district if the bus service was removed and 48 (25 percent) saying that school transport is a necessity—there was no alternative. The majority of the others would transport their children to school themselves. However, the possible withdrawal of those for whom school transport is a necessity, those who would move from the area and those using correspondence or

boarding school would have a flow-on effect of falling school rolls and possible closure of the smaller one and two teacher schools. (3)

A major issue is that it is the most isolated, and therefore least economically attractive, areas that are likely to have the most difficulty in attracting public operators. The jaundiced view of rural people towards the advantages of those living in urban areas was clearly expressed by the three respondents who said they would 'split up the family, with the wife and children moving to town and going on the DPB'. It appears that the continuation of rural school transport, whoever is the operator, is crucial to the continued viability, not just of the small, rural schools but of the rural community itself.

The move to *Form 1–7 Area Schools* in rural areas was completed in 1979. There is no special allowance in their budgets for 'country' costs, such as toll calls to their education boards. Longer travel distances have added to the rural school bus costs, and parental involvement may have changed.

The *National Library* provides services to rural areas through its Extension and School Library Services, which incorporate the Country Library Service (CLS) which was set up in 1938. The original objectives of the CLS include the provision of 'equal access to library services for rural dwellers'. The service, which includes support to small community libraries and a bookvan service, has been the subject of a ministerial review completed in February, 1987. The review suggests replacing the bookvan service with a books by mail service, the development of a pilot project for a Maori-oriented mobile library service in Northland and another pilot project providing pre-school books to the 65 rural kohanga reo (serving 1,300 children) also in Northland. (4)

Distance learning services include the Correspondence School (opened in 1922), Massey University and the Technical Correspondence Institute. These are mainly 'postal and paper' services but the variety of methods used is being extended. Up until now the greatest emphasis in improving services has been on improving the quality and effectiveness of printed assignments and associated support services.

There has been little use of more modern technology such as radio, television and telephone services. (5) A report on retraining needs in the King Country carried out by the Vocational Training Council in 1987 said that frequent comments had been made on the need to modernise correspondence material. The use of TV,

video, audio cassette and teletext were all seen to be preferable to
written material. (6)

Rural Issues

There is an often unacknowledged multiple disadvantage effect in
rural areas. Lack of access to formal educational facilities is com-
pounded by social isolation, the lack of local library services and
poor access to a full range of radio and television programmes. The
school often plays a pivotal part in community life.

It is not clear whether current education policy is directed at
helping people to live and remain within their existing communi-
ties or whether it is directed at teaching people how to cope with
moving to the major urban centres. This confusion extends to re-
training and re-education, which is now a major area of concern
due to the current re-structuring of farming, coal-mining and for-
estry. Problems have arisen in the overlap between Labour Depart-
ment and Education Department activities and the apparent lack of
any useful co-ordination between them.

Education and Employment

The better co-ordination of Labour Department training pro-
grammes with existing education programmes including REAP
and rural high schools was suggested in the Vocational Training
Council (VTC) King Country report. (6) In comments about qual-
ifications, over 50 percent of those surveyed emphasised that they
wanted these to be recognised beyond the region and marketable.
A 1987 VTC report on *Training and Re-training Needs in Rural Nor-
thland* recommended that the role of the Northland Polytechnic be
reviewed to integrate its services more fully with the training and
development needs of the rural area. (7)

This closer link between education and training could lead to
the innovative community use of surplus school buildings for pro-
grammes including re-training and employment.

Another aspect of re-training is the increase in the number of
women seeking re-training and employment due to the downturn
in the farming sector. Women in farming areas tend to be more
highly educated than men. This is partly a result of women teach-
ers, nurses and dental nurses moving into rural areas and settling

down while the movement of the more highly educated rural-born men tends to be in the opposite direction.

In rural areas, leaving school also often means leaving home. This can affect around 50 percent of school leavers. One result is that the base unemployment level in such areas can be grossly under-represented in statistics as many of the unemployed have moved out of the area. (8)

We do not know the number of young people who would remain in rural areas if more jobs were available. The entertainment pull of urban areas is considerable with those in the school leaving age group. However, increased local employment opportunities might enable a *return* to rural areas of an older age group to balance the loss of school leavers.

In rural areas schools provide a major social function that is quite different in nature from that in urban areas. When a rural school closes then there is often no alternative social gathering place. Another complementary role of schools in rural areas which has not attracted much formal attention is that of a base for community development. The 1979 Tasmanian Education and Local Development study revealed several examples of school-based business enterprises, including self-sufficient school newspapers, school-community groups preparing and marketing curriculum materials and associated forms. Rural schools also have a considerable economic effect on their local communities through the teachers' wages and school equipment and services purchases. (9) The recognition of the multiple role of a rural school as a place of education, social centre and base for rural development, could provide an incentive to retain schools in marginal areas and to make use of surplus classrooms for associated activities.

The small population and travel problems in rural areas mean that parents often have difficulty in setting up and using the usual range of pre-school services. Part-time programmes are sometimes preferred and playcentres have provided the major rural pre-school service, although the development of rural kohanga reo has added a new element. A 1985 survey of rural playcentres by the New Zealand Playcentre Federation showed that 40 percent attended one session a week while a further 48 percent attended two sessions. By far the biggest disadvantage of living in a rural area was stated to be the distance from social and cultural activities, and a major role of the playcentre was seen to be as a meeting place and focus for social interaction. (10)

Effects of Economic Restructuring

Corporatisation

With the degree of change taking place in rural areas in recent years it is difficult to separate out the effects of corporatisation from other influences such as the farming downturn and the long-term population drift into urban areas. The King Country population has fallen in each census period since 1971. On the West Coast the population fell from 40,000 to 33,000 between 1951 and 1971, grew slowly back to just over 34,000 in 1976 and has stabilised at around that figure. Falling populations in rural areas are not new. What is causing particular concern at present is that corporatisation is a government policy, and the effect of this policy must be considered in relation to its effect on other government policies.

The State Services Commission has funded reports on the effects of corporatisation on the West Coast, Southland, East Cape and Rotorua. It is worth noting that the Education Department or education representatives were not usually represented in the initial regional meetings held to set up local social impact committees. Although the work of the committees clearly identified educational needs in the communities, the Labour Department was the government department usually considered as the re-training provider.

The effect of state sector corporatisation on education facilities is not yet clear. The social impact reports on Southland (11), West Coast (12), Rotorua (13) and East Cape (14) mention the *potential* effect on primary schools but give no information on any actual changes. There may be a delayed effect when the redundancy payments are spent and families move out of these areas in search of work. The East Cape report suggests that the high level of cultural attachment to the region by the Maori community in particular means that many people are unlikely to move. The West Coast report showed no sign of any drop in school rolls and there was some indication that the replacement staff in the new corporations may be younger with school age children, thus resulting in an increase, or at least stabilisation, in school rolls.

The Department of Education also conducted a comprehensive investigation of the effect of corporatisation on rural education in October 1987. The report shows a considerable effect on schools in forestry areas with the Pureora Forest School being closed,

Rangitahi College (Murupara) having a roll drop of 40–50 students, Kaingaroa School being downgraded and Tapawera Area School in the Nelson district losing two teaching positions through forestry restructuring. On the East Coast the report stated that the downturn in farming has had a greater effect than corporatisation, two schools and a Correspondence School Unit having closed and another school being in danger of closing. (15)

Farming

The downturn in farming has brought about considerable pressure from the farming community for improved training opportunities. This has resulted in the development of resource kits by the Ministry of Agriculture and Fisheries (16) and Federated Farmers (17) and the setting up of farm support groups with government funding. These are all aimed mainly at farm owners.

The economic effect on wage workers on farms and those working with small town farming support services has not attracted as much attention. The needs of the Maori community have tended to be considered as a countrywide totality whereas the situation of rural Maori can be quite different from urban Maori.

What the relative degrees of rural educational disadvantage are in relation to geographical isolation, low income, being Maori and being housebound is not clear. However, the social impact reports on the effect of corporatisation showed the need for special assistance for coal-mining and forestry wage workers. Many workers in both groups had been employed in the same type of work since leaving school and felt they had no other skills. It was suggested for example that training in management skills is needed if contracting is to be a practical proposition for former forestry employees.

Demographic Changes

There will be an increase in the 60+ age group in rural areas by 1996. In rural Northland a 71 percent increase is expected, in rural Auckland a 79 percent increase and in the Bay of Plenty, a 77 percent increase. With the move out of rural areas of young school leavers and the move to urban areas of young families in search of employment, this rapid increase in the proportion of the elderly in the remaining rural population may accelerate even further. This demographic change adds to the importance of retaining school

premises and using them for innovative continuing education programmes.

Major Policy Considerations

The effects of government education and employment policies in rural areas are closely linked and therefore their development should not proceed in isolation from each other. This is more important than in an urban area as the population base is such that a downturn in one area will critically affect the other, and the loss of employment may require a complete change of life including moving out of the area.

A major problem in rural areas is the lack of any consistency in departmental and district committee boundaries. The VTC King Country re-training report identified 32 official zones encompassing Taumaranui. These included the Rangitikei Catchment Board, the Wanganui Police District, New Plymouth Traffic District, Rotorua Volcanic District and a variety of districts based in Hamilton. Combined with the rapid increase in local committees being established by a variety of government departments, this puts a great strain on the small number of active 'committee' members. One solution may be to extend the area of responsibility of existing groups such as primary school committees rather than the creation of new pre-school co-ordinating structures.

The educational needs and potential of the rural sector should be considered as a specific sector, rather than included with the continuing education sector as the REAPs often are. The suggestions in the National Library Services review for the extended use of primary schools as library and community bases could usefully be developed further.

A regional development policy needs to be produced which takes account of the existing investment in rural educational facilities including rural school buildings.

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Acknowledgements

Glossary of Abbreviations

AARE	*Australian Association for Research in Education*
ANZJS	*Australia and New Zealand Journal of Sociology*
ATTI	*Association of Teachers in Technical Institutes*
AUT	*Association of University Teachers*
CLS	*Country Library Service*
DFC	*Development Finance Corporation*
ESL	*English as a Second Language*
IEA	*International Association for the Evaluation of Educational Achievement*
IWY	*International Women's Year*
IYC	*International Year of the Child*
MERC	*Multicultural Education Resource Centre*
NZARE	*New Zealand Association for Research in Education*
NZCA	*New Zealand Childcare Association*
NZCAE	*New Zealand Council for Adult Education*
NZCER	*New Zealand Council for Educational Research*
NZEI	*New Zealand Educational Institute*
NZJES	*New Zealand Journal of Educational Studies*
NZSCO	*New Zealand Standard Classification of Occupation*
NZUSA	*New Zealand University Students Association*
PIEDB	*Pacific Island Employment Development Board*
PIERC	*Pacific Island Education Resource Centre*
PPTA	*Post-primary Teachers' Association*
REAC	*Regional Employment and Access Committee*
REAP	*Rural Education Activities Programme*
SES	*Socio-economic Status*
SPELD	*Specific Learning Disabilities Association*
SSC	*State Services Commission*
SROW	*Society for Research on Women*
STEPS	*School Leavers Training and Employment Preparation Scheme*
TAPS	*Training Assistance Programmes*
TEACAPS	*Teacher Career and Promotion Study*
VTC	*Vocational Training Council*
WSDP	*Work Skills Development Programme*
YPTP	*Young Persons Training Programme*

Glossary of Abbreviations

AARE	Australian Association for Research in Education
ANZJS	Australia and New Zealand Journal of Sociology
ATTI	Association of Teachers in Technical Institutes
AUT	Association of University Teachers
CLS	Country Library Service
DFC	Development Finance Corporation
ESL	English as a Second Language
IEA	International Association for the Evaluation of Educational Achievement
IWY	International Women's Year
IYC	International Year of the Child
MERC	Multicultural Education Resource Centre
NZARE	New Zealand Association for Research in Education
NZCA	New Zealand Childcare Association
NZCAE	New Zealand Council for Adult Education
NZCER	New Zealand Council for Educational Research
NZEI	New Zealand Educational Institute
NZJES	New Zealand Journal of Educational Studies
NZSCO	New Zealand Standard Classification of Occupation
NZUSA	New Zealand University Students Association
PIEDB	Pacific Island Employment Development Board
PIERC	Pacific Island Education Resource Centre
PPTA	Post-primary Teachers' Association
REAC	Regional Employment and Access Committee
REAP	Rural Education Activities Programme
SES	Socio-economic Status
SPELD	Specific Learning Disabilities Association
SSC	State Services Commission
SROW	Society for Research on Women
STEPS	School Leaver Training and Employment Preparation Scheme
TAPS	Training Assistance Programme
TRACAPS	Teacher Career and Promotion Study
VTC	Vocational Training Council
WSDP	Work Skill Development Programme
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FAIRNESS IN MĀORI EDUCATION

A Review of Research and information

Dr Richard Benton
New Zealand Council for
Educational Research
1987

Fairness in Māori Education

Dr Richard Benton

Introduction

> While you read these lines thousands of Māori children attending New
> Zealand schools are being subjected to a ten year process of schooling
> that very effectively and efficiently atrophies their potential growth as
> people.
>
> *Jack Ennis, 1987*

This paper examines from the perspective of fairness or equity
some recent research reports, policy documents, commentaries,
statements, and other sources of information which touch on prac-
tices, provisions and outcomes affecting Māori students in New
Zealand educational institutions, and their subsequent life chances.
Most of the material referred to was written or made available after
1977. This is strictly a summary review; many of the issues
touched upon are extremely complex and require exploration in
much greater depth than has been possible in the limited time
within which this document has had to be prepared.

The material is arranged in sixteen chapters, derived from a
selection of 'education research topics' mentioned in a Treasury
memorandum supplied to the New Zealand Council for Educa-
tional Research (168), and from others in a letter sent to various
researchers by the Council in connection with its brief to prepare a
synthesis of research relating to fairness in education for the Royal
Commission. As Māori education is the focus of this portion of the

synthesis, all these questions are looked at in the light of their relevance to the educational and life chances of Māori people. Effects on other groups are occasionally mentioned, but they are explored only in relation to Māori needs and concerns.

The first chapter is concerned with access to the system; the next twelve look at aspects of the operation of the system within schools and other educational institutions; the thirteenth considers the outcomes of the system in their distributional aspects; the fourteenth, the effects of the status quo and its outcomes on social harmony, and the fifteenth chapter briefly discusses proposals for alternative structures. This is followed by a conclusion, a bibliography of materials referred to in the text, and a supplementary bibliography of recent materials which may also be relevant to these topics but which have not been cited in the paper. Additional material on the place of the Māori language in the education system is also included in an appendix.

In large measure, the data examined bear out the Waitangi Tribunal's finding that:

> The education system in New Zealand is operating unsuccessfully because too many Māori children are not reaching an acceptable standard of education. For some reason they do not or cannot take full advantage of it. Their language is not adequately protected and their scholastic achievements fall far short of what they should be. The promises of the Treaty of Waitangi of equality in education as in all other human rights are undeniable. Judged by the system's own standards Māori children are not being successfully taught, and for that reason alone, quite apart from a duty to protect the Māori language, the education system is being operated in breach of the treaty. (151)

Jack Ennis, a highly respected senior official of the Department of Education, added the comment, based on his own experiences, with which this paper is prefaced (64).

Yet, despite the conclusions of tribunals and individual observers, are Māori children really treated unfairly by the education system, or are they merely unfortunate but accidental casualties of essentially equitable processes and procedures?

An answer to this question depends of course on how 'fairness' is defined, and both the definition, and its application in particular circumstances, depend very largely on the perspective of the observer. In a discussion of principles underlying notions of equity and their application, William Blanchard writes:

> If the fairness of policies or programs is to be evaluated, two things are necessary. First, the distributional consequences of the policy or program

must be identified. That is, who will benefit and who will pay must be estimated. Second, these distributional consequences must be evaluated using the fairness norm preferred by the evaluators. (29)

'Fairness norms' are concepts such as 'right', 'desert', and 'need'. Blanchard, after analysing a number of commonly accepted sets of such norms, suggests that social policies be evaluated within a framework representing a continuum from 'strict equality', to 'ascription'. The norms in between the extremes, in Blanchard's system, are 'need', 'effort expended', 'money invested' (equivalent to 'market equity'), and 'results' (productivity; more or less equivalent to 'desert'). The 'strict equality' end of the continuum is bounded by the principle of equality (that is, all should get equal shares as all are of equal value, and different treatment must be justified). The 'ascription' end is bounded by the principle of differentiation (that is, benefits are apportioned according to some social or biological categorisation, as all are not of equal value and identical treatment must be justified). A final norm, that of 'procedure', will have varying positions on the continuum: distribution of a limited resource by means of a lottery in which all were included, for example, would be at the strict equality end, and its assignment to people of a certain height and weight would be at the ascription end.

However, no matter how well defined the norms may be, the evaluators' judgements are still critical; as Blanchard also points out, 'quantitative analysis by itself is not a sufficient way to address equity issues'.

Both 'need' and 'results' have been traditional yardsticks for the formation and implementation of social policy, including educational policy, in New Zealand (cf. 124); 'ascription' also plays a part. Equity for Māori people requires adherence to the principles of the Treaty of Waitangi, a blend of ascription, since membership of a particular ethnic group is involved, and market equity (money invested), in that the *tangata whenua* (people of the land) supplied the physical plant on which New Zealand society quite literally is based (cf.125, 169).

One general conclusion that may be drawn from evidence presented here and elsewhere has been suggested in the extract from the Waitangi Tribunal's finding quoted above. Some more specific conclusions appear at the end of this paper. However, the ultimate test of the validity of these generalisations rests not only on the integrity of the data on which they are based, and their

fidelity to that data, but also in the informed social conscience of
the observer.

1 Access to Formal Education and Participation Rates

Legally, there are no barriers to Māori access to formal education. However, Māori participation rates relative to those of the majority group indicate that there may be hidden obstacles along the way. Data compiled by Catherwood (38) reveal that the overall retention rate in secondary schools from Form 3 to Form 7 improved from 12.4 percent to 17.5 percent of all students between 1973 and 1983; for Māori students the rise was from 1.9 percent to 4.1 percent. This slight improvement however was offset by a worsening gap in the proportions leaving after only two years of secondary schooling: from 15 percent to 7 percent for the non-Māori population between 1974 and 1982, but from 40 percent to 23 percent for the Māori population. This means that the ratio of the proportion of Māori to the proportion of non-Māori pupils leaving after two years had risen from 2.7 to 1 in 1974, to 3.3 to 1 eight years later.

Comments by the Waitangi Tribunal concerning the position of the Māori language within the school system were quoted in the introduction to this paper. This particular aspect of Māori access to education has been discussed in a paper presented to the Tribunal (24), which is reproduced in the Appendix. Access to education through the medium of Māori will therefore be dealt with only incidentally in this chapter. However the absence of Māori language and Māori values has led the Māori community to consider alternatives to the current education system. A number of concrete moves have already been made, including the setting up of both preschool institutions, the *kōhanga reo* (language nests) (61, 154), and a tertiary institution, the Raukawa university (65). Some concern has been expressed at excessive official zeal in the opposite direction, which, although aimed at spreading *taha Māori* (Māori elements) throughout the system, could result in both tokenism and the squandering of a precious resource—the elaborated knowledge of Māori language and culture—to which, according to the critics, Māori people have the first right of access (cf. 7, 22). Within the Māori world, access to some aspects of knowledge

hitherto restricted to men has been widened to include women, in the case of the art of bone-carving at least (9).

Preschool Education

Barney (15) notes a steady rise in Māori participation in preschool education through the 1970s, from about 16 percent of three- and four-year-olds in playcentres and kindergartens (compared with 22 percent of non-Māori) in 1965 to 39 percent in 1974 (when non-Māori participation had reached 47 percent). Douglas (61) notes that Māori participation at this level had risen to 57 percent in 1981. Since then, the flourishing of the *kōhanga reo* movement has undoubtedly further increased this proportion. Nonetheless, since preschool education is available only at some personal and financial cost to parents, it is likely that Barney's observations about the situation in the late 1970s still have some validity. At that time, 'the children least likely to get a place in existing centres' appeared to be 'Māori three-year-olds living in Auckland City' whose parents worked in 'unskilled or semi-skilled jobs' (a sizeable proportion of the Māori work force), and had no transport.

Primary Schooling

Primary schooling is both free and compulsory, and the same basic education is available to everyone. However, Hunkin points out that disjunctions between the ethnic community culture and preferred ways of behaviour at school may limit the effectiveness of this apparently open access to schooling when what is learned in relation to the official curriculum is taken into account (78). Stead notes that a student's potential progress can also be adversely affected by 'learned helplessness', where failure comes to be seen as inevitable and unavoidable (141). There is evidence that this is a factor inhibiting Māori children's progress in the system (discussed further below). Among the manifestations of this may be the relatively high rates of absenteeism among Māori children, higher than for either European or Pacific Island children at both primary and secondary levels (55). This ends with withdrawal from the system by dropping out through not taking the public examinations at secondary school (23).

It is argued by Fergusson et al. (65) that a combination of factors relating to health, home conditions and educational opportunities effectively disadvantages children of unmixed Māori ethnicity at a very early age, and that the inclusion of children of mixed ethnicity (that is, with one Māori and one non-Māori parent) in the 'Māori' category simply disguises the true situation. Mitchell points out that:

> In focusing on a particular, statistically convenient, ethnic group there is a twofold risk of overlooking the possibility that certain environmental factors of significance to education cut across racial divisions and of ascribing to the total ethnic group the characteristics possessed by some or even a majority of its members. (99)

In such a situation, access to opportunities can be blocked by self-fulfilling prophecies of failure. Access to opportunities desired by the group is another matter, however. Kerr (85) and Benton (26, 28) mention the concern of parents of children at *kōhanga reo* that the primary schools will not be able to continue to develop their children's facility in Māori. Department of Education figures (58) show that with only 75 *kaiārahi reo* (language leaders) provided for schools by 1988, and several thousand children due to enter school from the *kōhanga reo,* there is no way that this need can be met.

Secondary Schooling

Mention has already been made of the relatively high rates of both absenteeism and drop-out among Māori secondary school pupils. The proportion of Māori children who had been retained from Form 3 to Form 7 level appears to have increased from 2.9 percent for boys and 1.6 percent for girls in 1976 to 5.7 percent of boys and 5 percent of girls in 1986. Comparative rates for non-Māori were 17.8 percent for boys and 12.7 percent for girls to 22.9 and 21.6 percent respectively (figures supplied by Research and Statistics Division, Department of Education). One major obstacle to Māori participation at higher levels in the education system is the School Certificate examination; the effects of this, and related matters, will be discussed in some detail below, in relation to the outcomes of the system. Adams has suggested that to succeed in the individualistically competitive secondary system, Māori children would 'perforce become party to a cultural value that is basically antithetical to the survival of Māori culture' (164).

To this culturally derived limitation on access may be added sys-
tem-based restriction through suspensions and referral to off-site
centres. These processes, when taken in conjunction, were found
by Galloway et al. (69) to affect Māori pupils to a much greater
extent than non-Māori. Many such children at one Hawkes Bay
centre are said to come from severely disadvantaged backgrounds
(121). However the policy and general environment of particular
schools also affect the rate of suspensions and referrals: the Gallo-
way study found too that despite the over-representation of Māori
children among those suspended or referred, a number of schools
with high Māori rolls made no use of either of those measures.

Tertiary Education

The Department of Education's Annual Report for 1987 (57) men-
tions barriers considered to be outside the control of the education
system, such as motivation and the 'opportunity cost' of deferring
wages, as important factors in the low participation rate of Māori
school leavers in tertiary education. According to the Report, 10.4
percent of them go on to some form of tertiary education (2.2 per-
cent to university), as against 25.2 percent (13.9 percent to univer-
sity) for non-Māori. Motivation may or may not have been
significantly affected by a learned helplessness induced by the sys-
tem itself. There is, however, one barrier undoubtedly within the
system which effectively limits Māori school leavers' access to uni-
versity: the small proportions attaining the required entrance quali-
fication. Between 1971 and 1981 the proportion of Māori leaving
school with University Entrance or better rose from 4.2 percent to
8.2 percent; the proportion of non-Māori leaving with these quali-
fications rose from 27.9 to 34.3 percent during this period. At the
same time, the qualifications gap between Māori and non-Māori
for other kinds of tertiary education widened; the percentage of
non-Māori school leavers with no qualifications at all fell from
34.3 to 26 percent, while that of unqualified Māori leavers fell
from 75.4 percent to 63.7 percent (49). There is no evidence that
the gap has closed significantly since then.

University Level

The Department's figures notwithstanding, Pool (118) points out
that the universities themselves have little data on which to make

generalisations about the participation rates of Māori students. However, what reliable data there is supports the belief that Māori participation in university study is considerably below the national rate on a population basis. The University of Waikato, for example, which has the highest proportion of Māori students—ranging from 18.4 percent in the humanities to 4.2 percent in the sciences (148)—would have four times as many if participation rates were the same as for the rest of the population in its district.

A university source (140) estimates that 5 percent of the student body at the University of Auckland is Māori or Polynesian. Their figure of 367 Māori students, equivalent to about 2 percent, is probably correct. This is considerably smaller than the 'Pacific Island' total of 514. However the participation rate for New Zealand born and resident ethnic Samoans, Fijians and other Pacific Island people is undoubtedly exaggerated through the inclusion of many overseas and non-Polynesian students in the Pacific Island group. In 1986 Canterbury University had 126 Māori students (63). According to a submission by Godfrey Pōhatu to the Universities Review Committee (117), Māori women were under-represented at Otago University in relation to Māori men.

On a national basis, Professor Pool's study estimates that if participation rates remain constant, Māori enrolments at universities will increase by about 32 percent over the next decade. If Māori participation were to be raised to the present level for the general population, however, the number of Māori students would increase 370 percent by 1997. This would add about 300 positions to university faculties, so obviously the universities as well as Māori people would stand to benefit considerably by increased Māori participation, especially if growth in Māori student numbers were paralleled by substantial increases in the number and proportion of Māori faculty members.

Both Auckland (107) and Victoria (96) universities have made special efforts to attract and support Māori students. The liaison office at Auckland University however has recommended that recruitment of potential students should begin at fourth form level, before Māori students decide to cut themselves off from higher education by dropping out (38). The Māori university in Otaki, *te Wānanga o Raukawa,* was set up to counter the adverse effects of a monocultural system, thus providing alternative access to higher education for Māori students, and also access to higher learning

about matters of concern to Māori people in a Māori environment for both Māori and non-Māori (146, 159, 160).

Specialist Courses at Universities

What little detailed information is available indicates that the extent of Māori participation within and among various university courses is highly variable. Of the five counselling and psychotherapy training programmes, for example, two had no Māori students and the rest 5 to 10 percent in 1986 (3). Only two had made efforts to redress this imbalance: the director of one of these programmes was trying to persuade the agencies nominating students to modify their own procedures to enable more Māori candidates to take this course.

Psychology professional courses were an even 'whiter shade of pale', despite the inordinately large numbers of Māori people referred for psychological assessment. Abbott and Durie comment in their review (4) that 'the applied programmes are probably the most monocultural, in terms of Māori representation, of all New Zealand professions'. Firm plans were being made in 1986 to increase the amount of content related to Māori culture and society (let alone the number of Māori students) in only two of the seven courses; only one considered a knowledge of *taha Māori* to be a desirable entrance qualification, there were no Māori faculty members and there had been no Māori graduates from any of the programmes during the previous two years. Social work courses however had a much higher Māori participation both at staff and student levels (2); about a third of the students at the Victoria University course were Māori. This course has been a major avenue to higher education for Māori civil servants (66).

Although Māori staff members at New Zealand medical schools are few (2 out of 303 equivalent full-time staff), there is a preferential entry scheme for Māori and Polynesian students which results in a Māori participation rate of between 2 and 4 percent (2). At the Otago school, however, there are apparently not enough applicants to fill the vacancies for preferential entry, and the Department of Education's Vocational Guidance Centre has recommended that the 'blood requirement' be diluted, as, in their view, 'the need is for cultural knowledge, *marae* experience, and some family connections with a *marae*' (59).

A submission by Dr Paul Dalziel of the University of Otago to the University Review Committee (47) pointed out that, in relation to the findings of the Waitangi Tribunal (151) the teaching of Māori Studies and Māori language 'has not yet been developed sufficiently to be described as "responsive to the needs of the Māori people" '. He recommended, among other things, that students at any New Zealand university should be able to study Māori language and culture to an advanced level. At present, this is not the case.

At the Auckland University Law School 18 out of 200 places are reserved for preferential entry by Māori or Pacific Island students. This system has been in operation for more than a decade. The head of the school, Professor Coote, in a submission to the University Review (43), noted that on a population basis there should be many more Māori law students, but the school did not have the resources to give extra help to students whose previous academic record would require them to cover considerably more ground in order to catch up to the rest of the students. Nevertheless, without the preferential system, Māori students would have been the victims of what Winiata (161) has called the FOLI syndrome ('first out, last in') as academic requirements for entry to the school have been raised in order to limit student numbers. Walker, also in a submission to the Review (155), suggested that the law school include a member of the Māori Studies Department on its selection panel to assist the school to take factors other than grades into account when deciding on preferential admissions. Commenting on preferential selection for restricted courses at Otago, Pōhatu suggested that representatives of the Māori community should make the decisions (117).

Teachers Colleges

Approximately 5 percent of students at Auckland Secondary Teachers College were Māori in 1986 (140); nationally the proportion may have been similar—it was about 3 percent in 1983 (106), and in 1986 the proportion of Māori and Polynesian students combined had reached 7.5 percent. Overall, 7.2 percent of teachers college students in 1986 were Māori (55). A study by Norman (106) showed that in 1983 about 7 percent of primary teacher trainees were Māori, and about 5 percent of students in the early childhood courses. All divisions of the colleges were at least

90 percent Pākehā in ethnic composition. Only 6 to 7 percent of students were from families where their father's occupation was in a low socio-economic category (levels 5 and 6 of the Elley-Irving scale), where a substantial proportion of Māori families are located. The author of the study noted that:

> This suggests that the under-representation of Māori trainees . . . results from filtering prior to application rather than as part of the selection process.

In fact, Māori applicants were slightly more favoured with offers of places, on a proportional basis, than Pākehā applicants, although they were also 'a little less likely to accept them' (106).

Technical Institutes

Māori students apparently are not well-represented at polytechnics: one of the largest, the Auckland Technical Institute, had less than 2 percent Māori students in 1986 (141). Catherwood (38) noted earlier that there had been a decline in the numbers of Māori entering the nursing profession since training was shifted from hospitals to technical institutes. However, an 'active outreach' in the nursing area has since made up some of the lost ground (1). In 1986 the proportion of Māori students in the 14 programmes nationwide varied from none (four programmes) to 30 percent. Several programmes had extensive Māori course content, and the one with largest Māori participation was organised to harmonise with Māori cultural norms. A few programmes, however, did not seem to have been concerned about the ethnic imbalance in their student intakes (despite the high proportion of Māori clients their graduates were likely to encounter), and only 2 percent of staff posts overall were held by Māori. Abbott, in his review of these programmes (1), makes an observation which probably applies to polytechnic courses generally:

> The findings strongly suggest that attitudes of staff, programme changes and active recruitment efforts can and do play a significant role in increasing Māori interest in nursing as a career.

Beyond the System: Access to the Work Force

The Report of the Race Relations Conciliator for 1982 (quoted in 75) comments that:

The truth is that Polynesians [including Māori] are in the lower socio-economic class because they are disadvantaged by a society administered by monocultural administrators.

In 1981, for example, 67.8 percent of Māori males in the work force were in unskilled occupations, compared with 60.5 percent of Pacific Island Polynesian, 28.1 percent of European, and 24 percent of Chinese New Zealander males (75). Failure in the secondary school is reflected in reports of the kinds of jobs Māori children expect to get, as well as the occupations they actually enter on leaving school. Catherwood reports (38) that in 1982, only 40 percent of Māori school leavers expected to gain full-time employment, and 11 percent to go on to further education, compared with 49 percent and 25 percent respectively of non-Māori; 59 percent of the Māori pupils expected to work in service, agricultural and manual occupations, compared with 39 percent of the others. In Catherwood's words:

> The conclusion to be drawn from all these figures is that Māoris are more at risk in making the transition from school to work than non-Māoris.

Even those Māori who do succeed in meeting academic entry requirements seem to be discriminated against in the workplace. Brosnan reports that a small but consistent part of the variation in income appears to be accounted for by ethnic origin (adversely affecting Māori, especially Māori men), no matter how the data are partitioned (35), and that 'tertiary educated Māori males did not appear to enjoy the same income growth with age as non-Polynesian males' when 1976 census data were analysed (36). These trends appear to have continued, as, despite the apparent rise in general education levels, the Royal Commission on Social Policy notes that there was a wider gap between Māori and non-Māori incomes in 1981 than there was in 1961 (125).

2 Adequacy of Staffing and Training Provisions

Few Māori students reach the upper levels of the secondary school, and thence the tertiary institutions. It is hardly surprising therefore that there are not many Māori teachers college students (106), and comparatively few Māori teachers. Nonetheless, since schools have similar staffing ratios, provision of teachers for Māori children appears on the surface to be the same as it is for any other ethnic group. However, there is considerable evidence that the teaching force as a whole is strongly influenced by negative stereotypes of the capabilities of Māori children. Such assumptions have been reinforced no doubt by the 'pathological' model which many studies of Māori schooling have employed to explain Māori failure (144), and by the results of standardised tests and public examinations (cf. studies reviewed by Harker (72), Benton (26), and in Chapter 4). Even among university teachers, Māori non-achievement may be regarded as part of the natural order of things (107). In such circumstances, what appears to be adequate provision often may be no provision at all.

Recruitment

The Department of Education has made efforts to boost the numbers of Māori teachers through recruitment campaigns and a preferential entry scheme. Judging by the numbers of Māori teachers college students, these efforts have not been very successful. There is also evidence of resistance to the preferential system. Renwick comments on 'the influence of market forces of supply and demand on people's notions of fairness' in this regard—when there has been competition for places at teachers colleges, the notion of preferential entry 'has been troublesome to selection committees' (124). Since the committees and the potential students are mostly non-Māori, it is not surprising that fairness to applicants rather than fairness to the Māori children they may have to teach has been uppermost in the selectors' minds. Simon points out that 'for the Māori child, the teacher's Pākehā-ness will act as a role-sign to

be added to that of his authority as a teacher' (131). Thus the failure to recruit, train, and provide a significant number of Māori teachers (paralleling at least the proportion of Māori children in the schools) simply increases the impression that education is a Pākehā prerogative, and the risk of Māori alienation from the system.

The Curriculum Review Committee was well aware of the need for greater cultural diversity within the teaching profession, although its recommendations (42) do not zero in on the shortage of Māori teachers specifically. Instead, they advocate that 'urgency' be given 'to increased recruitment of bicultural, bilingual teacher trainees, particularly Māori and Pacific Island people' (which would favour 'Pacific Island people' over Māori, since most of the latter are not bilingual at present), and the encouragement of 'young people from all cultural and social groups to consider teaching as a career'. The Committee does not specify the form which such encouragement might take, in the case of potential Māori recruits. At the secondary level, Solomon identified a need not just for Māori teachers, but for more teachers who were 'non-academics' (133). The teachers in bilingual schools, at their 1986 *hui taumata* (summit meeting) (163) recommended recruitment specifically for teaching in bilingual schools (cf. also 25), with a 'specialised salaried training period for fluent speakers'.

Teacher Training

Pre-service training

A number of studies have shown that teacher trainees, like the teachers they become, while not regarding Māori people in general with disfavour, tend to be ethnocentric in their orientation (17, 32, 158), and to think of Māori children as lacking in intellectual ability (32) or application (158). Although teacher training should attempt to enable prospective teachers to become more sensitive to the needs and capabilities of children from cultures and backgrounds different from their own, and more appreciative of these differences (78), it is not at all clear how this can be accomplished. The International Year of the Child Commission recommended that qualifications for certification 'include competence in Māori and three other minority languages in the use of forms of address . . . and phrases common to the chosen languages' (80). Ennis would go much further, requiring *all* teachers to 'speak

Māori fluently and be comfortable in both cultures' (64), with Māori language and culture as core requirements in the school curriculum. He sees part of the task of the teachers colleges as making this possible. (Since the Irish Republic has a similar requirement with Irish, which has about as many native-speakers as Māori, this would be an attainable goal, despite the difficulties involved.)

Having closely observed teacher/child interactions in Auckland classrooms, Clay recommends that teachers and students be taught how to interact with Māori pupils (40); Pere likewise notes that teachers in junior classrooms 'need to know about the early experiences pupils have had'. To know is not necessarily to love or to appreciate and empathise with, however, and Tahana warns of the danger of a comparative approach which, even implicitly, makes 'Pākehā norms . . . the measuring rod against which Māoris are compared':

> Whatever is taken as the norm . . . comes to be seen as '*normal*' and hence by implication 'correct' or 'good'. Hence any deviation from the norm comes to be seen as 'deviant', 'abnormal', 'incorrect' or 'bad'. (144) [emphasis in original]

Middleton also points out (97), in outlining a course at Auckland Secondary Teachers College (now part of the Auckland College of Education) designed to sensitize Pākehā New Zealanders to cultural differences, that under present arrangements trainees could evade courses and practical experiences which would be needed should they have to teach pupils with backgrounds markedly different from their own. Mitchell, however, warns of the dangers of concentrating on highly visible cultural differences, and of developing programmes 'too narrow in their scope or set in their dogma' (99), while stressing the need for teachers colleges to wean their students from the hitherto staple professional diet of books on bland, white, Anglo-Saxon, middle-class, northern hemisphere themes.

One recent initiative in the teacher training area is the *atakura* scheme. Under this arrangement, adults whose competence in Māori language and culture has been attested by a local *marae* committee may be selected for a special course which will qualify them to teach Māori and act as resource people in secondary schools (57). This does not assist primary schools, however. A *hui (meeting)* called by the New Zealand Educational Institute at Ngaruawāhia in January 1985 asked that the Māori courses in teachers colleges 'be reviewed to better prepare trainees for work in schools' (6), and

the teachers in bilingual schools asked in 1986 that language assistants and *kōhanga reo* personnel be given the opportunity after two years' experience to take a special course leading to their becoming fully qualified primary school teachers (163). The Auckland District Māori Council saw the development of courses in teaching Māori as a second language as a role for university Māori Studies departments (155).

Inservice Training
There seems little doubt among researchers (40) or teachers (6) that regular inservice training in matters relating to Māori education is highly desirable. The demand appears to be far greater than the supply. Wagner describes the collapse of an innovative approach to teaching through Māori in an urban school, which he attributes in part to the 'absence of any specific knowledge by teaching staff and administrators of organisation, practice and language learning theory' (149). Teachers in bilingual schools have asked for courses and resource centres to be set up to provide for the continuing education of teachers in bilingual schools (163). Alison St. George suggests that 'attribution retraining' be provided for teachers to try to get them to use the classroom more effectively in motivating their pupils, drawing on the positive aspects of ethnic differences. This, it is hoped, would reduce the tendency to place the blame for lack of progress on the children or their backgrounds (136, cf. also 135). The inadequacy of present inservice and pre-service provisions in Māori education is acknowledged by the Department of Education (56).

Alternative Provision
The International Year of the Child Commission recommended that a teachers college outpost be set up 'in a centre close to the heartlands of Māoridom' to provide a full three-year course for students competent in Māori to qualify as secondary school teachers (80). Douglas takes this idea a stage further by suggesting that one of the existing teachers colleges should be turned into a Māori community college, run according to *kaupapa Māori* (Māori agenda), staffed predominantly by Māori, and providing a wide range of professional and technical education for Māori students, including teacher training, nursing, weaving and computer technology (62). Such an institution, although intended primarily to enable a much larger number of Māori students to have access to

higher education than is now the case, would also have, as a secondary function, the education of Pākehā students in a Māori setting.

Staffing

Appointment Procedures

Pressures for a more direct say by Māori communities in the appointment of teachers were reflected in a remit from the 1986 New Zealand Educational Institute (NZEI) *hui* in Ngāruawāhia that appointment regulations be revised 'to give greater recognition of the Māori community input'. Communities with bilingual schools have also insisted on direct and decisive involvement in the appointment procedures (25). In many cases the bilingual schools have attained this goal, but the broader objective of the NZEI *hui* has proved somewhat elusive.

Disposition of Staff

In a recent briefing paper (56), the Department of Education notes that 'more teachers with the ability to develop *taha Māori* programmes are needed'. In the Wellington region, at least, Māori children attending schools in suburban areas with a preponderance of lower income families are also likely to have younger, less experienced teachers than those in more affluent or central locations (142). Staffing in the schools with younger teachers was no less stable than in the others in the Wellington study, however, despite expectations to the contrary.

Bilingual schools have often had to make do without fluent speakers of Māori, essential for the conduct of their programmes (24, 25). Some have also lacked the additional staff needed to enable children with different levels of knowledge of Māori to be given adequate attention. Obviously, 75 *kaiārahi reo* are not going to be able to provide an education through Māori to several thousand former *kōhanga reo* children in 1988 (cf. 58), nor are a similar number of itinerant teachers of Māori going to be able to provide ongoing help to more than a small fraction of the schools which need their services. Even the *atakura* programme's effectiveness is in doubt, as schools taking its graduates are given a special allowance of only 0.2 of a teacher, making full-time employment for these people problematic (56). It is this kind of piecemeal and tentative approach to staffing and other aspects of resource allocation,

particularly where Māori language is involved, which led the Waitangi Tribunal to observe:

> We suspect that at some influential level in the Department there remains an attitude— it may be in planning or in education boards, or at the level of principals or head teachers, we cannot say— . . . expressed by a former Director of Education who wrote in the middle of the first half of this century: '. . . the natural abandonment of the native tongue involves no loss on the Māori'. (151)

Liaison with the Community

Community desire to be involved in the appointment of teachers has already been mentioned. Teachers in one community have commented on the extra pressure they feel because of expectations from the community in regard to their bilingual school (8). The links between bilingual schools and the communities they serve must be close if they are to succeed in their task of revitalising the Māori language (25). Mitchell suggests ancillary staff be provided for schools with 'disadvantaged' children to enable staff to visit homes regularly (99). Such provision is equally desirable and necessary for bilingual programmes.

Tertiary Institutions

University provision in programmes of particular concern to the Māori community is generally inadequate, either in the availability of Māori staff members, the nature of the programmes themselves, or both. The director of the Elam School of Fine Arts at Auckland University reported to the Universities Review that:

> No realistic provision is being made to address the imbalance of a predominantly western and male cultural perspective in the teaching of fine arts. All of the 15 lecturers on this year's [1987] academic staff are Pākehā and of these two only are women. (46)

Abbott and Durie have pointed to the absence of Māori staff, and staff acquainted with *Māoritanga* (Māori language and culture), in areas such as counselling and psychotherapy (3), despite the very high proportion of Māori clients that graduates of these programmes will have to deal with (cf. also 1, 2, 4). Māori studies programmes themselves, especially Māori language courses at university level, seem to be grossly understaffed. Dalziel, an economist, points out that Māori language staff/student ratios are much less favourable than in other non-English language departments

(47), a point made also by members of Māori studies departments in several universities (96, 117, 155).

Overview

The overall impression from the research and other evidence on the training of teachers and staffing of educational institutions, as this affects the Māori community, is that the beginning of the process has been accurately described by Ennis (64), and the factors he mentions simply unfold to reach their logical ends at the upper levels of the system:

> A Māori five-year-old new entrant enters a rather frightening new world when he/she is ushered into the hurly burly of his/her new classroom. The majority of teachers are middle class and monocultural, know little of 'things Māori', consider Pākehā culture superior to Māori culture, speak only English and do not consider the Māori language to be very important. Many hold low expectations for Māori children . . . .

As Ennis himself points out, these teachers are mostly 'caring, dedicated people'. They cannot cope any better than their Māori pupils; their culture has been transmitted through the education system which by and large has been suited to their needs, beliefs and values. Many teachers believe that what they take for granted is taken for granted by practically everyone else in New Zealand; it would be hard for them to believe otherwise. On a statistical basis, they are probably correct in this assumption. After all, at least half the non-Māori intake each year now passes School Certificate English when the time comes, although only about a fifth of the Māori intake manages to do so. Since the non-Māori are six to seven times more numerous to start with, their relative success can quite easily be taken as a sign that all is basically well with the system. A central problem in changing teachers' attitudes is that, as Arbuckle points out, to be effective, the 'front liner' has to 'learn and fight against his prejudices' (14). This requires not just knowledge of *Māoritanga* or how to communicate with Māori children, in some technical sense; it requires self knowledge:

> In practice, self knowledge is not only the most difficult to acquire but it is also the most inconvenient form of knowledge. (14)

It is difficult to see how there can be any substantial qualitative improvement in teacher training and the staffing of schools, as far as Māori needs are concerned, until there are many more Māori

staff members in the teachers colleges as well as the schools. Meanwhile, ordinary Pākehā classroom teachers are being asked to make a transformation which may be beyond their individual capabilities. In bilingual schools, and other teaching situations in which Māori language and culture play a part, Māori and non-Māori teachers are also expected to bear unreasonable burdens. Māori teachers (and especially Māori language teachers) in secondary schools are often under severe personal stress because of the pressures arising from their work and the demands made upon them by the school and the community (172, 173).

A quantitative improvement would compensate for some of the qualitative deficiencies revealed in the present situation. This point is taken up in Chapter 3. However, since neither teachers nor their pupils live in a cultural vacuum, the most important change must be both quantitative and qualitative: the provision of Māori teachers for all New Zealand children. These teachers would be both role models and signs, enabling a liberating myth of high capability to replace the myth of inherent incompetence under which too many Māori children are still held captive.

3 Pupil/Teacher Ratios and School Size

There is little research evidence on the effects of pupil/teacher ratios, or of the size of classroom or institutional population, on the educational opportunities for Māori pupils and their response to them. This is hardly surprising, as several factors work against experimental research on these topics: for example, the uniformity of overall staffing provisions in New Zealand schools, and the variability of teacher allocation in secondary schools, would make it difficult to arrange realistic and stable experimental groups with markedly different staffing levels, and at the same time hold all other anticipated intervening variables constant, during the long-term research that would be needed to come to any definite conclusions. Similar kinds of difficulty apply to research on the effects of school size. This does not mean, however, that there is evidence that existing arrangements are satisfactory. The Curriculum Review Committee, for example, singled out smaller classes, along with community involvement and more attention to the basics, as major means for increasing equity within the system (42).

Many Māori children come from families who simply do not have the resources to give them the additional help teachers may consider to be 'normal' in their school studies (cf. 162, also 86), which means that this help will have to come from the school if it is to come from anywhere. If teachers have to provide it, the time spent interacting with individual pupils will have to be increased, and this would certainly imply that a lower pupil/teacher ratio would be required. This is in fact recognised to some extent in the 'notional rolls' for schools with high percentages of Māori or other minority group pupils. We do not know, however, whether these provisions are adequate, or how schools use them. I was told by one secondary school principal some years ago that he used the extra staff entitlement to provide additional options for the (mainly non-Māori) sixth and seventh form students, rather than to give special help to more junior Māori pupils in the hope of getting more of them through the School Certificate barrier. Such practices may be unusual, or they may be common. There was no evidence either way in the studies reviewed.

There was some evidence, however, that class size, that is the effective pupil/teacher ratio in the classroom, is a very important factor in enabling adequate attention to be given to pupils with special needs of various kinds. An account of a special school established by the Hawkes Bay Education Board to help 'cater for those who are getting nothing but a deep resentment out of our present education system' (127), mentions the size of classes as a factor preventing these children from receiving adequate attention in normal schools. In an article on 'white flight', a parent is quoted as saying that (at the school flown away from) 'there were so many non-English speaking children there. The teachers spent all their time helping them' (60). It was situations such as this that prompted the International Year of the Child Commission to recommend that:

> Every school should have the staffing ratio it needs and specially trained teachers to enable it to undertake more effective early detection of children at risk to failure and poor achievement, and where necessary individual teaching of children with welfare difficulties. (79)

The Commission also recommended that the maximum size of junior classes should be 20; government policy now being implemented is reducing the teacher/pupil *ratio* to 1 to 20 in junior classes, but the ultimate effect of this on the *size* of classes (including the various ways pupils are grouped for pedagogical purposes) has yet to be determined.

David Mitchell, discussing 'education and the disadvantaged child' in the light of contemporary research findings and educational theory (99), also concludes that smaller classes (with a maximum of 15 to 20 pupils) are essential at any level where there are children likely to be disadvantaged by conflicts between their own backgrounds and the requirements of the curriculum. Many Māori children (along with non-Māori from lower socio-economic backgrounds and a variety of other children with special needs) would be among those at risk according to his criteria. In addition to small classes, he advocates the employment of parents as paraprofessionals, and additional paraprofessional assistance for those children with 'severe weakness in readiness activities'.

Low pupil/teacher ratios are also an essential part of more traditional Māori approaches to the encouragement of learning. Rose Pere comments in this connection that 'a teacher who took students into the bush to help them learn about bush-lore and survival

techniques would not be expected to have more than six with whom to work' (110).

Even if sufficient Māori-speaking teachers to fill positions available under normal staffing schedules can eventually be recruited for bilingual schools, substantial reductions in class size are probably essential in these institutions, if the linguistic goals of these schools are to be achieved, because of the heavy language-teaching burden imposed on the teachers staffing them (cf. 25). Similarly, at the tertiary level, pupil/teacher ratios in Māori language classes are apparently excessively high, in themselves and in comparison with other second languages (cf. 47, 96, 117).

There is also little firm evidence about the effects of school size in the education of Māori children. The reduction of school size was mentioned by the Massey University Education Policy Study Group (95), on the basis of 'available research' (not specifically related to Māori education), as a better way to remedy deficiencies in schools than, for example, assigning set amounts of classroom time to particular subjects. Denne, in his study of group counselling, refers to 'the present pathological bias' in the work of school counsellors 'which exists because of such large school populations' (48).

A paper by Walker (154) includes a table showing the percentages of passes in mathematics and English obtained by candidates from various Auckland schools in the 1982 School Certificate examination. An analysis of this data as presented in the paper would be unlikely to reveal any significant correlation, one way or the other, between school size and performance in these subjects (although there would possibly be a significant negative relationship between the percentage of Māori and /or other low income people in the school district, on the one hand, and the pass rate, on the other, as Walker himself suggests). Geraldine McDonald has found in her study of retention rates in the junior school (90) that whereas in general small schools were less likely to delay promoting pupils, Māori pupils were equally likely to be kept back an extra year in large and small schools, with consequently a wider 'gap' between Māori and non-Māori in the smaller schools with small classes.

What evidence there is available seems to indicate that more flexible staffing is essential (rather than merely desirable) for equitable provision in education for Māori pupils. This would include lower pupil/teacher ratios within classrooms, and also additional

staff for special purposes— one Auckland school has two transi-
tion-to-work teachers, to help leavers find jobs, for example (70)—
as well as the employment of parents and other auxiliary staff in a
paraprofessional capacity. The size of school is probably also a rele-
vant factor, although organisational arrangements may well be as
significant in promoting or diminishing equity as the actual num-
ber of students on the roll (cf. 121). It is ironic that at present it is
usually only a few of the most alienated and troublesome indivi-
duals who have access to the kind of attention and support needed
by all those who have to struggle within the system.

4 Classroom Practice, Assessment and Promotion

The importance of teacher-pupil relationships is stressed, implicitly or explicitly, in many studies of Māori schooling. Simon found this relationship to be much more significant for 'the Māori child's response to school learning' than a veneer of *Māoritanga* (131). From very different perspectives, Rose Pere recounts the transformation brought about by a single teacher with a supposedly 'dull' Form 2 pupil (110), and Stead comments on the relevance of pupil/teacher relationships on learning in science, perhaps the most marginal area of academic endeavour for Māori children at present (141). Cummins, viewing minority education internationally, regards pupil/teacher and school/community relationships as the critical areas for action to reverse the common pattern of failure (44).

Teacher Expectations

The expectations which teachers have of their pupils seem to have considerable influence on classroom practice and on the achievement of Māori pupils in New Zealand schools. Ramsay et al. 'reached the conclusion that the level of teachers' expectations, both academically and socially marked the "successful" school from the less successful' (121). Simon, in her interviews with teachers, found that they generally took a 'deficit' view of Māori children's capabilities, and often regarded them as 'problems' (132). Garden, discussing ethnic differences in achievement in mathematics (162), also identifies teacher expectations as a partial explanation of this phenomenon (although he thinks other factors may be more important in this case).

Differential (i.e. low) expectations of Māori new-entrant children's capabilities among their teachers have been noted by many researchers in a variety of sites (cf. 40, 26, 171). These expectations do not appear to be based on any measurable lack of relevant skills

immediately prior to entering school (cf. 116, 72). However, as research by Jones (83) has shown, such differential expectations persist into the secondary system, long before which, as Sultana (143), and A. St. George (135) point out, they have become mutually reinforcing, believed by pupil and teacher alike, with predictable results.

One consequence of this, described by Ennis (64), may be the padding of the curriculum with trivia masquerading as *Māoritanga* to keep pupils occupied and 'happy', but without helping them to acquire skills and information they will soon need for survival. Waitai (150) and Walker (154) also comment on this tendency of teachers to subvert and devalue *taha Māori*, for example by offering Māori language 'as an option with non-prestigious subjects' (154).

Assessment and Promotion

What Cummins aptly terms the 'disabling role of assessment' in minority education (44) is illustrated in its most spectacular form in the School Certificate examination, discussed in detail in Chapter 13. The most damaging assessment, however, is probably that which takes place initially, when the child first enters school. Too often this is based on perceptions of individual capability rooted in socially-based myths. Later on, when the prophecies are fulfilling themselves, apparently objective measures such as standardised tests, will confirm these beliefs. Beck and St. George point out that the tests commonly employed do measure what has been learned without unfair bias (18; cf. also 176, 177), and St. George suggests that the bad news they bring should be used to diagnose where remedial action should be taken (139). In practice, however, it would seem that the test results simply validate low expectations of achievement in a recurring cycle of failure (cf. 174, 175).

McDonald (90) and Johns (82) both comment adversely on the practice of keeping children an extra year in the primers, which seems to be applied to Māori children much more often than non-Māori. Although undoubtedly intended as a remedial measure, it does not have any discernible positive effect on later academic success. It is perhaps unfortunate therefore that this same practice is being adopted at one bilingual school for children whose command of Māori is insufficient for them to cope with classroom

activities in that language (126). At the other end of the compulsory phase of the system, another promotional practice which is likely to have a particularly adverse effect on Māori children is 'streaming' in secondary schools. The way streaming decreases the chances of academic success for children placed in lower streams, where an inordinately high percentage of Māori children seem likely to find themselves, has been well illustrated in studies by Jones (82) and Kealey (86). This may in fact explain some of the ethnic achievement differences in mathematics discovered by Garden (162).

One remedial practice which does seem to have had positive effects is 'reading recovery'. Clay and Watson (41) report that an extensive follow-up study of Auckland children showed that although exactly the same procedures were employed with Māori and non-Māori children, where these had been followed through correctly Māori children made the same progress as non-Māori, and continued to read at the level for their age after they had left the programme and returned to normal classwork.

Positive Steps

Ross St. George comments that 'given all that has been researched, written and said about the educational underachievement of ethnic minorities in New Zealand, it is remarkable how little effort has actually been focused on directly improving instruction' (139). There are, however, a number of practices, apart from reading recovery, which researchers have suggested (and occasionally demonstrated) as likely to enhance Māori children's success at school. Marie Clay has emphasised the need for teachers 'to increase teacher talk with Māori children'; she found that there seemed to be a significant communication gap between teachers and Māori children in infant classrooms, perhaps 'because of a communication style which somehow deters teachers from continuing conversation' with them (40). (It is probable of course that the Māori children often find a teacher's style equally off-putting.) Similar attention is probably essential for adequate conceptual development in Māori for children in bilingual schools and classes (cf. 26).

Hunkin notes, in a review of research on achievement (78), ethnicity and teacher effectiveness, that there is a consensus among

researchers that 'direct' instruction is better than 'indirect' (i.e. the teacher has to do a lot of teaching, rather than merely facilitating), but at the same time the way this is done must be adjusted according to the setting. Manley (92) suggests that co-operative learning may be especially effective with Māori children, although her data, and those from some other studies (see 26), suggest that Māori children may be no more or less co-operatively inclined than Pākehā. Denne, in an experimental study, found that group counselling (as against individual counselling) was effective with both Māori and non-Māori children, perhaps marginally more so with the former. An emphasis on rote-learning, which Jones found to characterise teacher practice with lower stream secondary school children (83), seems definitely counter-productive; it was a distinguishing feature of 'unsuccessful' schools in southern Auckland (122).

Attitudes of mind and appropriate responses to the needs of the moment may be more important in classroom practice (and more often absent), however, in the education of Māori children than particular techniques. Ramsay et al. found that their 'successful' schools had a curriculum 'emphasising forms of knowledge deemed to be important by teachers, pupils and parents' (121)—that is, even the prescribed elements were related to the life of the community and the needs of its members. Garden found that the Māori children included in the International Association for the Evaluation of Educational Achievement (IEA) mathematics study did only one hour of mathematics homework a week, compared with two for the Pākehā group (162). They also had fewer potential sources of assistance at home, since they were much more likely to come from families with low parental education and socio-economic status (SES). Most had positive attitudes to mathematics (although more Māori than Pākehā expressed strong dislike for mathematics, and the gap between Māori and Pākehā achievement widened with higher socio-economic status). Clearly, there are 'social' factors at work here, but they are not beyond the power of the classroom to affect, *in the classroom.*

None of the research reports reviewed speculated on the possibility of doing away with the classroom altogether—for example by eliminating the conventional annual progression from one general class level to another, and replacing it by a completely flexible series of progressions at an individual's own pace through various skill levels and content areas. Rose Pere comments on the way such

a mastery approach harmonises with traditional Māori ways of acquiring and transmitting knowledge (110). An application of this principle to school organisation would require a great deal more flexibility within the compulsory school system than is found at present, except perhaps, to a greater or lesser extent, in some small rural schools and a few innovative urban primary schools, where it may also be combined with various forms of co-operative learning.

5 The Content and Organisation of the Curriculum

There is a comprehensive discussion of curriculum-related issues by Richard Harker in his review of research in Māori education in the 1970s (72). Harker notes that 'it can be argued that it is not only the content of a curriculum which defines its cultural ethos, but the way it is organised, and the relative status given to various "subject" areas' (72). This viewpoint is reflected in the work of other researchers and commentators. Some treat education as primarily concerned with the transmission of culture. Bassett, for example, argues that 'justice and equality' demand that minority children, including Māori children, require 'special treatment to acquire the specific knowledge and language skills necessary to become competent in the common culture while retaining an attachment to their home culture' (17). The problem here, however, is what is to be taken as the common culture. By implication, it is the current majority Anglo-American ('Pākehā') culture. From a Māori viewpoint, however, Māori culture is also a common culture in this sense, although this social ideal is reflected only intermittently in the school system (cf. 154, 22).

There is also the problem of the status ascribed to various components of the curriculum. There is a tendency to treat Māori interests as being of less value than others in many operational aspects of the system. Brosnan notes the importance of continuing to direct attention at 'factors affecting occupational choice and job assignment'. Harker, mindful of this, suggests that, if a greater degree of local control of the curriculum is permitted, a fixed common core will still be essential. Otherwise social mobility could be jeopardised by the devaluation of some locally approved courses of study, and the over-valuation of others (73). The recommendations of the 1987 Curriculum Review report (42) appear to have taken this factor into account. However, the problem still remains of how to ensure that one optional segment (whether subject, programme, or set of experiences) is not given significantly greater status than another, and that the new 'common core' is not

appreciably and permanently more common to some groups of pupils than to others.

Cummins emphasises that the removal of disadvantage requires both community participation and the incorporation of minority language and culture in the curriculum (44). Writing explicitly of the New Zealand situation, Douglas argues that New Zealand's continuing integration into the Asia-Pacific region should be reflected in the education system without further delay, in order to give 'cultural meaning and recognition' to this 'geographical and racial reality' (61). The withholding of this recognition serves to marginalise Māori people, and also preserves the myth that New Zealand is an appendage of Europe (cf. 22). Ross St. George points out the value of accepting ethnic differences in standardised test results 'as real, important, and not resulting from marked test bias' (139). Instead, the results of these tests may be taken as internal signs that the examinable content of the curriculum, as well as other aspects of school organisation and practice, are in need of change.

Māoritanga in the Curriculum

There seems to be widespread agreement among researchers and other outside observers of the educational system that Māori language and Māori culture, whether as subjects of study or operating principles, are optional extras which can be ignored almost at will. Cameron noted that the 1984 core curriculum proposals, although purporting to give official recognition to *taha Māori* in the work of the school, made it an appendage rather than a structural element (37). Ennis, in a more recent analysis (64), reached a similar conclusion about the present situation. The Department of Education noted that the new review of the curriculum, which was completed in 1987, and which arose in part from the wide public dissatisfaction with the earlier proposals, was being viewed by 'a great many Māori' as 'the last opportunity for the state system to deliver on its promises' (57).

This Committee's proposals (42) are intended to provide a 'curriculum common to all schools', but flexible enough to allow for a maximum of local input and adaptation. They include recommendations that the school system 'accepts its role in the promotion, retention and preservation of Māori language and culture'

[recommendation 26]; that Māori language be made available 'to every student who wishes to learn it or learn through it' [recommendation 27]; and that schools identify where they are in the development of *taha Māori*, and Māori language and culture programmes', and plan improvements [recommendation 28]. Although the intent is obviously that the Māori content of the curriculum should rise dramatically in quantity and status, no coercive measures are proposed to bring recalcitrant schools and teachers into line. In communities where Māori people are neither numerically nor politically strong, local pressures are unlikely to facilitate rapid change in the status quo. A massive financial and political commitment would also be required to implement the recommendation that Māori language be made available to all who wish to learn through it (cf. 25).

The same mixture of acceptance and effective resistance to *Māoritanga* which Ennis discovered among primary and secondary principals (64) has also been found at the tertiary level. Abbott reports that all nursing courses include *taha Māori* to some degree, with one programme designed specifically as a Māori one (1), and that counselling and psychotherapy programmes tend to take *Māoritanga* seriously as an element in the curriculum (3). Medicine has made little effort as yet to include a Māori dimension in the curriculum (2). Graduate psychology programmes have practically (or actually) no Māori content or contacts, and three of the nine programmes had no intention of altering this state of affairs in 1986 (4). Graduate level social work, however, has a high Māori course content (and a high Māori participation rate) (4).

The notion of 'multiculturalism' may sometimes be used to justify keeping Māori interests out of a central place in the curriculum. One Māori high school principal has commented that 'the "in" word has become multiculturalism, but unfortunately this provides an "out" for inaction, an excuse for doing nothing' (12). However, even doing 'something' may do little to improve matters. A comment by a group of Massey University scholars (95) on the 'infusion' approach to *taha Māori* in the 1984 review of the core curriculum, which is retained and strongly endorsed in the 1987 proposals (42), warns that 'the reality of teacher backgrounds, understandings and cross-cultural skills' would give good reason to believe this would lead to 'trivialising of *taha Māori* through naive and empty gestures' (cf. also 108). This is not to deny that sincere efforts to integrate *Māoritanga* are not being made, within both

multicultural (cf. 156) and bicultural (cf. 7) frameworks by teachers who would almost certainly find it much easier simply to drift along with the old status quo.

The resources relating to Māori language, culture, history and interests available to teachers and pupils are limited, particularly in comparison with the quality and quantity of such resources for other aspects of the curriculum and in the English language. Here also, the signals from the Department of Education concerning the status of the Māori language in the curriculum are mixed. For almost thirty years (with some interruptions) the Department's School Publications Division has been the major publisher of Māori language materials for schools. The accumulation through the years of well-produced bulletins and charts is impressive, but cannot compare with the resources in English produced in the same period. Furthermore, although, after seven years labour, a draft Māori language syllabus for use in primary schools finally appeared for general distribution in 1987 (52), its 'Māori version' (53) was, in appearance at least, an afterthought (even less attractively produced, and omitting several sections included in the English version). Furthermore, both versions contained an extraordinary number of typographical errors *in the Māori text*: if the medium is the message, this would seem to indicate that Māori language may not need to be taken very seriously after all.

Other Aspects of the Curriculum

Another danger, the reality of which was observed by Ennis (64) in Porirua City schools, is the use of *Māoritanga* as a placebo, substituting socialisation for education (cf. 108, 95), in an effort to keep children happily occupied. While it does seem to have had this calming effect, substituting 'culture' for mathematics, science and the development of critical thinking (rather than allowing it to complement and inform these academic activities), actually diminishes the benefit which pupils can gain from even those educational opportunities now available to them, and increases the uncertainty of members of the Māori community about the real value of their cultural heritage. Ennis reports, for example, that seventh-form pupils he interviewed (the survivors) 'were unanimous that an over-emphasis on *Māoritanga* in the primary years . . . had left them

ill-equipped academically when important decisions regarding the future had to be made'.

The course structure at secondary schools can also leave children ill-equipped for the future, irrespective of the emphasis given to *Māoritanga* in the primary school. The structure of the School Certificate examination, for example, is such that subjects taken by a high proportion of academically less able children will have lower pass rates than those with a higher proportion of gifted children (see Chapter 13). Furthermore, the *content* of some of the more 'practical' (or less 'academic') subjects into which such children, already at risk from the system, may be guided, is often just as abstruse and unconnected with these pupils' experiences as that of more 'academic' alternatives, if not more so. (It should be remembered here that Māori children are highly likely to be treated as 'low ability' because of the effects of stereotyping, and their low scores in standardised tests during their primary school careers.)

Alison Jones, for example, notes that home economics (sat by 20.7 percent of Māori girls who were candidates for School Certificate in 1986) is the most predominantly middle-class oriented subject on the curriculum (83). It is not surprising, then, that 71 percent of these girls failed the examination (that is, obtained a grade lower than B2). Māori boys suffer similar fates in subjects such as woodwork; just under 11 percent of Māori male School Certificate candidates sat that subject in 1986, and of these 69 percent gained C1 or less. Many such young people obviously gain very little from their ten years of basic 'education'. An evaluation of a training programme at the Waikato Technical Institute (130) identified knowledge of the Māori language and *Māoritanga,* and 'survival skills' as areas where the course could be particularly effective; by implication, these are areas where some secondary schools have been particularly ineffective.

Future Directions: Māori Language and Māoritanga

The 1985 NZEI *hui* at Tūrangawaewae affirmed that 'there is an urgent need for action in Māori education, especially in the field of Māori language' (6). Ennis advocates the placement of Māori language and culture unambiguously among the basics (64). However, Douglas is highly critical of the Department of Education's

attempts to date to incorporate 'aspects of *Māoritanga,* including Māori language' in the curriculum:

> I think that the Department of Education's priorities are wrong in this respect. They are now so hell-bent on sharing *Māoritanga* around that scant regard is being given to developing Māori as a language of communication between the generations or between current native-speakers of Māori and any future potential native speakers. (61)

This communication gap can not be filled by most Māori parents, as many of them cannot speak Māori fluently or at all (20, 25). Jamieson has pointed out that:

> Of course many of us well know that [incorrect] forms often persist in the usage of adult second language speakers. This is an additional reason for not persuading non-English speaking parents to use English at home. Their English is often not a good enough model. (81)

The same considerations apply to Māori, and it is quite reasonable and pedagogically sound for those who do not speak Māori well to support the efforts of the school to revitalise the language, and to expect the school to play a greater direct role in this process than they themselves do.

Since the human resources are so scarce at present, it would seem wise to further the general education of New Zealanders in Māori language and culture by producing more material resources, and by giving certain areas priority. One priority area has been identified by Abbott and Durie, who suggest (4) that to counteract the pallor of professional psychologists, some Māori Studies courses should be made a prerequisite for their professional qualification. Others mentioned in the language claim before the Waitangi Tribunal included Māori-language radio and television broadcasting (151).

Stratification of Knowledge

Johns interprets the optional status of Māori language and *Māoritanga,* as well as the School Certificate scaling system, as 'show[ing] clearly the stratification of our own school knowledge' (82). The *optional* status of the Māori elements reflects in part limited resources, and also considerations of social harmony—that is, anticipation of the damaging effects which a reaction to compulsion might entail, given the known attitudes of many non-Māori (cf. 22, 167). However, the *marginality* of these aspects does indeed seem to indicate a stratification of knowledge. Penetito regards the treatment of Māori 'the same way as all other foreign

languages' (that is, as an optional and isolated subject in the secondary curriculum) as a cause of alienation (108). However, that is only half the story; in an important way, Māori is *not* treated at all the same as 'other foreign languages'—in the School Certificate examination its scaling is arbitrarily linked to English (a first language for most students), which has a much lower proportion of passes allowed than the 'foreign' languages (see Chapter 13 for details). Māori students of Māori language thus have the worst of both worlds in this regard.

Ramsay and his colleagues, discussing the aspects of the curriculum which are highlighted as most important in assessment procedures, concluded that:

> [Despite modifications] . . . there is no doubt that the forms of knowledge emphasised in the various tests and examinations are drawn from the dominant culture. Viewed in this way it becomes obvious that schools are an instrument of domination. (121)

Stead found, in the course of his investigation of Māori pupils' outlooks on science (141) that several of the children he interviewed 'perceived a mismatch between what is publicly sanctioned as being of educational value and that which they personally perceived as being of educational value'; among the latter were fine arts, music, and serious study of Māori tradition. One reaction to this is outwardly to conform to the system; another, more common, is to reject 'Pākehā' knowledge and thus avoid science subjects in particular, or to drop out altogether. The Ramsay study (121) found that 'successful' schools make efforts to get around this impasse by trying to modify the curriculum to relate school activities to community interests and needs. The Māori community itself has also taken measures: the Māori university in Ōtaki was set up because 'local and national bodies . . . have not been able, or have not chosen, to embrace Māori institutions and teachings' (160), and includes in its objects research into history, genealogy, technological innovation, and other matters affecting the confederation of tribes which established it (146).

Future Developments

The proposals of the Curriculum Review Committee (42), which envisage a common national curriculum for the whole compulsory phase of schooling, with sufficient flexibility for adaptation to local needs, and catering for a variety of special needs, undoubtedly

represent an attempt to 'make sure that the system is not simply striving to do the wrong things more efficiently', to use the words of the National Advisory Committee on Māori Education (103). The Review Committee's recommendations are mostly in the nature of general operating principles, and their effectiveness will depend on how they are implemented. One fundamental problem in all modern educational systems (and attempts to reform them) is how to resolve the conflict, at the upper end of the compulsory stage, between courses which are 'terminal', in that they mark the end of formal schooling for most of those who take them, and those which lead on to higher education. C. E. Beeby's remarks on this are highly relevant to any attempt to plan an equitable curriculum for Māori pupils in New Zealand schools:

> . . . no solution to the conflict between preparatory and terminal courses will work satisfactorily if education is regarded, by any of the parties to it, solely as a preparation for employment, and if terminal courses are concerned with nothing more than training for specific jobs. Some of the liberal, social and aesthetic studies may have to be presented differently to different groups, but, unless they are included in a core of studies common to all courses, New Zealand could drift into a modern version of Disraeli's 'two nations'. (19)

For Māori children (and also for all New Zealanders) it is vital that the 'liberal and aesthetic studies' treat Māori interests in these areas as seriously as European-derived content is now treated. Furthermore, especially in view of the current difficulties being experienced by Māori children in New Zealand schools, it is equally vital to heed another of Beeby's dicta: the need for 'escape routes' into and out of different types of courses, so that individuals are not 'locked in' permanently, nor are they locked out, once they decide, for the moment, to go in a particular direction.

On the basis both of theoretical developments since the 1970s and of empirical research findings, Ramsay advocates a twofold educational reform: 'a change in the nature and form of our reward structure' (which would allow the strengths of various groups, not just the dominant one, to be recognised), and 'altering the forms of knowledge valued by schools and communities to reflect the knowledge valued by *all* cultural groups' (123). Acceptance of this, however, would require both 'lead time' for teachers, and a considerable amount of parent education (cf. 19). The current curriculum, with all its defects, does have the support even of many children who are its victims, and their parents (cf. 120, 83), and, as

Ramsay points out, social change will have to accompany educational change if the latter is to have any long term effect. Parent and community education is a slow process, but, in Solomon's view at least, this should not be a reason or excuse for delaying critical reforms (133). These reforms, however, will depend on administrators and teachers, many of whom themselves, if research findings have any credibility, need as much education as any parent.

The curriculum reforms needed to make education in New Zealand schools worth participating in (rather than merely enduring) by Māori pupils, whatever form these changes may take, have been well summarised in the Treasury's 1987 brief to the incoming government:

> Policy initiatives for Māori education may proceed on three broad fronts. The first front is the Māori communities' own development and revitalisation of their own language. That is, of course, largely a matter for the Māori community but to the extent that the formal education system is seen as a device for cultural strengthening and affirmation, the Māori community may expect some part of it to be utilised for their own ends. The second front is enabling the rest of the community to acquire a more appreciative attitude and understanding of the Māori heritage. This may be fulfilled by the *taha Māori* approach. The third front is to enable Māori individuals to have access to the skills and knowledge that enable success in the wider society. (167)

6 Classroom and Institutional Environment

Albert Tahana found in the course of his critical analysis of studies of Māori schooling that most such studies had little to say about schooling itself. He suggested that 'this is one area of the field that needs to be looked at with the view perhaps to building up theories of schooling' (144). Some of the studies reviewed in this chapter (and elsewhere) have looked into schooling as a phenomenon in its own right, in its role of reproducing current social structure and inequalities, and also its potential to transform (for example 5, 83, 108, 131, 141, 143, 154). None of these would claim to be definitive, and many other studies still accept schooling as a 'given', and look at outcomes and particular manifestations of the system's functioning, rather than the nature and underlying purposes of the system itself.

Reference has already been made to the alienating atmosphere of the classroom for many Māori children (see for example the last part of Chapter 2). This is part of a larger social phenomenon in many parts of New Zealand, and is not caused primarily by teachers or school administrators. Rather, as Adrienne Alton-Lee and her associates have discovered, active racism exists among pupils, to the detriment of Māori children, even when those in authority are trying to create a culturally supportive environment:

> Our evidence indicates that the patterns of personal hostility that occur between children during classroom work include a racist dimension; that teachers and pupils may express . . . [a] mentality that reinforces cultural domination, and that individual Māori children may express a profound sense of alienation even in classrooms where cultural tolerance and understanding are the explicit goals of the planned curriculum. (5)

Other classroom interaction research also confirms that a subgroup within the society of the classroom can easily subvert the 'explicit goals', and actually prevent those children who wish to learn from doing so (26, 84). As Jones has demonstrated (83) this process of rendering the overt goals unattainable is one in which pupils and

teachers may also co-operate with each other (83). Furthermore, especially at the secondary level, her research indicates that in New Zealand 'you have to assimilate the dominant culture to become "educated". This last claim is probably an over-simplification of the reality. Certainly, to get along in most New Zealand schools, an ability to *cope* with 'Pākehā, European, middle-class' expectations is vital. Success can also be obtained through selective resistance to assimilation; Mordkowitz et al. (101) have illustrated this in their study of the academic success of Chinese children in American schools, a success which is paralleled by such children in New Zealand schools, probably for similar reasons.

Cameron, looking at the school environment in the light of the multicultural model developed by James Banks in the United States, proposes a bi-ethnic approach to New Zealand schooling as a prerequisite to any multi-ethnic development (37). Such a development would involve a restructuring of schooling, integrating the identifiably Māori elements into the total environment (as for example in the *kōhanga reo* and the *kaupapa Māori* independent schools). Cummins notes that internationally such linguistic and cultural integration is associated with minority group success, even in majority terms (44). Podmore et al. in their study of preschool children also came to the conclusion that 'to achieve equality of educational opportunity schools must endorse a multicultural policy rather than one of assimilation' (116).

School organisation has also been identified by the Department of Education as probably one of the key factors associated with the present differentials in achievement between ethnic groups (54). Ramsay et al. provide empirical support for this notion; a good physical environment and observable supportive and caring relationships between and among staff and pupils were features of their 'successful' schools (121, 122). However, for individuals, success may be attained in many environments, although not without considerable cost. Harker, examining Fitzgerald's study of the 'second generation' of academically highly successful Māori, discovered that 'aspects of the education system taken as routine and unproblematic by Pākehās, can be seen as major barriers from another cultural perspective' (72).

Negative Factors

An overly competitive environment, with stress on 'getting ahead', has been identified as a source of unnecessary difficulty for Māori children (for example 78, 80), but Pere points out that it is not competition in itself which inhibits their learning. Māori competitiveness is group-oriented rather than individual: it is the requirement that individuals compete primarily for their own benefit which runs counter to Māori values (110). This is almost certainly one of the factors that underlies Spoonley's observation that 'in New Zealand, the social characteristic of race determines to a significant degree the educational performance of an individual' (134). As Spoonley also points out, 'insistence on meritocratic procedures' in education—such as the School Certificate examination, and also the use of standardised tests as classificatory rather than diagnostic devices—simply validates the dominant position of the Pākehā in the social hierarchy, and the inferior status accorded to the Māori.

The schools identified as 'unsuccessful' by Ramsay et al. (121, 122) did not have close and comfortable relationships with the communities which they supposedly served. Commenting on the measures taken by some schools to keep parents at arm's length, Solomon stated, 'I think that sometimes some schools tend to forget they are a public amenity funded to serve the public' (133). Even where schools do welcome parent involvement, many Māori parents are often unsure of how far it is proper for them to go in suggesting what ought to be happening in the classroom (cf. 25), and parents whose own formal education is limited are unlikely to be able to take a constructive interest in their children's education in an institution which rejects them too. Walker, however, thinks that, in part because of the increased confidence in their own educational influence which Māori parents have gained through participation in the kōhanga reo, and partly because of declining rolls, something of a buyer's market now exists in education, and schools will soon 'have to provide programmes based on client needs if they are to survive' (154); he is optimistic that the Māori client will be in a strong position in these circumstances.

While Walker looks forward to the attitudinal changes which will enable 'taha Māori and taha Pākehā [to] realise the dream of co-equal partnership entered into by the signatories to the Treaty of Waitangi' (154), Simon points out that many teachers have

become highly skilled in denying the existence of cultural differences, or ignoring or trivialising elements in the curriculum aimed at giving higher status to *taha Māori* (132). Stead (141) and Sultana (143) show how this rejection of knowledge valued by Māori people is perceived by Māori children, and results in a reciprocal rejection by many of 'Pākehā knowledge' (for example the sciences and some other academic subjects). Others have to undergo a painful inner struggle because they must separate themselves from their peers to gain this 'Pākehā' learning, while resenting the rejection of 'Māori knowledge' no less keenly.

As Penetito observes:

> For *taha Māori* to become part of the context of education, the focus of attention must remain on what it means to be educated, that is on structures, not on what it means to be socialised, that is on culture. (108)

Walker notes that the push for *taha Māori* came from Māori sources, 'and challenged Pākehā dominance and social prescriptions' (154). The research evidence suggests that this challenge may be only too well understood in some quarters, and the defenses will not easily be breached.

Positive Factors

At both secondary (82) and tertiary (1) levels, the presence of Māori staff seems to have a positive effect on Māori participation and performance. The difficulties Pākehā junior school teachers have in communicating with their Māori pupils (40), taken in conjunction with other findings about the attitudes of non-Māori teachers to Māori children and *Māoritanga* generally, indicate that the absence of Māori people from positions of leadership and authority within the schools is a major disincentive to Māori children's identification of their interests with those of the schools. It must also be noted that some teachers and some schools are making considerable efforts to compensate for the lack of Māori staff members; Simon noted this in her Auckland study (131, 132), and a number of Taranaki schools, for example, appear to have taken the implications of the new Māori language syllabus far beyond the level of tokenism (7).

It has been mentioned that the bilingual schools (26) and the Māori boarding schools (45, 82) have created a Māori atmosphere with positive effects on self perception, confidence (8) and achievement. In regard to the boarding schools, Curtis suggests that the

'controlled environment' of these schools (45), more difficult of course (but not impossible) to replicate in other institutions, is also conducive to learning. (By 'controlled environment' he means a culturally supportive milieu, as well as the establishment of routines and the provision of facilities which are conducive to regular and effective study, and the availability of adult assistance with school work after normal school hours.)

Several tertiary institutions have tried, apparently with some success, to set up 'support networks' for Māori students (88), to give them more control over environmental factors. Ironically, one of the disjunctions which Māori children face when they enter school is that adults do not seem to enjoy talking with them as much as they would expect: Podmore et al. found that in their observations of mother-child interaction at preschool level (115), Māori mothers spent more time talking to their children about what they were doing (as against giving them orders), and seemed to enjoy it more, than Pākehā parents from similar backgrounds. This makes Clay's advice to teachers to learn how to talk with Māori children (40) likely to produce very positive environmental changes, *if* the communication barrier can be lowered: it would seem that it is the teachers, rather than the children, who need to do the learning.

Environmental Control

A 'controlled environment' may be essential to enable learning to begin, but eventually children will have to face the outside world. The task of controlling the environment cannot therefore be left to a few Māori boarding schools. *All* educational institutions will have to co-operate in providing an environment which will enable them to benefit all their pupils. To do this, *Māoritanga* must be shifted from the siding where it is now parked to the main line, again in *all* schools. When this happens, salvage attempts, like those for severely 'at-risk' children with whom the schools cannot cope (cf. 127), will perhaps not be so well patronised by Māori clients.

'White flight' is one reaction to the presence of Māori children and Māori culture in a school. Other Polynesians, who do not want to be identified with Māori failure, may also join with those European parents who move their children from schools with large

Māori rolls. Some school principals reportedly have pointed out that ultimately this is a pointless exercise: 'school leavers are moving out into an increasingly multiracial New Zealand with which they must come to terms'. Until it becomes completely pointless, however, that is, until there is no escape from a thoroughly Māori dimension in every school (as at present there is no escape from the Pākehā dimension), the multiracial reality with which Māori children will have to come to terms is likely to be one where they, and possibly also other Polynesians, will continue to be found mostly at the bottom of every heap.

Nonetheless, it is also vital to remember that good schools *can* and *do* make a difference. Some of this potential was revealed in the research of Ramsay et al. (121, 122) in southern Auckland. Recent American research by Mordkowitz and Ginsburg (101) showed a correlation between socio-economic status and outcomes of 0.73 as far as *schools* were concerned, but only 0.22 for *students in those schools*. Certain children do come to school with potential advantages because of the affluence of their families; however, as Lareau points out, 'these resources must be invested or activated to become a form of cultural capital' (86). The Mordkowitz study, for example, found a correlation of 0.55 between home background and achievement, irrespective of social class; Alton-Lee's work in New Zealand (see 26) also indicates that a stimulating and educationally supportive home background, although made easier by affluence, is not at all dependent on high socio-economic status.

Māori children at present often cannot invest their cultural capital because it is in a currency rejected by the school, often from the moment they first walk through the door. Expectations, which seem more important than pedagogy (cf. 101 and studies referred to in Chapter 2), are often lowered by teachers, pupils, and parents alike, making Māori failure the rule rather than the exception, and acceptable as part of the natural order of things. This will not change until, as Cummins puts it, educators and policy makers respond positively to 'both a personal and a political challenge':

> Personally they must define their roles within the classroom, the community, and the broader society, so that these role definitions result in interactions that empower rather than disable students. Politically, they must attempt to persuade colleagues and decision makers . . . of the importance of redefining institutional goals so that the schools transform society by empowering minority students rather than reflect society by disabling them. (44)

7 Administration

The outstanding feature of educational administration in New Zealand, from a Māori perspective, has been the pervasiveness of the 'Pākehā veto':

> At present, the non-Māori majority in *Aotearoa* has the power to veto major decisions affecting Māori people, and this veto is exercised largely by senior decision makers (including teachers) who do not have knowledge of and sophistication in the *tanga* of the *runanga* or in *Māoritanga* in general. (160)

As Penetito points out (108), without power sharing, *taha Māori* is worse than meaningless.

Within institutions, Ramsay et al. have identified a number of administrative features characterising 'successful' ethnically mixed schools (122): a clearly articulated philosophy, clear communication patterns between staff, consultative decision making, carefully maintained pupil records, the utilisation of community resources (including local expertise), and easy access to and frequent use of school resources. Many Māori children attend schools which do not have some or any of these characteristics. Like Penetito, Cameron would also add a respect for and responsiveness to Māori concerns and interests as a structural element in school organisation and administration, something which is a feature of individual schools, but still dependent on serendipitous local initiatives (37).

Solomon has identified a number of administrative characteristics of schools which are likely to facilitate achievement among Māori pupils (133). These include a conscious ethic of service to the community, consultation with the community to determine community needs and wishes, and regular informing of the community as to what the school is doing, and why. Curtis attributes some of the success of the church Māori boarding schools to the close relationship which they have developed between home, *marae* and school (45). As Wagner discovered, however, within the state system there may be 'a lack of opportunity . . . for members of the school and outside community to become involved in decisions which affect them' (149).

Māori representation on educational administrative bodies does not seem to be positively correlated with the proportion of Māori

people in the general population, or among the pupils. A survey responded to by half the state secondary school boards and published in 1985 (16) showed that well over 90 percent of board members were Pākehā. Māori or Polynesian representation was highest among parent representatives (5 percent), and lowest among teacher representatives (1 percent). This phenomenon was a matter of concern to the International Year of the Child (IYC) Commission, which, in 1979, noted the limited involvement of 'many cultural groups' in controlling authorities, and recommended that schools and other organisations should have this fact 'drawn to their attention', and 'be asked to study its implications' (79). The Curriculum Review Committee recommended in 1987 that 'managing bodies . . . and education boards plan to ensure that their membership is more representative of the racial, gender and social mix of people who make up their community' (42). The need to reiterate the IYC Commission's concern eight years later would seem to indicate that firm statements of principle do not necessarily lead to action.

In his submission to the University Review Committee (117), Pōhatu noted that there was no Māori representation on the Otago University Council, and suggested that permanent Māori representation be written into the constitutional arrangements. This would seem to accord with the principle of partnership inherent in the Treaty of Waitangi, and, in the light of experience so far, it seems more realistic to advocate legislation to attain such minimal goals, than to rely on 'drawing attention' to such matters, or 'plans'. There was no precise information in the documents reviewed on the representation of Māori people on primary school committees, but this is undoubtedly much more adequate than on the secondary school boards, although the regional education boards appear still to be largely Pākehā preserves.

In their 1986 *hui taumata*, the teachers in bilingual schools made a number of suggestions for administrative reforms in matters affecting these schools (163). These included bilingual appointments committees (rather than monolingual English-speakers assisted by a Māori-speaking adviser), and the addition of school committee and community representatives, with full voting rights, to the existing appointments committees. They also wanted all applicants for positions in the bilingual schools to be required to meet the community before being considered for appointment.

In a remark which may apply directly to education, Whatarangi Winiata states that 'it is not an exaggeration to claim that the nation's resources are being grossly mismanaged as a direct consequence of the GIRA [getting it right accidentally] principle' (161). He attributes this to the lack of one or more of the constituents of *em2*—human energy, *mātauranga* (particular knowledge), and *māramatanga* (insight, foresight and understanding) on the part of those managing public (and often also private) affairs. The 'thrust for Māori control over their own education' is an effort to remedy this, stemming also, Ranginui Walker contends, from 'the realisation that education in the past has been a tool of colonisation. Schools functioned to reproduce Pākehā culture at the expense of Māori culture' (155). The evidence indicates that the use of the past tense in the preceding sentence may be unduly optimistic.

8   Resource Availability and Allocation

The 1987 Curriculum Review report (42) noted 'a general feeling that, in order for all New Zealand children to have an equal chance in education, some children would have to be offered more support and resources than others'. The present inequalities in resource allocation do not result in general from overtly discriminatory practices within the system; they are to a large extent the consequence of an unequal distribution of educationally relevant resources in the community at large. Many state and integrated schools in affluent communities, for example, are well endowed by parents and ex-pupils; those in poorer districts are not so fortunate. To get the material resources they need they must, as one principal put it, 'spend so much time fundraising that it becomes more difficult to do the rest' (60, cf. also 70).

Although the need for extra resources for Māori education is appreciated by the Department of Education (and has been reflected in such initiatives as the Māori Education Foundation, the provision of scholarships to a small number of Māori secondary school students, and so on, it is possible that the longer-term and structural implications of inequality and inequity in Māori education have not been given adequate consideration. For example, the Department's forward planning for the 1990s seemed to anticipate much smaller numbers of new entrants, including a smaller proportion of Māori children, than demographic projections based on trends discernible in the early 1980s would indicate as being probable (119). At the other end of the system, planning for the expansion of tertiary education would have to be drastically revised if educational reforms enabled Māori participation rates to reach even half those anticipated for the non-Māori population (118).

Resources for Māori Language and Māori Studies

There seems to be little doubt that financial and material resources allocated to Māori language and Māori studies programmes are

seriously inadequate at all levels. Commenting on the accommodation problems of a local *kōhanga reo*, for example, a Wellington City Council community worker stated that '*kōhanga reo* work well if they have free accommodation or finance and share resources, but the level of the Māori Affairs grant is only enough to support staff and equipment', adding that 'other *kōhanga reo* have run into the same problem and end up going from pillar to post with their full potential not realised' (10). Children from the *kōhanga reo* still cannot be catered for adequately in most local primary schools (see Chapter 2). This latter problem led to the 1985 NZEI *hui* at Tūrangawaewae (6) recommending that 'resources, staffing and schools' be centralised (presumably in urban areas) in order to provide 'total immersion' programmes to meet these children's 'immediate needs'. This has been done in some areas (cf. 51, 57), but the problem of inadequate resources remains.

Similarly, bilingual schools lack reference materials for teachers and pupils, teaching materials and professional guidelines, and the level of additional support given to them is inadequate by international standards (25). The 1986 *hui taumata* of teachers in these schools asked that the provision of paraprofessional language assistants for these schools be expanded, 'with adequate guidance and support', and also advocated 'research and development grants' for each bilingual school and unit (163). The latter request stems from the fact that, unlike other kinds of schools in New Zealand, bilingual schools have to manufacture most of their textbooks and similar resource materials on site: one of the original official bilingual schools, reporting on its objectives for 1987, stated: 'we shall require a fair amount of photocopy paper (and hence funds) to produce the books we require' (126).

At the tertiary level, inadequate staffing levels seem to be matched by inadequate material and technical resources. Mead, for example, mentions the lack of both equipment and technical assistance for the making of tapes and videos for research, archival and teaching purposes (96). The role of Māori studies departments and their staff as community resources is mentioned by several commentators (see, for example, 47, 96, 117), and both Dalziel (47) and Pōhatu (117) single out the need for resources for research in the Māori studies area, to enable universities to meet the information needs of Māori people and national bodies such as the Waitangi Tribunal.

In more general terms, the need to ensure that scarce linguistic resources are placed primarily at the disposal of the Māori community, to ensure the transmission and revitalisation of the language as essentially a Māori cultural artifact, has been stressed by Benton (22) and Douglas (61), among others (cf. also 167). In its 1987 briefing papers for the incoming government, the Department of Education expressed the desire to discuss with the new Minister 'the Māori Language Bill and the resources which will be required to support it' (56). Perusal of the text of the Bill as it went through its third reading (104) and passed into law would give the impression that, in the short term at least, the resources required from the Department for that purpose will not be great.

Resources for Other Purposes

Townsend (147) mentions the reading recovery programme and the Resource Experimental and Development (RED) centres as examples of innovative and potentially effective programmes which attracted government funding, but which were likely to languish because the level of funding was inadequate. (The RED centres were set up for teachers as a result of the studies by Ramsay et al. (122, 123) of schooling in southern Auckland.) Both schemes were likely to be of considerable benefit to Māori children. In fact, support for reading recovery especially was considerably greater than anticipated, and the effects of this scheme are currently being assessed (51).

However, on a wide range of fronts, resources to provide a more equitable system seem to be lacking. Gadd stated in 1982 that extra assistance supplied to multi-ethnic schools was mostly in the nature of frills (67); this is also implied in more recent reports (cf. 60, 70, 147). In commenting on preferential admission to the Auckland University Law School, Coote notes that, on a population basis, the school should have even more Māori students; however, since it 'does not at present have the resources to offer special tuition' to students with the potential to succeed, but whose academic preparation has been inadequate, this cannot be done (43). Library resources are also strained. Although the National Library has started a special pilot programme to distribute books to *kōhanga reo* children in Northland, 98 percent of the rural community librarians are Pākehā (13), and the amount and variety of well-produced

printed material in Māori is still very limited. School libraries are an important source of reading material for Māori children, perhaps more important than public libraries (cf. 89), but none of the studies surveyed commented directly on the adequacy with which they currently meet Māori needs.

Availability and Allocation of Finance

Ranginui Walker observes that:

> It is too much to expect people who have been impoverished by colonisation to establish and fund their own tertiary institute when a university such as Auckland was richly endowed with Māori land. (155)

'Too much' or not, this is exactly what does seem to have happened, at all levels of education, where Māori initiatives have been to the fore. *Te Wānanga o Raukawa*, the Māori University at Ōtaki, for example, notes in its 1986 calendar that 'most of the staff are providing their services voluntarily and what funds are needed are being found through student fees or other private sources' (146). Māori people have also had to carry a considerable financial burden to maintain the *kōhanga reo* (61), despite the cooperation of the Departments of Education and Māori Affairs with the *kōhanga Reo* Trust (cf. 57). When initiatives have begun to bear fruit, the financial rug has often been pulled from under Māori feet: Mīria Pewhairangi, for example, comments thus on the effects of the Māori Education Foundation and the Department of Māori Affairs withdrawal from active involvement in preschool education in the 1970s:

> This had the effect of throwing groups on their own resources, which were very limited. Firstly, they were not only geographically isolated units, but as well members lived some distance from one another and travel even within Auckland was difficult or costly. Secondly most of the members were young and did not speak Māori. (113)

A 1984 meeting of Māori teachers passed a resolution that Māori people had a right to 25 percent of the education vote (74), which would place approximately $500 million in Māori hands for educational purposes at current levels of expenditure. (The proportion claimed was based on the projected representation of children of Māori descent entering the education system by the end of the decade.) An analysis of per capita expenditure on education at various levels (55) in conjunction with information about participation

rates contained in various reports (54, 56, 57, 58, 90, 118), indicates that state expenditure per capita on the education of non-Māori between the ages of 5 and 25 is likely to be at least $4,250 greater than for Māori, in 1987 terms. This is illustrated in Table 1.

TABLE 1: Estimated per capita expenditure on education

Level	Unit Cost	Māori Units	Total	Non-Māori Units	Total
Primary	$1,753	8.27	$14,501	8.22	$14,414
Secondary	$2,914	3.39	$9,879	3.94	$11,482
Tertiary	*	0.24	$1,689	0.60	$4,420
Total Expenditure			$26,069		$30,316

*Units are equivalent full-time years spent (or likely to be spent) at each level by individuals first entering school in 1974. Costs at tertiary level vary; the estimate is based on attendance at university ($7,561 p.a.) for 3 years by 2.6 percent of Māori and 13.9 percent of non-Māori students, teachers college ($7,670 p.a.) for 3 years by 0.6 percent Māori and 1 percent non-Māori, and technical institute ($6,629 p.a.) for 18 months by 7.3 percent Māori and 9.2 percent non-Māori.

Source: Department of Education

This estimate is very conservative, as it does not take into account the different costs of courses in university faculties (Māori students are under-represented to an even greater degree in high-cost faculties such as engineering and science), or at secondary schools. It also assumes that Māori students at polytechnics are enrolled in the same kinds of courses for the same length of time as non-Māori. Any marginally greater expense for Māori children at the primary school level, where, for example, they may be more often found in reading recovery programmes or withdrawal facilities and in bilingual units, would be offset several times over by the differentials at the secondary level and beyond. Costs of incarceration have also been excluded; these expenses would seem to constitute a commentary on the effectiveness and equity of the education system, rather than form an integral part of it (cf. 62).

Adequate access to successful educational experience is a Māori *community* need as well as an individual one. Any targeting of

resources, if it is to be effective, should therefore take both individual and group need into account. It is not therefore critically important that some individuals within the group stand to benefit from assistance more than others initially, provided that *all* stand to benefit immediately (as well as in the long term) more than they would under current conditions. Furthermore, this does not preclude targeting other groups at risk—children from low income families generally, for example, and members of certain immigrant minorities. In regard to the latter, however, it should be remembered that, under the Treaty of Waitangi, they are a Pākehā problem; the Māori should not have to wait for justice while the other partner tries to decide how to put his own house in order (cf. 22).

Various alternative structures, which might make the allocation of educational resources vis-a-vis Māori and non-Māori more equitable, are discussed briefly in Chapter 15. One of these, the voucher system, is intuitively attractive, but in practice may prove to be counter-productive if a more just social order is desired. Nonetheless, some radical reform is required, and the Treasury's ideas of giving families a decisive voice in the conduct of formal education (167) warrant full and serious exploration. It might perhaps prove possible to permit credible suppliers of educational services and facilities, which have parent backing and are fully accountable to the parents of their students, to set up schools or other educational institutions financed on a per capita basis which takes account of current shortfalls. For example, the per capita payment for Māori children at primary school should reflect the savings made at the secondary and tertiary levels, until such time as the group differentials disappear. A new system, or set of systems, seems to be needed: the weight of evidence is that effective system-wide internal reforms to meet the needs of the Māori community are impossible under current conditions.

9 Costs and Benefits of Centralisation

The question of the costs and benefits of centralisation has not received much specific attention in the research studies under review, although the effects (and effectiveness) of New Zealand's highly centralised system are alluded to incidentally in some of them. Wagner, for example, identified 'the powerlessness of a school to influence Departmental policy and authority with regard to the use of an itinerant teacher of Māori' as a major finding in his case-study of an Auckland primary school (149). Judith Simon, on the other hand, notes that Departmental policy aimed at accommodating Māori goals has been 'laid . . . open to subversion by those who did not share the interests and aspirations of the policy-makers' (131). Ennis has also noted the considerable (and in his eyes excessive) power of school principals to resist both official and community initiatives (64). The impression one gets is of an inefficient monopoly better able to stifle innovation than to foster it. The Department of Education would seem to concur with such a view in this statement in the 1987 Annual Report:

> Māori and Pākehā teachers and administrators . . . know how difficult it is to achieve anything like equality for Māori values and Māori children in an education system whose values are essentially Pākehā and whose leaders and most principals and teachers are Pākehā. (57)

However, the apparent inefficiency of the present system may be its saving grace; an efficient centralised system could be far worse. As Perry points out, centralisation is an 'inevitable feature of the rule of the many by the few', and the 'considerable centralism of the New Zealand political system' may indeed be 'the Achilles' heel of our democratic freedoms' (111). Current thinking in the Treasury seems to reflect a similar view:

> We suggest that educational institutions and those who teach in them may be better treated as being primarily agents of the family and of the individual rather than of the state. With a starting point in the family as the primary source of education and a policy to build from that, a stronger overall educational environment can be constructed for all children and young people. (167)

These concluding remarks in their 1987 briefing papers on education to the incoming government envisage a decentralised system

which would enable Māori families individually and collectively to exert a much greater influence on the direction of formal education than is possible at present, or is likely to be possible under the modest changes proposed in the Curriculum Review (42) —the latter does provide for increased 'community control', but does not protect Māori families from the Pākehā veto.

10 International Comparisons of Expenditure Levels

Only one of the studies reviewed contains detailed discussion of current New Zealand expenditure on Māori education in an international perspective, and this on one aspect only. This was an evaluation of official bilingual schooling programmes, completed in 1985 (25). It noted that, based on minimal levels of expenditure on bilingual education programmes in the United States (as reported in a Rand Corporation study), an expenditure of $NZ800,000 per annum over and above normal levels of public support for conventional schools of the same size and characteristics would be in order for the eight programmes established at that time. It was also estimated that an additional $NZ55 million would be needed to enable all children of Māori descent to receive a substantial part of their education through Māori. Of this, approximately $NZ8 million would be allocated for the production of textbooks and other reading material, if the American pattern were followed. Current New Zealand expenditure is well below these levels.

11 Role of the Private Education Sector

Background notes provided to the Royal Commission on Social Policy by the Department of Education (58) list a number of Māori educational institutions which are either partly or wholly in the private sector: 2 private *kaupapa Māori* primary schools, 10 Māori church schools (private or integrated), 1 Māori university, and 450 *kōhanga reo,* the latter attended by about 8,500 children. In another paper prepared for the Commission (55), the Department notes that there is 'an increasing demand for alternatives within the state system', and also that neither of the two *kaupapa Māori* schools 'has yet applied for integration'. Dissatisfaction with the status quo has been strongly expressed by Māori educators within the system. Mr John Clarke, the principal of a large metropolitan high school, for example, has been quoted as saying that the message from the private sector initiatives taken by Māori people, like the *kōhanga reo* and the Māori university, is quite clear:

> If the state is not prepared to accept our values, to foster the indigenous language of this country, to give our young people a better return, then we will go our own separate way. (12)

The experience of some *kōhanga reo* (cf. 10), however, indicates that the burden of supporting private sector institutions is inequitable where Māori people are concerned, as they do not have the economic resources to sustain high levels of private expenditure on such services (see Chapter 13 for references to economic data). Nevertheless, there is evidence that existing arrangements which originated in the private sector, particularly the church Māori boarding schools, have been highly beneficial in their outcomes for Māori people (45). The association of these schools has strongly stressed the right of Māori people to set their own goals and determine the context in which these goals should be achieved (145). It seems that so far it has not been possible to exercise this right freely within the public sector. Certainly, the plans of one of these schools to transform itself into a Māori-medium secondary school (61), now being implemented, are without parallel on a school-wide basis within the state system proper. (Like most church-related Māori schools, the school concerned is integrated with the

state system, under the Private Schools Conditional Integration Act, but preserves its 'special character' through its integration agreement.)

12 Pupil Performance at Private Versus State Schools

There is little reference to the relative performance of Māori and non-Māori students at private schools as such, but several studies have taken into account the achievements of pupils at a subset of these schools, the church-related Māori boarding schools. These schools are now mostly integrated into the state system (although each continues to have its 'special character' protected), and received considerably more public funding than other private schools before integration. They are thus by no means typical 'private schools'. Less than 1 percent of Māori pupils attend private schools strictly so-called, as against about 3.5 percent of the non-Māori population (57). Data on the performance of Māori pupils at these schools were not available for this review. The discussion in this chapter will therefore be limited to the Māori boarding schools.

A recent study by Johns (82) reports that presence at a Māori boarding school was one of several factors isolated as having positive effects on achievement among secondary students in the Waikato. Curtis, in his examination of these schools (45), states that 'past experience' at two of the Auckland schools indicated 'that a fair proportion of candidates who gained a Sixth Form Certificate would never have done so' if conventional predictors of academic success had been a 'deciding factor' when they were admitted as third formers.

Walker (154) presents results from 68 Auckland schools ranked for percentage of candidates who passed English and Mathematics

respectively in the 1982 School Certificate Examination. One of
the Auckland Māori boarding schools ranked 61st in English and
63rd in Mathematics, ahead of several state schools with high pro-
portions of Māori pupils. The other ranked last in English but 43rd
in Mathematics, well ahead of any other school with a high pro-
portion of Māori or Polynesian pupils. Harker, in his review of
research into Māori education in the 1970s (72), mentions several
studies which indicate that both achievement and pupils' feelings
about formal education at these schools are positively affected by
the structural features of the institutions, which are perceived as
'Māori' by the pupils, and which are reflected also in non-formal
aspects of school life.

13 Outcomes and Redistributional Effects

Introduction

In an examination of educational inequality in New Zealand, Spoonley concluded that 'the welfare state has failed to produce equity between Māori and Pākehā, in educational terms', and argued for 'affirmative action' to redress the imbalance (134). An Education Department document (54) points out that of every 100 Pākehā girls entering Form 3 in 1984, 64 obtained in 1986 a School Certificate English grade of B2 (the de-facto minimum pass) or better; of 100 Pākehāboys, 46 got B2 or better. Of 100 Māori girls, 23 got B2 or better and 15 of every 100 Māori boys received at least B2. While 80 percent of the Pākehā students sat at least one School Certificate subject, only 55 percent of the Māori pupils did (less than half, in the case of Māori boys). The most frequently gained grade overall for Pākehā pupils was B1 (a good pass); that for Māori pupils was C1 (first class failure). Of the students who entered secondary school in 1982, 22 of every 100 Pākehā were in Form 7 in 1986; only 5 of every 100 Māori had reached that level.

The volume on education in the 1987 Treasury briefing papers for the incoming government (167), which was released as this paper was being completed, presents some of the statistical information gathered here from various other sources, as well as further related statistics, in an appendix, and includes a very useful analysis of some of the major issues in Māori education. (See also the concluding paragraph in Chapter 5, above).

Ideals

Both Māori and non-Māori commentators have held that some form of equality of outcome between ethnic groups should be a goal for the education system. The International Year of the Child Commission, for example, held that 'students from all cultural groups should be showing similar ranges of achievement' (114), while a round table sponsored by the New Zealand Planning

Council in 1982 rejected the notion of equality of opportunity, which has been the New Zealand ideal since the time of Peter Fraser, and demanded instead equality of achievement (150).

In an analysis of the historical development of rights to education in New Zealand (124), W. L. Renwick refers to a 'state of mind that has always been present in the New Zealand community':

> ... after the requirements of a certain basic provision have been met, further extensions of rights should be determined on the basis of proven performance and individual effort.

That is, opportunity should be related to 'desert', balanced however with 'need' (which Renwick considers likely to remain the stronger of the two principles), and thus 'schools are required, among other functions, to be sorting and selecting agencies'. It is the basic fairness of this sorting which will determine whether or not the outcomes are equitable to individuals, and the fairness of the criteria on which the sorting is based which will determine whether the sorting is equitable to social groups.

Class Factors and Knowledge Codes

According to Harker (73), equality of opportunity in New Zealand education 'in practice means giving all individuals an equal chance to become middle class'. Elsewhere (72) he suggests that, as a counter to the middle-class Westernised knowledge system enshrined in the curriculum, other knowledge codes and other ways of transmitting knowledge should be given equal prominence. Chapman (39) sees such measures as essential to counter the class and ethnic bias in current educational outcomes. The basis for these outcomes has come under increasing public scrutiny. The Curriculum Review Committee, for example, noted that 'there was strong criticism [from Māori people] of present methods of assessment, and an urgent plea was made for change' (42). It has also been suggested that the entire education system needs restructuring to accord with the principles of the Treaty of Waitangi, before equity for Māori people can be achieved (24).

Standardised Tests

The chief sorting mechanism for the system is the School Certificate Examination, which will be discussed separately below. Long

before they encounter this ordeal, however, students are occasionally sorted, and frequently assessed, through the medium of various standardised tests. These tests, Ramsay et al. (121) point out, emphasise the 'forms of knowledge . . . drawn from the dominant culture'. Because of this, they claim, 'it becomes obvious that schools are an instrument of domination'. (The dominated are lower class and minority students, including Māori.) In their study of schools in lower socio-economic status areas in southern Auckland with high proportions of Māori and Pacific Island Polynesian students, they found that even at 'successful' schools, children in these districts did not fare well in public examinations or on the standardised tests. Although this phenomenon has led to charges of bias against such tests (see for example 174, 175), careful reviews of the criticisms and the evidence by Ross St. George and associates (18, 137, 139) indicate that the tests in fact do exactly what they are claimed to do: measure with reasonable objectivity the success of individual students in acquiring the kind of knowledge and skills *which the New Zealand curriculum prescribes.* The tests, of course, as one study (18) notes, measure only results: the critics tend to confuse equality of opportunity with equality of results, and hence claim that the tests themselves are biased because they show clear and consistent differences in average levels of achievement between Māori and Pākehā children as ethnic groups, to the detriment of the former. This may be unwelcome news, but suppressing it will not get rid of the causes: 'educational tests do tell truths about our schools and our society', highlighting 'inequalities in past learning opportunities', among other things (139). Although research evidence does not highlight any specific causal factor of this gap, or gulf, in educational achievement, it does show:

> . . . a general cultural discontinuity between the world of ethnic minority students and their society and that of the majority students as embodied in the school, its curriculum and processes. (139)

Succeeding in the System

Frank Solomon, in his study of successful Māori pupils, puts the class and caste factors mentioned in a nutshell in a comment about a highly 'successful' Auckland secondary school:

> In considering schools one cannot level any form of censure at a school such as Auckland Grammar, *if* academic achievement is taken as the focal

point. 'Grammar' has high levels of achievement. 'Grammar' also has few senior Māori students. (133) [emphasis in original]

The Principal of this school made his own attitude very clear in a public statement reported in the *New Zealand Times* of 12 February 1984:

> The reason Māoris are failing is because they are lazy. . . . If you attack a system because one section can't handle it, for God's sake look at the section rather than the system. (quoted in 64)

Māori opinion, and that of many teachers, took a contrary view. At a *hui* organised by the New Zealand Educational Institute in January 1985, the following 'principle' was affirmed:

> That the education system has failed Māori children and the deficiencies lie with the system, not with the children or culture. (6)

Qualifications of School Leavers

Data presented by Holden (76) show a slow but steady rise in the proportion of Māori pupils leaving school with some kind of qualification between 1966 and 1982. In 1966 (when Māori were about 10 percent of the secondary school population), 15 percent of Māori children left with at least one School Certificate subject and 2 percent left with University Entrance or higher. By 1982 these proportions of qualified pupils had reached 35 percent and 8 percent respectively, and Māori made up about 15 percent of the secondary school population. At the same time non-Māori qualification rates had jumped from 52 percent with a School Certificate subject or better and 20 percent with University Entrance, to 73 percent and 36 percent respectively. Analysing this kind of data from the opposite angle, that is, considering the proportions leaving school with *no* qualification, Macpherson (91) shows that between 1963 and 1973 the ratio of Māori with no credentials to non-Māori without credentials, as proportions of their respective populations, actually worsened from 1.5 to 1, to 2 to 1. The most recent data from the Department of Education shows that this trend has continued: in 1986, 53.4 percent of Māori children left with 'no attainment', compared with 21.5 percent of non-Māori, a ratio of 2.5 to 1.

Choice of Subject

Māori pupils tend to be under-represented in some subject areas and over-represented in others in secondary schools, although the

reasons for this are not clear. As the discussion on School Certificate results will reveal, subject choice does not seem to be closely linked with relative success in examinations. Science subjects, except biology, have markedly lower Māori participation rates (141), and Holden comments that for Māori males there has been a pattern of under-representation in mathematics, economic studies and history as well. On the other hand, Māori language is studied mostly by ethnically Māori pupils, and over the last decade there have been comparatively larger proportions of Māori candidates (without a correspondingly high Māori success rate) in subjects such as art, home economics, human biology, and typing. The pattern in subjects other than those mentioned has been for the relative proportion of Māori candidates in the non-academic subjects to decline (woodwork, for example, had 10.8 percent of Māori candidates in 1977, compared with 8.6 percent of all candidates, but the proportions were 7.0 percent and 6.4 percent respectively in 1985), without a corresponding rise in the more academic ones (98).

Access to Sources of Knowledge

Levett and Braithwaite (87) have pointed out that 'there is a spiral of inequality in the education system in which children from the richer homes begin with advantages which tend to be cumulative'. Since few Māori children come from economically richer homes, they have little chance of benefiting from a spiral which favours those who do. These researchers discovered, furthermore, in the course of research into the role of libraries in redistributing knowledge, that these apparently public sources of knowledge were to a large extent the private domain of an affluent elite. One of the background factors in the lower Māori representation among the holders of academic credentials may well be the head start which some sectors of the majority ethnic group have in the control and utilisation of resources of this kind.

The School Certificate Examination

The School Certificate Examination plays a critical role in determining who will benefit from the education system, by distributing (or withholding) credentials in a variety of academic and vocationally oriented subjects, opening or closing the way to

opportunity for higher education, and also allocating in advance the range of marks particular schools will be able to award to their sixth form students in the following year.

The examination is competitive (and, historically, only a little over half the total number of papers presented have been allocated a 'passing' grade). The range of marks in a given subject is determined by a complicated scaling system, based on the relative performance in their various subjects by students in their third year of secondary schooling sitting English and at least three other subjects in New Zealand schools ('NZY3E3' candidates). The mechanics of the scaling procedures are outlined in the Department of Education's Annual Report for 1985 (51). They have been discussed in some detail with critical commentary by Hughes (77), Benton (21) and St. George (138), who conclude that the examination system is socially and educationally undesirable.

In 1986 a change was made in the manner of reporting marks, from a system of marks out of 100, matched by four letter grades (A, B, and C as passing grades, with a mark of 50 as the minimum for a C grade, and D, a failing grade), to a modified grade system ranging from A1 (equivalent to 'A' under the former system) to B2 (overlapping the boundaries of the old 'C' and 'D'), with new grades of C1, C2 and D replacing the rest of the old 'D' grade, in an effort to depart from the old 'pass/fail' concept. As the scaling system remained unaltered (57), the revised system was little improvement on the old. As Marshall (94) points out:

> Official literature and policy seems to have shifted away from norm-referencing to attainment. . . . But if a boy's experience in the first year of the 'new' school certificate is any example, the public exhibition at his school of what grades like C1 'really' meant, i.e. *failure*, was soon made clear. [emphasis in original]

After analysing the 1982 results from schools in the Auckland metropolitan area, Gadd (68) concluded that:

> The School Certificate examinations would seem to be a state-funded system whereby the most privileged members of our society hand on to their children the wider opportunities that they have secured for themselves.

He also noted that 'when Māori candidates' results were studied, it was found that these also tended to conform to success for affluence and failure for relative poverty'. That being so, 'relative poverty' would appear to be much more common than 'affluence' among Māori candidates for School Certificate.

Grades Allocated to Māori Students

Any discussion of School Certificate attainment by Māori pupils must be prefaced with a reminder that, even in 1986, almost half the Māori teenagers who could (in theory at least) have completed their fifth form year have not attempted even one subject in this examination. In terms of credentials gained, therefore, the low Māori pass rate means that Māori youth as a group are severely disadvantaged by their encounter with the education system: many are certified non-starters, those who do start have more than an even chance of emerging as certified failures.

An analysis of the 1985 School Certificate statistics (98) will reveal some of the imbalances, which are partly a result of the school experiences of the candidates, but undoubtedly compounded by the scaling system. The trends in 1986 were the same, but these have not yet been officially released, and, except for a comment about the effects of the scaling system on the allocation of grades in Māori, will not be referred to directly in this discussion. The reference group will be 'New Zealand School' candidates, unless explicitly stated otherwise; this includes all pupils of New Zealand schools sitting the examination, not just the subgroup on which the scaling procedure is worked out.

Firstly, Māori children fare particularly badly in non-academic subjects. Less than a quarter of those who sat home economics, engineering shopwork, and woodwork in 1985, for example, passed, compared with about half the non-Māori candidates. English is another disaster area: the 1985 pass rate for Māori pupils was just under 30 percent: for non-Māori, over 55 percent.

The only subject taken by a high proportion of all Māori candidates in which the majority passed was Māori language; this was taken by 22 percent of Māori candidates, and almost 56 percent of those who sat were allowed to pass, as against 50 percent of the small number of non-Māori taking this subject. (The word 'allowed' in the preceding sentence is used advisedly; see the subsection on the Scaling of School Certificate Māori below.) Māori is the one subject where the Māori pass rate is often (but not always) higher than the non-Māori. Māori children also do well in subjects such as German (where over 80 percent of both Māori and non-Māori passed, 11 percent of each group gaining A passes). Unfortunately, only a tiny minority of Māori pupils (smaller even than the proportion of non-Māori) take these courses.

The second-best subject, for pass rates, taken by 10 percent or more of all Māori candidates, is accounting. There were 644 Māori candidates (10.3 percent of the total) in 1985, and 8,998 non-Māori (17.6 percent of the total). The Māori pass rate was 45.7 percent, and the non-Māori 69.6 percent. It is worth digging more deeply into these figures, to see what they might mean to *successful* Māori students hoping to use their accountancy qualification to launch themselves on a career. For a start, proportionately fewer Māori take accountancy than non-Māori, so even if the pass rates were the same, the supply of Māori fledgling accountants would be proportionately less than that of non-Māori. Secondly, because many more Māori than non-Māori drop out of school, the proportion of all fifth formers in their groups which the accountancy candidates represent is very different. Thirdly, the minority status of Māori accountancy students in the fifth form is affected also by demographic factors in subjects which are popular with non-Māori, because at this age group Māori are outnumbered by non-Māori in a ratio of about 1 to 6.

This means that in 1985 about 12 percent of non-Māori fifth formers obtained a pass in accounting, but only about 3 percent of Māori fifth formers. There would be thus 24 non-Māori to every Māori candidate acquiring the minimal qualification. If all applied for a job where a pass in School Certificate accountancy was required, any Māori candidate could expect to face perhaps 30 non-Māori rivals (as employers tend to interview fewer Māori than non-Māori (152), everything else being equal).

However, the situation for the 'successful' Māori could well be far more precarious. The scaling system determines more than who should pass and who should fail. It also determines (in comparing the performance of the 'NZY3E3' candidates in accountancy with their other subjects) how many will receive the various subdivisions of passing grades (A, B, and C in 1985, A1, A2, B1 and B2 in 1986). Different subjects, as has been noted, fare differently in this process. Māori students tend to be in those which do not fare all that well: in clothing and textiles, 44 percent of all candidates passed in 1985, 0.6 percent with an 'A' (no Māori among them); Māori and English had pass rates of 54 and 53 percent respectively, each with 4 percent 'A's; 89 percent of those who took Latin passed, 19 percent with an 'A'.

About 6 percent of accountancy students got 'A's in 1985, but proportionately more non-Māori received them than Māori. In

fact, only 3 Māori students were awarded 'A' passes, compared with 581 non-Māori. So the *highly successful* Māori candidates are *outnumbered 188 to 1*, even without allowing for employer prejudice, in competitive situations where a high pass in School Certificate accountancy would be an advantage. In this situation, and in the absence of some kind of affirmative action, the Māori drop-out may be a more realistic decision maker than the stayer. In accountancy at least, the examination system is unlikely to redistribute opportunities in a way which will substantially advance the prospects of Māori upward mobility.

The only consolation Māori candidates may have is that preliminary analysis of the 1986 results appears to indicate that 'Pacific Island' candidates (data on whom has not previously been available) at present fare even worse in the distribution system.

Scaling of School Certificate Māori

Among others, Penetito (108) has commented on treatment of Māori language in the curriculum itself, and Benton (23) on the effects of the examination system specifically. Strong and sustained protests by Māori individuals and groups resulted in Māori being removed from the 'normal' scaling process in 1985. Because the latter is strongly influenced by performance in English, which most Māori children fail, and because far more Māori children take Māori than non-Māori in absolute numbers (about 4 Māori to 1 non-Māori), the pass rate for Māori was quite low, around 40 percent, in previous years. A somewhat arbitrary decision was made instead that the scaling of Māori should parallel the scaling of English: that is, conform to the norm for the examination as a whole. Presumably this was partly because English is the 'ethnic' language of the majority group, and Māori of the Māori. This did mean that the number of Māori children permitted to pass the examination marginally increased, but it still meant that just under half of those who ventured to sit the exam were still foredoomed to fail. It also overlooked the fact that Māori is a *second language* for most Māori children, whereas English is a *first language for* most non-Māori. A more rational approach would have been to tie scaling for Māori (if scaling were unavoidable) to *other second language subjects*. In 1985 this would have greatly increased the number of 'A' passes available to Māori students, and likewise resulted in a significantly higher number of 'A1' passes in 1986. In the latter

year 4.3 percent of candidates in English and 5 percent of candidates in Māori received a grade of A1 in those subjects. For other languages (French, German, Indonesian, Japanese, Latin, Russian and Spanish) the range appears to have been from 25 percent (Spanish) to just over 7 percent (Indonesian), with an overall proportion of 12.3 percent. If Māori had been dealt with on the latter basis, another hundred or so Māori students would have gained an 'A1', with corresponding increases in certified achievement at the lower levels, and far fewer failures.

Flow-on Effects

Although all schools are likely to be disadvantaged at times by the tie-up between School Certificate results and the grades which can be allocated in Sixth Form Certificate, those with high proportions of Māori children on their rolls, as well as those in areas where many parents have occupations within the lower socio-economic groups, are likely to be most affected. As one school principal stated succinctly (60), 'schools like Hillary never have as many high grades to dole out as European-dominated schools'. As Solomon (133), Simon (131, 132) and others have discovered, most Māori children want to pass the examination. They do not intend to fail, but because the system itself requires victims, many of them are compulsorily failed to ensure the success of the chosen. Solomon's remarks on this are still apposite:

> In general Principals preferred that students should not enter a subject where they were not likely to succeed. . . . The implications of such action—boycott or directed avoidance of failure—mean that fewer able students will pass in a particular subject. If more schools were to adopt the same procedure the School Certificate Examination would probably have to change its policy on the pass/fail point.

One analysis of the 1985 results came to the conclusion that, if 'user pays' is an operating principle, 'in this instance, the Māori user is paying for worse than nothing, is paying for having bright and hopeful youngsters labelled failures' (11).

Effects on Outcomes

Apart from the School Certificate scaling system itself, researchers have isolated a number of influences on outcomes, which may be loosely grouped under the headings of 'expectations' and 'cultural

climate'. Jones (83) found that secondary school children judged likely to 'succeed' were treated differently by teachers from those less likely to do so. These differences were accepted, and in some ways reinforced, by their pupils, who were not aware that curriculum and teaching style thought suitable for the unsuccessful (among whom were most minority students) were likely to decrease rather than increase their chances of success in examinations, to which they also aspired. Thus the New Zealand secondary school reproduces existing social inequalities, but successfully 'hides its role in this selective distribution of knowledge and skills'. Simon, in her study of teachers' attitudes in Auckland schools (131), found that teachers tended to think of Pākehā children in terms of an ideal of 'middle class achievement', and treat them accordingly 'until it is shown that such expectations are not warranted', and that:

> Māori children, on the other hand, by virtue of their Māoriness alone, are accorded lower expectations that are likely to be raised only when 'proved' to be wrong.

Similarly, Harker (71, 72) and Alison St. George (135) have found that teachers tend to treat Māori and non-Māori alike within any given 'expectation group', but that Māori (and other children from lower socio-economic backgrounds) are likely to be in a low expectation group. Other New Zealand studies of classroom interaction reviewed by Benton (26) support these conclusions. Podmore et al., in a study of new entrant classrooms (116), discovered very few achievement differences between Māori and Pākehā children, or none at all, when the children entered the classroom, but teachers' perceptions of the significance of gender and ethnic differences in aptitude seemed to lead to their manifestation later on. They concluded:

> ... we are convinced that ethnic differences in achievement do not result from actual differences in ability. The expectations of society, school, and the predominantly middle class Pākehā approaches to education are significant causes.

Interestingly, these findings are paralleled in a recent English study of the same phenomena by Blatchford et al. (29).

An openness to the concerns of both parents and pupils is certainly one factor in the functioning of a successful school, according to Ramsay et al. (122), Solomon (133), Curtis (45) and others. Although, as Ramsay et al. pointed out, Māori students at 'successful' schools may still have difficulty in the examination system, they seem to be relatively more successful in this regard too. One

such school in the Wellington area, for example, has managed to retain Polynesian students in the senior classes in similar proportions to Pākehā (120). Research by Abbott (1) and Abbott and Durie (2,4) shows that the integration of Māori elements into specialist courses at the tertiary level has had a perceptible and at times dramatic effect on the recruitment and success rate of Māori students, and that refusal to recognise the relevance of Māori culture has had the reverse effect. Signal (130) also found that a *marae*-based pre-apprenticeship course for Māori students resulted in significant gains in Māori general knowledge and 'community knowledge', as well as slight improvements in other aspects of the course, when compared with Māori students in the regular course at the Waikato Technical Institute. Tokenism is not likely to be effective; Mitchell (100), for example, noted that the opportunity to study Māori language at school made no difference in itself to the aspirations of fourth form students at Waikato schools.

Immediate Effects of Outcomes

There are a number of effects of the outcomes of formal schooling for Māori children and young people which have attracted the attention of researchers and commentators. One of the most obvious is the occupational segregation of Māori people in the workforce. Brosnan shows (34) that the relative increase in school failure has been paralleled by an increase in occupational segregation between 1956 and 1981, to the extent that by 1981 the Māori/non-Māori differences were greater than those between the sexes. Major causes identified for this are education and 'employer stereotyping and prejudice'. In another study (36), based on census data to 1976, Brosnan found that for Māori men, education accounted for 24 percent of the difference between Māori/non-Māori incomes, and ethnicity 6 percent. Ethnicity was a very minor factor for women (less than 0.5 percent of the variation), but education a highly significant one, accounting for 47 percent of the Māori/non-Māori difference.

Peters (112) considered the aspirations of Māori secondary school children she interviewed to have been unrealistically high (as she knew better than they what the examination system had in store for them); over a third of them aspired to technical or professional occupations, and 27 percent of the urban children and 22

percent of the rural children actually expected to be able to achieve their goal. These percentages are not very different from those among the Waikato children studied by Mitchell (100). The Mitchell study, however, looked at Pākehā aspirations as well, which were significantly higher; in the low SES group (where most Māori children were found), 26 percent of the Māori but 54 percent of the Pākehā aspired to high status occupations.

For some, the most realistic aspiration may be the dole. Waldegrave and Coventry (152) note that the June quarter labour force survey for 1986 showed a 3.2 percent unemployment rate for Europeans (2.7 percent for men, 4 percent for women), as against 11.8 percent for Māori (12.1 percent for men, 11.4 percent for women). Structurally-induced failure within and without the school system is certainly a strong agent for perpetuating the learned helplessness that kills hope of success within a group and over generations. Mordkowitz and Ginsburg (101) point out that there is ample international evidence that dwelling on thoughts of previous failure and 'an attributional bias to explain failure as due to global, stable and uncontrolled causes' often result in the supposed victims actually becoming helpless. Stead (141) and Walker (153), among others, provide evidence that these factors have a significant adverse influence on the achievement and aspirations of Māori children. Fortunately, the process can be resisted and is reversible.

Another outcome of the secondary system is the exclusion of an inordinately high proportion of Māori youth from university study. (This has been dealt with in more detail in Chapter 1.) Socio-economic status of parents, although highly related to access to universities, is not a predictor of success within the university system (140). This gives grounds for hope that, although Māori students experience some difficulties initially, once they are there, university education may serve to lessen the inequalities between the groups more effectively than the primary and secondary systems, which seem to reinforce, if not actually create them. Pool (118), for one, is in no doubt that 'the keystone to the achievement of higher university participation rates rests with improved secondary retention levels'.

Ultimate Effects of Current Outcomes

R. S. Adams (164) pointed out in 1973 that in New Zealand society:

> ... the route to the advantaged occupations is clearly defined. For most it is through education. Proportionately fewer Māori than Pākehā children gain access to higher academic streams at secondary school, fewer achieve success at national examinations and fewer go on to tertiary education institutions. It appears that Māoris are selected out of the success routes. (quoted in 112)

Whatarangi Winiata notes that in 1987 the situation has not changed: 'relative to the other party to the treaty, the Māori people are the economic shock absorbers of the current policies' (161). As Older observes, 'Māoris, indigenous New Zealanders of Polynesian origin, are greatly under-represented in universities and professions in New Zealand and are over-represented in morbidity, mortality, and crime' (107). To help remedy this situation, Brosnan suggests, on the basis of his studies of income differentials, that:

> As far as policy is concerned, the results reported here tend to suggest that the policies in place which aim to reduce prejudice and discrimination in hiring are pointed at the right variables. Similarly, those schemes which endeavour to help Māoris become better qualified and thus move to areas where they are under-represented are also well directed. *Nonetheless, much effort must be expended on many fronts* if the incomes of Māoris are to be raised in the aggregate to equality with the incomes of Pākehās. (33) [emphasis added]

Since the genesis of the discrepancy in educational outcomes can be traced as far back as the infant rooms of primary schools, the 'basic provision' in education for many Māori children has yet to be delivered. In these circumstances, 'individual effort' and 'proven performance' are meaningless notions.

14 Effects on Social Harmony

The general effects of the present educational arrangements and their outcomes on the peace and tranquillity of New Zealand were summarised thus by the Waitangi Tribunal, on the basis of the evidence brought before that body in the course of the Māori language claim:

> When such a system produces children who are not adequately educated, they are put at a disadvantage when they try to find work. If they cannot get work that satisfies them they become unemployed and live on the dole. When they live on the dole they become disillusioned, discontented and angry. We saw such angry people giving evidence before us. They are no more than representatives of many others in our community. When one significant section of the community burns with a sense of injustice, the rest of the community cannot safely pretend that there is no reason for their discontent. That is a recipe for social unrest and all that goes with it. Recent events in other places illustrate this fact with tragic vividness. (151)

Quite a number of academic researchers as well as other observers have reached parallel conclusions. Townsend, in his review of New Zealand research on reading difficulties and multicultural education (147), noted that the preponderance of Māori and Pacific Island people in groups with lower incomes, lower status occupations, lower educational achievements, and greater health risks, had significance for 'the maintenance of cultural identity and racial harmony' as well as for 'educational provision and planning'. Wills (158) noted the lack of sensitivity to 'institutional ethnocentrism', and a lack of awareness in perceiving 'cross-cultural needs' on the part of teacher trainees; this continues to give rise to what Haare Williams, an ex-teacher himself, describes as the 'linguistic and cultural imperialism' (157) characteristic of the present educational and social system. Williams goes on to point out:

> It isn't just language or education which is at stake, but personal and social identity. The cycle of alienation is both hard and costly to break.

Arbuckle (14) documents several types of alienation which affect the Māori community, as a consequence of and in response to the policies of the dominant society and the attitudes of its members. Gadd claims (67) that there has emerged a new group among urban

young people of Māori and other Polynesian descent. This is the most alienated group in New Zealand society; its 'Māori' members have no close contact with or allegiance to Māori ethnicity, and at the same time are not part of the 'larger Pākehā dominated society':

> They feel that no matter what qualifications they achieve, employment will elude them because of the racism and ethnic prejudice of the business community and the other keepers of the gates of our society.

This is the least reachable group, and one whose ranks are being augmented continually by the operation of current educational and social policies and practices (cf. 181).

Intended Effects

The Department of Education's Annual Report for 1983–4 (50), discussing Māori language and multiculturalism, states:

> Cross-cultural respect and understanding are the values that are sought. Bicultural exchanges are the means by which these values will most commonly be fostered. A multicultural society is the intended outcome.

Bassett (17) sees biculturalism (that is, effective recognition of *Māoritanga*) as 'the essential first step on the path towards a truly multicultural society'. Peter Quin, describing the policies adopted in a multi-ethnic secondary school of which he is principal, hopes that these will help to develop a 'society which will eliminate all forms of racism and prejudice and place the highest possible value on the dignity of the individual and the pricelessness of diversity in a democratic society' (120).

The nature of the 'multiculturalism' which is sought is generally unclear. Focusing on preschool education, Douglas (61) points out that the object of the *kōhanga reo* is to give Māori people a greater control over their own language and resources, but seems to envisage a complex of interdependent monocultures, rather than an attempt to produce 'multicultural' individuals:

> *Kahikatea tū i te uru*—the kahikatea stands tall when it grows in a grove, surrounded, nurtured and supported by others of its own kind—so it is with cultures. The natural extension of this philosophy is not just 'multicultural' preschools, but minority-culture preschools.

Observed Effects

Māori attempts to act upon the assumption that as *tangata whenua* they have a senior role, such as that a *tuakana* or elder sibling might claim (cf. (22)), have led to conflicts in ethnically mixed settings. Ann Gluckman, for example, states that she has 'personally been berated' by the Auckland District Māori Council 'for adopting multicultural attitudes, this in a school where fifty seven percent of the pupils are from the Pacific Islands' (70). On the other hand, Solomon found in his research that, under the conditions of monoculturalism or the ostensible 'multiculturalism' currently prevailing, 'the more "Māori" students felt themselves to be, the less successful they were likely to be' (133). Where the environment is demonstrably Māori, as in some of the bilingual schools (25) and the Māori boarding schools (45, 72, 100), 'being Māori' seems to have a more positive effect, although some of the parents of children at bilingual schools are ambivalent about how 'Māori' a school can safely become (25).

Again, in Māori eyes at least, 'multiculturalism' often seems to ignore the Treaty of Waitangi, and to be a way of ensuring that the Māori people become just one minority among others, while the dominant forces in New Zealand society consolidate their privileged positions. The Waitangi Tribunal's comments on this kind of situation are clear:

> We do not accept that the Māori is just another one of a number of ethnic minority groups in our community. It must be remembered that of all minority groups the Māori alone is party to a solemn treaty made with the Crown. None of the other migrant groups who have come to live in this country in recent years can claim the rights that were given to the Māori people by the Treaty of Waitangi. (151)

At the University level, Dalziel points out, in relation to the findings of the Tribunal, that at Otago and elsewhere teaching of Māori Studies and Māori language 'has not yet been developed sufficiently to be described as "responsive to the needs of the Māori people" ' (47). Mead similarly notes that 'failure on the part of universities to meet the cultural needs of Māori communities has led to the development of alternative Māori tertiary institutions' (96). Although the Māori withdrawal into separate institutions has many positive aspects, the circumstances under which this withdrawal has come about do not make for enhanced social harmony. As Older comments in his discussion of this issue (107):

In the interests of justice, harmony, and living up to the nation's ideals, New Zealand must take further steps to reduce the imbalance between Māori and Pākehā in higher education. Serious commitment to that goal has yet to be shown.

Anticipated Future Outcomes
Reaction

One ideological ghost which seems to haunt attempts to remedy perceived inequities in the New Zealand education system is an image of limited good: that is, the notion that (as in School Certificate) one person's gain must entail another's loss. Commenting on efforts by Māori groups to establish equality between Māori concerns and non-Māori concerns, Ann Gluckman sees an attempt to replace one form of oppression with another, and warns that 'only bad things will result if the Māori people try to suppress [immigrant] cultures in the same way as their own language and culture was suppressed'. On the other hand, Elizabeth Murchie, discussing the intersection of Māori and other Pacific cultures in New Zealand society, claimed that:

> Polynesians and Melanesians . . . recognise and maintain the *tangata whenua/manuhiri* concept. Thus, the stability or instability of the Māori—*tangata whenua* of New Zealand—will influence the performance of Pacific Island *manuhiri* [visitors] and their adjustment to this society. . . . Lack of recognition, or indifference, will result either in a total cultural eclipse or create a climate of confrontation between an aggrieved minority and the non-Māori. (102)

Nonetheless, in Simon's view (131), since 'the education system is still structured around Pākehā interests and Pākehā-determined goals', any 'Māori inroads' into that system 'can be seen as constituting a threat by those who wish to maintain Pākehā dominance in the society at large', and responded to accordingly. Any attempt to make Māori language a compulsory subject immediately, for example, would almost certainly provoke a vigorous and sustained public outcry, in the first instance at least (cf. 22, 167).

Inaction

The Curriculum Review (42), recognizing that 'at present, *te reo Māori* and Māori people are not regarded highly in some schools and by some New Zealanders', stated that 'urgent changes' were

necessary if 'further educational failure and, perhaps, social disorder' were to be avoided. Ennis, noting Departmental tendencies to conceal 'inadequate policies with an emanation of statements couched in "delicate phrasing" ' (64), quotes from a speech by Tūroa Royal, a leading Māori educator:

> The present education system is a time bomb—a ranked society perpetuating a ranked society, a racist reality. The system is the greatest cause of our social disharmony because it labels people as failures.

One time bomb is ticking away in the School Certificate scaling system. As Figure 1 illustrates, the pass rate for Māori students in English has risen slowly but steadily over the past two decades. During the 1980s the statistical controls over the proportion passing seem to have been a little tighter than in the early 1970s, although the fluctuations between high and low points have been about the same. The overall pass rate for candidates in New Zealand schools between 1970 and 1975 varied between 53.7 percent (in 1971) and 55.8 percent (1975), compared with 50.6 percent (1982) and 52.7 percent (1985) between 1979 and 1985. The general effect of the controlled pass rate has meant that a relatively good year for Māori students has been not quite such a good year for non-Māori, as far as School Certificate English passes are concerned. In Figure 1, the general trend for each group for the first two periods illustrated (1970–5, and 1979–1985) is shown by straight lines, with the actual pass rates each year indicated by symbols above, on, or below the lines. Whenever the Māori symbol is above the line, the non-Māori symbol will be on or below it.

If the proportion of Māori candidates passing the examination continues to rise at the same rate as it did between 1970 and 1975, and if the scaling system operates in the same way, the proportions of Māori and non-Māori passing School Certificate English should be the same by the year 2018. If the slightly faster rise in Māori passes evident between 1979 and 1985 is maintained, then equality should be attained by 2012 or 2013. This more optimistic scenario is illustrated in Figure 1. (These developments would also have been expected under the pre-1986 grading system; the apparent jump in the proportion of people passing the 1986 exam is because the minimum passing mark has been lowered from 50 to 45, which has meant that overall about 60 percent of candidates should now pass, instead of about 52 percent.)

However, to sustain their gain, Māori students will have to ensure that two other things happen. Firstly, the non-Māori pass rate must

FIGURE 1: School Certificate English, 1970 - 2013
(Actual and Projected Pass Rates)
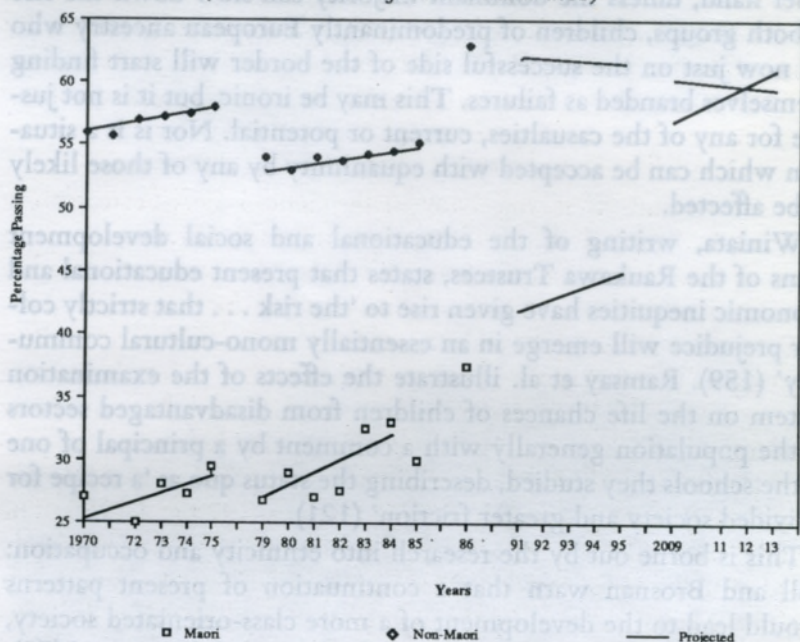
fall very slowly, but very steadily, to make room for a higher pro-
portion of successful Māori students. The greater the proportion of
Māori candidates in the total number, the more sharply the non-
Māori pass rate will have to decline, if proportionately more Māori
are to pass. (Figure 1 illustrates what would have to happen if the
present proportions were to remain constant.) Secondly, non-
Māori who are not doing as well as Māori must not be allowed to
overtake Māori students as a group. The biggest identifiable group
of such students is the Pacific Island Polynesian one. Just as Māori
failure in School Certificate has been boosting non-Māori (princi-
pally Pākehā) success, New Zealand non-Māori Polynesian failure
has been boosting Māori success. If the special attention Island Pol-
ynesian children get in the junior school (40, 171) ever translates
itself into School Certificate success, and statistical manipulation of
the results follows current principles, Māori gains will be eroded,
and the catch-up date may be postponed indefinitely.

This is one of the 'racist realities' of the system: unless Māori
people can keep other Polynesians from doing even as well as them

in the School Certificate examination, doors which formal education might open to Māori children will remain closed. On the other hand, unless the dominant majority can slow down the rise of both groups, children of predominantly European ancestry who are now just on the successful side of the border will start finding themselves branded as failures. This may be ironic, but it is not justice for any of the casualties, current or potential. Nor is it a situation which can be accepted with equanimity by any of those likely to be affected.

Winiata, writing of the educational and social development plans of the Raukawa Trustees, states that present educational and economic inequities have given rise to 'the risk . . . that strictly colour prejudice will emerge in an essentially mono-cultural community' (159). Ramsay et al. illustrate the effects of the examination system on the life chances of children from disadvantaged sectors of the population generally with a comment by a principal of one of the schools they studied, describing the status quo as 'a recipe for a divided society and greater friction' (121).

This is borne out by the research into ethnicity and occupation: Hill and Brosnan warn that a continuation of present patterns 'would lead to the development of a more class-orientated society, a more serious poverty problem, and further racial discontent' (75). Macpherson warns that, once the 'eth-class' status of Māori and Pacific Island people (which educational and hiring practices are helping jointly to develop) is achieved, it will not be reversible by educational reform, because 'no amount of compensation will overcome the majority's convictions and beliefs about the minority's supposed attributes'. Educational barriers can be controlled; attitudes cannot. Macpherson adds that:

> It is I believe essential for all New Zealanders to ask themselves whether they sincerely believe that the only barrier to the upward mobility of Polynesians is educational. If the answer is no then they might well begin to dig a hole for the corpse of New Zealand's egalitarian and open society.

Counteraction

Simon (131) found that although many teachers supported policies aimed at accommodating Māori goals, 'there is another larger body of teachers who will not support any move that threatens Pākehā dominance'. Instead, change will be resisted, and in the process 'Māoritanga' itself risks being manipulated as a tool to further

Pākehā dominance—and to suffer denigration in the process'. Penetito notes that 'injections of *taha Māori* into all institutions of state' are likely to 'exacerbate present discontinuities *unless* we can come to terms with the relationship between *Māoritanga* and the [Pākehā] context' (109; cf. 5). One Māori goal, as expressed in the claim of *Ngā Kaiwhakapūmau i te Reo* (the Wellington Māori Language Board) to the Waitangi Tribunal (105, 151), was for full and enforceable equality of Māori with English in education and elsewhere in the public domain. The legislative response to this, the 1987 Māori Language Act (104), although declaring Māori 'an official language of New Zealand', effectively limits the enforcement of language rights under the Act to the right to *speak* Māori in legal proceedings, and even then explicitly denies an entitlement for any person exercising that right to be *spoken to* in Māori. One may perhaps expect teacher resistance to parallel legislative resistance on such issues.

Another possible development with consequences for social harmony which researchers and commentators have identified is the growing alienation of a more 'successful' section of Māori society from the flaxroots (14, 73, 134). Spoonley (134) recognised this as a possible consequence of affirmative action, although he considered that, in the circumstances, this risk was justified. Present policies relating to the distribution of educational qualifications mean that Māori students who qualify for entrance to higher education are a minority among a minority. For many, ethnic loyalties may in time be eroded simply because, for most of their work-time and much of their leisure, they have very limited opportunity to interact with other Māori people. Unless the ranks of this Māori elite in Pākehā society can be augmented at a much faster rate than anything which could be expected at present, Harker's prognostications of the direction in which the system may lead Māori society are unlikely to be contradicted:

> As [the Māori middle] class grows it could become increasingly separated from what would then be seen as 'mainstream' Māori culture, and it may even make a 'takeover bid' in the sense that *Māoritanga* would be redefined as being the culture of the new middle class group. (73)

The rest of Māori society would presumably end up as the alienated proletarian eth-class described by Macpherson (91) and Gadd (67).

Remedial Measures Proposed

Separate institutions such as *ngā kōhanga reo* and *te Wānanga o Raukawa* have already been set up in the Māori community both as a response to and, in the long term, a means of overcoming the threat to social harmony posed by and arising from the present educational system (cf. 160). Mead proposes (96) that, in the case of tertiary institutions, their national counterparts should support the Māori bodies by exchange of staff, cross-crediting of courses where appropriate, and so on. A separate ministry within the governmental structure to fund and support education through the medium of Māori has also been proposed (26, 27). In 1980, the National Advisory Committee on Māori Education (NACME) had noted that:

> New Zealand will not achieve social cohesion and enhanced mutual respect between the races until Māoris are represented in due proportions in all walks of life, taking their place in the prestige occupations. (103)

The Department of Education, anticipating 'serious disaffection on the part of the Māori community', has recognised that action 'may' be required 'on all of the alterable factors contributing to Māori educational disadvantage, including the very influential ones that lie outside the school system' (56).

Perhaps one of the 'outside' factors the Education Department had in mind was the kind of sentiment apparently expressed by a leading Māori academic (and holder of a prestige occupation) quoted by Stead (141), to the effect that, the NACME statement notwithstanding, Māori people obtain their satisfactions in the community, and do not want to be educated to become prestigious in Pākehā eyes as lawyers, accountants and other pillars of the Pākehā establishment. Certainly, the conflict between *Māoritanga* and 'success' in Pākehā terms is psychologically real, and has yet to be resolved or dispelled within the established system.

The need for the majority community to co-operate with Māori initiatives has also been stressed. Douglas points out that one of the problems with resources for *kōhanga reo* is that 'most Pākehā see Māori language learning as potentially divisive, and, as a consequence, have committed themselves and the resources they control only half-heartedly towards it' (61). In regard to this, Nena Benton observes that 'it is not concern for the survival of Māori language and culture which would split the country, but the resistance of the dominant majority to the pleas of the Māori to be heard' (20).

Penetito (109), Sultana (136) and Ramsay et al. (122) call for political education or consciousness-raising to enable students to see through the ideologies of power which effectively keep Māori and others from lower socio-economic group backgrounds at the bottom of the social pyramid (thus ensuring that it remains a pyramid). Shepheard, however, warns (in analysing the results of an intervention study) that one particular aspect of this process of domination, namely racism, 'cannot be cured by educational action on the part of teachers' (129); experiences lifting the process of race relations outside the school (even if it is present within the school) are essential, but even though teachers cannot transform a racist society alone, 'they can make a contribution'.

One contribution which the system might make, and which it manifestly has not made so far, is in the effective transmission of Māori culture to Māori children. Harker, commenting on the assertion by the Currie Commission that the school 'is not, nor can it ever be the prime agency in conserving the Māori cultural heritage', gets to the root of one major contribution to social disharmony which the education system has made and continues to make:

> Why can't the school be a prime agency in conserving the Māori cultural heritage? It performs this function for New Zealanders of European origin. . . . (72)

15 Alternative Structures

The educational authorities have long been aware of strong currents in Māori opinion favouring a completely new approach to formal education, in an attempt to escape from the bondage in which they seem to have been kept by the orthodox arrangements. Ten years ago, for example, the Director-General of Education wrote that:

> There have been echoes of the thinking of the black power movement in the form of arguments for separate schools for Māoris, where Māori values (it is argued) could sustain the pride and effort needed for the general improvement in educational attainments that is required. (124)

Others have interpreted this thinking as a home-grown (rather than imported) desire to regain Māori control of Māori resources (22). They see it as rooted in *mana Māori motuhake* (Māori self-determination), and part of an attempt to restructure education, among other institutions, under the implications of the provisions of the Treaty of Waitangi (24). More recently, this thinking came dramatically to the fore in a resolution passed at the Māori Educational Development Conference at Ngaruawāhia in 1984, that:

> ... the existing system in education is failing Māori people, and modifications have not helped the situation, nor will they. Therefore we urge Māori withdrawal and the establishment of an alternative school system modelled on the principles underlying the *kōhanga reo*. (93)

Similar sentiments were echoed in Māori submissions to the 1986 curriculum review (42).

One official reaction to this has been the suggestion by the Education Department that alternative schools within the state system would meet such needs and objections (56). The Department may have in mind something like Harker's proposal that Māori communities and groups be encouraged to set up integrated schools (74). It is possible, however, that the depth and political dimension of Māori concern have not been appreciated by the Department: in the briefing paper to the Minister which mentioned the idea of alternative schools within the system (56), it was stated that Māori parents were 'seeking an alternative choice for pupils who have some difficulty *coping* with the present school arrangements' [emphasis added]. Māori opinion would certainly be that it is more often than not the school system which is failing to cope. *Te*

Ngāhurutanga, the association of Māori church boarding schools, may have had such official reactions in mind when it pointed out in its submission to the Royal Commission on Social Policy that the Department and the teachers' unions:

> . . . all seem to be obsessed with the notion that solutions to Māori problems must be found within the existing Pākehā school system, and cannot countenance the prospect of a more pluralist education system where Māori people would be able to set their own objectives for their educational development and achieve those objectives without being subjected to a veto from Pākehā people. (145)

Other commentators, for example Bassett (17), advocate some form of bicultural education as a remedy for present inadequacies and as a method of averting the possibility of 'separate parochial schools' for Māori children.

Sultana (143) and Benton (23, 27, 28) conclude that a separate Māori-controlled system may be the only way in which equity in education can be achieved for Māori people. The former, however, retains a hope that, despite the many difficulties involved, educational reforms could be brought about which would enable education to play a transformational role, rather than, as at present, largely reproducing and perpetuating existing social inequities. In a recent paper concerned with the administration of bilingual schools, Benton (28) suggests the Basque *ikastola* system as a model for Māori educational development in schools in which Māori is a medium of instruction. The *ikastolas* started off in many ways very like the *kōhanga reo,* and a similar system of independent and co-operatively linked, state funded and supported schools may also be feasible in the antipodes. Overseas models provide cautions as well as blueprints: Senese (128), for example, concludes that in the United States the Indian Self-Determination and Education Assistance Act of 1975 (Public Law 93–638) gives an illusion of autonomy to American Indian communities, but severely limits their degree of real control and their capacity to innovate and find solutions to problems: 'self-help has been reduced to a struggle for survival'. These constraints seem to apply in New Zealand to the *kōhanga reo* (cf. 10), and it has been suggested that they may manifest themselves in other possible arrangements within the state system (28). The voucher system has also been put forward as a method of ensuring a fairer deal for Māori students (for example in the National Party's 1987 election policy on education). However, as Boston (31) and Snook (178) have pointed out, the empirical evidence does not support the argument that 'vouchers represent a

superior means to the current centrally funded and mainly state provided system for achieving such values as parental choice, ... improved academic performance, cost effectiveness, and so forth' (31). These contentions are also of questionable theoretical soundness. The costs of such a system seem likely to outweigh the benefits, either financially or in terms of equity. Which is not to say, alas, that the status quo represents either a cost effective or an equitable alternative for the education of Māori children.

16 Conclusion

Initial access to formal education in New Zealand, at the primary school level, is unrestricted; every five-year-old is entitled to go to school, at the state's expense, and all children between the ages of six and 15 *must* go to school. In Blanchard's framework of analysis (29), therefore, access to elementary education is governed by the norm of strict equality, and the principle of equality also underlies the procedural norm at this level. However, the principle of differentiation (according to results) comes in to play at the end of the compulsory period and beyond.

On the surface, this is a highly equitable arrangement. It is only when the outcomes are examined in relation to the way the benefits of education accrue to various groups within the society that the equity of the system comes into question. The questioning becomes more serious when the processes by which merit is identified and rewarded are investigated. The social needs of Māori people are not met; instead, Māori are assigned as a group to a subordinate position in the wider society. Needs of individual Māori people also are not met: most children do not intend or wish to fail within the system, yet *most* Māori children meet just that fate.

Effort is difficult to assess within an education system; the claim by the Principal of Auckland Grammar School that Māori pupils do not succeed because they are lazy justifies unequal outcomes under this norm of equity. That widely quoted remark was provoked by the lack of Māori success in School Certificate. Yet the principles which underlie the way in which marks are awarded in that examination make effort, on a large scale, irrelevant; additional effort may enable an individual to do 'better', but only at the expense of someone else. The examination is organised like a market perfectly in equilibrium, but of course in this case the market has been tightly regulated to achieve that state.

The norm of market equality (money invested) may justify the differential outcomes—children from higher income families tend to do better in the system than those with less affluent backgrounds—in that the families of the prime beneficiaries have presumably paid more in taxes than the rest. This is a doubtful argument, however, when benefits to New Zealand as a whole are

required. In any case, it increases the inequity of the Māori result, as a substantial part of the original capital from which the prosperity of the affluent stems was provided, under the Treaty of Waitangi, by the Māori people themselves.

Where results are concerned, one of the principal 'gate-keeping' devices and measuring instruments, the School Certificate Examination, seems to be inequitable no matter which angle it is approached from. It makes accountability impossible, since there are no ultimate criteria for success or failure (as the actual results are all statistically manipulated to achieve a notional equilibrium, which is the basis for the publicly announced result). Thus neither pupil nor teacher may justly be held responsible for a poor showing: many candidates *must* fail, no matter how good they are; conversely, many *could* pass, no matter how low the standard of their work.

This examination is critically important because of its role as a filter in effectively limiting entrance to the upper levels of the secondary school system, by minimising success, and thereby limiting opportunities for entrance to tertiary institutions, particularly universities. This affects non-Māori more than Māori in terms of gross numbers, but Māori more than non-Māori proportionately. It denies access to higher level educational and employment opportunities for most Māori children, and it puts Māori in an uncompetitive situation even where they are successful, because of the vastly greater numbers of successful Pākehā. Furthermore, Māori students are clustered disproportionately in certain (often low prestige) subject areas, which, despite their being regarded as 'soft options' (cf. 167), are actually more difficult to gain a pass in (because of the scaling system) than other 'harder' subjects.

The assignment of Māori students to subjects where their chances of officially attested success are slight seems to be the result of decisions made by schools as much as by pupils or their parents. It is symptomatic of an excessive amount of choice within the compulsory phase of the system (the way it is now structured), which can act against the long-term interests of individuals and groups, especially as the people affected by the choices often have them made for them, or are not fully informed of the consequences of particular choices from which there may be no escape later on.

There is widespread research evidence that teachers as a group assume that Māori children *at all levels* are likely failures. Certain teaching and administrative practices, like keeping Māori children

an extra year in the primers, only make matters worse. Racial and cultural hostility, overt and covert, is a feature of classroom life in many New Zealand primary and secondary schools. Furthermore, within the system there is nominal rather than effective support for Māori initiatives and Māori concerns, in large part because the system is self-perpetuating and prevents reforms from being accomplished. The Māori community lacks the economic resources necessary to ensure success for its younger members at school, but at the same time Māori education is under-funded by the state: per capita government expenditure on formal education during an individual's first 25 years is substantially greater for non-Māori than for Māori.

The School Certificate Examination, and the system in which it is embedded, in many ways constitute a lottery, but they purport (and are publicly perceived) to be something else. Except, that is, by many Māori children, who realise that the odds are stacked against them, in this as in many other aspects of New Zealand life. In one of Witi Ihimaera's stories, a child travels with his family to the city; the highway becomes in his imagination the magical yellow brick road to Oz. A new generation, in increasing numbers, sees the yellow brick road extending beyond the cities of their parents' dreams to new opportunities to the other side of the great sea of Kiwa. This should be no surprise. The rising generation of Māori, although it has in principle far better access to education and other social resources than previous generations, is also more isolated and more vulnerable. The social support which their grandparents' contemporaries, and many of today's parents also, had from each other and the local community as a matter of course, in good times and bad, no longer exists for most of today's Māori children; they are more often marginal individuals and members of marginalised families in a heterogeneous and often hostile social order.

These are the circumstances which led the Waitangi Tribunal to state, in relation to a phrase in the Department of Education's 1984 annual report (50), that:

> We think the record to date is quite unmixed. It is a dismal failure and no amount of delicate phrasing can mask that fact. (151)

Is there any hope that the record may be more successfully mixed in the future? Some comments in previous Chapters of this paper may seem to support current theories that 'market forces' are the best means for promoting equity and prosperity in the social as

well as in the economic sphere. Like many another orthodoxy, the current belief in the efficient beneficence of markets is grounded partly in fashions of the time and the needs of the elite, and partly in wishful thinking (cf. 165). Karl Polanyi, in his analysis of the rise and effects of market economies (166), has some very pertinent remarks on the consequences of the market economy *as a social force* on the institutions and social structure of colonised peoples:

> Nothing obscures our social vision as effectively as the economistic prejudice. So persistently has exploitation been put into the forefront of the colonial problem that the point deserves special attention. . . . Yet, it is precisely this emphasis put on exploitation which tends to hide from our view the even greater issue of cultural degeneration. If exploitation is defined strictly in economic terms as permanent inadequacy of ratios of exchange, it is doubtful whether, as a matter of fact, there was exploitation. The catastrophe of the native community is a direct result of the rapid and violent disruption of the basic institutions of the victim (whether force is used in the process or not does not seem to be altogether relevant). These institutions are disrupted by the very fact that a market economy is forced upon an entirely differently organised community; labour and land are made into commodities, which, again, is only a short formula for the liquidation of every and any cultural institution in an organic society. (166, p. 159)

According to Polanyi's analysis, the community can recreate itself by a process of social restoration, involving what would in Māori terms be called *mana motuhake*. This is just what the *kōhanga reo* and many other Māori social initiatives are aimed at. It cannot be said, therefore, that Māori people must inevitably be victims in the market place. On the contrary, they may well be able to exploit some of the new market forces to their own educational and social advantage, and use this advantage to defend themselves and their institutions from further erosion. It is because of this that some of the ideas contained in the 1987 Treasury analysis of the management of the education system (167) are, in my opinion, to be welcomed.

One of the problems with the present closed educational market is that it is essentially totalitarian in nature, absorbing, and where possible destroying, alternative structures, even alternatives which it has generated itself (witness, for example, the disappearance of the Māori schools in the 1960s). A more open market may allow more opportunity for diversity, and in this way benefit Māori families and individuals by giving them a better chance to take control

of the education of their children. The test of any new arrange-
ments would be their ability to make the positive response to
Māori needs demanded by Te Ngāhurutanga:

> All New Zealanders should be sensitive enough to realise that the desire
> for *mana Māori motuhake* and *mana whakahaere* [organisational control] are
> genuine, and should try to ensure that community consultation is not
> cast into a mould of seeking Māori opinion as a minor part of an other-
> wise Pākehā dominated programme. (145)

However, two other things must also be kept in mind. First, as
Cluny Macpherson has observed (91), reforms in education will
not in themselves cure the nation's social ills, nor even those which
impinge most closely on the lives of Māori people. Prejudice in the
labour market will not disappear just because more Māori students
gain Sixth Form Certificate or even Masters Degrees. Second, and
equally important, escape routes must be kept open, and, even in a
comparatively open market situation, measures must be taken to
ensure that New Zealand will not drift 'into a modern version of
Disraeli's "two nations" ' (19) because of the structure of alterna-
tive courses, or because certain kinds of school are given inadequate
support, financially or professionally.

If these cautions are heeded, a freer, more flexible, decentralised
and innovative approach to education may enable a realignment of
the yellow brick road, so that it leads to an even better and closer
land than Oz.

Appendix

The Place of the Māori Language
in the Education System

*Statement to the Waitangi Tribunal in Support of the Claim
of Ngā Kaiwhakapūmau i te Reo, Waiwhetu Marae, 28
June 1985*

If one looked no further than the Education Act, one might con-
clude that the Māori language had no place at all in the education
system. This would be a false conclusion in some respects
(although a thorough investigation may reveal that it is not com-
pletely so). Māori language does have a place in many of the educa-
tional institutions that are established and in the activities that are
carried out by and under the aegis of the Department of Education.
The 1984 Annual Report of the Department gives major emphasis
to Māori education, and summarises many achievements in the area
of Māori language, noting that:

> . . . Learning takes place in a cultural as well as a social setting, and dur-
> ing the sixties it became clear that a greater prominence had to be given
> to *Māoritanga* and Māori language in the education of Māori children if
> their educational attainments were to improve. (p. 7)

Among the measures which the Department has taken to enable
Māori language to be given this prominence, according to the
report (pp. 9–12), are:

1 Publications in Māori produced by the School Publications
   Branch;

2 Assisting in funding *Kōhanga Reo*;

3 Māori was taught (in 1983) at 178 secondary schools
   (13,500 students) and 330 primary schools (30,000
   students);

4 A Māori language syllabus for primary schools is being
   tried out in selected schools;

5 Some Māori language must be studied by all teacher train-
   ees as part of their multicultural course;

6   Optional Māori language courses are available at all teachers colleges;

7   Itinerant teachers of Māori have been appointed to assist more primary schools to teach Māori;

8   A special training scheme provided teachers of Māori for many secondary schools;

9   Four official bilingual schools had been approved, and approval for three more was being considered;

10 'Māori language activities' were being provided for children entering school from *kōhanga reo*. [See Note 3.]

However, the Māori Education section of the report concludes with a discussion of 'multiculturalism' which contains an extract from a speech by the Director-General on this theme, summing up the situation thus:

> . . . Cross-cultural respect and understanding are the values that are sought. Bicultural exchanges are the means by which these values will most commonly be fostered. A multicultural society is the intended outcome. (p. 14)

It is here that the divergence between government social policy, as reflected in the philosophy of the Department of Education, and the provisions of the Treaty of Waitangi starts to become apparent. The treaty is a pact between one set of people—'*ngā Rangatira me ngā Hapū o Nū Tīrani*'—and a Sovereign Person who also has a disparate people of her own—'*ngā tāngata o tōna Iwi*'—some of whom have already settled in New Zealand. There is here implied a partnership between two multicultural entities: the Queen's subjects from hither and yon, united in their allegiance (or subjection) to her, on the one hand, and the various *hapū* or tribes of New Zealand, on the other. The Māori *rangatira,* though many in number, form a single entity; the Queen, though a single entity, represents a multiplicity of peoples collectively regarded as her *iwi.* These two collectivities are equal for the purposes of the treaty— each bestows something of value on the other: '*Kawanatanga*' for '*te Kuini o Ingarani*', 'royal protection' for 'the Natives of New Zealand'.

From the perspective of the Treaty, New Zealand society would seem to be, ideally, a bicultural partnership between the various Māori groups, as one element, and the various groups of newcomers, as the other, interacting with each other and among themselves in different ways. The view of multiculturalism embodied in

the Department of Education report, however, would tend to relegate the Māori part of New Zealand society to the status of a single group (albeit a large and influental one) among many. It sees biculturalism as the lowest rather than the highest level of the cultural orientation of New Zealanders. Although such a view has its attractions—it seems to give equality to all New Zealand's varied national heritages—it works very much in favour of the numerically dominant culture, and disadvantages Māori in two ways: it denies Māori people their equality as members of one among two peoples, and it also tends to deny the divisions of Māori their separate status while exaggerating the separate status of other immigrant groups. In the end, Māori interests become peripheral, combined with other special or problem areas. The structure of the Department of Education reflects the latter tendency: the division of the Department responsible for Māori education also attends to the interests of Pacific Island New Zealanders and immigrants from Southeast Asia.

Motives and philosophy aside, how does the education system really treat the Māori language? In the past—a past that is still real for many Māori people, and affects the attitudes of many more—it did not treat Māori very well. During the major New Zealand Council for Educational Research (NZCER) survey of Māori language use in the 1970s, 6,925 household heads were asked what the attitude of the teacher had been to their speaking Māori at school. (The question was asked only in Māori, so those people who could not understand Māori were unable to answer it.) The answers showed a striking and alarming consistency from locality to locality and from region to region. In total, 40 percent said they had been punished personally for speaking Māori at school:

- 1,827 (29.5 percent) were physically punished;
- 726 (10.5 percent) were punished in other or unspecified ways;
- 482 (7 percent) were encouraged or required to learn or speak Māori at school.

This treatment was in most cases meted out with the best of intentions—many teachers sincerely believed that speaking Māori at school would just make it harder for the children to get an adequate command of English, and therefore a tolerant attitude towards the use of Māori in the classroom or even in the school grounds would do nothing to enhance whatever chances their pupils might have of scholastic success and occupational mobility.

Many Māori parents also subscribed to this theory, although they may also have come to consider that the price of success was too high. From the 1930s at least, the educational authorities in Wellington neither suppported nor condoned such practices, but they lingered on in some districts into the 1950s and 1960s. The cumulative effect of these experiences was shattering. Most certainly, they produced an attitude of mind which greatly hastened the demise of Māori as an everyday language. These notes from one interview, selected at random, represent the situation of literally thousands of Māori people and their families:

> . . . Informant blames herself for her children's lack of knowledge in Māori. Because she was severely punished at school for speaking Māori, she didn't want her children to go through the same. Now she regrets her action. Her children know next to nothing. She is very proud of her *whāngai* [adopted child] who is in the Māori club at school and she practices at [the *marae*] for competitions. She speaks a little Māori in the home now for her *whāngai's* sake. (Household 6042, Waikato, 1978)

This person's grandchildren could now claim the protection of the International Covenant on Civil and Political Rights, to which the New Zealand Government accedes. Article 27 of the Covenant states that persons belonging to religious, ethnic or national minorities 'shall not be denied the right, in community with other members of their group, to enjoy their own culture, to profess and practice their own religion, or to use their own language'. If nothing else, the Treaty of Waitangi has surely conferred upon the Māori people the status of a certified minority. However, such recourse would not be necessary in 1985.

In 1983, there were 81,514 Māori pupils at primary schools (17.1 percent of all pupils), and 31,479 at secondary school (13.6 percent). The four officially bilingual schools then established have since grown to eight, with a total combined roll of about 800: in other words, about one percent of Māori children are now able to attend schools in which Māori is supposed (eventually) to have the same status as English in learning and teaching. A few schools also have officially recognised bilingual classes or groups, and the Education Department is making sincere efforts to expand such facilities, and to arrange for better preparation for actual and potential teachers in bilingual schools. Some other primary and secondary schools are developing bilingual programmes or classes independently—about twenty of these are members of a network of schools interested in bilingual education and associated with the Māori Unit of NZCER. A much larger number of children have

the opportunity to study Māori as a subject at secondary school, or to be introduced to elements of Māori at primary school, but the proportion of Māori children in these classes is not known. [See Note 4.]

So much for the shadow. How much substance does it have? There is no prescribed or agreed-upon curriculum for bilingual schools, as far as the division of labour between English and Māori is concerned, and there are no comprehensive textbooks and other professionally produced resources in Māori for the basic subjects, apart from readers and other incidental materials being produced by the Department of Education's School Publications Branch. The latter are generally of a very high standard, but do not even remotely parallel the quantity and variety of English-language material supplied to schools by the same agency. Teachers in 'bilingual' schools are thus expected to design their own curricula, with whatever help they can get from the Education Department's advisory services (none of which are organised specifically to deal with bilingual education), and professional officers. One might even find an official bilingual school in which there were no teachers who are fluent speakers of Māori.

Just the same, there is no bilingual school where the teachers are not trying their best to greatly increase their pupils' (and often their own) familiarity with the Māori language and competence in using it. Most of these schools have already proved very successful in restoring the confidence of their local communities in the ability of the education system to respond to Māori aspirations and needs, as well as making the possibility of education through Māori as well as through English much less remote than it was even a decade ago. This in itself is a major breakthrough. The bilingual schools promise much for the future, but few can realise that potential, where the Māori language is concerned, in the present.

It is very important to distinguish education through Māori from teaching Māori as a subject, or even using it incidentally for a few common routines (like greeting people, making simple requests, and so on). Bilingual education requires that two languages, in this case English and Māori, are used in a comparable fashion in the ordinary work of the school—that is, that both Māori and English are used (in some principled way) to transmit knowledge and promote learning in the various areas of the curriculum. A step beyond this (which at least one church-related Māori secondary school is planning to take over the next few years) is to

teach the entire curriculum through Māori—on the lines of the Welsh-medium schools in Wales and the All-Irish schools in Ireland.

Teaching (and learning) in Māori is even more important for developing real proficiency in the language than teaching (and learning) about the language. Both are important, but ordinary Māori language courses tend inevitably to emphasise knowledge about the language, whereas bilingual education, or 'immersion' in Māori, requires the creative use of the language for all kinds of communication. But to be really 'useful', a bilingual or Māori-medium school has to be different culturally as well as linguistically. Indeed, the present bilingual schools, whatever linguistic shortcomings some may possibly have, are already much more overtly 'Māori' in spirit than their conventional counterparts. In this respect at least they are already very successful. Beyond this, however, the proper use of the Māori language as a vehicle for communication will lead the pupils deeper into another world, giving them a much greater insight into reality as constructed from a Māori perspective, and making some things at least clear which are now only dimly perceived.

There is a very practical edge to this. Full participation in Māori cultural life still demands more than just a passing acquaintance with the history and traditions of one's *iwi*, and the ability to relate the wisdom and poetry of the past to the concrete problems of the present. No-one is very pleased to be asked '*Ko wai koe, no hea koe?*' ['Who are you? Where are you from?'], but how much worse to be unable to answer such questions, whether they are asked or not. For secondary school pupils at bilingual or Māori-medium schools, the curriculum should certainly be designed in such a way that the beginnings of answers to questions such as these are explored, through the Māori language. History, still studied extensively in the ordinary secondary school curriculum, is of much greater perceptible immediate and long-term relevance in the Māori world than that of the average non-Māori New Zealander. It is not the same history in content as that currently prescribed in the School Certificate and other examination syllabi, of course, but that is no reason for ignoring it.

Like official language status for Māori, bilingual education (or even education entirely through Māori) will not automatically 'save' the Māori language. Bilingual education is nevertheless a vital part of a package of measures without which the language is

most unlikely to flourish. We know from recent experience in countries like Canada, Ireland and Wales that schools can enable children to learn a national language spoken natively by a minority of the population and obtain an excellent general education at the same time. Bilingual education has the great advantage of making it possible for a language to be used for real communication and real learning, something which even the most imaginative approach to teaching a language as a subject can never completely equal. But it places great demands on teachers, and demands an approach to teaching, school organisation, and educational administration generally that is both more flexible and more highly organised than is usually the case where only the one language is used outside regular 'language' classes.

The Welsh experience has shown that a well-developed bilingual education system does enable teachers to become better teachers, more sensitive to the learning needs of their pupils and better able to coordinate their work with that of their colleagues. The children in bilingual schools have also been advantaged. They have mastered the ordinary subjects of the curriculum at least as well as those children in English-only schools, and have become proficient speakers of two languages at the same time. Because parents have seen its advantages for their children, bilingual education has flourished in Wales. Properly organised and supported, it would also flourish in New Zealand.

The frustration with an educational structure that will not change fast enough has already led some Māori families to withdraw their children from the present system—an alternative school for children from the *kōhanga reo* has been started in Te Atatū in Auckland, and another is planned for Rotorua. More are likely to follow, as increasing numbers of Māori parents anxious about the fate of their language and culture become aware of parallels to their situation in Wales, Ireland, the Basque provinces in Spain, and other parts of the world. They are becoming aware too that, for all the appearance of equality of opportunity, much more proportionately is spent by the state on educating non-Māoris, and on imprisoning Māoris, than vice versa. At each level at the secondary school, for example, the retention rate for Māori pupils is lower than it is for other pupils. This has a disastrous cumulative effect.

From statistics collected for the National Advisory Committee on Māori Education in 1981, it appears that of every 1,000 Māori children entering the third form in 1977, about 25 would have

made it to the seventh form in 1981. For every 1,000 other New Zealard children starting high school at the same time, the number reaching the seventh form would have been closer to 125. As the per capita expenditure increases the higher one goes on the educational ladder (which of course extends from the sixth and seventh forms into the universities), it obviously costs the country a lot less to educate the average Māori than the average non-Māori pupil. If the same amount of money per head were allocated simply to 'education', disregarding level, the present needs of the Māori population—a solid foundation to build on, to make an ascent to higher realms possible for many more people later on—might really be met, in their linguistic and cultural dimensions as well as in other ways. [See Note 5.]

To bring such a change about would require more than just a redistribution of funds. It would also require the granting of a much greater degree of control to Māori people over the way in which such funds were allocated and the corresponding resources distributed. There are overseas models for this, too, although I would not advocate their wholesale adoption here. In Belgium, for example, there are separate ministries of education for French-speakers and Dutch-speakers; a similar arrangement for Māori education and English/Māori bilingual schooling might have some merit in New Zealand, too, though without going to the Belgian extreme of dividing up the country administratively as well along linguistic lines. The important thing would be to ensure that Māori people had a real say (and assumed real responsibility) at all levels of decision-making where Māori education and the Māori language were involved.

Whatever administrative arrangements might be adopted in the future, it is clear that right now the present Department of Education needs assistance if it is to be able to allocate the kinds of resources to Māori education that would meet the linguistic and educational aspirations of Māori people. If the Treaty of Waitangi does oblige the Crown to protect the special interests of Māori people, on the one hand, and ensure that national resources are distributed equitably among the parties affected by the treaty, taking into account communal as well as individual rights and needs, then the complaints lodged against the education system by *Ngā Kaiwhakapūmau* in Part Three of their claim would be difficult to deny. At the same time, the list of Education Department accomplishments with which this statement commenced is a clear sign

that the Department which administers the system has in fact made a genuine effort to cope with this unsatisfactory situation, and has been evolving policies along these lines for many years. The Department is not helped by the fact that Māori is not an official language, and that it does not have any statutory or clear constitutional obligation even to attempt to give the Māori language full equality with English for those families who desire this in the education of their children. The existence of such obligations would simplify the Department's task, by making it easy to justify the allocation of resources needed for these obligations to be fulfilled.

Māori parents do have more than just the Treaty of Waitangi to fall back on when it comes to bilingual or Māori-language schools, however. On 12 February 1963, New Zealand ratified the UNESCO Convention Against Discrimination in Education. Article 5 Paragraph 1 (c) of this convention reads:

> It is essential to recognise the right of members of national minorities to carry on their own educational activities, including the maintenance of schools, and, depending on the educational policy of each state, the use or the teaching of their own language, provided however:
>
> (i) that this right is not exercised in a manner which prevents the members of these minorities from understanding the culture and language of the community as a whole and from participating in its activities, or which prejudices national sovereignty;
>
> (ii) that the standard of education is not lower than the general standard laid down or approved by the competent authorities; and
>
> (iii) that attendance at such schools is optional.

The 'educational policy of the state', in New Zealand's case, should surely reflect with great clarity the provisions of the Treaty of Waitangi. The reflection is there, but it is dim and easily obscured. It is to be hoped that the Waitangi Tribunal will be able to recommend a remedy that will enable New Zealand's schools, along with our other educational institutions, to manifest the spirit of the Treaty for the benefit of all New Zealanders, Māori and non-Māori alike.

Notes

1   The views expressed in this statement are those of the author, and are not made on behalf of the Council.

2   The following book and papers, which discuss some of the issues touched on in this appendix in more detail, were presented to the Tribunal by *Ngā Kaiwhakapūmau:*

The Flight of the Amokura: Oceanic Languages and Formal Education in the South Pacific, Wellington, NZCER, 1981. (This book contains an account of the development of Māori language teaching and bilingual education in New Zealand up to 1980).

Benton, R., 'Bilingual Education and the Survival of the Māori Language', *Journal of the Polynesian Society*, 93:3, September 1984.

Benton, R., 'Schools as Agents for Language Revivial in Ireland and New Zealand', in *Language Education in Multilingual Settings*, ed. Bernard Spolsky, Clevedon, Multilingual Matters Ltd., 1986.

[The notes which follow have been added to the original]

3 Between 1984 and 1987 seven more official schools were established, and by 1988 it is planned to have 75 Māori-speaking language assistants (*kaiārahi reo*) working alongside teachers in schools with bilingual classes and significant numbers of new-entrants from the *kōhanga reo*.

4 Although the details have changed slightly, the proportion of Māori children who have the opportunity to receive a substantial part of their general education through Māori is still very small. In 1987 the official bilingual schools catered for about 1.5 percent of Māori primary school children.

5 Specific information on these matters is presented and discussed in Chapters 1, 8, and 13 of the accompanying paper.

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9   Anon., 'Young Carvers Shape Future', *Scan* 4: 22, 1986.

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12   Anon., 'Still Another River to Cross, says Māori Principal', *Tū Tangata* 35, 1987.

13   Anon., 'Books go to Māori Readers', *Tū Tangata* 35: 42, 1987.

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Glossary of Māori Terms

Aotearoa	*New Zealand (lit. 'long daylight' or 'long white cloud')*
atakura	*name given to a special arrangement for the training of Māori secondary school teachers from candidates nominated by particular communities*
hui	*meeting (especially a meeting of Māori people to discuss an important issue)*
hui taumata	*summit meeting (applied to meetings of Māori leaders organised by the Department of Māori Affairs)*
kaiārahi reo	*language leader (native speaker of Māori appointed to assist classroom teachers in bilingual programmes)*
kaupapa Māori	*Māori agenda (i.e. programmes where Māori language and culture form the organisational base)*
kōhanga reo	*language nest (Māori language preschool)*

mana Māori motuhake	*separate Māori control (Māori self-determination)*
mana whakahaere	*organisational control*
manuhiri	*visitor, guest*
Māoritanga	*Māoriness (Māori language and culture)*
marae	*the courtyard in front of a meeting house where visitors are welcomed and issues of the day debated*
māramatanga	*enlightenment, understanding*
mātauranga	*knowledge, especially of facts or subject matter*
Ngā Kaiwhakapūmau i te Reo	*Wellington Māori Langauge Board (lit. 'those who will cause the language to be permanently secured')*
te Ngahurutanga	*the Group of Ten (organisation of ten long-established Māori secondary boarding schools)*
Pākehā	*person of European descent*
te reo Māori	*the Māori language*
rūnanga	*council, group of experts or authorities*
taha Māori	*Māori side (i.e. elements of Māori language and culture to be incorporated in school organisation and curriculum)*
taha Pākehā	*Pākehā side (see taha Māori, Pākehā)*
tanga	*'-ness' (i.e. qualities which are essential in an activity or object)*
tangata whenua	*people of the land (rightful inhabitants of a particular district)*
tuakana	*older brother of a man or older sister of a woman, senior relative*

Glossary of Additional Māori Terms Used in Appendix

hapū	*small tribal group (section of an 'iwi')*
iwi	*major tribal group*
kawanatanga	*government, governance*
te Kuini of Ingarani	*the Queen of England*
rangatira	*chief, leader of a 'hapū' or 'iwi'*
nga Rangatira me nga Hapū o Nū Tīrani	*the chiefs and the tribes of New Zealand*
ngā tāngata o tōna Iwi	*the people (members) of her tribe*
whāngai	*adopted child (lit. 'feed, provide substance for')*

Glossary of Abbreviations

IEA   *International Association for the Evaluation of*
             Educational Achievement
IYC   *International Year of the Child*
NACME   *National Advisory Committee on Māori Education*
NZEI   *New Zealand Educational Institute*
RED   *Resource, Experimental and Development (Centres)*
SES   *Socio-economics Status*

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Income Maintenance
and Taxation

GENERAL
CONSIDERATIONS

General Considerations

1 Introduction

The Royal Commission on Social Policy has been given the task of considering what needs to be done to make New Zealand a more fair and just society.

The distribution of income and wealth is an important part, though not all, of what constitutes a fair and just society. Through income support and taxation policies governments can achieve a fairer distribution of income and wealth than would otherwise occur.

Our focus in this paper is on the general considerations that should be taken into account in designing income maintenance and taxation systems to achieve a fairer society. We discuss the general framework, objectives and principles which have guided the Royal Commission in its deliberations. We report the concerns which have emerged in submissions to us. We provide also a broad indication of directions for reform. More detailed guidelines and recommendations are contained in a series of accompanying papers.

The structure of the paper is as follows. Section 2 examines the case for public intervention in giving a more equitable distribution of income and wealth, the role of the labour market, and the issue of progressivity in the tax and income support systems. In Section 3 a framework for future development is outlined in terms of fundamental objectives, guiding principles, and criteria for assessment.

Section 4 discusses specific major concerns with the current system. Finally, Section 5 covers those broad issues which relate to the design of the income redistribution system in its entirety.

2   The Role of Income Maintenance and Taxation in Social Policy

This section is concerned with the part benefits and taxes play in the redistribution of income and wealth in society.

In a modern economy there are four ways in which the tax and benefit systems modify the distribution of income.

1   The way in which taxes are raised (for example, income tax and indirect taxes such as GST);
2   The use of specific tax relief for certain groups;
3   The provision of cash benefits;
4   The provision of collectively provided goods such as defence, health, and education.

All these must be considered together. If, for example, an increase in health spending is proposed, it is necessary to establish not only who will benefit directly but also who bears the extra taxes required or the burden of reduced expenditure elsewhere.

To highlight the specific influence of taxes and benefits it is convenient to take the provision of collectively provided goods as given. Attention then focuses on the way in which taxes are raised and on the benefits that are received, as outlined in numbers 1, 2 and 3 above. However, if there are significant changes to the way that income in kind is given there will be implications for the income redistribution system. Leaving this aside, it is useful to think of the tax system and the benefit system as each part of an overall tax-transfer system which shapes the final distribution of income and wealth.

To have policies which redistribute resources implies either that society would not be satisfied with the distribution which would prevail in the absence of such policies, or, more fundamentally, that communities as we know them could not exist without such redistribution. Either way, it is useful to start by discussing the hypothetical situation before redistribution. The shortcomings of this situation then provide a base to investigate the role of the tax-transfer system.

2.1   *The Role of the Market*

One starting point is the distribution which would result from the operations of perfectly competitive markets. Market prices will

determine what consumers choose to purchase, on the one hand, and the profitability of alternative activities for producers, on the other. According to the theory, market forces will ensure an efficient allocation of resources. This concept of efficiency refers to a situation for which it is not possible to produce a higher level of output given the resources and technology available to society, nor a better output mix given the tastes of consumers. One feature of a perfectly competitive market outcome is that it is not possible to reallocate resources in order to improve the economic wellbeing of one individual without simultaneously worsening the situation of someone else.

Perfectly competitive markets lead then to an efficient outcome. This outcome results, however, from the initial distribution of resources within society. It is the exchange of these initial resources in the market place which leads to the final efficient outcome. It is important to note that a different initial distribution of resources would lead to a different efficient final outcome.

And, while economists have made considerable progress in establishing the processes which lead to an efficient outcome in the economic sense, they have not been able to provide any objective basis for choosing between alternative efficient outcomes. Furthermore society might well prefer a less efficient outcome, if it is judged to be 'fairer' than the economically efficient outcome. Such choices involve value judgements about what is a fair distribution of income and wealth. Forming such judgements, and implementing them, is a traditional role of government. Where the perfect market model assists is in demonstrating that there are costs in intervening in competitive markets. In some situations it is possible that these costs will be high enough to lead not just to a less efficient outcome but ultimately to a less fair outcome.

The above discussion is highly abstract. Markets as they exist in the real world at best only approximate the assumptions and conditions reflected in idealised textbook models. Competition is rarely perfect, while both consumers and producers often lack complete information about the full range of prices and opportunities open to them. One area where uncertainty is of particular relevance relates to the future. A common market solution in this situation is through provision of private insurance. Many individuals, however, do not have access to the private insurance option, for instance if they are 'high risk', for example the chronically ill, or if their resources are inadequate, perhaps because they are at a stage

of their lifecycle where commitments such as family are heavy in relation to their income. Or perhaps they misjudge future risks, or are simply imprudent. In such situations, government intervention may remedy the defects of the market, by pooling risks or redistributing income over the lifecycle more efficiently than most individuals can.

There are, in addition, a range of other circumstances where markets fail. For instance in the provision of 'public goods', such as enforcing community health standards. Or where there are 'externalities' such as environmental pollution. Collective goods require collective financing through compulsory taxation if they are to be financed at all.

Because of such market failures, and the shortcomings of private insurance options discussed above, market competition will not of itself ensure an efficient allocation of resources. State intervention has a role to play in improving efficiency, including in the context of income maintenance the offer of alternatives to private insurance arrangements.

One important conclusion already to be drawn from this discussion is that the concern of social policy with *equity* in the *distribution* of resources in society cannot be usefully discussed in isolation from economic policy and its emphasis on *efficiency* in the *allocation* of resources. The distinction between social policy and economic policy is, in this sense, an artificial one. Both should be intimately related aspects of an overall approach designed to ensure maximum economic performance coupled with a fair and equitable distribution of the outcomes of that process. These questions are dealt with further in two other phases of the Commission's work: the interrelationship of economic and social policy; and the outcomes of economic and social processes.

The difficulty faced by governments wishing to intervene to provide a more 'just' outcome than does the market is that this requires taxes or transfers which will lead to otherwise efficient markets functioning less efficiently. Resources may not be allocated efficiently even where the market may previously have performed this task well. State intervention must face the familiar need to balance gains in equity against losses in economic efficiency.

The difficulty should not lead to simplistic views on the relative roles of state intervention and the market. To regard state intervention as solely concerned with equity and the private sector as the only means of achieving efficient outcomes is such a simplification.

The state has a positive role to play in enhancing both equity and efficiency objectives. The crucial issue for social policy is to devise interventions which achieve an appropriate balance in the overall equation.

As noted the state has a role to play in meeting efficiency objectives as well as equity objectives. However the case for intervention on the specific grounds of equity is one that deserves to be further spelt out.

2.2 *The Case for Intervention on Equity Grounds*

For most people the amount of goods and services to which they have access depends directly or indirectly on income from paid work in the form of wages and salaries. The labour market, however, provides employment opportunities primarily for those of workforce age. Sole reliance on the labour market as an income source thus raises the issue of financial support for children, and for the elderly, as well as the sick and disabled. One response to this is to argue that income support during the two dependent phases of the lifecycle, childhood and retirement, should be the concern of private arrangements in which the government should not become involved. Support for children should be the responsibility of parents, whose conscious choices they reflect. Support for the elderly should be provided from savings undertaken during working years or, failing that, should be the responsibility of immediate family members.

While there may be some support in the community for such propositions, to state them like this is to reveal how far they diverge from contemporary social attitudes.

Respect for old age and for the elderly justifies protection against poverty during retirement as a fundamental right, rather than something dependent on past accumulations or the goodwill of other family members. Public old age pension schemes are a reflection of the wide acceptance of this view.

The arguments in relation to children are somewhat different. Here, there is general public acceptance of the view that the major responsibility for the care, support and upbringing of children rests with parents.

Parenting benefits society at large but also provides many personal benefits. The costs are also well-known, certainly to parents, and many would suffer hardship, as would their children, if forced

to rely solely on their own resources. Intervention can be justified then, both in the form of income support where required and in the provision of health and education, to ensure the wellbeing and development of all children. In addition, society might wish to make some explicit recognition of the socially useful contribution of parents as caregivers, although this has not been a dominant motive in family assistance in the past.

The market also provides inadequately for those who are hindered by reasons such as ill-health or disability from engaging in paid work. It can be argued as noted earlier that the market could offer insurance against the income loss associated with such contingencies. However, experience has shown that the private sector is unlikely to provide adequate, affordable, insurance coverage for all those potentially affected. There may be a role for private insurance markets in these instances, but they do not offer the scope and certainty that government schemes can provide.

The final group prevented from earning income in the labour market is the unemployed. Because of the nature of the risk of unemployment, there are very strong reasons why the private sector will not offer insurance against this particular contingency.

The common feature in all these cases is that opportunities of earning income in paid employment are available only to a proportion of the population, and that the alternatives provided by the market are inadequate to provide what most would regard as a 'just' distribution of economic resources. Hence the case for government intervention and redistribution.

2.3 *The Importance of Employment Policy*

The above discussion has been of those cases where government intervention would by most be judged necessary to modify the distribution of income produced by the labour market. These are far from the only instances where government 'intervention' in the form of taxes, subsidies, cash benefits and public provision are justified. The intervention can be on broad efficiency grounds, as for public goods and market externalities. That is where in general the competitive market requirements break down. (The case for public intervention being more efficient than a less than perfect market should still need justification.)

From the viewpoint of social policy, however, the main concern is the inequality and the lack of access to the resources for a fulfilling life, which would be the outcome if citizens had to rely solely on earnings from paid work. Our discussion of tax-transfer policies focuses therefore on how these alter the distribution of labour market income, to give a fairer distribution. There is an associated question, of how well the labour market performs in providing employment. For reasons we shall outline, our clear view is that to achieve a fairer society the primary instrument must be economic and social policies designed to provide wide employment opportunities.

It is easy to see that *the labour market and employment policy are central to any policy focusing on the distribution of income and wealth.* This means in fact that social policies have a primary and major role in the income generation and distribution process. In that role they are concerned with the education and training of the workforce, and are central to maintaining satisfactory levels of health. As well they provide income support for those unable to work and in relation to family circumstances.

Three consequences follow.

First, *income maintenance as well as broader social policy interventions should as far as possible facilitate and not impede the smooth functioning of the labour market.* The ultimate objective in this should be an economy which provides productive well-paid jobs to all prepared to make the necessary effort. The implications for the key role of training and skill formation policies are obvious. And the income maintenance policies should not discourage labour market participation.

A second consequence, is that *income maintenance and tax policies should be designed to aid transition into or back into the workforce for those of workforce age.* For the majority of beneficiaries of workforce age, the most desirable outcome is a return to a suitable job, excepting where caregiving is itself a full-time job. The tax-transfer system should do all that it can to facilitate such an outcome.

In general terms this requires closer integration of income maintenance and employment policies. It requires an income support system that makes the financial consequences of a return to work, be it full-time or part-time, as attractive as possible. High benefit levels relative to incomes from work may discourage a return to work, while the poverty traps associated with targeting and consequent high abatement rates can serve to trap those on benefit into

dependency on the state. More positively, greater integration between income support and labour market programmes requires offering to those on benefit education and training designed to widen their labour market options. It also requires provision of, and subsidies for, childcare so that those caring for children can have access, should they wish, to the labour market. Present budgetary difficulties are an obstacle to further government spending increases on such policies. But there is a potential for expenditure reductions in the longer term from policies that aid a return to financial independence.

The third consequence is that *the income maintenance system should take account of the changes in the labour market.* Among the more significant of these in recent years are the increased labourforce participation of married women (leading to a rise in the number of two income families), the rise in part-time employment and the reduced labourforce attachment of older workers. Together with the tendency for the age of entry to the labour market to rise, this has compressed the anticipated span of working life for those now entering the working phase of their life. This itself has important consequences for social policy.

Overriding each of these developments has been the poor overall performance of the economy in providing paid work since the mid-seventies. This is by no means unique to New Zealand, but it raises quite fundamental questions for the appropriateness of income maintenance provisions developed in an era when full employment could reasonably be assumed to be the norm. The substantial rise in unemployment and in the average duration of unemployment, coupled with changes in the impact of unemployment among different groups in the population and different regions of the country, all raise issues both of the design of income maintenance provisions and of how these are to be financed. It is unreasonable to expect a system that has matured in an era of full employment to be able to withstand unscathed the impact of widescale and persistent unemployment. The role of income maintenance policies within this broader context needs rethinking.

Adjusting current income redistribution policies to cope with persisting high unemployment is however a second-best, though perhaps necessary solution. It is wrong in principle to expect mechanisms of income redistribution alone to bear the full burden of creating a fairer distribution. In times of high unemployment the stresses placed on any system of income maintenance may become

intolerable. *We believe that the primary instrument for achieving a fairer society must be economic and social policies designed to provide wide employment opportunities.*

2.4 *Income Redistribution through the Tax System*

Income maintenance provisions for those unable to find or take paid work of themselves lead to a reduction in the degree of income inequality. Should however redistribution go beyond this by further compressing income disparities? In particular through a progressive tax system? Before proceeding to this discussion it is useful to introduce some definitions and concepts. For this, a tax system broadly similar to that now operating has been assumed, that is one based principally on income, rather than the radical alternative of a system based solely on expenditure.

The *average tax rate* is the proportion of total income paid in tax, the ratio of total tax payments to total income. The average rate can be defined narrowly to include only personal income tax payments, or more broadly to include all tax payments, direct and indirect. One problem, particularly with this latter concept, is that it is often difficult to determine who actually pays many of the taxes imposed by government. Are indirect taxes like GST paid entirely by consumers, for example, or do producers absorb part of the burden? Is company tax paid by the shareholders of the companies themselves, or is the tax shifted forward to consumers through higher prices or backward to employees through lower wages? Are earners themselves able to shift their tax liability? Such unresolved questions over the ultimate *incidence of taxation* make estimating the overall average tax rate a complex exercise.

The *marginal tax rate* is defined as the additional tax paid if income increases by one dollar. That is, the percentage of the last dollar of income paid in tax. Again, the marginal tax rate can be defined narrowly to include only personal tax payments or more broadly to include other taxes. The incidence question noted above again complicates the situation. However, the broad definition highlights the possibility that reductions in marginal income tax rates may have their effects nullified if other taxes such as Goods and Services Tax (GST) are simultaneously raised.

Both of the above definitions use the term 'tax' in a broad sense. Income support payments can be thought of as negative taxes, since

they correspond to a monetary flow from the government to individuals and families rather than the reverse. It is thus possible for the overall average tax rate to be negative for those in receipt of income maintenance. Similarly, the abatement or phasing out of income maintenance payments as other income increases imposes a marginal tax rate on beneficiaries in just the same way as the income tax schedule does for those on higher incomes. Their marginal rate is a combination of the rate of abatement of their benefit, plus the marginal tax on their earnings.

Having defined these terms one can now distinguish three different tax systems:

– A *progressive* tax system is one in which the average rate of tax rises as income increases

– A *proportional* tax system is one in which the average rate of tax remains constant at all income levels

– A *regressive* tax system is one in which the average rate of tax falls as income increases.

Thus, under a progressive tax those on high incomes pay a higher proportion of their income in tax than those on lower incomes. As a result, the distribution of after-tax income is more equal than the distribution of before-tax income. Progressive taxes are thus redistributive, the extent of redistribution depending on the degree of progressivity.

Reference was made earlier to the efficiency benefits provided by fully competitive markets. Taxes and transfers shift the market outcome away from the efficiency optimum. Where the 'market' does in fact perform well, as it does in providing most goods and services, this shift leads to a loss in potential economic welfare (sometimes called the 'excess burden' or 'deadweight loss' of taxation over and above the direct financial burden). Taxation is of course necessary, both to provide those goods which the market cannot, and to produce a fairer distribution of economic resources than would otherwise exist. But it is still desirable to minimise the efficiency losses resulting from the tax-transfer system.

In this market framework it is the decisions taken at the margin that are important, *so that it is the impact of the structure of marginal tax rates that is relevant to questions of efficiency.*

Simplifying a little, it might be said that it is the progressivity of average tax rates which determines the *fairness* of a tax system, whilst it is the marginal tax rates which affect *efficiency.* The higher

marginal tax rates are, the more economic decisions are distorted, and the greater the efficiency losses.

A tax system whose marginal tax rates are the same for different activities, for instance which taxes different investment opportunities equally, is *neutral* between those activities. Again neutrality is usually a desirable property of a tax system, at least for similar activities (unless society decides that some activities are to be deliberately encouraged or discouraged), but one not easily achieved.

Having set out these definitions, what follows is a general discussion of broad principles. The emphasis is on the redistribution of two monetary variables, income and wealth. There are of course other aspects of inequality that need to be addressed. In particular equality of access to key services like education and health. For many, free and universal access to these services by all citizens is fundamental to the principles of the welfare state. Monetary considerations are a central determinant of living standards, so a focus on the monetary aspects of inequality is warranted. But it is important not to isolate the discussion too far from the broader framework of social policy.

The tax-transfer system affects the whole range of income distribution. While income maintenance benefits mainly reduce income inequality at the lower end of the income distribution, taxes affect all.

2.5   *Flattening the Tax Scale*

It has been traditional, in countries with similar economic and political institutions to New Zealand's, for the progressive personal income tax to play a central role in ensuring overall tax equity. In practice, the existence of tax concessions and income-splitting possibilities which have favoured those on higher incomes has meant that the actual degree of income tax progressivity has been much less than that implied by the tax schedule itself. The apparent degree of progressivity is something of an illusion. Nonetheless, it is the case that the income tax system is progressive overall. More recently, the general direction of income tax reform in OECD countries has emphasised the need to reduce the steepness of the tax schedule while simultaneously broadening the tax base. Such a policy thrust has much to recommend it in that it offers scope for reducing the disincentive effects of high marginal tax rates.

Flattening of the tax schedule implies, in the limit, a single rate of tax over the whole income distribution. No OECD country has yet proceeded that far, in part in recognition of the broad community support for the principle of tax progressivity. This could still be consistent with a flat-rate, proportional income tax as long as other elements of the tax-transfer system are used to pursue redistributive goals. Along with the removal of concessions and exemptions so as to broaden the tax base it would produce immediate savings in administrative costs to the Department and to the taxpaying community because of the reduction in the opportunities and incentives to avoid tax. Simplification in this way would encourage compliance and at the same time it would facilitate a wider use of withholding taxes. A flat-rate tax has certain advantages in terms of its administration and equity and efficiency consequences, a point developed at more length in Annex I.

There are also substantial drawbacks. The first is in finding tax instruments other than an income tax which make up a tax system which is progressive over the income range, if that is an objective. A heavier reliance on the Goods and Services Tax does not serve the purpose, because GST is regressive. The only real option which would meet this objective would be to impose significantly heavier taxes on wealth than at present. This would not in any case be inappropriate because those on higher incomes are generally also those with assets such as their homes from which they can be regarded as receiving an 'imputed' or non-cash income. A broad definition of income might include imputed as well as cash income in the tax net, as has sometimes been done overseas, but the practical difficulties are great. However, with a flat tax on income the inequity of leaving such non-cash income out of the tax base would be greater than at present. A wealth tax is an alternative for redressing the inequity.

In passing, the question of a capital gains tax is distinct from that of a wealth tax. A capital gains tax is an income tax, on that part of income received in the form of gains in the value of one's assets. We discuss in Annex II the strong efficiency and equity arguments for including capital gains in the income tax base.

The most important problem is in ensuring that the position of those on low incomes is protected. A tax threshold below which there is no tax liability, or a system of tax credits or rebates at the lower end, can be built into a 'flat-rate' structure, as indeed was

done in the proposals outlined in the *Government Economic State-ment* of 17 December 1987. Such a system is perhaps better labelled as 'single nominal rate' rather than 'flat rate'. These modifications to protect the lower paid mean administrative simplicity, and some of the reduced opportunity to avoid taxes is lost.

One difficulty with this approach is the greater disincentive problems for the lower paid, particularly those re-entering the labour force part-time, who must necessarily face a higher margi-nal rate of taxation if there is to be a flat rate further up the scale, but with abating exemptions at the bottom.

In short, is a move to a single nominal-rate tax system achievable in a way that provides fiscally viable outcomes, which are also generally acceptable when judged by the criteria of fairness, effi-ciency and simplicity of administration? In Annex I we broadly canvass a range of considerations.

The discussion so far has concentrated largely on income distri-bution. We now turn our attention briefly to wealth and the role of capital taxation. It is well-known that the ownership of wealth conveys economic advantages over and above those provided by income alone. The ownership of wealth reduces the need for sav-ings out of current income to meet future contingencies, as well as being a source of power and influence. There are thus reasons to suggest that wealth, in addition to income, is an important deter-minant of one's economic wellbeing and so of one's ability to pay tax. In addition wealth taxes can encourage greater efficiency in the use of assets. There are also, it should be noted, difficulties in applying wealth taxes in practice. No doubt these account for the insignificant contribution wealth taxes at present make to govern-ment revenues.

Currently in New Zealand, apart from land tax, an annual wealth tax limited to selected real estate, the role of general wealth taxes is confined to estate and gift duties, which raise only a minor proportion of the government's total revenue. In the year ended 31 March 1987 it was only $35 million out of total taxation receipts of $17.4 billion. Major reasons for this are the exemption from duty of the first $450,000 in an estate and the ample opportunities for estate planning where the estate would otherwise bear a really substantial amount of duty.

The current system imposes no taxes on the general ownership of wealth as such. Neither does it distinguish between wealth which is accumulated as a result of saving some part of the income

derived from individual effort and enterprise, and wealth which is inherited. There is at least a prima facie case for regarding both of these features as inequitable. The introduction of wealth taxes to address these apparent inequities should be given consideration.

3 Framework for Future Development

The process of income redistribution results from a complex inter-action of the tax and benefit systems and now requires a new state-ment of goals and principles that are relevant to the 1990s and beyond. The purpose of our work is to provide a consistent and integrated framework for the future development of the income redistribution system. In 1972, the Royal Commission on Social Security concentrated on income maintenance issues. The Task Force on tax reform of 1982 concentrated on tax. To assist the pro-cess of rational reform it is clear that a new statement of principles and objectives is required which encompasses both income mainte-nance and taxation.

3.1 *Objectives*

In arriving at and formulating the specific objectives on which we consider the income support or redistributive system should be based, we have been very conscious of the need to ensure that these objectives are firmly grounded in today's society and in people's aspirations for the future. These then are the objectives which on our assessment should guide social policies.

1 To ensure that all New Zealanders have access to a suffi-cient share of income and other resources to allow them to participate in society with genuine opportunity to achieve their potential and to live lives that they find fulfilling. In so doing to provide a measure of certainty and security for all throughout their lives.

2 To relieve immediate need arising through unforeseen circumstances.

3 To ensure the wellbeing and healthy development of all children.

The first objective expresses the right of all New Zealanders to a sufficient share of resources so that they can live and participate with dignity as contributing members of society. It reflects the goal

identified by the 1972 Royal Commission on Social Security that every person is entitled to a standard of living sufficient to provide a sense of belonging to the community. It also recognises that an essential element of individual self-fulfillment is a genuine chance to develop one's potential. The objective requires that the income maintenance system should redistribute income towards those at the lower end of the income spectrum. Finally, it acknowledges a role for provisions which in some circumstances and for a limited term maintain incomes relative to past levels for those whose income potential is unexpectedly reduced.

Our second objective, to alleviate immediate need, recognises that there may still be times when individual members of society find themselves destitute. Responsive income support provisions are required to meet such situations. The obligation of the state to provide a minimum income for all who may at some time find themselves in poverty is emphasised. We recognise that this poverty alleviation objective should be the foremost priority when there are limits on the resources available for income maintenance. However, we also stress that a 'safety-net' approach is not the only, nor indeed the most important, objective of income maintenance policy. If our income maintenance policies are to provide, for all, the lifetime income support that the market cannot provide efficiently and equitably—and in so doing are to assist in further developing social cohesion and a sense of community as well as personal security—they must be more broadly conceived than is implied by the second objective alone. This is why our first objective is seen as the more fundamental.

Our third objective is really covered by the first, but identifying it separately emphasises the importance of the need for fair and adequate treatment of children in our income maintenance system. Children are, in a very real sense, our most important and valuable resource. Our terms of reference reflect this emphasis in identifying 'a commitment to the country's children' as one of the foundations of our society and economy. The wellbeing of children has a significant bearing on our future social and economic prospects. Because of their vulnerability, they are entitled to special consideration. We emphasise that the concerns behind this objective apply to all children, not only to those in low income families. The important role the family plays during the child-rearing process has beneficial consequences for society as a whole. The state should

play its part by directing sufficient resources to all families with children.

3.2 *Principles*

Policies designed to achieve the above objectives must embody certain values. The following set of guiding principles reflect the values that we have identified as relevant for New Zealand today.

(i) Community responsibility The responsibility to ensure that all receive a sufficient share of resources rests with the community. This is not to ignore the valuable and important role of private provision and other support mechanisms of individuals themselves, their families, larger social groupings or voluntary organisations. However, it is only through state provision funded by compulsory taxation that the systems required to achieve consistent, certain and adequate income support and more equitable outcomes overall will be forthcoming. Beyond that, it is fair in principle that all should share in such provision because all will benefit from the increase in social stability and cohesion.

(ii) Individual responsibility Community responsibility should not unduly undermine individual responsibility. As far as is possible, income maintenance and taxation should not seriously impede the incentives for individuals to achieve financial independence from their own efforts. People should be encouraged to contribute to society.

(iii) Dignity The receipt of income support must be consistent with the rights of citizens according to the rule of law, and should respect the dignity of all individuals. Income support recipients should not be made to feel demeaned or that they are the object of charity. There are some who will abuse the income support system. While such abuse is to be deplored, attempts to expose abuse by the few must respect the rights and dignity of the many.

(iv) Equality of treatment Income support should reflect a consistent definition of need. Those with similar needs should be treated equally without regard to any involuntary cause, or to any previous contribution, and without regard to gender or race. The tax system should also treat equally those with similar taxable capacity or ability to pay.

(v) Progressivity The income maintenance and taxation systems together should redistribute resources in a way that is progressive over the entire income and wealth spectrum.

(vi) Cultural diversity The income maintenance and taxation systems should recognise the different perspectives of those from different cultures, not only in relation to the administrative processes involved in assessing eligibility for income maintenance and in the delivery of entitlements, but also in relation to the principles on which those systems are based.

(vii) Fiscal responsibility State interventions in pursuit of the objectives of income redistribution must be matched by the ability and willingness of taxpayers to fund them. They must also be fiscally reasonable from the viewpoint of the performance of the economy as a whole. This latter consideration should, however, be seen in a perspective which extends beyond the horizon of the normal annual budget cycle.

(viii) Flexibility The income redistribution system should be sufficiently flexible to adapt to changes in social attitudes, perceived priorities or economic conditions. It should, for example, recognise changing assumptions about the nature of dependency between adults.

(ix) Transparency The objectives of both income maintenance and taxation provisions should be clearly reflected in the design of specific policies. They should be easily understandable and accessible to all persons affected so that entitlements and obligations are complied with equally and fairly. There also needs to be widespread confidence in the community that this is actually occurring in practice, otherwise the system itself may be brought into disrepute.

It is inevitable that situations will arise in which some of the above principles are brought into conflict. For example, the principle of equality of treatment may conflict with the need to respect cultural diversity. The principle of progressivity may impede the incentives required to encourage individual responsibility. Or changes required on grounds of fiscal responsibility may constrain the principle of community responsibility and the need for consistency and stability. Choices inevitably require some compromise between competing principles in these situations. The principles help to shape the blueprint for the framework of the income maintenance and taxation systems. They do not avoid the social choices and trade-offs that policy development at the practical level must face.

3.3 *Criteria*

In addition to objectives and principles, changes to taxes and benefits and indeed the entire system should conform as far as practicable to conventional criteria of equity, efficiency and simplicity. These criteria described below may be used to make any trade-offs more explicit and to assess whether any proposed change will actually improve social wellbeing.

(i) Equity The equity criterion is central to our concerns. It refers to the need to ensure that the results of income and wealth redistribution conform with prevailing conceptions of fairness and social justice. It is normal in discussions of equity to distinguish between vertical equity and horizontal equity.

– Vertical equity refers to fairness in the treatment of those whose needs for income assistance or whose ability to pay taxes differ. Vertical equity is usually taken to imply that the tax-transfer system overall should be progressive, that it should result in a more equal final distribution of income and wealth. As discussed elsewhere, vertical equity should be seen in terms of the outcome of the system as a whole, rather than necessarily being reflected in each individual element in the system.

– Horizontal equity requires that those in similar circumstances be treated equally. Equal capacity to pay tax should result in equal tax liability and equal needs should result in equal income assistance. While seemingly uncontroversial, the horizontal equity criterion raises fundamental questions concerning the definitions of taxable capacity and needs. Conventionally both are measured in income terms, but the precise income concept used has an important bearing on horizontal equity. If, for example, the income concept adopted in practice excludes certain elements, horizontal inequities will arise between those who benefit differentially from such exclusions. The exclusion of capital gains from the income tax base is an important example of this. Generally, horizontal equity suggests that the definitions of income used for tax or income maintenance purposes should be as broad as is practicably possible. Failure to do so not only gives rise to horizontal inequities, but may also seriously undermine vertical equity.

Another aspect of horizontal equity relates to the treatment of families of different sizes. For those families with dependent children, the situation is simple. The more children, the higher commitments are relative to household income, and the lower the ability to pay tax. Horizontal equity requires that this be recognised, in the tax system or the transfer system, or both. At low incomes or for those on benefits the application of the principle is particularly important. Otherwise a failure to adjust taxes and transfers to family size will drive some below acceptable minimum standards of living. In New Zealand the Family Benefit contributes to horizontal equity at all income levels, while measures such as Family Support contribute particularly at the lower end of the income scale.

Where children have grown up, but there is a non-earning spouse, it is harder to decide what constitutes horizontal equity. The tax system nowadays makes no concession for 'dependent' spouses and this is perceived as causing inequities between couple households with one income-earner and those with two earners. The latter will pay less tax on the same aggregate income than the one-earner household, but also have less leisure choice and higher work-related costs.

A further question is whether horizontal equity requires income support adjustment for other reasons, for example for those affected by some medical condition. In general we think there must be a limit on such adjustments but there is a case for those suffering from serious disability. This is discussed in the paper *The Sick, the Injured, and the Disabled.*

To sum up, the presence in a household of children, or of others incapable of caring for themselves, is grounds under the criterion of horizontal equity for adjustments to taxable capacity or income support.

(ii) Efficiency The concept of *economic efficiency* is discussed elsewhere in this paper. The important point is that taxes and transfers do distort the process of economic decision-making, and should be designed to minimise this distortion as far as possible. A useful sub-criterion is that of *neutrality*. That is taxes and benefits should ideally be neutral with respect to economic and social decisions, unless there is an explicit intention to favour some activity.

Another aspect of efficiency is *administrative efficiency*. Taxes should be collected and benefits given in ways that minimise the

costs of compliance to the individual and of collection and disbursement to the departments concerned, consistent with minimisation of incentives to evade or avoid taxes or fraudulently claim benefits. To achieve administrative efficiency there should be mechanisms in place to ensure accountability. Just as the introduction of GST added to the efficient functioning of the income tax so too the presence of a capital gains tax may be expected to increase the overall efficiency of the tax system.

(iii) Simplicity The simplest system is likely to be the most administratively efficient. In addition, the more simple the system, the more likely that it will produce the intended effects. A complex process of applying for benefits or tax rebates for example is likely to mean a small take-up rate and hence compromise the attainment of the ultimate objective.

It is well accepted that in a voluntary compliance system for taxes it is important that the liability to pay taxes is certain and readily ascertainable by the taxpayer. Likewise it is important that entitlement to any assistance whether through tax relief or social security benefits is made clear to all including the basis of any discretionary rules.

Unfortunately administrative ease and simplicity are compromised as the income base is widened. In practice fine judgements are required as to the desirable compromises between equity, efficiency and simplicity goals.

(iv) Transitional fairness Ensuring fairness during the transition to new tax and income support systems is not strictly a criterion for assessing such systems, but does deserve some specific mention. The need is that those affected by reforms are given time to understand the changes, do not suffer unnecessary disruption, and are allowed to plan for the future with some degree of assurance about coming changes.

4   Concerns with the Present System

From our investigations and from the numerous submissions we have received it is apparent that there are some fundamental problems with the tax and benefit systems. Inconsistencies have arisen as, over time, society has changed while the system has responded only slowly, or in a piecemeal fashion, to the new needs of its citizens. The major income maintenance schemes of accident compensation and national superannuation were developed in the

1970s alongside the existing social security system. The result is that the system as a whole reflects conflicting objectives and principles. Tax reform measures, also, have been implemented rapidly with far-reaching effects on the distribution of income.

In this section we review some of the more important areas where problems have developed.

4.1 *Differential Treatment of Those with Similar Needs*

The evolution of the different strands of our income maintenance system has resulted in some major anomalies. In particular, those who are injured are treated far more favourably than those with equivalent needs who are disabled through sickness or other cause. Earners who are injured may obtain earnings-related compensation which is taxed but not further reduced for other income. In contrast, those who are sick are entitled to only a basic social security income-tested benefit once any sick pay is exhausted. Accident victims receive income compensation on an individual basis while the income test for the sickness or invalid's benefit applies to the joint income of a couple. Accident victims are also favoured by preferential medical treatment which drives a further wedge between the position of the sick and the accident victim.

One response would be to replace the two systems with a single unified approach which treated everyone in the same way. One option would be abolition of the separate system of accident compensation, a proposal which met with no support in our submissions. Another would be to extend earnings-related entitlements to all social security beneficiaries, a possibility we discuss elsewhere but do not support. There is, however, a need to ensure that the present anomalies and inequities in this area are reduced. A range of proposals in this direction is contained in the paper on 'The Sick, the Injured, and the Disabled'.

4.2 *Lack of Simplicity, Transparency and Certainty*

Many submissions reflected concern about the increased complexity of the income maintenance system and the difficulties which those entitled to support experience in gaining access to the system

and in establishing their rights to assistance. Also, a complex system becomes as difficult for staff to administer as it is for clients to comprehend. The difficulties in access can lead to feelings of stigmatisation and to those eligible not applying for the assistance to which they are entitled.

4.3 *Assumptions of Dependency*

The level of most benefits is determined on a needs basis by relating it to other income received. This is the so-called 'income test'. Apart from national superannuation the income test takes into account any income received by the other partner in the case of those in marriage or marriage-like relationships. This leads to difficulties in defining who is and who is not in a marriage-like arrangement. It reflects also the traditional assumption that resources are equitably pooled within marital relationships, an assumption not always true.

The continuance of joint income-testing does not adequately reflect ongoing changes in social conditions. In particular it has failed to take into account the growing participation of women in the workforce, and their desire to be treated as individuals in their own right, rather than as 'dependants'. Many marriages now are characterised by financial *interdependence* rather than financial dependence.

A number of submissions argued that the social security system should use the individual as the basic unit of assessment in recognition of these developments, and as the tax system already does. Such a move would also serve to emphasise that social security entitlements are rights bestowed on all individual citizens who satisfy the eligibility criteria, irrespective of any relationships into which they choose to enter.

The cost implications of such a change will require that progress be gradual. Nevertheless we favour a change towards an individual entitlement system.

A related issue is the different rate of benefit payable to married and single persons. This reflects the traditional belief that married couples have greater economies of scale in living arrangements. But single people may also share and the use of marital status as a proxy for living arrangements is no longer, if it ever was, appropriate.

A fully developed 'individual-based' system would take the form of paying a basic benefit to all eligible individuals equal to, say, half the current combined married benefit rate. An additional living-alone allowance would be paid to those who were not living with other adults.

The questions discussed in this subsection are explored further in the paper on 'The Social Security System'.

4.4 *Disincentive Effects*

There is widespread concern, reflected in many submissions to us, that present income support systems are harming the incentive to work. There has been comment also on the effects on incentives to provide for the future. Other phases included in our April report (particularly Interrelationship of Economic and Social Policy and Assessment and Monitoring) consider the question of incentives. It is also referred to in related working papers. Accordingly the present discussion is deliberately brief.

The issue of incentives is important in designing the tax-transfer system. It is also complex and the trade-offs with other policy objectives mean that no simple and straightforward solution is possible. There is conflicting evidence on how responsive individual behaviour is to financial incentives. In the case of work incentives, for example, it is clear that financial motivation is an important, but by no means the only, factor. There is also the question of whether the structure of incentives should encourage a move from receiving benefits into full-time paid employment, or whether encouragement should rather be given to beneficiaries finding part-time paid work while continuing to receive a lower level of benefit. The alternatives may imply different changes to existing arrangements. Of relevance here is the growing importance of part-time paid work for many, particularly women. Often, with continuing responsibilities at home, part-time work is the only practicable alternative.

It is useful to distinguish two related aspects of the work incentives issue. The first is referred to as the replacement ratio, the ratio of benefits to earnings, or the ratio of income when out of work to income in work. A high replacement rate is believed to discourage those on benefit from returning to full-time paid work, while those already in paid employment are more likely to be encouraged to become reliant on income support, if this means not too great a loss

of income. What is primarily at issue here is the choice between benefit receipt and full-time participation in the labour market.

The second aspect of the incentives question is the so-called poverty trap. This refers to the combined effect of benefit abatement, reduction of other forms of assistance (for example housing assistance) and income taxation. Together these can cause the net financial return from small increases in pay to be extremely low in some instances. The poverty trap results from the high, effective, marginal tax rates on those in low income groups, discouraging them from seeking some paid employment in order to alleviate their financial circumstances. They are faced by an incentive structure that traps them into poverty. The poverty trap issue affects particularly those beneficiaries taking part-time paid work. But it can also affect full-time earners, for instance those whose income is currently below the Guaranteed Minimum Family Income (GMFI), who may opt for more leisure by adhering to the minimum eligibility requirements.

There has been much research on the replacement ratio question, including some by the Commission. To summarise briefly a complex topic, the problem of high replacement rates for adults arises mainly for those with children and who are on low incomes, or would be if in the paid workforce. Benefits are adjusted upwards for family responsibilities, but earnings are not.

One solution is to lower the replacement ratio by reducing the level of benefits, but this has obvious problems particularly where children are involved. Under an alternative approach, the income of those in the workforce can be increased by a directly targeted government intervention such as the existing Guaranteed Minimum Family Income, intended to lift low income earners clear of benefit levels. A much more ambitious form of GMFI was proposed in the *Government Economic Statement* of 17 December 1987.

Each solution has its problems. The GMFI has a very high rate of abatement for extra earned income, so in effect creating a 'poverty trap' problem for those with low earnings or for their currently non-earning spouses. Family benefit avoids this problem, being paid on a flat-rate universal basis, but in consequence is costly to increase.

When funds are limited, the tendency is to target assistance by relying more on income-tested forms of support but this inevitably leads to 'poverty trap' problems. The problems can be eased by lowering the abatement rate applied in the income test, but this

then raises costs by extending support further up the income distribution.

4.5 *National Superannuation*

The long-term sustainability of the current national superannuation scheme has been a serious concern since its inception a decade ago. These concerns were reflected in many submissions. Some focused on the cost and unsustainability of the scheme. Many, particularly from the elderly, regarded criticism of national superannuation as attacks on their right to a decent living in old age, and bore eloquent witness to the resulting uncertainty and resentment amongst many elderly people.

Current taxpayers are funding a scheme which provides benefits that many themselves are unlikely to enjoy, particularly those who reach the age of sixty after the end of this century. National superannuation does require change, and the preferred options for achieving this are spelt out in the working paper on 'The Elderly'.

These changes must however be announced well in advance, the sooner the better, so that those coming to retirement age can make informed provision, and so that those now retired can be relieved of some of their present uncertainty.

4.6 *Family Assistance*

As in many other countries, increases in income support in recent years have tended to be focused on the elderly. There have also been improvements in family assistance. As a nation, we still place too low a priority on the needs of the young. The traditional cornerstone of family assistance, the family benefit, is not indexed along with other benefits and as a result has declined in both real and relative terms. Yet there was very broad support in our submissions for maintaining family benefit and few suggestions that it should be abolished.

Family benefit serves not only to compensate families for the extra costs they face as a result of the presence of children, but also to recognise the important benefits for society as a whole that result from child-rearing. Caring and bringing up children produces rewards not only for those responsible for their care, but is also an important social investment activity. This suggests that the

financial responsibility for child-rearing should be shared in partnership, between the immediate family and the state. These arguments apply with no less force at higher income levels. We thus favour the retention of family benefit on a universal basis in recognition of the extra costs incurred by the presence of children and the social benefits provided by those responsible for children.

We acknowledge also the fiscal difficulties which arise from universal provision, and that in consequence it is not possible to provide all of family assistance on a universal basis if those families most in need of assistance are to receive adequate help. Additional support measures targeted specifically to the needs of low income families are required, although raising again problems with abatement rates, and with their impact on decisions on taking paid employment by those responsible for children. One worthwhile approach is to provide a *carers' allowance* on an income-tested basis, to those caring for children and other dependants.

Further details of our more specific proposals and the nature of the conflicts between the alternative objectives of family assistance policies are contained in the working paper on 'Families with Children'.

5   Broad Issues in the Design of the Income Support System

Some important areas of concern with the present income maintenance system have been discussed. In addition there are certain broad issues whose resolution affects the whole design of the system. We turn now to these.

Two fundamental questions must be resolved for any system of income support. The first is deciding who should be *eligible* to receive support. The second is in deciding how much those eligible are *entitled* to receive. The rules for deciding these questions can be referred to as the eligibility rule and the entitlement rule, respectively. We canvass now a range of options for the design of these two rules.

A much expanded discussion of these and other issues appears in the reports prepared for the Royal Commission by the Department of Social Welfare.

5.1 *Eligibility*

Eligibility for social security benefits in New Zealand is based on the categorical approach. Under this approach, a person establishes eligibility for income support by belonging in a given category. For example, being willing and able to work but unable to find paid employment defines eligibility for unemployment benefit, having medical certification of ill-health defines eligibility for sickness benefit, and so on. There is nothing immutable about these categories. For example, single parenthood was not considered a legitimate eligibility category except in the case of widowhood until relatively recently, when the incidence of marriage breakdown began to rise significantly.

As individuals move over their lifecycle, they pass through lifecycle phases, to each of which correspond different categories. The three main phases of the lifecycle are childhood, working age and retirement. Income maintenance provisions for the first and last stages of the lifecycle will, at some point in time, provide an entitlement to the vast majority of the population. All of the current population is either in, or has passed through, the childhood phase, and all anticipate reaching the retirement phase.

The proportion of the working-age population in the categories eligible for income support is relatively small at any one point in time. However, the proportion who will benefit directly from these provisions at some time during this phase of the lifecycle is considerably larger, and increasing. The lifecycle framework thus serves to emphasise that income maintenance benefits everyone at some phase of their life, and much of the population for some part of other phases.

Many also benefit indirectly from income maintenance provisions, in the sense that they are relieved from private provisions that they might otherwise have had to make. National superannuation, for example, relieves some of the burden of financial support for the elderly from their children and other relatives. In summary, the lifecycle perspective serves to highlight the fact that the direct and indirect benefits of categorical income maintenance provisions are widespread throughout the community.

We conclude that the categorical approach to income maintenance eligibility should be retained. When administered humanely and appropriately, it is a system which offers sufficient flexibility to adjust to broader social developments. It also offers the opportunity

for different treatment of the various categories according to needs, and to the perceived priorities of the day.

5.2   *Entitlement*

We turn now to the rules which determine entitlement for those who satisfy the eligibility requirements. We emphasise at the outset our strong support for the principle of rights to entitlement. Those eligible for income support should not be subject to unnecessary and stigmatising procedures to establish what is legitimately theirs as a basic right of citizenship, and should be informed of the rules which decide entitlement.

Entitlement can be decided on three different approaches, the contributions-based approach, the universal approach and the needs-based approach. Each may be relevant to different categories of eligibility and, indeed, there are elements of all three in our existing income maintenance system.

The *contributions-based* or *earnings-related approach* is most common in those European countries where social insurance systems are dominant. Under this approach, special contributions are levied and benefits when received bear a positive relationship with past contributions. In most countries, contributions are paid by both the employee and the employer.

The relationship between benefits and contributions need not be actuarially exact, and quite often is not. Such schemes provide income support which maintains living standards, not in relation to some socially acceptable minimum, but in relation to the previous living standards of recipients. This recognises that to the extent that lifestyles will have adjusted to this standard, costs of living will also have so adjusted. From this perspective, the earnings-related approach is equitable.

Against this, the approach can be seen as perpetuating inequality by linking income support to the level of previous earnings. It also places great emphasis on the earnings associated with paid employment and may make inadequate provision for those who work outside the market place. Difficulties also arise for those in part-time work, who may not accumulate sufficient benefits to support them when their employment is disrupted or when they retire. For these reasons, we do not favour general introduction of earnings-related entitlements. However we do recognise the useful role of earnings-related income support in one set of circumstances. That

is when through events which cannot be predicted in advance, such as injury or illness, the victim would otherwise be forced to adjust abruptly to a severe reduction in income-earning capacity. Earnings-related benefits prevent excessive hardship during the adjustment period. We outline our proposals for income support for the sick, the injured, and the disabled in a separate paper in this volume.

A *universal* rule for entitlement is one under which the benefit goes to all who qualify within a given category without reduction for other income (although it can be taxable). This means that compensation under the Accident Compensation scheme can be regarded as universal, even though earnings-related. The best-known current example in New Zealand, however, is the Family Benefit. As noted earlier we support the retention of the Family Benefit.

Under the *needs-based* entitlement option, income maintenance is restricted to those within each eligible category who also satisfy some additional criterion of need. The most normal basis for this is income. Within each category, the amount of income support is reduced, or abated, for other private income. The needs-based approach clearly has relevance for income support for youth and in the working-age phases of the lifecycle. For most beneficiaries of workforce age, the need for income maintenance is a temporary phenomenon. There is an anticipation of return to paid work, whether full-time or part-time. The role of income maintenance should be to provide adequate financial support during periods of disruption from paid work and to facilitate the transition back to paid work.

Means-testing, that is taking assets into consideration as well as income, is another possible criterion. In some ways this is more equitable, recognising that a person with substantial assets which are not income-producing is normally in less need of assistance. However, means-testing requires more detailed enquiry, often strongly resented, into personal circumstances than does income-testing alone. The inclusion of assets in the entitlement is also often criticised as penalising past savings efforts.

Both income-testing and means-testing give rise to problems with abatement rates. These disincentive effects have already been discussed.

While accepting that social security benefits to youths and adults of working age should be selective and paid on an income-tested

basis, we are concerned about the disincentive effects of unduly severe abatement rates. There is need for more flexibility in the system, by tailoring it more to the likely work opportunities and preferred options of each category. For most of the unemployed, for example, the system should be structured to facilitate return to full-time paid work. For the older unemployed, however, job opportunities are extremely scarce and a more liberal treatment is warranted. For many single parents, particularly those with younger children, part-time employment is a more realistic option, and the structure of abatement rates should recognise and encourage this. Some of these proposals are enlarged on in a separate paper on *The Social Security System*.

5.3   *Targeting versus Universal Entitlement*

The comparison of 'universal' versus 'needs-based' or 'selective' entitlement rules just above leads naturally to the issue of 'targeting'. The strongly advanced argument for 'selective' entitlement, that is entitlement based on an income or similar test, is that it leads to better targeting of benefits. Where resources are limited, there is a need to direct them where needs are greatest rather than spread them thinly across all who are eligible. 'Needs-based' entitlement provides maximum assistance to the poor at minimum cost to taxpayers.

The argument has a powerful logic to it, even allowing for the problems with abatement rates and consequent 'poverty trap' difficulties already touched on. Indeed we willingly concede that a large part of income maintenance provision must be targeted if it is to be effective but still fiscally sustainable. (We are suggesting, however, changes to the income test, from a 'joint' income test for multiperson households more towards an individual income-test basis, and this would change the direction of the targeting.) Further, we have concluded that in the longer term, if national superannuation is to remain sustainable, it needs to be more targeted to low income pensioners than it is by the present surcharge.

Our preferred option for national superannuation, however—discussed in the paper *The Elderly* in this volume—retains a universal element past a certain age. And likewise we believe that universal entitlement should be retained for the Family Benefit.

This position needs justification. The arguments are as follows.

First, alleviation of poverty is not the only objective of income support. A system tightly targeted in order to assist the poor can perpetuate existing social and economic inequality in the longer run by reinforcing distinctions between the poor and the rest of society.

Furthermore, a highly targeted system can ultimately face considerable resistance from higher income taxpayers, unwilling to support a system perceived as providing them with no return for their contributions. The longer-run consequences could thus be a highly targeted system that provides continually falling benefit levels, and so having a redistributive impact less than that of a universal system. It is important to emphasise here that universal benefits are progressive, and hence redistributive, since they are of greater relative significance to those on lower incomes. (The incidence of the taxes to finance the benefits has also to be taken into account.) Targeted benefits are also progressive, but their impact relative to universal provisions depends on the level of benefit provided in each case. In short, there can be no presumption, at least in the longer run, that increased reliance on benefit targeting will result in more equality in the distribution of income.

5.4 *Guaranteed Income Schemes*

'Guaranteed Income Schemes' is a useful catch-all term for those schemes which provide income to all whose income is low, regardless of why. There are a number of variants. In general they involve integration of income support and income taxation into a unified income transfer scheme. One version of this is the *negative income tax*. The simplest variant involves setting a tax threshold income level, taxing all income above this level at a flat rate, while topping up all income below it towards the threshold at the same rate. Thus, for example, if the threshold were set at $20,000 and the tax rate was 25 percent, an income of $30,000 would be liable for tax of 25 percent of $10,000, while an income of $5,000 would receive a grant (equivalent to a negative tax payment) of 25 percent of $15,000. Those with no income would receive a grant of 25 percent of $20,000.

Another version is the social dividend or guaranteed minimum income (GMI) scheme. Under such a scheme, everyone would automatically receive a social dividend or GMI payment and pay tax at a flat rate on all other income received. The tax paid by those

on higher incomes would exceed their social dividend, while those on lower incomes would pay less tax than the social dividend they received. Those with no income would receive the full social dividend. Both schemes would thus replace all existing income maintenance provisions by payments incorporated into income tax arrangements.

Although such schemes in theory generally incorporate a flat rate of tax, they are in fact progressive, because of the tax threshold in the former case and the social dividend payment in the latter case. Rather than providing income support on a categorical basis, they use income itself as the sole basis for determining the level of assistance received and the level of tax paid. The level of income serves to determine simultaneously both eligibility and the level of entitlement. Such schemes are appealing, given their simplified and integrated approach to both income maintenance and income taxation. They do, however, give rise to problems that lead us to question their practical application. (Apart from localised experiments, we understand no country has operated such a system.)

The negative income tax would encounter administrative difficulties in trying to ensure grants were received promptly by those whose incomes declined suddenly below the threshold. The social dividend arrangement avoids this by making a payment automatically to everyone, but this necessitates a high rate of tax in order to claw the payment back from those with higher incomes. Furthermore, we are not convinced that low income, independent of its cause, is an appropriate basis for establishing rights to income support. The cost of schemes with universal eligibility is undoubtedly high, provided that is that the threshold or minimum is set sufficiently high to provide adequate protection against poverty. And if that is the case there must be some concern about the effect on work incentives. Further analysis of the possible disincentive effects, based perhaps on those experiments which have been undertaken in the United States, would be required before this Commission could consider recommending an income maintenance system based on universal eligibility.

We thus favour retention of the current categorical approach. While acknowledging the need for greater co-ordination between income maintenance and income taxation arrangements, we feel that this can be best pursued within the framework of the categorical approach.

Annex I

Single Rate Tax and Tax Progressivity

The tax structure reflects social and economic policy decisions as to the ways revenue should be raised through taxes to achieve particular social and other objectives. Considerations of equity —the fairness of the tax system—economic efficiency and ease of administration should together determine how the funding of those objectives through taxation is to be shared.

The governing standard of fairness accepted in New Zealand over a long period, and widely accepted elsewhere too, is that those similarly situated should pay the same taxes (horizontal equity) and that, in comparing those in differing circumstances, those with a greater capacity to pay should make a greater contribution (vertical equity). Vertical equity may, but need not, be taken the further step that, apart from paying more in total, the rich should pay a higher average tax rate so that taxes should be progressive. Those considerations give rise to the need to define when people are similarly situated and, when differently placed, how much more those better placed should pay, or how progressive the overall tax structure should be.

These are difficult questions. Wellbeing may include such obvious intangibles as leisure and work satisfaction and family and community life as well as financial circumstances. Clearly they are not readily measurable. Nor when you think about it is capacity to pay. If income is to be the tax base, differential costs of living, life-cycle considerations and differing attitudes to work, risk and leisure all affect the reliability of income as a measure of capacity to pay. And as the Taxation Review Committee reporting in 1967 emphasised:

> In any assessment of ability to pay it is not sufficient to judge the position in relation to one particular tax. This ability, or 'taxable capacity', must be measured in relation to the tax system as a whole, embracing taxation on all the tax bases—income, expenditure, and wealth. Cash benefits received are, in effect, negative taxes and these also must enter into the assessment of the criteria of equity and ability to pay. (p. 15)

There are three basic features of every tax: (1) the tax base—the definition of the subject of the tax, here, what is to be included in

income and what is to be excluded as subject-area exemptions and rebates; (2) the rate structure—the rate or schedule of rates expressed in percentage terms (and modified in operation by any personal exemption or rebate); and (3) the taxable unit or entity, for example the individual, or the marital unit or the family unit. Included under this third head is the treatment of other entities such as companies and trusts. These features are inter-related and decisions made in respect of each of them affect the impact of the scheme and the complexity of the legislation.

In reaching such decisions, and so in considering the degree of progressivity, it is crucial to recognise that there are limits to what can be achieved through tax legislation and its administration. This is not always appreciated by those who may have particular social goals in view but are not directly involved in the actual operation of the tax system as are many accountants, lawyers, and of course tax administrators. First, the more complex the tax system the greater the tax design problems and so the greater the difficulty of countering tax planning. Particularly where tax rates are high the potential financial rewards to the taxpayer from engaging in tax planning may be substantial. Second, taxes affect many economic decisions and as a result may distort economic behaviour. Third, as part of an increasingly international economy New Zealand needs a tax base, tax structure and tax rates which provide a suitable economic climate consistent with international tax practice.

New Zealand has a long tradition of progressivity in the personal income tax-rate structure. So too have other OECD countries. And in common with other countries, New Zealand has made many changes over the years in the rate structures and thus to the progressivity of the system. These changes reflect in part a recognition that it is simply not possible to decide in terms of sacrifice or utility theories how much progression there should be in an income tax system. Indeed, public finance economists recognised long ago that the basis for tax progressivity rests ultimately on a broad desire to mitigate inequality rather than on any direct and demonstrable application of utilitarian notions of equality of sacrifice based on ability to pay.

The next question is whether the best way to achieve the objective of reducing inequality is through the income tax system itself or through other tax measures. To help in answering that question it is important to assess, as well as can be done, what happens now

under the nominally progressive income tax-rate structure. What is the effective incidence of that structure in practice?

It is perhaps not generally understood that, because of features inherent in the income tax system, the notion that incomes in the upper levels are *actually* taxed at the full progressive rates implied by the tax schedule does not reflect reality. A major reason for this arises from the financial attractiveness of income-splitting in a nominally progressive tax system based on the individual (but including also companies and trusts) as the unit for assessment purposes. And there is immense difficulty in designing and administering tax legislation to effectively counter tax planning which relies on income-splitting.

The attainment of tax progressivity in practice is further undermined by gaps in the tax base which primarily benefit those on higher incomes. Whether these take the form of legislated exemptions (for example the tax concessions for superannuation and life insurance contributions previously in existence) or omissions from the definition of income for tax purposes (for example capital gains), their impact is often to widen the gap between the illusion of tax progressivity and the reality.

Tax minimisation through income-splitting is widespread, as is apparent from any analysis of our income tax data. Income tax is a mass tax. Under the current rate structure the rate on the first $9,500 of individual income is 15 percent; from $9,501 to $30,000 it is 30 percent; and beyond that it is 48 percent. Far more income is taxed in lower than higher income ranges. A relatively small proportion of the tax take is collected at the higher rates. In terms of the original estimates the estimated average tax on total taxable income for the 1987–88 year is 24.6 cents per $. Less than 10 percent of the estimated total taxable personal income of $38,260 million is at the $30,000 upwards range and so subject to the 48 percent rate. The changes taking effect from 1 October 1988 will alter these figures but the general point remains.

Clearly, the income-splitting advantages available to the holders of assets and those engaged in income-earning activities—advantages which are not available to ordinary wage and salary earners—affect the actual progressivity of the system. So too does the use of trusts, whose income-splitting and estate-planning advantages are well recognised. The growth in the number of trusts is illuminating in this context. Shortly after the Second World War there

were only a few hundred trusts filing returns for income tax purposes. The Taxation Review Committee recorded that as at 31 March 1965 there were over 6,500 such trusts and the average loss to the Revenue was calculated at $700 for each trust. Notwithstanding the subsequent introduction of stronger legislation, the number of trusts climbed to 56,000 in the year ended 31 March 1976 and to 83,000 in the year ended 31 March 1987. The Consumer Price Index has increased by a factor of nine since March 1965 and *if* the loss to the revenue for each trust were only half that resulting figure of $6,300, the implied revenue costs would currently approximate some $250 million per year.

That, however, is only a small part of the total picture. It is in the immediate financial interests of individual taxpayers that as much income as possible is taxed at the lowest rates. This produces an incentive to allocate assets and hence income to others in order to achieve that objective by taking advantage of the lower rates of tax not once, but once for each individual to whom assets are allocated. Such income-splitting practices are likely to be most common within families. The use of service partnerships and companies is also common for the same reason and we have an extraordinarily large number of partnerships and companies. In 1987, for example, the Inland Revenue Department processed returns from 112,000 partnerships and 115,000 companies, far more in relation to population or gross domestic product than most other countries. And there is no direct match between the workforce of 1.4 million and the retired elderly (a significant proportion of whom in both categories as pay period taxpayers are not obliged to and do not furnish annual tax returns) and the 1.9 million individual returns processed by the Inland Revenue Department in 1987. Looked at in terms of both horizontal and vertical equity, the actual operation of the graduated-rate structure is thus uneven and unfair.

By way of contrast, a flat proportional rate of personal income tax would remove those advantages and, also importantly, it would greatly simplify the administration of the tax system, just as the adoption of a flat rate for companies did so. Along with the removal of concessions and exemptions so as to broaden the tax base it would produce immediate savings in administrative costs to the Department and to the taxpaying community because of the

reduction in the opportunities and incentives to avoid tax. Simplification in this way would encourage compliance and at the same time it would facilitate a wider use of withholding taxes.

Such moves would also largely resolve the differential treatment of those with fluctuating incomes over income years and reduce the differential effect of different income distributions within households. Furthermore, although the personal income tax would not be progressive, the arguments canvassed above suggest that it is presently only mildly and unevenly progressive in actuality in the upper reaches. The illusion of progressivity would be replaced by the reality of proportionality. Another important effect would be to highlight the need to achieve progressivity elsewhere in the tax system, something which is obscured now by the *apparent* existence of a progressive personal income tax.

There is one further general consideration favouring a single tax rate. In the rapid inflation that New Zealand has experienced over the last 15 years, rising wages have pushed wage-earners into higher tax brackets and so increased the government share of those incomes without Parliament's having to justify to the public its intention to raise taxes. A single-rate tax which maintains the same proportionate flow of taxes whatever the inflation rate imposes a healthy discipline on government.

There is much to be said then for a single income tax rate. But there are other considerations involved. Can concerns to mitigate inequalities of income and wealth be met elsewhere in the system? Is a move to a single rate achievable in a way that provides fiscally viable and generally acceptable outcomes particularly as they affect those on lower incomes?

A crucial question here is whether the move should be self-financing in the sense that the total income tax revenue is to remain at the same level. If so, then arithmetic dictates that the single rate of tax must exceed the existing lowest rate. This inevitably raises questions relating to whether those low income groups adversely affected as a consequence should be compensated, and if so how. Abolition of tax-base limitations (which are in any case to be favoured on grounds of efficiency and simplicity) would allow the single rate of tax to be lowered, but it would reduce rather than remove the need to address the compensation issue. The use of tax rebates to compensate lower income groups would, if they were to be abated, have the effect of reintroducing a series of effective tax rates rather than a single rate. Such an arrangement would, in

effect, lower marginal rates at the top of the income scale while increasing them at the bottom.

There is no simple or easy solution to this dilemma. At the very least, this suggests that any move towards a single rate of tax should be approached cautiously with a thorough analysis that can stand public and professional scrutiny.

It is not the function of the Royal Commission to become absorbed in the detail of particular, actual or hypothetical possibilities. Our concern is with broader longer-term objectives, principles and criteria. The remaining comments will accordingly be general in nature and brief.

Clearly the social and economic ramifications of moving to a single rate result from the fact that the first tax step is currently far below the single rate that would have to be struck. Rebate and family support measures and other measures would be needed to compensate lower income earners.

First, there is the identification of the various categories of lower income earners, their numbers, their character, their spread of income, and their present taxes; of the immediate impact in each case of the move to a single rate; of the impact in each case and overall of any low income rebate and family support proposals; and of the capacity of departmental administration and taxpayers to cope with the changes. Family support measures are discussed in another paper. But there are also large numbers of low income earners without dependent children. It is not simply that there are the obvious further categories of young income earners, the self-employed, the retired and those reliant on investment incomes. There is also the relationship between part-time and full-time employment and the increasing social and economic significance of part-time employment for women. Again, low income earners will include many of the individual taxpayers included in income-splitting arrangements. How should they be treated? While a total preoccupation with immediate winners and losers is always likely to militate against change, no matter how desirable change may be in the longer term particularly given expected second-run effects, the analysis itself is important.

Second, there are the difficulties of assessing the impact of tax changes on economic behaviour. Obvious areas are the formation of savings and their investment, private spending of sums released by tax changes and, generally, the supply of and demand for labour. Much has been claimed of the beneficial impact of a flat-

rate tax on incentives, particularly the incentive to work. However, the impact of the income tax system on the incentive to work is the outcome of two opposing forces. The strength of these two forces (referred to by economists as the income effect and the substitution effect) depends upon the average rate of tax and the marginal rate of tax, respectively. A flat tax that was neutral in its impact on revenue would leave the average rate of tax unchanged overall, although it would result in changes that would differ according to the level of income. Such a tax would also have the effect of lowering marginal tax rates at upper income levels and raising them lower down. There is evidence that secondary low income earners are sensitive to significant tax-rate changes but the net effect of these changes on incentives to work for those at different income levels is extremely difficult to trace through with any precision. Furthermore, little reliable information exists to allow the extent to which work behaviour will *actually* change to be estimated. All that can be said with any certainty is that incentives for some groups will improve and those for others will worsen. It is very difficult to establish that the overall impact on work (or other incentives) of changing to a particular flat-rate tax will be beneficial.

Third, there is consideration of the wider ramifications for society. These include recognising that the vast majority of women in the paid workforce with and without families have relatively low earnings; that the availability of income compensation through the tax system may have effects on wage-rate bargaining and perhaps ultimately on wage, particularly low wage, levels and on attitudes to the way in which those on low wages are perceived and perceive themselves; and finally that there are relationships and relativities between those in the workforce and other categories of New Zealanders that need consideration.

Annex II

The Personal Income Tax Base

A basic feature of any tax is the definition of the subject of the tax, here what is to be included in income. There is an attractive simplicity in the philosophy widely endorsed by fiscal economists and reflected in the reports of many tax reform enquiries in various countries that the true measure of annual income is the command over resources achieved during the year. If a person obtains increased command over goods and services for his or her personal satisfaction, does it matter from the point of view of the capacity to pay tax whether it was earned from work, derived from owning property, made from selling an asset, received as a gift, or won at the races? In short, should not every dollar of value gained be taxed? It seems to us that this is pre-eminently an area requiring a careful balancing of principle and pragmatism.

There can be little doubt that the wider the definition of income, the more even the application of the tax and the less scope for tax avoidance and for misallocation of effort and resources. At the same time, there are administrative problems. There are also problems in terms of taxpayer resistance to an all-embracing definition. Two examples are imputed rental income and windfall gains. The benefit to the taxpayer of living in his or her own home compared with paying rent out of after tax income may be imputed to the taxpayer as part of income and taxed as such. Indeed, for many years the income tax legislation of Australia and the United Kingdom did just that. Inevitably there are problems of valuation (unless a formula based on government valuation is used) and of taxpayer resistance.

Taxing imputed rental income would have a depressing effect on house prices and could impose considerable hardship by placing elderly and other low income home-owners in a difficult cash-flow situation. These problems are compounded when you move on to consider other kinds of imputed income such as benefits from handyman activities, and domestic activities of those not in paid work. In principle, these too should be liable for tax. At these extremes the comprehensive tax base breaks down in practice. Again, windfall gifts such as gifts and inheritances tend to be

viewed—by recipients and in the tax system—as wealth to be dealt with outside the income tax regime.

There is, too, an uneasy tension between the economist's concept of income as an accretion to the resources of the taxpayer and thus equal to consumption plus increase in net worth over a period of time and the judicial concept of income (based on the law of trusts) as a flow to the taxpayer. Current income tax legislation and practice does not provide a clear-cut resolution of this tension. In some areas tax accounting is on an accruals basis, as generally in the case of business taxpayers: in others it is on a cash basis, although the receipt itself may not measure the true economic gain once account is taken of the outlay and the post-receipt value of the underlying asset. And it is because rewards for service are treated as an income *flow* that they are taxed in full without regard for the costs of human capital used up in the process.

A tax reformer given a clean slate might perhaps want to look into those questions. However, they are marginal to the necessarily broad approach to tax policy appropriate for the Royal Commission to take.

A careful balancing of principle and pragmatism is required then in tax design. We are satisfied, however, that the focus should be on increasing the comprehensiveness of the income tax base, thereby enhancing revenue-raising, as well as economic efficiency and simplicity goals. *Any exclusion from the comprehensive tax base and any concession, preference or subsidy provided through the tax system should have to be justified in terms of the standard criteria of equity and efficiency (and regularly reviewed) and the revenue foregone should be reported publicly.*

There are three topics in relation to the personal income tax base which as the Royal Commission on Social Policy we cannot neglect and now touch on: capital gains, superannuation and retirement policies, and private health insurance.

Capital Gains

In the last 20 years Canada, the United Kingdom, and now Australia have introduced capital gains taxes. The United States has always had one. Indeed, it began there as an amelioration of the treatment of such gains as ordinary income and in recent tax changes in that country there has been a return towards that position. New Zealand is out of the mainstream of current thought and

practice in the area of capital gains taxation. Consideration of taxing capital gains must be on the social policy agenda.

The basic argument of principle in favour of taxing capital gains was succinctly put in the Draft White Paper on *Reform of the Australian Tax System (1985)*:

> Because real capital gains represent an increase in purchasing power similar to real increases in wages, salaries, interest or dividends, they should be included in any comprehensive definition of income. The case for taxing income in the form of capital gains thus follows from the general case for comprehensiveness in the definition of the income tax base and is similarly grounded in terms of the objectives of equity, efficiency and combating tax avoidance.

It is arguable that read literally the old New Zealand statutory expression including as assessable income 'all profits or gains derived from any business' extends to profits and gains in the form of capital gains. But traditionally New Zealand has not taxed such gains except for specific items treated as ordinary income such as certain land profits. Historically, the reason has been that in the administration of the New Zealand tax system we have followed trust law concepts. They differentiate the interests of the life tenant (entitled to income) from the interests of the remainderman (entitled to capital and so to the proceeds of realisation of capital assets of the trust). So we see the familiar analogies of the tree and the fruit, and the land and the crop. With hindsight it seems surprising that concepts of trust law were considered an appropriate substitute for a direct focus on economic efficiency and equity concerns in the raising of taxes. In practice, too, the distinction between capital and income is often elusive or unreal and it has given rise to an immense amount of litigation.

But while there is some uncertainty as to drawing the line, it is the three objectives noted in the Draft White Paper—efficiency, equity and combating tax avoidance—that have led Australia and other countries to tax capital gains. Clearly, the exclusion of such gains from tax encourages tax planning designed to produce gains in that form. That process distorts economic decision-making and resource allocation. This is because there is likely to be greater investment in assets thought especially likely to appreciate in capital value. And recent changes in the economy and information technology, combined with increased emphasis on financial services, the stock market and commercial developments have perhaps highlighted this factor.

In terms of equity, the well-to-do who have substantial assets and are not so reliant on wages and other personal services income are generally better placed to make investments which yield capital gains. And those who derive their accretions to economic power in the form of gains not subject to tax pay less than those who achieve like gains in a taxable form. As a result, both horizontal and vertical equity aims are compromised.

There is a further element of potential unfairness where borrowed funds are employed to purchase assets in the anticipation of capital gains. The owner receives a tax deduction for the full amount of the interest paid without bringing into account the increase in value of that proportion of the asset representing the borrowed funds. And the interest rate itself often includes a capital allowance for inflation. As a consequence, borrowers expect to gain in real terms from holding these assets in periods of inflation. If no adjustment is made for inflation, there is no recognition of the change in the debt/equity ratio in their favour, often resulting in inflationary times in a real shift of resources from lenders to borrowers. Of course, this does not guarantee that the value of the borrower's assets will in fact increase—as seen in recent months. Finally, there is an obvious erosion of the domestic tax base through the availability of the interest deduction in international transactions where funds borrowed by a New Zealand company are then employed overseas leading to the receipt by the New Zealand company of non-taxable dividends as the only form of revenue gain.

Our conclusion is that viewed in terms of fairness (and economic efficiency) the argument for taxing capital gains is overwhelming.

If that gap in the comprehensive tax base is to be closed, various structural questions will require answer. The first is whether to tax capital gains as they accrue or only when realised. Australia, Canada, the United Kingdom and the United States, to name just four countries with capital gains taxes, have all chosen to tax on a realisation basis. Some erosion of the tax goals of equity, efficiency and neutrality must occur where tax is deferred until actual realisation. Deferral also results in some locking-in of resources and bunching of gains in the year of sale under a system of graduated taxation. But the liquidity problems of those who have insufficient cash resources to pay tax on unrealised gains, and the valuation, administration and political complications, have led other countries to opt for a tax on realisation.

Another set of issues relates to the treatment of involuntary dispositions, of assets held at death, of assets such as homes and farms and business assets exchanged for similar assets, of other personal assets and of assets held in trusts. Then there is the relationship between capital gains tax rates and ordinary income tax rates and possible differentiation between long-term and short-term gains—and the important question of whether the inflation element in gains should be excluded. Next there is the treatment of capital losses, in particular the question whether they should only be offset against capital gains. Finally there are the implementation questions such as whether the new arrangements should apply to all gains realised after the introduction date, or only to the extent that gains have accrued after that date or only to gains in relation to assets acquired after that date. Capital gains taxes elsewhere tend to be quite complex and from the viewpoint of equity and efficiency there may be much to be said for the straightforward approach of taxing capital gains at ordinary income tax rates.

Superannuation and Retirement Policies

The treatment of the elderly and the adequacy of the provision for their needs are of central concern in all societies. In recent years, much attention has been given to National Superannuation, to the financial costs involved now and in the future with likely demographic changes, to its affordability, and to possible alternatives. But important though those questions are they are part only of a much wider set of social and economic policy issues. The starting point must surely be our retirement policies and practices: when should those in the paid workforce be expected to cease remunerated employment? How should their retirement income support needs be provided and funded? These wider retirement questions are considered in a separate paper on 'The Elderly'. At this point we refer to some immediate tax considerations applying prior to the *Government Economic Statement* of 17 December 1987.

In broad terms, and within certain limits, employer contributions to superannuation schemes and retirement allowances paid by employers were allowable deductions. The income of certain superannuation funds was itself taxed at concessional rates. The third facet was the tax position of the employee. This may be viewed in two stages: while the employee is working and when he or she retires. As a direct tax concession, contributors to superannuation schemes have had a deduction of up to $1,200 if the scheme

is employer-supported and $1,400 if not so. At a tax rate of 48 percent that represents a tax subsidy of $600 or $700 per year. Of more significance is the employer contribution, which in some cases could amount to up to 15 to 20 percent of salary. The total sums involved in the private sector are substantial as is the superannuation subsidy provision in the public sector.

Whether viewed as deferred salary or simply as retirement provision, superannuation arrangements are widely recognised as part of the total remuneration package. But under the tax legislation itself the value to the employee of the employer's contribution is not included in the employee's income for tax purposes. That too has to be regarded as a concession made on social policy grounds to facilitate income maintenance in retirement, with some associated economic advantages to society arising from the availability of such savings for investment and from the reduced risk of dependency on state support after retirement. What it means, though, is that a wage-earner outside any such scheme has paid more tax than a worker whose wage package provides the same overall financial reward, but one that is split between a lower wage and a non-taxable employer superannuation contribution.

Next, instead of considering the tax concession while the employment continues, let us shift the focus to the point of retirement—but recognising that this is an alternative approach, not one envisaging employee assessability in both situations. Regular recurring superannuation payments have been treated as ordinary income in the ordinary way. Lump-sum retirement allowances within specific limits have been taxed only as to 5 percent of the sums received and the receipt of part (in practice, up to one-fourth) of a superannuation entitlement in a lump sum has been treated as a non-taxable capital receipt. The sums involved are substantial—there are many taxpayers who have stood to receive $200,000 or more in this way and to pay only $3,000 or $4,000 in tax in respect of the receipts.

It will be obvious from what we have already said that we consider that that tax regime in respect of superannuation arrangements to be inequitable, inefficient and requiring change. The wider question is whether all concessions in respect of superannuation arrangements should be removed (as outlined in the *Government Economic Statement* of 17 December 1987 and the subsequent *Statement* of 8 February 1988 which assess the increased tax take at $800 million) or whether a modified regime providing support

through the tax system for private and employer-supported retirement provision should be instituted. That is referred to in the separate paper on *The Elderly* in this volume.

Health Insurance

Here we simply mention the need, when considering health policies and the respective roles of the state and of private provision, to consider any concessions or subsidies provided through the tax system in terms of the standard criteria of equity and efficiency. As in the case of superannuation arrangements, the tax system allows for annual deductability (of up to $1,200 and $1,400 and including life insurance and superannuation contributions) of accident or sickness insurance premiums and for the non-taxability of health coverage arrangements provided by employers (and unions) as part of the total remuneration package. Similar questions of fairness and efficiency arise for consideration.

Our general view is that these tax preferences are no longer justified. As with other changes, the likely impact of their removal (for example on access to health services) needs to be assessed too.

THE SOCIAL SECURITY SYSTEM

The Social Security System

1 Introduction

In this paper we discuss the main features of the present social security system in New Zealand, the problems and concerns which have been recognised, and the directions which we favour for reform. Our discussion and recommendations can deal only with the overall shape and emphasis of the system; there are many matters of detail which must be settled elsewhere.

Some major issues are of such importance that they are dealt with in separate working papers. These are: 'Families with Children'; 'The Sick, the Injured and the Disabled'; and 'The Elderly'. Thus this paper deals mainly with what are normally termed 'income-tested benefits': domestic purposes benefit; invalids' benefit; sickness benefit; unemployment benefit; and widows' benefit.

All these benefits are 'need-related'—they seek to ensure that people who fall into these at-risk categories have enough to live on. Whether need is present is ascertained by an income test—the applicant has to declare any income (and the income of a spouse) and the benefit may in consequence be declined or the amount reduced.

Funding is provided directly from general taxation. In this way the community as a whole takes responsibility for those in need.

Along with the broadly analogous war pensions scheme and a number of important supplementary provisions, these income-tested benefits involve annual expenditure of about $2,500 million—33.5 percent of Vote:Social Welfare. (1987/88 Estimates, before tax deductions at source. National superannuation at $3,850 million, also before tax, absorbs 56 percent.)

While these provisions have served us well in the past, in recent years they have come under considerable pressure. From 1977 to 1987 the number on unemployment benefit increased seventeen-fold, and the number of domestic purposes beneficiaries more than doubled. It is partly to protect people in times of financial difficulty that the welfare system exists, but the cost to the taxpayer has risen

FIGURE 1: Distribution of Department of Social Welfare benefit expenditures for the year ended March 1987
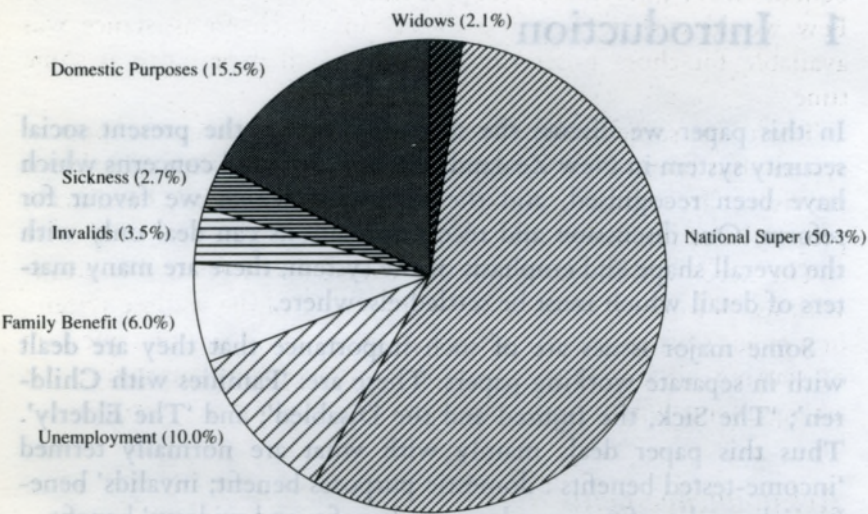
All benefits are net after tax. National superannuation is net after tax deducted by the Department of Social Welfare, but before deduction of any surtax. The percentage figures correspond to the total of these benefits only. Some minor benefits are not included. Also Family Care for the first six months of the year is not included (as also are Family Support and guaranteed Minimum Family Income expenditures by Inland Revenue Department for the final six months). Thus the amount of assistance to families is understated in this chart.

Source: Table A1 of Annex II

at a time when the economy as a whole is under strain. Social welfare staff, premises and systems have had difficulty maintaining standards of service.

In this context it is not surprising that there has been controversy and debate, with varied proposals for improvement and reform. In the next chapter we describe the main features of the present system. Then we briefly review some of the concerns; in later chapters we develop our own recommendations.

Our desire is to see a system which is recognised by all citizens as fair—fair to beneficiaries and non-beneficiaries alike. Virtually all New Zealanders receive some benefit at some time in their lives from the social security system (in addition to other substantial benefits from government services such as health and education). Few would wish to live in a society in which no assistance was available for those misfortunes we could all experience at some time.

There are some widespread misconceptions about our present system, but there are also real concerns about whether the present provisions are still the most appropriate, and there have been many proposals for improvement or reform.

The needs which our system has evolved to meet will continue with us. We do not propose any dismantling of the welfare system, or a major shift to reliance on private provision. It is not a question of starting all over again, but of reviewing and improving the arrangements which have developed over the last 50 years.

Acknowledgements

The Royal Commission has been very much helped in its task by a number of excellent detailed reports prepared by the Department of Social Welfare either specifically for this Commission or as part of other reviews in recent years. They include, in particular, three reports prepared by a special group in the Department of Social Welfare, called the Taskforce on the Royal Commission (TORC). These are: (i) 'Rationales for Income Support'; (ii) 'Units of Assessment for Social Security'; (iii) 'State Financial Support for Children'. Another report which has been drawn on heavily for this working paper is that of the Ministerial Task Force on Income Maintenance, *Benefit Reform: the Next Steps* (1987).

2   Salient Features of the Present System

A proper understanding of the reasons underlying public concerns about the present social security system requires a knowledge of how it has come to be as it is, and of what, broadly, are its current operational guidelines.

2.1 *History*

Annex I is taken from two papers prepared by the Department of Social Welfare for submission to the Royal Commission. It provides a general summary of developments in income support since the beginning of the century.

2.2 *Actual Provisions*

Annex II lists specific benefits, the amounts payable, and conditions of eligibility and entitlement. It also provides statistical information on the numbers receiving benefits and total government expenditure on the different benefits.

2.3 *Present Rules for Deciding—Who?—and How Much?*

Society as a whole decides who should be eligible for benefits, for example, unemployed persons, sole parents, widows, etc., and the general level of benefit to which they are entitled. These decisions then need to be implemented. Detailed rules are required to determine for a specific individual or family whether he, she, or they are eligible, and if so, how much benefit they should receive.

It is these decision rules on eligibility for, and entitlement to, benefits which make the social security system complex. The concerns about the current system are partly to do with the application and consequences of these rules. Calls for reform reflect a perception that the rules have not kept pace with changing social attitudes.

The discussion focusses around the *unit of assessment* question. It draws heavily on the Departmental paper 'Units of Assessment for Social Security'.

2.3.1 *The Unit of Assessment*

The *unit of assessment* is the social unit used to decide entitlement to income support in the benefit and tax systems. The unit can be the *individual*, as it largely is in the tax system, and for benefits such as accident compensation and national superannuation. It can be the *couple*, a man and woman living in a legally married or *de facto* union. Examples are the sickness, invalids' and unemployment benefits when deciding how much benefit should be given. It can

be the *parent and child unit*, comprising a parent, or parents, with one or more dependent children. Examples are domestic purposes and widows' benefits, family benefit, family support and the guaranteed minimum family income (GMFI).

All of these units feature in the current social security system.

2.3.2 *Eligibility (Who?)*

The present social security system is categorical in nature. That is, to be eligible for benefit applicants must first establish that they belong to some category who ares 'unable to derive adequate incomes from the market system, or who are most likely to face unusual expense in maintaining an acceptable standard of living' (*Report of the Royal Commission on Social Security in New Zealand*, 1972, p 65).

Eligibility is defined in terms of specified characteristics such as age, work status, and responsibility for dependent children.

(In the paper *General Considerations* earlier in this volume the Royal Commission concluded that the categorical system should be retained, at least for the present and until the alternatives are better researched, and can be afforded.)

2.3.3 *Entitlement (How much?)*

A person's entitlement is the actual amount of entitlement in dollar terms once eligibility is established.

There are two steps to deciding benefit entitlement:

1 *The base payment rate.* This is determined by the category in which the applicant falls, and by the applicant's marital status, number of dependent children, and age. For instance, the unemployment benefit is lower than other benefits for those without dependants. A married applicant is entitled to a larger base payment than a single person.

   The income of the applicant is not relevant to the base payment rate. It is, however, for the next step, for those benefits which are income-tested.

2 *The level of abatement.* The base payment may be reduced depending on the applicant's income.

These two steps raise two general issues. The first is the use of the *married/single* classification to determine the base payment rate. Is marriage (or a marriage-like relationship) the appropriate basis for

assessing economies of scale in living arrangements? Is another criterion better, such as the *sharing accommodation/living* alone classification?

The second is the abatement of benefit if there is other income, using the *income test*. For most benefits where the income test applies, it applies to the other income of both the applicant and his or her spouse. That is, a couple's income is *jointly*, rather than *individually*, tested. (No account is taken of the income of other adults living in the household or of the income of dependent children.)

This procedure makes assumptions about financial dependency, or interdependency, within marriage. Is joint income-testing still appropriate, in view of the changes going on in society?

We return to these questions later.

2.3.4 *Summary*

There are three different stages to deciding how much benefit an applicant should receive. At each stage, different units of assessment are possible. Table 1 summarises the different units used at each stage for different benefits in the existing system.

2.4 *The Income Test*

The income test on other income of beneficiaries reduces the benefit once income exceeds a certain amount.

For beneficiaries without dependent children, each dollar of income over $50 per week reduces the benefit by 30 cents. Income over $80 per week reduces the benefit by 70 cents for each complete dollar. For those with dependent children the initial income exemption is $60.

To assist with the costs of day care, domestic purposes beneficiaries and widows may have up to $20 a week further exemption. Invalids may also qualify for an additional $20 where there is evidence of high costs. For long-term beneficiaries, for instance the domestic purposes, widows and invalids' benefits, the income exemption applies to annual income. For the short-term benefits such as the unemployment and sickness benefits the income test applies to weekly income.

The purpose of the income test is to direct assistance to those genuinely not able to find or take full-time work and without alternative income, while giving some encouragement to self-help. One contentious provision already referred to is that abatement or

reduction is made against the income of the couple in a marriage-like relationship.

Family Support and the Guaranteed Minimum Family Income (GMFI) are not referred to in detail in this paper. Expenditure on them is met through the Inland Revenue Department rather than by the Department of Social Welfare. However, for completeness, family support is abated at 18 cents for every dollar of family income above $15,000 during the year. For those in employment with incomes below the GMFI level the abatement rate is effectively 100 percent up to the level.

The problem with abatement of benefits is that, in combination with income tax payable on any extra income, it can create a high, effective, marginal tax rate on any extra earnings. This is the sum of the actual tax rate plus the rate of abatement. This can be a disincentive to move off the benefit into full-time paid work, if full-time paid work is available, and appropriate to the beneficiary's circumstances. Probably more often, for most beneficiaries, it is a disincentive to seeking casual or part-time paid work beyond a few hours per week, or to reporting the earnings from such work. This is the poverty trap effect which is sometimes claimed to discourage initiative and lead to persons or families remaining permanently on the benefit.

The changes to come into effect from October 1988 provide for a tax rate on personal earnings of 24 percent (up to $30,875), but with an abatement procedure which effectively brings the marginal tax rate up to 28 percent for the income range $9,500 to $30,875, and leaves it at 15 percent below $9,500.

This means that beneficiaries face the standard marginal tax of 15 or 28 percent on the first $50 (or $60) of weekly earnings. Then to the $80 per week limit it is 45 or 58 percent; beyond that 98 percent. This, incidentally, is still an improvement from quite recently when it was possible for beneficiaries to earn an extra dollar and be worse off after the effects of tax and abatement.

We return later to the appropriate rate of abatement for income tests. The general point is that different categories of beneficiary require different treatment. Those for whom a return to full-time paid employment may not be a reasonable expectation, but who may be able to take part-time employment, up to say 20 hours a week, face a strong disincentive at present. Those affected would include some on the invalids' benefit, plus those with 'caregiving'

TABLE 1: Units used at different stages of entitlement assessment

Unit used in determining:

Benefit type	Membership of eligibility *category*	*Base payment rate (i.e. rate before abatement resulting from income test)*	*Rate of entitlement (i.e. rate after abatement for income)*
Domestic Purposes Benefit	parent and dependent children (sole parents) *or* individual (women alone or those caring for a sick person	parent and dependent children *or* individual	individual
Widows' benefit	parent and dependent children (sole parents) *or* individual (those with no dependent children)	parent and dependent children *or*	individual
			individual
Sickness benefit	individual	couple	couple
Invalids' benefit	individual	couple	couple
Unemployment benefit	individual	couple	couple
National Superannuation	individual *or* couple (where spouse qualifies by reason of marriage)	couple	individual *or* couple
Family benefit	parent (the 'caregiver') and dependent children	parent (the 'caregiver) and dependent children	not applicable (no income test — entitlement equals base rate)
Family support	parents and dependent children	parents and dependent children	couple
Guaranteed Minimum Family Income	parents and dependent children	parents and dependent children	couple

Source: Department of Social Welfare, *Units of Assessment for Social Security*, December 1987

responsibilities, such as domestic purposes beneficiaries. For the latter group the extra costs, particularly for childcare, add to the already high disincentive provided by the abatement regime.

Another, related, problem is that the present 'stand-down' procedures, the time-lapse between applying for and receiving the

benefit, are a discouragement to taking on casual full-time employment. Procedures for 'quick reinstatement' are needed to remove this disincentive.

2.5 Current Benefit Levels, and their Adequacy

2.5.1 Current Levels

The details of benefit amounts currently payable are given in Annex II. Leaving aside national superannuation (at present marginally higher than other benefits), and youth rates, the basic benefit levels are shown in Table 2.

TABLE 2: Benefit rates (from April 1988)
($ per week, after tax)

Without children	*Single* $151.48		*Couple* $252.46
With children	*Sole parent* $208.94		*Couple* $232.88
Plus	$6 Family Benefit per child, and Family Support of $36 for the first child and $16 for other children.		

Note, however, that while these rates apply to most benefits, including the unemployment benefit for those with dependants, unemployed adults without dependants have been on a lower rate since 1979. At present these are:

    Single: $134.02   *Couple:* $201.80

For comparisons recent labour-market benchmark figures are shown in Table 3.

2.5.2 Adequacy in Preventing Poverty
Relative to the income of most New Zealand households, the above figures could be seen as barely adequate. However, the question of what benefit level is adequate to prevent poverty, and allow participation, is a complex one, depending in particular on household composition.

2.5.3 Adequacy Relative to General Income Levels
The Commission's first general objective (see other working papers) requires that sufficient income support should be provided to enable all to participate in society. This implies that benefit

TABLE 3: Labour-market benchmark figures (January 1988)

	$ per week (after-tax equivalents)	
Minimum wage	184.90	(Gross 225.00 or $5.62 per hour)
Guaranteed minimum family income (one child) 1987–88	270.00	
Average ordinary earnings (Quarterly Employment Survey, August 1987)		(Gross)
Females	276.70	(356.14)
Males	351.20	(462.57)
All	319.42	(417.17)

levels should be maintained in some more or less constant relationship to general income levels, and that the gap between the two should not be excessively large.

This issue is frequently posed the other way around, however. Concern is expressed that the gap is too small, sometimes non-existent, and that this is a major disincentive for beneficiaries to return to employment, or is an incentive for those currently employed to move on to the benefit rolls.

The concern, from this perspective, is with the 'replacement ratio', the ratio of the benefits (after tax) a given individual would get to the after-tax earnings that person could expect in employment.

At present most benefits are adjusted in line with the Consumer Price Index to protect against inflation. Because average earnings have not risen as fast as prices over the last decade and a half, replacement ratios generally in that period have risen by several percent. The exception is the unemployment benefit for those without children, for which the replacement ratio is lower because of the downwards adjustment in their benefit levels in 1979.

There has been a fair amount of research, in New Zealand and abroad, on the replacement ratio issue. The crucial questions are whether a high replacement ratio does deter participation in the paid workforce (given the longer-term economic and social advantages of being in paid employment) and, if so, what should be considered a 'high' ratio?

From the above figures on benefit levels it can be seen that single beneficiaries do not have a high ratio in relation to average incomes, but this does not necessarily mean ratios for individuals are not high. For youths, aged below 20, the ratio relative to youth rates in awards could be higher, the more so if entitlement criteria are standardised so that all qualify for adult rates at age 18, and if unemployment benefits are brought up to the level of other benefits. (That was recommended in the 1987 Task Force report, at an estimated annual cost then of $54 million.) Against this, our proposals for a 'living alone' allowance later in this paper would reduce replacement ratios for those many single beneficiaries sharing accommodation with others.

For married or sole-parent beneficiaries with dependants, a high replacement ratio is more possible (although in fact a relatively small proportion of unemployment beneficiaries have dependants, about 15,400 out of a current total of 88,000). A research paper by Treasury staff in 1986 estimated that on the current benefit regime around 5 percent of the workforce could have a replacement ratio higher than 70 percent (that is they would receive a benefit higher than 70 percent of their otherwise earnings). The bulk of these were married individuals with children, but a significant proportion were single people under 20.

If unemployment benefits were standardised with other benefits, the workforce proportion with a replacement ratio higher than 70 percent would increase to about 7 percent. Whether this is sufficiently high to be of serious concern is still largely a matter of judgement.

The root cause of the problem is that benefits are concerned with family living standards, and so reflect family composition. Wages do not. So for certain households there can be overlap between benefit levels and wage levels. If the overlap is small, as seems on the whole to be the case, not many households will be better off on the benefit, and fewer still will deliberately choose that option. The striking headlines on occasion provided by those who do should not divert policymakers into paying excessive attention to curing this one problem, to the neglect of others.

2.5.4 *Adequacy Compared with Other Countries*

A comparison of benefit levels in New Zealand with those in other countries provides a check on benefit adequacy, with the proviso that different societies will have different views on what level of

income is 'adequate'. There are considerable obstacles in making such international comparisons. Income support systems differ widely from country to country.

The income maintenance system most similar to New Zealand's is the Australian. Relative to average wages, New Zealand benefits are at a substantially higher level than Australian benefits (see R. Stephens, *Social Welfare in Australia: A View from the East*, University of Melbourne, Dept of Economics Research Paper 169, February 1987). However, some comparisons made with other OECD countries suggest that this might be because Australian levels are relatively low, more than because New Zealand levels are relatively high.

2.6 Relative Adequacy of Benefits for Different Household Types

The previous chapter discussed the 'adequacy' of the benefit system in relation to whether benefits in general were at a level adequate to satisfy the objectives of the income maintenance system. There is another dimension to adequacy. This is that while the level of benefit provided on average might be appropriate, this may not be true for certain categories of beneficiary. Some may get too little, and others too much. For instance, need is related to the number of adults and children in a household. The present benefit system tries to allow for this by adjusting entitlements.

There is some evidence, however, that the present adjustments for family numbers and composition are not as well-directed as they should be. The 1987 report of the Task Force on Income Maintenance referred to three possible instances, for which there was evidence that:

(i) Sixty-five percent is the more appropriate cost of living relativity between one-adult and two-adult households, than the 60 percent implied by the current benefit structure. (This topic is taken up in a later chapter.)

(ii) The benefit rate for one-parent families with one child is excessive relative to that for other family groups.

(iii) Larger families are somewhat disadvantaged—the larger the family the greater the relative disadvantage.

The analyses of relative living costs ('equivalence scale' studies) to provide firmer New Zealand evidence for these conclusions is

complex, but needs to be carried out. The urgent task, in our opinion, is to establish more precisely the magnitude of 'living-alone' costs.

2.7 Indexation of Benefits

Most benefits are indexed to price movements, and so are virtually unchanged in purchasing-power terms since the mid-1970s. The exceptions are earnings-related accident compensation benefits and national superannuation, which are indexed to movements in after-tax average earnings. (There have also been recent ad hoc adjustments to national superannuation to maintain purchasing power.)

Indexation in line with inflation protects the absolute living standard of beneficiaries. Indexation with some measure of average earnings or income, on an after-tax basis maintains their position relative to other members of the community.

This second approach is more in line with our first objective of 'participation'.

The use of a 'mixed' indexation system has led to problems, because wages have increased less than prices since the mid-1970s. That is, real wages have fallen, as a consequence of New Zealand's poor economic performance. The concern which has in consequence developed about the 'replacement ratio' has already been discussed. Another problem is the fluctuation in the position of national superannuitants relative to others.

2.8 The Changing Contribution of the Benefit System to Income Redistribution

We have had the benefit of a study, commissioned by the Department of Social Welfare, on the Effects of the Budget on Income Redistribution and Distribution ('The Government Budget and Social Policy', SEBIRD Working Paper, Suzanne Snively and others, Department of Social Welfare). The study has examined how government budget measures affect households in two years, 1981/82 and 1985/86 (and is being updated to 1987/88).

It covers a wide range of government activities which influence household income levels: taxes, spending on health and education, the distribution of interest on public debt, and other items as well as social security payments. Obviously, such a study has to make

strong simplifying assumptions about the effects of government intervention on what individual or household behaviour would otherwise be.

Nevertheless, the results are of considerable interest in the context of this paper.

Broadly the study shows the income support system to be strongly redistributive and to have become somewhat more so over the period considered. (This is in relation to the market income received by households.) The tax system became somewhat less redistributive in the same period, however.

Examining the results for different household types, those who gained most significantly from the government budget, for both years, were two-adult national superannuitant households. As well as receiving the benefit of national superannuation payments, national superannuitants are major users of the health system. Families with children also gain significantly from government expenditure but this is largely offset by the taxes they pay.

Adjustment for the relative costs of living of different household types (through the use of 'equivalence scales') shows that redistribution through the government budget does not fully meet the extra costs of parenthood for nearly all household types with children. One-adult households with children appear to be markedly worse off than most.

2.9 The Accommodation Benefit

This benefit stands somewhat aside from the standard income-tested benefits, and is only briefly discussed here.

The benefit is available to those on benefits who have high housing costs. The provisions were changed in 1987 to allow the accommodation benefit to be also claimed by those on low earned income as well as those on benefits. To qualify, high housing costs must be established. The accommodation benefit is subject to a means test as well as an income test so that cash assets are taken into account as explained in the appendix.

By far the largest numbers of accommodation benefits are paid to domestic purposes beneficiaries. In their case the benefit, where applicable, is abated at 25 cents in the dollar for extra income up to, but not beyond, $80 per week.

3 Current Concerns

3.1 *Too Easy?*

We have received many submissions from people (usually not themselves beneficiaries) who feel that benefits are too easily available. Part of the problem comes from the difficulty the Department of Social Welfare has in fully checking the circumstances of the many thousands of people now receiving benefits. A small number do abuse the system. The long-term answer is to have a system which is perceived to be fair (as is not always the case at present) and which is as simple as possible to administer. In the shorter term the answer is not to penalise honest and dishonest alike.

3.2 *Too Generous?*

In similar vein many have called for the unemployed in particular to be required to do some form of work for the community to justify receiving financial support. This approach is sometimes called 'workfare', and is gaining considerable attention abroad. We have some sympathy with this viewpoint, insofar as it reflects a concern for the unproductive and aimless existence into which a number of younger unemployed people seem to be drifting, but are not convinced that workfare is a satisfactory way to provide productive work. Our recommendations about this younger age-group are made elsewhere in this paper. However, for adults we believe that except for those nearing retirement the fundamental purpose of the unemployment benefit is to assist the process of return to full-time meaningful work. It tides them over and allows them time to search for suitable work. The benefit is not paid to people for whom there are jobs available. If we as a community have jobs we want done, we should be willing to pay people to do them.

There has also been concern that benefits are unduly generous in comparison with wages, so that some beneficiaries get as much for doing nothing as others earn in a 40-hour week. We have discussed this concern at some length above. Young single mothers on domestic purposes benefit seem to have attracted an extraordinary amount of attention in relation to their numbers—only about 20 percent of beneficiaries have not been married (or in a de facto relationship), and of them only 4 percent (less than 1 percent of the total) are under 18 years of age. If there is a problem, we believe it

should be addressed by offering better life choices for young women rather than by limiting availability of the domestic purposes benefit.

3.3   *Too Niggardly?*

Beneficiaries on the other hand, are adamant that benefits do not allow a decent standard of living. This is felt most acutely by those living alone, by those with several children, and by those who have to live for prolonged periods on their benefit and dread the times when basic household equipment or clothing needs to be replaced, or the decision has to be made whether or not to visit the doctor. Questions of benefit levels are discussed in section 5 below.

The general concern with adequacy embraces particular issues which we address elsewhere in this paper. Among them are:
- the lower rates for unemployment beneficiaries without children;
- the way one spouse's income affects the benefit entitlement of the other;
- the rate for single people in relation to that for couples;
- incentives and poverty traps.

We have received many submissions regarding the way those injured in accidents are provided for more liberally than those who are unable to work for other causes. This question—and the concerns of the disabled about the costs of disability—are treated in a separate paper, 'The Sick, the Injured, and the Disabled'.

3.4   *Too Complex?*

A constant theme of beneficiaries is the difficulty and frustration they experience in dealing with the Department of Social Welfare. They find information hard to come by, the conditions in offices degrading, and embarrassing delays in receiving payment almost routine.

Part of the problem stems from the vastly greater numbers with which the Department is now dealing. Applicants from different cultures, and from the full range of socio-economic groups, meet barriers, real if usually unintended, in communicating with counter staff. The review *Puao-te-ata-tu* (1986), has tried to address some of the problems in cross-cultural communication. There have been increases in staffing and improvements in accommodation, and

these must continue. In large part the problems stem from the inherent complexity of the present system. It is difficult to understand, to explain and to administer.

3.5 *Problems for the Young?*

As with other issues there were two streams of opinion expressed in submissions to us. Some thought that too many young people were enabled to live an aimless unproductive life on rather too generous benefit payments. Submissions and presentations from young people themselves unsurprisingly had a different perspective, regarding young people as discriminated against in the benefit system. They also stressed the inadequacies perceived by young people in the education system, and in the job market.

Few would question that there are at present serious social problems involving too many young people. These are not for the social security system alone to solve. Some suggestions on desirable directions of change to the social security system are, however, made in a later chapter.

4 Benefit Standardisation

Our present benefit system has developed over many years—the history is summarised in Annex I. In spite of broad similarities between different benefits there are a host of minor differences and complexities in regard to different provisions which make the system very difficult both for clients to understand and for staff to administer. The different provisions are set out in Annex II. We support a considerable degree of simplification and standardisation.

4.1 *A Generic Benefit?*

Benefit Reform: The Next Steps, the report of a Ministerial Task Force on Income Maintenance, was published in December 1987. A major recommendation was for a 'generic benefit' which would standardise criteria and rates for the present domestic purposes, invalids', sickness, unemployment and widows' benefits. This benefit would be subject to a standard income test, and be available to people over 18 years of age who had resided in New Zealand for 12 months, and were unable to be part of the workforce due to:

– sickness, injury or disability; or

- the need to care for a dependent child without the support of a partner; or
- inability to find employment despite efforts to look for work.

A flexible 'transitional allowance' was proposed to assist any others in need, with the goal being full-time employment.

The suggestions for standardised criteria of age, residence, rates, commencement of payment and paying arrangements are in general sensible and should be implemented.

We do not go the full way with the Task Force, however, in considering that all benefits should be unified in the one Generic Benefit.

4.2 *Long-term and Short-term Need*

Although considerable standardisation is possible, the different benefit categories do reflect different situations and it is not helpful to amalgamate them all into a single generic benefit. The permanently disabled are in a different position from the temporarily sick. The unemployed should be given every incentive to gain full-time (rather than part-time) work. Those with young children should not be expected to work full-time, but should not be unduly penalised if they take part-time work.

Rather than a single generic benefit we favour a system that distinguishes between long-term and short-term need. (Approximately speaking, those likely to be on the benefit less than six months or so, and those likely to be on for a longer period.) Those likely to receive state support for an extended period (invalids and sole parents) should have any income assessed over a longer period (one year?), and should be able to move immediately back onto benefit if problems arise in an attempted return to the workforce. Those whose stay on a benefit is expected to be short term (the sick and the unemployed) could appropriately have their income assessed over a shorter period (a week or a fortnight?). The present abatement regime is probably reasonably appropriate.

In making this recommendation we have considered but not been persuaded of the merits of alternatives such as a Guaranteed Income scheme (for families and/or individuals) and negative income tax mechanisms. At the present time the way forward lies in the development and simplification of the present systems.

4.3 *Rate of Unemployment Benefit*

We see no reason for adult recipients of the unemployment benefit to be paid at a rate lower than those on other benefits. (The questions about youth rates are more complex and are treated separately later.) At present a single unemployed adult receives $134.02 a week, $17.46 less than a person on, say, sickness benefit. A married couple (without children) receive $201.80 a week on unemployment benefit, $50.66 less than their counterparts on other benefits. This differential is clearly stigmatising, is resented and is thought to lead to some abuse, for instance by attempting to move onto the sickness benefit. It should be removed.

When this is done it will remove the financial reason for continuing widows' and domestic purposes benefit on past the time when the children have grown up. Over 9,000 (more than 70 percent) of those receiving widows' benefit no longer care for dependent children, and this is true also for over 2,500 of those on domestic purposes benefit.

However, today many women enter the workforce after their families leave home, and it is reasonable to expect sole parents and widows to do the same. If they have difficulty finding work, the unemployment benefit would be available—at the same rate as their previous benefit.

This change will also help meet a concern in relation to the sickness benefit. There is some feeling that too many who are not really sick receive this benefit and so do not need to look for or be available for work. At a time of high unemployment it may be a valid medical decision to keep the marginal cases on sickness benefit rather than requiring them to seek non-existent work. At the moment there is an additional incentive to take this option because sickness benefit is at a higher rate than unemployment benefit. Bringing them to parity will remove this part of the problem.

5 Level of Benefits

The appropriate level for benefit payments is in the end a matter for judgement and decision as to what is right for New Zealand at the present time, taking into account the present economic situation of the country as a whole and the incomes of wage and salary

earners as well as the needs and expectations of beneficiaries. No simple formula is available.

5.1 *Benefits and Wages*

We have referred to the concern about the 'replacement ratio'. It is argued that benefit rates are so high in relation to the wages beneficiaries might expect to earn that some people prefer to be on benefit rather than trying to find work. We believe that this concern is misplaced, in that the number of such cases is small.

It is true that for some beneficiaries—mainly those who have extra entitlement because of children—the amount they can receive on benefit is close to, and can exceed the amount they could expect to receive from the type of work they might hope to find. We doubt, however, whether increasing the gap between wages and benefits would greatly affect their desire to find work. For married persons with children there are already very strong additional motives for wanting employment. Few people with families relish the prospect of being permanently locked in to a low income existence which virtually excludes normal hopes and ambitions. Work provides status, friendship, social life, personal satisfaction, and the chance for ultimate improvement in one's situation.

For single parents with young children the difficulty of combining work with caring responsibilities is a valid reason for not seeking full-time employment. The disabled have their own difficulties. In neither case is a widening of the gap between benefit and wage levels likely to influence strongly their willingness and ability to work.

For unmarried adults the present replacement ratio is already low, with the benefit rate about four-fifths of the minimum wage.

In summary, we are not persuaded that benefit rates in relationship to wages are too high, having regard to the state of the economy, our history of social provision, the ordinary living standards of New Zealanders, and the fair treatment of those who for a variety of reasons are unable to earn an income for themselves. We are committed to the objective of preventing poverty, and providing sufficient resources to allow all people the opportunity to develop their potential and find some fulfilment in life. If anything we are concerned that the benefit system frequently does not allow this.

5.2 *Incentives and Poverty Traps*

Another concern about the present benefit structure is that there is little incentive for a person on benefit to seek to earn additional income. Above a fairly modest level ($80 a week) any extra earnings are entirely absorbed by a combination of tax (30 percent, or 28 percent from October 1988) and abatement of benefit (70 percent). It is only when there is some hope of earning enough to move off benefit entirely that there is any incentive to increase income. Until then the beneficiary is in a 'poverty trap'.

There are two reasons for these abatement procedures; to contain government spending, and direct it to those most in need; and to reduce benefit as other income increases through part-time supplementation so as to preserve equity with full-time wage-earners.

The cut-off is less drastic now than it was a few years ago, but there is not much room for further relaxation.

While clearly undesirable, this situation is not as serious as is sometimes represented. Many beneficiaries are not in a position to earn substantial sums in any case. Few would wish a relaxed abatement regime at the cost of a general lowering of basic rates of benefit.

We do, however, believe that something can and should be done in the case of those whose stay on benefit is likely to be long term—certainly for the disabled and probably also for sole parents and widows. They have little chance of moving completely off benefit, and suffer most from the inability to build up a cushion of resources to meet occasional major expenses. We believe that such people should have a less restrictive abatement regime so that they can increase their incomes beyond the very minimal level into which they are locked.

5.3 *Benefit Adjustment*

People receiving income support from the state should be as far as possible an integral part of the wider community, sharing the same concerns and fortunes. It follows that benefit levels should bear some relation to incomes in the wider community, and be adjusted regularly to maintain that relationship.

The 1972 Royal Commission on Social Security set a benefit level related to wages. Since then, for reasons which seemed adequate at the time, benefits have been adjusted according to movement not in wages but in prices. This has led to some unevenness in the relationship of the incomes of beneficiaries to those of wage-earners. When national superannuation was introduced in 1977 it was related to average wages. We believe that both national super-annuation and income-tested benefits should be indexed in the same way to some measure of after-tax wages so as to provide automatic adjustment to general living standards in the community.

6 Youth

6.1 *Youth's Problems*

Youth are broadly defined as those aged from 15, school-leaving age, to 18 or 20. Youth is of course a transition stage of life, from childhood to adulthood, from being a dependent, to independence. It is because it is a period of transition that the problems in income support policies, and social policy generally, arise.

Among the social ills apparent in New Zealand society today those affecting young people are of very great concern. These are:

(i) The disillusionment of too many young people with school, and the consequent dropping out from the formal education system as soon as legally permitted (at age 15). An unduly large proportion of those early school-leavers are Maori.

(ii) The resulting emergence of a subgroup of untrained young people, with very high unemployment, few prospects of finding satisfying work in future and, as a consequence, suffering low self-esteem.

(iii) Vulnerability, for those who see before them little prospect of a fulfilling life, to the temptations of engaging in criminal and other anti-social activity, such as drug and alcohol abuse.

Clearly, income support policies cannot be the sole, or even the major, instrument for combatting these social problems. First must come the encouragement of better parenting, in childhood and adolescence. Income support does play a part here in easing some

of the stresses on families, in particular families with broken marriages, caused by financial commitments of parenthood. Second, probably, comes the provision of adequate health services, and the availability of housing of adequate standard (poor housing is closely linked to poor health). Then comes education. It is clear that a formal education system which 'turns off' a proportion of adolescents is not performing satisfactorily. This is not the place to discuss problems with and reforms needed to the education system (other reports to be issued by the Commission do that). But clearly education must come to include the provision of opportunity for training and the development of job skills. Equally important are employment policies, and general economic policies, which ensure that jobs with satisfying prospects are in fact available in sufficient number. As remarked elsewhere in the Commission's papers, social problems in general are far more easily tackled, and resolved, when productive paid work is available to all.

Only after these, in order of importance, come income support policies aimed at youth. Their role is not, however, unimportant. In particular, the signals that income support provisions give school-leavers, or potential school-leavers, can be important in directing young people into the right education or career option.

6.2 *The Task Force Proposals*

The report of the Ministerial Task Force on Income Maintenance, *Benefit Reform: The Next Steps*, released late in 1987, had the following comments and recommendations about the young unemployed. It said that (p. 79):

> The young unemployed are a group which require special attention to avoid them remaining in the social security system as they get older. They need to be given clear signals that society:
>
> –prefers they remain at school until they have obtained whatever qualifications their potential allows.
>
> –expects those who leave school early to take employment related training if no job is available.

The report favoured a commencement age for statutory entitlement (to standard benefits) of 18 years, the 15–17 age group being provided for as follows (Benefit rates are as at the date the report was compiled):

> To achieve the balance between meeting needs and giving clear signals, the following is the regime of rates proposed for unemployed 15–17 year olds:

(a) School leavers without work record $42 pw (equivalent to family support and family benefit)

i.e. 6 months employment

(Current rates: NIL for 15 year olds; $94.07 for 16–17 year olds)

(b) With work record and job searching $87.44 pw (80% of half married rate)

(Current rate: $94.07 pw)

(c) While taking training $87.44 pw + training incentive

(Current rate: $94.07 pw + 10% incentive)

The same rates would apply to groups other than the unemployed.

In quoting these Task Force recommendations incidentally, it should be mentioned that their recommendations on changes to the income maintenance system were made within the constraint that there should be no overall increase in government spending.

6.3 *The Present Situation*

Table A6 shows that some 12,500 plus young people aged 15 to 17 were recently receiving a benefit. A further 16,500 approximately, aged 18 or 19, also qualified for one or other benefit.

In the age-group 15 to 19, the unemployment rate in 1986 was approximately 10 percent (Table A7), but was much higher for some groups such as young Maori. Table A8 shows the number of full-year students by age and educational institution. (The above tables are in the Annex at the end of this paper.)

The current (April 1988) levels of state assistance available to teenagers are shown in Table 4.

The government announced in December 1987 that these different levels will be removed and a standard form and level of support will be provided. No details are as yet available but it appears that older teenagers who remain in school are not included in these provisions.

Of the 12,554 teenagers under 18 receiving a benefit, 81.5 percent are unemployed, 8 percent are disabled, 4 percent are sick, and 6.5 percent are receiving the DPB. Teenage unemployment is especially concerning given the importance of this period of one's life for the formation of lifetime work habits.

Nevertheless, if changes in state assistance to teenagers are introduced too quickly, there may be real hardship amongst those teenagers who are currently unemployed and unable to find work.

TABLE 4: State assistance available to teenagers (January 1988)

At school:
Up to the year in which the teenager turns 18 there is no payment made to the teenager but the family may receive income-tested family assistance of up to $42 including the family benefit ($22 if not the first child). Where parental income is high, the maximum assistance is the family benefit of $6. These rates are not indexed.

School leavers:

15 year olds without work	= no assistance
16–20 year olds without work	= $108.63
15–18 year olds, sick or DPB	= $122.57
Over 18, sick or DPB	= $151.48
Unemployed on training schemes	= $108.63 + 10%

All these benefits are indexed and other assistance may be available.

Tertiary students:
Standard tertiary grant of $42, or $78 if living away from home. This is not indexed.

Should the government follow the recommendations of the Task Force on Income Maintenance, school-leavers without a work record would receive $42 per week, the equivalent of the maximum family assistance. Some submissions have brought our attention to difficulties already being experienced amongst unemployed 15 year olds who leave home and are not eligible for the unemployment benefit. Parents have also pointed out the enormous pressures currently experienced by teenagers to leave school as soon as possible and even to leave home. These pressures appear to be embedded in many facets of our society, not only in the financial signals received by teenagers. Unless we put other support systems in place for these young people, reducing assistance for 16 and 17 year olds from almost $100 to $42 per week is likely to create further economic and social problems, at least in the short term.

We need to work towards a system which enables teenagers to be better equipped to enter the workforce. In this regard, we agree with the Task Force that young people need to be given clear signals that society prefers they remain in school as long as it takes to maximise their potential. This implies that some form of income maintenance may need to be extended to teenagers at school (or to their parents) as well as to those who are in tertiary education or training. It could seem consistent to pay a benefit to

the teenagers themselves, recognising them as individuals in their own right from the age of 15 to 16 years, although we recognise that the costs of keeping teenagers at school are borne primarily by the parents.

6.4 *Some Suggestions*

(i) Giving the right signals to young people is important. It may conflict, however, with the need to relieve the economic hardship in which some young people find themselves.

(ii) The age-group where signals are most important is that from 15 to 17. It is also the age-group where the large majority of young people can still reasonably count on a degree of parental support.

(iii) Our inclination is to draw a distinction between those in that age-group (15, 16 and 17 year olds) with a work record and those without a record. Those who have been in work but are unemployed and meet the work availability test would on that approach be entitled to an unemployment benefit at an appropriate rate. Present sickness and invalids' benefit entitlements would continue. Others in that age-group would come under (iv).

(iv) Reflecting the importance we have attached to education and training in paragraphs 6.1 and 6.3, we broadly favour the introduction of a Youth Allowance for all in that age-group (or perhaps confined to 16 and 17 year olds) who are engaged in education or training programmes. A major development of this kind would clearly require not only considerable research but also wide public discussion of all the implications.

(v) From age 18, this could be followed, for those in full-time attendance at educational instutions, by a standard taxable, but not income-tested, grant, similar to the present standard tertiary grant.

The best means of signalling the need for further education and training to those unemployed would be for the further education grant to be higher than the unemployment benefit. That, for cost reasons, is impossible. In any case those in higher education can expect on average to receive substantial income advantages through lifetime as a consequence of their state-supported access to education. The financial incentives, although longer term, are already plain to see. However, there is a need to increase the standard tertiary allowance. There would be advantages in both adopting a regular indexation procedure, and in so doing expressing the allowance as a proportion of the unemployment

benefit. Moves to further encourage continued education, if required, could take the form of lifting the allowance to a higher proportion of the unemployment benefit.

(vi) In the longer term there does appear to be merit in gradually shifting the age of entry into the workforce up to 18 years, with all teenagers under 18 remaining in school or in some form of training which may include on-the-job training. This implies directing more resources towards investment in secondary and tertiary education and in other training facilities, particularly outside of the main cities. The income support system should be consistent with this objective. Clearly there would be a need for wide public discussion, involving unions and employers' associations, and extended research, as mentioned in (iv).

7 The Unit of Assessment

This term refers to the basic unit entitled to benefit assistance, and the way the composition of the unit affects the amount which is received. A description of the units used in the present system was given in Section 2.

7.1 *Individual, Couple, Family*

In the past the accepted pattern of family life was the one-income household. Even in 1972 the Royal Commission on Social Security treated this as the norm, and their recommendations are still in force today. A married couple is regarded as a single unit — the benefit is intended to be sufficient to support both spouses, and any income of either spouse leads to a reduction in benefit. For unmarried people, however, the unit is the individual person.

There has always been an element of inequity in this. For example, a disabled person or a sole mother who (re)marries, immediately loses all benefit income; the new spouse is expected to provide total support.

In recent years the assumptions of the past have been challenged on several fronts. On the one hand we have been reminded that in the Maori tradition the unit is the whanau or even hapu rather than the individual or the nuclear family. At the same time women have rightly claimed recognition as individuals for the part they play in the family either as home-makers or income-earners or

both. It is clear that the present system can no longer be regarded as satisfactory.

It is estimated that between 1966 and 1986 the overall labourforce participation rate of women has increased from 23 to 53 percent. Married women in paid employment pay considerable amounts in taxes; if they become sick or unemployed the household income is seriously affected and they complain that their spouses' income prevents them from receiving assistance. And with growing frequency it will be the male earner who finds himself not entitled to the benefit because he is disqualified by his spouse's earnings. It is significant that recently introduced provisions such as accident compensation and national superannuation have taken the individual as the unit of assessment, and the same is now generally the case within the taxation system.

These social trends imply that we should be moving towards assessment of the amount of benefit without reference to marital status or income of the spouse. However, we are also aware that society is still in a transition phase. There are still many one-income households, and even where there is a second income, the total is more likely to be one-and-a-part than two. Moreover, a rapid move to individual entitlement would mean a very large increase in government expenditure.

7.2   The Options

(This section again draws heavily on the DSW paper, 'Units of Assessment for Social Security'.)

The units of assessment currently used in the social welfare system were discussed earlier. The three-stage framework for deciding eligibility and entitlement means that a different unit can be used at each stage. The stages, and the units presently used for the more important needs-based benefits, are shown in Table 5.

Option 1: A Strict Individual Approach

The individual would be used as the unit in making all three determinations.

This option would provide separate entitlements for adult men and women, irrespective of their marital position. Its striking feature is its implication in relation to children. Because the economic dependence of children on their parents is not recognised within this option, it implies the creation of universal

TABLE 5: Current assessment units in determining benefit eligibility and entitlement

| Stage | Unit of Assessment | |
	For Domestic Purposes and Widows' Benefit (with dependent children)	For Sickness, Invalids', and Unemployment benefit
1 *Membership of eligibility category*	Parent and child	Individual
2 *Base payment rate*	Parent and child	Couple or Household
3 *Rate of entitlement (after income test)*	Individual	Couple

support entitlement for children, a 'universal child benefit'. Benefits paid to adults would no longer cover the costs of dependent children, because their support would be provided through the universal child benefit.

The option has an attractive conceptual simplicity, and some would endorse the value it places on the autonomy of children. It probably conflicts, however, with prevailing views of the needs of children. Also the cost would be high.

Option 2: The Modified Individual Approach

Under this option, children would be regarded as financially dependent on adults, but no adult would be regarded as financially dependent on another adult.

This modified approach requires two systems of assessment. The first would be that for persons responsible for the care and support of children (or for others requiring full-time care). That is, the equivalent of the present domestic purposes and widows' benefits for those with dependent children. The units would be exactly as at present (see Table 5) or, in a slight variation, the parent and child unit could also be used at the third stage, that is any income of the children would also be included in the income test.

The major change is in the assessment procedure for persons without responsibility for children. The individual would be the unit of assessment at the second and third stages, as well as the first. There would no longer be a 'married-rate' benefit. Entitlement would be unaffected by the existence of a spouse or the income of that spouse.

An implication of the individual approach is that the base payment should not be determined with reference to the applicant's marital status. Nor, if strictly applied, with respect to

living arrangements generally. However, we do consider that the base payment rates should take account of the differing costs of different household types (justifying also the higher base payment to sole caregivers), but that marital status is no longer the appropriate indicator of economies of scale in household costs. We come back to this in a following section.

ENTITLEMENT FOR CARING RESPONSIBILITIES? Two basic questions arise from the Modified Individual approach in relation to children. (These relate more particularly to the 'Families with Children' working paper, but are dealt with here for the sake of completeness.)

The first is whether the presence of children in families (or of other dependants requiring full-time care) should permit the waiving of a 'willingness to work' criterion as a condition for a benefit. The second is how children affect the level of benefit.

An answer to the first question consistent with current child-rearing practices would be to support couples with children for a limited period of time during which one spouse would be principally engaged in childcare to the exclusion of paid work. (This does not exclude sharing arrangements between the spouses.) The parent not working would receive a *parent support benefit*, irrespective of spouse's income. Or if intended to cover as well the care of dependants other than children, as we believe it should, the more general title of *Carers' Allowance* is appropriate.

Beyond this period, say after the youngest child is aged 5 years, or 6, or 8, the presumption would be that both parents worked.

Continued benefit support would be available, however, for one or both parents (both at the single rate) if unable to find work, or medically unfit for work.

For sole parents, the same approach might apply. But eligibility might continue until the child reached a higher age, reflecting the greater demands which childcare places on sole parents.

A simple answer to the second question would be to regard the costs of supporting children as equally shared in a two-parent family. The benefit paid to the partner not in or seeking paid work would be related to half the family's child-support costs. For a sole parent, the presumption would be that the benefit covered all child costs.

The implications for the design of a Carers' Allowance, in the context of a move towards a Modified Individual unit of assessment system are as follows:

(i) For a two-parent family the Carers' Allowance should be available for those years of childhood requiring full-time care (which might still be alternated between the parents). The allowance where full-time care is required for a person other than a child would be granted for as long as required.

(ii) For a sole caregiver, the allowance would be granted, for childcaring responsibilities, for a longer period.

The working paper on Families with Children continues the discussion and indicates the kind and range of questions requiring consideration.

Option 3: The Present System, Modified

That is, the present system, with simplification and standardisation of conditions of eligibility where appropriate, and with a supplement for sole adult households replacing the present differential based on marital status (see below).

Option 4: The 'Non-State Communal Approach'

Two forms have been sketched out in the Department of Social Welfare paper. One, specifically for Maori people, is based on the idea of extending the traditional role of the iwi, or hapu, in Maori society through the creation of a new type of institution, which has been referred to as the *iwi economic enterprise* (but could equally be hapu). The structures for this need developing by Maori.

The other form, the *economic support co-operative*, would be a similar institution, but for Pakeha and other non-Maori groups. It would operate in parallel to the conventional system. Individuals electing this option would cease to be eligible for corresponding assistance through the conventional social security system.

This option as a whole needs more exploration and development. An important point is that in terms of the income support system it need not involve any increase in expenditure. And it could co-exist with any other option chosen.

7.3   Married, Single, and Living Alone

Another aspect of the unit of assessment is the way in which the rate for a single person is related to that for a person who is married. At present a single person receives 60 percent of the married couple rate. It is assumed:

(a) that a single person has an expenditure pattern that justifies payment at 60 percent of the married couple rate;

(b) that all single people have the same expenditure needs.

Neither of these assumptions is as persuasive as once it may have been.

Single people who live alone — for example a widow whose husband has died — report that it is much harder to make do on the single rate than it had been as a couple on the married benefit level. Studies undertaken overseas suggest that more than 60 percent is needed to achieve the same standard of living. Proper studies are needed on New Zealand data also to check whether a person living alone should receive more than 60 percent of the benefit payable to a married couple. Because of the large amounts of money involved it is important to have reasonably sound evidence to justify an upwards shift for people living alone. Such study should not, however, be unreasonably delayed. There is little doubt, from overseas work and from submissions to us, that beneficiaries living alone are more hard-pressed than others.

However, not all unmarried people live alone. In particular many elderly single people share accommodation, perhaps with a son or daughter; and many younger people live either with their parents or together in flats. Their expenditure pattern is more like that of married people than of a person living alone. In today's world marital status is not an appropriate indicator of need.

Accordingly we recommend that the individual person — be they married or single — receive the same rate of benefit; a married couple would receive two individual entitlements. This would be a significant move towards taking the individual as the unit of assessment. For people living alone, however, there would also be the living-alone allowance at 10 percent of the married couple (or 20 percent of the new individual person) rate. These percentages are in line with present benefit levels. But they need fairly urgent review.

7.4   *The Direction of Change for the Income Test*

Women, in particular, object to the present system because of the *joint* income test, applied to the sum of their income and their spouses' income. (As noted, more and more men are finding themselves barred from benefit because of their spouses' income.) This carries presumptions of their being willing, and able, to rely

on their spouses for financial support. Moreover, two-income households may have taken on commitments difficult to sustain if one income is lost through unemployment or sickness.

An individual income test, however, would mean substantially increased benefit spending, more than could be undertaken responsibly in the present fiscal situation. Also benefit payments would be a lot less well-directed to those households particularly in need.

Are there then 'stepping stones' on the route to individual entitlement, which would meet some of the present objections but at the same time not involve too great an increase in expenditure?

One relatively inexpensive step, it appears, would be to remove the present joint-testing of the Invalids' Benefit. This is proposed in the accompanying paper on 'The Sick, the Injured, and the Disabled'. (Also proposed there is the total abolition of the income test for the disability allowance.)

There remain the Sickness Benefit and the Unemployment Benefit. Individual income-testing would involve considerable extra expenditure, although less so for the sickness benefit. In fact the sickness benefit was individually income-tested for a period from 1975 to 1983, the duration of the benefit being limited to 13 weeks, and requiring 12 months full-time employment to qualify. (The return to joint-testing resulted from the 'three percent' expenditure cuts departments were required to find at that time. The savings were thought to be of the order of $1 million annually.)

Two initial restrictions for containing expenditure increases could be

(i) To require, in addition to the 'available for employment' test, or the medical test (for sickness benefit), that the applicant has been in the paid workforce during a 'recent period' prior to application for the benefit. That is, a 'recent paid work' test. For sole parents, and other full-time caregivers, 'recent caregiving' would also satisfy this criterion.

(ii) Allowing the 'individual' benefit for only a limited period, as for example when the sickness benefit for some years was available on this basis for a period up to 13 weeks. A possible justification for this procedure is that it helps 'tide over' the financial emergency which can arise when one source of income to the household is lost (but could worsen if it is the major source of income).

These procedures also introduce a certain messiness to the benefit system. Presumably the 'couple' rate of benefit would run in tandem with the 'individual' rate, with couple households in some circumstances qualifying for one rate, in others the other. Also rules would be needed for deciding what level of part-time work should be regarded as qualification for the benefit, and perhaps whether the benefit should be proportional to the number of full-time hours worked.

This extra complexity, however, can be seen as directly related to the widespread shift from traditional 'one full-time earner' patterns of employment.

The major option for restraining expense, and giving better targetting, lies in a third approach. It involves not taking the income test the full way to separate testing of individual incomes.

That approach, which we believe deserves favourable consideration, and certainly more investigation, is as follows:

(iii) An applicant, in a two-adult household, should have the income test applied to half the income from any assets of the couple, in addition to any income of their own derived from employment.

The 'asset income' would include for instance income from rent, interest, dividends, and profits from any business in which either is involved.

The advantages in this approach are that it does give a degree of targetting, and controls expenditure increases. A further distinct advantage is that it is very much in the spirit of the Matrimonial Property Act, with the presumption of equal sharing of assets within marriage. It would further emphasise the principle underlying that Act that both partners in marriage contribute to the family's economic wellbeing, and should be seen as equal partners.

We recognise that this 'joint-testing of property income' approach will involve some administrative complexity. This should not be assumed in advance, however, to tell decisively against it. The approach deserves serious consideration.

(That approach might, perhaps, be taken by a further step to lead back to income-testing on a joint basis. That is, as it was put in submission 5198, ' . . . the paid partner, works on behalf of the partnership of marriage but the effort of each is of equal worth'. In short, joint income-testing would be based on interdependence and

the presumption of equal sharing, not on any assumption of dependency within marriage.)

8 Conclusion

We have outlined a number of directions for reform, some general, some more detailed. Fairness and simplicity have been important criteria in choosing these. In addition, the proposed changes should lead to the social security system's better reflecting recent social changes. These include the wider range of household types now seen, and the general acceptance of the principle that women are the equal of men and that the social security system should not reinforce, indeed should counter, any presumptions of the financial dependence of women within marriage.

The financial implications of our proposals need further study, and will prevent the immediate introduction of some of them. Nevertheless we believe they provide signposts towards a future system which will more adequately meet social needs.

9 Recommendations

Our recommendations are as follows:

1 That there be a general simplification and standardisation of eligibility conditions for income-tested social security benefits, grouping them into:
   (a) short-term benefits (sickness benefit and unemployment benefit);
   (b) long-term benefits (domestic purposes benefit, invalids' benefit, and widows' benefit).

2 That for long-term benefits the abatement of benefit for other income be less restrictive, and assessed over a longer time-period, than for short-term benefits.

3 That the present base levels of benefit not be eroded.

4 That the level of unemployment benefit for adults without children be brought to the same level as other benefits.

5 That benefits be adjusted regularly in accordance with movements in after-tax wage levels.

6   That widows and domestic purposes beneficiaries who in future cease to have the care of dependent children be then catered for by other benefits for which they are eligible.

7   That there be a standard individual rate of benefit at half the present married-couple rate, and that persons living alone receive in addition 20 percent of the standard benefit as a living-alone allowance. Work to establish whether beneficiaries living alone suffer undue hardship compared with others should be undertaken with some urgency.

8   That the basis of entitlement to benefit should, for two-adult families, move in the direction of 'individual' entitlement rather than 'joint' entitlement. (But that for families with a sole caregiver, entitlement should continue to be based on the needs of the family as a whole.)

Recommendations 9 to 11 below can be regarded as interim steps which could be taken in implementing this recommendation.

9   That for persons receiving invalids' benefit the income of the spouse not lead to any abatement of benefit.

10   That when conditions allow the same provision be extended to sickness and unemployed beneficiaries perhaps initially for a limited period after grant of benefit.

11   That in place of the present joint-income test for couple households, and in the context of an eventual move to testing on individual incomes, the possibility of basing the income test on each partner's individual earned income, plus half the income from any assets held by the couple, should be investigated.

Annex I

History of New Zealand Income Support Provisions

(This outline of income support provisions is taken with minor editorial changes from 2 papers prepared for the Royal Commission by the Department of Social Welfare. Excerpt 1, outlining the rationales given at various times for income support, covers paragraphs 1–25. Excerpt 2, on the history of Family Assistance, begins at the paragraph numbered 26 here.)

Introduction

1 Over the last 90 years New Zealand has put in place a comprehensive system of income support with complex rules and criteria governing eligibility. The system exists, and there are some clear broad reasons why it exists. But when one tries to identify the rationale for particular provisions, it is often remarkably difficult to be precise.

2 This is partly because the system has grown and developed over nearly a century, so that provisions appropriate for one stage of the process have been carried forward to situations where they are less appropriate. It is also partly because legislation and explanatory material have tended to focus on the facts of provision, leaving the explanation to commentators. But it is perhaps mostly because provisions often fulfil a number of different purposes, and over time the emphasis given to each may change without any explicit justification.

3 When the present benefit structure was established under the Social Security Act 1938, some clear statements were made concerning the rationale for the system. In particular the aim was said to be to provide for all those 'in need'. In introducing the Bill, Mr Nash, the Minister of Finance, made clear his view that need conferred a right to a claim on the resources of the country:

> This Bill transfers, in the form of monetary benefits, to those who need it the right to demand a certain amount of existing production from those who would otherwise control it (*NZ Parliamentary Debates* (*NZPD*) 252: 324).

The Minister of Health, Mr Nordmeyer, was even more explicit about the responsibilities of the state for meeting needs:

We can spread the cost of disasters that would otherwise bring ruin to individual citizens. We have embarked on a comprehensive social security scheme embracing the needs of all those in the community whose need was great—a scheme that would provide adequate benefits for those who needed them most . . . (*NZPD*, 252: 324).

4   The preamble to the Social Security Act 1938 indicated that 'disabilities' giving rise to need were seen to derive from a range of circumstances: 'age, sickness, widowhood, orphanhood, unemployment, or other exceptional circumstances'. While need could be presumed to exist in certain specified categories of person, it would also be recognised in others: comprehensive coverage of everyone in need was the aim. The first Labour Government, reacting against the austere treatment of many people in need during the Depression, played down the possibility of different degrees of deservingness. But the particular provisions of each benefit as they have developed since 1938 suggest that in 1988 some kinds of need are considered to confer a greater claim on the resources of the community than others. What is seen as an appropriate balance between individual, family and community responsibility for meeting need depends on how that need arose.

5   The 1972 Royal Commission on Social Security advanced the discussion of what a rationale based on 'meeting need' might mean. In its discussion of the principles and aims of social security, the Commission stated:

Need, and the degree of need, should be the primary test and criterion of the help to be given (Royal Commission on Social Security (RCSS): 65).

However, the system should also aim to give people 'a sense of participation in and belonging to the community'. The Commission linked the definitions of 'need' and 'poverty', and claimed that they can be understood only in relation to accepted standards in a community at a particular time. 'Poverty' and 'adequacy of income maintenance' are described as relative and subjective concepts:

'Need' relates to the 'adequacy' of income to give a 'reasonable' standard of living compared to that enjoyed by most of the community (RCSS: 107).

6   It is common to hear appeal made to the concept of need as the rationale for a wide range of provisions. However, an examination of many present provisions, and of the arguments advanced for and against them, reveals not only the elasticity of the concept of need, but also the significance of other rationales. Such an examination also reveals multiple objectives and appeals to a range of principles.

Unemployment Benefit

7 According to the 1972 Royal Commission, the unemployment benefit 'aims to help people who are physically capable of work but who, through no fault of their own, are unable to find work' (RCSS: 291). Thus the main objective of unemployment benefit is to prevent poverty by providing some compensation for loss of income. However, the criteria for this benefit indicates appeal to particular principles and constraints, in particular a concern with both fiscal constraints and a desire to encourage independence and self reliance.

8 The 1972 Royal Commission pointed out that the number of people eligible for unemployment benefit depends on general economic circumstances. However, the particular provisions of the benefit recognise that people in this group have some ability to improve their situation. Self reliance is more strongly encouraged for this group than for others. For example:

- A person who leaves a job for an inadequate reason, refuses a suitable job, or fails to take steps to find employment, becomes ineligible for a period.
- Entitlement is reduced for people with high earnings prior to becoming unemployed.
- The rate of unemployment benefit is limited to the income lost through becoming unemployed.
- Recipients without children receive a lower rate after tax than childless beneficiaries in other categories, suggesting some kind of weighing up of rationales: unemployed people should be encouraged to find work; but families with children must be kept out of poverty.

9 Unemployment benefit provisions also differ from those of other income tested benefits in including a greater expectation that families will take responsibility for young people. No benefit is payable to young people under 16 years, and a youth rate continues to age 20 (18 for other benefits). The main reason for these differences seems to be to encourage young people to enter the workforce and become economically independent. Another reason, also pointing to the desirability of self reliance in young people, is the existence of youth rates of pay in the labour market.

Sickness and Invalids' Benefits

10 The basic rationale for both sickness and invalidity benefits is meeting need by compensating for loss of income. The sickness

benefit is short term, and provides for those temporarily incapacitated from work; the invalids' benefit provides for those permanently incapacitated. Because the capacity of sick and invalided people to obtain paid work is less than that of unemployed people, some of the provisions of these benefits are less stringent. More generous provision is made for young people, for instance, through higher rates for 18–20 year olds, and in some cases eligibility at age 15.

11 Sickness and invalids' benefits are income tested except for blind people whose personal earnings are disregarded in assessing eligibility. The reasons for this different treatment are historical: a pension for people who had lost their sight was introduced in 1924, while other permanently incapacitated people did not become eligible for assistance until 1936. The treatment of the blind reflects the idea that they should be encouraged to participate and belong in the community — a notion paralleled in current ideas of normalisation for severely disabled people.

Provisions for Widows and Other Solo Parents

12 The history of state provision for widows and other solo parents illustrates the way in which the rationale for financial support can change over time, as social conventions change. In this case conventions about proper roles of men and women within families have shaped changes in social security provisions.

13 Widows' pensions were introduced in 1911 to support widows 'of sober habits and of good moral character' who were caring for children under 14 years old. The Act stated that pensions had to be used for the support of children. At that period it was not usual for mothers to engage in paid work: while women cared for home and family, men provided financial support. In the widows' pension the State recognised a responsibility to replace that support when a husband died. We can infer that the rationale for the pension was to prevent poverty in families with young children suffering the loss of the breadwinner, and to provide some compensation for the loss of his income.

14 The Social Security Act 1938 extended the (renamed) widows' benefit to include older widows who had raised a family but were no longer responsible for the care of dependent children. In doing so it confirmed and extended the assumptions about roles within families that were implicit in the widows' pension: not only mothers of dependent children, but women whose children were

no longer dependent could be expected to be financially dependent on a male breadwinner. Provision for widows without dependent children conferred recognition of the contribution they had made to society by raising a family, and compensated them for loss of the opportunity to earn their own livelihood.

> They had gone through the years and brought up four children or more; they . . . could not go back into industry and were stranded completely . . . She has lost the possibility, in most cases, of earning her own living (Nash, *NZPD*, 252: 330).

15 By the 1970s solo parent families – including those headed by separated, divorced, deserted and unmarried women, as well as widows – had become much more numerous. Discretionary provision had been made in 1968 to ensure a stable income to women, with or without dependent children, who had lost the support of a husband or who were unmarried. The 1972 Royal Commission on Social Security recommended the establishment of a statutory benefit to provide for all kinds of women alone and solo parent families. It noted:

> Surveys carried out in other countries reveal that solo-parent families, particularly fatherless families, face a high risk of poverty (*RCSS*: 242).

The Royal Commission's recommendations were explicitly based on an assumption that most married women were financially dependent (*RCSS*: 270), and that male economic support of families was still the norm. The loss or absence of that support placed families at risk of poverty.

16 In spite of the Royal Commission's recommendations, the statutory domestic purposes benefit established by the Social Security Amendment Act 1973 explicitly excluded widows, for whom more generous provision was made through the widows' benefit. While this omission was made quite explicit when the Bill was introduced, the reasons were not. The Minister simply said provisions were 'on similar basis' to those for widows (N. J. King, *NZPD*, 386: 3295, 3297). While the domestic purposes benefit is available in certain circumstances to older women without dependants, eligibility criteria are more stringent than for widows' benefit: widows can qualify for assistance at an earlier age. The small differences between the provisions of the widows' benefit and the domestic purposes benefit appear to reflect a judgement by the community that solo parenthood arising from circumstances beyond control (death) give a stronger claim to assistance than solo parenthhood which is 'social or partly voluntary' in origin (Hanson, 1980: 136–37). Thus the rationale for these benefits

reflects community attitudes and beliefs, as well as social circumstances.

17 Changes in both attitudes and social circumstances since the 1970s point to further developments. First, increasing tolerance of diversity in family relationships (for example, of de facto unions, of unmarried mothers, and of divorced and separated people) suggests that the reasons for distinguishing between widows and other solo parents are less compelling than they used to be. Secondly, increased labour force participation of women means an assumption of need resulting from loss of the male breadwinner is less valid. The Department of Social Welfare's 1987 Briefing Papers state the aim of the domestic purposes benefit as 'to provide income support for people whose domestice responsibilities preclude them from full time paid employment, and who are otherwise unsupported'. It could be asked whether the widows' benefit should aim for any more than this.

Provisions for the Aged

18 The Old Age Pensions Act 1898 stated:

> It is equitable that deserving persons who during the prime of their life have helped to bear the public burdens of the colony by the payment of taxes, and to open up the resources by their labour and skill, should recive from the colony a pension in their old age.

Several elements in the rationale for an old age pension are alluded to here, and were recognised in the provisions of the pension. Merit, or deservingness, was ensured by restricting pensions to persons of good character. Contribution to the colony and 'belonging' were established through a residency test. Lack of income (or need) was established by a means test. These ideas — merit, contribution, belonging and need — have remained important justifications for provision for the aged.

19 The justification for support on the grounds of merit was repeated in 1938 at the introduction of what came to be called universal superannuation: the aged should not, it was asserted, be expected to undergo the demeaning processes of means testing (Report of Select Committee 1938). In 1976 the Minister of Social Welfare defended the universal provision of national superannuation at a level above other benefits on the grounds that 'pensioners should not be placed in the degrading position [of being] forced to live on a small benefit' (NZPD, 407: 3425). One of his colleagues argued in debates on the legislation that the aged should be paid 'a proper weekly wage, whether they wished to

work or not', and it is significant that national superannuation was and is pegged to wage rates and taxed.

20   The notion of recognising the contributions made by older generations during their working lives is an important part of current arguments over the tax surcharge on national superannuation. The most frequently heard objection to the surcharge is that it takes away from people what was theirs by right because of contributions made. Various interpretations of what constitutes contribution are evident, ranging from financial contribution to a fund from which subsequent payments are made, to contribution generally as a member of society. The 1972 Royal Commission echoed the original Old Age Pensions Act:

> At a certain age people should gain rights to benefit by virtue of their past contribution to tax revenue and production irrespective of their means (RCSS: 204).

The argument continues to be put. It asserts a principle of intergenerational equity; a belief that the objective of state provisions for the aged should be to redistribute income between generations. Self-reliance by earning a market income is not to be expected after age 60. Instead, the community should take responsibility for income support by paying what might be seen as a dividend on past contributions.

21   There is also the perspective of need. The old age pension was introduced primarily to meet the income needs of destitute elderly colonists, efforts to enforce family obligations to support them having failed. It was paid at a low level and severely means tested. In 1938 provisions for the aged were incorporated in a social security system which was based on the principle that those whose need was the greatest would receive the most (Nordmeyer, *NZPD*, 252: 324).

22   Until 1976 the age benefit was means tested. The obligation of the community, as reiterated by the Royal Commission in 1972, was to ensure only that all those over the age of 60 had an income which prevented their being in poverty. The age benefit was used to 'top up' universal superannuation, the payment of which, argued the Royal Commission, did not need to be at levels meeting the objective of participating and belonging because it was based on financial contributions. For most, therefore, provisions were needs related. The level at which income needs were met was and generally still is set by the married couple rate of income tested benefit. It is significant that that remains the benefit level for those

60 and over who are for some reason ineligible for national superannuation, and a work test is in theory applied to any support given.

23 In 1976 the age benefit and universal supperannuation were merged into national superannuation. As already noted, its provisions reflect an emphasis on merit and general contribution. Those rationales were frequently appealed to in the arguments supporting the universal nature of its provisions, and the level of payment. Self reliance and need were not given weight. National superannuation is not work tested and only recently has some deduction been made on account of other income.

24 It can be argued that the tax surcharge introduced in 1985 recognises the objective of meeting needs. One of the rationales given at the time of its introduction was that it would target payments rather more on those who needed them. But the surcharge cuts in at a much higher level of income and abates at a much slower rate than other benefit abatement regimes. 'Need' in this context is clearly a rather more generous concept than that operating for other benefits. The surcharge was also justified on the grounds of budget constraints and the longer term expenditure implications of an aging population (*1984 Budget*: 14–15). Thus the surcharge can best be seen as a means to redistribute payment amongst those eligible for support in order to restrain government expenditure without creating greater inequalities in the overall distribution of income for those aged 60 and over.

25 Finally, though the morals test has gone, belonging remains important. National superannuation has a residency requirement, it is not portable, and entitlement is lost in periods of absence from New Zealand of more than 26 weeks. The community is only expected to take responsibility for those who give evidence of belonging. Once that is established, however, the community responsibility is absolute. There is no requirement for self reliance through, for example, private superannuation, nor for any claim to be made on relatives.

Family Assistance before the Social Security Act

(Excerpt 2, on the history of Family Assistance, begins here.)

26 At the turn of the century in New Zealand, it was an 'accepted ideal' that welfare should be a function of 'benevolence' — of non-public agencies, private individuals and voluntary societies (Oliver, 1977: 6). But the actual system contained a large

and growing element of state responsibility and state funding. For example, although statutory pensions provided by the central State were a novel idea in 1900, an extensive system of poverty relief through Charitable Aid Boards was to a large extent state funded. While the development by 1938 of a statutory system of income support built upon this earlier foundation, it represented a change in thinking about the proper role of the State in providing for citizens' welfare.

27 During the first forty years of this century the adequacy of income to support a minimum decent standard of living for families with children was a matter of increasing concern in New Zealand. For the majority of families, solutions were seen to lie in the wages and employment systems rather than in social security provisions or charitable aid. This perspective complemented ideas about the work ethic and commonly held distinctions between the deserving and undeserving poor. In the 1930s, however, the economy failed to provide jobs even for the able-bodied and willing. The growth in popularity of the Labour Party reflected an acceptance that a larger role for the central State was required if citizens were to be secured against poverty and misfortune.

28 From the early years of the century the objective of ensuring an adequate family income was quite widely advocated. However, different people emphasised different concerns. Concern about meeting needs and avoiding family poverty was overlaid with anxiety about the dwindling birth rate and the possible consequences for the nation of failing to feed, clothe and care adequately for the future population.

Provision for Children Not Supported by Wages

29 Two provisions introduced in 1911 by the Liberal Government recognised, for the first time in New Zealand, that the central State might bear some direct responsibility for children raised within their own families. These were a Widows' Pensions Act and an amendment to the Old Age Pensions Act. Those with a legitimate claim to state assistance were closely defined. The Widows' Pensions Act explicitly stated that pensions were to be used for the support of children, and only widows with children under 14 years were eligible. Further restrictions targeted pensions to those of limited means and 'of sober habits and good moral character' (Widows' Pensions Act 1911, sections 5 and 6). Aliens and Asiatics were excluded, and no provision was made for

illegitimate or adopted children, or for deserted wives. Even deserving widows, however, were considered less deserving than old age pensioners. While the single elderly received $52 (Pounds 26) a year in 1911, a widow with one dependent child got $24 (Pounds 12), increased by $12 (Pounds 6) a child to a maximum of $60 (Pounds 30) a year. (Hereafter, amounts are given only in dollars.) The Old Age Pensions Amendment Act 1911 increased the disparity by making an additional allowance of up to $52 a year to old age pensioners with two or more children under 14. In 1911 $52 a year was equivalent to the lowest female wage: house servants received $1 to $2 a week; carpenters could expect $4 to $6 a week (*NZ Official Year Book (NZOYB)*, 1912: 756–57).

30 Since the usual way of providing for families was through male wages, the justification for state assistance to widows was to compensate them for the misfortune of losing the family breadwinner. The accepted division of labour in families — between a male breadwinner and a female career — could not apply. Parallel considerations dictated assistance to old age pensioners with dependent children: the elderly were not expected to earn a living. Pensions were extended to miners (1915) and the blind (1924), and in 1930 an Unemployment Act established a system of unemployment relief. However, there was no comprehensive system of state provision for families not supported by wages.

The Role of Wages in Child Support

31 There are two main ways in which the State can influence the capacity of wages to deliver an adequate income to families: through taxation exemptions and rebates, and by legislating for a statutory minimum wage. Both of these were tried in New Zealand.

32 In 1914 the Government recognised financial burdens on families by providing an income tax exemption of $50 per annum for each child under 16 to a maximum of five children and to aggregate parental income of $850. Provisions limiting the exemption on grounds of income and family size were removed in 1917, and in 1921 the exemption was increased to $100 and extended to dependent children under 18 (*Taxation in New Zealand*, 1967: 57–58). Child tax exemptions continued until the 1970s.

33 Debate over the desirability and possibility of establishing a minimum living wage sufficient to support an 'average family' simmered from the early 1900s until the first Labour Government's attempts to legislate for it. In 1908 Arbitration Court Judge Mr Justice Sim (following the famous Australian Harvester decision) expressed the view that it was the Court's duty to establish a minimum living wage for the lowest paid workers. Subsequent judges of the Arbitration Court agreed that market forces alone should not determine wages.

34 But how should such a wage be determined? Should it cover the costs of children, and if so, how many? The 1921 Census found the average number of dependent children per family to be 1.57; some 150,000 male workers supported no dependants at all. Even if a typical family size could be agreed on, how should its costs be arrived at in the absence of accurate information about family budgets? Despite these difficulties Judge Frazer expressed the view in 1925 that a wage should support a man, his wife, and two children (Holt, 1986: 157). The Labour Government went even further, and in 1936 amended the Arbitration Act to include a direction to the Arbitration Court to determine the basic wage on the needs of a man, his wife, and three children.

Family Allowances

35 In 1922 Judge Frazer, recognising the limitations of the wage system to provide for families of all sizes, advocated the establishment of child allowances financed by a levy on employers. The object was to provide a fund for redistributing to families according to the number of children they included.

36 At about the same period family allowances became part of the Labour Party's agenda. Michael Joseph Savage's arguments in introducing his Motherhood Endowment Bill in 1922 throw some light on thinking in the Labour party. He expressed forthright views on citizen's rights and the State's obligations, arguing that workers are entitled to a decent standard of living, and children to protection by the State. The State should establish a basic wage, sufficient to keep decently a man, his wife and two children. Family allowances at a dollar a head should be provided from the Consolidated Fund for each child beyond the first two. Thus every worker's family, of whatever size, would be guaranteed a living wage, through wages and family allowances. Mr Savage argued that the national interest demanded some such system. Poverty and

poor sustenance for children were causing degeneration of the race. Children are future citizens, he said, and should have the best upbringing the State can supply. Despite the name given to his Bill, he was not much concerned about improving the lot of mothers, whose service to the nation was mentioned only in passing (*NZPD*, 196: 409–12, 951–53). Mr Savage introduced Motherhood Endowment Bills in three successive years: his advocacy made family allowances a national issue.

37 In the General Election of 1925, Coates's Reform Party promised to introduce family allowances to help wage earners with large families. The Family Allowances Bill introduced in 1926 included many features of Savage's Bills, but was less generous. In introducing it, the Minister of Pensions, G. J. Anderson, acknowledged the princple that the State has some responsibility for the wellbeing of poor families, and commented:

> It is recognised that those people who are not in good financial circumstances, who are in bad health, or otherwise handicapped, are entitled to some help in bringing up their families (*NZPD*, 210: 587–88).

A further point, raised by Mr Witty in the Legislative Council, was that without some assistance to mothers, the birth rate was likely to decline: 'If we can do anything to encourage the growth of our population I think we shall be doing our duty' (*NZPD*, 210: 769–70).

38 The allowances were carefully targeted to workers' families of above average size. Asiatics, aliens and illegitimates were excluded. While the allowances were normally payable to mothers, only fathers were eligible to apply — an arrangement which reflected their roles as carers and providers for families. The amount of the allowance was twenty cents a week (equivalent to $4.50 in March 1987 dollars), payable for the third and subsequent children under 15 of families with an average weekly income from all sources not exceeding $8. This was a low income in 1926: the minimum adult wage was $8.30 for a builder's labourer, $9.70 for a carpenter (*NZOYB*, 1927: 829). The amount was clearly not sufficient to cover the costs of a child. The widows' pension paid one dollar a week per child at the time, and the Salvation Army was said to have been unable to keep a child under $1.25 (Sutch, 1966: 152). The Government was apologetic about the meagreness of the allowance, which was dictated by economic considerations. Mr Coates said they had decided against a larger amount 'on

account of the somewhat hazy appearance of the future' (*NZPD*, 210: 622). All the same, the Act recognised a new principle in state assistance, and was the first nationwide provision of its kind in the world (Hanson, 1980: 24).

From Family Allowances to the Universal Family Benefit

39   On Labour's accession to power in 1935, pensions and allowances cut during the depression were restored to their former value. The Social Security Act 1938 aimed to establish a comprehensive system of income support to provide for all people in need, including the sick and the unemployed. An orphan's benefit was introduced, and allowances for child support were added to benefits where there were children. Under the 1926 Act only fathers could apply for family allowances; from 1936, mothers, as well as fathers, were authorised to apply.

40   The steps by which the Labour Government extended the system of family allowances and rounded out its conception of a minimum family income suggest that the party's ideas about the State's role in child support were expanding. While from 1936 minimum wages fixed by the Arbitration Court were supposed to cover the basic needs of a couple with three children, the family benefit (as the family allowance was renamed in 1938) continued to be paid for the third as well as subsequent children. The amount doubled to 40 cents, the income exemption increased, and the age limit raised to 16 — or 18 for young people remaining in education. From 1939 the family benefit was progressively increased and its coverage extended (partly to dampen wage demands during the war) until 1945 one dollar a week was paid for all children up to 16 years in families earning up to $13 a week.

41   The Labour Government had already established a mechanism for ensuring that in setting basic award wages the Arbitration Court took account of minimum family needs. In the 1943 General Election the Labour Party pledged to establish a minimum family income throughout the Dominion for all families — employed or unemployed, in sickness and in health. Three Bills introduced in 1945 gave effect to this pledge. An Employment Bill established a National Employment Service aimed at ensuring full employment. A Minimum Wages Bill established minimum weekly wage rates for workers not covered by Arbitration Court Awards. (The rates — $10.50 for men and $6.30 for women — suggested that no change had taken place in assumptions about

roles in the family, and little in the actual division of labour between men and women.) Finally, the Social Security Amendment Bill established a universal family benefit of $1 a week payable to mothers for all children under 16 regardless of family income. This was equivalent to $19.50 in March 1987 values, and was about seven percent of average male earnings. (While the minimum weekly male wage in 1946 was $10.50, the minimum wage for a builder's labourer was $11.50, and average male wages, including overtime, $14.50.) For beneficiaries it replaced child allowances formerly added to benefits. Thus the universal family benefit established an integrated system of child support for both wage and salary earners and social security beneficiaries.

Rationales for the Universal Family Benefit

42 The Labour Government embraced the principles of collective responsibility for the welfare of children, and state action to ensure it. As the Minister of Finance, Mr Nash, put it when the Social Security Amendment Bill was introduced in 1945:

> It has never been denied that the State, the community, and the Government of the community, are responsible for each of the children that come into life (NZPD, 270: 632).

The State was seen as sharing with all families the responsibility for raising children to become adults and citizens: the Government, like other governments before and since, stressed the importance of maintaining family life.

43 The universal family benefit was an extremely popular measure. Despite its cost, the Opposition did not oppose it. Yet the scope and the level of the family benefit in 1946 were remarkably generous, whether we compare it across countries or through time. Comparable allowances introduced in Australia and Britain in the 1940s were less generous. Within New Zealand the family benefit was worth more in real terms in 1946 than at any time since. Part of the rationale for the universal family benefit, and the reason for its generosity, arose from the political and demographic circumstances of New Zealand at that time. In particular, the preoccupation of the Labour Party with social security, and the wide public concern with the 'population question', shaped the provisions of the benefit.

44 Perhaps the most important influence was the Labour Government's devotion to the goal of providing a social security system which would prevent poverty and meet the needs of all

citizens. A broad structure had been established before the war, in the Social Security Act 1938. The 1945 Amendment Act rounded out that structure. The leaders of the party and architects of the 1938 Act saw the universal family benefit in this light. Thus Nash spoke of freeing mothers from economic and financial worry (*NZPD*, 270: 632), and Fraser and Nordmeyer stressed the idea of a minimum family income (*NZPD*, 270: 250, 543). As the political scientist K. J. Scott was to put it in 1955:

> The aim was to habituate people to keeping out of poverty. If standards of living can be raised in youth, the conventional standards that people will more or less automatically work to maintain will also be raised, and the need for monetary benefits to relieve poverty will perhaps be reduced (Scott, 1955: 11).

45   However, an important reason for the universal popularity of the family benefit, and for the absence of any political opposition to it, was widespread public concern about slow population growth. In the 1930s the rate of natural increase had sunk below replacement level. Public concern was such that at the end of 1945 the Government established a select committee 'to inquire into ways and means of increasing the population of the Dominion' (*NZPD*, 272: 520). The census taken in September 1945 showed a reversal of the downward trend in the birth rate, but this was not known when the Social Security Amendment Bill was introduced and debated.

46   In the meantime, the universal family benefit was considered a good way of stimulating population growth. According to one Labour Member of Parliament the 'economic factor' limited population growth; remove that factor, and the population would 'increase by leaps and bounds' (Conolly, *NZPD*, 269: 301). Another commented, 'The best way to get population is . . . to give fathers and mothers security' (Sullivan, *NZPD*, 270: 549). A third linked the improvement in the birth rate since 1936 to social security (*NZPD*, 270: 561). Opposition MPs had similar views. Mr Holyoake thought a sparse population and consequent high overhead costs kept the standard of living low, and advocated doubling the population. The universal family benefit was the 'greatest step forward towards the achievement of this objective' (*NZPD*, 270: 558).

47   Thus one objective of the universal family benefit was to increase the State's investment in children. While encouraging more people to have children and more parents to have larger

families was the commonest expression of this objective, a wider view was sometimes taken. Mr Nash, for example, seems to have viewed the family benefit as an investment in the *quality* of the future population, and a means of building on the basis of care provided by families:

> Our future is dependent upon those youngsters. The past we pay for in the age benefit, the the future cannot be what it should be unless we care for the youngsters and give them a chance to build on the care they receive from their mothers (*NZPD*, 270: 632).

48   Mr Nash also touched on the notion that children are *entitled* not just to a sufficiency, but to the opportunity to develop their full potential; and that the State has an obligation to ensure they receive it:

> [Children] are born equal, and they have, I think, an inherent right as children to all the things that will develop their personalities to the fullest (*NZPD*, 270: 633).

49   It is evident that one aim of the universal family benefit was to redistribute income to all families with children. Minimum provision for low income families with children had already been made: beneficiaries received a supplement to their benefits; male wage earners were guaranteed a minimum wage which was supposed to cover the costs of a family; and the means tested family benefit had further supplemented the income of families supported by low wages. Thus horizontal equity considerations built upon vertical redistribution to low income families. Universal provision was superimposed on an already existing bottom line.

50   Was the benefit intended to compensate families for the costs of raising children? Attempts to calculate those costs were not unknown. In Britain Beveridge had investigated the cost of a child of subsistence level in 1942, and come up with a figure of nine shillings a week. The Family Allowances Act 1945 set it at five shillings (Brown, 1983: 20–23). In New Zealand, where no such investigation was made, costs and money values were similar though not identical. The Government certainly knew of the British work and may have used it as a rough indication of the level of costs. Peter Fraser spoke of the minimum family income as providing people with 'an adequate living standard for themselves and their dependants' (*NZPD*, 270: 249). However, it was never explicitly stated that the benefit was supposed to cover children's costs. All we can say is that the universal family benefit made a more substantial contribution to costs than previous or subsequent governments have aimed for.

The 1950s and 1960s

51 It was widely expected at the end of the war that the employment situation would deteriorate and that, as after World War I, post-war inflation would give way to post-war slump. The minimum family income was a form of insurance for families against the expected recession. In the event, however, the recession did not come, and the effectiveness of the Employment Act was not tested. Twenty years of full employment owed more to buoyant world trade than to the National Employment Service, which had little to do and was absorbed into the Department of Labour. Prevailing wages rose well above minimum levels: the statutory minimum wage continued to provide a floor, but it had little practical relevance for most families. In 1954 the National Government, tacitly recognising the difficulty of tying wages to anything other than market rates, dropped from the Arbitration Act the provisions for setting a basic wage to cover a family's needs (thus inadvertently removing one obstacle to equal pay for women).

52 How far full employment, the minimum wage, or the universal family benefit was successful in preventing family poverty is hard to say. There is anecdotal evidence that absolute poverty was reduced, for example among Maori with large families. One commentator asserted: 'the problem of destitution has been solved' (Scott, 1955: 12). However, Easton, who investigated *relative* family poverty in the 1970s does not believe there was none in the 1950s, and has pointed out that family assistance has never ironed out life cycle fluctuations in family income (Easton, 1976: 135, 138–39). But in comparison with earlier times, families were prosperous in the 1950s. Full employment and high 1958 only raised it to 6.2 percent of nominal wages. But as W. B. Sutch pointed out, by 1966 average weekly earnings were some 30 percent higher than nominal wages (Sutch, 1969: 304).

53 A sharp recession in 1967 brought unemployment for the first time since the war. A review of benefits undertaken by the Social Security Department indicated that 'benefits where there were dependent children may not have been sufficient in some cases' (*Annual Report of Social Security Department,* 31 March 1969). If $1 came close to supporting a child at subsistence level in 1946, $1.50 would not have done so in 1968, when $2.37 would have been needed to cover the same costs. The Government's response

was to introduce a discretionary Family Maintenance Allowance in 1968 for beneficiaries with dependent children. For married couple beneficiaries the additional assistance was small: 50 cents a week for a second child and one dollar for subsequent children. For solo parents a larger amount — $8.75 a week — was provided for the first child. Sutch correctly points out that the new allowance 'breached the principle of the universality of the family benefit' (Sutch, 1969: 307). The Family Maintenance Allowance introduced a selective child support provision in the benefit system, and marked the end till the 1980s of the attempt to provide an integrated system of family assistance for all kinds of families.

The Royal Commission on Social Security

54   The 1972 Royal Commission on Social Security examined the issues surrounding family assistance more thoroughly than has ever been done by an official body in New Zealand, before or since. It isolated some clear issues:

– Are families adequately provided for?

– Are we making an adequate investment in children?

– Is the burden of this investment equitably shared among the whole community? (RCSS: 217)

55   The assumption behind those questions was that the State shares with parents the responsibility for meeting the needs of children and of families with children. The implied objectives for family assistance were much the same as in 1946: preventing poverty, investing in children, and horizontal redistribution of income. The actual arrangements proposed would provide 'a reasonable balance' between universality and selectivity, implying a reasonable balance between objectives (RCSS: 218).

56   The Commission condemned that oldest of state measures to assist families with children — the child tax exemption — on the ground that it was regressive, and benefited people on high incomes. It reviewed available evidence on the costs of children, and noted that:

– larger families are more likely to be poor; the first child creates particular financial burdens;

– in terms of *direct* costs a teenager is at least as expensive as an adult to maintain;

– the *indirect* costs of older children are lower, since their mothers are more likely to be earning, and their fathers' earnings are likely to be higher. (RCSS: 220–21).

57 Commenting that if the family benefit had kept pace with rises in the cost of living, in 1972 it would have been $3, not $1.50, the Commission proposed abolishing the child tax exemption and raising the family benefit to $3 — 'the least amount which will give significant assistance' (RCSS: 225). The practical effect of this measure — adopted in 1972 — was to redistribute assistance *among* families, and to increase the amount available to lower income families. Thus it did something towards preventing poverty and redistributing towards families with children, without increasing the State's total investment in children.

58 However, the Commission rejected income testing of the family benefit as a 'backward step', commenting that 'the relief of poverty or need is only one of the factors to be considered' (RCSS: 226). Taxing the benefit was seen as impracticable, and anyway likely to upset the balance proposed.

59 Payment of the family maintenance allowance was justified on the ground that in normal circumstances parents share with the State the costs of providing for children. Parents solely dependent on the benefit have no additional income to divert to children, and need extra assistance.

60 Driving another nail in the coffin of a minimum family income through wages, the Commission noted:

> The market system does not and cannot distribute wages or other income on the basis of family responsibilities. With the acceptance of women's right to equality in wages, the market system finally drops any pretensions of concern with this aim (RCSS: 233).

The Royal Commission did not entirely neglect low income families, though it had little to say about their problems. Easton describes its failure to discuss the possibility of family poverty as 'an impressive exercise in self deception on the part of the nation' (Easton, 1976: 130). The Commission did, however, advance New Zealand thinking about poverty, noting that poverty and adequacy of income are relative concepts. An 'adequate' income should provide a 'reasonable' standard of living compared to that enjoyed by most of the community (e.g. RCSS: 107).

Developments Since 1972

61 Following the publication of the Royal Commission's report there was a burst of research into family poverty. Easton, for example, developed the idea of using the 'Benefit Datum Level' as

the relative poverty line. This was the amount paid to a beneficiary married couple, adjusted for family size by means of an income equivalence scale. He estimated that in 1975 some 25 percent of New Zealand children fell below the line (Easton, 1976). Other studies came up with similar estimates. Among relevant findings were:

- That family poverty is not confined to large families;
- That poverty typically occurs early in the family life cycle;
- That Maori families are particularly likely to be poor;
- That while women are increasingly contributing to family income, the typical family is best described as a 'one and a bit' rather than a two income family (Easton, 1980: 107–9, 118–21).

62   Since 1975 the social and economic circumstances of families have become more complex and more diverse. For example rates of unemployment have been high since the late 1970s. There has been an increase in marital breakdown, in solo parent families, and in remarriage and reconstituted families. There is a greater likelihood in the eighties that children will spend part of their childhood in circumstances of economic insecurity. At the same time the increased labour force participation of married women means that many families with children have high incomes. The measures introduced by successive Governments have attempted to deal with the bewildering diversity of family circumstances by 'targeting' assistance to the most needy.

63   *Tax Rebates* Between 1976 and 1982 the National Government introduced a series of tax rebates designed to help low income families with children. All were payable to the principal income earner. From 1976, a *young family rebate* provided a rebate amounting to $6 a week (from 1977 $9) to low income families with a child under five. From 1977 a *single income family rebate* provided a rebate of $4 a week (from 1978 $5) to low single income families with a child under ten (from 1978, under 12). In 1980 the single income rebate was changed into a *low income family rebate*, and in 1982 the rebates were amalgamated in the *family tax rebate* worth $1,404 a year $27 a week), available in full to all families with a dependent child and an annual household income of up to $9,800. The family tax rebate targeted assistance to low income families, but had certain disadvantages:

- It resulted in higher effective marginal tax rates.

– It was not available to those who paid no tax — that is to beneficiaries and very low earners.

– It was only available in part to those who paid less tax than the total rebate.

– It took no account of family size.

Thus rebates, like earlier exemptions, gave less assistance to very low income families, and gave no special assistance to large families. Unlike exemptions, however, they were not available to high income families.

64 *Child Supplement* The family maintenance allowance — renamed child supplement in 1972 — was retained, and increased from time to time. In 1980 it was simplified so that the same amount ($4) was paid for all children except the first child of a solo parent, for whom a higher rate was paid in recognition of the costs of setting up a household (Budget '85 Task Force: 9). In 1984 the supplement was increased to $10 to parallel family care (see below), and in October 1986 it was replaced by family support.

65 *Family Care* This was introduced as an interim measure in December 1984. The Labour Party's election manifesto had promised to improve the position of low and middle income households. The Department of Social Welfare's 1984 briefing papers show that the Department shared a concern about the situation of low income families. Family care gave $10 a week per child to the caring parent in low and middle income families whose income derived from earnings — to households with at least one child, and income below $20,470. Above this level payments abated at 25 cents for every dollar. For a one child family assistance cut out at $22,550; for a four child family it cut out at $28,790.

66 *Family Support* Family support, introduced in October 1986, replaced the child supplement, family care, and the family tax rebate. It is 'innovative' in several respects:

– It is paid as a refundable tax credit to augment gross wages when the family tax liability is insufficient to enable it to be offset against tax due.

– Entitlement is based on aggregate parental income, but payment is split equally between parents.

– Beneficiary families receive an equivalent amount. Benefits were increased and made taxable at the same time family support was introduced.

The maximum value of family support is $36 a week for the first child, and $16 for subsequent children. Family support abates at a rate of 18 cents in the dollar on income above $15,000 per annum.

67 *Guaranteed Minimum Family Income* The GMFI, introduced at the same time as family support, is also delivered as a tax credit. Unlike family support it is not available to beneficiaries. Its aim is to guarantee a minimum standard of living to low income families whose income derives from earnings. The GMFI 'tops up' the income of a solo parent or a couple with one child to $270 a week, counting family benefit and family support. An additional $22 is allowed for each subsequent child. This is a little more than a beneficiary family would receive. The principle of 'belonging and participation' was part of the rationale for setting this level. Another principle involved or assumed was the desirability of encouraging economic independence by providing a margin between benefit levels and the minimum disposable income available to full-time earners.

68 *Family Benefit* In 1979 the universal family benefit was doubled to $6, an amount equivalent to $16.75 in 1987. According to the Minister of Finance, this step was taken 'in recognition of the particular financial needs of families with dependent children' (*1979 Budget:* 26). The benefit has remained at $6 ever since, in spite of high inflation: it is now equal to 1.5 percent of nominal weekly wages and less than one third of its 1946 value. In 1973, the abolition of tax exemptions was accompanied by an increase in family benefit; in 1986, the savings from abolishing the family tax rebate were devoted to measures which targeted assistance to low income families. The effect of all these changes has been to emphasise vertical equity considerations at the expense of horizontal equity considerations. The family benefit is now the only form of financial assistance which recognises the cost of children for families at all levels of income.

69 It is a notable feature of the system that family assistance measures have never been indexed to either wages or the Consumers Price Index. The only exceptions are the orphan's benefit, and the first child supplement component of the domestic purposes benefit. Traditionally, families have taken the major role in child support. The willingness of the State to share in that support has been variable.

70 Since 1972 there appear to have been some shifts in the consensus of views in society about priorities for family assistance,

and about the balance of responsiblity for children, between the State and the family. These shifts in opinion may reflect changes in social and economic constraints, and are resulting in changes in the objectives of family assistance, and in the relative weight given to particular principles. In targeting assistance to low income families, especially large ones, the Government has placed strong emphasis on an objective of preventing poverty. It has placed little importance on objectives of investing in all children, and of redistributing income from people without children to people with children.

Annex II
Social Welfare Benefits: Current Status

This paper describes the eligibility conditions, abatement rates for benefits which are income and/or asset tested and the current benefit rates. Excepting family benefit, orphans' benefit and lump sum payments after death, all benefits are taxable. The benefits are paid by the Department of Social Welfare, net of tax deducted at G rate (primary income rate), except for superannuation. Superannuitants have their taxes withheld at G or S (secondary income) or special rates, as they choose. The eligibility conditions are described below for each benefit. The weekly benefit rates and abatement rates for income-tested benefits are given below.

National Superannuation
The beneficiary must
- be at least 60 years of age.
- have lived in New Zealand for at least 7 years (reduced by one year for every 10 years of residence since 16 years of age) of the 10 years preceding application.
- have lived in New Zealand for at least 10 years since 16 years of age.

The benefit is not income-tested except if payment for a non-qualified (usually under-age) spouse is claimed. National superannuitants are required to pay a surcharge of 18 percent on their taxable incomes from other sources exceeding $7,800 for singles and $13,000 for couples. However, the total surcharge is limited to the amount of net national superannuation.

Unemployment Benefit
The beneficiary must
- be at least 16 years old and not a full-time student or a worker on strike.
- have lived in New Zealand for at least 12 months prior to application.
- be registered as unemployed with the Department of Labour.
- be willing and able to work, and have taken reasonable steps to find work.

The benefit is subject to the usual income tests.

Sickness Benefit

The beneficiary must

- be at least 15 years old.
- have lived in New Zealand for at least 12 months prior to application.
- be temporarily unfit to work.
- have loss of earnings due to sickness or injury.

The benefit is subject to the usual income tests.

Invalids' Benefit

The beneficiary must

- be at least 15 years old.
- be totally blind or severely incapacitated.
- have lived in New Zealand for at least 10 years.

The benefit is subject to the usual income tests. However, an additional $20 per week of personal earnings is exempted from income tests. For blind persons, all personal earnings are exempted.

Widows' Benefit

The beneficiary must

- be a widow and at least 16 years old.
- have the care of a child or have had the care of a child and the duration of the marriage and time spent caring for a child must total 15 years; or the beneficiary must have been married for over 5 years and widowed after age 50; or be over age 50, have been married for at least 10 years, have been over 40 years old when widowed and have been married more than 15 years previously.

The child must either have been born in New Zealand or both parents have lived in New Zealand for at least 3 years before the father's death or one parent, being ordinarily a resident in New Zealand at the date of father's death, must have lived in New Zealand continuously for 5 years at any time or the mother must have lived in New Zealand for 10 years at any time before the death of her husband.

The benefit is subject to usual income tests.

Domestic Purposes Benefit

This benefit is granted to 3 classes of beneficiaries: sole parents, women living alone and those caring for the sick or infirm. The

benefit is subject to the usual income tests. The eligibility conditions are given below.

SOLE PARENTS   The beneficiary must:
- be at least 16 years of age.
- be separated, divorced or an unmarried mother or male sole parent who has care of a child and the child's other parent is identified in law.
- have a child who was either born in New Zealand or whose parents have both lived in New Zealand for the 3 years before qualifying or whose one parent, being ordinarily a resident in New Zealand at the qualifying date, has lived in New Zealand 5 years continuously at any time, or the beneficiary has lived in New Zealand for 10 years at any time before the qualifying date.

WOMAN LIVING ALONE   The beneficiary:
- and her husband must have been resident at the date of qualification and have lived in New Zealand for the 3 years immediately before the husband's death or either she or her husband must have lived here continuously for 5 years at any time.
- is either a single, separated, or divorced woman, at least 50 years old, and is without children, or has had a child and the duration of the marriage and time spent caring for the child totals 15 years and she ceased caring for the child after age 50 or was married for over 5 years and lost the support of her husband after age 50 or cared full-time for a relative for over 5 years and this responsibility ceased after age 50.

THOSE CARING FOR THE SICK OR INFIRM   The beneficiary must:
- be at least 16 years old.
- be giving full time care to a person, other than husband or wife, who would otherwise be in hospital.

Accommodation Benefit

The recipient:
- must have low income and cash assets or be receiving a benefit.
- must not be a Housing Corporation client.

The benefit is subject to income and asset tests.

Family Benefit

This is paid children under 15 years of age (18 if continuing education) to the caregiver, usually the mother. The child must be either born in New Zealand or be a permanent resident or have had 12 months residence.

The benefit is not subject to any income or asset tests.

Orphans' Benefit

The beneficiary:

- is a child who was either born in New Zealand or the child's last parent was a resident of New Zealand for at least 3 years before death.
- is a child whose parents are dead or one dead and the other unable to be found or is a long-term patient at a psychiatric hospital, or neither parent is prepared to maintain or can reasonably be compelled to maintain the child.

The benefit is paid to the guardian of a child under 16 years of age (or 18 if continuing education).

Family Support

The recipient family:

- must have a child or children under 16 living at home for whom family benefit is paid.
- must have income within the income limits.

This is paid to low income families with children. To earners it is paid as a tax rebate and to non-earners and beneficiaries it is paid through the Department of Social Welfare. The amount is equally divided between caring parents.

Guaranteed Minimum Family Income

The net income of full-time working families with children is raised to a specific level through a tax credit. This is administered by the Inland Revenue Department.

War Veteran's Allowance

The pensioner must have served as a member of the New Zealand Forces in a unit which was in actual engagement with the enemy or in service overseas of an arduous or dangerous nature prior to 3 September 1939. Similar provisions exist for Commonwealth servicemen who have resided in New Zealand for at least 20 years. The pension is subject to the usual income tests.

War Veterans' Gratuity

The pensioner must be a widow of a war veteran as discussed above. The benefit is paid for 2 years following the veteran's death, and it is not subject to income tests.

War Service Pension

The pensioner must have served in World War II or later wars or emergencies, or in the home based Commonwealth forces resulting in the award of a campaign star. Members of the Mercantile Marine during World War II, who have been granted war disablemnt pension, also qualify. The pension is subject to income tests.

War Economic Pension

The pensioner must have been receiving a disability pension for 40 percent or more total disablement which resulted from serving with the New Zealand armed forces, prior to 3 September 1939. The pension is subject to the usual income tests.

War Disablement Pension

The beneficiary must have been disabled while serving as a member of the New Zealand forces in New Zealand or overseas before 1 April 1974, or afterwards as a member of the forces in connection with any war or emergency. The pension is not subject to any income tests.

War Widow's Pension

The pensioner must be the widow of an ex-serviceman, whose death is attributable to his service with the forces or occurred while on overseas service with the forces in connection with a war or emergency (or service in New Zealand in connection with a war or emergency after 1 April 1974), or who was in receipt of a permanent disablement pension for not less than 70 percent of total disablement or the War Pensions Board is of the opinion that he would have been granted such permanent pension if he had not died.

The pension is not subject to any income tests and it is not taxable.

Lump-Sum Payments After Death

Any surviving husband, wife, long-standing partner or dependent children can qualify. The eligibility conditions require that

- the deceased must have been living in New Zealand at the time of death.
- there must be no Accident Compensation payment to the remaining partner or children.
- the income of the remaining partner or children must not be so high that it would prevent payment of an income-tested social security benefit.
- the net value of the deceased person's estate which goes to the surviving spouse and dependent children (excluding the home property and personal chattels) must be less than $10,000.

Other Benefits

Beneficiaries under special circumstances may be eligible for additional allowances. These are described below.

SPECIAL BENEFIT   This is at the discretion of the Social Security Commission. Each case is considered on its own merits. There is no specified test, but it is paid on the basis of hardship.

HOME HELP   Financial assistance can be made available to engage short term domestic aid or other suitable help in the home in special cases where supportive assistance is needed.

ADVANCES FOR MAINTENANCE AND REPAIRS TO THE HOME   Up to $2,100 can be advanced to long term beneficiaries for the provision of essential services or major repairs to the home. The beneficiary must own and live in the house.

TRAINING INCENTIVE ALLOWANCE   Widows, invalids, domestic purposes beneficiaries and war pensioners may receive up to $17.00 a week to help them attend training courses to gain work skills.

TRANSITION TO WORK ALLOWANCE   People who have been receiving an income-tested benefit for more than 12 months and find a full-time job may get this allowance. This is to make sure that people are at least $20.00 a week better off working than they were on the benefit. The allowance is paid for 13 weeks.

DISABILITY ALLOWANCE   Up to $30.00 a week may be paid to help beneficiaries cope with extra costs arising from disability to themselves or their family. This is in addition to the handicapped child's allowance for the disabled child of a beneficiary.

SPECIAL NEEDS GRANT In some cases, an advance payment may be made to help beneficiaries (other than unemployment beneficiaries) meet essential needs. This can be up to 6 weeks' basic payment. It must be repaid.

ASSISTANCE TO THE DISABLED OR DISABLED MEMBERS OF THE FAMILY There is a range of benefits, allowances, concessions, exemptions, grants and loans available.

HIGHER RATE OF GENERAL MEDICAL SERVICES BENEFIT This is normally deducted from the total fee charged by the doctor.

PRESCRIPTIONS Beneficiaries are exempted from the $1.00 per item prescription charge, but may be required to pay costs of medicines which are not on the free list.

OTHER CONCESSIONS Persons receiving invalids', widows', miners', domestic purposes benefits, or war pensions may, in some cases, also receive:

– 50 percent reduction in telephone rental;

– a reduction in local body rates;

– 50 percent concessions on State Insurance premiums.

LOCAL TRANSPORT ASSISTANCE Many local authorities offer special concessions to beneficiaries using local bus services.

WAR BURSARIES Available for children attending secondary school or tertiary education whose parent is in receipt of a war service pension, war veterans' allowance or war economic pension.

References

The above information is based on the following references.

1 Ministerial Task Force on Income Maintenance, *Benefit Reform: A Resource Book*, July 1986.

2 'The Government Benefits You May Qualify For', *Consumer*, no. 251, July 1987, pp. 188–92.

3 Department of Social Welfare, *Summary of War Pensions Scheme*, March 1987.

4 Department of Social Welfare, pamphlets on different benefits.

TABLE A1: Numbers of and expenditures on major benefits

Year ended 31 March	National Superannuation (including earlier pensions)	Unemployment	Family Benefit	Invalids	Sickness	Domestic Purposes	Widows	Total cash benefits*
				Numbers (000)				
1960	204.0	0.3	343.2	8.0	4.1	. . .	13.0	582.0
1965	214.7	0.2	376.8	8.0	4.7	. . .	14.5	631.1
1970	241.8	1.0	408.4	8.3	5.9	. . .	15.7	699.6
1975	289.3	2.9	452.4	9.4	7.8	17.2	16.7	815.7
1980	405.8	20.9	460.9	15.6	7.5	37.0	16.1	964.3
1985	459.8	38.4	456.0	21.5	9.6	56.5	13.6	1,220.5
1987	473.4	63.9	450.1	23.1	11.1	69.1	13.0	1,104.3
				Expenditures ($ million)				
1960	85.5	0.4	63.6	4.2	3.4	. . .	7.8	167.7
1965	110.3	0.2	65.9	4.8	3.9	. . .	10.2	198.8
1970	155.8	1.5	72.3	6.1	6.1	. . .	13.7	262.5
1975	365.8	5.2	153.2	13.7	15.9	30.2	28.0	617.7
1980	1,334.1	66.1	220.9	40.9	33.2	169.4	53.3	1,918.9
1985	2,743.5	274.7	284.2	105.7	72.6	460.4	78.5	4,081.1
1987	3,650.2	459.7	273.2	159.8	124.3	709.6	94.7	5,542.3

*Totals include other minor benefits not listed. Prior to 1975 totals include the number and value of emergency benefits paid. Since 1975 emergency numbers and expenditures are included in figures for related statutory benefits. Between 1955 and 1975, totals also include supplementary assistance. 1985 totals include 164,800 receiving Family Care, at a cost of $60.5 million.

Excepting national superannuation, expenditures on all other benefits are net after tax. The 1987 figures for national superannuation include $885 million of tax withheld by the Department of Social Welfare. Also any eventual surtax payment is still included.

Source: Report of the Department of Social Welfare for the year ended 31 March 1987

TABLE A2: Number of benefits in force at 31 March 1987

Benefit	Number
Superannuation	473,401
Men	208,107
Women	265,294
Unemployment	63,922
Men	44,719
Women	19,203
Family benefit	450,072
Invalids	23,087
Sickness	11,116
Domestic purposes	69,146
Widows	13,019
Orphans	496
Miners	10
War Pensions	29,649
War disablement	21,481
Dependants of disabled	50
Widows	4,211
Other dependants of deceased	30
Economic	1,307
War service	1,825
War veterans' allowance	745
Police	32
Accommodation	87,202
Beneficiaries	86,817
National Superannuation	7,415
Widows	1,544
Invalids	6,969
War pensions	166
War veterans' allowance	34
Domestic purposes	39,700
Sickness	4,115
Unemployment	26,874
Special (low income earners)	385

Source: Report of the Department of Social Welfare for the year ended March 1987

TABLE A3: Domestic purposes benefits (including related emergency benefits) in force at 31 March 1987 according to sex, category of benefit, and number of dependent children

Sole parents		Number of dependent children						Total
		1	2	3	4	5	6 and over	
Living apart from spouse	M	1,196	742	294	100	22	3	2,357
	F	12,741	11,860	4,978	1,537	371	119	31,606
Living apart from de facto	M	732	179	48	11	5	1	976
	F	8,039	3,983	1,399	412	105	30	13,968
Spouse deceased	M	207	125	54	16	3	4	409
	F	85	56	24	6	4	1	176
De facto deceased	M	29	13	1	–	1	1	45
	F	136	59	18	11	4	2	230
Divorced	M	151	56	27	3	–	–	237
	F	945	501	123	25	4	–	1,598
Unmarried	M	194	12	2	1	–	–	209
	F	11,570	1,884	332	65	15	1	13,867
Spouse of M.H. patient	M	1	–	1	–	–	–	2
	F	15	11	2	2	–	–	30
Prisoners' dependant	M	–	1	2	1	–	–	4
	F	163	94	43	15	8	1	324
Sole parents formerly on age benefit*	M	1						1
	F	6						6
All sole parents	M	2,511	1,128	429	132	31	9	4,240
	F	33,700	18,448	6,919	2,073	511	154	61,805
	T	36,211	19,576	7,348	2,205	542	163	66,045
Care of sick or infirm	M							89
	F							352
Woman alone								2,660
Total	M							4,329
	F							64,817
	T							69,146
Number of children included		36,211	39,152	22,044	8,820	2,710	1,026	109,963

*Because there is no provision to make additional payment for the dependent children of unmarried national superannuitants, unmarried age beneficiaries with dependent children were transferred to domestic purposes benefit when the provisions for age benefit were repealed.

Source: Report of the Department of Social Welfare for the year ended 31 March 1987

TABLE A4: Average duration of unemployment and sickness benefits which ceased during the years ended 31 March 1987 and 1986

Benefit	Average duration (weeks)	
	1987	1986
Unemployment	21.2	18.5
Men	21.4	18.4
Women	21.1	18.7
Sickness	34.1	23.3
Men	37.0	23.9
Women	31.7	22.6

Note: Unemployment benefits do not include emergency benefits. Sickness benefits include emergency benefits.

Source: Report of the Department of Social Welfare for the year ended 31 March 1987

TABLE A5: Distribution of duration of unemployment benefits which ceased during the year ended 31 March 1987

Duration (weeks)	Men	Percent	Women	Percent	Total	Percent
Up to 5	11,830	15.90	6,163	17.20	17,993	16.32
5 – 8	10,323	13.88	5,375	15.00	15,698	14.24
9 – 12	9,193	12.36	4,336	12.10	13,529	12.27
13 – 25	22,530	30.28	10,177	28.40	32,707	29.67
26 – 38	9,442	12.69	4,622	12.90	14,064	12.76
39 – 51	5,048	6.79	2,293	6.40	7,341	6.66
52 – 77	4,144	5.57	1,899	5.30	6,043	5.48
78 – 103	1,206	1.62	573	1.60	1,779	1.61
104 & over	678	0.91	394	1.10	1,072	0.97
Total	74,394		35,832		110,226	
Average duration	21.4		21.1		21.2	

Source: Report of the Department of Social Welfare for the year ended 31 March 1987

TABLE A6: Receipt of social welfare benefits by persons 15 to 19 years

	Age of beneficiary					*Total 15–19 years*
Benefit type	15	16	17	18	19	
	Number of recipients					
Invalids'[2]	179	363	425	434	450	1,851
Sickness[1]	49	175	318	454	545	1,541
Unemployment[1]	11	3,917	6,304	6,185	5,565	21,982
Widows'[2]	–	–	–	–	1	1
Domestic Purposes[1]	1	209	604	1,154	1,698	3,666
	240	4,664	7,651	8,227	8,259	29,041

[1]As at 31 December 1987
[2]As at 17 February 1988
Emergency benefits are included with the related statutory benefits.
Source: Department of Social Welfare, 1988

TABLE A7: Labour force status of young people — September 1986

	Labour force Status				*Labour force participation rate (percent)*	*Unemployment rate*
	Em-ployed	Unem-ployed	Not in labour force	Total		
Age 15 to 19 years						
Male	86.4	9.6	54.1	150.2	64.0	10.0
Female	75.3	8.6	63.5	147.1	57.0	10.2
Total	161.8	18.2	117.3	297.3	60.5	10.1
Age 20 to 24 years						
Male	118.2	5.1	11.3	134.5	91.6	4.1
Female	92.9	4.8	35.3	133.0	73.5	5.0
Total	211.1	9.9	46.5	267.5	82.6	4.5

TABLE A8: Roll numbers by age of full-year students at educational institutions — July 1985 (Figures in brackets are estimated total population of that age)

Age in years	Primary	Secondary	Type of institution Continuing education	University	Total
15	240	55,638	977	–	56,855 (63,510)
16	462	40,507	2,876	–	43,845 (62,400)
17	–	18,482	7,076	911	26,469 (59,480)
18	–	3,316	10,432	6,591	20,339 (60,040)
19	–	1,134	11,170	7,356	19,660 (59,230)
Sub-total 15–19	702	119,077	32,531	14,858	167,168 (304,660)
20	–	–	9,672	6,922	16,594 (58,970)
21	–	–	7,310	5,869	13,179 (58,500)
22	–	–	6,275	4,233	10,508 (58,550)
23	–	–	5,396	3,259	8,655 (57,620)
24	–	–	4,772	2,393	7,165 (56,910)
Sub-Total 20–24	–	–	33,425	22,676	56,101 (290,550)
TOTAL	702	119,077	65,956	37,534	223,269 (595,210)

Source: Department of Education, Education Statistics of New Zealand, Wellington 1986

TABLE A9: Weekly benefit rates $ (1 April 1988) (after-tax, unless otherwise specified)

Benefit type	Without children	
	Single $	Couple $
Superannuation	183.53 gross	305.88 gross
	156.18 net G	260.36 net G
	128.51 net S	214.20 net S
Unemployment	Under 20 years: 108.63	201.80
	20 yrs or over: 134.02	
Domestic purposes, Invalids', Sickness, Widow's benefit	Under 18 years: 122.57 18 yrs or over: 151.48	252.46
War veterans, War service, War economic pensions	151.48	252.46

The amount is increased by $1.50 per week per beneficiary when the recipient reaches the age of 65.

Abatement rates for income-tested benefits — None if other income is less than $50 per week. Payment is reduced by 30 cents for every dollar of income over $50 but under $80 per week, and 70 cents for every dollar of income over $80 per week.

All benefits	With children	
	Sole parent $	Couple $
All benefits	208.94	232.88

Abatement rates for income-tested benefits — None if income is less than $60 per week. Payment is reduced by 30 cents for every dollar of income over $60 but under $80 per week, and 70 cents for every dollar of income over $80 per week.

Note:
net G: Net after tax. Tax calculated on G rate, i.e. considering superannuation as the primary income.
net S: Net after tax. Tax calculated on S rate, i.e. considering superannuation as secondary income.

TABLE A10: Other benefits ($ per week) (January 1988)

Family support	$36.00 for the first child $16.00 per child for other children
Abatement rate	18 cents for every dollar of family income above $15,000 during the year
Guaranteed minimum family income	$270 (including family benefit and family support) $16 per week (family support) for each additional child, plus $6 family benefit.
Family benefit	$6.00 per child
Orphans' benefit	$74.70
Abatement rate	$3 for every $4 of orphan's income over $260 a year
War veterans' gratuity	$235.79
War widows' pension	$84.31
Mother's allowance	$93.46 for first child, $16 for each child thereafter.

Accommodation benefit — payments for board* or rent: (There will be changes in details from 1 May 1988)

Married beneficiary living with spouse, or sole parent	None, if the accommodation cost does not exceed 22.5 percent of relevant benefit, or $63—55 cents for each $1 of the accommodation cost in excess of this amount up to a maximum of 25 percent of relevant benefit rate.
Any other beneficiary	None, if the accommodation cost does not exceed 13.5 percent of relevant benefit or $38 whichever is greater. 55 cents for each $1 of the accommodation cost in excess of this amount up to a maximum of 15 per cent of relevant benefit rate or $40 whichever is greater.
Married non-beneficiary living with spouse, or non-beneficiary sole parent	None, if the accommodation cost does not exceed 22.5 percent of relevant benefit or $63 whichever is greater. 55 cents for each $1 of the accommodation cost in excess of this amount up to a maximum of 25 percent of relevant benefit rate.

TABLE A10: Other benefits ($ per week) (January 1988)—*continued*

Accommodation benefit — payments for mortgage (non-beneficiaries are not eligible)

Married beneficiary living with a spouse or sole parent	None, if the accommodation cost does not exceed 27.5 percent of relevant benefit or $76 whichever is greater. 55 cents for each $1 of the accommodation cost in excess of this amount up to a maximum of 25 percent of relevant benefit rate, or $63 whichever is greater.
Any other beneficiary	None, if the accommodation cost does not exceed 16.5 percent of relevant benefit or $45 whichever is greater. 55 cents for each $1 of the accommodation cost in excess of this amount up to a maximum of 15 percent of relevant benefit rate or $40 whichever is greater.
Abatement rates: Beneficiaries	25 cents for every $1 of income for the first $80 per week. It is not affected by income in excess of $80 per week as long as the person is eligible for the regular benefit.
Non-beneficiaries	None, if net income (at G rate of tax) does not exceed relevant rate of benefit. 25 cents for every $1 of income in excess of this amount.

Payments after death (lump-sum) — social security beneficiaries and low income earners:

Remaining partner	$1,200
Remaining partner and surviving children	$1,200 plus $600 for each child
No surviving partner but a surviving child or children	$1,200 shared amongst the children plus $600 for each child

Payments after death – war pensioners:

War service pension	When husband dies, wife receives a lump-sum amount of one-quarter of annual combined rate including age supplement ($3,320.98) or combined rate including age supplement ($246.50) per week for 6 months. When wife dies, husband receives a lump-sum amount of one-quarter of half married rate including age supplement ($1,660.49) or combined rate including age supplement for 6 months.

TABLE A10: Other benefits ($ per week) (January 1988)—*continued*

War veterans' allowance	When husband dies, wife receives a gratuity equivalent to basic war widows' rate plus single war veterans' rate ($235.79) for 2 years. When wife dies, husband receives a lump-sum amount as above.
War economic pension	When husband (wife) dies, wife (husband) receives 13 times the weekly rate of economic pension ($1,640.99).

*If board is paid, accommodation cost is assessed as two-thirds of board.

Accommodation benefit is not affected by cash assets up to $2,623 for a single person and $5,246 for a married couple or a sole parent. Each $100 of cash assets in excess of these amounts is equivalent to $1 of income per week for abatement purposes.

The expression 'relevant benefit rate' refers to the social security benefit rate (other than unemployment and superannuation) for married couples without children.

FAMILIES WITH CHILDREN

Families with Children

1 Introduction

Me aro ki te hunga tamariki kia tiu atu he tuhi māreikura—he wao Totara

[Nurture the children for the future and they will be women of substance and men of strength and calibre—as the forest of Totara]

Family policy must therefore embrace both the future and the present. The family is not only the cradle of our future society but it is also the centre of social life for most people in the present . . . Children are a stake in the future for their parents, and for others who are not their parents.

From *Family Policy*, by Margaret Wynn (Michael Joseph, London, 1970, p.32)

This paper is concerned with the contribution that taxation and income support arrangements can make in assisting families with children to participate in and belong to the community. The paper is structured as follows. In Section 2, the objectives of family income support are considered. Section 3 deals with the current arrangements which provide assistance to all families with children through the family benefit and assistance for low income families with children, both those in receipt of social welfare benefits and those in the paid workforce. It discusses concerns with the current arrangements relating to the family benefit, family support and guaranteed minimum family income and makes some suggestions for future change. Section 4 then goes on to consider some implications for family income support of a guaranteed minimum family income, designed to increase the margin between low wage levels and benefit levels. Section 5 discusses methods of providing further support for persons with primary responsibility for the care of young children — and of other dependants. The paper concludes in Section 6 with a summary of the issues raised and the recommendations made.

A paper prepared for the Royal Commission by the Department of Social Welfare, 'Support for Children' (1988), analyses a number of issues in this paper in much greater detail.

2 The Objectives of Income Support for Families with Children

In the accompanying paper on 'General Considerations' a number of specific objectives for income support were identified. These objectives are relevant to support for families. They are:

1 To ensure that all New Zealanders have access to a sufficient share of income and other resources to allow them to participate in society with genuine opportunity to achieve their potential and to live lives that they find fulfilling. In so doing, to provide a measure of certainty and security for all throughout their lives;

2 To relieve immediate need arising through unforeseen circumstances;

3 To ensure the wellbeing and healthy development of all children.

As noted in the 'General Considerations' paper, the third objective is actually covered by the first, but it has been listed separately to emphasise the importance we place on the fair and adequate treatment of children. Children are our future. Their wellbeing has a significant bearing on our future social and economic prospects. And, because of their vulnerability, they are entitled to special consideration.

The income support system that has developed in recent years has given much needed additional support for low income families with children. It does not yet, however, provide adequate recognition of the needs of all children, or of the valuable task of child-rearing performed by parents. These concerns are spelled out in later parts of the paper. But we emphasise that the values behind our objectives apply to all children, not only to those in low income families. The effective socialisation of children has beneficial consequences for all of the community. The state, in recognising its role as a partner in this process, is concerned with all families with children.

3 Concerns with Current Arrangements

The New Zealand community has developed a variety of direct and indirect income support policies for families over the course of this century. An account of the development of these programmes is given in Annex I to the paper on 'The Social Security System'.

One of the most important of current programmes is the family benefit, set at $6 per week for each eligible child. At 30 March 1987, more than 450,000 families with around 880,000 children received family benefit, at an estimated cost in 1986/87 of more than $270 million. Other payments to families with children made by the Department of Social Welfare include the domestic purposes benefit and the widows' benefit, both currently set at $244.94 per week for a sole parent with one child. At 31 March 1987, there were nearly 70,000 domestic purposes beneficiaries caring for nearly 110,000 dependent children, and nearly 4,000 widow beneficiaries with some 6,000 dependent children (and more than 9,000 widows receiving the widows' benefit but without dependent children). Expenditure on the domestic purposes benefit amounted to $710 million in 1986/87, and on the widows' benefit $95 million.

Direct income support is also provided through the income tax system. Family support, which was introduced in October 1986, gives eligible families $36 per week for the first child and $16 per week for each subsequent child, the payment being abated by 18 cents for each dollar of joint income over $15,000 per year. Family support is payable both to beneficiaries and to working families in the form of a refundable tax credit, which augments gross wages when the family's tax liability is too small to enable it to be completely offset. Entitlement is based on joint parental income and payments are split between parents. Some $400 million is included in the Inland Revenue Department's 1987/88 Budget Estimates for family support.

At the same time as family support was introduced in 1986, a further tax credit, the guaranteed minimum family income (GMFI), was also introduced. Beneficiaries are not eligible for the GMFI, which is specifically intended to provide a margin between social welfare benefit levels and the after-tax incomes of lower paid full-time earners, including the self-employed. The GMFI 'tops

up' the after-tax earnings of sole parents and couples with one child to $270 per week (including family benefit and family support), with an extra $22 per week for each additional child. These payments are made in conjunction with family support. Final data are not yet available for the number of families receiving GMFI for the period from October 1986 to March 1987, but it appears that only a few thousand families have in fact benefitted from this programme, so the total annual cost could be less than $10 million.

3.1 *Family Benefit*

Family benefit is the only current income support programme which goes to all families with children. The initial system of family allowances introduced in 1926 was limited to large families on very low incomes. In the 1930s and 1940s, however, family benefits were significantly expanded in scope and made universal. The rationale explicitly given by the then Minister of Finance in 1945 was that 'the State, the community and the Government of the community, are responsible for each of the children that come into life'. (Annex I to the working paper on 'The Social Security System').

Over the years the relative significance of the universal family benefit has been eroded by inflation, and the introduction of more targetted instruments of family assistance.

The family benefit was often raised in our public discussions and in submissions. Some argued that all income support measures should be income-tested and that there is no place for a benefit that goes to all families irrespective of means. A far larger number of submissions emphasised the importance of the family benefit as a recognition of community responsibility for children, and of the valuable work undertaken by those with caring responsibilities, and, too, as an independent source of income for women. A concern expressed was the decline of the value of the benefit in real terms. The family benefit has not been increased since 1979 and so its real value is about 35 percent of its value then. The benefit has never been indexed.

The introduction of universal family benefits in 1946 had a variety of aims, and the payments were generous, but it appears they were not intended to cover the full costs of raising children. Rather, family benefit was the state's recognition of some responsibility for all children, a responsibility that still substantially rested

with families. One aim was to redistribute income to *all* families with children.

The first issue for resolution, therefore, is whether a universal family benefit has a role to play in the current income support system or whether it should be income-tested, either separately or by being subsumed into other income-tested payments.

It should be recognised that family benefit, although flat-rate and not income-tested, is progressive in its incidence since it is a higher proportion of the income of low income families than of high income families. If family benefit were income-tested, either directly or through absorption into family support or the GMFI arrangements, there would no longer be any direct income support measure that recognised at all income levels that families with children have greater income needs than those without children, and that the community has a responsibility to share those costs. Society has an interest in all children, not just those whose parents are able to satisfy certain income tests. The family benefit clearly retains strong popular support. Most submissions to the Commission on the topic supported its retention.

It is certainly true that greater assistance for low income families could be provided if family benefit were income-tested and the proceeds used to increase the basic levels of payment. But family benefit has never been intended solely as a poverty alleviation measure. The current system provides other means of reducing poverty among families with children, either by increasing family support and/or the GMFI.

We strongly favour the continuation of the family benefit as an integral part of a flexible set of income support arrangements for families with children. All society benefits from the efforts of parents, and those without children should contribute to their costs. These costs of parenthood are inescapable for caring parents. Submissions to the Commission argued that families with children have been falling behind in real income terms in recent years and in consequence they require greater income support. This call in part reflects the lack of indexation of family benefit. This problem can be redressed by adjusting family benefit upwards towards its real level in some past year and indexing it thereafter. Such an adjustment is very expensive, however. Each increase of $1 per week in the rate for each child would cost between $45 and $50 million in a full year. Nevertheless, we consider that a moderate increase in the family benefit is warranted (with consequential

adjustments to other family income support entitlements, if necessary for fiscal reasons). Also that the family benefit should in future be indexed on the same basis as social welfare benefits should be indexed, that is to some measure of after-tax average earnings.

3.2 Assistance for Low Income Families

Family support was introduced in October 1986, replacing the previous family care and family rebate provisions, as well as payment for children of beneficiaries. Among the innovative features of family support is that it is a refundable tax credit; that is, where family support entitlement exceeds tax liabilities the surplus over tax liability is paid out in cash to the family concerned. This has the result that families with children are effectively provided with a tax threshold or zero tax step in their tax schedule. Other important features of family support are that the entitlement is split equally between the parents in two-parent families and that uniform assistance is provided to beneficiaries with children and to low income, non-beneficiary families. Family support, like family benefit, is not indexed, although the income level from which family support reduces was increased in the 1987 Budget.

The Guaranteed Minimum Family Income provision (GMFI) was also introduced in October 1986. Because the GMFI 'tops-up' net income, differences in earnings for those below the GMFI level are not reflected in final after-tax income and recipients potentially face an 'effective marginal tax rate' of 100 percent. The GMFI is not indexed, but was increased in the 1987 Budget. Basic benefit payments are indexed, and it is equally necessary to increase the GMFI regularly if it is to serve its function of boosting the income of those on low pay relative to those on benefits.

3.2.1 Adequacy of Income Support for Low Income Families

In our submissions and discussions, a range of concerns was expressed about current income support arrangements for low income families. The position of beneficiary families will be considered first. Here the most important concern is with the adequacy of benefit levels.

We have noted our preferred objectives for the income maintenance system: that income support should ensure access to a sufficient share of income and other resources to allow all New

Zealanders to participate in society; that the system should alleviate immediate need; and in achieving these objectives should ensure the wellbeing and healthy development of children. These three objectives all suggest that we should closely scrutinise the circumstances of children in low income families.

Some form of additional assistance is required by social welfare beneficiaries with children, since the basic individual level of benefit will be inadequate if supplemented *only* by universal family benefit. This point was made explicitly by the 1972 Royal Commission on Social Security in commenting on the role of what were then called 'family maintenance allowances', introduced in 1968 to supplement social welfare benefits for those with dependent children. That Royal Commission noted:

> The family benefit is not and never was intended to cover the whole cost of maintaining a child. It is the State's contribution to that cost. It follows that the parents are expected to carry the balance. The justification for the family maintenance allowance for subsequent children in the case of solo parent beneficiaries and any child in the case of married couple beneficiaries, is that the parents who are solely dependent on the benefit have no income which can be diverted to carry this balance. Unless they receive further help they can only maintain the children at the expense of reducing their standard of living below that which the basic benefits are intended to sustain (RCSS: 228).

It must be recognised that if the level of additional assistance for dependents of social welfare beneficiaries is inadequate, then the living standards of both adult beneficiaries and their children will inevitably be reduced below an acceptable minimum.

Most beneficiaries with children receive income support for relatively short periods. For example, those receiving the domestic purposes benefit at the end of 1987 had on average been receiving it for a period of around 3 years and 4 months. However a core of long-term benefit recipients pulls up this average. Most recipients are reliant on benefits for a shorter period. Almost half of the 73,000 recipients had been receiving the benefit for less than two years, and 60 percent for less than three years. The temporary character of much assistance does not reduce the importance of providing adequate support, however. Three years may appear a short time in the life of an adult, but it is a long time in the life of a child, and may significantly reduce the child's opportunity to develop to achieve her or his full potential.

The income support system alone cannot be expected to provide all of the resources required for the wellbeing and development of

children. The education system, general community amenities, health, housing and public transport services contribute the largest part of these resources. But for most children it is their parents' private resources that are used to provide the customary personal and social expenditures which enable children to participate in peer group activities — so that children can be children.

For children of beneficiaries, it is the social welfare benefit their parent or parents receive that must serve this task. These benefits can be supplemented by income from part-time work or by support from liable parents, but this is not always possible. The ideal would be for parents to have access to adequate income through full-time paid employment, but this, too, is not always possible, especially in times of high unemployment.

In current circumstances it is unavoidable that significant numbers of New Zealand children will be in families that are reliant on social welfare benefits, some for short periods of time, but some for extended periods. If these children are not to be unfairly penalised, then the benefit system must provide income support levels adequate for those with responsibility for children.

3.2.2 Guidelines for Adequacy

Having said this, it must be acknowledged that clear guidelines for setting adequate benefit levels for those with children are lacking. A paper submitted to us by the Department of Social Welfare ('State Financial Support for Children') discussed possible guidelines in some detail and in particular canvassed measures of the relative needs of children and adults. The recent Report of the Ministerial Task Force on Income Maintenance on *Benefit Reform: The Next Steps* (1987) also reviewed a range of available guidelines. It concluded that payments for children of beneficiary couples are inadequate, compared with the level of payments to some sole-parent families.

More work is necessary to establish the relativity between benefits payable to different household types before reaching firm conclusions about required policy changes. Sole-parent families have one of the highest incidences of poverty of any household group. Any changes likely to reduce their living standards must be based on well-established evidence of their actual standards of living and the real adequacy of their income support. The housing conditions

and costs of families on benefit should also be explored in this context. Annex I, on the 'cost' of children, explores some of these issues in more detail.)

Account should also be taken of increases in the direct costs of children as they grow older. What is adequate for a family with a pre-school-age age child may not be adequate for a similar beneficiary family with a teenage child. Higher payments for teenage children would also be consistent with our tentative thoughts on the preferred direction for income support for youth.

3.2.3 *Indexation*

One issue does not require further investigation before action is taken. The levels of income-tested social welfare benefits are indexed every six months. Family benefit has never been regularly indexed. The same is true in general of other income support provisions directed at children. The result is that the real value of income support for children in low income families can fall substantially over time, with occasional substantial ad hoc increases. There can be little justification for this. While the level of support for children in low income families may remain to be determined, this does not imply that current child-related payments should be allowed to be eroded by inflation. The levels of family support should therefore be indexed to after-tax average earnings. (So also should the income-test thresholds for benefits in general.)

4 Family Income Support and the Government Economic Statements in December and February

4.1 *Background*

On December 17 last year the Government released an *Economic Statement* which included sweeping proposals for the reform of the tax and income maintenance systems. The proposals with most impact on family assistance programmes were the following:

    a   The introduction of a 'flat-rate' tax to apply to all personal income. The actual rate was not specified but was clearly seen as being less than 25 percent.

b   A Guaranteed Minimum Family Income scheme much more ambitious than the existing scheme introduced in 1986. The proposed new GMFI, which we label for convenient reference as the 'wide-margin' GMFI, as opposed to the present 'narrow-margin' scheme, set minimum income levels for families with a member in the full-time labour force at levels of the order of $100 per week higher than the existing scheme. In an attempt to deal with disincentive problems, the amount of GMFI support was to be based on the previous year's income. GMFI support is based on the joint earned income of both spouses.

Much of the detail of those proposed reforms was not spelt out at the time. Some features which were apparent, however, were:

1   A rebate was proposed to ensure that low income earners did not pay more tax. Thus the new tax structure was not a pure flat-rate tax. This was necessary to prevent a reduction in after-tax income for those groups, as for instance would result from an increase in the tax rate from the current 15 percent for those with income less than $9,500 to the proposed new rate near to 25 percent.

2   There were major implications for the present Family Support and Family Benefit programmes. Clearly family support for earners was quite incompatible with the proposed GMFI, and would be abolished. Presumably the family support amounts for beneficiaries with children were to be built into the basic benefit structure.

While not made explicit in the statement, the apparent presumption was that family benefit would be abolished, the funds so saved being directed towards low income families.

In the event, the December economic package was not proceeded with. A less sweeping restructuring of the tax and income support systems was announced in February. Its features were:

(a) A two-step tax scale, 33 percent for annual income above $30,875, and 24 percent for all income below this.

(b) An abating exemption on a part of income below the $30,875 level, however, so that average tax rates for this group did not increase from present levels. The effect of this was to retain the 15 percent tax rate below the $9,500 level, and to bring the marginal tax rate for those with incomes in the $9,500 to $30,875 range to 28 percent.

For the present the existing family support programmes are retained.

However, the issues raised in the December announcement concerning family assistance programmes can still be usefully discussed. They are:

1 The incentive and disincentive effects of changes in tax scales on beneficiary and low earned income families;

2 The effect on incentives of the initially proposed wide-margin GMFI:

3 Specifically, the effect of the wide-margin GMFI on the choice between caring responsibilities in the home and engaging in paid work for the marriage partner who is not the principal income earner;

4 The effects on benefit adequacy for some low income-earning families.

4.2 *Effective Marginal Tax Rates*

Protection for lower income groups — through average tax rates lower than a nominal flat rate — must also imply changes in marginal rates. In fact, marginal tax rates for low income groups must increase relative to those applying to higher income taxpayers. It is necessary to decide which categories of taxpayers should be protected, and to what income levels, and what pattern of effective marginal tax rates at the lower end of the income distribution is both fair and conducive to economic efficiency.

The choice is between modifying the current range of family assistance programmes or moves towards a single mechanism for protecting and providing assistance to families.

The Royal Commission has already noted its support for the universal family benefit. Its continuance has implications for the final structure of average and marginal tax rates. Family benefit effectively provides a small threshold or zero-rate bracket for all families with children, and consequently slightly lowers the average tax rates of those families receiving it. Because it is not income-tested, family benefit does not directly increase marginal tax rates except to the extent that whatever flatter rate is eventually decided upon must be higher in order to finance the family benefit. We consider that the principle of community recognition of some responsibility for all children outweighs this disadvantage.

Whether family support should continue broadly in its current form under a flatter nominal tax scale depends on a number of issues, including judgements about possible winners and losers under alternative schemes and probable efficiency effects. There is no reason why family support could not be retained but modified to provide the same assistance under the chosen new tax scale.

4.3 *Targeting of the Family Support Scheme*

The Family Support scheme could of course be more tightly targetted. Given the current fairly low abatement rate applied to family support, beneficiaries of the scheme include many middle income families. A further disadvantage of a lightly abated family support scheme is that *more* families are subject to higher marginal rates than under a tightly targetted scheme.

Targetting of protection could take the form of increases in abatement rates to 50 percent, say, or even to the extraordinarily high 100 percent as in the current GMFI. A major advantage of targetting is that it could allow increases in income support for very low income families and could thus be redistributive.

4.4 *The GMFI and Incentive and Adequacy Effects*

The proposed 'wide-margin' GMFI was directed to ensuring a substantial margin between low wage levels and benefit levels. The objective was to provide greater incentives to be in the workforce. It would operate as a wage supplement for those in paid employment and as an inducement for those outside to enter the paid full-time workforce. To the extent that individuals are encouraged to enter full-time employment, presuming jobs are available, then the scheme would have had advantages. The problem is that the scheme would also have disincentive effects for those already in the workforce, on low incomes below the GMFI level.

These disincentive effects are minor for the existing narrow-margin GMFI. They become more important with a wide-margin GMFI. All those qualifying are brought up to the same income level. That is, different families (in the same category, for example 2 parents and 2 children) with incomes of say $10,000 and $18,000 would have their current disposable incomes topped up to the same level. If the GMFI is related to the *previous* year's income, as was proposed, there may be an implicit assumption that the lag

of one year will mean that work effort will not be reduced. If, however, families with children recognise that any increased earnings this year will reduce their GMFI next year then part-time or casual work, particularly by mothers with young children, may be reduced. The effects depend upon the time horizons for work decisions made by families with children.

A further problem is that incomes of many do not increase steadily year on year. In fact, income often varies considerably. The problem arises for those whose income has fallen substantially in the current year, but whose GMFI entitlement is based on the previous year's higher income. This is not an incentive effect as such, but a potentially serious 'adequacy' problem for low-income families.

4.5 *Effect of a Wide-Margin GMFI on the Caregivers' Status*

The GMFI, and with more impact the initially proposed wide-margin GMFI, can be seen as having mixed consequences for the 'at home' caregiver in a low income two-parent family.

One consequence is that it reduces the pressure on the parent at home to move into the paid workforce to supplement the family's income. This can be seen as giving recognition to the importance of the full-time caregiving role.

Other consequences working in the other direction derive from the fact that many with caregiving responsibilities in the home consider that they can combine these responsibilities with entry into the paid workforce, part-time or full-time, and wish to do so. If they do, and the principal earner's income is below the GMFI level, then the effective tax rate on the second earner's income is 100 percent under the present scheme. For the proposed wide-margin GMFI the effective tax rate is somewhat less, because it does not take effect for a year, but is still high.

The evidence of vastly increased labourforce participation by women in recent years speaks, we think, for itself. Some of this may be due to increased financial pressures, but most women with children would consider that they are entitled to make their own decisions about labour market entry. The high effective tax which would apply to the paid-work choice under a wide-margin GMFI significantly impedes their choice.

4.6 *Summary*

The proposed reforms to family assistance in the December 17 Economic Statement gave much weight to issues of incentives, with little spelt out about issues of adequacy. One problem is that the increased work incentives for some lead to increased work disincentives for others, and the overall outcome is far from clear. We are concerned here specifically with families with children, and some of these incentive issues are more general. However, a further problem is that it is not clear that children would have been adequately protected under the proposals made in December, for example the children of low income self-employed people, or children in low income families whose income falls from one year to the next.

5 Support for Carers

5.1 *The Activity of Caring*

In the associated paper on 'The Social Security System' we discuss a possible move towards an 'Individual Entitlement' benefit system, rather than the present 'Joint Entitlement' system for couples. A consequence of that approach is that it implies a need for a Parent Support Benefit. This would be payable both to sole parents, and to the parent with prime caring responsibilties in a two-parent family, though not necessarily at the same rate or for the same period for each.

As remarked in that paper the concept is easily widened to the more general one of a Carers' Allowance. A Carers' Allowance would be payable not just to a parent, or a person acting in place of a parent, caring for children. It would be payable in general to any person required to give full-time care to some person in the home. That is, it would include those caring for the severely disabled and the frail elderly, in addition to those caring for children. As remarked in the Income Maintenance Task Force reports:

> Caring for severely disabled and elderly people in the home can be one of the most demanding of social services offered within the family environment. It is also one of the least recognised. Generally it falls to women and often it represents lost opportunities for employment or participation in community life *(Benefit Reform: The Next Steps*, p. 76).

A Carers' Allowance then is an allowance which would be payable to those in unpaid caring activities. It includes the care of the disabled and the elderly. In this paper our focus is naturally on the activity of caring for children. But wherever we use the term 'carers' allowance', it should not be supposed restricted only to those caring for children; it is intended for all engaged full-time in the arduous work of caring for those unable fully to care for themselves. An allowance for caregivers would signal their major contribution to society's wellbeing.

5.2 *The Case for a Caregivers' Allowance*

One difficulty of current arrangements is the position of the sole parent compared with the married caregiver. The sole parent is entitled to an income-tested benefit (which may be partially offset by liable parent contributions) in addition to an amount for the child or children, while the married parent who is also looking after children is considered to be supported by a working spouse, possibly also assisted through family support based on joint income. When the solo parent repartners, the independent source of income disappears except for the family benefit and any entitlement to family support. These effects are clearly in conflict with the principle of neutrality towards marriage.

In any move to place benefits on an individual basis so that all are entitled to the unemployment, invalids' and sickness benefit in their own right without regard to the earnings of a spouse, the issue of the caregiver at home becomes salient. If a women who loses her job, has an accident or becomes sick is entitled to income-tested support from the state, how should she be treated when she stops work to have children, and how should contributions of the continuing caregiver be recognised?

There are several possible positive responses, each reflecting different judgements. And whichever approach is taken it is fundamental that couples should not feel that they have children on behalf of the state. There are immense personal rewards to be had from children and there is a high degree of personal choice involved. One approach is that caring for children is a socially useful occupation that deserves recognition by the state. Anybody performing this work should therefore be paid a wage set to reflect the balance between state and individual responsibility for the care of

children. Another approach is that payment of an allowance to carers refunds carers for income foregone in circumstances justifying non-participation in paid employment. We discuss these two approaches in turn. Each gives weight not only to the first general objective of income maintenance, but also to the special emphasis on the wellbeing of children to which the third objective is directed. In short, that children need and deserve care.

5.3 A Universal Carers' Allowance

At one end of the continuum of possible responses, the carer would be provided with a payment equivalent to those made for professional carers or the support provided to foster parents. Such a payment would be taxable, but would not be subject to an income test. While we accept that caring for children is a socially useful occupation, we are reluctant to support this option on several grounds. It could have a significant impact on the caring parent's incentives to participate in the paid workforce with the consequence too of tending to continue the stereotyping of parental roles within families. And it would be extremely expensive.

An alternative is to recognise that family benefit already exists as a basis for assistance for carers for children. Increases in family benefit would therefore go to all primary carers, irrespective of whether they are married or sole parents, working full-time or part-time or outside the labour force, receiving benefits or not. Currently, however, family benefits are payable for each child and are paid in respect of older children as well as younger children requiring greater supervision. It would be possible to consider supplementing the current system by providing a higher universal payment to the carer when the youngest child is under six years, say. For example, a payment of $25 per week as an addition to family benefit to all carers with at least one child under six years would cost in the order of $200 million to $250 million on a full-year basis.

This approach would have the advantage of being less expensive than the higher payment (although still costly) and of providing uniform assistance to all parents with young children. The lower level of payment would probably mean that the impact on work incentives of carers would be much less than the other alternatives. On the other hand, the lower level of payment may be seen as a quite inadequate payment, in fact only a supplement, not a major

recognition of the responsibilities and costs of caring. In addition, this approach provides less scope for achieving uniformity of support for sole and married parents, if that is favoured.

5.4 *An Income-tested Carers' Allowance*

Another approach is to offset the opportunity costs of staying home to care for one's children. It could be met in various ways. One is by the payment of an allowance similar to the domestic purposes benefit to full-time carers, at least while the children are young. Such a payment would subsume the current DPB for the relevant age-group. It would be taxable and would be reduced as other income was earned by the caregiver, probably as on the current basis. It would also need to be accompanied by complementary support to offset work-related needs for child-care services for those carers who returned to full-time or part-time work.

As with the first approach, this form of carers' allowance places support for caregiving on a uniform basis, that is sole parents and married carers could be entitled to the same level of support, and any perceptions of favoured treatment of sole parents would no longer be relevant. Given the nature of the income test applying to the domestic purposes benefit, many caregiving parents who were working part-time or full-time in lower paying jobs could be entitled to at least partial assistance.

It would also be necessary to make some decision about the age of children for whom it is considered desirable to have carers available. One could have a very restrictive system, limited to those with a youngest child under one or two years, but this would probably not be regarded as sufficient by many in the community. A more appropriate age would be six years, being one year after the youngest child enters primary school. A limitation of this kind would mean that many persons now receiving the domestic purposes benefit would not be eligible for the carers' allowance past this point. It would therefore be necessary for these sole parents to enter paid employment or to test their entitlement to other benefits.

(In passing the age, restriction would not of course apply to care for persons other than young children. For instance, entitlement for caring for a severely disabled person would continue indefinitely.)

This approach, like the first, has a number of disadvantages. Even on an income-tested basis such a scheme would be very expensive if the allowance were set at the level of assistance now provided to sole parents.

Costs could be in the order of $700 million per year. In addition, it raises concerns about possible work disincentives. Married women with children and who are in part-time work may in particular be affected. Sole parents currently have lower levels of both full-time and part-time participation in the labour force than do married women with children of the same age. While this is due to a range of factors, it may also partly result from the effects of the provision of the domestic purposes benefit and the income test applied. Thus, one might anticipate some reduction in participation in the paid workforce as a result of the introduction of a general income-tested carers' allowance.

Some of our submissions argued that this would be desirable, since its effect would be to give carers a real choice between caring and paid work. This, indeed, is the intention of a carers' allowance. However, if there is to be a real choice, then not only must support be given to parents caring for children at home, but greater resources should be directed towards support services for working parents, including domestic leave provisions and greater employment flexibility.

An alternative to an income-tested carers' allowance applying to sole-parent and two-parent families alike is to differentiate between those two situations and pay a lower allowance to a caregiver in a two-adult family. This would recognise the interdependence of both parents in raising children and the greater time commitment a sole parent often undertakes because there is no one with whom to share the responsibility. It would reflect the theme in the many submissions supporting a carers' allowance that what was sought was some tangible recognition of the value of caregiving, not a wage. And while still costly —an income-tested payment set initially at around $50 per week where there is at least one child under 6 years would cost in the order of $300 million in a full year—it might allow some financial recognition to be given to the importance of caregiving.

5.5 *Questions Arising*

Clearly there are many questions to be explored under various heads before a carers' allowance could be introduced. Each has significant funding implications and each calls for the application of the principles and criteria which the Commission has recommended as requiring consideration in designing policies to achieve the objectives of the income maintenance and distribution system. For convenience of reference those issues we have identified are listed below in note form (also, indicative cost estimates for two variations are given in Appendix II):

1 Level of carers' allowance:

    (a) equal to Domestic Purposes Benefit; or

    (b) set at some lower rate (for example, $25, $50 or $75 per week).

2 Age of qualifying children for allowance:

    (a) on same basis as DPB, that is, up to 16 years; or

    (b) some lower age such as 6 years or 10 years.

3 Treatment of sole parents:

    (a) same as any other caregiver—implications therefore depend upon other decisions taken; or

    (b) treated as separate category, that is, assistance maintained as it currently is.

4 Variation in assistance by number of children:

    (a) maintain basis of current system, that is, some additional payments per child; or

    (b) no variation, all of assistance provided through carers' allowance.

5 Unit of payment:

    (a) assistance goes to one caregiver only; or

    (b) all or part of assistance split between two parents where relevant.

6 Income test:

    (a) tested on joint income of couple;

    (b) individually income-tested;

    (c) tested on 'joint property income' as suggested in the paper 'The Social Security System'.

7 People in the workforce:

    (a) ineligible for allowance unless engaged in full-time care; or

    (b)   eligible if not engaged in paid employment for more than set hours per week; or

    (c)   eligible whatever outside commitments.

  8 Mechanism of delivery:

    (a)   tax system;

    (b)   social welfare system.

5.6   *Conclusion*

Our general conclusion is that a carers' allowance should be established. The form, criteria and level of the allowance should be subject to wide discussion and careful research. Our clear view is that as economic conditions allow the focus should be on the family benefit and the carers' allowance as the preferred means of delivering income support to families, with reducing emphasis on family support and GMFI. It should be noted that the carers' allowance concept applies generally to all those within the wider family setting who are undertaking caregiving responsibilities for elderly and/or disabled dependants.

Finally, an important first, if symbolic, step would be to recognise that the present domestic purposes benefit is already in essence a form of carers' allowance, and should be renamed as such.

6   Summary and Recommendations

We have set out in other papers the objectives which income maintenance and taxation policies should seek to achieve. The relevant objective here is: *To ensure the wellbeing and healthy development of all children.* The objective refers to all children, not only to those in low income families.

The state does not have, and should not have, for most children the major share of the responsibility for ensuring their wellbeing and healthy development. That responsibility belongs to parents. The whole community will eventually benefit, however, from healthy well-adjusted children and should be prepared, therefore, to share a part of the financial and other burdens of parenthood. Where the parents' financial resources are insufficient, additional assistance is justified.

The main income support programmes now assisting families with children are:

1 Family Benefit, for all dependent children;

2 Family Support, directed to low and middle income families, and phasing out as parents' income increases;

3 Guaranteed Minimum Family Income (GMFI), for families with at least one person in paid employment, but on a very low income. The purpose is to maintain a fair relationship between their incomes and the incomes of families receiving benefits;

4 Domestic Purposes and Widows' Benefits, in most cases for the assistance of those who have child-caring responsibilities but lack the support of another to share those responsibilities. The Domestic Purposes Benefit also includes some who are caring full-time for elderly or disabled relatives.

The current structure of family assistance, although complex, has a good deal to commend it. A number of problems with the direction of family assistance have been addressed with some success in recent years, although some remain. The use of more than one means of assistance makes for complexity, but this reflects the fact that there are a variety of objectives involved.

6.1 *Carers' Allowance*

As a nation we still place too low a priority on the needs of those who are dependent, including children, and give inadequate recognition to the role of caregivers. The family support system needs some further development to meet these lacks. We consider that would best be done by the introduction of a Carers' Allowance which would be payable to those in unpaid caring activities and including the care of the disabled and elderly, as well as children.

Caregiving, for children and others who cannot fully care for themselves, is demanding work. It is costly in terms of lost opportunities to engage in other activities, as well as in cash terms. The benefit to the rest of society from the work caregivers do is far from adequately recognised. A carers' allowance could not initially, in the present financial situation, give substantial additional assistance with caregiving costs. It would, however, begin to recognise the importance of the work of caregivers for all society.

We have not set out a detailed prescription of the form a carers' allowance should take, although we have identified and listed a number of issues to be addressed and researched. There are already

some elements of the carers' allowance concept contained in the existing family benefit, family support, and domestic purposes and widows' benefits.

In broad terms, we see the present benefits for sole parents, the widows' benefit and the domestic purposes benefit, being largely replaced by the carers' allowance. (Our recommendations elsewhere would also result in a living-alone component being specifically identified, where appropriate, in those benefits.) For two-parent households only a small payment could be envisaged for the immediate future, and perhaps restricted to full-time care during the most vulnerable period of early childhood.

The form, criteria and levels of the allowance would need to be subject to wide discussion and research. And the concept should be applied to those within the wider and extended family setting who are undertaking caregiving responsibilities for any dependants, not only children.

An important first step which we recommend be taken without delay is to rename the Domestic Purposes Benefit, the Carers' Allowance. That would reflect its true function.

An accompanying working paper on 'The Social Security System' makes recommendations which have implications for the future shape of family assistance programmes, including a carers' allowance. These include a recommendation that the social welfare system should not have, as one of its basic presumptions, any financial dependency between adults. This has implications for the present income test of social welfare benefits, and for any income test of a carers' allowance, which need to be explored further. Another conclusion is that the present married/single distinction in benefit rates should be replaced by a sharing accommodation/living alone distinction. This would better recognise the extra costs faced by single beneficiaries living alone and, in the context of family assistance, of sole parents living only with their dependent children.

At this point we consider some comment is needed on the public image of domestic purposes beneficiaries. There is a quite widespread perception, reflected in submissions to us, that the domestic purposes beneficiary is typically young, never married, and irresponsible, sometimes seen as a teenager deliberately conceiving a child so as to receive the benefit.

Even were this stereotype a true representation of the typical sole mother beneficiary, we would not consider that the domestic purposes benefit should be abolished, or even reduced. The objective is

the welfare of all children, and to reduce assistance to sole parents is to reduce support for their children also.

But the stereotype is not true. The available statistics show quite clearly that the current domestic purposes beneficiary typically is aged in her 20s or 30s, was formerly in a marriage or de facto relationship, and in many cases has two or more children. Few people receiving the domestic purposes benefit enjoy becoming beneficiaries; most were precipitated into the role by marital breakdown. Most receive the benefit for a relatively short period only.

6.2 Family Support and Guaranteed Minimum Family Income

The Family Support programme targets its assistance towards lower income families. While eventually it could be displaced by the proposed carers' allowance, for the present it should remain. It is fundamental to providing assistance for children in beneficiary and low income earning families.

The present Guaranteed Minimum Family Income (GMFI) scheme is of more limited value. Its take-up rate appears to be low. It does play a part, however, in preventing the income from employment of some families falling too low relative to the income which might be received on the benefit.

A more ambitious GMFI such as proposed in the *Government Economic Statement* of December 17, but then not proceeded with, would ensure an income margin between those in the workforce and those on a benefit. Apart from the difficulty in assessing the overall work-incentive effects of the proposal, however, it could also have caused some difficult problems in ensuring adequate assistance for those with variable income levels.

6.3 Family Benefit

Family benefit is the one income support programme which assists all families with children. That it is received by high income families as well as low income families has been criticised. This is on the ground that the assistance would be better directed to those more in need.

This view received very little support in submissions to us from those who receive the family benefit, usually women. That a particular government programme is popular does not of course necessarily mean that it is justified. However, there are good grounds for a universal child payment. These include satisfying the criterion of horizontal equity in the tax-transfer system between those households with children and those without. Also the recognition of the contribution good parenting at all income levels makes to the general welfare of society. It is seen, too, as some recognition of caring responsibilities. Finally, a universal benefit has advantages in terms of increased social cohesion, because people at all income levels benefit.

We consider that these reasons amply justify the retention of the family benefit. Further, because of its gradual erosion by inflation, we consider that it should be increased by a moderate amount, and indexed in future to after tax wage levels, as should family assistance measures in general.

As economic conditions allow the focus should be on the family benefit and the carers' allowance as the preferred means of delivering income support to families, with reducing emphasis on family support and GMFI.

Annex I
The 'Cost' of Children

(Material in this Annex draws on the Department of Social Welfare paper 'State Financial Support for Children', January 1988.)

1 Direct and Indirect Costs

The cost of rearing children can be split into:

(a) Direct expenditure—the extra expense incurred by the household because of the presence of the child, or children. It should be noted that this includes not just items such as children's clothing and food, etc., but also a share of household expenditure on items such as accommodation, heating, lighting, etc., the cost of which also tends to increase with family size.

(b) Indirect expenditure—the income foregone by parent(s) because they withdraw from the labour force to care for a child.

Generally speaking direct expenditures increase with additional children, although less than proportionally, with per child expenditure being highest for the first child. Direct expenditures would also normally increase with total household income, although less than proportionally to income. Finally, direct expenditures increase with the age of the child. Estimates in the Department of Social Welfare paper referred to suggest that expenditures for an adolescent in the late teens might be twice as high as for a child in the first year of life.

Indirect expenditure is not dependent on the number of children, but on the extent to which the presence of children requires the forgoing of income-earning opportunities. The key variable is probably usually the age of the youngest child. Indirect expenditure increases with the income-earning potential of the parent giving up full-time employment.

This annex is confirmed to providing estimates of the direct costs of child-rearing.

2 Equivalence Scales

A household equivalence scale gives the relative incomes required by households of different composition to achieve the same level of material wellbeing. Equivalence scales are estimated relative to

some benchmark household type, usually the household comprising a couple without children. If a couple with one child needs 20 percent more income to be able to enjoy the same material standard of living as a childless couple, then their ranking on an equivalence scale would be 1.20, compared with 1.00 for a childless couple.

There are difficulties in estimating equivalence scales. A fundamental difficulty is in determining whether households of different composition have achieved the same level of material wellbeing. Dealing with this usually involves various mathematical assumptions.

There are different theoretical 'models' of household consumption which may be equally consistent with the empirical data. So there is no one 'right' way of estimating equivalence scales. The different approaches used have generated somewhat different results.

This is shown by the four illustrative sets of equivalences given in Table A1. The four scales referred to are the Townsend equivalence scale for England, the Henderson scale for Australia, the average values reported by Whiteford ((1987) for a large number of studies he surveyed), and a revised version of the Jensen equivalence scale (developed by J. Jensen of the Department of Social Welfare).

The variations between the scales are better shown in terms of the additional income required for each additional child to maintain the same material standard of living as the 'no child' household. This is shown in Table A2 for both one-adult and two-adult households.

The variations are quite substantial, though in part the higher initial figures for one-adult families on the Whiteford and Jensen scales is because they start from a lower base.

The revised Jensen scale shows the kind of downward trend that might be expected *a priori*, and is reasonably consistent with the Whiteford average based on more recent studies than the Townsend and Henderson scales. However, the Jensen scale does not derive from New Zealand data. There is a need to further test the scale on data from the Department of Statistics' Household Expenditure and Income Survey.

3 Direct Expenditures per Child

Applying these scales to data from the Household Expenditure and Income data, on the assumptions given in Appendix III to the

Department of Social Welfare paper, yields the estimates of average expenditure per child for the family types given in Table A3.

The figures are in March 1986 dollars. In early 1988 values they would need to be increased by almost 30 percent, bringing average costs nowadays to the order of $100 per child.

Broadly speaking, the estimated weekly expenditure per child is about $80 in March 1986 dollars. This is for a two-child, two-adult family. For a two-adult, one child family, expenditure per child is about 18 percent higher, for a three-child family about 16.5 percent less. Expenditure per child in a one-adult, two-child family, is about 6 percent less per child than for the corresponding two-adult family. (these are on the revised Jensen scale.)

4 *Current Benefit Adequacy*

It is of interest to compare the equivalence scale results with the present allowances available to families receiving an income-tested social security benefit. This is down, in Table A4, by applying the revised Jensen scale to the current benefit available to a married couple with no children ($252.46 as from 1 April 1988) and comparing the results with the actual benefits (including family benefit and family support payments currently available, as at end-March 1988, to families with children).

The implicit assumptions in this are that:

(a) The benefit for a married couple with no children is "adequate", neither too high nor too low

(b) Persons at benefit levels of income spend all of their disposable income.

A similar exercise was carried through in the report of the Income Maintenance Task Force (*Benefit Reform: The Next Steps*, 1987), using a somewhat earlier Whiteford equivalence scale with lower indexes for families with 3 or more children.

The results in Table A4 suggest, if the equivalence scale and the assumptions are reasonably correct, a significant relative shortfall in assistance to larger families. They also support comments elsewhere in these working papers about the probable inadequacy of benefit rates for single people living alone. On the other hand, the benefit rate for one-parent one-child families appears excessive relative to the rate payable to other family groups.

5 Implications for an Improved Structure of Assistance

It is of interest to calculate approximately the adjustment to benefit levels and child allowances needed to provide 'adequacy' in terms of Table A4.

There are two principal constraints, however, on suggesting adjustments which could realistically be applied.

(i)   The benefit/wage replacement ratio. An increase in this can be avoided by providing identical increases in child allowances to those in the workforce, either in the form of increases in family support to low-paid earners, or increasing the universal element in family assistance. Either option of course faces a further fiscal constraint.

(ii) Maintaining the desirable simplicity of the present system of child allowances, with the same amounts per child available regardless of whether the household has one or more adults and whether there is an earner in the household or not. The only departure from uniformity is the extra amount, currently $20 per week, available in the family support payment for the first child.

(This extra, to the extent that family allowances are presumed to compensate for direct expenditure on children, is for the assumed extra cost of the first child. In fact the equivalence scales, as seen in Table A2, do not at least for two-adult families bear out this presumption of extra cost. This of course is leaving aside the indirect costs from forgone income-earning opportunities, and it is here that the proposed carers' allowance has application.)

An approximate solution, bringing in a carers' allowance, is as follows:

(i)   From two-adult family equivalence scales, family assistance (family benefit plus family support) per child if set at 20 percent of the married couple benefit rate, would be $50 per week. This compares with the present (1987/88) $42 for the first child and $22 for each child thereafter.

(ii) On this basis the structure of the sole-parent benefit would be, for a parent with one child:

Basic benefit (Half married couple)	$126.23
Living-alone allowance, where applicable (30 percent of basic benefit)	$37.87
Child assistance	$50.00
Sum	$214.10
Leaving Carers' allowance component	$15.64
Total	$229.74

(Assuming the equivalence scales justify a 30 percent rather than 20 percent living-alone allowance)

Or, if it were desired to leave the level of the present benefit for a sole parent with one child unchanged, the carers' allowance equivalent would be $36.84.

(Note that an increase in a carers' allowance, if offset for reasons of cost by a reduction in assistance per child, tends to penalise large families.)

A carers' allowance of like amount, if introduced as a component of the couple benefit and with a proportion (most probably a half) also payable generally to carers in a family with an earner (or the whole to a sole parent earner), would partly meet replacement ratio concerns.

However, the general carers' allowance on this basis would be a relatively 'token' amount. Also there would remain benefit/wage ratio problems if the carers' allowance ceases at a given age of youngest child for those in the workforce, but at an older age for those receiving a benefit.

Finally, an important point is that the calculations about assume that equivalence scales based on average household incomes and expenditures are equally applicable to those on low incomes. It may in fact be argued that for households on benefit-level incomes, the first child does require a bigger proportionate increase in spending, and subsequent children smaller proportionate increases, than do families on average incomes. In which case the present benefit regime may be more appropriate than the equivalence scale calculations given in Table A4 suggest. Empirical research is badly needed.

TABLE A1: Equivalent income values

Household composition				Equivalence scale	
Number of adults	Number of children	Townsend	Henderson	Whiteford average	Revised Jensen scale
1	0	0.71	0.75	0.64	0.65
1	1	0.88	0.91	0.90	0.91
1	2	1.13	1.13	1.10	1.14
1	3	1.29	1.42	1.31	1.34
1	4	1.54	1.57	1.49*	1.52
2	0	1.00	1.00	1.00	1.00
2	1	1.17	1.15	1.20	1.21
2	2	1.42	1.37	1.38	1.41
2	3	1.58	1.66	1.59	1.58
2	4	1.83	1.81	1.74*	1.75

* denotes estimated by extrapolation
Source: 'State Financial Support for Children', Department of Social Welfare, January 1988

TABLE A2: Percent increase in income required for direct costs of each additional child

	Percent of income of 'no child' household on equivalence scale according to:			
	Townsend	Henderson	Whiteford average	Revised Jensen scale
One-adult household				
1st child	24	21	41	40
2nd child	35	27	31	35
3rd child	22.5	39	33	31
4th child	35	20		28
Two-adult household				
1st child	17	15	20	21
2nd child	25	22	18	20
3rd child	16	29	21	17
4th child	25	15		17

Source: Derived from Table A1

TABLE A3: Estimated weekly expenditure per child, March 1986

Household composition		Equivalence scale		
	Townsend	Henderson	Whiteford average	Revised Jensen scale
	$	$	$	$
1 Adult, 2 children	64	58	72	74
2 Adults, 1 child	78	70	89	93
2 Adults, 2 children	81	74	75	79
2 Adults, 3 children	66	72	67	66

Source: 'State Financial Support for Children', Department of Social Welfare, January 1988

TABLE A4: Actual benefit rates from 1 April 1988 compared with benefits which would be implied by revised Jensen scale (Dollars/week) (Based on benefit rate of $252.46 per week for married couple with no children)

One-adult households	Single	S+1	S+2	S+3	S+4
Jensen scale applied to married couple rate	164.10	229.74	287.80	338.30	383.74
*Actual rate**	151.48	250.94	272.94	294.94	316.94
Difference	−12.62	+21.20	−14.86	−43.36	−66.80
As % of Jensen values	−7.7%	+9.2%	−5.2%	−12.8%	−17.4%
Two-adult households	Couple	C+1	C+2	C+3	C+4
Jensen scale	252.46	305.48	355.97	398.99	441.81
*Actual rate**	252.46	274.88	296.88	318.88	340.88
Difference		−30.60	−59.09	−80.11	−100.93
as % of Jensen values		−10%	−16.6%	−20.1%	−22.8%

* Includes family benefit and family support, i.e. at end-March 1988 a total of $42 for the first child, and $22 for each child thereafter. However benefit rates for married couples with children start from a lower base-point than childless couples, approximately $20 per week lower, for reasons to do with concerns about the benefit/wage replacement ratio.

Source: Department of Social Welfare circular, and calculations derived from Table A1

Annex II

Indicative Cost Estimates for a Carers' Allowance

The actual cost of introducing a carers' allowance will depend on how the issues raised in the main text are resolved. Two estimates, using different assumptions and based on different data sources, are given here, however, as an indication of possible costs involved.

Table A5 presents some basic data derived from the 1986 Census. It also shows incidentally how workforce participation varies with the age of the youngest child, and with whether the carer is a sole parent or is in a two-parent family.

Table A6 based on a different data source, the Household expenditure and Income Survey, estimates for a range of levels of the carers' allowance, the total cost assuming the allowance is universal, that is, not tested against income.

Table A7 from Census data, gives aggregate costs for an allowance of $50 per week, but now assumed tested on the carer's income. Note that the age-ranges for the age of the youngest child are different from those in Table A6.

TABLE A5: Number of families in permanent private dwellings by age of youngest child

Two-parent Families

	Age of youngest child					
	0–4		5–9		10–14	
Mother's working status	Number	%	Number	%	Number	%
Full-time	24,525	16.5	30,474	34.5	42,060	45.7
Part-time	38,292	25.7	33,462	37.9	29.043	31.5
Not working	84,300	56.6	23,349	26.4	19,608	21.3
Not available	1,893	1.3	1,059	1.2	1,365	1.5
Total	149,010	100.0	88,344	100.0	92,076	100.0

Single-parent Families

	Age of youngest child					
	0–4		5–9		10–14	
Mother's working status	Number	%	Number	%	Number	%
Full-time	3,210	12.0	4,677	24.5	7,239	39.4
Part-time	3,459	12.9	4,254	22.3	3,612	19.6
Not working	19,818	73.8	10,008	52.4	7,347	39.9
Not available	351	1.3	156	0.8	198	1.1
Total	26,838	100.0	19,095	100.0	18,396	100.0

	Age of youngest child					
	0–4		5–9		10–14	
Father's working status	Number	%	Number	%	Number	%
Full-time	1,026	52.2	1,758	59.4	3,135	71.9
Part-time	138	7.0	249	8.4	288	6.6
Not working	777	39.5	921	31.1	882	20.2
Not available	24	1.2	30	1.0	54	1.2
Total	1,965	100.0	2,958	100.0	4,359	100.0

Source: Data from the 1986 *Census of Population and Dwellings*

TABLE A6: Estimated expenditure from introducing a carers' allowance on an individual, non-income-tested basis, for two-parent families

Couples: age of youngest child	Number of carers ('000)	25	Level of allowance $ per week 50	126.23*
			$(million)	
Under 5 years	144.4	190	375	950
5 to 12 years	120.8	155	315	790
12 to 15 years	47.4	60	125	310

Notes: 1 These estimates do not take account of such possibilities as increased tax revenues, or offsetting reductions in family support, which would reduce the net cost, nor, on the other hand, a possible decrease in paid workforce participation.
2 Sole parents have not been included in the calculations. Assuming those on a domestic purposes of widows' benefit are regarded as already receiving the allowance, the extra cost for non-beneficiary sole parents is small, on census figures about an extra 3 percent where the youngest child is under 5.

* Half married couple rate of benefit from 1 April 1988

Source: Estimates based on data from the Household Expenditure and Income Survey, 1986/87

TABLE A7: Estimated cost of carers' allowance, tested on carers' income for two-parent families

Allowance of $50 per week

Mother's income in two-parent family	Age of youngest child Under 6 $(m)	Under 10 $(m)	Under 15 $(m)
$2,600 or less	162.1	203.1	243.1
$2,601–$3,000	17.0	22.2	26.5
$3,001–$4,160	18.4	27.4	36.6
$4,161–$6,000	18.6	27.6	36.9
$6,001–$7,200	4.3	7.1	10.8
Total	220.4	287.3	353.8

Notes: 1 For estimation purposes the mother is assumed to be the carer.
2 The cost has been estimated under the following assumptions: $50 per week if income is less than $2,600 per year, abated at 30 cents per dollar of income between $2,600 and $4,160 per year, and at 70 cents per dollar of income above $4,160 per year.
3 See also footnotes to Table A6

Source: 1986 Census data. Income distribution is inflated by 20% to estimate the costs for the year ended March 1988

THE SICK, THE INJURED
AND THE DISABLED

THE SICK, THE INJURED AND THE DISABLED

The Sick, the Injured, and the Disabled

1 Introduction

Disablement, by injury from accident or otherwise, is one of the hazards of life to which all are potentially subject. Whether major or minor, permanent or temporary, disablement from physical or mental causes can cause economic loss, from lost income from employment, disruption in the home environment or the meeting of health-care costs. There are non-economic costs too, the permanent loss or absence of some bodily function, and the pain and suffering and loss of enjoyment of life which result from accident or illness.

It has been increasingly accepted that the community as a whole should bear a share of these costs, at least of the economic costs, relieving some of the burden on the individual and his or her dependants. This assumption of responsibility by society has happened, however, in a piecemeal and somewhat haphazard way. The result is that persons similarly affected in their capacity to take part in the activities, pursuits and processes of everyday life are often treated differently, depending on the cause of their disablement.

There are historical reasons for this different treatment. For instance the common feeling that where injury is, or might have been, suffered through the specific wrongdoing of other individuals then the concept of 'justice to the victim' requires more generous treatment. It should be questioned now, however, whether this community attitude is sufficient cause for accident victims continuing to be treated more generously.

The community's contribution to sharing the cost of illness and injury takes many forms. Public hospital services are free of charge to the patient. Residential and medical care are partly subsidised. Income-tested benefits (the sickness benefit and the invalids' benefit) are available to those unable to work because of sickness or permanent and severe disability. War veterans injured on active service also receive a benefit. A range of special allowances and

benefits are available for those individuals or households struggling to cope with long-term disability, although scarcely on a generous scale. Further, there is the accident compensation scheme administered by the Accident Compensation Corporation (ACC). This provides earnings-related benefits to earners, whether injured at work or elsewhere, and similar benefits to dependants of those killed in accidents. Medical and hospital care is also provided largely free of charge, and lump-sum payments for 'non-economic' loss are made to both earners and non-earners. And, finally, a large number of private and voluntary organisations provide services for the disabled, often with the assistance of government funding.

In the Funding section of the April report the Commission will deal with issues concerning the provision of health services. Issues which are discussed in this paper are:

(i) The current accident compensation scheme, its problems, and suggested reforms;

(ii) The present different treatment of the sick and disabled compared with that of the injured;

(iii) The level and availability of disability benefits and allowances;

(iv) As a subsidiary issue, the conditions applying to the sickness benefit and the invalids' benefit. In particular, the basis for the present income-testing of these benefits.

The first two issues are our main focus. Resolving the conflict between the treatment of the injured and the treatment of the sick and disabled is far from simple.

It requires first a reassessment of the basis of accident compensation in New Zealand. The major questions this raises are whether:

(i) A separate accident compensation scheme, with earnings-related compensation, can be justified;

(ii) The scheme is too generous, in particular to those suffering minor injury, at the expense of the long-term disabled;

(iii) The 'cost creep' problems presently affecting the scheme reflect some fundamental flaw in its principles, or its administration, and if so how these can be cured;

(iv) Lump-sum payments for 'non-economic loss' are justifiable.

From there, we discuss whether it is possible to extend the accident compensation scheme, suitably modified, to cover disablement resulting from illness. A major constraint is cost. Some preliminary

costings prepared by others have been examined, but further work is needed, and the need for fiscal responsibility means that major proposals for change would almost certainly have to be phased in over a considerable period of time. Some immediate steps are possible, however, in directing the focus towards more serious disabilities and improving the cost efficiency of the present accident compensation scheme, and in relieving excessive hardship for some of the disabled community.

1.1 *The Elderly Disabled*

The present accident compensation scheme provides for earnings-related compensation until a claimant reaches the age of 65 years, and sometimes to an older age, to a limit of 70 years, when the injured earner is over 60 at the date of accident.

Presumably similar provisions would apply should the accident scheme be extended to those disabled by illness. However, a large number of those disabled by illness are aged over 65, and these will increase with the increase in the number in that age-group.

This working paper does not cover the elderly disabled group. They will need special provision, as for instance outlined in the New Zealand Board of Health's paper of July 1986 on restructuring the subsidies available for residential and domiciliary care. Where the elderly disabled are not receiving special provision of this kind we would, however, expect that the more generous disability allowances proposed in this paper would continue to apply, regardless of age.

2 Accident Compensation

2.1 *Background*

The existing accident compensation scheme is the one instance in New Zealand of the 'social insurance' approach to income maintenance, common especially in Europe. Under social insurance arrangements workers, and/or their employers make contributions based on a proportion of their incomes, and the resulting benefits, when needed, are also earnings-related or income-related.

The scheme as it stands, with minor changes since its introduction in 1974, covers injuries to earners, whether incurred at work

or elsewhere, on the road, at home, or in recreational activities. It also covers injuries to 'non-earners'.

Currently the Accident Compensation Corporation (ACC) provides earners a benefit equal to 80 percent of pre-accident earnings, after a 'pause period' of one week following the accident. During the pause period itself, the employer pays 80 percent earnings-related compensation, but only for accidents at work. (This is frequently in practice 'topped up' to 100 percent by deducting one day's sick leave.) For those earners injured in non-work accidents, the injured person bears the cost of the first week pause period, perhaps deducting it from sick leave if available. Earnings-related benefits are also paid to surviving dependants of those killed in either work or non-work accidents.

For non-earners the 1967 report of the Royal Commission on Personal Injury (the *Woodhouse Report*), from which the present scheme derives, recommended weekly payments for temporary total incapacity from the fifteenth day after the injury. This procedure is not followed, however, in the present scheme. Instead non-earners can receive lump-sum payments for 'non-economic loss', as also can earners on top of their earnings-related compensation. These non-economic loss lump sums fall into two categories: for permanent loss or impairment of bodily function, and for pain and mental suffering and the loss of enjoyment of life.

Finally, medical costs and rehabilitation costs in the private sector are met in full by the Accident Compensation Corporation.

The scheme is funded by levies on motor vehicle registration, and on payroll, varying with the accident record of the given industry. Formerly these payroll levies averaged 1 percent of payroll or less, but this year (1987/88) they have been increased to an average 2.47 percent. In addition, government makes a contribution from the Consolidated Fund, through Vote:Labour for 'non-earner' injuries, while treatment of injury victims at public hospitals is not charged to the ACC but met from the Health Vote.

2.2 *Financial Costs of the Present Scheme*

Estimated expenditure by the ACC for 1987/88 is $800 million, a substantial sum of the order of 1.4 percent of GDP.

The run-down of ACC reserves has attracted considerable attention in the past two years, leading to a review and report by a Committee of Officials in 1986, and to the Law Commission's

being requested in 1987 to further review the working of the scheme. The Law Commission's enquiry is still proceeding but we have had the benefit of the Law Commission's 'Interim Report' and of the submissions made to the Law Commission as well as those submissions made directly to the Royal Commission and relating to injury and illness.

The financial difficulties the scheme ran into are in part the result of a decision by government, under pressure from employers, to reduce the average payroll levy from 1.07 percent in 1983/84 to 0.74 percent in 1984/85. This was at a time when the true 'pay-as-you-go' rate was of the order of 1 percent or more.

If that one decision could be shown to be the sole cause of the ACC's financial problems, then it would be possible to conclude that the scheme is otherwise in good shape, once the recent more than trebling of payroll levies has restored reserves to an adequate level.

Unfortunately, there appear to be more fundamental problems. The real costs of the scheme are increasing rapidly, for not easily explained reasons. This is shown by the ACC's estimates that to continue on a 'pay-as-you-go' basis, the average payroll levy, from 1.17 percent in 1985/86, would have been required to be 1.54 percent in 1986/87, an increase in real terms of over 30 percent. (A 'real' increase means here that increase in excess of any increase in average earnings.)

The areas where the most substantial cost increases are occurring are:

(i) *Earnings-related compensation*: approximately 43 percent of total outlays in 1986/87. The real increase in 1986/87 was approximately 11 percent.

(ii) *Lump sum payments for non-economic loss*: approximately 21 percent of total outlays in 1986/87, with over two-thirds of this expenditure being for the second category of loss, viz: 'Pain, suffering and loss of enjoyment of life'. The real increase in lump-sum payments in 1986/87 was 18 percent.

(iii) *Medical and hospital costs*: over 18 percent of total outlays in 1986/87. In 1986/87 there was a real increase in hospital costs of 11 percent, but medical costs fell 5 percent.

Expenditure on item (ii), payments for non-economic loss, is presently constrained by legislated ceilings on the amount of any individual lump sum payment. These have been eroded by inflation,

leading to a 'compression' of lump-sum payments towards the ceiling.

The above comments are by way of background. The point is that, in the context of a possible extension in coverage to illness, in addition to injury, indications of a persisting escalation of the costs of the present scheme have to be taken very seriously. If this cost escalation is not brought under control, both the existing scheme and any extension will be brought into discredit, and could have to be abandoned. The cost escalation needs evaluating relative to whether escalation is also occurring in similar schemes overseas.

2.3 The Principles Underlying the Present Scheme, and their Relationship to the Royal Commission's Objectives and Principles

The present legislation.governing the scheme, the Accident Compensation Act 1982, recognises and is intended to promote 5 general principles of:

    Community responsibility
    Comprehensive entitlement
    Complete rehabilitation
    Real compensation
    Administrative efficiency

These principles were first enunciated in the report of the 1967 Royal Commission on Personal Injury in New Zealand (the *Woodhouse Report*) and were reaffirmed by the Government in its brief for the current review by the Law Commission.

Little debate is needed on the principles of *complete rehabilitation* and *administrative efficiency*. A theme emerging from the 1986 Officials' Report and the Law Commission's review, however, is the need for better co-ordination of safety and rehabilitation measures. The ACC, and Health and Labour Departments all have functions and responsibilities here, which need better central co-ordination.

Community responsibility is the acceptance that all should share the burden of the lost productivity and welfare which results from the statistically inevitable toll of accidents and injuries.

Community responsibility is also one of this Commission's guiding principles. We endorse its application in the accident compensation field, noting also that it equally implies that the community

should help share the burden of sickness and disablement in general. Our further principle of equality of treatment says explicitly that those with similar needs should be treated equally.

Set beside the principle of community responsibility by this Commission is the principle of individual responsibility, that is that individual self-reliance and contribution to society should be encouraged.

It is not possible to strike a balance between the principles of community responsibility and individual responsibility which will be pleasing to all. It is worth noting, however, that the 1967 Royal Commission deliberately stressed the need to focus on serious disability and never contemplated the complete removal of personal responsibility for an injured person's loss. The certainty of compensation to follow in the event of more serious injury should more than offset the unavailability of complete coverage for less serious injury.

The Commission believes that the balance of the present scheme has tilted too much towards assisting those with minor injuries. It has also been suggested that the scheme as it stands has weakened the incentives for accident avoidance and prevention, and encouraged imprudent behaviour and disregard of other's safety, by lessening the financial costs of accidents (also that there is fraudulent abuse of the scheme). We are not totally convinced of this proposition, or at least that such effects are widespread, given the suffering and disruption which commonly accompany accidents. However, our specific proposals made below, which put some of the cost of minor injuries back on to either the employer or the injured person, would also increase the financial incentives to accident prevention and avoidance.

In passing, it should be said that while there have been calls for substantial review there have been no submissions to the Commission calling for a return to the pre-1974 situation. In that period accident compensation was restricted in amount and coverage, but where negligence by another party could be proved, the common law tort action allowed a small proportion of victims substantial damages. The old system has been aptly called a 'forensic lottery'. It was uncertain in outcome, expensive, and subject to long delays.

There have, however, been some suggestions for the reintroduction of a 'limited' tort action, primarily to induce more care in accident prevention. While we are sympathetic to the motive, there

appear to be real difficulties in reintroducing even a modified version of former common law rights, without reintroducing all the difficulties that plagued the old system. But we would certainly support the strengthening of safety regulations and their enforcement.

Comprehensive entitlement requires compensation regardless of time, location or cause of accident and regardless of what activity was being engaged in at the time of the accident.

This principle has led to coverage under the present scheme extending to 'non-work' injuries to 'earners' and to all injuries to 'non-earners'.

Again this is consistent with our third principle of equality of treatment. The present coverage of non-work and non-earner injuries should remain. The principle can also be seen as arguing for the extension of compensation to cover illness.

A corollary which also follows is that the present sickness and invalidity benefits should also if possible be put on a basis of individual entitlement. That is a person should be entitled to these benefits regardless of are income-tested on household income. The income test, where and if retained, should be on the basis of individual income. Table 1 gives some figures on these benefits.

TABLE 1: Invalids' and sickness benefits

Year ended 31 March	Number on benefit at 31 March		Expenditure during year $million	
	Sickness	Invalids	Sickness	Invalids
1970	5,876	8,342	6.1	6.1
1975	7,830	9,414	15.9	13.7
1980	7,504	15,647	33.2	40.9
1985	9,627	21,464	72.6	105.7
1987	11,116	23,087	124.3	159.8

Note: From 1975 to 1 January 1984, the joint income test on the Sickness Benefit for the first 13 weeks of sickness was altered to a test on individual income. The benefit payable was half the married couple rate.

Source: Department of Social Welfare (DSW) *Annual Report 1987*

Real compensation — that is, compensation should be 'real', in the economic sense of protection against inflation or against a decline over time relative to the community's real income levels. More

importantly, it should also be 'real' in being related to the individual's actual economic loss. In other words, compensation should be related to lost income and should not be restricted by any form of means test.

These guidelines have been implemented in practice by fixing compensation for earners at 80 percent of actual earnings, this being paid regularly so long as employment cannot be resumed. The earnings-related provision applies up to a high income ceiling, in 1987/88 of $63,458 per annum, giving earnings-related compensation of $976 per week. In addition, medical costs are to be met in full.

Lump-sum compensation for non-economic loss does not fit comfortably with this principle, on the presumption that the loss to be compensated is economic loss. And this was the distinction drawn by the 1967 Royal Commission.

The inclusion of compensation for non-economic loss when the current scheme began operating in 1974 was, it appears, part of a political 'trade-off' or 'Social Contract' for the loss of common law rights to sue for negligence. The more generous treatment provided for lesser injuries than was recommended in the *Woodhouse Report* was also part of that same trade-off.

The principle of real compensation is again consistent with this Commission's objectives and principles, but at a less fundamental level than the other principles, for two reasons. The first is that the relevant section of the Commission's statement of objectives is the phrase: 'To provide a measure of certainty and security for all'. In the commentary on the objectives (paper on 'General Considerations') we have qualified this sub-objective. We do not regard it as requiring that income levels should be maintained permanently at a level related to income before an 'accident'. And too ambitious an attempt to redress loss on a permanent basis may threaten the less ambitious objective of providing adequate support for the more seriously injured through interim difficulties.

The second reason is that the principle of real compensation leaves room for considerable variation in detail when implemented in practice. For instance, in the proportion of lost income, or of medical costs, which is to be reimbursed and in how long compensation should continue to be paid.

The difficult issue is whether the providing of 'a measure of certainty and security' for persons who have suffered a sudden, and more or less permanent, worsening in their economic status,

should aim primarily at preventing undue hardship during their transition to their new status. Or should the objective be more ambitious, to preserve a longer term or even indefinite degree of continuity with their previous economic status.

That first approach implies that compensation should initially be earnings-related, at least for those victims of serious injuries, but eventually switching to a flat-rate basis. This assists the victim through the difficult initial period, when commitments based on previous income still have to be met, but requires some eventual adjustment to a lower standard of living, at least for those whose previous income is high relative to any flat-rate benefit.

The second approach is that underlying the present scheme under which earnings-related compensation continues to retirement age for those permanently incapacitated and unable to return to work.

It is apparent that while limiting the duration of earnings-related compensation would give some cost savings, the present scheme is able to support a lifetime continuation of earnings-related compensation for those permanently injured. What is doubtful, and is difficult to ascertain on the available statistics, is whether this provision is financially sustainable in the case of an extension to those disabled by illness. The relevant situation is that of relatively high income-earners who are permanently incapacitated in middle age by stroke or heart disease.

On balance, and for broad reasons of principle, the Commission feels that a finite period should be set for the payment of earnings-related compensation. This, as discussed below, would then be succeeded by the payment of a generous flat-rate benefit, plus disability benefits to assist in overcoming the costs and hardships of disability.

2.4   Support for Underlying Principles

The present scheme was introduced in 1974 with bipartisan support for the principles underlying the scheme. That support has continued although, of course, with political differences over details of application and administration. The question is whether an accident compensation scheme, on lines broadly the same as the present scheme, has general community support. The answer, from the various sources the Royal Commission has consulted, is yes.

The two main sources are the submissions made to the Law Commission, and the written submissions or statements made at public hearings to this Royal Commission. In addition there is material from two opinion polls, one of the community at large, and the other conducted on behalf of the ACC, of ACC claimants. Finally, there are some preliminary results from the Royal Commission's Attitudinal Survey, although these relate to sickness and disability in general rather than accident victims. They are discussed in Annex I.

Concerning the Law Commission material, it is sufficient to quote from that Commission's 'Interim Report' of October 1987 (page 7):

> An overwhelming number of those addressing the point expressly indicated that the general form of the scheme should be retained and almost all of the remainder took it for granted that there was no question of reverting to anything like the old system of legal remedies supplemented by means-tested benefits. Similarly in a recent nation-wide poll involving a sample of 2,500 people, 80 percent expressed support for the scheme, though many (like many making submissions to us) also responded positively to a series of questions suggesting a redistribution of some of its costs. In other words, the submissions and the poll confirm the opinion stated in the Ministerial reference to us. The five principles are broadly acceptable and deserve to be supported.

We agree.

The submissions made to this Commission have rarely, if at all, criticised the underlying principles of the presently operating scheme. Instead they have focussed on specific aspects which have caused complaint, or on the following more general issues:

(i) The favourable treatment accorded those injured in accidents compared with those disabled by illness, or other non-accident causes.

(ii) The priority access to medical facilities, specifically treatment by specialists and at private hospitals, which those covered by accident compensation receive. (The scheme has undoubtedly had significant, and unanticipated, consequences for the balance between the private and public health sectors. This is largely a result of a number of court decisions requiring the ACC to meet the private health costs of its claimants where equivalent treatment, in quality and/or speed, is not reasonably obtainable from the public health system.)

Submissions on issues of detail have covered the following points, some reflected also in the opinion survey of ACC claimants:

(iii) Surviving pre-1974 accident victims feel they have suffered hardship relative to those injured since the inception of the scheme. (The cost of extension to these persons is difficult to estimate.)

(iv) There is resentment that those injured in prison or in the course of criminal activities should receive ACC benefits. (It seems that many are unaware of the restrictions on compensation applying at least to those guilty of more serious crimes.)

(v) Likewise there is considerable feeling that those injured in recreational activities such as skiing, should not be covered, or should at least be separately levied. (The administrative difficulties in levying sporting activities seem insuperable. One answer however is to have people injured in recreational activities bear more of the cost of at least their minor injuries.)

(vi) There is concern too about the ACC coverage of 'drunken drivers'. (To satisfy popular feeling about this, however, would mean a repudiation of the 'no fault' principle basic to the present scheme.)

(vii) ACC claimants complain about initial delays in establishing benefit levels. (The problem seems to be an administrative one, in that certificates from the employer and/or Inland Revenue are necessary to establish income levels.)

(viii) 'Episodic' work-related injuries, such as Repetitive Strain Injury, leading to a number of short periods of absence from work, rather than a continuous long period, are a problem because of the 'pause period' requirement. (Again more an administrative problem, as to whether such absences can be 'accumulated' in some way.)

Overall there is general support for the present scheme and its underlying principles, so far as it applies to accident victims, but criticism of some aspects of its practical application. Popular opinion, it seems, would generally favour, if anything, a somewhat more generous scheme for accident coverage (but with restrictions on the 'non-deserving'), and also an extension to disablement from other causes. However, for an informed consensus on these matters, the costs involved and the implications for increased taxes and levies also need to be put to the public.

2.5 *Changes Recommended to the Present Accidents Compensation Schemes*

The changes recommended below are, we believe, in accord with the five principles first enunciated by the 1967 Royal Commission. But they are influenced also by two of the guiding principles followed by the Royal Commission. These are those of:

(i) *Individual responsibility*: Individuals and businesses should be prepared to bear themselves a larger share of the cost of lesser injuries, in return for the greater security provided against loss from serious disablement. A further benefit of this approach is the added inducement to eliminate or avoid accident-creating situations.

(ii) *Fiscal responsibility*: Social insurance schemes, as well as other social policy initiatives, require the willing backing of taxpayers for their continued funding. The continuation of present trends could see that willingness wane further or even vanish.

Our specific recommendations are:

(a) The 'pause period' should be extended from the present one week to a period of 4 weeks but with benefit coverage in the extra weeks.

The Law Commission has already made an interim recommendation of an extension to 2 weeks.

TABLE 2.1: Payment period for earnings-related compensation for 1984 accidents paid by ACC after first week

| Period Weeks | Environment | | | | | | Total |
	At home	On road	To/from work	Working	Misc	Sport & rec.	
(After Pause)							
Up to 1	22.18	15.52	23.12	30.89	19.13	19.97	25.54
" 2	19.92	15.47	16.96	19.28	19.71	19.39	18.99
" 3	12.70	11.05	11.14	10.88	12.76	13.29	11.65
" 4	8.19	7.37	7.10	7.08	8.69	8.86	7.65
" 6	11.48	10.88	9.63	9.17	12.76	11.42	10.25
" 8	6.25	7.37	5.86	5.30	6.68	6.96	5.99
" 12	6.53	8.16	6.04	5.29	6.68	7.74	6.22
" 16	3.09	5.47	3.91	2.49	3.46	3.55	3.12
" 20	1.97	3.27	2.66	1.69	2.07	2.38	2.04
" 24	1.34	2.31	2.13	1.22	1.61	1.39	1.42
" 28	1.11	1.89	1.29	1.00	1.39	1.03	1.14
" 32	0.78	1.74	1.64	0.75	0.90	0.69	0.87
" 36	0.74	1.39	1.51	0.71	0.66	0.42	0.75
" 40	0.61	1.26	1.38	0.57	0.39	0.43	0.63
" 44	0.42	0.84	0.67	0.47	0.34	0.35	0.48
" 48	0.42	1.14	0.71	0.38	0.54	0.31	0.46
" 52	0.35	0.71	0.84	0.41	0.37	0.37	0.43
" 78	1.66	3.89	3.02	1.86	1.63	1.28	1.95
More than 78	0.28	0.28	0.40	0.59	0.17	0.17	0.42
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Median duration (weeks)	2.6	3.7	2.9	2.0	2.9	2.8	2.5

Source: Officials Review, Volume One, Appendix I, Table 1.2 (1986)

TABLE 2.2: Savings for Various Pause Periods ($million) (when extended from current one week pause)

| | Pause Periods (weeks) | | | | |
1	2	3	4	5	6
0.00	20.34	35.41	46.55	55.29	62.64
0.00	16.99	27.13	33.79	38.63	39.27

The first row shows savings when no payment is made by ACC during the 'pause period'.
The second row shows savings assuming 50% of ERC claims are originated at work and ACC pays average claim (including 'top ups') of $200 per week during the pause period to earners for non-work accidents.
Source: Royal Commission estimates

This recommendation means that businesses and injured individuals will bear a greater direct share of the financial cost of injuries. The actual financial savings for the ACC and the extra costs to business and injured persons are not as large as might be expected, being at most around $45 million annually. Table 2 (previous page) from the *Officials Review* gives a breakdown from ACC figures of the duration of earnings-related compensated injuries, and cost savings we have estimated the ACC would achieve from various extensions to the pause period. These savings, however, would be reduced by the benefit proposals made below.

FIGURE 1: Savings in ERC payment for various pause periods
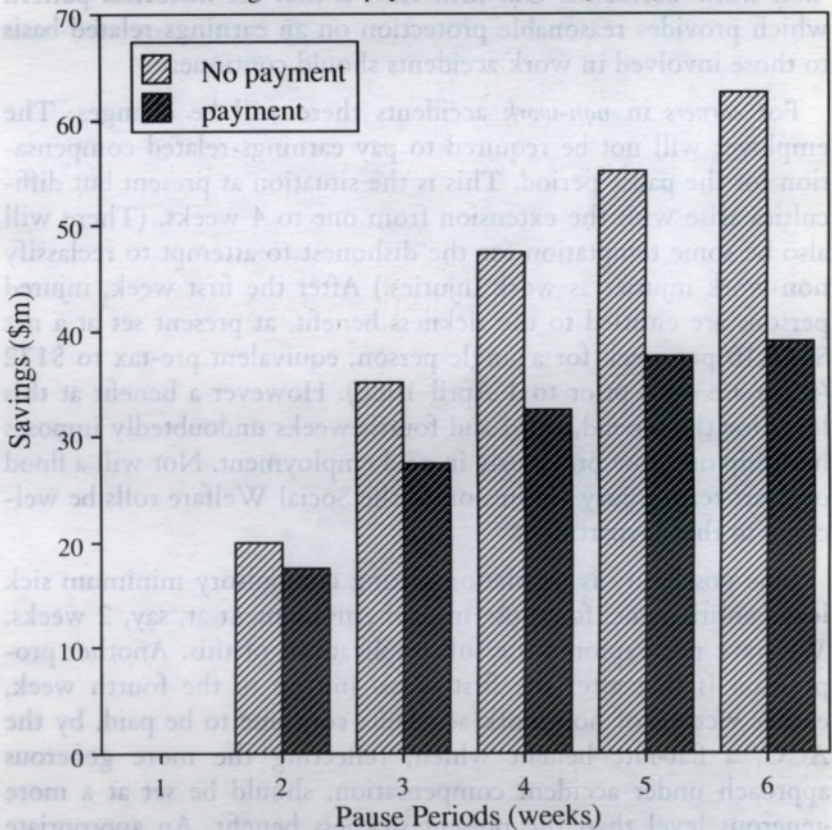
The efficiency advantages are that the ACC can better focus its efforts on the care and rehabilitation of those most needing assistance, and that the incentive to eliminate situations or behaviour which leads to accidents is increased. It also prepares the way for a wider scheme covering illness.

The equity implications need detailed consideration, and differ by location of accident and category of persons involved. *Earners* involved in *work* accidents would continue to receive compensation but now from their employers for the first 4 weeks instead of the first week only. In other words, the costs of workplace accidents fall more directly where they arise. There would of course be consequential downwards adjustments to levy rates, if the levy continues to be a major source of finance for the scheme.

The actual compensation payable by employers for the duration of the pause period could be 80 percent of earnings as at present. Alternatively it could be the flat-rate amount proposed below for 'non-work' accidents. Our firm view is that the historical pattern which provides reasonable protection on an earnings-related basis to those involved in work accidents should continue.

For *earners* in *non-work* accidents there will be changes. The employer will not be required to pay earnings-related compensation for the pause period. This is the situation at present but difficulties arise with the extension from one to 4 weeks. (There will also be some temptation for the dishonest to attempt to reclassify non-work injuries as work injuries.) After the first week, injured persons are entitled to the sickness benefit, at present set at a net $146.10 per week for a single person, equivalent pre-tax to $172 (these are rates prior to 1 April 1988). However a benefit at this level for the second, third and fourth weeks undoubtedly imposes hardship on those previously in paid employment. Nor will a flood of short-term injury victims on to the Social Welfare rolls be welcome to that Department.

One possibility is legislation setting compulsory minimum sick leave entitlements for those in paid employment at, say, 2 weeks. We have not explored the full implications of this. Another proposition is that after the first week and up to the fourth week, earner victims of non-work accidents continue to be paid, by the ACC, a flat-rate benefit which, reflecting the more generous approach under accident compensation, should be set at a more generous level than the present sickness benefit. An appropriate level is the minimum currently set for earnings-related compensation, in 1987/88 $244 per week before tax, plus $19 for a non-earning spouse and $10 per week extra for each dependent child. For subsequent reference we label this allowance as the Invalid and Accident Victims' Benefit.

This does mean a considerable part of the postulated savings to the ACC from extending the pause period are lost, approximately half on our calculations. However if a benefit were not paid by the ACC the government would be required to pay sickness benefit. An administrative advantage is that income certificates will no longer be required for short-term injuries, eliminating the problem of payment delays which sometimes arises. From the equity viewpoint the loss for most earners compared with the present arrangements will not be substantial.

Table 2.3 lists the options described above. Of these options the payment of the same flat-rate benefit for both work and non-work accidents means that a distinction is not introduced between the two classes of accidents. That argument is outweighed however by the argument that the employer bears ultimate responsibility for workplace safety, and in recognition of this meets most of the short-term income losses of the worker. For non-work accidents either of options (i) and (ii) should be paid by the ACC rather than the Department of Social Welfare.

TABLE 2.3: Options for pause periods

| | Payment During Pause Period to Earners | |
	Work Accidents	Non-Work Accidents
(a) *Present situation of one week pause*	80% earnings-related compensation paid by employers	Cost borne by victim (sick leave, etc)
(b) *Proposed extension of pause period*	From date of injury	After first week
Options	i) Employer pays flat-rate benefit	i) Sickness Benefit of $172 pw
	ii) Employer pays earnings-related compensation	ii) ACC pays flat-rate benefit say $244 pw

(b) Non-earners on existing procedures would not be affected by a change in the pause period. The compensation received by non-earners under the current scheme takes the form of lump-sum payments for 'non-economic loss'. This label is in any case inappropriate. The disruption of unpaid activities is just as much an 'economic' loss as the loss of income from employment. Of more significance, however, is our conclusion that 'non-economic'

lump-sum payments in general should be abolished (this is discussed further below).

One option we considered was a return to the original 1967 Woodhouse proposals that periodic payments should be made to non-earners as well as to earners. This approach would base such payments to non-earners on some standard 'notional' income. This notional income might be at the current level for sickness benefit. Alternatively it might be at the higher level of the flat-rate benefit suggested above. In either case there would be a pause period of at least one week.

With some reluctance we have rejected this option for two reasons. The first is the high cost likely to be involved. The second is that direct benefit payments to non-earners could be perceived as making them better off financially when injured (or sick) than when well.

The better approach, we consider, is to provide care directly. That is for the scheme to meet, for example, the costs of home nursing care, of housework or of childcare assistance, for so long as this is medically certified to be necessary. We see no reason why this provision should not include as an option the payment of the flat-rate benefit discussed above to the earning spouse (or other relative) of an injury victim if that person is reasonably required to take time from paid employment to care for his or her spouse, or other household member.

Our proposal recognises the hardship imposed on households where the 'non-earning' spouse is disabled. In particular, it is better adapted than lump-sum compensation to helping those non-earners suffering long term disability, and is more readily extended to the other disabled as well as accident-disabled.

(c) The upper ceiling on earnings-related compensation need not be changed. That is compensation would continue to be paid at a percentage of earnings up to an earnings level of $63,458 (in 1987/88). Likewise payroll levies would be based on earnings up to this level.

Most serious injuries tend to occur to young persons, usually on lowish incomes, so cost savings to the ACC from reducing the income ceiling are not large. Table 3, taken from the *Officials Review* shows an income breakdown of a sample of earnings-related compensation payments as at March 1986. On this basis a reduction in the ceiling of around 40 percent, that is to an annual

income a little below $40,000, would reduce earnings-related payments by only between and 1 percent in total. There would also be some feeling that there should be a corresponding reduction in the ceiling level up to which payroll levies apply. If this were done it seems likely that the reduction in levy revenue would exceed the savings from lower payouts to those on higher incomes.

TABLE 3a: Estimation of income distribution for earnings-related compensation payments

Weekly Compensation %	Percentage of claims %	(Based on weekly payroll for Palmerston North region as at 31 March 1986)
0–204	43.6	
205–300	34.0	
301–400	15.3	
401–500	5.3	
501–600	1.3	
601–700	0.2	
701–817	0.3	
	100.0	

Source: Officials Review, Volume One, Appendix I, Table 1.3

TABLE 3b: Savings in 1986 if Maximum Payment Limit Reduced

Limit $ per week	Minimum	Savings ($m) Average	Maximum
400	3.45	5.39	6.37
500	1.06	1.50	1.73
600	0.39	0.50	0.56
700	0.00	0.15	0.23

Source: Royal Commission estimates

(d) The 80 percent basis for earnings-related compensation could perhaps be queried as either too high or too low. On the whole we think it an acceptable, and traditional, compromise.

(e) Earnings-related compensation should cease after a set period. Our inclination is to a period of the order of 2 years. By the end of this period an assessment of lost function is generally possible. A person still unable to resume normal paid employment should, however, receive, in proportion to the extent to which capacity to earn is reduced, the Invalid and Accident Victims' Benefit proposed above, that is a benefit more generous than the present sickness and invalids' benefits.

The longer-term financial implications of this recommendation are potentially quite significant depending on the level at which the benefit is set.

The proposed change means a financial loss for permanently or long-term injured persons compared with the present scheme, but more so for high income earners. But, the great majority will still be considerably better off than under the provisions available prior to the present scheme.

(f) A Disability Allowance for Absence of Function should be payable at regular intervals to those who have permanently lost some significant physical or psychological function (the reason for using the term 'Absence' rather than 'Loss' will be seen in the subsequent discussion of sickness compensation). It would commence as soon as it is established that there will be permanent or long-term effects on physical or psychological function and these effects can be reasonably well established. This allowance would be in addition to the earnings-related compensation or the flat-rate benefit, and would continue to be payable even on return to employment in the event of permanent loss of some function. In other words while the Invalid and Accident Victims' Benefit is tested by capacity to work, the Disability Allowance for Absence of Function is not income-tested. It reflects the greater costs and hardships of being disabled. It is intended to assist with serious disability, however, not with minor loss or absence of function. One intention of such an allowance would be to allow greater independence to individuals in making their own provisions for coping with permanent disability. It would, of course, also be available to 'non-earner' victims of accidents.

The allowance should be based on the most appropriate of the available schedules for determining the proportion of incapacity. It should be based on a standard average income, rather than individual income, for the reasons discussed in the 1974 Woodhouse and Meares report for Australia. As recommended in the 1967 Royal

FIGURE 2: 1986 Savings for reduced maximum payment
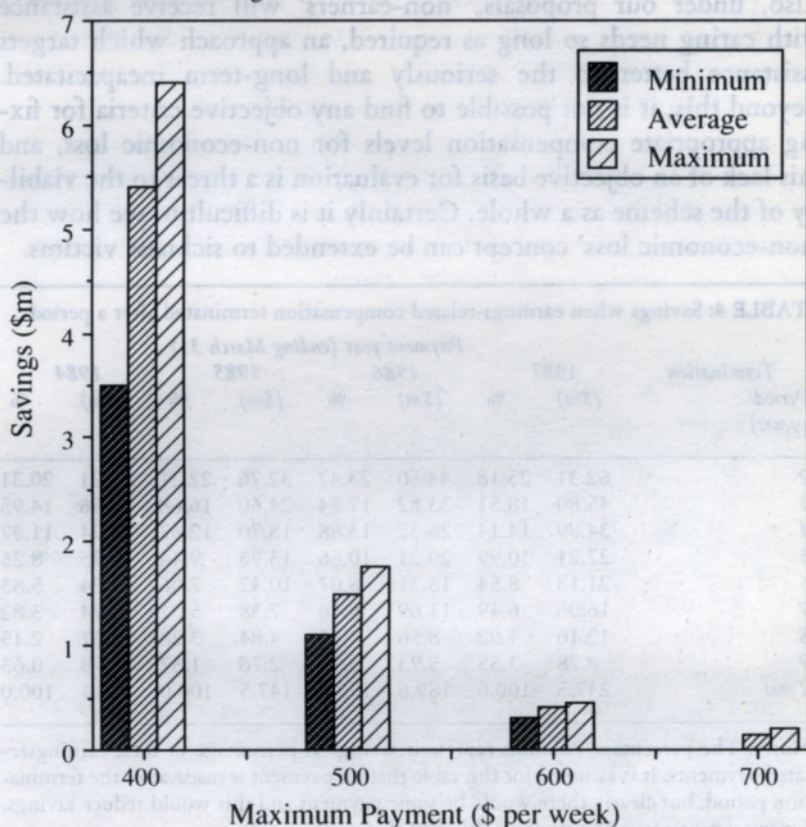
Commission report the allowance should be adjustable *upwards* from the initial assessment, for deterioration in function.

(g) Compensation for non-economic loss should be abolished. Apart, that is, from that element of compensation for non-economic loss implied by the entitlement to an absence of function allowance just discussed. In other words it is the compensation for 'pain and suffering, and loss of enjoyment of life' which should be abolished. Note, however, that loss of psychological function falling under this heading, such as phobic conditions, sexual dysfunction, etc. would still qualify for the periodic Disability Allowance. Treatment costs, counselling, etc. would also still be provided.

We realise this recommendation will meet with resistance, but point out that those seriously injured, or significantly incapacitated, will in any case generally receive substantial compensation on a

periodic payment basis for their economic loss or loss of function. Also, under our proposals, 'non-earners' will receive assistance with caring needs so long as required, an approach which targets assistance better to the seriously and long-term incapacitated. Beyond this, it is not possible to find any objective criteria for fixing appropriate compensation levels for non-economic loss, and this lack of an objective basis for evaluation is a threat to the viability of the scheme as a whole. Certainly it is difficult to see how the 'non-economic loss' concept can be extended to sickness victims.

TABLE 4: Savings when earnings-related compensation terminated after a period

Termination Period (years)	Payment year (ending March 31)							
	1987		1986		1985		1984	
	($m)	%	($m)	%	($m)	%	($m)	%
2	62.31	25.18	44.50	23.47	32.76	22.21	25.21	20.31
3	45.80	18.51	33.82	17.84	24.60	16.68	18.56	14.95
4	34.99	14.14	26.32	13.88	18.70	12.67	13.74	11.07
5	27.21	10.99	20.21	10.66	13.93	9.44	10.25	8.26
6	21.13	8.54	15.31	8.07	10.42	7.06	7.24	5.83
7	16.06	6.49	11.69	6.16	7.38	5.01	4.74	3.82
8	12.16	4.92	8.56	4.51	4.84	3.28	2.67	2.15
9	8.78	3.55	5.93	3.13	2.76	1.87	0.78	0.63
Total	247.5	100.0	189.6	100.0	147.5	100.0	124.1	100.0

Notes: The percentage columns represent savings as percentage of total earnings-related payments. It is assumed for this table that no payment is made after the termination period, but clearly there would be some payment and this would reduce savings. *Financial figures for each year are in dollars of that year.*

Source: Royal Commission estimates

Supplement to TABLE 4: (containing information obtained subsequent to initial release of working papers in March 1988)

A snapshot of Earnings Related Compensation paid by the Accident Compensation Corporation for the week ending 4/9/87 revealed the following distribution of claims. These are payments to injured persons only, excluding payments to decendants of persons killed in accidents.

Claim length (years)	Number of claims	Amount paid $	Average payment per claim $
1+	8,290	2,915,235.63	351.66
2+	6,111	2,186,665.82	357.82
3+	4,594	1,654,093.31	360.06
4+	3,565	1,273,615.92	357.26
5+	2,874	1,025,115.09	356.69
All	14,325	5,082,714.14	354.81

From the table above it can be seen that the average earnings-related compensation paid during the period is $354.81 and the average for those claims exceeding two years is $357.82.

The following table shows estimated annual savings for 1987–88 when earnings-related compensatiion is terminated after a period and the claimant is paid a flat-rate of $250 per week for any claim period exceeding the termination period.

Termination period (years)	Saving (1987/88) $	Percentage of estimated total earnings-related payment to injured persons
2	34,263,623	12.96
3	26,290,852	9.95
4	26,883,028	7.52
5	15,943,985	6.03

Source: Royal Commission estimates

FIGURE 3: Savings when ERC payments terminated after a period

FIGURE 3: Savings when ERC payments terminated after a period
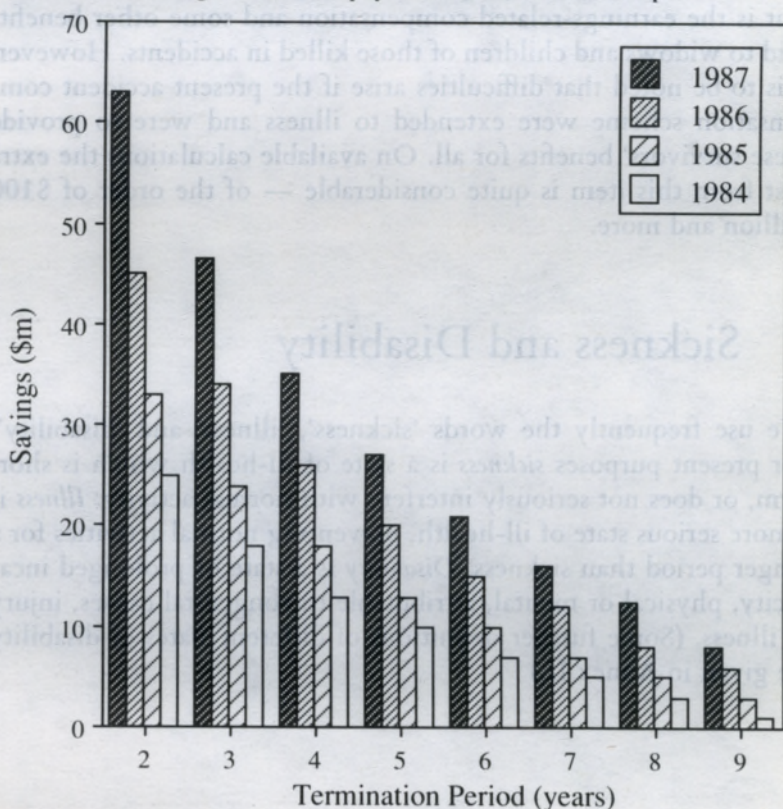
(We recognise that those who are victims of criminal assault in one form or another are a special case, but these should be aided by the provision of appropriate medical and counselling services funded by ACC with any cash compensation provided on a different basis, outside of the accident compensation scheme.)

It is this recommendation which would result in the most substantial savings to the present scheme although offset to some extent by our proposals for greater direct care provision for non-earners. 'Pain and suffering' lump-sum payments account for of the order of $100million per annum at present.

(h) Medical Costs. The question of whether accident victims should be required to meet a proportion of treatment costs we leave for more detailed consideration in the subsequent paper on the 'Funding of Social Policy'. The options include requiring employers to meet a proportion of medical and health costs for work accidents.

(i) For the present we propose no change to 'survivors' benefits', that is the earnings-related compensation and some other benefits paid to widows and children of those killed in accidents. However, it is to be noted that difficulties arise if the present accident compensation scheme were extended to illness and were to provide these survivors' benefits for all. On available calculations the extra cost from this item is quite considerable — of the order of $100 million and more.

3 Sickness and Disability

We use frequently the words 'sickness', 'illness' and 'disability'. For present purposes *sickness* is a state of ill-health which is short term, or does not seriously interfere with normal activity. *Illness* is a more serious state of ill-health, preventing normal activities for a longer period than sickness. *Disability* is a state of prolonged incapacity, physical or mental, attributable to congenital causes, injury or illness. (Some further definitions of different states of disability are given in Annex II.)

3.1 The General Issue

We have stated already our concern at the different treatment of the sick and disabled compared with the injured. This same concern was underscored in a number of submissions, written and oral, to the Commission. These submissions had two principal aspects. The first, as would be expected, concerned the more substantial benefits available to those injured in accidents, as against benefits available to those incapacitated by sickness or disability. A second major concern, however, was not with relative benefit levels, but with the preferential access to medical treatment obtained by injury victims compared with the lower priority often accorded the sick.

In terms of our objectives and principles, this different treatment is undesirable. In an ideal world the monetary compensation, and the treatment and rehabilitation facilities for sick and the disabled, should be on the same basis as for injured in accidents.

Movement towards this ideal is not to be achieved by abolishing the present accident compensation scheme. We accept the general principle of real compensation underlying that scheme but with modifications in its application. Equality of treatment is to be achieved by extending the present scheme, as practicable and with modifications, to cover sick and disabled as well as injured persons. Before proceeding further, however, it is necessary to say that while some movement towards the ideal of equal coverage is possible, the full achievement of the ideal is not, certainly in the near future. The reasons are those of cost, although there are some other difficulties. One of these is that a state of ill-health from sickness is not a precisely measurable concept, even by trained medical personnel. (This is true to some extent of accident also.)

For these reasons we conclude that any extension of accident compensation provisions to cover sickness and disability will for the interim have to be limited to those conditions which are clearly and severely disabling.

This in any case accords with our earlier conclusion that resources should be directed towards helping those who would otherwise suffer substantial hardship, and not those undergoing relatively minor or short-term incapacity. A few days, or even weeks, of reduced income is little to bear in comparison with perhaps years on a barely sufficient benefit when suffering from

chronic illness. Table 5 shows the various conditions suffered by those on invalids' benefit.

3.2   Financial Constraints

The major constraint on extending coverage to illness is financial. The statistical evidence available, and it is not particularly precise, suggests that an extended scheme covering the sick and disabled on the same basis as injury victims presently are, could cost as much as 4 times the present scheme. We do not think such an expansion in cost is presently supportable.

The changes proposed above to the present accident compensation scheme would somewhat reduce the cost of that scheme, and of the proposed extension to sickness and disability. Even so the overall cost of extending the scheme to sickness and disability would be very significantly higher than the present scheme for accidents only.

We are forced to the conclusion that, at least in the near future, it is not possible for financial reasons to treat accident and sickness victims identically. Initially, at least, only the seriously ill and disabled can be covered.

Access to treatment, however, as against access to monetary benefits, should as far as possible be equal for all who are significantly incapacitated, regardless of the cause of that incapacity. This issue will be considered in more detail in the Commission paper on the provision of health services.

3.3   An Interim Step: Better Benefits for the Disabled

We concluded above that an extension of compensation to the sick has to be restricted to the seriously ill and disabled. Even this 'restricted' extension of the scheme to the victims of serious illness will however take some time to implement. This is because of the obvious need to get better estimates than presently available of the cost of such an extension. Also, the problems causing the present 'cost-creep' problem in the accident compensation scheme should be identified, and remedied, before expanding the scheme.

TABLE 5: Invalids' benefits at 31/3/85 distribution of disability/injury in each age group

	15–19	20–29	30–39	40–49	50–59	60 and over	Total
Disability not known	142	159	140	134	284	65	924
Bacterial diseases	0	3	6	15	36	9	69
Other infectious diseases	3	8	10	14	22	4	61
Malignant and benign cancers	5	16	10	30	96	8	165
Immunity disorder nutritional deficiencies and blood diseases	6	15	37	75	171	16	320
Alcohol and drug dependence	0	5	22	70	243	25	365
Mental disorders	1,261	3,762	2,820	2,081	2,157	367	12,448
Diseases of the nervous system	150	364	394	359	461	49	1,777
Blindness and deafness disorders	77	168	157	170	197	31	800
Circulatory system diseases	33	57	101	224	902	114	1,431
Respiratory diseases	8	30	44	82	397	70	631
Digestive system diseases	1	4	5	12	70	10	102
Urinary system diseases	3	14	11	19	32	2	81
Genital organs and obstetrics	2	1	0	2	7	1	13
Diseases of the musculoskeletal system and connective tissue	25	73	114	256	851	116	1,435
Congenital anomalies	75	68	39	36	66	9	293
Illdefined condition	0	6	12	29	68	32	147
Injuries, including fractures, trauma, medical complications and poisoning	3	52	78	77	170	22	402
TOTAL	1,794	4,805	4,000	3,685	6,230	950	21,464

Source: *Officials Review, Volume One,* Appendix I, Table 1.1

There is however an interim step which could, and in our opinion should, be taken in the immediate future. That is to improve the position of those permanently disabled since birth or through subsequent illness. We were impressed by the submissions made by The Disabled Persons Assembly (New Zealand) Inc. on behalf of its member organisations and its individual members, mostly with disabilities, and by the Royal New Zealand Foundation for the Blind. The submissions, and supporting research reports, gave convincing evidence of the hardship undergone by disabled people and their families, hardships borne in general with remarkable lack of complaint. (The material below is drawn principally from the Assembly's submissions and reports.)

As at 31 March 1986 there were 16,485 people receiving disability allowances. Annual expenditure was $11,788,000. In addition approximately another $40 to $50 million is spent by the Department of Social Welfare under the heading Rehabilitation. By far

the largest item in this is the salary subsidy to the New Zealand Society for the Intellectually Handicapped (Inc). Other voluntary organisations such as the Rehabilitation League NZ (Inc.), and the New Zealand Crippled Children Society (Inc.) also receive subsidies.

The maximum disability allowance is $30 per week. It is a discretionary benefit, requiring proof of additional expenses required as a result of disability, and income tested. (The Handicapped Child Allowance had a maximum of $22 per week in 1986, not income-tested.) Leaving aside the approximately 4,500 persons in sheltered workshops for whom the full allowance is paid to the workshop, the average amount received in 1985/86 was $9.15 per week.

In addition, there is a miscellany of other benefits such as home help (income and assets-tested, and if cannot be provided by family) and suspensory loans for cars, and for house alterations and modifications. And a proportion of the disabled also qualify for the invalids' benefit.

There is sufficient evidence available to show that the disability allowance in general nowhere near meets the extra costs of disability. (It is a reasonable conclusion that the same is true of the Handicapped Child Allowance.) A DPA report *The Extra Costs of Disability* (August 1986) estimated that on average a disabled person faces extra costs of $42.12 per week. These are 'direct' costs, excluding, for example, foregone income by either the person with the disability or by a caregiver.

The 1967 Royal Commission on Personal Injury recommended that for permanently and totally incapacitated accident victims the minimum level of compensation should be $20 per week, equivalent to approaching $150 in today's purchasing power. However this was a benefit to provide a floor for compensation, not to compensate directly for the extra costs of disability.

The disability allowance was introduced in 1975, at $8 per week, or about $31.50 in 1987 prices.

We reach the following conclusions:

(a) The disability allowance is intended to help with the extra costs disabled people must meet; it takes some cognisance of the fact that the disabled 'start from behind'. Given this there is no justification for income-testing the present disability allowance.

(b) In addition some adjustment upwards of the maximum allowance *for inflation* is desirable, plus regular indexation in future.

(c) The allowance should be available 'as of right'; it should not require proof of intended or actual outlays directly related to the disablement.

(d) We recognise the difficulty that degrees of disablement, and the associated extra expenses, vary widely, so that a simplified uniform disability benefit would give more than sufficient assistance to some disabled people, and insufficient to others. In other words an 'as of right' benefit needs tailoring to the degree of disablement.

A 'schedule' approach, as with the loss of function or loss of earning capacity schedules developed internationally for compensating those permanently disabled in accidents, seems appropriate. We realise that the development and application of such schedules, particularly if the range of disablement is widened to cover for example absence or loss of intellectual or mental function, or absence of physical function as a result of congenital conditions, is complex, but we are aware also that much work has been done in New Zealand and elsewhere in drawing up such schedules.

(e) This points to the disability allowance's being structured on the same basis as the disability allowance for absence of function already recommended for those partially or totally permanently disabled as a result of accident. In both cases the objective is to compensate for the greater costs and hardships of being disabled.

It should be an ultimate objective to have the same structure of allowance for both. (However, some differences may continue to be necessary if the accident disabled receive a more generous flat-rate benefit, whilst their entitlement to an absence of function allowance is restricted to more serious disabilities. In such cases the schedule for those disabled by other causes could be more extensive, covering a greater degree of minor disability.)

(f) In addition to any restructured disability allowance the invalids' benefit should become available to the severely disabled on an individually income-tested basis rather than joint-income tested. Workforce participation prior to the

disablement-causing incident should not be a requirement. This recognises and partly compensates the 'foregone income' costs of disability, in addition to the direct extra costs which the disability allowance is designed to help meet.

(Community attitudes towards some of these issues, as shown in the Royal Commission's Attitudinal Survey, are discussed briefly in Annex I.)

3.4 The Further Step: Towards a More Unified System for the Sick, the Injured and the Disabled

We consider the further major step towards unifying the treatment of the accident disabled and the other sick and disabled must await detailed research and costings. Also we consider that an extended scheme cannot practicably provide, to the same extent as the present accident scheme, benefits for lesser or short-term disablement resulting from sickness or other causes.

With those qualifications we see the extended scheme having the same broad structure as that outlined in our proposals for accident compensation in future, viz:

(a) *Earners*

Following the pause period, earnings-related compensation, for a period, followed by:

(i) Entitlement to a flat-rate allowance, for such time as normal work or other activity is prevented or reduced; *plus*

(ii) A disability allowance for 'absence of function', for permanent or long-term loss or absence of physical or psychological function. As for accident victims this would not be income-tested.

(b) *Non Earners*

Care provision as for accident victims. After determination of permanent or long-term disablement, whether from accident or other causes, disabled non-earners would on our proposals above become entitled to both a disability allowance and the invalids' benefit.

3.5 The 'Gateways'

The gateways are of two types:
  (i) Determination of qualifying incapacity;
  (ii) Initial duration of incapacity.
Prior to passing either gateway, the ill person would be entitled to
the sickness benefit, income-tested as at present, but preferably on
an individual rather than household income basis.

Qualifying Incapacity

To qualify, the incapacity should be major, with significant effect
on the person's ability to engage in work or other everyday
activities.

Both physical and psychiatric disability should qualify. The need
for assistance of a person with psychiatric disability as well as of
that person's family is no less than that of a person severely injured
in an accident, or immobilised by chronic illness. The extent of
physical and psychiatric disability should, of course, be determined
by qualified persons.

Initial Duration of Incapacity (or 'Pause Period')

We have recommended a longer pause than at present before
injured persons qualify for earnings-related compensation under
the accident compensation scheme.

Similarly a qualifying period would be required for those inca-
pacitated by illness to ensure that benefits and rehabilitation
measures are concentrated on the seriously disabled.

4 The Priorities

We consider the changes we recommend should be carried
through in the following stages. Each successive stage requires
additional detailed research and costings. Precise dates are not, and
cannot be, given but Stage One deserves immediate consideration.

4.1 *Stage One*

  (a) Increase the Disability Allowance to restore its real value
      to at least the 1975 level. Remove the income test on the

allowance, and review its administration with the objective of moving towards an 'as of right' basis.

(b) Put the entitlement to Invalids' Benefits on an individual rather than joint income basis. (The case for this for benefits in general is argued elsewhere.)

4.2 *Stage Two*

(a) Eventually income-test the Sickness Benefit also on an individual rather than a joint basis.

(b) Carry through the changes recommended above to the accident compensation scheme. This includes the enhanced flat-rate Invalid and Accident Victims' Benefit, and the Disability Allowance for Absence of Function.

(c) Integrate the Disability Allowance for Absence of Function with the present Disability Allowance. That is, move towards a more uniform assistance to the long-term disabled for their extra costs, regardless of the cause of disablement.

(d) Integrate the present Invalids' Benefit with the proposed more generous Invalid and Accident Victims' Benefit.

4.3 *Stage Three*

Extend the modified accident compensation scheme to cover all serious illness, with appropriate gateways to restrict coverage to those most needing assistance.

5 Costings

We have had neither the data nor the time to carry out detailed costings of our proposals. That work remains to be done. Such figures as are given here are provisional, making use of data available from sources such as the Department of Social Welfare, material supplied by The Disabled Persons Assembly, costing studies undertaken for ACC by the consultancy firm Business and Economic Research Ltd and the standard statistical sources.

5.1 Sickness and Invalids' Benefits—Income Testing on an Individual Basis

The social security system currently provides for about 10,000 sick people at any one time (over 30,000 per year) by way of sickness benefit, and for 20,000 to 25,000 blind or severely incapacitated people on a continuing basis through the invalids' benefit. However at any one time the two benefits support over 40,000 people between them, with approximately 18 percent of invalids' benefits and 24 percent of sickness benefits including payment for a dependent spouse or child. Approximately 62 percent of people who rely on the invalids' benefit suffer from mental disorders or intellectual handicaps (see Table 5).

Costings carried out for the ACC provide an estimate that removal of the joint income test could lead to the number of sickness beneficiaries at any one time increasing to a figure between 40,000 and 65,000. (The latter figure is probably an over-estimate, as it assumes married persons have the same sickness incidence as single individuals.) The additional annual cost at present benefit rates is in the range from $40 to $100 million.

At March 1987 a total of 23,087 people were receiving the invalids benefit, at a cost of $160 million. From the same source as for the sickness benefit calculations the increase in outlay from removing the joint income test is estimated at about 15 percent, or an additional $25 million.

5.2 Changes to Accident Compensation Scheme

There are savings (to the ACC) from the proposed extension of the pause period and from the changes to the duration of earnings-related compensation, offset by the proposed increased flat-rate benefit.

The largest saving is in the proposed abolition of lump-sum compensation for 'non-economic' loss, again with offsets in the form of the proposed Disability Allowance.

5.3 *A Disability Allowance*

Expenditure in 1985/86 on the disability allowance amounted to $11.8 million. At 31 March 1986 16,485 people were on the benefit, which is paid according to need for those persons eligible for an income-tested benefit or pension.

The maximum disability allowance is $30 a week. The average amount received in 1985/86 was $9.15 a week.

The latest available estimate of the number of physically and mentally disabled persons in New Zealand is contained in a November 1986 report by Business and Economic Research Ltd (BERL) for the ACC. A total of 486,400 persons are estimated to be either 'impaired' or 'handicapped'. Of these, 260,600 are in the 15 to 64 age-group, 35,100 are age 14 or below, and 190,700 are aged 65 or over. In the 15 to 64 age-group 133,700 suffer impairment, and 126,900 are handicapped.

6 Funding

(The issues touched on here will be gone into more deeply in the papers on Funding.)

As discussed, the present ACC is funded mainly by payroll levies plus a contribution from an annual levy on motor vehicle registrations and from the public purse. The question is whether this basis should continue and whether an extended scheme should be funded on this or another basis.

6.1 *The Compulsory 'Minimum' Insurance Option*

This option, proposed by Business Roundtable, is that all New Zealanders should be required to take out a given minimum amount of insurance against injury, being free to voluntarily 'top-up' with additional insurance should they wish. The insurance could, though need not necessarily, be provided by competing insurers. In addition, some modified common law rights to sue for negligence could be reintroduced.

The claimed advantages are the increased choice the consumer has in coverage and supplier of insurance (if the market is opened to competition). Also there are 'incentive' efficiency advantages to the extent that people bear a proportion of their own risks or to the

extent that insurers are able to 'rate' persons on their accident prospects or otherwise require them to bear a share of the cost.

The essence of the proposal is a stressing of the importance of the role of individual responsibility at the expense of community responsibility (though 'safety-net' social welfare provisions continue to be provided by the community).

The difficulty, as pointed out in the 1986 *Officials Review*, is that with such a system the required premiums for 'high risk' occupations or persons, sufficient to provide adequate compensation for lost income, are likely to rise to unaffordable levels. We would return again to a situation where individuals, through no or little fault of their own, suffer considerable economic loss and hardship.

6.2 'Moral Hazard' and Safety Incentives

An important criticism made of the present scheme, and stimulating the search for alternatives such as that proposed by Roundtable, is that it encourages economic inefficiencies. For instance, people are less careful about avoiding or preventing accidents and, when injured, make excessive use of the medical and rehabilitation services provided.

This is an example of a well known problem in insurance markets known as 'Moral Hazard' (the phrase is not particularly apt, because the situation is usually one of 'wasteful' or 'incautious' rather than 'immoral' behaviour). That is, a person, once insured, has less incentive to take precautions against the covered contingencies. In addition, a medical professional treating an injured person, if costs are covered by insurance, will provide the 'best' treatment, not necessarily that which gives best value for money.

Private insurance markets have several ways of coping with moral hazard. In particular, insured persons are often required to bear a share of the cost of any claim.

The criticism of the present accident compensation scheme on grounds of inefficiency through moral hazard seems to us overstated. The equivalent of costs borne by the insured person in the private market are, for accident compensation:

(i) The pain and suffering, and general inconvenience suffered as a result of accident.

(ii) For employees, the loss of a proportion of income (presently 20 percent).

(iii) For employers, the necessity to pay wages and salaries for the initial pause period.

These in themselves provide strong incentives to avoid accidents. They are further strengthened by the changes we have recommended, such as the lengthening of the pause period. This leads to accident-prone industries, or individuals, bearing a greater share of their self-generated costs for minor injuries.

It could be, and is a popular perception, that accident prevention standards have slipped in recent years. If so and the common law option is rejected, then the need seems to be for stronger policing and enforcement.

One area where there is more ground for concern is that of medical costs, currently supposed to be 100 percent met by the ACC. This provides no incentive to restrain the cost of medical treatment. This issue is one of those in the health services area that requires further examination. One solution might be to require employers to meet health costs for work accidents, at least those arising in the pause period.

6.3 *The Present Funding Arrangements, and Changes Needed*

The payroll levy is the main source of finance for the present accident scheme. The levy varies from industry to industry, depending on their assessed risks of accident. The levy also includes a component for 'non-work' accidents, which does not vary between industries.

This 'variable levy' structure has come in for much discussion and criticism in submissions to the Law Commission, and in the Law Commission's own papers.

To cover a complex topic briefly, it can be stated that:

(i) It does not appear possible in practice to vary the levy on individual businesses in order to reward or punish them for good or bad accident records.

The notion of rewards and punishments as incentives is an appealing one. Unfortunately, it cannot be applied in practice in an economy such as New Zealand's with industry composed of generally small firms. This is because, excepting for very large employers, it is not possible to distinguish between statistically random fluctuations in the number of accidents,

and those fluctuations caused by accident prevention efforts, or their lack.

(ii) There remains a case for 'differential rating' of industries on the principle that costs should be met initially by the economic activity giving rise to them (though there is some dispute in the material we have seen about this).

A problem, however, is that a payroll tax discriminating against the use of labour is not the best way of allocating accident costs. An output or value-added tax, would seem more appropriate.

With the eventual extension to illness which we recommend, there would be less case still for funding the system by a payroll tax varying between industries.

The simplest solution, and this will be investigated further in our Funding papers, could well be to finance accident and sickness compensation from general revenue or possibly from an 'earmarked' tax on income or consumption but at a uniform flat rate. (An advantage of 'ear-marked' taxes, including for example levies on motor vehicles, is the way in which they focus attention on areas where problems are developing.)

7 Unemployment

We have not to this point in this paper discussed the question of unemployment benefits and whether they also should be earnings-related, as is the practice in many countries.

In principle there are similar arguments for covering the unemployed with an 'accident compensation' type scheme as for extending the coverage to the victims of illness. They are equally the victims of misfortune. Despite fairly common popular perceptions, the bulk of the unemployed are not 'work-shy', but are the victims of the business cycle, of long-term trends in the job-market, and, at present, of government moves to restructure the economy towards greater efficiency.

Inevitably there will be questions in future as to why the injured and the ill should be recompensed more favourably than the unemployed. One answer is that most unemployed persons are on the unemployment register for a relatively short period, and have or should have retraining opportunities open to them. Also some will

receive redundancy payments as compensation for their being laid off.

The most cogent argument at the moment, however, is that of cost. The first priority within fiscal limitations we think is to give some relief to the disabled.

8 Summary and Recommendations

1 Those injured in accidents are far better provided for currently than are those disabled by other causes. This holds for both the level of accident compensation to which accident victims are entitled and their preferential access to medical treatment.

2 Despite the great similarity in the situation of those sick, and the injured and the disabled, those with equal needs do not receive equal assistance. The differences are sufficiently great that they must be called inequitable.

3 The existing accident compensation scheme should not be abolished. We support the principles underlying the scheme, and it is clear that they continue to have widespread public support.

4 The scheme does however require modification. By protecting those with relatively minor injuries against economic loss, it tends to draw resources and effort away from the compensation and rehabilitation of the more seriously injured.

5 Also the accident compensation scheme is experiencing cost increases, for reasons not entirely clear. It could be that the scheme as it stands has weakened economic incentives to accident prevention in some areas.

6 Detailed changes we have recommended include:

   – The extension of the 'pause period', before the ACC pays earnings-related compensation, from the present one week to 4 weeks. During this period, employers would pay for *work* accidents. Our firm view is that the historical pattern which provides reasonable protection on an earnings-related basis to those involved in work accidents should continue. *Earners* involved in *non-work* accidents would receive after the first week a flat-rate benefit for the duration of the pause

period. The options for this are either a benefit at the present sickness benefit level, or a more generous benefit, but in either case payable by the ACC.

- Non-earners to receive assistance in meeting the extra costs that are a consequence of their incapacity. This would include, where appropriate, the payment by ACC of a flat-rate benefit to earners who take time off work to care for injured family members.

- Earnings-related compensation to continue for two years, to be followed by a flat-rate benefit.

- A disability allowance for absence of function to be payable to those who have lost some function, based on appropriate schedules. This would be paid periodically but not income-tested. It recognises the greater costs imposed by continuing disability.

- Lump-sum payments for 'non-economic loss' to be abolished. They are not consistent with the objectives underlying accident compensation. From the information available to the Commission they are a continuing threat to the financial viability of the scheme. However, it should be noted that the disability allowance proposed just above is equivalent to a component of the present 'non-economic loss' provision but paid, more sensibly, on a periodic basis.

- These changes, somewhat reducing benefit levels and pushing some costs back on to employers and injured persons will, we hope, help to maintain the financial soundness of the present scheme as well as adding to the incentives to reduce accident levels.

7   Returning now to the question of the extension of accident compensation to cover other forms of disability, in principle, the coverage of disablement by injury should be identical to the coverage of disablement due to other causes. In practice, that objective may be unachievable for reasons of cost, and is certainly so in the immediate future.

8   A more feasible objective, however, is to progressively extend compensation coverage to those whose disabilities, whether physical or psychological, are serious and long term. The steps in this extension will require further research and estimates of cost.

9 One step that could be taken reasonably speedily, however, and would ease the burden on many disabled persons, and their immediate families or other carers, would be to increase the present disability allowance and to remove the existing income test on it. The allowance should be regarded as some compensation for the extra costs which disabled people face.

10 Another would be to change the income test for sickness and invalids' benefits from a 'joint' to an 'individual' income basis. This too would assist many households faced with the costs and foregone earning opportunities which result from disability.

11 These steps mean extra government spending, and taxation, although offset, we would hope, by reduced levies for present accident compensation coverage. We think this justifiable. The burden of disability bears too heavily at present on households with disabled persons. That burden needs readjusting, so that those in most need receive more assistance, and others receive a little less.

Annex I

Preliminary Results from Attitudinal Survey

This survey was carried out by the Department of Statistics for the Royal Commission. Some preliminary results were available in early March, but require further checking and are confidential until the Department of Statistics has completed its report.

With these provisos the following brief comments can be made on the provisional results bearing on the subject matter of this paper.

Long-Term Sick and Disabled

There is overwhelming support, well in excess of 90 percent, for using taxes to make sure that the long-term sick and disabled have enough to live on.

When asked whether those too sick or disabled to work should all be paid the same amount, just on or over half those asked thought that the well-off should get less. A very substantial minority, only a few percent less, said however that all should get the same amount.

Caregivers

Those surveyed were also asked whether taxes should assist those caring for an invalid or disabled person in their own home. Again a substantial majority, almost 90 percent, favoured this. Asked whether all should get the same assistance, or the well-off should get less, opinions were almost equally balanced, but appear slightly to favour the latter option.

Annex II

Definitions of Disability

Disabled persons have been variously defined. One working definition is given in Section 3 of this paper. Another definition, from the Disabled Persons Community Welfare Act 1975, Section 2, is that a disabled person is

> any person who suffers from physical and mental disablement to such a degree that he is seriously limited in the extent to which he can engage in the activities, pursuits and processes of everyday life.

This is a definition of severe disablement. A broader definition that encompasses the concept of disadvantagement is provided by the International Classification of Impairments, Disabilities and Handicaps of the World Health Organisation.

> Impairment – Any loss or abnormality of psychological, physiological, or anatomical structure of function.
>
> Disability – Any restriction or lack (resulting from an impairment) or ability to perform an activity in the manner or within the range considered normal for a human being.
>
> Handicap – A disadvantage for a given individual, resulting from an impairment or a disability, that limits or prevents the fulfilment of a role that is normal (depending on age, sex and social and cultural factors) for that individual.

A somewhat different approach, focussing on the person rather than the disability, was used again by the authors of the New Zealand Department of Health *Special Report Series 59* on Physical Disability (1981). There disabled people were classified as either impaired or handicapped.

A disabled person is classified as impaired if

(i) the disabling condition is permanently better

(ii) the disabling condition is acute and s/he recovers or expects to recover by the time of the interview

(iii) the disabling condition is episodic, that is occurring from time to time and s/he does not experience great functional difficulty in performing self-care activities, able to work (or attend school), does not rely on walking aids and has only minor sensory difficulties

(iv) the disabling condition is chronic and s/he does not experience great difficulty in performing self-care activities, able to work (or attend school), does not depend on walking aids and has only minor sensory difficulties

A disabled person is classified as handicapped if s/he experiences great difficulty in performing self-care activities, unable to work (or attend school), is dependent on walking aids and has major sensory difficulties.

Those defined as handicapped on this classification were then further classified by severity of handicap.

(i) Sensory Handicap—are those persons with eyesight, hearing, speech difficulties

(ii) Appreciable Handicap—are those persons who experience some, but not considerable difficulties with self-care

(iii) Severe Handicap—are those persons who needed considerable help in the performance of many self-care activities

(iv) Very Severe Handicap—are those persons who were almost totally dependent on others for their self-cares

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THE ELDERLY

The Elderly

1 Introduction

The elderly play an important part in virtually every human society. The wisdom and experience we gain as we age, the contribution we can make to enhancing the pleasures and easing the burdens of family life, make us all in our later years a valuable resource to the community as a whole, and to the countless individual families and kinship and social groups to which we belong.

It is to be questioned whether our society is at present making the best and full use of the human resource which our older members represent. Certainly there could be nothing more mistaken in our view than to regard all those up to a certain arbitrary age as 'productive' members of society, and everyone above that age as a cost. The elderly deserve respect not just for their past contributions, in work, in war, and in the home, although those contributions are surely worthy of regard, but also for their continuing contributions to the economy, within their families and communities, to social stability and wellbeing, and in guidance to the younger. A first objective of any social policy impinging on the elderly must be to allow them to participate fully in society so long as they wish and are able to. (It will be seen that this is contained within our first major objective, referring to the right to a fulfilling life, as spelt out in others of this set of Papers.)

In return the elderly are entitled to certain guarantees from the other members of society, that they will be treated with dignity in old age, will be protected from demeaning poverty, and will have access to the care they require should faculties begin to fail.

In their earlier working lives those now retired helped assist the then elderly from the taxes they paid and other contributions (including assistance within the family) they made. They in their turn are likewise entitled to assistance.

It is of course a fact that as a result of improved health and longer life expectancies in modern times, there are now a larger number of elderly people (however we choose to define elderly), than before. Moreover, with the fall in the birth-rate over the last two decades, the proportion of the elderly can be expected to

increase very substantially from early next century, unless there are large increases in births and in net inwards migration.

These facts do pose problems for the long-term financing of the care and benefits available to the elderly from the community. Much of this paper deals with these problems. They need, and will continue to need, careful consideration. They are problems shared with many other relatively well-off countries. Indeed in most European countries the 'ageing population' process has proceeded considerably further than in New Zealand.

That the problems are long term means that, so long as initiation of the reform process is not delayed, the remedies can for the most part be introduced gradually over a period of time. It is important to stress this. Widespread comment on the unsustainability of the present national superannuation scheme has caused much concern amongst the elderly. Changes can and must be implemented in an orderly manner which does not cause undue disruption to people's lives; nor should they undermine their legitimate expectations of security and certainty. The elderly should be reassured that changes necessary to the present scheme will be introduced gradually. Those already retired and those retiring in the future should be informed well in advance of coming changes so that they can plan properly, and know what provision they should make for old age from their own resources.

2   The Aspirations of the Elderly

(We will include in our April report a further general paper addressing the needs and concerns of the elderly in more detail.)

The following general concerns and aspirations are among those which have emerged from submissions to the Royal Commission and at public hearings, and also from various reports commissioned by or supplied to us. In addition, there have been many submissions from individuals and from organisations representing the elderly which have focused on specific concerns with national superannuation.

The major concerns are:

(i) That elderly people should have some certainty as to their future pension rights;

(ii) That retired people should be able to enjoy the rewards of their earlier working years, and these should not be inequitably taxed. (This is often in reference to the tax 'surcharge' on national superannuation, which is widely regarded as discriminatory.)

(iii) That elderly people should be given security against poverty in old age by the provision of an adequate pension granted on the basis of past 'contribution';

(iv) That should faculties decline, satisfactory access should be available to medical care and to personal care services, both domiciliary and residential;

(v) That the elderly should be treated with respect, and the continuing ability of many retired people to contribute to the community should be recognised.

We have already remarked on the need to address the first concern. The second and third concerns are more difficult to resolve. First it must be said that pension rights cannot in principle be based on past tax contribution. It is clear that many think that the old one shilling and six pence in the pound social security contribution is the basis of present pension rights. That is not so. Firstly, that contribution in itself would not for most individuals be sufficient to fund present pension levels. Secondly, our objectives and principles require that pensions be available equally to all in need, and not solely to those who have contributed through taxes in the past.

The basic problem, however, is rooted in the longer-term demographic changes already discussed. It would be very difficult to provide a universal non-income-tested benefit indefinitely in the face of these changes. As will be discussed later in this paper, we are forced to the conclusion that income-testing is necessary, at least in part, for national superannuation.

The concern about care availability is one which, however, we think can and should be addressed. Firmer government guarantees in this area would alleviate some of the concerns about erosion of future pension entitlement. A good starting point would be the proposals in the 1986 Board of Health paper *Scheme for Continuing Care for Elderly People with a Disability*. This outlines a more unified system of subsidy funding for both domiciliary and residential care, backed by professional assessment of both the individual requiring care, and of those residential institutions wanting to care for 'subsidised' clients. The possibilities discussed in our Working Paper on 'Families with Children' for a Carers' Allowance would also, if

implemented, ease some of the worries of the elderly about becoming a burden on their families. (We envisage any form of carers' allowance as being available to those caring for the seriously disabled and the infirm, and not only to those caring for children.)

The final concern, or better, aspiration—that the continuing contribution of the elderly to the community be recognised and respected—has again been touched on earlier. We support this aspiration. An important step towards it will be to recognise the need for a change in community attitudes to retirement, so that individuals are no longer obliged to retire at a fixed age such as 60, but are enabled to continue to work so long as they wish and make a productive contribution in either waged or unwaged work.

3 The Role of the State in Retirement Incomes

In justifying the provision of a means-tested old age pension by the state, the first Old Age Pensions Act 1898 expressly drew on merit, contribution to New Zealand, belonging and need. This assistance by the state was thus formal recognition of the fact that it was unrealistic to assume that the elderly could depend entirely upon past accumulations or the goodwill of other family members for income support.

There appears now to be wide acceptance of the view that respect for old age and for the elderly justifies some form of income assistance during retirement as a fundamental right. We accept this view. That is not to say, however, that individuals do not have any responsibility to provide for themselves after retirement as far as possible. Policies directed towards low inflation and full employment play an important role in this regard in that they give workers a reasonable opportunity to save for their own retirement. Even so, as J. H. Robb pointed out (submission 3630): 'Many goods (including, for example, pensions providing a basic standard of living over a long period of old age, and heart by-pass operations) which have come to be regarded in economically developed societies as necessities, are inherently expensive in relation to the surplus spending power of the lower-paid members of the community.'

Whether the state should intervene further in the savings decisions of individuals by giving preferential tax treatment to private

superannuation is a more contentious issue. The arguments for tax support are well known: that without taxation support individuals will be unable through their own independent superannuation arrangements or through employer-supported provision to achieve an adequate level of financial provision for their retirement; that, in the absence of compulsory superannuation contributions or at least tax-based support for superannuation provision, many will be disinclined to save in other ways for their old age; and that long-term savings harnessed through long-term superannuation schemes are particularly important for investment and economic growth.

Against that we have to ask ourselves: do we want to support *through tax subsidies* superannuation arrangements: (i) which perpetuate in retirement the income differentials of workforce participation — and there is a difference between earnings-related benefits for sickness and accident and for retirement in that the latter is a known certainty not a chance event and so the argument for *tax supported* earnings-related provision does not apply with the same force; (ii) which perpetuate in retirement the disadvantaged position of women, Maori and Pacific Islanders and low-income earners generally; (iii) which discriminate between different kinds of savings arrangements?

While we have not been able to undertake a comprehensive examination of the whole superannuation field, we are not persuaded at this stage that the balance clearly lies with the reinstatement of tax subsidies. And there are two further points relating to private and occupational superannuation which are not confined to the tax implications we have been discussing. One is the concern, given the experience of inflation over the last 20 years, at the limited ability of superannuation arrangements to protect the retired against the vicissitudes of inflation. The other is the importance in terms of wider employment policies of developing rules guaranteeing the comprehensiveness of occupational schemes (no exclusion of categories of employees), early vesting of rights in respect of employer contributions, portability, and limiting the band of income support by providing a cap or ceiling.

4 Issues in the Reform of National Superannuation

Income support for the elderly by the state is currently provided through national superannuation. This is available to everyone aged 60 years of age or over, subject to a residence test, at a basic (after-tax) rate for a married couple of 80 percent of the after-tax average wage. Single superannuitants receive a benefit equal to 60 percent of the married couple benefit. Because national superannuation benefits are indexed to after-tax wages while most other social security benefits are indexed to prices, the relationship between the two tends to vary over time. At present, the basic rates of national superannuation are slightly higher than for other benefits. Although originally intended to be a universal payment to everybody over the age of 60, the introduction of a surtax on other income in 1985 effectively made this payment income-tested. As with other social security benefits, no special contributions are required as national superannuation is financed out of general revenue.

As at 31 March 1987, 473,401 people were receiving national superannuation, expenditure upon which currently accounts for 56 percent of gross total Vote:Social Welfare. For the year to March 1987, national superannuation cost $3.65 billion gross ($2.75 billion net of tax). This net cost is equivalent to about $1,900 a year for every member of the labourforce. It is of major concern therefore that, as in all other developed countries, the age structure of the New Zealand population is expected to shift towards a higher proportion of elderly.

Population projections for New Zealand indicate that the ratio of those receiving national superannuation to those in the labourforce is expected to increase quite dramatically over the next 50 years. Details of these population projections are given in the Annex. Even under the most optimistic assumptions regarding future trends in immigration, mortality and birth rates, the ratio of the over-60s to those aged 15–59 years is expected to almost double by the year 20 of the post-war baby boom and declining birth-rates since the 1960s.

The demographic projections in Figures 1 and 2 clearly have important implications for the cost of national superannuation in the future. Assuming national superannuation remains indexed to

FIGURE 1: Projected population of aged 60+ as percentage of population aged 15-59
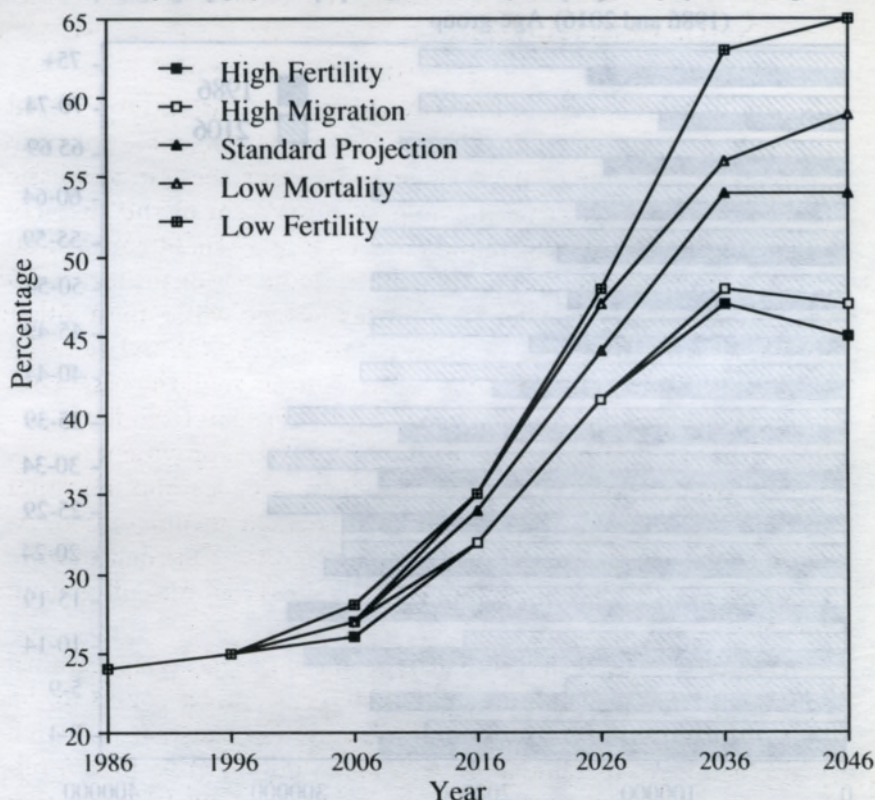
wages and there is no change in labourforce participation rates after 1991, if retained in its present form, the annual cost is projected to rise to around $4,000 or more per worker in today's prices by the third or fourth decade of the next century, around double the present cost per workforce member.

It is important to recognise that major changes in the assumptions upon which the estimates are based have significant implications for the size of the projected costs. In particular, labourforce participation rates may continue to increase after 1991. Other potential offsets to the rising cost of national superannuation include increased immigration, an increase in birth-rates and increased private saving for retirement (assuming national superannuation is income-tested). But we cannot afford to wait in the hope that something of that kind might happen to cause such a dramatic change in the forecasts as to make national superannuation fully

FIGURE 2: Actual and projected New Zealand population by age-groups
(1986 and 2016) Age-group
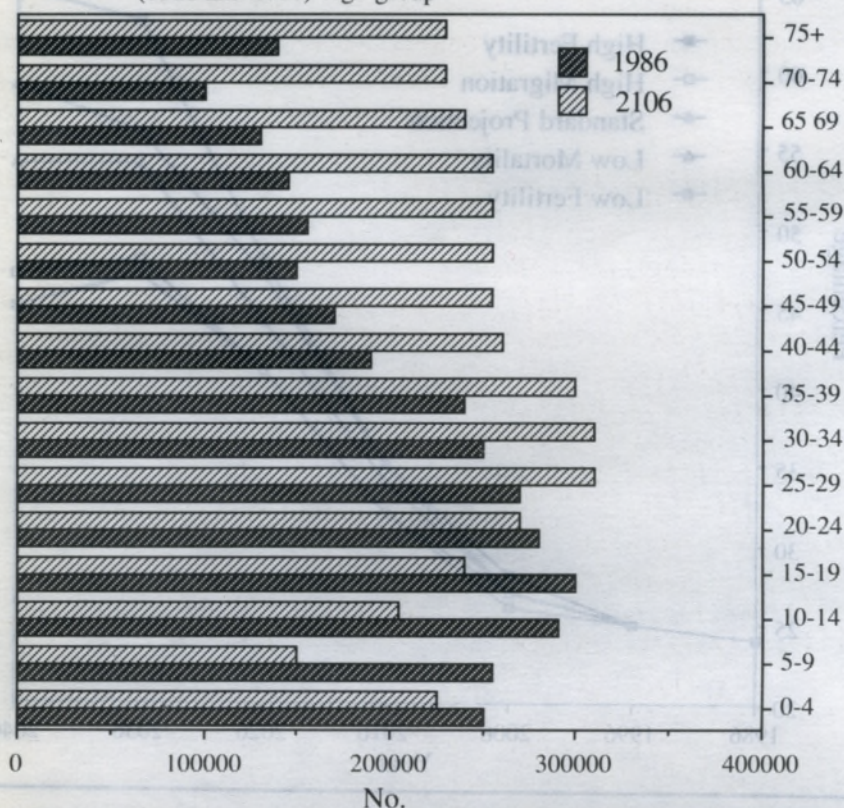
Source: Population Monitoring Group, 1983, New Zealand Planning Council

sustainable in the long term. For reasons discussed earlier there has to be a long lead time in making long-term changes. The assumptions seem sensible and reasonable overall. The projections require that planning for change should proceed now.

Although the need for a fundamental reassessment of income maintenance for the elderly arises from the financial implications of the projected demographic changes, any recommendations for change should be based upon both social and economic factors. As in other forms of income maintenance, the primary objective of national superannuation must be to give the elderly access to a sufficient share of resources to allow them to participate in society. However, if the welfare of the elderly is to be removed from the political arena, whatever system is put into place must be fiscally sustainable in the long term.

In considering ways in which national superannuation might be reformed so that it is socially acceptable as well as fiscally sustainable in the long term, we considered issues related to universality, the age of eligibility, the level of benefit, and the degree of targeting.

4.1 *A Universal Component?*

Not surprisingly, the introduction of a tax surcharge on other income which effectively claws back part or all of what would otherwise be a universal payment has led to much discontent amongst the elderly. Preparing for retirement takes many years and they had generally based their retirement plans upon the expectation that a non-income-tested benefit would be available to them. For those who had already retired, the surtax was especially harsh as it was introduced at a time when their savings had already been eroded by persistently high rates of inflation and there was little most could do to improve their situation. The issues surrounding the role of universal provision must, however, be considered in a wider context. While the surtax might be judged as unfair for those who have already retired, it is necessary to consider whether there is any justification for superannuation to be provided universally for those retiring in the future.

In considering the case for a universal payment to the elderly, the Royal Commission on Social Security (1972, p. 206) found one of the main justifications to be that it offers a way of rewarding the elderly for past work and services to the community. This view has certainly been expressed in many of our submissions. A major problem with this line of thinking is that, by definition, a universal payment is made regardless of past social or financial contributions. Everybody is entitled to payment without any judgement as to individual contributions, and the non-contributory nature of national superannuation financing makes it difficult to support the view that past taxes constitute past contributions. We therefore consider that a universal payment cannot be justified on the grounds of past contributions.

There are, however, 3 reasons which together persuade us that there is a sound case for a universal component in national superannuation. The first is the positive contribution that the elderly currently make to society. Many fulfil special roles within their

families and the community: the contribution made by Maori elders, for example, is of inestimable value. While individual contributions may differ, the elderly as a group provide an important element of stability in our community. To be enabled to do so they need the sense of self-sufficiency which financial security fosters. A universal component in national superannuation is a means of recognising the important contribution that the elderly make towards social cohesion and national solidarity. The second is the difficulty in our changing world for most people to plan their long-term financial futures with assurance. Inflation and economic and social change can make retirement plans less and less effective. The elderly retired are particularly vulnerable to the vicissitudes of economic life because, having left the workforce, they do not have the protection of wage level adjustments. A universal component provides a sure income threshold on which the elderly can build their retirement plans. The third is that universal entitlement may in itself contribute towards national solidarity by providing some return to those who might otherwise be less willing through their taxes to support the objectives of the income maintenance and distribution system.

4.2 *Age of Eligibility*

Over the past 25 years there has been a marked trend in all OECD countries towards earlier retirement and a lengthier period of leisure time in later life. The New Zealand situation is indicated by the data shown in Table 1.

According to the 1986 census, 61 percent of men and 88 percent of women aged 60–64 do not participate in the paid labourforce (either full or part-time). This may be due in part to more generous income maintenance provision for the elderly. It may also reflect changing social preferences, combined with deteriorating economic conditions that have led to a decline in job opportunities for older workers. Reversing this trend by increasing the age of eligibility for national superannuation would particularly disadvantage those who have worked throughout their lives in jobs which are physically demanding. By the age of 60 they may be literally worn out or at least unfit for their customary work and we are concerned that prolonging their working life by increasing the eligibility age for national superannuation could be detrimental to their physical and mental health.

TABLE 1: Labourforce participation rates*, 1961–86

			Males			
Age-group	1961	1966	1971	1976	1981	1986
50–54	96.6	96.8	96.3	95.9	95.2	91.6
55–59	91.6	92.7	92.1	90.5	88.9	85.0
60–64	69.0	71.9	69.2	57.9	46.7	39.1
65–69	39.1	42.1	36.1	26.7	18.1	
70–74	20.7	19.3	17.5	12.4	9.4	
75+	7.4	6.9	5.2	4.9	3.8	
All 65+	...	...	21.3	16.2	11.2	8.8

			Females			
Age-group	1961	1966	1971	1976	1981	1986
50–54	27.7	31.4	35.2	40.6	44.3	52.4
55–59	22.1	25.4	27.5	29.0	31.6	35.4
60–64	12.7	14.6	15.5	13.9	12.1	12.0
65–69	6.5	7.3	7.2	5.6	3.9	
70–74	2.8	3.1	2.7	2.1	1.5	
75+	1.0	1.1	0.8	0.6	0.5	
All 65+	...	...	3.5	2.8	1.9	1.9

* Includes those in full-time and part-time (20 hours+) work, plus those who
are unemployed and seeking work.
Source: New Zealand Census of Population and Dwellings

On the other hand, as a group, elderly people today are healthier
and living longer than previously. This suggests that their ability
to actively participate in the workforce is also improving. An
increase in the age of eligibility would simply recognise and follow
the improvements that have occurred in the health and wellbeing
of people in their 60s. In addition, whatever preferences may be for
early retirement, society can ill afford to lose the skills and expe-
rience of older workers.

One argument against increasing the age limit of national super-
annuation is that, during periods of unemployment, earlier retire-
ment is one means of opening up more jobs for younger workers.
However, where early retirement programmes have been intro-
duced in some European countries, it has been found that many
retirees are not replaced by younger workers. Rather, a contraction
of jobs tends to occur because some employers use the opportunity
to introduce processes that are less labour intensive (International

Labour Office Report, *Into the 21st Century: The Development of Social Security,* 1984, para. 111). In any case, we consider that it is wrong in principle to use public pensions as a weapon against unemployment.

In view of these opposing factors concerning the age of eligibility, we considered the possibility of introducing some flexibility into national superannuation by giving people the choice of receiving payment at a later age but at a higher rate. This would enable those who wish to retire early to do so but would encourage others to remain in employment. However, such a scheme would have somewhat different objectives and principles than those that we have identified as appropriate for New Zealand society. It implies that each person should have access to the same amount of resources after retirement rather than to a share which is sufficient to allow all to participate in society. Moreover, it implies that retirement is a prerequisite for state support. These principles do not seem appropriate in a non-contributory state superannuation scheme. Therefore, while we see great merit in allowing people to retire whenever they wish, we feel that private sector pensions accompanied by appropriate retirement policies are more suited for this role.

We also rejected the option of making national superannuation subject to a work test. In common with the International Labour Office Report, *Into the 21st Century: The Development of Social Security* (1984, para. 110 and 115) we believe it to be socially undesirable to insist on retirement as a condition for drawing a pension. Not only should older people have the right of access to state support without proving that they cannot work, but we also believe they should not be denied the right to work if they wish. Apart from these matters of principle, a work test would be administratively cumbersome for the elderly because many undertake part-time or temporary jobs rather than full-time work.

On balance, we consider that raising the age of eligibility to 65 years is in line with improved health and increased longevity as well as with changing social preferences. Such an extension seems reasonable, even for those in manual work, *provided that it is announced shortly and phased in gradually.* Taking a longer view, lifting the age limit for national superannuation is consistent with our preference for an extended period in school or in training and later entry into the workforce. The general benefit structure would apply below that age and it might be appropriate for any older

unemployed to be relieved of the obligation actively to seek work after having been unemployed for say 12 months.

Increasing the age of eligibility for national superannuation to age 65 would make an important contribution towards reducing the cost of national superannuation in the future. However, by the year 2020, the proportion of the population that is aged 65 and over will exceed the proportion of the population currently over 60 years (15 percent) and will subsequently increase. Increasing the age of eligibility is, therefore, unlikely on its own to allow national superannuation to be maintained in its current form in the long term.

4.3 *Level of Benefit*

The main question in determining the appropriate benefit level concerns whether or not the financial needs of the elderly differ in any way from the needs of younger people who are unable to support themselves financially. At present, national superannuation is only marginally higher than other benefits:

	National Superannuation	Other benefits (except unemployment)
(Per week, net of tax from 1 April 1988)		
Married	$130.18 (each)	$126.23
Single	$156.18	$151.48

Elderly people often rely on a benefit for a long period of time and so have to meet maintenance costs as well as immediate needs, but the same is true for many disabled and sickness beneficiaries. Moreover, old age is not unexpected, and a lower level of benefit may act as a positive incentive for some people to provide more for themselves. As a group, the elderly also have lower than average housing costs because a high proportion own their own homes debt free. On the other hand, a higher basic level of benefit than is available for others who are in need of financial support might be justified on the grounds that the elderly have a special right to a reasonable and comfortable standard of living: although old age can be foreseen, many people simply cannot afford to save for their later years.

The needs of the elderly do differ in many respects from the needs of younger people, especially in the need for care and there can be little doubt that some superannuitants are experiencing real hardship, especially those who are living alone. However, the elderly are a diverse group and providing a higher level of benefit for everyone does not appear to be warranted. Many of the needs of those experiencing hardship might be better met by improved community services rather than by additional financial assistance. Moreover, we must look to the future and those retiring now are generally better off than their predecessors, having experienced full employment and economic prosperity for much of their working lives. On balance, therefore, we think it quite acceptable on both social and economic grounds to pay superannuitants the same as the basic level of social security benefits and to maintain parity by using a common method of indexation.

Unlike other benefits, national superannuation already recognises the right of all who qualify to entitlement in their own right without regard to the income of others. National superannuation is however by no means neutral to marriage. The married rate discriminates against those who are married compared with single superannuitants who share accommodation. On the other hand, the ability of married superannuitants to amalgamate surtax exemptions discriminates against those who are single. Neither of these provisions is consistent with our preference for basing benefit entitlements upon the individual rather than upon the couple. There is another feature of national superannuation: a married person turning 60 who has a spouse under 60 who may be still working may receive the higher single rate of benefit rather than half of the married rate.

As noted in the accompanying paper on 'Social Security Benefits', we consider living alone to be a better indicator of living costs than marital status. For this reason we recommend that all superannuitants be entitled to the same benefit rate, with an additional allowance being paid to those superannuitants who live alone.

Finally, the ability of married couples to amalgamate their surcharge exemption is also inequitable, being of greatest value to those on higher incomes, and benefiting those who may be still working. We think therefore that the provision to amalgamate any income exemption should be abolished. That would not affect couples where there is shared ownership of assets and so the resulting incomes are shared.

4.4   *Degree of Targeting*

Unless a flat rate of benefit is to be available to all elderly regardless of income, some form of income test must be applied. The surtax of 18 cents in the dollar applies to a single superannuitant's other income over $7,800 (or $6,500 if married). The standard income test for other benefits is much more severe. Benefits are reduced if household income exceeds the following levels:

Less than $2,600	exempt
$2,600–$4,160	reduced at 30c in $
$4,160+	reduced at 70c in $

In addition, whereas for other benefits abatements are determined by the income of both partners, it is the individual income of each national superannuitant separately that is subject to the national superannuation surcharge.

Benefit abatement is especially problematic for the elderly because much of their non-benefit income is from investment rather than earnings. Because the surtax — and indeed any system of income-testing — applies to nominal rather than real interest income from these savings, in effect capital as well as income may be taxed away. On the other hand, it can be argued that a steeper rate of abatement together with a lower threshold is less punitive with respect to savings than a more generous abatement regime. Once above the abatement band, any additional income is subject to the usual marginal tax rates. This means there may be less disincentive associated with a more vigorous abatement regime than there is with the present surtax.

In spite of the implications tighter income-testing has for those receiving income from work or past savings, it is difficult to avoid the conclusion that national superannuation must be better directed if it is to be fiscally sustainable in the long term. This seems the only possible way that the cost of national superannuation can be reduced significantly in the long term without subjecting those who would already be experiencing some financial difficulties to even greater hardship. However, we believe that our earlier discussion regarding the rights of individuals to financial support is particularly relevant in the case of the elderly. Therefore, while even greater savings could be made if a person's entitlement to superannuation were based upon their total household income, this would not be consistent with our preference for moving towards a system

of income maintenance based upon the rights and needs of the individual rather than the couple.

5 Public Opinion

Two broad schools of thought were revealed in submissions to us about national superannuation. The first view came mainly from the elderly themselves. They felt that the imposition of the surtax had deprived them of a benefit which was rightfully theirs on the basis of contributions that they had made during their working lives. Some superannuitants — primarily those living alone without any other source of income — also reported difficulty in living on national superannuation.

The second set of opinions generally came from those younger than 60 years of age. Their main concern was the uncertainty surrounding the future of national superannuation and the problems this has caused in planning for their own retirement. This uncertainty has been exacerbated by the various changes that have been made to national superannuation since it was first introduced in 1977. While most people seem to consider that, in spite of these changes, national superannuation is still not fiscally sustainable in the long term, few are sure just what this means as far as their own plans for retirement are concerned.

Of those responding in the Attitudinal Survey carried out on behalf of the Royal Commission, a preliminary analysis shows that an overwhelming proportion, over 90 percent, favour the use of taxes to make sure the elderly have enough money to live on. The support was remarkably constant across virtually all population subgroups, including the different age-groups.

As for the age at which income support should be given, around three-fifths of the population appear to favour age 60, and slightly under a quarter favour age 65.

Opinions are more evenly balanced on whether all elderly persons should get the same amount of income support. A narrow majority thinks less support should be provided by the government for the well-off, but only a few percent less consider that all should receive the same amount.

An interesting point is that opinions on all these questions seem to vary remarkably little with age.

A third source of information about public opinion is a survey undertaken by the Heylen Research Centre in December 1986. Sixty percent of respondents considered that national superannuation should be reformed in some way so as to make it sustainable and certain in the long term. Thirty-two percent favoured a work test, 25 percent wanted some form of income test, 18 percent suggested reducing government expenditure elsewhere, and 14 percent favoured raising the age of eligibility. Seventy percent of respondents in urban or provincial areas and 53 percent of the rural sample considered the surtax to be fair.

6   Some Options for Reform
6.1 *Three Particular Options*

In the light of the foregoing discussions we considered a number of specific options for national superannuation. While many variations are obviously possible, we have selected three particular options in order to illustrate the direction of our thinking and to give some indication of the implications of these particular options for different groups and for the cost of national superannuation in the future.

Option 1: A payment available to everybody aged 65 and over at the same level as other social security benefits. This would be taxed and abated against individual personal income at the same rate as for other benefits. Superannuitants living alone would be eligible for a living-alone allowance.

Option 2: A standard rate of benefit payable from aged 65 abated at a faster rate than as by the present surtax but somewhat less vigorously than Option 1.

Option 3: A two-tier system of:

(i) An income-tested payment from age 65 as described in Option 1;

(ii) A universal benefit payable to everybody aged 68 years and over, equal to half of the (gross) income-tested benefit. This universal component would be taxed, but not abated against other income. Those with no other income would continue to receive the full benefit.

These options have a number of common features. Each includes an upward shift in the age of eligibility from the present age of 60

up to age 65. While an increase in the age limit is fiscally desirable, we are of the opinion that any larger increase than this is unlikely to be very acceptable socially. An increase to age 65 is consistent with our inclination for a move towards later entry into the workforce by teenagers. The general benefit structure would apply below that age and it would be appropriate for any older unemployed to be relieved of the obligation to actively seek work after having been unemployed for say 12 months.

Each option uses the individual as the unit of assessment for eligibility and entitlement. Everybody would be assessed according to their own age and income without any reference to their partner. Any elderly person living alone, like any other beneficiary, would be eligible for an additional living-alone allowance equal to at least 20 percent of the basic rate. That 20 percent is the percentage difference between the present single rate (60 percent of 80 percent, that is 48 percent) and the proposed basic rate (50 percent of 80 percent is 40 percent).

The basic level of benefit proposed in each option is the same as for other social security benefits. While this may seem to indicate a significant reduction in the level of payment to superannuitants, in fact this is not the case. The basic level of national superannuation is already so close to the level of other benefits, it simply implies a slightly smaller periodic adjustment than would otherwise have been granted.

Another common feature is a faster rate of abatement than under the current surtax regime. We are cognisant of the fact that such a recommendation is quite contrary to the many submissions that we have received concerning the perceived inequities of the surtax. However these inequities relate primarily to present rather than future superannuitants. Given a suitable phase-in period, few if any people who have already retired should find themselves subject to a more vigorous rate of abatement than they face under the present surtax. It should also be emphasised that we consider the indexation of income exemption levels to be essential. Otherwise, the exemption level itself becomes a cost-saving tool by gradually drawing more income into the tax net.

6.2 *Estimated Cost of Each Option*

Precise costing of the different options is not possible due to the many unknowns involved in such a calculation. The following

estimates are based upon the current (March 1988) tax regime and on the following assumptions:

- Medium fertility
- Standard mortality
- Zero long-term migration
- Benefits indexed to wages
- No change in labourforce participation after 1991.

These assumptions are discussed further in the Annex. While a different tax scale and other assumptions would produce different figures, the *relative* costs of the different options would remain much the same.

No phase-in period has been allowed for in these costings. Obviously the slower the phase-in, the less the change in cost in the earlier years from the current system. Also, no second-round effects have been allowed for. That is, no allowance has been made for changes in the status of those who are currently receiving national superannuation but who would not be eligible under these proposals. To the extent that they remain in the labourforce, cost per member of the labourforce is overstated. On the other hand, overall costs would be greater if they received some other form of welfare benefit.

It should perhaps also be pointed out that, although indexation to wages is recommended for all benefits in line with the basic objectives of income maintenance, this has major implications for the cost of national superannuation in the future. If national superannuation were to be linked to prices instead of wages, any improvements in labour productivity would reduce its net cost. This would however be achieved at the expense of a gradual reduction in the relative income of elderly people (see the Working Paper on 'The Social Security System' discussion on indexation).

6.3 *A Discussion of the Options*

Apart from the shift towards a more individually based system, Options 1 and 2 are essentially more targeted versions of the current system paid at a later age. This means some of those receiving other income who would be eligible for all or part of national superannuation as it is at present would receive less or nothing under these two options.

TABLE 2: Estimated net cost per member of labourforce (1988 $)

Year	Current NS	Option 1	Option 2	Option 3
1991	1964	1281	Between	1352
2001	2041	1331	current	1404
2011	2351	1481	NS and	1564
2021	2929	1879	Option 1	1984
2031	3693	2435	depending	2570
20..	4024	2772	on rate of	2922
2051	4033	2745	abatement	2894

Source: Computer runs on household data carried out by Treasury at the request of the Royal Commissions

Option 1 is the less generous of the two. Under this option, each person could receive only $50 per week ($2,600 a year) of other income before losing some of their national superannuation. Anyone receiving more than about $14,750 of other income per year would not be eligible for a benefit. Comparing this with the present system, those earning either less than $2,600 or more than about $33,650 (that is the point at which national superannuation is currently clawed back by the surtax on other income) would be affected only to the extent that a move towards a more individually based system plus a living-alone allowance affects their entitlement. Those receiving less than $2,600 other income would still receive the full benefit while those receiving more than $33,650 would not receive any payment under either system. It is those between these two income levels who would be worse off under Option 1.

Option 2 would have a similar though somewhat less severe impact depending upon the exact threshold levels and abatement rates. The rationale behind this lower rate of abatement would simply be to avoid any disincentive effects associated with saving a small amount. Extending the coverage of the scheme over a broader income range would improve the position of those receiving a relatively small amount of other income. On the other hand, any system of income-testing affects the savings or work incentive of some income group. The lower abatement rate proposed in Option 2 might therefore be less efficient than Option 1 if the

wider abatement band discourages more people from saving for their own retirement.

These disincentive effects on saving are especially concerning at this time when tax concessions on savings through private superannuation schemes have just been abolished. The inflation risk element built into interest rates is taxed to the recipient as ordinary income and, if our proposals in Annex II to the 'General Considerations' paper are accepted, capital gains may be taxed as ordinary income. If the incentive to save is affected either by income-testing or by the withdrawal of tax concessions, then introducing more directed schemes such as Option 1 and Option 2 could seriously undermine the economic position of the elderly in the future as well as add to the costs of national superannuation.

It is partly for this reason that our preference is for Option 3. This option is similar to the two-tier system of retirement income that applied until 1977. At age 65, everybody is eligible for an income-tested benefit which abates sharply against other income. Upon reaching age 68, this benefit is abated away only to half of its gross value so that everybody aged 68 and over receives at least this universal component regardless of other income. (A person with no other income would continue to receive the same benefit as from age 65.) Apart from reducing any disincentive effect on saving, a universal component might help to counter some of the alienation to the welfare state system that is now apparent amongst higher income groups. There are two reasons for nominating 68 rather than 65 or 70: the fiscal savings in deferring the universal component a reasonable time beyond age 65; and fairness in terms of setting a time on which those approaching retirement can reasonably focus as providing the threshold income for their remaining years.

Comparing this with the present system of national superannuation, up to the age of 68 the impact would be much the same as for Option 1. That is, those earning some other income between $2,600 and $33,650 would initially be worse off. Above the age of 68, however, those for whom national superannuation would be completely (or almost completely) taxed away by the present surtax would be better off due to their entitlement to the universal component.

While this option would be more costly than Option 1, we believe that it would be more socially acceptable to the majority of the population. Being similar to the pre-1977 two-tier system of

benefits, it is a system which is familiar to many older New Zealanders. It also gives everybody a stake in the welfare state and so can contribute much towards the sense of participating and belonging that is so important in later life.

7 Other Issues

7.1 *The Older Elderly*

A number of submissions focused on the special needs of those who might be called the older elderly: that is those aged over 75 or perhaps 80 years of age. As old age progresses, savings are eroded and one's health tends to deteriorate. In addition, the material assets built up during one's working life increasingly need maintenance or may have to be replaced at some considerable cost. People therefore tend to get poorer as they grow older because their needs increase.

In response to this problem, a suggestion put to us in submissions was to remove the surtax (or any alternative income test) for those aged over 75 or 80 years. Another possible solution—and one which is better directed to those most in need—is to provide a higher level of basic benefit to the older elderly. About one-quarter of those eligible for national superannuation are aged 75 years or over and about 11 percent of these currently pay any surtax. However, the percentage of those in the older age-groups is increasing. Moreover, if a sharper rate of abatement were to be introduced, the amount of savings to government foregone by abolishing the income test for older age-groups would increase over time.

In assessing the merits of policies designed to provide favourable treatment for the older elderly we considered the objectives and principles of income maintenance schemes generally. These kinds of proposals were found to be deficient in a number of respects. Increasing benefits for the older elderly does not appear to be a very efficient way of using the resources that are available. Some people over 75 are very wealthy, while many unskilled low-income earners are relatively poor as soon as they retire. Removal of the surtax would in any case only assist those who are in receipt of substantial other income. In addition, because many of the special needs of the elderly are associated with poor health and a reduced ability to manage everyday living without some form of

assistance, these needs would probably be better met by the provision of services rather than by increased income. We are also concerned that favourable treatment of the older elderly discriminates against those with a lower life expectancy such as those in lower socio-economic groups and, at present, Maori. Taking a longer view, increasing benefits at a higher age is inconsistent with the trends towards better health and improved economic status of the elderly.

For all these reasons we concluded that making special income maintenance provisions for the older elderly is probably not the best way of meeting their particular needs. There appears to be a greater need for any extra resources for the elderly to be channelled into services such as primary health care, residential care, domiciliary services and services for the disabled elderly. In particular, the worries many of the older elderly express about their future accommodation needs and the cost of rest-home residence should be addressed.

7.2   *The Phase-in Period*

Because of the very long time-frame involved in planning for retirement, in the interests of equity any reduction in income provision for the elderly must be phased in over a long period of time. The recommendations that we have made involve changes that will make some people better off. Others however will be worse off and it is important that they be given sufficient time to adjust their own personal plans for retirement accordingly.

Assuming that the reform of national superannuation includes an upward shift in the age of eligibility and a more vigorous income-testing regime, time must be allowed for the reconsideration of occupational retirement policies as well as for adjustments to personal financial plans. A lengthy phase-in period is all the more important now that changes in the tax treatment of private superannuation have effectively reduced the expected returns for those who had already entered into superannuation contracts based on the previous tax regime.

We envisage that the changes we propose would be phased in over 10 to 12 years, from about the year 1995 to 2007. The major shift in the population structure towards a higher proportion of elderly is expected to begin in about 20 years time when the 'baby boomers' begin to retire. In view of this limited time-frame, the

details of a reform package for national superannuation need to be announced as soon as possible. Numerous submissions from individuals and organisations stressed the need for wide community and political support. If the people of New Zealand are to enjoy certainty and security in later life, it is important that any proposals must have the support of both major political parties. We strongly emphasise the importance of a bipartisan approach and recommend that the leaders of the major political parties confer with a view to setting in train arrangements designed to settle the matter.

7.3   *Administration*

During our enquiries it became apparent that, apart from reducing the incomes of some elderly people, the introduction of the surcharge has also introduced an additional element of uncertainty into national superannuation. The surcharge is simply one method of income-testing but, because it applies to other income rather than to national superannuation itself, it is difficult to understand and requires complicated calculations in order to ascertain one's net income.

We see little justification for this unusual approach which ultimately has exactly the same effect as other methods of abatement. Indeed, some of the objections associated with the surcharge appear to spring from what is viewed by some as a rather underhand method of clawing the benefit back. Some simplification of the administration of national superannuation may therefore improve the perception of the elderly of their treatment as well as make an important contribution towards improving their sense of certainty and security.

There are two possible alternative approaches. One is to reduce directly the amount of national superannuation paid out as other income increases in the same way as for other social security benefits. The second possibility is to use a negative income tax approach. For those who are eligible, income support could be provided in the form of a tax credit (negative tax) from the Inland Revenue Department rather than a cash benefit from Social Welfare. As other income is earned, the negative tax flow diminishes until it disappears or is reduced to the level of any universal component. Income earned up to this point attracts no tax while income beyond this level is taxed at a positive rate.

Both of these methods of income-testing would be somewhat simpler to understand than the imposition of an income tax surcharge on other income. While we have not supported a negative income tax approach as a means of providing a guaranteed minimum income to individuals and families generally, national superannuation has certain features which make it a particularly suitable candidate for this type of approach to income maintenance. It is a long-term benefit for which applicants need to establish their eligibility once and once only. Moreover, being an individually based benefit, it lends itself to administration through the tax system (which is also based primarily upon the individual). The negative income tax approach would have considerable advantages. It would be easier to understand because it involves only a single flow of payments either to or from the Inland Revenue Department. By making the effective marginal tax rate more visible it would provide the elderly with clearer information and allow better financial planning. The system is very flexible and can be designed to incorporate a universal payment after the age of 68 years. A negative income tax approach might also be more socially acceptable than the surtax because, rather than imposing an extra tax on top of the standard tax scale, it places the elderly on a completely separate tax scale.

We understand that the Inland Revenue Department is not set up to handle such a system at present. Nevertheless, the feasibility of providing income for the elderly via a negative income tax appears worthy of serious consideration.

7.4 *Portability*

A number of submissions drew our attention to the question of the transfer of national superannuation entitlements to other countries. Some people who have lived and worked in New Zealand for much of their lives have a desire to spend their retirement years in another country. This is especially true of Pacific Islanders who often wish to return to their home islands in later life. Concern was therefore expressed at the apparent unfairness to those who otherwise fulfil the eligibility criteria of not being entitled to national superannuation under these circumstances.

Extending national superannuation to other countries would obviously add to its future costs although it is unclear to what extent. By the same token there would be some savings from

reduced health care costs of those elderly people going to live in other countries. Any decision regarding portability should however be based upon equity rather than financial considerations. This in turn depends upon the principles upon which national superannuation is based.

We have already noted that we do not accept the view that income maintenance for the elderly is a reward for contributions made in the past. Nevertheless, if national superannuation is concerned primarily with enabling the elderly to live and participate in society, together with some recognition of the positive contribution that the older generation makes to the community, there appear to be no real arguments against its portability. Where other countries have social security systems such as The Netherlands and the United States, the international approach of making reciprocal arrangements appears most logical. However, making national superannuation portable to other countries in the South Pacific would seem part and parcel of New Zealand's role as a South Pacific nation. And, in principle, we can see no justification for drawing the line there and stopping short of universal portability.

In balancing the case for portability on equity grounds against its additional costs and administration problems, the Ministerial Task Force on Income Maintenance (1987) recommended that limited portability be extended to long-time New Zealand residents. Under these proposals, for any country without reciprocal agreements, 40 percent of the gross benefit rate would be payable to anybody who had resided in this country for at least 20 years, 5 of them since the age of 55 years. This seems to us an entirely sensible approach, except as to the proportion. Our preferred option has, past age 68, two tiers: the income-tested tier and what we have called the universal tier, being 50 percent of the gross income-tested benefit. Income-testing of payments to non-residents is not appropriate and we favour portability of the universal component, that is half the benefit but paying it to qualifying non-residents over 65. Depending upon initial experience, it may be possible to extend portability at a later date to those who qualify according to the less stringent residential criteria which apply within New Zealand.

8 Summary and Conclusions

We believe that the important role played by the elderly in our society is not given the recognition that it deserves. Not only are the contributions made in past years sometimes forgotten, but the many and varied valuable contributions that the elderly as a group are currently making to enhancing the quality of life in New Zealand are often overlooked. This enhancement to our society by the elderly springs directly from their wisdom and experience and indirectly in that they provide an element of stability and social cohesion.

If the elderly are to enjoy the respect and dignity which we believe is their fundamental right, they must be assured of an income which allows them to live and participate in society. Apart from the uncertainty associated with the future of national superannuation, the efforts of individuals to save for their own retirement have been frustrated in recent years by high inflation and increasing unemployment as well as by uncertainty regarding the tax treatment of private superannuation schemes. The lack of any comprehensive policy for retirement incomes is therefore a major concern which must be redressed as soon as possible.

A public pension scheme should reflect changing social, economic and labour market patterns as well as take into account the marked increase in the proportion of the elderly that is expected from early in the next century. Our specific recommendations for national superannuation are as follows:

1 A two-tier system of pension entitlement should be introduced. The first tier, which would be available to those aged 65 years and over, would be at a level and rate of abatement against other income in line with other social security benefits. Those living alone would be eligible for an additional living-alone allowance equal to at least 20 percent of the basic rate. The second tier would be half the first tier and would be provided to all New Zealanders aged 68 years and over. Thus at age 68 the same pension entitlement is provided and taxed but abated only to one-half of its gross value. Those with no income (or little income), would however continue to receive the full benefit (or most of it).

2 A reasonable lead time should be provided before any changes to national superannuation are introduced. These

changes should then be phased in gradually so as to afford those who have retired or are about to retire reasonable protection, and to allow younger people time to adjust their savings and retirement plans accordingly. We envisage that the changes we propose would be phased in over a 10 to 12 year period from about the year 1995 to 2007.

3 Anybody aged 65 years and over who has resided in New Zealand for at least 20 years (5 of them since the age of 55) and who wishes to spend his or her old age in another country should (in the absence of any inter-country reciprocal agreement) receive an entitlement at a reduced rate — we suggest 50 percent of the gross benefit rate.

Should our recommendations for national superannuation be adopted, the role of the private sector in retirement incomes is likely to become increasingly important. The greatest contribution that any government can make in this regard is to provide a stable economic environment in which individuals are able and are encouraged to make their own provision for retirement as far as possible. In the past, direct incentives have also been provided through the favourable tax treatment of private superannuation. While we are not convinced that a return to preferential tax treatment is justified, we are also not persuaded that individuals in all socio-economic groups currently have a realistic opportunity to save enough during their working lives to provide even a small income for themselves and their dependants after retirement. If the economic position of the elderly is not to be seriously undermined in the future, the question of private savings opportunities must be given careful consideration before any changes are made to the current system of national superannuation.

We urge early bipartisan action on national superannuation changes.

Annex

Population Projections

(Source: Excerpt from paper prepared during the work of the Ministerial Task Force on Income Maintenance (1986))

The demographic 'burden' of national superannuation would ideally be calculated as the ratio of the recipient population to the labourforce. Neither figure is easy to estimate for the future.

The number in the recipient population will be affected by the conditions of eligibility, particularly regarding age, work status and income. For the purposes of this paper it is adequate to take the number of people aged 60 as representing the recipient group. Not a large proportion of them are in paid employment, and not many have extensive other income. Whatever the eligibility criteria, most of those over 60 will be recipients of national superannuation or some other form of state-funded assistance.

The Department of Statistics offers projections about the size and composition of the labourforce for 5 years ahead. The total labourforce as a percentage of the total population is expected to rise from 48.22 percent in 1986 to 50.68 percent in 1991. Against these figures must be set the percentage of the labourforce which is unemployed. For the long-term picture 25 or more years ahead projections assume that participation rates remain the same as in 1991; thus in the long term the percentage change is almost exactly the same as that in the size of the general population aged 15–59.

In these circumstances it must be accepted that long-term labour force projections are too conjectural to be useful. For the purposes of this paper the number of people in the population aged 15–59 is taken as representing as adequately as is feasible the working population.

Thus in this paper the demographic 'burden' of national superannuation is expressed as the ratio of the population aged over 60 to the population aged 15–59.

The Department of Statistics has provided 5 series of detailed population projections to the year 2051, based on 1985 figures. Each series makes a different set of assumptions about what is likely

to happen in the future in regard to fertility, migration, and mortality. While the assumptions used certainly affect the detail of the projections, a common overall picture emerges very clearly. In the text the 'standard' or 'preferred' set of assumptions is used; if anything it is conservative and assumes minimum change to the present situation. The remainder of this Annex gives details of the different assumptions.

Fertility Assumptions

The total fertility rate (TFR) gives the average number of births a woman would have during her reproductive life if she experienced the age-specific fertility rates for the given calendar year. It can somewhat exaggerate the effect of women choosing to have their families earlier or later, but is the common measure of fertility. At TFR = 2.1 a population is replacing itself.

In 1961 New Zealand's TFR peaked at 4.3—the highest rate in the post-war western world. Since then it has fallen dramatically; it was about 1.9 in 1983—the lowest in our history—and still falling, though the rate of fall was slowing. England and Wales were then about 1.75; Denmark, Holland and West Germany were all below 1.5.

The projections provide series with a high, a standard, and a low fertility assumption.

- The high assumption has the TFR increasing to 2.01 in 1986, to 2.11 by 1991, and constant thereafter.
- The standard assumption has the TFR decreasing to 1.85 by 1991 and constant thereafter.
- The low assumption has the TFR decreasing from 1.75 in 1986 to 1.59 in 1991 and constant thereafter.

While the standard assumption is that preferred by the Statistics Department, many feel that if anything the low assumption is more likely on present trends.

The differing effects of the 3 fertility assumptions are shown in Table 3. For each assumption it shows the projected ratio of the number over 60 to the number aged 15–59 at 10-year intervals. This table assumes standard migration (zero long-term but some short-term out-migration) and standard mortality.

Migration

Migration has a significant effect on the population balance. Most migrants are in their younger working years, so immigration assists

TABLE 3: Projected ratios of aged 60+ to aged 15–59 population with different fertility assumptions

Year			High fertility %	Standard fertility %	Low fertility %
1986	..	..	24	24	24
1996	..	..	25	25	25
2006	..	..	27	27	27
2016	..	..	32	34	35
2026	..	..	41	44	48
2036	..	..	47	54	62
2046	..	..	45	54	65

the ability of the population to provide for its dependent section, while emigration makes it more difficult. Over the last 20 years there have been sharp changes in the patterns of migration, depending on economic conditions and immigration policy. This fluctuation is continuing, making prediction difficult.

The migration effect on population is normally measured by long-term arrivals and departures as indicated by the intentions reported on travel documents. During the early 1970s there were net gains, peaking at a gain of 27,000 in 1974. This turned around sharply over the next five years, with a peak loss of 42,000 in 1979. Table 4 shows more recent figures, with the preferred forward projections made by the Department of Statistics in 1985.

Beyond 1991 two series of projections have been made. The standard one assumes zero net migration, the high-migration series assumes fairly substantial net immigration of 10,000 every year until 2051. Assuming standard fertility and standard mortality, the different effects are shown in Table 5.

Mortality

Life expectancy at birth for both men and women has increased by about 2 years since 1975, and is now 71.73 for males and 77.73 for females. Projections are provided based on two different assumptions for the future.

– Standard mortality; a slight increase in life expectancy (from 71.73 to 72.76 for men, from 77.73 to 78.32 for women) over the next 5 years, and constant thereafter.

TABLE 4: Net Long-term migration flows

Year to 31 March					Actual net flow	projected (1985) net flow
1980	..	..	..	..	−34,400	
1981	..	..	..	..	−24,800	
1982	..	..	..	..	−11,500	
1983	..	..	..	..	+ 3,200	
1984	..	..	..	..	+ 6,600	
1985	..	..	..	..	− 8,100	
1986	..	..	..	..	−21,600	.. −18,500
1987	..	..	..	..	..	.. −20,000
1988	..	..	..	..	..	.. −15,000
1989	..	..	..	..	..	.. −10,000
1990	..	..	..			− 5,000
1991	..	..	..			0

TABLE 5: Projected ratios of aged 60+ to aged 15–59 population with different migration assumptions

Year					Standard migration %	High migration %
1986	..	..	..	..	24	24
1996	..	..	..	..	25	25
2006	..	..	..	..	27	26
2016	..	..	..	..	34	32
2026	..	..	..	..	44	41
2036	..	..	..	..	54	48
2046	..	..	..	..	54	47

- Low mortality; an improvement of about two and a half years for both men and women spread over the 30 years to 2016 (rising to 74.36 for men, 80.32 for women), and constant thereafter.

Again the standard figure is that preferred by the Statistics Department and is used in the text. And again many feel that if anything the low mortality assumption is more likely.

Table 6 table shows the differing effects of the two assumptions on the ratio of those aged over 60 to those aged 15–59, with standard fertility and zero long-term migration (some short-term out-migration).

TABLE 6: Projected ratios of aged 60+ to aged 15–59 population with different migration assumptions

Year	Standard mortality %	Low mortality %
1986	24	24
1996	25	25
2006	27	28
2016	34	35
2026	44	47
2036	54	57
2046	54	59

Summary

The five series of projects give a spread of possible future scenarios with different assumptions about fertility, migration, and mortality. It should be noted that none maps a 'doomsday' scenario with low fertility, low mortality, and significant net out-migration. The different scenarios are summarised in Table 7, which amalgamates Tables 3, 5 and 6 above.

The general picture, on whatever assumption, is clear. The balance of those aged 60+ to those aged 15–59 changes only slowly till 2006. It changes quickly thereafter, moving from about 27 percent in 2006 to about 50 percent in 2036.

TABLE 7: Projected ratios of aged 60+ to aged 15–59 population with different assumptions about future trends

Year	Standard projection %	High fertility %	Low fertility %	High migration %	Low mortality %
1986	24	24	24	24	24
1996	25	25	25	25	25
2006	27	27	27	26	28
2016	34	32	35	32	35
2026	44	41	48	41	47
2036	54	47	62	48	57
2046	54	45	65	47	59

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Social Provision
Access and Delivery

SOCIAL POLICY AND THE MOVE TO 'COMMUNITY'

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Social Policy and the Move to 'Community'

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The notion of community has exercised an appeal as a social ideal to historians, philosophers and sociologists since the times of our Greek forefathers. Recently, however, the notion has figured prominently in public policy discourse. Its use as a philosophical basis for programmes and policies in broad areas of social policy since the 1950s has so proliferated that few major policy areas remain untouched by its influence. Community based policies and programmes abound throughout the western world in the areas of health, education, welfare and justice. As such the 'move' to community represents one of the more significant theoretical and practical developments of social policy to emerge during the post-war era.

We raise the theoretical suggestion that just as Foucault, the late French iconoclast philosopher-historian, claims that human beings have been transformed into subjects as an effect of the discourses and practices of the human or social sciences in their development since the early nineteenth century, so too are human beings presently being transformed into 'community subjects' as a result of the practices and practical effects of the discourses of the policy sciences in their rapid development since World War II.

If this broad hypothesis has but a measure of truth, it deserves close examination. The philosophical differences between different conceptions of 'community' require investigation as do the official reasons which serve as a basis for advocating the 'move' to community. It is most important that policy analysts, practitioners and those who are responsible for the implementation of social policies and programmes are aware of the social control functions exercised in the name of 'community' as it figures in the broad sweep of social policy in the western world.

The purpose of this paper is to focus on conceptions of community embedded in major paradigms of social policy thereby providing insight into the design and evaluation of policies and programmes. This is accomplished in the first section of the paper.

By raising Foucault-type questions concerning the exercise of power in the name of community we problematise the 'move' towards community as a broad-based response to the alleged crisis of the welfare state. This is the related subject-matter of the second section of the paper. We outline Foucault's reasons for wanting to suspend the liberal normative framework of autonomy, rights, and freedom in his analysis of the notion of power. In the introduction to the terms of reference for the Royal Commission on Social Policy the term 'community' is treated as a self-evident notion (it is mentioned explicitly four times and implicitly in other ideas such as 'collective responsibility', 'social wellbeing', 'democracy'). Yet such notions as 'dignity and self-determination for individuals', 'genuine opportunity for all people', 'equality', and 'identity and cultural diversity' must be defined against a well articulated notion of community if a more fair, just and humanitarian society is to be achieved. This directions paper will provide a notion of community which meets these demands.

I

The notion of community as a social ideal is both historically and theory-laden (Kamenka, 1982). It is an essentially contested and contestable concept (Plant, 1974; 1980) with a cluster of complex descriptive meanings ranging from 'locality' and 'interest group' to 'shared belief, authority and traditions'. It effectively functions as ideology. Both conservatives and socialists value 'community' highly, claiming it for their own, although giving it a very different understanding. The notion has a prehistory in the conception of the Greek *polis* and in the early christian concept of community where people were held to be brothers and sisters in Christ. 'Community' as a concept has a further venerable set of historical reference points in the utopias which emerged during the Renaissance and Enlightenment. Nisbet (1967; 1970) charts the 'rediscovery of community' as an 'important' ideal in late eighteenth and early nineteenth century german political theory in the writings of Herder, Schiller and Hegel. In the nineteenth century, Kamenka

(1982:vii) claims the concept acquired new content and a new urgency:

> It came increasingly to be contrasted . . . with the individualism, the atomization, and the alienation that accompanied the emphasis on private property, progress, enterprise, and capacity for innovation and change characteristic of the new, industrial-commercial society.

By the twentieth century 'community' had become a central value in the sociological tradition taking on a strong evaluative force. Tonnies' distinction between *Gemeinschaft* and *Gesellschaft* came to express the preoccupation of a whole generation of modern sociologists concerned with the loss of community.

In terms of social policy the notion of community did not figure largely in public discourse until the late 1950s (Willmott, 1984). Since that time its use in the realm of social policy has proliferated. Now we hear of 'community' in a series of epithets that have become commonplace: 'community health', 'community development', 'community work', 'community education', 'community action', 'community policing', 'community justice', 'community politics', 'community enterprise', 'community arts' and so on.

While clearly the notion covers the spectrum of social policy areas its use in understanding, legitimating or providing guidelines for social policy is problematic. Both Price (1977) and Plant (1980) consider that the concept of community, of all concepts of sociopolitical theory, is the least articulated. Policy analysts have not sought to delineate the concept in a way that can sensibly inform theories of social policy.

Price (1977), following Wolff (1968), argues that the concept of community provides the basis for a critique of liberalism, offering a promising alternative to modern liberalism's ideals of private satisfaction and public justice:

> The 'communitarian' critique has confronted the ends of liberalism, and the notions of man and society on which they are premised, much more directly than have most theories of distributive justice or the public interest. (Price, 1977:2)

Price (1977) is not just concerned to reiterate Wolff's demonstration of the poverty of liberalism, his main focus is to show how the concept of community can give public policy a distinctive thrust. He notes that the use of the concept 'community' and communitarian thought, more generally in America, was never embodied in political theory, as it was in Europe. It surfaced strongly with the growth of pragmatism (Peirce, Royce & Dewey) and in the nascent disciplines of sociology, psychology and revisionist economics but

it remained imbedded to questions of distribution, regulation and control rather than challenging the privatistic and materialistic ends of liberalism.

While Price (1977:3) agrees with Wolff (1968) and Wilson Carey McWilliams (1973) that the 'natural home' of the communitarian ideal is the 'face-to-face group', he considers both applications in 'community programs' of the New Deal era and, following Titmus' (1970) analysis of blood donor policy, possible applications and extensions of the idea of community which are far removed from the realm of direct personal interaction.

In his consideration of possible applications he sets up a grid which classifies policies according to the scope and the character of the citizen 'contribution' required.

| | | Primary Recipient/Beneficiary | | |
| | | *Self and Proximate* | *Unidentified* | |
	Self	*Others*	*Others*	*Collectivity*
Voluntary	1. Liberal conception of participation	3. Subsistence homesteads, Community action programmes	5. Blood donation (Titmus)	7. Voluntary war and conservation efforts.
Character of contribution				
Collective	2. Union membership, social security	4. Co-operative farming	6. National welfare minimum	8. Military draft; domestic 'citizen corps'

He claims that we can legitimately extend (Price, 1977:14) the notion 'community' and therefore, policies of widened *scope,* especially where our sense of responsibility encompasses more than the proximate community but that as we move towards greater collectivity it becomes doubtful whether we can retain the *voluntarism* which Titmus and Wolff find at the heart of the community.

The first cell indicates where most legitimate policies fall according to classical liberalism. The voluntaristic assumption underlying this view of public policy is questionable in that there is a strong temptation for some citizens to benefit from others' contributions while withholding their own. In cells 3 through 8 Price (1977: 14) asserts:

... we enter the realm of communitarian policies, where one's identification with and sense of responsibility for other individuals or for the collectivity as a whole become decisive, both as a motivation for one's participation and as a frame of reference for judging the adequacy of specific policies.

He concludes by arguing that the attempt to extend the community idea:

. . . represents a crucial 'second front' of policy initiative'

which is not only more adequate ethically:

> but also may be a more accurate reflection of how most people do in fact think about such problems'.

(Price, 1977: 15)

Plant's (1980) contribution to the debate is more rigorous and oriented to an overlapping set of references, although he, too, uses the communitarian critique to confront the ends and global assumptions of liberalism and considers Titmus' analysis of obligation and altruism in blood donation policy. Plant (1980: 244), however, questions altruism as a basis for the provision of state welfare, arguing that the consistent liberal has to recognise certain *universal* needs and that:

> welfare, understood as the satisfaction of these needs, is to be seen as a right and not as a communitarian ultra obligation.

What is instructive and useful in Plant's analysis is his systematic attempt to spell out views of community as they figure in the major varieties of political thought—conservative, marxist, liberal and social democratic. Such categories of political thought are, of course, closely related to the major paradigms in social policy analysis, although there has been some difficulty in arriving at a satisfactory categorisation. Taylor-Gooby (1981) puts forward the 'perspectives' of individualism, reformism and structuralism, but as McLennan (1984) points out, by doing so he confuses normative and analytic elements. Further 'reformism' is a political notion, while 'structuralism' can include both right and left wing. Room (1979) comes closer to Plant, talking of liberal, marxist and social democratic frameworks for social policy analysis, although McLennan (1984:138) takes him to task for smuggling 'implicit theoretical preferences into a description of competing "schools" without rigorously comparing them'. McLennan's (1984) own preference is for a threefold division among conservative (including modern neoliberalism), socialist and pluralist discourses where 'pluralist' stands for the 'social democratic' perspective defined by the central idea that 'there are a number of competing interest groups in society where rival claims must be rationally balanced against one another' (McLennan, 1984:138) in order to preserve and develop a *general* sense of unity.

McLennan's (1984) categorisation is not too far removed from Plant (1980). The main differences are that McLennan prefers to include neo-liberalism under the 'conservative' label and subsumes

'social democratic' under the more general category of 'pluralism', whereas Plant, in spite of his fourfold categorisation, tends to treat the liberal and social democrat positions together. What conceptions of community, then, are embedded in the various paradigms of political thought/social policy analysis according to Plant (1980)?

There are, surprisingly, certain parallels between conservatist and marxist conceptions of community. Both, for instance, are agreed that western liberal/social democratic society is becoming more and more bereft of a sense of community and that the various institutionalised forms of community work and development are symptomatic of this fact (a point to which we return below). Community in capitalist society is an illusion according to the marxist position. Where it exists at all, it is restricted to isolated and fragmentary pockets based on kinship and proximity (the local neighbourhood). 'Community' under capitalism, is, of its nature, particularistic exclusive in social relations. Neither does the state in capitalist society represent the realm of 'higher community' where claims and rights can be realised fairly and equitably, for the 'impartial' state is considered to embody a particular sectional interest. Far from standing above the self-seeking of the market, the state, on the marxist view, sets the conditions for exploitation by one class of another. Genuine community rests on the universality of class consciousness without which there can be no transformation of society.

Plant (1980) points to a tension in the marxist account – classical (humanist) marxism, in the words of Kamenka (1967:116):

> wielded together in one tremendous act of fact and faith the affirmation of industrial development and the longing for the brotherhood and community of the feudal agrarian village.

Yet the notion of community represented in the feudal village as a functional hierarchial order is more characteristic of the conservative view than the marxist position. Indeed, as Plant (1980:220) remarks, the lack of hierarchy is seen by many commentators as the only distinction marking off the one conception from the other.

Where the radical view looks to the future to establish true community, the conservative view locates community in the cherished past.

Neither view seems to offer a straightforward set of guidelines to policy analysts and planners, although the marxist position offers a

critique of liberal/social democrat welfare institutions and agencies and their limited efficacy in the face of increasing costs.

Plant (1980) asserts that the main difficulty with the liberal/social democrat view is, as we have seen in reference to Price (1977), the fact that it must articulate a notion of community which is fully consistent with a strong commitment to individualism. In order to investigate this possibility Plant (1980) considers various liberal strategies to come to terms with the communitarian critique. First, he points out that some liberals such as Dahrendorf and Hayek, like Hobbes and Bentham before them, have argued that the liberal tradition had its very origins in a critique of community—of the hierarchically ordered and tradition-bound community characteristic of the conservative ideal. This strategy provides an account of the loss of community in terms of the development of the market institution in modern society and the emancipation of the individual from a rigidly stratified role/status ascription determined by one's birth-right to a society comprised of so-called 'free', autonomous, exchanging and contracting individuals.

Yet this strategy simply reduces the notion of community to a set of unintended economic and contractual outcomes. where, it may be admitted, a degree of mutual interdependence exists and the satisfaction of one's economic wants might vicariously entail meeting another's need. However, as Plant (1980:232) acknowledges:

> Community is not just a matter of particular outcomes, but of right intentional relationships that involve benevolence, altruism and fraternity.

Second, Plant (1980:230f) considers Hegel's *Philosophy of Right* strategy that individuals:

> while pursuing their own interests and seeking to maximize their own utilities, are thrust into relationships of mutual interdependence, and lack a sense of overall community only in the sense that they fail to recognise the overall nature of this interdependence.

This strategy fails to recognise the (above) criticism from 'rightful intentions' and fraternal attitudes. The market version of community, even where individuals become aware of their interdependence (as in Hegel's refinement of the interdependence argument), suffers from this fatal defect. As Plant (1980:232) asserts:

> It is difficult to see how a concept of community can operate without making some reference to the values [other than merely economic ones]

in terms of which members of the community perceive themselves in
relation to one another.

This liberal strategy, and (unacknowledged) modern versions of it
such as that which motivates the New Zealand Treasury (1984,
Economic Management, see section on Social Policy), not only face
this general criticism in prescribing an individualist market solu-
tion to welfare, but also may help to create the conditions for a fur-
ther dangerous divisiveness in New Zealand society between, for
instance, well-off urban middle and upper income groups and the
already marginalised rural and small town Maori/Pakeha groups.
Market forms of mutuality which are based on the enlightened
self-interest of autonomous individuals do not recognise or engen-
der the necessary attitudes that lie at the heart of community.

The third strategy Plant (1980) looks at is that encapsulated by
Rawls' (1972) well-known theory of justice where it is argued that
the operation of the market may be constrained in the interests of a
sense of community and justice by ensuring a fair and just distribu-
tion of resources. Rawls links the notions of justice and community
via the 'difference principle' whereby rational mutually disinter-
ested individuals, under a veil of ignorance and in a situation of
original uncertainty, choose a principle of justice which is based on
the idea of not wanting greater advantages unless it is to the advan-
tage of others not so well off. There is no room to explore Rawls'
argument for the interpretation of community in terms of the just
distribution of resources or Plant's (1980:234f) response to it in
detail. Suffice it to say that Plant argues, successfully to our minds,
that:

> Community again is seen in terms of particular kinds of outcome and not
> justified on the basis of altruistic or fraternal sentiment.

Finally, Plant (1980) takes up Nozick's (1974) theory of partial
communities and the attendant argument based on the ethical
claim that individuals are inviolable, and should be able to choose
and pursue different styles of life (and the partial communities they
may entail) without coercion. While the voluntarism and individ-
ual choice assumptions of Nozick's theory are in line with thinkers
such as Wolff and Titmus and vitally expressive of liberal princi-
ples, they do not take into account the fact that some individuals
(and classes of individuals), through no self-initiative or labour, are
born with a wide range of life-choices, while others, constrained
by 'structural' disadvantages, may be systematically prohibited
access to 'privileged' communities or to the skills and resources

necessary for entry. Nozick's entitlement theory which regards taxation as a form of 'forced labour' and, therefore, a violation of the natural rights of the individual does not take into account the historical argument either. The fact that while it is true that, historically, there has been no automatic right to welfare (just as there was no automatic universal suffrage), social struggles have forced a claim to welfare and its 'rightness' into both the statute books and political theory (McLennan, 1984: 122).

Ultimately, Plant (1980) forces a claim on the consistent liberal to recognise certain universal needs, and argues that welfare is to be seen as a right (understood as the satisfaction of these needs) rather than a communitarian ultra obligation.

No doubt the origin of community work and community development has contributed to the notion that welfare is a matter of philanthropy and benevolence rather than a right claimed historically. Hanmer and Rose (1980) and Craig *et al* (1982), for instance, trace the origins of British community work to the Charitable Organisation Society, which regulated the charitable actions of upper class groups and attempted to improve the character of the poor by example; the University Settlement movement; and the British Colonial Office. Hanmer and Rose (1980) describe how community work in Britain is embedded in the history of colonialism, especially the British experiments in 'mass education' in West Africa during the 1920s and 1930s. Baldock (1980:32) examines the motivating thrust of theories of community work. He writes:

> From the time of (Samuel) Barnett to the late 1960s theories of community work based on a moral vision of neighbourhoods characterised by interclass co-operation dominated . . .

It was not until the 1960s that the idea of professional community work was clearly articulated in Britain. As Loney (1983) has commented the theoretical shift has been to redefine problems of multi-deprivation in terms of *structural* constraints rather than psychological motivations a move to consider external rather than internal factors.

Community development became *the* path of social development after the breakup of the empire in World War II, not only for Britain but also for the United Nations (Hanmer and Rose, 1980).

Third World community development programmes have often been more radical than British 'home' versions. Those inspired, for example, by the Brazilian educationalist, Paulo Freire (1972), in his native country, in Nicaragua and in Guinea Bassau, have

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directly challenged structural constraints and oppression by linking the development of literacy to wider infrastructural concerns. Freire's theory has also been adopted as a philosophical underpinning for community development, notably in Britain but also in other Commonwealth countries such as New Zealand and Australia.

Perhaps, the most well known and ambitious community development initiative was the Community Development Project (CDP) which formed part of urban policy under the Wilson administration in Britain. It grew out of the 'rediscovery' of poverty in the 1960s, influenced by the American War on Poverty. Loney (1983:31) comments:

> The British Government, like its American counterpart, was particularly concerned about the growth of racial tension in deprived areas.

The CDP (1968–78) focused on poor or deprived urban areas, with interservice teams and a research orientation, to initiate through social action the move to a self-help philosophy. Its aim was to develop measures to create a more integrated community. Twelve projects were established at a cost of five million pounds. Criticism has been levelled at this project not only in terms of its overall philosophy but also in terms of its research focus. Loney (1983:31) quotes one authority to the effect that the political function of CDP, like the Urban Aid Programme, amounted to careful domestic counter-insurgency planning where community organisations were 'bought off' with relatively small sums of money used for 'safe' activities such as adventure playgrounds and community legal advice centres.

The research focus of such projects has increasingly come under scrutiny also. The liberal notion of reform conducted through social science experiment—social engineering as it has become known—which is based on the optimistic view of the role of the social sciences solving social problems in both America (Dewey, Lewin) and Britain (Halsey, Titmus, Townsend), has been seriously questioned. Gouldner (1971:345) in a critical review of the development of western sociology has emphasised the way in which the social sciences have increasingly become the technological bases for the welfare state in their efforts to solve problems of its industrial society. Such research has been seen simply as the means for maximising efficiency, or for legitimating existing programmes, or, again, for driving mechanisms of social control more deeply into the social fabric. Often it is the case that research is

confined to 'safe' areas, or the margins where change is most likely, and it proceeds by manipulating dominant community values, but its effects are only ameliorative, leaving the basic political and moral problems largely untouched. Why this is so, is an issue of increasing concern to professional researchers. One response has been to point out that many social problems are not amenable to discrete social policy responses (Loney, 1984:172), and that social problems must be seen within the wider social and economic context (Peters and Marshall, 1987). Another response has been to argue that social science works primarily at the conceptual level, influencing the ways we view social problems and providing the concepts and frameworks for policy makers (Bulmer, 1982; Weiss, 1982). Again others, such as Marris (1974:250) have directly questioned the metaphor of social engineering, arguing that its fundamental flaw is the fact that it avoids the centrality of questions of power and interest in social policy formulation.

We have seen, then, that the notion of community has been associated with the increasing professionalisation of a set of occupations both in community work and related social policy research, and with the institutionalisation of a collection of agencies, roles, and organisations. As such the 'move' to community heralded by different and sometimes opposing quarters, represents one of the most significant theoretical developments and practical features of western social policy in the post war period.

Certainly, since the late 1970s the notion of community has increasingly figured in the debate on the crisis of the welfare state. In discussions of 'privatisation' and of the imbalance between social expenditure and available receipt the notion of community has been appealed to (LeGrand and Robinson, 1984) as a positive defence of the welfare state. Donnison (1984: 50) mentions 'community development' as one of four closely associated initiatives that reformers are taking which bear some resemblance to 'privatisation':

> least clearly defined in institutional form but potentially most radical in its implications is the movement for community development.

The other three he mentions are: decentralisation of public services; the development of economic opportunities; and the creation of new forms of enterprise.

While some have appealed to 'community' in both a practical and theoretical sense as part of a series of new developments or initiatives to overcome the crisis of the welfare state from an economic point of view, others, mainly social theorists, have criticised the effectiveness of social policy as regards both delivery and redistribution on the one hand, and its so called 'perverse' effects on the other. At the heart of these criticisms are arguments about the effects of social policies in terms of income and cultural distribution, about the elitism and bureaucracy of the welfare state, about the need for deinstitutionalisation; all of which, sometimes quite explicitly, point to the 'community' solution in terms of the better delivery of services, or the devolution of power, or the development of a more pluralistic society.

In the New Zealand context, Dr Ian Shirley, professor of social policy at Massey University, has recently warned that free marketeer policy-makers have latched onto the notion of community (without knowing its history and place in social policy paradigms), as a cost-saving mechanism, emphasising community care but without providing the necessary resources. He expressed his worry for the growing cult of individualism in New Zealand society, commenting that the 'caring society' has become a myth which is manipulated by certain policy-makers to achieve organisational ends unrelated to the promotion of a genuine fraternity—a situation which augurs badly for the sick, the handicapped and the poor (*Insight '87*, Sunday 25 October, National Radio).

This warning needs to be heeded not only at the practical level, that is, how particular social policies will affect the disadvantaged but, also, at the theoretical level. In fact it is only by investigation at this level that spurious appeals to notions of community can be identified as manipulative rhetoric and the rampant individualism and economic cost cutting motives unmasked.

Our concern is that current social policy discourse, with its talk of community will construct 'communities' thus, in a general sense transforming human beings into 'community subjects' who come to perceive themselves as such. But this is maybe an impoverished sense of 'community' with the individualistic and market assumptions leaving the disadvantaged worse off than under the present eroded welfare state. How is it that the traditional liberal framework, emphasising as it does traditional liberal notions of freedom, equality and rights, permits the construction of 'community subjects' who cannot care for the disadvantaged, who cannot see the

disadvantaged as in need of some form of welfare state support and who see themselves as members of a 'community'? We are talking about subjects who have views of themselves—'knowledge'—so that it is not a point of them necessarily being immoral or selfish but, rather, people whose very understanding of themselves and the world is such that the 'true' way to 'care' for the individual is to act in accordance with the free market individualistic beliefs. This then becomes the truth about themselves and the world.

II

Major points of concern by this move to 'community' are raised by the thought-provoking work of the late Michael Foucault—the French iconoclast philosopher-historian. While there is much that is problematic in his general theoretical approach (see Hoy, 1986 for a collection of critical papers on Foucault), nevertheless, what he says on the philosophy of the subject and the form in which power has come to be exercised in modern states is, as Walzer says; 'right enough to be disturbing' (Walzer, 1983). Foucault's concern is with what can be called loosely 'the philosophy of the subject', by which he means a problematique dominating modern ways of thought, that privileges the subject as the foundation of all knowledge and of all significance. His 'philosophical' project is to investigate the ways in which discourses and practices have transformed human beings into subjects of a particular kind. It is important to note that for him 'subject' is systematically ambiguous between being tied to someone else by control and dependence and tied to one's own identity by a conscience or self-knowledge (Foucault, 1983: 212).

These senses are not contradictory in Foucault. The subject is the basis upon which discourse is founded and, at the same time, the mode of objectification which transforms human beings into subjects. Such discourse serves all attempts at understanding, defining and conceptualising what it is to be human. In other words, 'subject' carries twin meanings of an active knowing subject and of an object being acted upon—a *product* of discourse. In terms of discourse we can say that the subject both speaks and is spoken of. In epistemological terms we can say with Foucault: 'man appears in his ambiguous position as an object of knowledge and as a subject that knows' (1970:312).

Foucault can be understood as launching a strong critical attack upon liberal post-enlightenment notions that enlightenment is to be obtained by a form of maturity achieved through the use of reason. Foucault, while acknowledging the importance of Kant's attempt to preserve the normative role of reason in the face of the collapse of metaphysics, sees Kant's philosophy as being a response to a particular historical situation (Foucault, 1984). What Foucault sees as important and distinctive in Kant's thought is that his thinking arises from and responds to his own socio-historical condition. According to Foucault's account of Kant (Foucault, 1984:34):

> the way out that characterises Enlightenment is a process that releases us from the status of 'immaturity'. And by 'immaturity', he means a certain state of our will that makes us accept someone else's authority to lead us where the use of reason is called for.

This sense of enlightenment is important to Foucault as it permits a point of departure into what Foucault and others have termed an attitude of modernity in which the notion of man as an autonomous subject is critically important.

It is this notion of an autonomous subject that Foucault criticises, seeing it as an ossification of Kantian thought. Not only does it not promote maturity in Kant's sense but, also, in encouraging forms of political subjection and domination it subverts Kant's notion of an ongoing critique of our present socio-historical conditions. Indeed, Foucault argues in his discussions of power that we need to suspend this liberal normative framework of autonomy, rights, and freedom because, in concentrating on legitimate and illegitimate exercises of power, it masks the way modern power is exercised. In suspending this framework Foucault *affronts* contemporary society by framing a general problem the exercise of modern power—and a response to it—a shift in ethics from a telos of autonomy to an aesthetics of existence. This latter approach to ethics was not to be completed however.

What he finds intolerable in our present existence is the form of political domination or subjection which through the form of modern power and in the name of enlightenment notions such as autonomy and rights has in fact not led to maturity in Kant's sense. Suffice to say that in rejecting the authority or guidance of religion, law and science, truth is not to be found in realising any deep 'truth' of the self, for such notions of the self are but fictions, constructions of mixtures of post-enlightenment and humanist

thought. In fact Foucault sees contradictions between notions of 'man' inherent in humanist thought and his interpretation of enlightenment as on-going critique.

There are problems here. Habermas (1981) for example, interprets Foucault as being a 'young conservative', trapped in his own methodology, and unable to answer questions such as those posed by Fraser (1981): why is struggle preferable to submission?; why ought domination to be resisted? Only from an articulated normative stance can these questions be answered and, maybe, Foucault has to presuppose these liberal norms to mount his critique of modern power (Fraser, 1985).

Underlying the rampant individualism in the calls for return to the community is the notion of the morally autonomous individual choosing between a variety of alternatives including economic options, in an enlightened mature manner. Built upon this notion is a normative stance in which such individuals, almost by definition, would be caring for other community subjects, But how has this autonomous individual been 'constructed'? How might we be 'reconstructed' so that the notion of a community subject becomes the norm in our thought, subjecting us to further forms of domination?

Foucault's answers are to be found in his analyses of modern power and the corresponding techniques for its exercises. Briefly then we will look at his account of modern power and its exercise as discipline.

Modern power has emerged in the name of governance. This latter notion is introduced by Foucault in his important paper 'Governmentality' (Foucault, 1979b). There he traces a shift in the relations between the Sovereign and individuals from the times and writing of Machiavelli to the modern state. Foucault notes a shift in thinking on obedience from a violent and imposed power where property was protected at any cost, towards a theme of governance of the self, children, family and state. This notion of governance is identified initially in the notion of a family as model but modern notions of governance and power emerge when the family is seen no longer as a *model,* and becomes the *instrument* of government. Here the emergence of economic theory was important because it permitted the identification of problems specific to populations and not reducible to the dimension of the family.

Population and its welfare then become the central theme of government according to Foucault. The control of populations to

ensure political obedience and a docile and useful workforce for the demands of an emerging capitalism, become the central concerns in this art of governance.

Rather than the violent exercise of power of the Sovereign upon the body of the subject (see the harrowing account of the public execution of Damiens in the opening pages of *Discipline and Punish* (Foucault, 1979a), we see instead the emergence of the gentle way with offenders and other people classified as 'delinquent'. From the violence of Damien's public execution we move instead to a quiet ordered and private scenario in which peoples' abilities and knowledge about themselves is gently and quietly shaped up in a gentle, 'caring' institution. There were many such institutions to emerge but Foucault notes in particular the prison, the hospital, the asylum, the military, the workplace and the school. Within such institutions knowledge has been developed about people and how their behaviour, attitudes, and knowledge about their 'true' selves have been developed, refined and used to shape up individuals. These discourses and practices have not only been used to change us in various ways but they are also used to legitimate such changes, as the knowledge gained is deemed to be 'true'.

Foucault identifies this knowledge, developed by the exercise of power and used in turn to legitimate further exercises of power, as 'Power/Knowledge' (Foucault, 1980). The institutions where this power has been exercised he refers to as disciplinary institutions.

Disciplinary institutions organise physical space and time with activities which have been developed over time so as to change people's behaviour along a number of parameters. Here the examination plays a critical role for it determines not only whether a person is governable—that is, is likely to lead a docile, useful and practical life—but also because it identifies to the individual the 'true' self, whereby (s)he becomes classified as an object in various ways for others and is tied to the 'true' self as a subjected or politically dominated being.

This true self is a person with certain beliefs about him/her self. These descriptions in part permit the individual to be dominated through these classifications as hyperactive, homosexual, autonomous rational being, whatever . . . But in Foucault's thought these true selves are but fictions or constructions as there is no real *Man*. In particular autonomous man is a construction from post-enlightenment and humanist thought.

When we begin to apply Foucault's analysis of the development of notions on power as governance to the realms of social policy, what we have is a general philosophical/historical critique of the liberal normative framework, and a series of cautions against the way in which the policy sciences, in their rise and growth since early this century, can serve simply to drive social control mechanisms deeper into social fabric. The notion of community has become the catch-call for a variety of policy scientists, who have advanced arguments and made appeals to 'community' as a way of overcoming the crisis of the welfare state. Foucault's writings serve as admonitions to social scientists working to formulate and evaluate policies and programmes. There is the danger that claims and appeals exercised in the name of community will simple mask a policy process designed to give relief to an overburdened state while constructing community subjects of us all.

What is needed, then, is a genuine notion of community, that bears some practical relations to the realities of an undeniably pluralist New Zealand society, from which certain criteria can be elicited that serve to distinguish genuine community solutions to social policy problems from ones which simple advect to its name on grounds of expediency. This topic is the subject matter for our second paper.

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SOCIAL POLICY AND THE MOVE TO COMMUNITY

Practical Implications for Service Delivery

Michael Peters
and
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In this paper, the practical sequel to a theoretically-oriented first paper, we are concerned with a view of social policy which is based firmly on the notion of community. In the first section we outline and criticise the Treasury's proposed foundations for social policy. The second section explicitly adopts the notion of community as the preferred unit of analysis for social policy in New Zealand, identifying essential characteristics (criteria), and outlines the practical arguments in its favour. In the final section, we identify four broad policy fronts designed to provide practical initiatives for a social policy based on the notion of community.

In writing this paper we are addressing explicitly the terms of reference of the Royal Commission on Social Policy. In a public discussion booklet, *A Fair and Just Society* which functions as a guide to the Terms of Reference, the Commission examines the standards of a fair society. The notions of dignity and self-determination are explicitly used to cover 'not only individuals but also families and communities' in order to make the point that 'our society is not totally individualistic'. More importantly, it is recognised that 'the dignity and self-determination of individuals may depend on the dignity and self-determination of their families and communities' (p.2). This statement of the relation between the individual and the community is of fundamental importance to social policy, not only as a basic philosophical assumption but also in terms of its practical effects in the formulation, design and implementation of programmes and policies.

The relation of the *individual to others*—family, local community, voluntary association, town, city, region and nation—stands at the

centre of questions of social policy, and the theoretical framework adopted to provide answers to these questions will, to a large extent, determine the nature of that relation. As New Zealanders we face the imminent choice of becoming either, individual *consumers* of welfare who 'buy' our health, education and care or, members of communities who collectively identify local social problems and act in educated concert to solve them. If New Zealanders are to ensure that the standards of a fair society, as identified in the Commission's terms of reference, are met such that there is a fair distribution of wealth, that everybody can participate in and have a sense of belonging, and that there is a general acceptance of, and respect for, cultural diversity, then the notion of community and its practical embodiment in social policy must be accorded a significance equal to the status presently advocated for the notion of the individual. In fact it is difficult to see how many of the standards identified by the Royal Commission could be effectively achieved by pursuing individualistic assumptions or solutions, for example, as advocated by Treasury.

I   Treasury's View of Social Policy

The Individual Versus the Community

In our first paper (Peters and Marshall, 1987a) we outlined the major paradigms of social policy analysis and their view of community as it affects social welfare and well-being. We noted the theoretical impoverishment of liberalism, and its inability to offer a view of community which was fully consistent with its commitment to individualism. Since completing the theoretically-oriented first paper, Treasury's publication *Government Management: Brief to the Incoming Government 1987* has become available. In the first volume of this later publication Treasury sets out its view on social policy which, in essence, is a fuller expression of a view stated earlier in its *Economic Management* (1984). While no definition of social policy is proposed, a view emerges which, in effect, represents the choice and justification of *one* major paradigm of social policy analysis. This view which is argued for without the explicit or detailed analysis of other existing paradigms, may be termed *neoliberalism*. Its strongest contemporary roots, or philosophical underpinnings, are in a form of economic theory typified in the writings of von Hayek and Friedman. The main motivating values

emphasise the operation of free market forces, minimal state inter-
ference, proprietarian rights and laissez faire attitudes. Recent poli-
cies carried out by the present labour administration concerning
the restructuring of the public sector including 'user-pays' princi-
ples, deregulation policies, corporatisation, and privatisation can be
seen, to a large extent, as a reflection of free market assumptions
and principles. In the area of social policy recourse is made, more
widely, to the 'liberal' tradition. In Lockean fashion the individual
is seen as standing separate from and prior to society. The so called
'free' individual is regarded as the basic unit of political order and
the safeguarding of the individual's life, liberty and property as the
state's fundamental purpose. There is a bias towards a *minimal state*
for any extension of the role of state over and above these ends is
regarded as both unnecessary and dangerous.

The Treasury's latest publication can be seen as a major step
towards establishing these neo liberal values and assumptions as the
basis of a working framework for social policy in New Zealand,
and in consequence the recognition of community, as, for instance,
in accepting the full implications of the ratification of the Treaty of
Waitangi, is merely a concession to the 'pluralist' nature of our
society.

Clearly it is a position which aggrandises and privileges values of
the private and the individual over the public and the community.
That social policy ought to be predicated upon assumptions of
individualism is presented without argument. The individual is
seen as 'the most important element in promoting welfare' and the
'well-being of individuals' is regarded as 'the logical starting point'
for an analysis of social policy. (Treasury, 1987: 401, 405).

While Treasury attempts to buttress its highly individualistic
bias in the realm of social policy by recourse to liberal thinkers and
their arguments in the fields of ethics and political theory, and by a
synthesis of rights and contract theory (Paper Two: Annex), the
driving force of the logic behind Treasury's adoption of individual-
ism as the logical starting point of social policy is, theoretically, to
exclude any fullblooded notion of community and to view welfare
and social wellbeing as a product of individual *choice* and contract
within a free market economy.

Community appears as 'interdependence'—an outcome of indi-
viduals pursuing their own economic self-interests.

In other words if Treasury was to fully embrace the position
they advocate without concession or qualification and if Treasury

was logically consistent in terms of the underlying philosophical principles espoused in *Government Management,* there would be little or no basis for social policy, and only a minimal role for the state in this area. The ultimate logic of Treasury's position is a state where individuals attend to their own welfare and where the sick, the disadvantaged and the elderly are left to fend for themselves, or to be cared for entirely by voluntary agencies. We are concerned that a Governmental department such as Treasury can advocate a view of social policy which does not recognise its own implicit interests. We are concerned also that Treasury has seen fit to put forward a view of social policy (despite assertions concerning the pluralist nature of New Zealand society) which reflects a current economic orthodoxy and its market-oriented extension into the area of welfare. (Already under such a philosophy there have been significant moves toward the privatisation of health and education with the growth of private medical insurance schemes, the establishment of 'retirement villages' and the likelihoods of a private university and a private business school).

The privatisation of welfare, where the individual becomes the prime unit of analysis in social welfare planning, is a Treasury view evidenced not only explicitly in terms of assumptions of individualism but also, more graphically, in terms of reference to the notion of the individual which progressively becomes 'client', 'customer' and finally 'consumer'. (See, for instance, Treasury's notion of partnership in education policy.) The implication is that only when the individual can freely exercise his/her choice in, for example the market place of health or education, will (s)he be able to maximise private welfare interests.

We believe that such a view is philosophically untenable, intellectually impoverished, and will prove to be inimical in the long term to the larger interests of New Zealand society. If policies implemented under this perspective are not, at least, supplemented with policies designed both to encourage and support existing community initiatives and to provide further opportunities and resources for a community approach to solving social problems, our society may well experience increasing levels of crime and racial conflict, and social problems arising from *competition* within *imperfect* markets. What liberalism, in general, and Treasury's version of it, in particular, radically underestimates is the extent of the

individual's dependence on social environments not least for nurturing and conditioning the individual in his/her very definitions of self.

A market-oriented view of welfare faces the major contradiction of using a market mechanism to address those social problems to which an (imperfect) market has given rise. The growing regional imbalances, the recent marginalisation of rural towns and communities based on one major industry, and the structural differences between high and low income groups *are market consequences.*

What must be recognised are not only the limits to private solutions to welfare problems—the way in which individuals have limited control over such factors as socio-economic status or environmental health risks—and limits to government solutions, but also the positive contributions to be made by individuals, communities, and the Government. What welfare and social tasks, responsibilities and contributions are best suited to these three levels of agency?

We contend that while debate has focussed on defining these tasks, responsibilities and contributions, at the level of the individual and the Government, there has been little or no debate recognising the level of agency within communities. As it is, only an insignificant fraction of the total vote for social policy is allocated to community initiatives. This aspect of societal agency has been traditionally undeveloped and its potential for promoting independence and reliance left largely unrealized.

In opposition to Treasury's view of social policy based on the individual and the interests of the individual, we propose a view based on the notion of community and the intimate relation between community and *social* wellbeing.

Our theoretical justification was given in our first paper. In this paper we direct ourselves to a policy-oriented formulation which addresses practical questions of the conception and delivery of social services.

II The Notion of Community

Parameters for Social Policy
The policymaker faced with the prospect of developing a community approach to social policy is presented with two major problems. First, the concept of community must be located within

a social theory—neo-liberalism has an impoverished theory of community whereas marxist notions of community, requiring as they do a radical reorganisation and transformation of society, are problematic in their application within pluralist economic structures. Second, there is the practical problem, given such theoretical dissonance, of identifying what counts as community. We addressed the first problem in Peters & Marshall (1987a). We approach the second problem from a pragmatic point of view identifying a number of related characteristics, which bear a sort of 'family-resemblance', and which can serve as a set of criteria for the identification of community. These are not to be treated as a set of necessary and sufficient conditions providing a definition so that all must be met on any occasion. Rather, they have a 'family-resemblance' (Wittgenstein, 1953). Whilst these characteristics draw on theories they are closely related to existing institutions, programmes and community initiatives.

Social policy paradigms assume that the natural home of the 'communitarian' ideal is the 'face-to-face' group based on physical and traditional proximity although it is equally clear that there are examples of community, both voluntary and institutionalised, which are far removed from the realm of direct personal interaction. Within this broad characteristic there are a number of dimensions. Here we draw upon Clark (1973):

Community as location emphasises the geographical character of tribe, village and small town, wedded to place and land. It is this characteristic which is most often recognised in regional nomenclature and legal and geographical boundaries, such as areas designated under local planning schemes. It is also this characteristic which is recognised, since rapid urbanisation, in the concept of suburb and neighborhood, local councils, neighborhood watch etc. While it is true that certain geographical areas may be synonymous with community, especially where natural land forms create a separateness, it is important to take into account specifically the way location influences community in terms of spatial, environmental and cultural aspects. The importance of ancestral land, natural features, and sea areas are, for instance, crucial to tribal self-definition of Maori people.

Community as socio political networks emphasises the growth of various social movements which have formed around shared interests and which may bear little relation to questions of place or locality. Examples of this characteristic are both national and local

subscribing voluntary associations which are able to organise themselves politically to argue for their special interests and compete collectively for scarce funds. Both the women's movement (its various strands) and gay rights groups exemplify this characteristic; as do local voluntary welfare agencies operating in the name of a national organization, conservation groups and the anti-mining lobby.

Community as local association is an important element in any suggested categorization from a social policy perspective. Very often these voluntary community groups are based on a recognised community need, project or programme-oriented and set up for reasons of mutual support. They include such groups as community house projects, health action groups, consumer action groups, cooperative craft groups and women oriented groups. Sometimes these groups are funded in terms of a one-off grant from a government department with voluntary staffing, sometimes they are self-funded community projects.

Various *institutionalised forms* of community exist, funded and promoted by Government. These encompass a wide spectrum—from departmental initiatives to develop regional organizations for more effective coordination and planning of existing services, such as with the creation of Area Health Boards, to smaller programmes, projects and schemes. The Community Education Initiatives Scheme and Community Facilities at Schools Scheme are both examples of the latter. Such initiatives might be simply designed by departments to encourage local agencies to see their role in a wider community context through education and consciousness-raising (for example, seminars), or, in an organizational response to a perceived need, by setting up professional positions or roles for community officers operating in the field of health or education, for example.

Community as Social Structure appeals to notions of role, status and social class. This is a traditional sociological approach to the description of community. Hydro or forestry towns are examples of community identified by role; working men's clubs, or professional associations examples of community identified by status; by using traditional sociological criteria it is possible to identify communities comprised of uniformly low income groups. These communities identified by social class may be deserving of welfare provision and community initiative programmes.

Community as sentiment is concerned with a genuine sense of 'we' and 'ours'. It is a sense of unity, solidarity, togetherness and social cohesion brought about by a sense of belonging. It can involve all of these feelings, attitudes and motives that bring people together; such things as sympathy courtesy, gratitude and trust, for example.

Community as culture provides an opportunity to maximise cultural values and beliefs, to make them the *cornerstone* of provision rather than a peripheral concern to be dealt with when times are 'better'. This must be a central aspect for any social welfare provision needs to be consistent in practice and not merely espoused at the level of principles or policy. Maori, as tangata whenua, obviously fit uniquely into this notion of community as culture. They have special status not only because of their distinctive culture but also, because of the legal provisions inscribed in the Treaty of Waitangi. If we are considering the notion of the standards of a fair society with fair access to resources, then it is only in terms of community that the distinctive needs of Maori can be addressed.

The notion of Community as involving *processes of education* differs from the other characteristics as involving an *ideal* if, at all, only partially realised, and which provides the 'means' for the maximization of other characteristics especially socio-political network, sentiment and culture. Such processes would involve the dissemination of information and knowledge, reflection and reflexion upon the socio-historic conditions which have produced the community, commitment to the notions of democratic decision making and the power and resources to effect such decisions as being in the interests of the community.

In an earlier paper (Marshall & Peters, 1985) we discussed the notion of an ideal learning community and how practices and processes associated with human endeavours should always involve reflection and evaluation, where we use the concept of evaluation in an educative rather than a judgmental sense. This approach to evaluation has been used by us in practical evaluations and has been found to be effective in terms of social cohesion and empowerment (Marshall & Peters, 1987). In another commissioned submission we referred to this project—*Te Reo O Te Tai Tokerau* (Peters & Marshall, 1987b).

The theory of evaluation emphasises the role of the evaluator as *educator* within a *learning community* (comprising, the major stakeholders). As such, it was argued, this educative approach to evaluation is ideally suited to demands of the project, it being an

educational project carried out within an educational milieu and consonant with Maori values, emphasising as it does, a community learning/action perspective.

We define evaluation as: ' . . . the systematic community learning process for the collaborative review, improvement and development of policies, programmes and practices (Marshall & Peters, 1985); we elaborate ten defining characteristics of the ideal learning community, beginning with the characteristic of *dialogue* which bears a central relation of the other nine characteristics: the learning community as *collaborative, praxical, problem-focused, reflective, reflexive, normative, fallibilist, creative-transformive,* and *emancipatory.* These characteristics comprise, essentially, an empowerment styled evaluation encouraging partnership, decision-making, development of community evaluation and research skills, and the eventual 'writing out' of the evaluator as an 'expert' in any sense of the word. As Mr Dave Para wrote in his report on moderation in the project (Marshall & Peters, 1987):

> . . . the most impressive feature of the week for me as a moderator and Maori was the warmth of the wairua and aroha that prevailed . . . there was always the warm feelings of whanau with its people qualities of whanaungatanga, aroha, wairua and mana . . . The ability of this whanau, working individually at various locations within the same venue, to collectively remove the austere and often tense atmosphere that examinations always create for our children, and to replace it with people warmth, through strength of presence and personality, is a tribute to the professional and personal qualities of this whanau of assessors.

Perhaps the above account can best be summarised in a diagrammatic form. Figure 1 incorporates all of the above listed characteristics. The strength of community, or the measure of achievement of the ideal of community, would be represented in the diagram by, first, the movement of the rectangular aspects—location, sentiment etc. into the inner circle of community as face to face; second, the margins and overlapping of all of the rectangular characteristics within the inner circle; and, third, the merging of the inner and outer circles so that the ideal community would be diagrammatically represented by one circle.

Movement away from the ideal would be represented by the widening separation of the inner and outer circles and movement of the rectangular characteristics out of the basic face-to-face characteristic.

FIGURE 1: Community-based approach to social policy
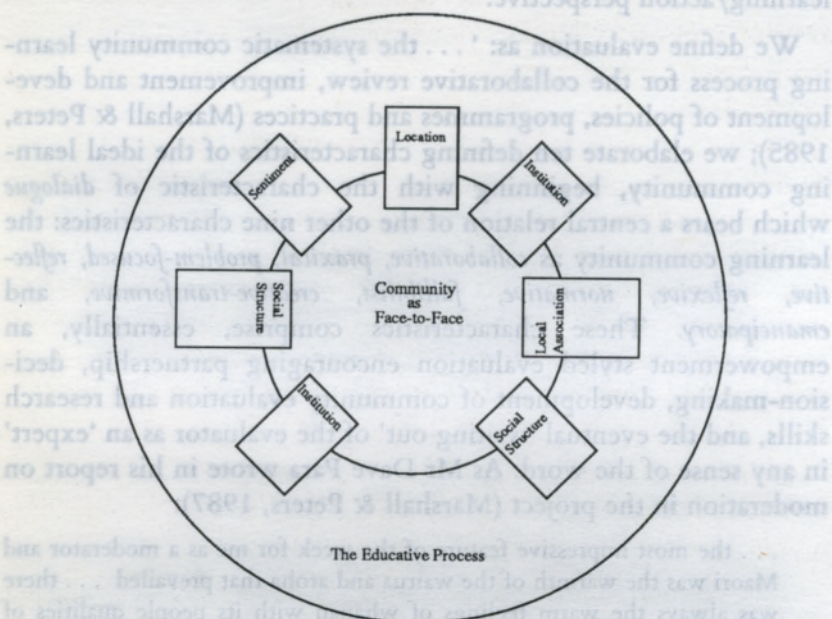
III The Arguments for Community-Based Social Policy

In this section we consider the arguments for community-based social policy. An important point has been made by Dunn (1979) when he noted that whereas we might aspire towards direct democracy we have, in fact, organised ourselves in twentieth century capitalist democracies so that the ideal of direct democracy may be beyond our reach. Nevertheless the ideal of direct democracy remains just that—an ideal, something to be aimed for and approximated towards. Theorists have talked of forms of direct democracy. For example Dewey (1916), comes close to an ideal of direct democracy but in a qualitative sense, as a measure of social and bureaucratic structures. Wittgenstein (1953) talks of shared forms of life in which social practices are the outcomes of shared life. Freire (1972) looks towards the emancipatory effects of proper

literacy upon oppressed and powerless groups. The arguments for community-based social policy which follow, arise from our account of the ideal learning community, which is based upon Dewey, Freire and Wittgenstein (Marshall & Peters, 1985).

First we would hold that knowledge is the shared outcome of participants solving problems in shared practices, as the result of shared decision-making (Dewey, 1916; 1938). As knowledge must underlie any approach to policies and programmes designed to solve or ameliorate human problems, certain conditions must be fulfilled if this is to obtain genuine knowledge for any community—as opposed to abstract and perhaps theoretical 'knowledge' applied from 'outside' to a New Zealand situation. (For example the *a priori* 'knowledge' about the culturally deprived and disadvantaged applied to Maori children by educationalists—see Marshall & Peters, 1987b).

In order for the real social problems of communities to be identified and policy developed for the solution to these problems, communities need to be organised in certain ways:

1 Authority structures must be non-hierarchical, permitting joint participation and joint decision making in the identification of problems, the development of knowledge and policy, and policy implementation. This is in direct contrast to the downward deliverance of knowledge and welfare by centralised bureaucratic and professionally oriented groups. Even the Treasury (p.39) acknowledges this, but in part only, when it says such things as 'better solutions will result if those making decisions are close to problems being addressed', and, 'those who have the information should make the decisions'. But what Treasury does not address is the power/authority matrix which produces or legitimates knowledge (Foucault, 1980). Western 'knowledge' tends to be elitist, the province of professional experts, and owned by capital. Given a different power matrix, as in this notion of community, there will be different 'knowledge'.

2 Power needs to be genuinely shared both within communities and between communities and the state. Here the work of Freire (1972) has been seminal, showing how proper literacy programmes can be genuinely enabling for oppressed groups. Power sharing depends equally upon

access to resources, for without control of resources there is mere tokenism.

3 Within such communities there would be a genuine sharing of skills in ways which would be co-operative and enabling rather than competitive, manipulative and alienating.

Such organisations would enable and empower people, through their participation in activities and processes to solve *their* problems. In a problem-solving situation, the sharing of skills, expert knowledge and experience can enable, empower and motivate people to take responsibility for such welfare matters as education, welfare and unemployment. Given the provision of, and responsibility for, resources, such people would become more responsible and further empowered. Treasury is of course correct that those who have information should make decisions and that solutions are better if those making decisions are close to the problems being addressed, but these are expressed by Treasury in an information and resource vacuum.

This is a vacuum in two senses. First, in Treasury philosophy, there is the notion of the neo-liberal individual—the rational chooser—making informed rational choices. But (s)he may not have a sound data base upon which to make a decision (for whatever reason), nor have the resources to make any sort of meaningful choice. These fundamental and historically significant factors are ignored by Treasury.

The form of this individual's choice may well depend upon filtered, paternalistic and elitist 'knowledge'. As a consequence, for example, of the liberal ideology of schooling as the only provider of education, choice becomes a choice between schools and not, for example, a choice between schools and other forms of education (Illich, 1972; Harris, 1979). Starting from a Freirean consciousness-raising, liberating education the choices would be different, for example, between schools and education through productive work as in Nicaragua or Grenada (see, for example, Rosa Marie Torres, 1986).

Second, in this Treasury philosophy there seems little prospect of the devolution of power and authority over resources to those people who are close to problems and who do possess, or could possess, knowledge which has been derived in the effort to solve these problems in a Deweyean or Freirean manner. What we have in mind here would be, for example, not only the decisions in

regard to examination of School Certificate Maori in Taitokerau in 1988, as recommended by us to the Department of Education (Peters & Marshall, 1987b) but, also the provision to Taitokerau of the resources to conduct this examination (a proposal under serious consideration by the Department of Education we believe).

At present the percentage of the nation's resources allocated to communities for community-initiatives, community-organised welfare etc., is extremely small compared to overall national budgets. Accountability is seen as *the* problem in these former areas yet, until recently, accountability at head office level, where the major expenditures have been incurred has not been seen in a similar vein. Of course expenditure is accountable for in the monetary sense, but we are talking about the political, moral and social senses. A brief perusal of the Annual Reports of the Ombudsman highlights gross inefficiencies in bureaucratic structures and principles in these latter senses. Yet at the community level, where such matters are more or less sound in that they are directed at local immediate problems, they are overlooked in the clarion call of 'book-keeping'.

Or to put it another way, efficiency in the book-keeping sense is measured only in terms of the achievement of short-term goals. Here, accountability is measured in terms of quantifiable means and ends. But in terms of long-term goals—towards the ideal of community—such short-term measures may not have any hold on efficiency. How do you measure (in financial terms) the degree of face-to-face commitment, the degree of sentiment or of belonging, and the degree of fraternity, as commitment to the ideal of community develops? Indeed it may be necessary in a search for shared commitment and decision making to be less efficient, say on decision making, and thereby, presumably, less efficient on a short-term accountability scale. What is clearly the best decision to the expert in a community may need to await the understanding and commitment of the less well informed. This takes time and time is money! But cost is not the only criterion for the evaluation of shared human life; the quality of individual and democratic community life can be based on other criteria. As Plant (1980:232) says:

> It is difficult to see how a concept of community can operate without making some reference to the values (other than merely economic ones) in terms of which members of the community perceive themselves in relation to one another.

Dewey (1916) talks of the shared and overlapping interests of a community and judges a community according to how numerous are the number of shared interests within a community and the extent to which they are shared. By 'shared' Dewey does not mean just tolerated but also the extent to which people involve themselves in, and participate in, these shared community activities. This is a very different sense of community from that envisaged by Treasury which has its home, perhaps, in Plato's *Republic;* where justice (?) is served by cobblers cobbling, soldiers soldiering and philosopher-kings ruling.

In such 'communities' where needs are met only in economic terms, a degree of face-to-face interdependence exists but this is the outcome or effect only of economic and contractual needs. Face-to-face interdependence is not necessary for the satisfaction of economic needs and may, at best, be a vicarious outcome. According to Plant (1980:232) in the strong sense:

> Community is not just a matter of particular outcomes, but of right intentional relationships that involve benevolence, altruism and fraternity.

Under community-based schemes, because of participation, there would be better, access to resources, facilities and welfare provision. Not only would access be better, but there would be a possibility of continuity of care; a continuity which would not be fragmented, or temporarily disrupted by lack of individual ability to obtain access to resources. There should also be greater flexibility in the provision of care through the suspension, if not abolition, of fragmented, top-down, centralised bureaucratic services whose methods of delivery at any one localised point may be entirely disparate.

No doubt it can be countered that modern technology (for example, in health and education) demands specialist provisions that are very expensive and which preclude the type of shared community flexibility argued for above. But health promotion for instance is a diffuse notion, and one which encompasses more than illness. The production of a cancer in a person who has been exposed to radiation is treated as a surgical matter based upon the notion of the person as victim. It is the victim's fault and responsibility for bearing that cancer and, thereby, the victim brings upon herself or himself the necessary surgery. Yet, arguably, the biggest advances historically in health promotion have been as the result of community-based endeavours on sewerage and water purification.

Instead of vast expenditure on technology to cure the effects of lifestyle and environmental illnesses we may need to 'blame' instead our social and polluted environments and return to the community equivalents here of 'purification and drainage'.

This neo-liberal view sees community in terms of the outcomes of economic organisation based upon individual choice. Such community individuals would not necessarily be altruistic, benevolent or fraternal. Yet the underlying theme of Treasury philosophy is to produce such individuals so that welfare may at best be the outcome of philanthropy and benevolence of such individuals, but individuals for whom the attributes of philanthropy and benevolence will not be intended aspects of the 'construction' but will be, perhaps, accidental.

What this view ignores is the fact that welfare rights, such as education and health, were fought for historically; they are rights that were claimed for socio-economic groups and communities *historically*. The neo-liberalistic move to 'community', inherent in Treasury documents (and identified by us in Peters & Marshall (1987a)), and touted as new developments in the welfare state and as initiatives to overcome the alleged 'crisis' of the welfare state, are in effect policies which will undermine these rights and the legitimacy of claims to these rights. Historically, and if carried through, the neo-liberal move to community will divest people of hard won, historically important, and fundamental rights.

In summary then the arguments for community-based social policy build upon these historical rights; they cede to communities the rights, powers and resources to identify their problems and develop knowledge and policies to solve their problems; they recognise that there is more to benevolence, fraternity and philanthropy than the nonnecessary outcomes of economic individualistic choices, believing that such notions must be nurtured by people living in shared community practices; they claim that people can be responsible and accountable in such communities; and, finally, they claim that people will grow in dignity as they are enabled and empowered by community processes and activities.

IV   A Community-based Social Policy

In this section we identify four broad policy fronts which are intended to provide a basis for a move towards a community-based

social policy. These fronts are so designed that they are, firstly, compatible with existing structures and social provisions and, secondly, can be instituted by degree over time.

In most cases they depend upon a development and co-ordination of existing institutions and require only certain modifications to allow an operating structure which can function as an *initial* basis for a coherent and effective community-based social policy.

In addition, each of the broad policy fronts are designed to work in conjunction with the others: they are mutually supportive and interactive.

In summary, the four broad policy fronts are as follows:

1　The devolution of control and decision-making to local communities.

2　The democratisation of local communities: increased participation and better representation.

3　The co-ordination and integration of community services.

4　Education: community prevention, planning and promotion.

These fronts involve both the reform of local government structures and functions, and a re-definition of the relationship between central and local government. It is somewhat disturbing that the review of local government seems overly concerned with questions of economy and economy of scale to be gained by amalgamation of smaller authorities, whereas, the opportunity exists for the input of social policy to turn local government in the directions of community as outlined above. The authors would indeed explicitly recommend that the dimensions of social planning and social policy be given equal weight with that of intra-structural and economic provision and planning within local district schemes.

1　The Devolution of Control and Decision-making to Local Communities

This should be a planned, phased and incremental process of empowering communities to develop social policies at the regional and local levels. The planned devolution of decision-making in these spheres is in line with the present administration's review and reform of local government structures and functions. While amalgamation of smaller authorities, together with corporatisation, may produce efficiency gains it is important that attention be directed at the community level (such as is now provided for by the ward system), and at the neighbor and precinct (street) level.

Such devolution also accords well with the 'regionalism' given emphasis in the restructuring of socially-oriented, non-trading, departments of Education, Health and Social Welfare. Further, it is consistent with the 'new tribalism' currently pursued by the Department of Maori Affairs and other departments, and the ratification of the Treaty of Waitangi which, among other things, calls for the return to the Maori people of decision-making and control over things Maori.

The devolution of decision-making power by central government to locally elected bodies takes place through a centrally determined legislative framework. With the prospect of further empowering and encouraging of local authorities to initiate and develop responsibilities and functions in the social policy area, this legislative framework needs to be modified and strengthened to address the combined problems of accountability and incentives for efficiency and questions of discretionary justice. Local authorities already make certain decisions for a variety of communal purposes including transport and roading, sewerage, electricity supply, refuse collection, seaports, gas retailing and sales and the provision of other services. The provision of infra-structural services which are provided for in terms of the statutory power to levy rates in the local community, demonstrates the ability of local authorities to carry out roles and responsibilities beyond the limits of individual agency. District planning schemes presently take into account several aspects which lie within the area of social policy. It is not uncommon for such schemes, for instance, to address questions of social and cultural importance, recognising the need for the promotion of community development, equity issues in the provision of housing, and the co-ordination of health, education and social policies.

The first broad policy front is designed to highlight areas of social policy within district schemes and in the planning process of local councils and authorities. Concomitant changes in centrally provided funding need to accompany any such increase in the social responsibilities of local government. Such funding will depend to a large extent on the determination of increased local government responsibilities in the social policy area.

Strengthening the role of local government agencies in the area of social policy will require the encouragment of regional offices of government departments to develop stronger relationships with their district communities, in particular, to explore ways in which

social planning can be co-ordinated with local councils. Such co-ordination will allow equity issues to be sensibly addressed in community terms as well as in terms of individuals.

A community-based social policy would normally give a higher profile to the funding of existing community-oriented projects and programmes, including both departmental and voluntary agencies because they then represent hard won community initiatives under the existing immoral funding structures.

This first broad policy front depends upon an increased democratisation of local communities in terms of increased public participation and representation on local councils, boards and authorities.

2 The Democratisation of Local Communities: Increased Participation and Better Representation

Dunn (1979:5) on the merits of direct versus representative democracy, writes:

> Considered purely mechanically, there can really be no doubt at all that representative democracy *does* have some advantages over direct democracy, the most striking of which is that it saves a prodigious amount of time. But it does so, of course, at a cost; and the most striking of its costs is the extent to which it diminishes the political power of individual citizens in comparison with their power in a direct democracy.

Any set of policies designed to devolve decision-making to the local level must be accompanied by a set of policies that promote and encourage both increased public participation in the decision-making process and better public representation on local authorities and boards.

Questions of better participation and representation will be addressed below (under 4: Education) but it must be noted that these matters cannot be resolved by legislation alone. However structuring which will enable people to both participate and to be better represented can be legislated for. Willmott (1987:54) indicates such a structure as shown in Table 1.

This notion of community as location is designed for a densely populated area such as the United Kingdom and its population size figures are hardly appropriate to a less densely populated country such as New Zealand. Nevertheless the descriptions are apposite and could function as micro-structures identified for the involvement, at precinct level and above, of local people for the identification and solution of immediate concerns. Whilst it is recognised

TABLE 1: Hierarchy of urban local communities

Title	Description	Population Size
Precinct (or immediate neighbourhood)	Same and adjacent street/blocks of flats	Several hundred
Neighbourhood	Functional or identifiable larger area, up to about the size of a ward	Between about 3,000 and 10,000
District or small town	Smaller district council area; small town	Between about 25,000 and 75,000
Larger district or town	Larger district council area (incl. metropolitan district council); larger town	Up to about 250,000

that there is always a possibility for participation within our present structures, what is lacking are structures at the precinct level which almost require people to participate in their own concerns. The identification and promotion of such structures by existing authorities, together with educational processes and activities, will enhance participation, promote better knowledge and understanding of local affairs and lead to better representation at the higher levels to ensure that local interests are addressed. Several such precinct schemes have been successfully promoted in New Zealand; for example, neighborhood watch, rape crisis centres, safe houses. Such schemes require fuller recognition, systematisation, resources and funding.

3 The Co-ordination and Integration of Community Services

At present there exist a number of agencies responsible for the formulation of social policy and the deliverance of social services within communities. Several levels of agency can be identified:

(a) *State Agencies* such as the Department of Health and Education. Very often their role in communities is defined in terms of the development of professional knowledge and roles; for example the public health nurse. An important aspect of this is that such people operate at the micro-level of a large bureaucratic state organization and are often fragmented by structures so that, for example, the public health nurse in a community may have little to do with other health professionals, as each may be supervised by different divisions and sections. The State Agency's tentacles reach down into the community, and fragmented and divided as they are,

they serve to further fragment and divide the community. Whilst some departments may be aware of the need to focus upon the community, the structured fragmentation of professional roles at present almost precludes the possibility of any such genuine focus.

These problems are exacerbated further when the responsibilities of health education, for example, fall between two or more departments that is, Health and Education.

If we are talking about health promotion in the wider sense it is clear that our existing bureaucratic structures are inadequate.

(b) *'Quasi' State Agencies* such as hospital boards and education boards. Whilst part of the state structure they have elected lay personnel who are not bureaucrats or professionals. They provide different but overlapping services in the areas of health and education from the state departments.

(c) *Local Councils* provide health and education services also for example, in the roles of health inspectors and recreation officers.

(d) *Private Sector* In private practice there are doctors, lawyers, psychologists, psycho-therapists etc. There are private schools, educational agencies, hospitals, retirement villages and medical insurance schemes.

The private sector introduces another set of 'tentacles' whose relationships to the public sector are far from clear; for example consider the regulatory role of the Medical Association and the public examinations system.

(e) *National Voluntary Organisations* such as Red Cross, CORSO, Schizophrenia Foundations, muscular dystrophy, SPELD, Federation of Women and the Forest & Bird Society.

(f) *Local Community Initiatives and Support Groups* such as women's groups, gay rights groups, local conservation groups, residents' associations, informal learning networks.

Given these different levels of agency and their efficacy within the community at the micro level, there is often a duplication of effort and a lack of co-ordination in the planning and allocation of resources and services.

In the social policy arena there is a clear need for initiatives which clearly identify levels of agency and which promotes the coordination and integration of social services within communities.

These initiatives must be made in a concerted fashion by all levels of agency within a centrally determined community-oriented framework. The co-ordination and integration of community services require both an intra-agency and inter-agency refocusing of objectives. A major initiative requires the setting up of an *inter-departmental* steering committee at the government agency level capable of determining, in consultation, a generalised community-oriented framework for the closer co-operation and co-ordination of centrally funded community social services. Further, departmental agencies within this generalised framework need to adopt more of a community focus in working with other levels of agency in the provision of social services. Essential to this process is the role of local government in encouraging greater public participation in both the identification of social problems and issues, and their solution at the community level. The level of local government agency provides the appropriate community structures for the co-ordination and integration of social services, but closer and stronger ties are required between local and central government.

4 Education: Community Prevention, Planning and Promotion

Education as a fourth policy front should be regarded as an essential supportive set of measures designed to service the other three broad policy fronts outlined above.

In general, if social policy in New Zealand is to provide a genuine alternative to and offset the increasing 'need' for individual private treatment, subsidised wholly or partially by the state, there is a need to focus on an integrated set of community policies designed to encourage public participation at the micro-level in the planning of social policies which emphasise prevention and promotion.

A community social policy emphasising values of public participation and community empowering ideally will work in conjunction with social policy oriented to private, individualised treatment, if the two underlying philosophies are given equal recognition as complementary ingredients in an overall social policy, and funded accordingly.

It is only recently that New Zealand, and the rest of the western world have begun to make serious moves toward a preventive and promotive philosophy in the realm of social policy.

In New Zealand we have seen some significant moves in the areas of health promotion and crime prevention, as working examples of a community-oriented social policy philosophy.

Research is desperately needed in this area to provide a review of the international experience and evidence in policies and projects of this kind; to determine the success of New Zealand projects, their operating standards, and the degree of public participation; and to provide a basis for assessing the applicability of such projects to other areas in social policy.

One of the difficulties of assessing the efficacy and efficiency of preventive and promotive projects and programmes is the calculation of benefits over a relatively long term given the degree of public involvement and participation required.

More specifically, the education front is necessary if the devolution of control and decision-making to local communities is to be effective. Training courses for local government officers are required not only in management theory and practice but also in community consultation, participation, and planning. The notion of a community liaison officer, attached to local councils, whose role it is to enable local groups, could be a useful addition.

Education is the principal means by which local community councils may be further democratised encouraging increased public participation and better representation. First at a strict information level it is important that members of the community know the structure and functions of local councils as well as their rights of objection and voting powers.

Local councils, therefore, must attempt to raise their profile within communities through public meetings, lectures and discussion groups and regular contact with local schools and community groups.

Second, there are, at present, opportunities for community members to become involved in the planning process in, for example, the development and review of local schemes and to attend open council meetings. These opportunities for public participation must be both encouraged and expanded.

Third, local councils in conjunction with government departments can initiate innovative projects and schemes which are empowering to local groups. Such schemes generally require some outside funding and guidance but are staffed and run by people within the community. Local councils ought to be aware of the

needs of local groups, and offer skill-sharing and other forms of assistance.

The co-ordination and integration of social services also requires the development of a community orientation—essentially an educative task. This particular front is difficult to detail in terms of its educative measures but will rest on a set of similar goals and attitudes as outlined above.

The implementation of these four broad policy fronts would indicate a genuine commitment to the notion of community in the development of social policy for New Zealand society. It would also help lay the social foundations for a society which shows disturbing signs of increasing interpersonal conflict, racial tension, crime, violence and separatism. This state of affairs is horrendous for a country with such a relatively small and sparce population.

The highly individualistic working assumptions of Treasury's recipe for social policy must be, at least, augmented and supplemented, if not replaced, by a coherent and systematic framework for a community-based social policy if New Zealand is either to avoid or sensibly contend with the entrenched social problems facing other highly urbanised Western nations.

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Acknowledgment

TE REO O TE TAI TOKERAU

Community Evaluation, Empowerment
and Opportunities for
Oral Maori Language Reproduction

Michael Peters
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Reproduction

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Te Tai Tokerau—Te Hiku o te Ika nui a Maui
Ko to reo he mana—he wehi—he ihi—he wairua
whangaia a tatou tamariki mokopuna i te taonga tupuna nei
Kia tupu ai ratou i roto i te korowai o te reo a o tatou
matua tupuna

Ko te timatanga o te kauri rangatira
Ko te kakano nohinohi   *Paki Para*

After a meeting in September with the Advisory Committee on the
Teaching of Maori Language we submitted to the Royal Commis-
sion, on request, two papers dealing with a current project—Te
Reo O Te Tai Tokerau. The first dealt with oral testing and related
research culminating in eight recommendations to the Department
of Education concerning the examination of oral Maori language at
School Certificate level and the prospect of a full oral Maori
Language paper. These recommendations were wholeheartedly
endorsed by the Committee. The second paper was concerned with
the analysis of policy used in the Tai Tokerau project to exemplify
the way in which various received definitions of problems can
mask or obfuscate the important issues. We proposed an approach
to the analysis of problems in social policy which requires exami-
nation of the widest socio-economic concerns.

   This third paper shows how a small project ostensibly concerned
with the examination of the oral component of a School Certificate
examination can contribute dramatically to a coherent national
language policy. There is, within this project, an as yet undevel-
oped potential.

This experimental project which is being conducted by the Department of Education is concerned with a regionally-designed oral Maori paper and the feasibility of teacher-based assessment. The potential to which we refer is concerned with the empowering effect upon the Tai Tokerau people of giving substantial control of their own language, its teaching, its assessment according to Maori criteria and values, and the contribution, thereby, to the preservation and resurgence of Maori language.

Given the devolution of control to tribes and regions, this project could serve as a model for other regions to adopt and/or to adapt.

While the Department of Education has become more sensitive to matters Maori in recent years it has not taken the opportunity to develop a genuinely bi-cultural approach to the issue of Maori language. While policies have changed from an assimilationist ethic through 'cultural deprivation and cultural diversity', there appears to be a reluctance to adopt an approach to bi-culturalism which is genuinely empowering for the Maori people. If the Maori people are to be accorded responsibility for their own language then something like Te Reo O Te Tai Tokerau Project, with regional emphasis on dialect and control of teaching and assessment, needs to be implemented as soon as possible.

The Department of Education could and should make this move as part of a coherent national language policy.

The paper is structured as follows:

1 Introductory section on the politics of small languages in the Pacific, the massive depletion of language resources, and the history of Maori education policy;

2 A discussion of models of race relations and their relationship to educational policy, including reference to the views of the Waitangi Tribunal and (New Zealand) Treasury;

3 A description of Te Reo O Te Tai Tokerau Project, including the major evaluation findings;

4 An abstraction of a regional model based on a set of articulated principles;

5 The contribution of the project, regional model, and the Department of Education to a national language policy.

1 Introduction

In less than 180 years of European contact with the metropolitan language, English, te reo Maori has suffered a massive depletion.[1] Measures affecting the ecology of te reo Maori have included the introduction of a new *lingua franca,* and its selection as the official language; the introduction of new media, especially writing and print technologies; the introduction of 'hostile' education policies; and the sanctioning of foreign naming practices. Accordingly, te reo Maori has endured a dramatic reduction in the size of its speech community[2] and profound changes in its language structures, domains and functions. The full extent and direction of these changes have yet to be understood in detail. While, for instance, we *know that* te reo Maori as an oral language, was reduced to English alphabetic and syllabic forms and Maori culture, and therefore, exposed to writing and print technologies early in the colonising process, we do not know the wider implications of these changes; the deeper effects of the shift from acoustics to optics, from sound to visualisation, in an oral culture.[3] One commentator, McKenzie (1985:10) argues that the missionaries were wildly astray in their belief that the technologies of literacy and print as agents of change had achieved in a mere 25 years in New Zealand what had taken Europe over two millennia:

> The reduction of speech to alphabetic forms, an ability to read and write them, a readiness to shift from memory to written record, to accept a signature as a sign of full comprehension and legal commitment, to surrender the relativities of time, place and person in an oral culture to the presumed fixities of the written or printed word.

He argues that not only did the missionaries fail to create literacy in Maori—the main use of literacy was in letter writing rather than in reading—but in their desire to christianise te tangata whenua through reading the 'divine' word, failed also to equip the Maori to negotiate their rights, in land purchase, confiscation and dispossession, the areas that really mattered to them. McKenzie (1985:32) writes:

> Historians have too readily and optimistically affirmed extensive and high levels of Maori literacy in the early years of settlement, and the role of printing in establishing it. Protestant missionary faith in the power of the written word, and modern assumptions about the impact of the press in propagating it, are not self-evidently valid, and they all too easily distort our understanding of the different and competitively powerful realities of societies whose cultures are still primarily oral.

While we do not know the deeper effects of writing and print technologies on Maori as an oral culture,[4] we *do* know the effects that education policies have had on the Maori language, and matters Maori. The effects have been disastrous, and the policies largely 'hostile'. The history of policy towards education of the Maori people in New Zealand has been ethnocentric in its approach, based on unexamined assumptions of the cultural superiority of the Pakeha which has extended as much into related issues of research and evaluation as it has into policy making.

The history of policy can be seen in a number of clearly discernible successive phases: an 'assimilationist' approach to race relations which predominated up until the late 1950s; a focus on a policy of 'integration' implicitly based on a notion of 'cultural deprivation' during the 1960s and early 1970s; followed by a transitional period where emphasis was shifted from 'cultural deprivation' and 'the problem of the Maori child' to a concept of 'cultural difference' which emphasised Pakeha tolerance of non-Pakeha culture; and, finally, an attempt to formulate a 'multicultural' policy with the attendant notion that 'cultural diversity' should be valued. Most recently, there have been some signs that we are moving into a policy era of 'biculturalism', mostly as a result of Maori initiatives.[5]

Harker (1982) acknowledges that the first statement of an assimilationist policy for New Zealand is to be found in the preamble to the Native Trust Ordinance of 1844. Under this ethnocentric and paternalistic ethos it was assumed that the way to avoid 'the great disasters' that had befallen 'uncivilised' peoples in their contact with European colonists in other parts of the world, was to instruct the Maori people in the English language, and in English arts and habits of thought to the exclusion of things Maori. The process was one of 'civilising' a people who had an 'inferior culture' where stereotypes of Maori 'as dirty, degraded, lazy and immoral' were commonplace (Harker, 1982:19). Walker (1987:161) in the preface to a chapter entitled 'A Maori Renaissance', writes:

> In the nineteenth century the mission schools taught the standard subjects of the English school curriculum to their pupils in the Maori language. But during Governor Grey's first term of office he offered to subsidise the schools provided instruction was given only in English. While the missionaries were concerned with converting the Maori to Christianity and 'civilising' them, Governor Grey's purpose was to

assimilate them. Thus the first bilingual schools gave way to an agenda of assimilation as the political solution to the Maori problem.

Both Harker (1982) and Walker (1987) suggest that while there were a number of legislative changes—the 1867 Native Schools Act and its 1871 amendment for example—the guiding ethos of Europeanisation in Maori affairs, and specifically in Maori education, continued to exert its official influence until the late 1950s.

The Report on Department of Maori Affairs in 1961—known as the Hunn Report after its author (Hunn, 1960)—is generally taken as heralding a significant change in race relations, promoting 'integration' as the official policy. The aim was:

> To contribute (not fuse) the Maori and Pakeha elements to form one nation wherein Maori culture remains distinct.

While 'integration' seemed to imply official recognition of the need for Maori cultural survival as opposed to a policy of 'assimilation' where Maori people were expected to forsake their traditional culture for that of the European, the catchword 'integration' only thinly disguises the main tenor of the report which both Harker (1982) and Simon (1986) claim still held to a complete assimilation as an inevitable outcome. Both authors make the point that the report, while claiming to value Maori culture under the banner of cultural egalitarianism, actually seemed committed to the view that 'integration' was a transition phase in the evolution toward complete assimilation.

The Hunn Report was followed by the Currie Commission on Education in 1962, which declared Maori education to be an 'area of special need' and identified the 'Maori problem' in education as one of under-achievement due to home, family and cultural factors. Local research, influenced by overseas research based on a concept of 'cultural deprivation', focussed on the 'problem of the Maori child' and how his or her upbringing, language and home environment needed to be adapted or modified to improve *access* to education. Simon (1982:14) comments:

> In response to the overseas 'early intervention' movement, preschool education for Maori children developed rapidly in the 1960s, in the belief that it would correct the disadvantages that Maori children appear to suffer in their formal education.

The prevailing idea of compensatory programmes still centred on a question of access to education and implicitly held to the notion that somehow the child could be changed to fit the system. The New Zealand Education Institute (the professional association of

primary teachers) 'Report and Recommendations on Maori Education' (1967), while supporting compensatory programmes, is notable in terms of its protest at the term 'culturally deprived' and as representing a shift in thinking from a notion of 'cultural deprivation' to one of 'cultural difference'. Simon (1986) notes that the change of view could be attributed to the involvement of Maori educators. While still not challenging the wider social and political context and the inequitable social relations that existed between Maori and Pakeha, the 'cultural difference' model did represent a growing realization of the cultural bias of the education system. The new policy, Simon (1986:14) claims:

> . . . still represents a 'deficit' view but much of the blame has been shifted from the 'victim' to the school and the education system.

The inclusion of Maoritanga in the curriculum—a recommendation of the New Zealand Education Institute Report—occurred in a limited and piecemeal fashion, and the emphasis on tolerance and understanding, Simon (1986:4) claims:

> . . . however well-intentioned, encouraged a patronising attitude that reinforced Pakeha ethnocentrism and the existing relations of dominance and power. The term 'cultural difference' soon became a catch-phrase for teachers, carrying the same meanings as 'cultural deprivation'. It was used to refer to deviations from the norm of the 'real' culture—Pakeha culture—and hence it was still seen as a problem to be overcome.

There followed, during the 1970s, a decade of Maori activism focussing on land disputes and protesting at the non-ratification of the Treaty of Waitangi. It also saw the beginnings of a cultural renaissance in Maori language, arts and crafts which has as its basis the reassertion of Maori values, and Maori 'control' over things Maori. This increased political awareness and activity and further opportunities to voice Maori concerns through official channels led to further change.

It is significant that the National Advisory Committee on Maori Education in its 1970 Report, while calling for the inclusion of Maoritanga in the school curriculum principally to enhance the self-image of the Maori child, at the same time makes reference to the need for Pakeha children to be educated in things Maori. The Department of Education Report (1974) to the Education Development Conference signalled an important shift in policy orientation to a model of 'cultural diversity' where difference and diversity is not merely tolerated but actively *valued* as an enriching contribution to New Zealand as a whole.[6] Responsibility for change was seen to rest with the Pakeha majority.

A decade later, *He Huarahi,* the 1980 Report of the National Advisory Committee on Maori Education, continued to promote the 'cultural diversity' model as official policy with the overall aim of achieving a 'harmonious multi-cultural society in New Zealand'.

Schooling, then, up until very recently, has tended to reduce rather than aid opportunities for Maori language reproduction. Professor Biggs (University of Auckland), presenting evidence to the Waitangi Tribunal, showed that more than 90 percent of Maori children spoke their own tongue as a first language in 1913 but by 1953, 40 years later, the figure had been reduced to 26 percent. A mere 20 years later the figure had fallen to less than 5 percent (Durie et. al., 1986:15).

Whether or not there was an official directive which prohibited the speaking of Maori in schools the effect of the assimilationist ethos was real enough in practice—the suppression of Maori as a spoken language, and, thereby, the suppression of Maori culture.[7]

Even although there is evidence for a shift of attitude both with the present policies being fostered by the Department of Education (Kaa, 1987:59), and more generally within some sections of New Zealand society, the initiatives that have led to this shift have come mainly from Maori people.[8] Further, there is evidence that however well-intentioned policies might be, they can be 'subverted' in their implementation.[9]

Certainly, there has been a growing realisation among educational authorities of the importance of strengthening the role of Maori language and culture in New Zealand schools, and these concerns have been reflected in recent statements of policy by the Department of Education.[10]

In *Learning and Achieving* (Second Report of the Committee of Inquiry into Curriculum, Assessment and Qualifications in Forms 5 to 7, June 1986: 33), it was clearly acknowledged, for instance, that:

> ... the education has a responsibility to provide adequate opportunity for Maori students to learn their own language and so help ensure the continued survival of the language itself.

In the same report the committee stated that in view of low retention rates and low levels of achievement, it is clear that the needs of a large majority of Maori students are not being satisfactorily met. The general call was to replace the foundation structures in education with stronger social principles, which recognise, among other

things, not only the need for Maori language courses at all levels but also the Maori perspective on learning and assessment. In particular, the committee noted:

> . . . in the present system assessment is almost always made on written work and results are reported in written form; this denies the preference of Maori people for a characteristically oral approach. (p.35).

Indeed, Maori is traditionally an *oral* language and an oral-based culture. The strong oral tradition is at the centre of Maori culture, where various oral forms have evolved not only in practical and social usage and oral etiquette such as in traditional welcomes, greetings and expressions of hospitality, but also in ceremonial, artistic and spiritual forms, as evidenced in the many different types of song, each with its own social/ceremonial purpose and musico-poetic conventions.[11]

Within this context the overwhelming emphasis in national examinations in the senior school on written Maori—on skills of reading and writing—must be seen as *culturally inappropriate and as reflecting Pakeha educational values rather than Maori ones.*

2 Models of Race Relations and Educational Policy

(a) *Multiculturalism*

The 1980 Report of the National Advisory Committee on Maori Education, *He Huarahi,* bases its view of multiculturalism on a paper by Metge (1979) which defines three basic models of response to cultural diversity. The first response is assimilation where negative values are placed on diversity. The second recognises the right to cultural identity but views it as a 'problem' to be tackled by selective action. The third involves placing an unequivocally positive value on diversity where mutual respect becomes a basic premise of social organisation.

The first two responses to diversity can be interpreted in terms of an evolution. They both rest on feelings and theories of racial superiority and, as examples of responses to cultural diversity as they have appeared in the past and continue to exist in the attitudes of some sections of New Zealand Society, firmly tie New Zealand and its policies of race relations into more global concerns and issues. The fact that theories and attitudes of racial superiority are

deeply embedded themes in nineteenth and twentieth century history (in the processes of European colonisation; in the Jewish pogroms; in the Nazi 'final solution'; in the black civil rights movement; in white-only immigration policies) cannot escape comment. The recent history of New Zealand's sporting contacts with South Africa, a regime based on the institutionalisation of theories of white racial superiority, and its national and international consequences, only serves to remind us of the extent of the problem and the national importance of a well-conceived set of policies that are effective at the level of implementation. The basis of the Fiji military coup, its impact in New Zealand and the South Pacific, indicates the need to site our domestic policies in the field of race relations within the wider Pacific context.

In relation to Metge's concept of multiculturalism Harker (1982) makes the following observation, echoing Spoonley's (1981) criticism: Metge's (1979) version of diversity confines itself to the relative safety of cultural relations, ignoring the fact that the first response (assimilation) involves the racism of the dominant culture and its institutions.

Walker (1986:221) makes a similar claim:

> The Pakeha in-word 'multiculturalism' has negative connotations for Maoris because it denies the basic reality of biculturalism. New Zealand is a bicultural country, the primary task of the Maori is to convert the Pakeha to recognise that reality and modify the country's social institutions to incorporate compatible Maori values.

Treasury (1987) draws on Benton's (1984a) views, commenting that while the Department of Education in its report, 'Educational Policies in New Zealand' (prepared for OECD examiners in 1983) and the 1976 Task Force on Economic and Social Planning, emphasise the importance of developing a national cultural identity, they do not indicate how it might be achieved in practical terms. Instead, they address themselves to a notion of multiculturalism based on the premise that education can provide opportunities for the peoples of New Zealand to live together in harmony creating a core of shared values. As Treasury (1987:221) indicates:

> The model is one of a Pakeha majority having to reach an accommodation with a number of ethnic minorities, including the Maori.

(b) *Biculturalism and Partnership*

The Waitangi Tribunal in its recent finding of a claim lodged relating to te reo Maori does not accept that the Maori is 'just another one of a number of ethnic minority groups in our

community' (Durie et. al., 1986:34). By virtue of a treaty made with the Crown, te tangata whenua of New Zealand have a special status. The Tribunal argues an interpretation of the Treaty of Waitangi, based on readings of Maori and English versions, that the language is a 'taonga' of Maoridom and that the Crown, (in terms of Article II) guaranteed its protection.

In a review of submissions heard in relation to the claim the Tribunal states:

> It is clear that the Maori language in New Zealand is not in a healthy state at the present time and that urgent action must be taken if it is to survive. (Durie et al., 1986:15)

Much of the evidence presented and heard by the Tribunal makes it clear that the education system is responsible for this 'unhealthy' state of affairs; that:

> Judged by the system's own standards Maori children are not being successfully taught, and for this reason alone, quite apart from a duty to protect the Maori language, the education system is being operated in breach of the Treaty. (Durie et. al., 1986:46)

The evidence reviewed to elicit this conclusion covered: the discriminatory nature of the scaling system of the School Certification Examinations Board (see the section on School Certificate below); the failure and retention rates of Maori students compared to their Pakeha counterparts; the racist structures within schools; the cultural inappropriacy of an emphasis on skills of literacy at the expense of those of oracy[12] and criticisms of the way in which Maori is taught in schools.

After listening to the Department of Education's response to these criticisms, the Tribunal asks:

> How can it be that the Department's philosophy and practice in educating children accords so closely with the aspirations and desires of the Maori people as described to us, and yet the results of its application be the object of such trenchant and bitter criticism?
> (Durie et. al., 1986:43)

The answer they give to this question, without doubting the sincerity or dedication of top administrators, is that there remain racist attitudes at influential and strategic levels within the department which prevent the effective implementation of enlightened policies. The Tribunal calls for more effective leadership by the Department, 'beyond proposing policy to ensuring implementation', and recommends to the Minister:

> . . . that there should be an urgent enquiry conducted almost at once into the way Maori language and culture is taught in the schools . . . so that

detailed advice can be offered to him by persons best qualified to give it, and so that the serious complaints of practice, procedure and attitudes ... can be fully and thoroughly investigated.

(Durie et. al., 1986:45)

Such criticisms of the lack of leadership and the deficient relationship between policy and its implementation have been raised elsewhere.

Simon (1986:15), on the basis of her research into attitudes of primary school teachers of Maori children conducted during the early 1980s, makes the point that policy, however well-intentioned, can be 'subverted' in its implementation:

> I believe that the multicultural policy, although formulated with sincerity, has become ideology in the hands of those less committed than its policy makers. As a mere 'solution in the mind' the policy fails to take adequate account of the asymmetry in Maori-Pakeha power relations and its significance and implications within the education system.

Her concern at the possibility that well-intentioned policies could be 'subverted' during their implementation is shared by Maori educators. Walker (1984) at the Maori Education Development Conference at Turangawaewae talks of the decision to opt for alternative schooling for taha Maori because Maori educators have no confidence that taha Maori will be adequately implemented in the present education system. While there exists a Division of Maori and Island Education within the Department of Education, Simon (1986:41) claims that the structure of the Department reflects the 'power-deficiency' of the Maori within New Zealand society as a whole, with decisions in regard to the schooling of Maori children remaining firmly in Pakeha hands.

Benton (1987:69) indicates that while the Department of Education has made a greater effort than most other government agencies to restore Maori language and culture 'careful reflection on the current situation would lead most objective observers to the same conclusion as that of the tribunal'.

(c) *Treasury's View*

Treasury (1987:223-224) gives a particular interpretation of the notion of *partnership* based on a reading of the Treaty of Waitangi. Treasury understands 'partnership', a term preferred to the more all-embracing concept of 'biculturalism', to mean a relationship between *the Crown and the Maori people* rather than Pakeha and Maori peoples—one which recognises that 'both government and sovereignty were ceded to the Crown', 'without any suggestion

that the aboriginal inhabitants would always retain a 'deciding voice'. It seems clear that Treasury, against other interpretations of the Treaty,[13] has sought to arrive at a view of partnership which restricts the special status of tangata whenua to areas of property rights, land and fisheries claims. The Court of Appeal judgement on the State Owned Enterprise case is referred to as establishing the idea that the Crown should provide laws and make related decisions for the community as a whole:

> . . . in exercising the right to govern, the Crown should not unreasonably infringe on the property rights of the Maori people that were guaranteed by the Treaty.   (Treasury, 1987:224)

Such a restricted view emphasised that partnership is defined by, and limited to, the areas actually covered by the Treaty. In areas where the Treaty is silent, for example in employment, incomes and economic development, there can be no special status granted to tangata whenua beyond the same rights accorded to all other subjects of the Crown. This overly narrow interpretation of the Treaty, which allegedly cedes only those rights covered in law, does not explicitly confront the question of the interpretation of taonga, which as McKenzie (1985:43) notes 'is almost infinitely extendable and may include any or every element of Maori culture, including the language itself'. McKenzie, of course, was writing before the introduction of the Maori Language Act 1987, which, to some degree pre-empted the Waitangi Tribunal's findings as regards te reo Maori. The Act establishes Maori as an official language of New Zealand, enabling it to be spoken in courts, (Clauses 3 and 4) and sets up a Maori Language Commission with the aim of promoting Maori as a living language. Benton (1987:70) argues that while 'proposals in the bill do enhance the status of Maori to some degree, they fall short of the tribunal's recommendations'. Where the tribunal saw the maintenance and protection of the language as a national responsibility, the government 'appears to see it as mainly an ethnic matter'.

Treasury is equally intent on endorsing the principle of non-compulsion in matters of Maori language and culture, arguing that the principle is important in the interests of social harmony. There is, however, official recognition of the 'hostility' of past educational policies and the fact that they have been 'detrimental to the preservation of Maori culture and self-esteem and, thereby, it seems, to Maori educational attainment' (Treasury, 1987:241).

Three broad fronts are identified by Treasury (1987:243) as the basis for policy initiatives for Maori education.

> Firstly, the Maori community needs assistance to revitalise its own language and culture. Secondly, the rest of the community needs to acquire a more appreciative attitude and understanding of the Maori heritage. Thirdly, the aim should be to enable Maori individuals to have access to the skills, knowledge, and attitude that enable 'success' in the wider society which . . . is increasingly global and technological.

One might not disagree with the broad areas of policy initiative identified, but when it comes to the translation of these areas, Treasury's view can only be described as too laissez-faire. The first 'front' concerning Maori language and culture, we are told, 'is primarily a task for the Maori people themselves' with assistance from the rest of the community through provision of resources. Such a statement, while trading heavily on an appeal to the philosophy of mana motuhake, is totally unrealistic. It ignores structural and institutional constraints to opportunities for Maori language reproduction and, echoing Benton's (1987) criticism of the *Maori Language Act 1987,* tends to view issues concerning the Maori language as an ethnic matter rather than one of national and collective responsibility. Benton (1987:72) makes the crucial point:

> Without full official recognition, and concomitant measures in education, broadcasting and public life generally, the future for Maori language is bleak.

The details of the other two 'fronts' are equally disappointing, tending to regard the problem as simply one of initiating a change of attitude or of providing resources where appropriate. There is no *leadership* in the sense that the Waitangi Tribunal uses the word to criticise the Department of Education; no positive actions or strategies. Perhaps this is not entirely surprising from a Government department which is oriented to solving problems, including those in the area of social policy, in terms of so-called free market forces. The neo-liberalist philosophy at the heart of Treasury thinking, with its attendant individualistic assumptions and proprietarian based theory of justice, is strongly evident in the way in which it construes the model of partnership. In preschool and primary education, the notion of partnership is conceived as a relationship between the formal educational source and the family. In secondary education the notion is at once transformed into one between the formal source and the individual. Finally, at the tertiary level the individual becomes 'customer'. While Treasury acknowledges that Maori people may wish to act in a group or

family context, and thus the model of partnership might be different from that of Pakeha education, it is clear that should Treasury have its way, community values will be filtered out and highly individualistic assumptions will find institutional/structural embodiment, causing insuperable problems for Maori people—in spite of 'specific institutional measures to ensure that Maori aspirations' are fulfilled.

The highly individualistic bias of Treasury, especially in the area of social policy, runs counter both to any genuine notion of developing a national cultural identity or to the role that Maori language and culture has in this process. Indeed, it exemplifies the impoverishment of neo-liberalism, in general, which is unable to consistently embrace a notion of community and, thus, is also unable to raise questions of collective responsibility or care over and above those that occur in contracts between individuals.

3 School Certificate Oral Maori

Only 2,500 candidates out of 50,000 (approx) fifteen year old New Zealand teenagers who sit for School Certificate elect to take Maori as a School Certificate Examination subject. Benton (1984b) argues that a major obstacle to the wider acceptance of Maori as a subject, let alone a teaching medium, in secondary schools is the scaling system. He explains that under the present system the proportion of students given a passing mark in any given subject is dependent on the relative performance of the student concerned in other subjects.

> English is the key factor in this equation, and the comparatively low proportion of Maori students above the fiftieth percentile in this subject helps to lower the pass rate in Maori. (Benton, 1984b:27)

Benton (1984b:27) notes that in 1983 the overall pass rate for English was 51 percent but only 27 percent of Maori students taking English passed thus depressing the proportion of Maori candidates passing Maori to 41 percent. Dr Ranganui Walker, educationalist and chairman of the Auckland District Maori Council, has also been a long-time critic of the School Certificate Examination. He, along with Mr Bernard Gadd, criticised the monocultural bias of the School Certificate English paper in 1971. He too has pointed out the 'institutionalised racism' of the education system by reference to the 'complex gatekeeping system' operating with the School Certificate subject hierarchy pass rate:

There was no moral justification for academic subjects such as foreign language having a pass rate of 80 percent as against non-academic subjects with 40 percent. And the lumping together of Maori language with non-academic subjects at the bottom of the School Certificate hierarchy reinforced the suspicion that schooling was to keep the Maori in a subordinate position along with the Pakeha proletariat.

(Walker, 1986:190)

Benton's and Walker's separate criticisms on the deleterious effects of School Certificate on the Maori language, and its characteristically oral forms, seem well justified. The scaling system, in particular, which developed a philosophy of 'a hierarchy of subjects' around compressed means, with as many as 12 subjects falling outside the range, had created a situation where Latin—a dead (unspoken in practice) language—had a 'privileged' mean and occupied a position at the top while Maori—the oral language of tangata whenua, struggling, but very much alive and in use on marae—occupied a position at the bottom of the scale.[14]

The position of oral Maori as a component of the School Certificate subject, Maori, has not been enhanced by this state of affairs. Already, only a nominal 15 percent of the total, although carrying an effective weight of 9 percent (Shaw, 1987:1) up until 1985, oral Maori has only recently begun to receive the attention it so badly needs in the senior school system.

The Maori Language Syllabus Committee, in their report of 12 August 1986, expressed reservations concerning mark adjustments and distribution policies of the School Certificate Examinations Board, despite the raising of the median for Maori to 52 (same as English) and reporting in grades. The board asked the committee to consider the possibility of a criterion-based achievement system, total internal assessment and reporting oral and written components separately. A school survey carried out by the department in March 1985 had received almost total support for increasing the weighting for the oral component from 15 to 25 percent, and there was substantial support for increasing marks alloted to oral Maori still further. Many teachers of Maori look to the prospect of a full paper in oral Maori based on an internally assessed criterion-based system. In October 1985 an interim amendment to School Certificate Maori increased the oral component from 15 to 25 percent. The department subsequently decided to undertake 'development work'. This work has included: definition of criteria (in Maori) for assessment; the establishment of training for assessors; a re-design of the oral test; the appointment of three moderators to monitor

standards; and the exploration of means by which teachers may become more involved in the assessment process. It is with this last objective that Te Reo O Te Tai Tokerau Project is concerned.

4   Te Reo O Te Tai Tokerau: The Evaluation

The present authors were approached by the department in March 1987 to conduct an evaluation of the project. Specifically, the department wanted to gain information on: the effectiveness of assessor training; the reliability of teacher assessment; the practicalities of 'clustering' candidates at central venues and the effects of such movement on their performance; and the appropriate forms of moderation. In the research proposal submitted, the evaluators noted that they had developed a general model and theory of evaluation. Both the model and the theory emphasise the role of the evaluator as *educator* within a *learning community* (comprising the major stakeholders). As such, it was argued, this educative approach to evaluation is ideally suited to the demands of the project, it being an educational project carried out within an educational milieu, and consonant with Maori values, emphasising as it does, a *community* learning/action perspective.

We define evaluation as:

. . . the systematic community learning process for the collaborative review, improvement and development of policies, programmes and practices.[15]

In Marshall and Peters (1985) we elaborate ten defining characteristics of the ideal learning community, beginning with the characteristic of *dialogue* which bears a central relation to the other nine characteristics: the learning community as *collaborative, praxical, problem focussed, reflective, reflexive, normative, fallibilist, creative-transformive,* and *emancipatory.* These characteristics comprise, essentially, an empowerment-styled evaluation encouraging partnership, decision-making, development of community evaluation and research skills, and the eventual 'writing out' of the evaluator as an 'expert' in any sense of the word. (There are a number of significant similarities to Freire's theory (1972) and Lewin's Action Research.) Since Professor Beaglehole first drew attention to the fact that the Maori people had become the most researched minority group in the world, some researchers have heeded the implied

caution and attempted to identify the significant and relevant issues in Maori research in the social sciences. Stokes (1985) for instance, criticises research that adopts 'the traditional academic stance of the detached observer' and 'takes no responsibility for the consequences'. She raises serious questions concerning its 'merely descriptive status' and recognises that 'much of Maori research only serves to reinforce existing negative stereotypes'. Her assessment is that the wrong questions have been asked:

> There is criticism that one of the shortcomings of the education system is that it fails to transfer Maori cultural values to the young, but imposes Pakeha values. There is a need to focus Maori research on what values can and should be transferred in this latter portion of the twentieth century. Where is the research to provide guidelines for Maori people to establish and reinforce self-pride, self-respect in the younger generation? How can Maori people who have lost touch be re-educated in Maori language and culture? How can Maori resources in land and people be better utilised to form a sound economic base for Maori communities?

Stokes (1985) also provides a discussion of Maori attitudes to knowledge (oral-based, private, holistic, spiritual) and the role of the researcher as mediator, facilitator, catalyst and negotiator. Under the heading 'Issues for Research' she identifies the broad issues of land, language and social welfare. Her concern with language is, of course, for its preservation and the way in which Maori language and bilingual education can be developed in our schooling system.

Te Reo O Te Tai Tokerau Project and its evaluation fulfills Stokes' (1985) criteria: it was collaborative and people-intensive, involving both consultation with Maori researchers, kaumatua and the wider community, and Maori/Pakeha cooperation; it was problem-focussed, strategic and action-oriented, options being presented in policy formulations; it was concerned with an identified important research priority—the preservation of oral Maori (the Tai Tokerau dialect) and reeducation of the young in their language and culture; finally, it was empowering for teachers of Maori language in Tai Tokerau, developing an awareness amongst the team of assessors as a self-conscious collective unity—whanau—that they could reflect in their own practices and act on in the good service of their children. The theme of teacher-as-researcher was an important thread in the evaluation from its near beginnings. This theme was important not only in the sense of empowerment, which for the researcher/evaluator implies a role

of educator, transmitting the necessary research skills and conceptualisations to participants so as to provide on-going evaluation tied to identified needs, but also as a way of overcoming some of the problems surrounding the non-Maori status of researchers.

Early in the evaluation process it was seen to be important to view the research 'problem' within the wider context. Indeed, as a result of reflection upon previous evaluations the researchers had developed a practical, analytical tool for developing, analysing and critiquing programmes and policies.[16]

The 'received' or official definition of the problem (as exemplified by those responsible for the School Certificate Examination) was to increase both the proportion of the oral component and teacher involvement in the assessment process but, at the same time, to maintain the precision of assessment that typifies the School Certificate examination as a whole. Our problem, as evaluators, was determined to be:

> How to conduct the oral interview in School Certificate Maori so that: Maori knowledge and cultural norms are adhered to; it is seen as legitimate by Maori people; it accords with the standards of precision that typify the examination.

The major educational problem for the evaluators was the promotion of a concept of biculturalism that is empowering.

An evaluability assessment was completed in May, 1987. It provided a general orientation to the evaluators and established relevant background to the project. Further, it helped establish an initial agreement with the project team and participants on areas of collaboration and reported on preliminary meetings.[17] Finally, it clarified both project parameters and presuppositions and the criteria and design of the evaluation. During May and June the evaluators produced a background paper (Peters and Marshall, 1987b) on oral testing and related research, tracing out the implications for School Certificate Oral Maori. It briefly surveyed the movement towards tests of communication, and the range of specifically oral tests available, making some detailed comparison between the assessment approach in oral Maori and that of the 'proficiency' school in the United States. It also emphasised the importance of the non-verbal aspects of oral Maori. The paper ended with a series of recommendations which were discussed with and presented to the Advisory Committee for the Teaching of the Maori Language, which endorsed them. The paper and recommendations were,

later, presented at an in-house seminar for departmental officers. The recommendations are as follows:

1　Assessment should not be based upon a single testing procedure.

2　The oral interview should further emphasise *communication*.

3　Maori values in the related areas of learning, assessment and evaluation should be identified and formulated into principles for the conduct of the oral interview and the provision of parameters for assessment in the oral interview.

4　Oral Maori should be assessed by oral interview with a combination of internal and external assessment.

5　There should be further controlled testing and experimentation with alternative and specifically Maori speech forms and styles for the conduct of oral Maori assessment.

6　The basis for these should be the customs and dialect of tribal areas.

7　Teacher training and the training of existing teachers of Maori should reflect the significance and centrality of the oral tradition in Maori *culture, communication and knowledge*.

8　A full paper in School Certificate oral Maori should be introduced immediately.

It should be noted that the researchers cautioned their readers on the special theoretical difficulties attending the investigation of the acquisition of Maori (for whom it is their mother tongue) as a second language. Further, it was stated:

> The application of sociolinguistic theory and research as it affects the communicative tests movement must be critically reviewed and modified according to Maori cultural values . . . 'Appropriacy' *must* depend ultimately on a deep knowledge of te reo Maori, and of Maori values and situations. Researching these issues . . . is beyond the competence and scope of Pakeha researchers in all but a few, rare, exceptions and must remain the prerogative of Maori researchers.
>
> (Peters and Marshall, 1987b:13)

The philosophy of mana motuhake must be adhered to, where possible, in matters of research, evaluation and assessment as well as elsewhere. As evaluators, we were very much aware of the criticism that might be levelled at the project: that it was making the Maori language a 'special separate subject' within a Pakeha system. While we admit to the uneasiness we felt in being part of a project

which *graded* Maori language use, at the same time we believed that such a project had the potential for promoting *a culturally appropriate style* of assessment, and, perhaps even more importantly, it could lead to increased opportunities for oral Maori language reproduction within a system of education which had been largely hostile to Maori language and culture.

These recommendations, and the broad implications of the oral testing paper, were read out and discussed with the Tai Tokerau assessors before meetings were held at an official level. At this evaluation meeting the theme of teacher-as-researcher was raised and discussed. The teachers/assessors were regarded as occupying a pivotal role as professionals between the school system on the one hand and the Maori community on the other. It was suggested that the Tai Tokerau teachers/assessors had an important role to develop in terms of the contribution to research, especially on the parameters and the conduct of the oral test and the way these ought to reflect Maori values and culture. The idea of the teachers/assessors developing legal status as a language association or society was mooted at this evaluation meeting where it was envisaged that research tasks surrounding the establishment of a Tai Tokerau language resource base could be undertaken.[18]

Consultation and evaluation processes were at the heart of the project. A great deal of groundwork was carried out by departmental officers (Mr Monte Ohia and Mr Robert Shaw) before the research contract was let. Evaluators liaised with a number of groups, including kaumatua and kuia of te Tai Tokerau (this process was initiated by Mr Dave Para, a native speaker of Tai Tokerau and Moderator for the project).

The evaluation process was conceived as a series of iterative feedback cycles designed to gain information from certain sources at various stages of the project and make it available to project participants in a systematic form. Questionnaires were administered to assessors and to candidates at the beginning of the first assessment week (21–26 June). Assessors were asked to comment on the present format of the oral test (interview) and its future form given the introduction of a full oral paper,[19] among other things. Candidates were asked as to their preferences of the location and situation of the interview; the effects on them of moving to an assessment venue; and the things they 'liked/did not like' about the assessment process. Questions to assessors were given in an open-

ended format, allowing for fuller statements. Much of this information, recording the assessors' reflections on their own practices and their relation to wider issues, formed the first practical embodiment of the teacher-as-researcher theme.

The questionnaire elicited a great deal of pertinent data, and statements of opinion from assessors:

> Ko te kai nga rangatira he korero. At least fifty percent of the School Certificate paper should be oral. From time immemorial Maori has been a *spoken* language. The written component has been imposed by the European . . .

> I regard whakatau as part of the oral interview as foremost, and regard the mihi between candidate and assessor as a high point of motivation between the two. Under the Maori philosophy of greeting and getting to know one another, the personal contact by mihihongi and whariru clear the way for interaction between the two . . .

> Assessors should be reminded that criteria for assessing is kaupapa Maori . . .

> The language should be assessed in all forms for example, whaikorero, waiata, waiata-a-ringa, karakia, pakiwaiatara, haka, poi, korerorero, whakapapa. All students are involved in all these areas. After all, the elders and kuia of the community began their learning (formally) in these areas. Korerorero should include whanau, rohe, pikitia.

> The overall project was most rewarding and beneficial. Most candidates settled down rather quickly in this relaxed situation . . . An improvement having some of our elders there . . . they were very supportive and concerned for the benefit of our children . . . they too were very much involved.

> The use of 'body language' could be accepted as a legitimate part of the evaluation process, as no Maori ever speaks without 'flashing eyes' waving hands, gestures, smiles, 'hikoi' 'whakatuma' te mea, te mea!

> Again training sessions to determine areas of use of body language to be assessed to achieve comparability of results.

Assessors began to articulate their own feelings and thoughts, discussing them with each other and developing their own collective philosophy of assessment which was motivated by Maori values and perspectives in the combined areas of teaching/learning and assessment. The candidates' comments and observations were also revealing.

> I liked the relaxed atmosphere of the Maori which lent itself to the reassuring and supportive relationship between the student and the interviewer. I enjoy listening to the whaikorero and the waiata and the wisdom of elders. I particularly liked the wairua of the day.

> I enjoyed the opportunity to express feelings using the Maori language which I have long regarded as a second language.

What I liked best about being interviewed was that it gave me more confidence towards my Maori language and the understanding towards Maori things.

A set of crucial variables revolving around Maori values and concerning the interview emerged from the questionnaire results: the Maori 'atmosphere' and feeling that predominated; the preference for marae-based assessment and the involvement of kaumatua and kuia; singing together and meeting; 'getting to know' others; 'talking Maori' and learning Maoritanga in a culturally appropriate and supportive environment; 'good kai'; and, not least, the overwhelming support given to the assessors who were held in high regard. In other words, as Wittgenstein (1953), a linguistic philosopher, has written:[20]

> ... the *speaking* of language is part of an activity, or of a form of life (part of proposition 23) and: to imagine a language means to imagine a form of life (part of proposition 19)

A two-day training hui held at Te Kauri Marae (Waimate North) on 26–27 May, prior to the first assessment week, brought the project team together formally for the first time. A number of important decisions were taken at this hui including: the involvement and participation of *all* Tai Tokerau teachers in the assessment process; the importance of fully written and photographic documentation of the project; and the production of an official guiding statement in Maori (prepared by Mr Dave Para).

In the Report on June (22–26) Assessment Week, the evaluators wrote:

> The morale amongst assessors, high to begin with, tended to grow during the week as the group developed their working relationship, clarified their different roles and responsibilities, and interacted together. The group's positive and optimistic attitude to both the assessment task and the project created a friendly and open atmosphere which promoted a warm and relaxed social environment for candidates. It should be said that this ideal social environment—essential to the success of the project—is, at least in part, a reflection of the prevailing values of the Maori community, which encourage certain ways of working together, mutual support, tolerance toward others and a cordial acceptance of the visitor.

There is no space here to describe the events of the first and second week-long assessment periods except to say that confidence and professional commitment of the assessors continued to develop and that it was the single most important element in the success of the project.

As moderator Mr Dave Para wrote in his report:

. . . the most impressive feature of the week for me as a moderator and
Maori was the warmth of the wairua and aroha that prevailed . . . there
was always the warm feeling of whanau with its people, qualities of
whanaungatanga, aroha, wairua and mana . . . The ability of this
whanau, working individually at various locations within the same
venue, to collectively remove the austere and often tense atmosphere that
examinations always create for our children, and to replace it with
people—warmth, through strength of presence and personality, is a trib-
ute to the professional and personal qualities of this whanau of assessors.

Where the first week saw the emergence and development of an
organisational structure, the second concentrated on trialling and
developing a moderation system and strategies.

The evaluation findings were presented to the Department of
Education under five headings. We present a non-technical
account here, unfettered by the very detailed backing given in the
appendices.

Effectiveness of Assessor Training

By the end of the project this whanau was professionally compe-
tent, committed and empowered. (The Tai Tokerau assessors'
group had, by the end of the project, made their own official repre-
sentations to departmental officers on a number of issues and writ-
ten to the Prime Minister and Minister of Education, the four
Maori members of parliament, and Mr Matiu Rata, leader of Mana
Motuhake.) This very positive outcome was not, however, the
result of the initial training hui; which must be seen in hindsight as
having been inadequate. The conception of the training process
was in line with the best second language training programmes
overseas, although the quality of the resources and time devoted to
training was not.

Reliability of Teacher Assessment

Essentially the statistical model adopted, advised by Mr David
Hughes (Education Department, University of Canterbury), is to
be found in Swamminathan et. al., (1974). Classical test theory is
rejected on the basis of its applicability to a criterion-referenced
system. Reliability is defined as a measure of agreement, over and
above that occurring by chance, between decisions made about can-
didates' performances in accordance with pre-established criteria.

Swamminathan et. al. (1974) note that the reliability factor (kappa) is a measure of the reliability of the *entire* decision-making process.

Results from the first assessment weeks indicated a kappa figure of .2 (approximately) on a -1, $+1$ scale. This figure was commendable in view of the open-textured nature of the interview format, the range of situational extra-linguistic variables intruding into the assessment process, the newness of the team, the novelty of the experiment, and the initial inexperience of some younger teachers as assessors.

The reliability figure of .5 for the second assessment period indicated the professional commitment of the whanau, the success of training achieved during the first assessment week, and the effectiveness of the moderation procedures.

Practicalities of Moving Candidates

The evaluators supported 'clustering' in principle, for, in general, candidates and assessors were positive towards it, claiming it had a number of advantages, including: it was participatory and people-intensive involving the community at many different levels; it was a *lived* example of Maori beliefs, customs, knowledge and values; it provided students with the valuable opportunity to mix with elders—and their teachers in different lights; it provided a culturally appropriate context for the assessment of Maori communication; it allowed teachers to gain a regional perspective of themselves and their students; it was *practically* efficient; and it has a large 'backwash effect' on the professional development of teachers, the education of students in matters Maori and, not least, provides opportunities for oral Maori language reproduction.

The Appropriate Forms of Moderation

The evaluators stated that the moderation procedures in place by the end of the second assessment period meet the need for the maintenance of standards in oral Maori assessment and the problems of comparability between schools.

The notion of moderation arrived at by the end of the second assessment period was based on a rejection of the view of moderation as a narrow technical (statistical) adjustment, rather it elaborated a view which tied moderation firmly into wider educational processes and purposes.

The wider view of moderation advocated is based on the following set of principles:

- the principle of integration, where moderation is explicitly tied to educational processes and purposes, and viewed as a strategic learning system designed to provide feedback information to teachers/assessors;

- the principle of democratisation which emphasises the involvement and participation of all teachers in the assessment process and moderation system, and the increasing involvement of the Maori community;

- the principle of diffusion of curriculum effects and professional development of teachers, which provides a measure of the success of moderation in terms of the 'backwash' effects and sees consistency of decision-making in assessment as a reflection or symptom of the successful application of these combined principles.

At a practical level moderation ought to consist in a set of inter-related practices, including: a training programme, with opportunities for continued support for young and inexperienced teacher/assessors; moderation visits to schools to help with in-school assessment and evaluation programmes; two assessment periods where there are opportunities for 'on the job' training and discussion; a daily evaluation meeting during assessment weeks, where assessors can isolate intervening variables intruding into the assessment process in particular cases; a resolution procedure used both to identify major grade shifts between teachers and assessors and to seek their resolution through dialogue and discussion. It is recognised that not *all* disagreement will be eliminated in this way as it is possible that there will be cases where a teacher's and assessor's grades will differ on defensible grounds. These *test cases* ought to be recorded, along with the grounds offered by teachers and assessors involved for the grades allocated. In special cases the moderator has the last resort of deciding to conduct a further deciding interview. Further thought and research should be directed towards a form of national (that is, inter-regional) moderation.

Costs

For such a people-intensive activity, the evaluators noted, the costs must be very minor. At the time of preparing this paper detailed costings were not available.

The Evaluation Report (Marshall and Peters, 1987c) ends with a set of recommendations covering the related areas of oral assessment, training, moderation, clustering and national implementation. Most of the recommendations appearing in the report have already been stated or alluded to in this paper, except for the issues of national implementation.

5 National Implementation

The Evaluation Report suggests the following general guidelines should be adhered to in any national implementation based on the experience and findings of Te Reo O Te Tai Tokerau Project:

1 an initial and on-going consultation process for each region should be set up, involving the active participation of kaumatua, kuia and the Maori community along with school principals and other groups;

2 an evaluation and research component which is consistent with and enabling to Maori culture and values should be included in each regional application to monitor and provide feedback to project participants;

3 the training process should be defined in terms of practice, conducted in real life settings, with opportunity for dialogue and reflection upon assessment procedures;

4 a clear definition of Tai Tokerau styled organizational structures and roles ought to be adopted;

5 Maori values and knowledge ought to be adopted in the assessment process and in its moderation and evaluation;

6 there is a high priority for research by a multi-disciplinary Maori or bicultural team into the oral tradition, oral assessment techniques (including the oral interview), oral learning, the preservation of oral Maori literature and differences between orality and literacy for Maori children;

7   the important key pivotal position occupied by teachers of Maori between the local Maori community and the education system should be explicitly recognised, especially in terms of its developing research potential;

8   the distinctive 'voice' (dialect) and role of tribal regions should be recognised not only in terms of the preservation of tribal dialects and their inclusion in a regional oral School Certificate paper, but also in terms of the development of audio-based recordings of the range and types of local myths and songs.

On the basis of Te Reo O Te Tai Tokerau and its evaluation findings the Department of Education has developed a proposal for the national implementation of improved assessment practices for oral Maori. These proposals must first gain the approval and acceptance of the newly constituted Board of Studies.

The proposal (Department of Education, 1987) calls for: the national implementation of a new form of assessment for School Certificate Oral Maori; the recognition of dialects in the examining process; the immediate consultation with teachers on the implementation of the new form of assessment; and the establishment of a partnership with tribes for the purposes of the assessment of oral Maori. Under the heading 'Rights and Tribal Responsibility' the proposal looks to a model of partnership where assessment of School Certificate Maori becomes a joint responsibility of tribal runanga and the Department of Education.

> Benefits include the strengthening of tribes by bringing a focus on the language, building links between the department and tribes, and perhaps most significantly taking a step towards re-establishing for Maori the traditional relationships between teenagers and kaumatua.
>
> (Department of Education, 1987:2)

The proposal recognises that oral Maori must receive greater emphasis, that senior secondary school examinations must not be competitive between candidates, and that dialects must be given status.

Two steps towards the establishment of partnership are indicated: first, the establishment of the operation of a tribal-based system of School Certificate oral Maori assessment under the control of the department's head office; second, the establishment of an independent monitoring body that will ensure the system works.

The new form of assessment, it is said, will be improved if the following features are established:

1   Candidates and their teachers are brought together in centres for SC oral Maori assessment;

2   Two assessment periods are established, one in August and one in the first week of November;

3   All fifth form teachers are trained as assessors;

4   Visiting moderators oversee the training and assessments in centres;

5   Assessment areas are, where possible, based upon tribal districts;

6   Allowance is made for dialectal differences. This involves the production of a series of SC test instruments and has implications for the training of assessors;

7   Kaumatua have a role in the assessment process. Particularly, kaumatua are involved in endorsing the dialect examined and have access to assessment centres;

8   Assessment centres be marae wherever possible;

9   Each candidate is assessed twice in the November assessment period;

10   The candidate's teacher and an external assessor make the assessment;

11   The method of assessment is based upon criteria;

12   Reporting is by descriptive criteria in Maori.

The proposal, then, discusses the principles and importance of 'clustering' and moderation before scheduling national implementation in three one-year steps: in 1988 te Tai Tokerau is to use the new approach, and Tainui, te Tairawhiti, and the South Island undergo a trial year; in 1989 te Tai Tokerau and the 1988 trial regions are to use the new approach, with all other regions or districts trialling the new approach; in 1990 all regions or districts are scheduled to use the new approach.

A regional implementation schedule for first year regions incorporates departmental selection of a team leader, moderator (a formal appointment), community liaison co-ordinator, and technical or evaluation team. Consultation held with teachers and elders (as two separate operations) would help decide: that the region will adopt the 'new' approach; the geographic region; the dialect as it will appear in a draft oral interview schedule; and the administrator/co-ordinator.

In the second and subsequent years regions will be controlled by an advisory committee which is later to become a 50:50 controlling body comprising local Maori and departmental representatives. It is envisaged that in third and subsequent years this group will make all appointments, except for the moderator, which will remain a formal departmental appointment. The proposal recognises the importance of a dialect-based School Certificate Oral Maori, (all decisions on dialect must be taken by the local people) and indicates that a formative evaluation of the implementation would be valuable.

Finally, the departmental paper addresses itself to longer-term decision-making:

> The department's intention is to bring the administrative and professional structure of Maori assessment and moderation to a point where head office involvement is phased out. Control of the system will be handed over to appropriate local Maori authorities and the moderation system should be self-correcting between regions and within regions. At present it is desirable to place in the tribal regions the precursors of a structure which will become in turn an advisory group, a 50:50 controlling body with the department (HO coordination), and then a local Maori control authority with a moderation system to operate between regions.　　　　　　　　　　　　(Department of Education, 1987)

There is no doubt that this policy initiative of the Department of Education in planning a devolution of control to Maori authorities is a welcomed move. The model of partnership advocated is one which has a potentially valuable application in other areas of Maori and *Pakeha* education, and, more widely, in matters of Maori affairs across Government departments.

The authors, however, believe that this policy initiative will be successful if, and only if, there are a series of concomitant moves.

First, the department must move quickly to increase the status of oral Maori within the School Certificate system. This means the introduction of a full paper in oral Maori as soon as possible, with the necessary provision of training and resources. Without this move the notion of Maori control of the teaching/learning of Maori language and assessment in the senior school system can only be viewed as palliative.

Second, issues discussed under 'longer term decision-making' need to be addressed more clearly and earlier in the devolution process. In other words, the department ought to look to the possibility of establishing a 50:50 controlling body in the various

regions *as* they introduce the 'new approach' and not as a second separate process occurring after the scheme is running.

Third, a national inter-regional steering committee, comprising tribal and departmental representatives, ought to be set up as soon as possible to allow full consultation with Maori people of intended changes. This committee should have the authority to indicate broader policy developments in oral Maori education in the senior school and to make decisions concerning appointments. Such a committee may become the precursor of the national moderation body. Fourth, both the project—Te Reo O Te Tai Tokerau—and its evaluation highlight the need for a *national language policy* which accords special status to Maori language and recognises other non-English community languages, and the need for their support in terms of rational and coherent planning. The Department of Education would seem to be the most appropriate government agency to provide the leadership required here.

Hawley (1987:46) suggests that:

> . . . a language policy would provide the opportunity to clarify our think-ing as a society, and plan the best possible use of what resources we have to promote the teaching and learning of languages at all levels.

Besides the issues of racial equity and harmony, the development of such a policy for the education system would need to consider:

> . . . as a society, our future in the Pacific, Asia, and the wider world, and reassess where out investment in foreign language teaching should be placed. (Hawley, 1987:50)

Certainly, it could be convincingly argued that in terms of language investment Maori language in the education system has suffered in comparison with support given to English and other European languages.

A national language policy would provide the basis both for the full recognition of official languages, and for inter-departmental planning to coordinate and implement service-wide action designed to promote Maori as a *language of government*. Furthermore, it could become the cornerstone of an enlightened biculturalism and power-sharing and a more global policy of race relations.

References and Notes

1 Peter Muhlhausler (1977) demonstrates the massive depletion of language resources in a wider context. He estimates that small languages numbering almost 2000 in Australia, Polynesia, Melanesia and Micronesia combined (40 in Polynesia alone, 700 in Papua New Guinea and 250 in Australia), have been massively reduced through contact with metropolitan languages.

2 Hohepa (1984) estimates, on the basis of linguistic surveys carried out by Benton in the 1970s, that there are approximately 70,000 speakers of te reo Maori (that is, roughly, one-quarter of the Maori population). The situation is, however, becoming more and more precarious given the facts that: most fluent speakers are over fifty years of age and Maori adults have a much lower life expectancy than their Pakeha counterparts; that, since the main moves of Maori urbanization in the 1960s there are fewer rural Maori communities where children are still native speakers; and that only one out of ten Maori children is a Maori speaker. While this figure may be affected by the national movement of pre-school Maori 'language nests'—te kohanga reo—it might be added that an additional fact for the precariousness of Maori language is the lack of educational and other institutional opportunities for language reproduction. More alarming statistics are presented in the findings of the Waitangi Tribunal in relation to te reo Maori (Durie et. al., 1986:15).

> Dr Biggs supplied us with figures showing that, in 1913, 90 percent of Maori school children could speak Maori. Forty years later, in 1953, this percentage had dropped to 26 percent. Twenty years after that the figure (in 1975) had fallen to less than 5 percent.

3 Ong (1982) discusses some psychodynamics of orality and the ways in which writing and print technologies restructure consciousness. He typifies the organisation of thought and expression in oral cultures as basically formulaic and traditionalist; aggregative rather than analysis; participatory rather than distanced; situational rather than abstract. Ong's approach and argument should be contrasted with Finnegan's (1977:xii) comparative analysis of oral poetry. She writes, as a corrective to Ong's urge to categorise:

> Certainly in matters like the type of society in which oral poetry tends to occur, the nature of 'oral' composition or the mode of transmission, even of the definition and differentiation of 'oral' from 'written' modes, certain patterns and commonly occurring syndromes may be detectable: but the main characteristic is complexity rather than rigidly determined uniformity.

4 McKenzie (1985:19) suggests significant signs of resistance towards literacy, suspicion of it and the continuing supreme importance of the Maori oral tradition.

> He makes the following political remark in a footnote (35):

> In practice, the oral mode rules. By compelling those who speak eloquently to substitute a mode in which they are less fluent, literacy can

function insidiously as a culturally *regressive* force. Such at least is how many Maori experience it.

5   This section is based on Peters and Marshall (1987a and b) On the history of Maori education policy in New Zealand see Harker (1982), Simon (1986), Walker (1987) Kaa (1987).

6   The 'cultural diversity' model was advocated by Walker as early as 1973. He argued for the adoption of multicultural programmes within the education system.

7   Durie et. al., (1986:16) and Benton (1987) have recorded the reasons for the state and decline in the use of Maori. Dr Benton, in presenting the results of surveys conducted by the Maori unit of the Council for Educational Research to the Waitangi Tribunal, refers to the 'massive influence of English' and its effects through the technology of electronic media on children. He also refers to wider social changes which have reduced contexts of use for Maori language: 'urbanisation, improved communications, industrialisation, consolidation of rural schools and internal migration . . .'
Benton (1987:65–67) elaborates these reasons in more detail commenting on the irony in the chronology of Maori language loss: as the numbers of fluent Maori speakers declined, the Maori language 'had increasingly assumed many of the symbolic functions of a national language . . .'

8   This is a point made by Simon (1986:14) in respect to the change of attitude evident in the New Zealand Education Institute's 'Report and Recommendations on Maori Education' (1967). It is also true of Te Kohanga Reo programme which has not only established almost 500 centres on a national basis (Kerr, 1987:96) but also led to the establishment of bilingual classes at the primary school level. A total of nine such schools have so far been approved by the Department of Education (Kaa, 1987:58).

9   See Simon (1986:15) and Walker (1984). Ranby (1979) has demonstrated the strong correlation between high self esteem and good academic performance while both St George (1983) and Simon (1986) have provided evidence of teacher expectations of the 'poor academic performance' of Maori children in comparison with their Pakeha counterparts, as an element in a self-fulfilling prophecy.

10   See Learning and Achieving, Second Report of the Committee of Inquiry into Curriculum, Assessment and Qualifications in Forms 5–7 (June 1986); Curriculum Review (April, 1987); and the publication of the draft syllabus Tihe Mauri-Ora : Maori Language for Junior Classes to Form 2 (1987a).

11   See Orbell (1985) for a brief discussion of the history of European collection, recording and literary 'encapsulation' of Maori songs and a categorisation of different types. While she notes that:

> The great, classic tradition of Maori poetry began to decline in the 1830s and 1840s, when many of the people became Christian, and the old myths and images began to lose much of their significance:

she also attests to the way Maori poetry (and wood sculpture) have continued, changing in subtle ways as new sources of interest and historical

exigencies provided the bases for renewal and renaissance within the tradition. McKenzie (1985:13) also comments on the way biblical texts have profoundly affected Maori consciousness:

> . . . providing a new source of imagery in song and story and sharpening the expression of economic and political pressures on Government.

12 The skills of literacy predominate in the School Certificate Maori examination at the expense of orality—effectively up to 90 percent of the paper until 1985 was devoted to writing and reading.

13 McKenzie (1985:41) indicates that in the first article of the Treaty:

> the word used by Henry Williams to translate 'sovereignty' was precisely that: *kawanatanga*, not even a translation but a transliteration of 'Governor' (*kawana*) . . .
>
> What he significantly omitted in translating 'sovereignty' . . . was the genuine Maori word *mana*, meaning personal prestige and the power that flowed from it, or even the word *rangitiratanga*, meaning chieftainship . . .

See also his comments (McKenzie, 1985:42ff) on the translation of other words in the second and third articles of the Treaty. He, interestingly for the purposes of this paper, begins to spell out the differences in world view between a literacy-based, metropolitan culture (British) and an oral-based culture (Maori), which has implications for different perceptions of the Treaty:

> Manuscript and print, the tools of the Pakeha, persist, but words which are spoken fade as they fall. Print is still too recent for the Maori. Oral traditions live on in a distrust of the literal document, and in a refusal by many young Maori to accept political decisions based on it.
>
> (McKenzie, 1985:45)

14 Gavin (1979) chronicles a change 'in the interests of fairness' of the School Certificate scaling philosophy from 'equality of reward for comparable attainments' in 1968 to one which, in practice and theory, emphasised a 'hierarchy of subjects' soon after. The change, it seems, was due, in part, to protests from teachers of Latin who argued that 'bright students' were failing Latin.

McNaughton (1987) argues that the scaling system used in School Certificate is based on a set of nineteenth century beliefs concerning the application of a law of 'normal' distribution to mental characteristics or abilities such that any given population will exhibit a fixed but even spread. He criticises the circular logic of such a system and claims that scaling and the assumptions about a 'normal' distribution (on which it is based), are epistemologically and educationally unsound. Equally important in his critique of national examinations and their scaling mechanisms is the criticism of their social effects. They have been, and are, 'disastrous' (in terms of encouraging 'the expectancy of failure' and of the 'stigmatising' of 'hard' and 'soft' options) and the present system is 'dangerously inequitable'.

15 Marshall and Peters (1985:284). The model/theory is based on readings of Wittgenstein, Dewey and Lewin as the originator of Action Research. See

Marshall and Peters (1985) on the philosophical theory of evaluation; Marshall (1982; 1984; 1985a) on Dewey's theory of inquiry; Peters and Robinson (1984) on the status and origin of Action Research; Marshall (1985b) on the Wittgensteinian notion of rule-following and rule-following behaviour; Peters (1984) on a Wittgensteinian approach to philosophy of education; Marshall and Peters (1986) on the relation between evaluation and education; Marshall, Peters and Shaw (1986) and Peters, Marshall and Shaw (1986) for an earlier formative evaluation designed to develop a model of decision-making and training package for senior government officers who customarily make discretionary judgments in the realm of administrative justice.

16   In Peters and Marshall (1987a) we review the problem-orientation of the policy sciences and put forward the notion of conceptual review—a set of practical steps and questions designed to yield a well-defined problem by identifying the 'problem context' and underlying rules and locating the problem within the wider political and economic context.

17   Members of the project team included:

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Mr Kahu Waititi	Opa Area School
Mr George Wynyard	Bay of Islands College
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Mr Wiremu McMath	Panguru Area School
Mrs Ipu Absolum	Northland College
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18   Establishing a language resource base may include the following: recording/observing the extent of oral language use within the community; determining in consultation with the community a tribal/regional language policy; surveying homes to determine frequency of oral language use; developing new techniques and activities to promote and encourage oral language use both at school and in the wider community; identifying key resource people within the community who are fluent native speakers; building a sound-based library or resource centre of recorded local myths, stories, poetry, karakia, proverbs, etc.; determining an ongoing research agenda.

19   The oral test, at present, is an examination conducted in the form of an interview lasting approximately 30 minutes and containing the following parts: whakatau (mihi); te whanau me te kainga (reading and pronunciation);

rohe; korerorero (a prepared topic); pikitia (candidates chooses one picture out of three available to talk about). The test emphasises spoken *communication,* focussing on the functional ability in oral Maori with regard to certain standards and contexts within the candidate's experience.

Assessment is approached holistically in terms of five grades (1–5) defined in Maori according to set criteria, where the principal procedure involved in ratings is to compare speech samples in the interview with the grade descriptions to find the closest match. The underlying principle of the assessment process is the sustained level at which the student can speak.

20 The later Wittgenstein in fact puts forward a philosophy of language which has been extremely influential in both twentieth-century philosophy and language studies. Much of it has instructive and useful applications to the present project. For instance, a theory of language learning and assessment could be based on Wittgenstein's (1953:#199):

> To understand a sentence means to understand a language. To understand a language means to be master of a technique.

Acknowledgement

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Glossary

hīkoi	*march*
HO	*Head Office*
kāinga	*place of abode*
karakia	*ritual chant*
Kaumātua	*elder*
kaupapa	*basis, plan*
kōrerorero	*discussion*
Kuia	*matriarch*
mana motuhake	*Independant authority, prestige*
Māoritanga	*meaning of things Maori*
mea	*thing*
mihi	*Greet*
mihihongi	*Greet with hongi*
NACME	*National Advisory Council on Maori Education*
pakiwaitara	*legend, folklore*
pikitia	*picture*
rohe	*area*
rūnanga	*council*

SC	*School Certificate*
taha Māori	*Maori heritage*
taonga	*highly prized/precious property possessions*
waiata-a-ringa	*action song*
waiata	*song*
wairua	*spirit*
whaikōrero	*formal speech*
whakapapa	*genealogy*
whakatau	*to extend welcome to visitor*
whakatuma	*defiance*
whānau	*family*
whanaungatanga	*relationship*
wharirū	*formal shaking of hands*

CURRENT SYSTEMS
OF SOCIAL PROVISIONS IN
NEW ZEALAND

A Directory

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CURRENT SYSTEMS OF SOCIAL PROVISIONS IN NEW ZEALAND

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Current Systems of Social Provision in New Zealand

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Introduction

This is a background paper to the *Social Provision: Access and Outcome* paper in Volume II of the report of the Royal Commission on Social Policy. Its purpose is to bring together a description of current systems of social provision in New Zealand. This is given by way of a directory or general outline of the types of services provided by public, voluntary and private sectors, in the following functional areas: Health, Education, Social Welfare (Personal Social Services), Income Maintenance, Justice, Transport and Energy.

An analysis of the adequacy of services is not included; however it is acknowledged here that many of the services listed do not necessarily provide adequate coverage, and many have problems concerning accessibility.

In an attempt to be as comprehensive as possible, and with given time constraints, much of the description has had to be in general terms. It is hoped that this provides an accurate outline of current services.

Social Welfare Services

(Personal Social Services)

Provision of social welfare services is made through a mixed system of:

1 government agencies
2 voluntary or non-profit agencies
3 privately owned organisations
4 local authorities and self-help groups.

Boundaries between social welfare services and other social services such as health, housing and income maintenance can be blurred.

Public Sector

Several government departments provide welfare services directly and/or indirectly through their assistance to the non-government sector.

Department of Social Welfare

Direct services are provided by the Social Work Division. Services provided are in the areas of:

- child abuse prevention and treatment
- children in the department's care, for example, fostering, residential care
- specialist services such as psychologists
- Children and Young Persons Court work, for example court reports, legal supervision, community work supervision
- 'preventive' work—through for instance children's boards
- adoption, including adult adoption information
- community development—such as employment related work, Maatua Whangai work with community groups
- volunteer social work schemes
- social work training.

In 1985 approximately 45 percent of the department's social workers worked in residential services and the remainder worked in field services.

Department of Health (refer to Health)

Welfare services provided mainly through the health promotion activities of the public health nurses and other district staff.

Department of Internal Affairs

Direct services provided through recreation and youth advisory officers. The department helps groups and communities to make their own decisions and develop their own resources and services.

Department of Maori Affairs

Direct services are concerned with community and cultural development. Roopu Matauranga is a programme aimed at developing school-whanau relationships. Maatua Whangai offers whanau care to young Maori people. The department also offers vocational training through Maori ACCESS and Kokiri centres which cater for employment and training of young Maori people in a culturally appropriate way.

Department of Education (refer to Education)

Welfare service include psychologists, visiting teachers, guidance counsellors.

Department of Justice

Direct welfare services include:

- counselling and mediation conferences within the family court;
- legal aid, available in most civil cases. In order to receive legal aid the applicant must have a sufficiently meritorious case;
- probation officers who provide pre-sentence reports and supervise community based sentences such as periodic detention, community service and supervision and give support to groups providing community based alternatives to imprisonment;
- social workers within the penal division who oversee inmate welfare;
- psychological services are provided in the criminal justice system, consultation and treatment.

Department of Labour

Direct services include refugee resettlement, in co-operation with the United Nations High Commission for Refugees and the Inter-Church Commission on Immigration. A reception centre for refugees is located at Mangere (see Immigration).

Employment and vocational guidance service, provides counselling and career information; it also administers a number of programmes that offer training opportunities to the unemployed and assist disadvantaged job-seekers:

– Access;
– Job Opportunities Scheme;
– Student Employment Subsidy Scheme;
– Group Employment Liaison Service which works with groups of disadvantaged unemployed to help them liaise with government departments to make better use of employment and training programmes;
– mobility assistance to lower costs to unemployed, of seeking and taking up job offers in distant locations.

Police Department

Direct welfare services are provided through the work of Youth Aid staff.

Hospital Boards/Area Health Boards (refer to Health)

Services include daycare of elderly, child and family counselling, domiciliary laundry, home help, meals on wheels.

Accident Compensation Corporation (ACC)

The ACC provides a rehabilitation service. Rehabilitation co-ordinators help injured persons identify their needs, plan and co-ordinate individual rehabilitation programmes. They also liaise with other agencies and arrange any special equipment or extra care.

Others

The Human Rights Commission and the officers of the Race Relations Conciliator and the Ombudsman also work to improve the wellbeing of members of society by redressing discrimination.

Local and Regional Authorities

Traditionally local authorities have not provided many social welfare services. Some local authorities work with community groups to assist their development, undertake housing, childcare or employment projects, incorporate social planning into district scheme reviews, deliver services which give personal or family support. They also administer the local recreation and community development scheme for the Department of Internal Affair

Voluntary Sector

Voluntary organisations in the voluntary, non-profit making sector receive assistance from various government departments. This includes advice, training, supervision, administrative and financial support, as well as looking for donations from the community to support its service provisions. The variety of social welfare services offered by agencies in this sector covers the full range of developmental, remedial and rehabilitative provisions. Rather than detailing all voluntary welfare services, a general guide to the types of organisations funded by different government department follows.

Department of Social Welfare

Support is given to voluntary organisation providing services for:

1 Children and families—service areas:
   - childcare
   - residential care for children and foster care
   - rape/sexual abuse
   - prevention of family violence
   - women's refuges
   - budgeting
2 Disabled people
   - residential care
   - residential care for the elderly
   - support, consulting and social work services
   - vocation and daycare
3 Other programmes
   - drug/alcohol addiction
   - psychiatric emotional difficulties
   - repeated offending
   - telephone counselling

- co-ordination of welfare services
- Citizens Advice Bureau

4 Assistance under the Disabled Person Community Welfare Act (see later in this paper)

- Vocational Training: the Rehabilitation League as the agent for the government provides assessment, retraining and work experience programme for those whose disability is such that a return to normal life is not possible without some major adjustment of work or lifestyle. The League has facilities in Auckland, Napier, Wellington and Christchurch.

Department of Internal Affairs

This department provides funding to youth and community groups working with young people outside established social service structures and groups catering for young people who find difficulty in obtaining work and are in need of long term personal help. The department also provides funding to national youth organisations which deliver social welfare services.

Department of Maori Affairs

The department provides funds to:

- The New Zealand Maori Council
- The Maori Women's Welfare League
- The Maori Community Work Fund
- Marae Subsidies
- Maori Wardens/Honorary Community Officers.

Department of Justice

The department provides funds to:

- The New Zealand Prisoners Aid and Rehabilitation Society which gives assistance to people appearing before courts, to prisoners and to people released from prisons and their families;
- The National Marriage Guidance Council which provides relationship counselling and education services.

Department of Health

Refer to Health.

Police Department

This department provides advice and backing for the Neighbourhood Support Scheme.

Alcoholic Liquor Advisory Council (ALAC)

Working closely with the Department of Health, ALAC supports some specific prevention and/or treatment programmes and research.

New Zealand Lottery Board

The Lottery Board has a number of distributive committees and those relevant to social welfare services are:

- General Purposes Distribution Committee which allocates funds to community groups and organisations encouraging participation of people in making improvements to their day-to-day lives;
- Welfare Services Distribution Committee;
- Welfare of Aged Persons Distribution Committee;
- Youth Services Distribution Committee.

Private Sector (Profit Making)

The commercial private sector is extensively involved in:

- residential care of the elderly;
- childcare centres;
- domiciliary services such as home help and childminding;
- counselling and other professional services such as nursing.

Private childcare services are supported directly by public funds. Other private services may be indirectly supported by income maintenance measures available to those who use the services.

Private Sector (Non-profit Making)

Social caring is provided informally by family, whanau, neighbours and friends and is known to be highly significant.

Immigration

There are 3 broad streams of permanent immigration in New Zealand:

- economic immigration which comprises people who qualify for entry on the grounds of particular skills or qualifications;
- social migration which involves the reunion of close relatives;
- humanitarian entry which is accorded to refugees and to some individuals whose circumstances are particularly difficult and who have some connection with New Zealand.

Government Services

Co-ordination and Liaison

INTERDEPARTMENTAL COMMITTEE ON RESETTLEMENT (ICR)   In consultation with other government agencies and non-government bodies, this committee reviews the facilities available to assist new migrants, and as appropriate develops proposals for assistance.

RESETTLEMENT UNIT   As part of the Immigration Division of the Department of Labour, the Resettlement Unit's role is to assess the range of settlement services available to new settlers and working visitors, and to make recommendations to government agencies, the ICR and other interested bodies. Attention is focussed on the information needs of immigrants and the ways in which they can be better informed about New Zealand and the services available to them.

The Department of Labour—Immigration Division

This department administers:

1   *Information to facilitate settlement*—The department co-ordinates the supply to overseas posts of information material covering most aspects of life in New Zealand. An interview which is a requirement in all occupational immigration selection is an important part of the information programme.

The department is soon to publish a 'Migrant Guide' which will complement the existing publication *Services for New Settlers: A*

New Zealand Directory which lists over 300 agencies, community services, church groups and cultural groups of possible interest to migrants. The department also plans publications aimed at the New Zealand host community.

2 *The South Pacific Work Permit Scheme*

3 *Refugee Settlement Programmes* provide for government approved quotas of refugees to be accepted from Indo-China, and for East-European, Russian, Jewish and handicapped refugees. Indo-Chinese refugees take part in a 6-week residential orientation programme at the Mangere Reception Centre. The programme involves:

 – medical clearance (also required for other immigrants)

 – education programme for adults and school age children with emphasis on English as a second language

 – recreation

 – talks from staff of the Vocational Guidance Service, Post Office, Inland Revenue, Ministry of Transport, the Police, Health Department, Race Relations Conciliator and the local electric power board and Savings Bank

 – a creche for babies and pre-school children is provided.

After the 6-week orientation programme the refugees disperse to employment and accommodation arranged by their sponsors.

Upon arrival the refugees become permanent residents. The emergency unemployment benefit is paid by the DSW while refugees are at the centre.

The Department of Education

This department administers:

1 *Programmes in English as a Second Language (ESL)* for new settlers are run by the department at the Mangere Refugee Resettlement Centre

2 *Funds for the Pacific Islanders Educational Resource Centre and the Multicultural Educational Resource Centre*—Centres provide resources on Pacific Island language and culture and give support and courses to schools. They provides facilities for Pacific Island people to have a meeting place and learn more about life in New Zealand. In Auckland centres provide a home tutoring system and after school tutoring.

3 *ESL programmes* which are run in night classes in local institutions

4 *Programmes in schools*—Schools are expected to provide their own programmes for Pacific Island and other ethnic minority pupils. The department provides assistance in the form of:

– grants for class materials

– extra staffing in schools which have special needs

– advice and cross cultural information. Six regional resource teachers provide a professional advisory service. They also follow up all children who have come from the Mangere Refugee Centre.

5 *English Language Teaching Units*—Two set up in Auckland to assist pupils whose limited English language proficiency precludes them from participating fully in the local school.

6 *Home Tutor Scheme* which trains volunteer tutors in English as a second language.

The Department of Health

This department administers:

1 *Health Education*—The department provides material in various languages on health issues.

2 *Interpreters in Hospitals*—Many hospitals provide interpreters. A formalised network of interpreters willing to interpret on call for hospitals exists in most areas.

3 *Refugee Resettlement Centre*—The department services the medical/health requirements of refugees. This includes a full-time public health nurse and 2 part-time doctors.

4 *Public Health Nurses*—Nurses provide a follow-up service for refugees settled in the community.

5 *Tuberculosis prevention*—X-ray screening of Pacific Islander visitors and immigrants. Four mobile X-ray units operate in Auckland, Hamilton and Wellington.

Department of Internal Affairs

This department administers:

1 *Translation Service* which provides translation in approximately 50 languages and to some extent interprets for all government departments, the export sector, the tourism sector and private persons.

Department of Justice

This department administers:

1 *Court Interpreters* which provide interpreting services. Other departments such as the Department of Social Welfare and the Police use the services. The Court Interpreters are also used by the Probation and Prisons Division of the Department of Justice.

Voluntary Services

All voluntary agencies are available to immigrants. Some of the specifically orientated volunteer services for immigrants are listed.

Inter-Church Commission on Immigration and Refugee Resettlement

The Commission co-ordinates services providing sponsorship for refugee families. Also counselling, English home tutoring, interpreter facilities, and immigration inquiries.

Cultural Clubs, Associations and Societies

These provide a number of services including social and recreation facilities, self help groups, language classes, cultural and social needs, religious services, library facilities, book lending, counselling and advisory services, and translating and interpreting services.

Home Tutor Language Project Inc.

Volunteer tutors help adult migrants learn English as a second language. The service is free and is usually in the students' homes.

International Advisory Service

The service provides information, referrals, assistance with language related problems, hospital visiting and private language tuition.

Adult New Readers

This group teaches survival English, assists with orientation and referral, provides social occasions.

Settlers Investment Society

This society aims to provide financial assistance as required to new Dutch settlers—concentrates on housing loans.

Health Services

Provision of health services in New Zealand is complex. Health services are provided by central and local government agencies, state-subsidised private medical practitioners and hospitals, voluntary organisations, and (largely) unsubsidised alternate practitioners, community groups, tohunga, and others.

Public Sector

Public Hospitals

Public Hospitals are controlled by 25 locally elected hospital boards and 4 area health boards. The boards provide a variety of extramural, community and outpatient services, health centres, and a range of hospital services.

HOSPITAL SERVICES Surgical, medical, paediatric, psychopaediatric, physiotherapy, rehabilitation, dental, accident and emergency, ambulance (often in association with voluntary organisations) and outpatient services.

HEALTH COMMUNITY SERVICES District nursing, home dialysis, meals-on-wheels, social work, and supply of aids for daily living for the elderly and handicapped.

The range of services supplied in the community through hospital area health boards varies considerably around the country.

Psychiatric Hospital Services

There are 9 psychiatric hospitals, also 5 hospitals and training schools for the intellectually handicapped. Psychiatric in-patient care is also available at 16 general hospitals. There are a number of hospital/area board-provided alcoholic treatment services.

In addition the Department of Health, hospital area health boards and other agencies are actively encouraging the growth of community-based mental health services. The spectrum of services includes; psychiatric units, daycare centres, hostels, half-way houses, drop-in centres and community houses.

The Department of Health

There are 14 Health Development Units (formerly District Offices) which deliver a range of local public health services. These

services are organised to reflect two distinct areas (1) Health protection and (2) Health Promotion:

1 *Health Protection Services*

– Environmental health, support and advice to local authorities, health inspection services, industrial air pollution control;

– Quarantine Control;

– Occupational health and toxicology, supply of information and advice, medical officers of health, inspection of factories;

– Radiation protection, services to ensure and promote radiation safety;

– Food and nutrition, prevention of adulteration and inspection of places where food is manufactured and packed, advice on nutrition and dietetics to hospitals and food service departments of welfare and other institutions.

2 *Health Promotion Services*

– Family Health, medical and nursing supervision of infant, pre-school and school children, the inspection of schools and child care centres, and the immunisation of infants against poliomyelitis and other diseases;

– Health Education;

– Public Health Nursing Services includes, education programmes, supervising the health of babies and small children, service to small industries and people in 'at-risk' occupations, taking part in disease control programmes, and assisting elderly people and people with mental health problems.

Dental Services

A school dental service provides dental care and health education for all pre-school, primary and intermediate school children. Dental care for teenagers up to 16 and between 16 and 18 if in secondary or tertiary education is provided by private dental practitioners as dental benefits under the Social Security Act, the dentist being reimbursed on a free service basis.

FLUORIDATION Approximately 50 percent of New Zealand's population lives in areas where the water supply is fluoridated. Drinking fluoridated water has been shown to reduce the need for dental treatment.

Local Authorities

Territorial Local Authorities (city councils, borough councils, district councils and county councils) have a statutory duty to promote and conserve the public health. To do this they provide water supply, sewage disposal, refuse collection and other sanitary services. They are also responsible for housing standards, food hygiene and the control of air pollution from small industrial premises.

Health Benefits

HOSPITAL BENEFITS Treatment is provided free by hospitals where a patient is entitled to hospital benefits under Part II of the Social Security Act. Free treatment is given to outpatients at public hospitals.

PRIVATE HOSPITAL DAILY PATIENT BENEFIT a per-patient per-day subsidy is set at different rates for different groups of patients. These include geriatrics (65+), people with disabilities, terminally ill and private maternity patients.

GENERAL MEDICAL SERVICES (GMS) BENEFIT subsidy on the doctor's fee to the patient.

MATERNITY BENEFIT meets the full cost of general practitioner services related to pregnancy and childbirth. Does not fully cover the costs of specialist services.

DOMICILIARY MIDWIFE BENEFIT meets the full cost of childbirth.

IMMUNISATION BENEFIT meets the full cost of immunisation for children (under 16), for the recommended childhood immunisations and for women being immunised against rubella.

PHARMACEUTICAL BENEFIT covers the cost of medicines prescribed by doctors and dentists. It also covers the pharmacist's dispensing fee. Patients are required to pay a $1 'prescription charge' for prescribed medicines. Some groups are exempt; children beneficiaries, superannuitants, chronically ill.

LABORATORY BENEFIT   covers the full cost of all laboratory diagnostic tests.

DIAGNOSTIC IMAGING BENEFIT   covers a small part of cost of x-rays and other diagnostic imaging services provided by specialists in private practice.

SPECIALIST BENEFIT   subsidy on the specialist's fee to the patient. The higher subsidy of the initial consultation benefit is only paid if a patient is referred by a G.P. Follow-up consultations are subsidised at a lower rate.

PHYSIOTHERAPY BENEFIT   subsidises patients' fees.

DENTAL BENEFIT   covers full cost of treatment for children under 16, and between 16 and 18 if in secondary or tertiary education.

ARTIFICIAL AIDS   includes subsidies for breast prostheses, hearing aids, wigs, artificial eyes and hairpieces. Other artificial aids; contact lenses, artificial limbs, surgical footwear, wheelchairs, stump socks, are subsidised or issued free by hospital area health boards.

Accident Compensation Corporation (ACC)

As well as government health benefits, funding from the ACC reduces the cost of health care to the user at the time of service if the user has suffered personal injury by accident.

In general the ACC pays for 'actual and reasonable expenses and proved losses necessarily and directly resulting from injury or death'. This includes conveyance for medical attention, medical and surgical treatment, dental treatment, damage to artificial limbs or aids, or clothing, pharmaceuticals and rehabilitation costs.

The ACC also works to promote safety, including occupational health and to promote the rehabilitation of persons who suffer personal injury by accident.

Voluntary Sector

A large number of national and local voluntary agencies are active in health promotion and the provision of health related social services.

Housing Accommodation and Services for Elderly People and Others with Special Needs

Government assistance is offered to religious and voluntary organisations working in this area. Social service agencies of all the

major religious bodies as well as other welfare organisations have established old people's homes or geriatric hospitals. (Where voluntary or private agencies do not meet the needs of elderly people, provision becomes a hospital area health board responsibility.)

Many religious and welfare homes are now providing daycare for those who do not want full accommodation. Also services are provided by hospital/area health boards with voluntary organisations and old people's welfare councils assisting in various ways to help elderly people to remain in their homes. Services include district nursing, home aid, meals-on-wheels, laundry services and occupational therapy.

Voluntary Agencies in the Preventive Field

Public funding is channelled through the Department of Health to voluntary agencies in the preventive field. These include; Royal New Zealand Plunket Society, The Family Planning Association, Natural Family Planning Association, Children's Health Camps Board, AIDS Foundation, Cancer Society, National Heart Foundation, Royal New Zealand Foundation for the Blind, New Zealand Crippled Children Society, Order of St John, Alcoholics Anonymous, Laura Ferguson Trust, Neurological Foundation, Multiple Sclerosis Society, Diabetes Association, Rehabilitation League, Red Cross, Barnardos, and the Intellectually Handicapped Children's Society.

Community Health Initiatives Funding Scheme

This scheme allocates money on application to provide assistance to self help and community groups.

Maori Health Initiatives

This scheme administers marae based services and the Waiora programme.

Health Related Funding from other Departments

Funding is provided to voluntary services from Social Welfare, Education, Maori Affairs, Internal Affairs, Justice and the Ministry of Women's Affairs. All these support activities dealing with health in the wider context.

Private Sector

Doctors, General Practitioners and Specialists

General Practitioners provide primary, continuing comprehensive and whole-patient care to individuals, families and their communities. Services are subsidised. There is no official system for ensuring that services are available to the population, except in remote areas where it is difficult to attract doctors. There the Department of Health makes special arrangements to provide services.

DENTISTRY   For adults and most children requiring orthodontic treatment, dental care is provided in private practice.

PHYSIOTHERAPISTS   In private practice usually hold a contract with the Department of Health to provide physiotherapy services and claim physiotherapy benefits on behalf of their patients. The benefit may be claimed only for services given to patients referred by a medical practitioner. ACC is a major subsidiser of private physiotherapy services.

OTHERS   Podiatrists, psychologists and optometrists (most receive no government subsidies), pharmacists.

Alternative Health Services

Services provided by homeopaths, naturopaths, herbalists, acupuncturists, chiropractors, iridologists, colour therapists and traditional healers receive no subsidy through the health benefit system. However, some such as chiropractors and osteopaths receive subsidies through ACC when patients are referred by a GP.

Private Hospitals

Profit making companies provide a narrow range of hospital services supplying mainly geriatric and surgical beds. In 1983–84 approx 25 percent of all operations were performed in private hospitals. Provision by private providers of care to the mentally ill or handicapped in medical areas is minimal.

State Funding of the Private Sector Hospital Service

Private Hospital benefit is a per-patient per-day subsidy set at different rates for different groups of patients. Benefits amounted to 22.5 percent of the income to surgical private hospitals and 47.5 percent for geriatric private hospitals in 1984. Other funding schemes: Private Hospital loans scheme, Geriatric Hospitals Special

Assistance Scheme (allows hospital area health boards to place patients over 65 in private beds when no public beds are available)

Private hospitals and old people's homes also receive public support in the form of:

- district nursing services for patients in old people's homes
- the loan of equipment
- the provision of medicines and diagnostic services through the health benefits scheme or the public hospital.

The ACC is also an important funder of private hospitals.

Employers/Organisations

Some private companies or organisations provide some type of health service to their employees or members. For example, some firms employ occupational health nurses to perform duties directed toward prevention of occupational illness and injury.

Insurance

A rapid growth has occurred in private health insurance over the last ten years to help finance surgical and medical care in private hospitals and to reimburse patients cost of consultations with general practitioners and specialists.

Health insurance is provided by non-profit friendly societies and private insurance companies. In 1986 there were 6 societies operating; Southern Cross Medical Care Society, New Zealand Medicare Society, Group Health Co-operative Society Ltd, Healthcare Fund Society, Union Medical Benefits Society Ltd, Medic Aid Fund Society.

Other Providers of Health Care

Less commonly thought of in this category are people engaged in running activities such as fitness or stress reduction courses, giving counselling, or providing services such as those found in women's health centres. Family, friends and neighbours often supply health care. And self-medication and self-care are ways in which people provide for themselves, whether in the management of illness or the maintenance of health.

Education

Formal educational provision in New Zealand is outlined in Figure 1. Educational services are provided by a mixture of public, voluntary and private agencies.

Public Sector

Primary and Secondary Schools

The public school system provides largely free and secular education which is compulsory for children from 6 to 15 years (and free to the age of 19).

The curriculum of the primary school is based on a common core of subjects—oral and written English language, spelling, handwriting, reading, mathematics, social studies, science, music, art and crafts, and physical education. Manual training is included at forms 1 and 2.

All education at secondary schools is based on a general curriculum but from fifth form level, individual schools have considerable freedom of choice in the subjects offered. The typical secondary school offers the full range of subjects, including commercial, technical and home science subjects.

Correspondence School

The correspondence school is organised into two main divisions, primary and secondary. The Primary Division includes; early childhood, special needs, individual programme, and primary sections. The Secondary Division caters for full-time secondary students and adult part-time students.

Correspondence School provides education for children who for a variety of reasons cannot attend a school. Reasons include: isolation, residence overseas, pregnancy, institutional residence, school suspensions, school phobia and other psychological problems, and for those needing programmes which cannot be provided at their local school.

Special Education

A wide range of special education services is available for pupils whose educational requirements cannot be met by full-time education in a regular class.

Selected schools provide classes for maladjusted pupils, for physically or mentally handicapped, and for those who have visual or hearing disabilities. Special classes are provided in most public hospitals, and special schools are maintained in health camps, Department of Social Welfare institutions, prisons and some psychiatric and psychopaedic hospitals.

Special day schools, classes and units in regular schools are also provided for intellectually handicapped and some physically handicapped pupils. Increasing numbers of students with special needs are being integrated in ordinary classes, though there are serious financial and attitude problems.

Children with serious disorders of speech are assisted in speech-language therapy clinics, and children with serious reading difficulties are assisted by resource teachers of reading.

The Psychological Service provides an assessment, advisory and consultancy service to schools, parents, social workers, and others who work with children with special needs.

Visiting teachers assist schools where there is a need to work with parents and to establish close links between school and home.

Many secondary schools provide experience classes for slow learners, combining work experience with teaching programmes.

The services of guidance counsellors are available at most secondary schools.

Provision is also made for pre-school children requiring special education in special groups at kindergartens and playcentres, and for five- and six-year-olds in assessment classes at primary schools.

Early Intervention Services to assist children at an early age at risk for development disability are provided in a number of ways. Speech language therapists, psychologists, advisors on deaf children and advisors on handicapped children work in this area. Early intervention teams which include an educational psychologist, are now established in five centres.

All special education services are extremely stretched and inadequate.

Other Services

RURAL EDUCATION ACTIVITIES PROGRAMMES (REAP) Thirteen programmes which are intended to provide extra resources to certain rural areas which are relatively isolated and sparsely populated.

FIGURE 1: Formal educational provision in New Zealand

Theoretical ages

Compulsory Schooling

Third level

Second level — Second stage / First stage

First level

Doctorate	
Master	
Honours	
Bachelor	

Secondary 4
Primary 3
Kindergarten 2
Universities
Childcare Teachers College 1

New Zealand certificate/Advanced trade certificate 5
4

13 Form 7
12 Form 6
11 Form 5 — Form 3-7 Secondary Schools
10 Form 4
9 Form 3

Trade certificate/Technician certificate 3
Technical Institutes and community colleges 2
1

8 Form 2 — Intermediate Schools
7 Form 1

6 Standard 4
5 Standard 3
4 Standard 2 — Contributing Schools (Juniors to standard 4) — Full Primary Schools (Juniors to Form 2)
3 Standard 1
2 Juniors
1 Juniors

Pre primary
Childcare
Te Kohanga Reo
Non-profit working groups
Correspondence School
Area and district high schools

Kindergarten

Play Centres

Pre-School classes at primary schools

Special Education

Theoretical ages (left scale): 26, 25, 24, 23, 22, 21, 20, 19, 18, 18, 17, 16, 15, 14, 13, 13, 12, 11, 11, 11, 10, 9, 8, 7, 6, 5

Main outflows
Diploma
Year of study
Main inside flows
Vocational technical education
Part-time education

Note: Although the compulsory schooling begins at 6, 100% of all five-year olds are enrolled at primary school.

ACTIVITY CENTRES Sixteen centres cater for needs of young people unable to cope with traditional school structures and organisation.

THE NATIONAL LIBRARY through its Extension and School Library services provides library support services to schools. Services also incorporate the Country Library Service which includes, support to small community libraries and a bookvan service, a Maori-oriented mobile library service in Northland, and supply of pre-school books to rural kohanga reo.

MUSEUMS Approximately 300,000 school children make museum visits every year. Fifteen full-time and 4 part-time museum education officers, funded by the Department of Education, assist schools to utilise the education resources of the museum. Museum education services cater for students from pre-school to tertiary.

MAORI EDUCATION Secondary Schools with a high proportion of Maori pupils are sometimes provided with counsellors and extra teachers.

There are 11 official bilingual primary schools mostly located in rural areas. Over 100 bilingual classes have been established mostly in primary schools.

The Maori Education Foundation provides financial assistance to selected Maori students.

The education of Maori children is also supported by advisors and itinerant teachers who work in primary schools to help develop Maori language programmes and taha Maori in the day-to-day practices of schools.

PACIFIC ISLAND POLYNESIAN EDUCATION FOUNDATION This was established to look after Pacific Island children in schools.

The schooling of refugee children is assisted by six regional resource teachers.

TRANSPORT ASSISTANCE Approximately 17 percent of the total school population receives transport assistance, either by way of a bus service or by receiving transport allowances.

Continuing Education

Continuing education includes all structured education that is post-school with the exception of universities and teachers' colleges.

Continuing education programmes partially funded by the Department of Education include all courses in technical institutes

and community colleges, evening classes at secondary schools, adult programmes of the correspondence school and adults in part-time and full-time secondary day classes.

Students unable to attend at an institution may study through correspondence. The New Zealand Technical Correspondence Institute provides instruction in technical subjects from first year apprentice level to advanced tertiary units.

Universities

New Zealand has six Universities and one Agricultural College. These are autonomous bodies with their own councils.

Universities cater for full-time and part-time students and external students. Financial assistance is provided for students through scholarships, bursaries, and grants, which include Accomodation grants and Hardship and Special Hardship grants. The Tertiary Study Grant is also tenable for full-time courses at technical institutes and teachers colleges.

Teachers' College

Seven teachers' colleges provide pre-service and continuing education for teachers. Courses in social work and childcare have also been developed.

Voluntary Sector

A diverse number of voluntary organisations provide educational services usually operating in close association with government departments.

Early Childhood Education (ECE)

Voluntary organisations play a major role in the provisions of ECE. There is a great diversity of services and availability varies considerably.

The Department of Education provides professional support and guidance, and financial assistance in the form of subsidies or grants to :

- kindergartens
- playcentres
- small non-profit groups
- childcare centres (DSW subsidy available to low income parents)

– small informal play-groups

Early childhood education services administered by other departments include:

- childcare service in hospitals
- public service childcare services
- Crippled Children Society Childcare services
- Society of Intellectually Handicapped childcare centres
- Te Kohanga Reo
- Whanau development grants for establishing and operating pre-schools within whanau groups.

Special Education

Voluntary organisations providing special educational services include:

- Royal NZ Foundation for the Blind
- Hearing Association
- Speld

Continuing Education

There is some voluntary provision for continuing education. Many voluntary organisations make some provision for continuing education, for most this is incidental to other purposes, for example, Playcentre Federation, Country Womens' Co-ordinating Committee. For others education is their primary purpose:

- NZ Workers Education Association (WEA)
- WEA Trade Postal Education Service
- Adult Literacy Association
- Wairarapa Community Action Programme

Private Sector

Early Childhood Education

Profit or income earning daycare centres (receive state assistance in the form of trained staff grants and subsidies to low income families).

Primary and Secondary Schools

In state schools tuition costs are free, for private schools parents pay tuition and other costs. Finance, transport and other assistance is provided by the state including 50 percent of teacher salaries.

Private schools are conducted by religious and philosophical groups, and private individuals.

Private schools are required by the Education Act to comply with defined standards of accomodation and teaching as a pre-requisite for compulsory registration.

There are currently 69 primary schools, 21 secondary schools and 27 composite schools which remain private. There is also one Maori University.

Continuing Education

Some private organisations such as the Correspondence Institute and the International Correspondence School offer continuing and adult education.

Some employers make provision for education, with financial assistance to employees and/or employees' children, to use private or public educational services, or by directly providing educational facilities.

Housing

Public Sector

There are three main providers within the public sector:
1. The Housing Corporation
2. The Department of Maori Affairs
3. Territorial Local Authorities.

Provision is made in two ways:
1. directly, through rental accommodation or emergency housing;
2. financial assistance for home ownership and/or improvements.

Rental Accommodation (Direct Provision)

THE HOUSING CORPORATION is responsible for 22 percent of the national rental housing stock. The corporation's stock is set aside for use by low and modest income earners who pay rents which are below those charged in the private sector and are scaled in accordance with the level of the tenants income. Applications are reviewed by housing allocation committees comprising people from the local community. Decisions are made using a pointing

system based on income, the number of children and any health problems related to housing.

Emergency Housing The corporation also provides some houses for use by community groups for social welfare purposes. Houses are provided at very cheap rents.

'Granny Flats' The corporation hires relocatable housing units to elderly people for placement on the property of family or friends.

Sweat Equity Scheme Houses at nominal rent are supplied to those people who may not have enough money for a house deposit, but do have the skills to renovate and extend the life of an older house. Upon renovation by the tenant, the houses are sold to them at the original purchase price.

THE DEPARTMENT OF MAORI AFFAIRS does not have rental accommodation apart from some pensioner housing and hostels for young people.

TERRITORIAL LOCAL AUTHORITIES The extent of rental accommodation provided varies widely. Some local authorities, for example Wellington City Council, provide housing for pensioners, and low and modest income earners, as well as for some staff. Local authorities are encouraged to meet the housing needs of the elderly people through low interest loans and subsidies directed at keeping rent at a level that tenants can afford. This policy is administered by the Housing Corporation. Assistance is provided in 4 ways (loans are also made to sponsoring organisations):

1 subsidised rental flats for the elderly, the handicapped, the disabled and invalids;
2 owner-occupied and tenant contribution flats for the elderly;
3 relocatable 'granny flats' for rental purposes;
4 upgrading of older pensioner rental flats.

Housing Finance

THE HOUSING CORPORATION LENDING PROGRAMMES

Modest Income and Tenants Scheme To enable modest income first home buyers and corporation rental tenants to achieve home ownership at an affordable cost where they could not be able to in the private sector. Loans provided at 7–17 percent interest, applicants must provide a minimum cash contribution of 12 percent or where Homestart is included at least 5 percent of the cost.

Homestart Provides deposit assistance to low and middle income first home buyers to encourage home ownership.

Second Chance/Refinance To act as a lender of last resort to maintain a family home. To avoid forced sale resulting from medical factors, marital breakdown, etc.

Equity Sharing Scheme To help modest income earners who are not able to borrow money in the private sector and who do not qualify for ordinary corporation loans. People who obtain loans have to meet the full costs involved, that is, they do not receive a subsidised interest rate.

Home Improvement and Urban Renewal Scheme Targets assistance to wide range of groups including elderly home owners, landlords, housing co-operatives and local authorities. Loans and grants to local authorities to assist with general urban renewal activities are also available.

The above are the major programmes. Other lending programmes include:

State Servants on Transfer To facilitate the transfer of state employees.

Tied Accommodation Finance to those living in employer provided housing and unable to purchase their home with private sector finance as a result.

Section Loans Available to modest income applicants purchasing a corporation owned section.

Home Ownership Savings Scheme Now being phased out.

Other Policies

LENDING FOR CONSTRUCTION ON MULTIPLY-OWNED LAND The money for the loan comes from the Modest Income and Tenants Scheme.

INFILL HOUSING Space has been created for infill housing by shifting or demolishing existing houses, or by building on unused parts of sections. The Housing Corporation also administers the Residential Tenancies Act which came into effect on 1 February 1987 and provides services to both landlords and tenants.

THE DEPARTMENT OF MAORI AFFAIRS—LENDING PRO-GRAMMES The Department provides housing assistance to meet the particular social and cultural needs of Maori and Pacific Island Polynesian people:

- provision of loans for the construction of Kaumata flats for the elderly around or near marae;
- loans assistance for extensions or improvements to existing home for families involved in the matua whangai programme;
- Wharetapiri, loans finance for Maori families with low to modest incomes to extend existing homes to accommodate extended family members;
- development of papakainga, or housing on multiply owned rural land;
- low interest loans to help low income Maori families into their first home;
- some families are assisted into homes through the provision of second mortgages (26 in 1986–87).

Local Authorities

Local authorities are authorised under the Local Government Act to provide loans for housing purposes. There does not appear to be much activity in this area. At present the Wellington City Council provides a home improvement service to low and modest income earners, providing renovation advice at a nominal charge and assisting applicants in obtaining Housing Corporation Loans.

Local authorities are also authorised to subdivide land for housing and to sell or lease allotments for housing purposes. Local authorities may also apply to the Local Authorities Loans Board for authorities to purchase land for subdivision for housing.

Voluntary Sector

Voluntary organisations with assistance from the Housing Corporation, the Department of Social Welfare and local authorities provide emergency housing for homeless families, and young people, and battered women and their children. Organisations such as the Salvation Army, Intercity Mission and Womens Refuge work in these areas.

Voluntary organisations also provide accommodation for elderly people and for special groups, for example, disabled persons.

For example, homes and hostels are supplied by some branches of:

- Laura Ferguson Trust for Disabled
- Society for the Intellectually Handicapped

  - New Zealand Crippled Children Society
  - Rehabilitation League
  - Salvation Army
  - various church groups

Private Sector

Rental Housing

The bulk of the rental housing stock is owned by private sector landlords. Rents are set according to market conditions.

Finance

Trading banks, finance companies and insurance companies collectively are ranked second to the Housing Corporation with 22 percent, followed by Trustee banks and building societies who provide 14 and 11 percent of the mortgages respectively (1985 figures).

Employers including some government departments provide their employees with housing accommodation often at low rents or as part of their remuneration package. Some organisations also offer cheap housing finance to their employees.

Income Maintenance

Public Sector

Department of Social Welfare

This department administers income maintenance provisions.

NATIONAL SUPERANNUATION is a provision to ensure income support for people aged 60 or over. There are no special contributions required—financed by ordinary government revenue. Largest single item of government expenditure, representing about 59 percent of Vote:Social Welfare in 1986–87.

SOCIAL SECURITY BENEFITS
  - Unemployment Benefit
  - Sickness Benefit
  - Widows Benefit
  - Domestic Purposes Benefit
  - Miners Benefit

- Family Benefit
- Orphans Benefit
- Invalids Benefit
- Disability Allowance
- Handicapped Child Allowance
- Accommodation Allowance
- Special Benefit
- Special Needs Grant
- Advance payments
- Concessions
  - Phone rental
  - State Insurance premium
  - Rates rebate
  - Medical benefit
- Training Incentive Allowance
- Transition to Work Allowance
- Lump Sum Payment After Death
- War Pensions
- Assistance Under the Disabled Persons Community Act 1975 (see later in this paper)

Accident Compensation Corporation

Income maintenance is provided under the accident compensation scheme to all persons suffering injury by accident regardless of fault. The major benefits provided can be summarised as follows;

- earnings related compensation for injured persons and survivors
- non-economic loss (Lump Sum Payment)
- medical, hospital and dental treatment
- conveyance for medical attention
- funeral expenses
- other costs—aids, etc.

The Department of Inland Revenue

THE FAMILY SUPPORT TAX CREDIT AND GUARANTEED MINIMUM FAMILY INCOME SCHEME is designed to assist low income families by providing regular financial assistance throughout the year. The entitlements are paid out in equal amounts to each spouse through one of three methods:

- by reducing the PAYE tax deducted from a persons wage;

- as a Social Welfare benefit or an increase to an existing benefit; or
- as an income tax credit at the end of the financial year.

TAX REBATES   These exist as a support measure to various classes of taxpayers. They take the form of a reduction in tax liability usually up to a maximum amount. Current rebates include:

- Transitional Tax Allowance
- Family Rebate
- Housekeeper or Creche Rebate (to be enhanced from 1st April 1988)
- Dependent Relative Rebate
- Mortgage Interest Paid on First Home (before 1984 for 5 years)
- Special Home/Farm/Fishing Vessel
- in addition, there will be a rebate of 9 percent of taxable income up to a maximum of $855 in a full year, abating at 4 cents in the dollar between incomes of $9,500 and $30,875. Eligibility for the rebate has yet to be finalised.

Superannuation

GOVERNMENT SUPERANNUATION FUND   Membership is available to all state employees. The principle objective of the fund is the payment of an allowance on retirement. An allowance is also available where retirement occurs because of medical unfitness for further duty. The assessment of a retiring allowance is based upon salary, services and age at retirement. Provision is also made in event of death before retirement as well as after for surviving spouse and/or dependants.

NATIONAL PROVIDENT FUND   Provides Services in three separate areas:

- Personal schemes—pension schemes for the general public on an individual basis;
- Defined Benefit Plan—this scheme covers employers of all local bodies, quasi government and other approved organisations, firefighters and nurses;
- Superannuation schemes—three employer schemes are available.

Private Sector

Superannuation

Increasing numbers of private employers are operating superannuation schemes to enable employees to provide for their retirement in addition to the benefits provided under social security schemes. About 13 percent of the workforce have some privately funded superannuation.

Insurance

Life insurance provides for a source of income in old age and for dependants in case of death. Categories include: Whole life, Endowment, Term or Temporary Investment Linked Annuity.

Life insurance has become increasingly important as the basis of many private superannuation schemes.

Health insurance (see Health)—some policies provide for a cash allowance for time spent in hospital.

Disability insurance—covers policy holder or dependants for loss of income through disablement from sickness or because of death. Some pensions or superannuation schemes cover disability.

Other types of insurance, that is, Home Contents, House Buildings, Vehicle and Travel, help to prevent financial hardship.

Voluntary Sector

Some voluntary organisations offer financial assistance or assistance in kind, for example, Inner City Mission, Salvation Army, City Mission.

Assistance under the Disabled Persons Community Welfare Act 1975

Provision for financial assistance to disabled people:

AID TO FAMILIES Provision for meeting the cost of alternative care for up to 4 weeks per year for families caring for disabled people.

EXPENSES AND OTHER COSTS Costs incurred by a disabled person required to undertake medical treatment, examination or educational, vocational or psychological assessment.

GRANTS FOR INCORPORATING ESSENTIAL FEATURES Suspensory loans up to a normal maximum of $7,900. Loans are interest free and are progressively written off over 5 years.

WALKING FRAMES AND OTHER AIDS AND APPLIANCES Assistance to buy aids not available from a Hospital Board.

CAR LOANS Suspensory loans up to $9,350 may be granted to seriously disabled persons to purchase a motor vehicle.

COST OF DRIVING ASSESSMENT Financial assistance for disabled people and their attendants to attend driving assessment centres.

SELF-EMPLOYMENT LOANS Suspensory loans of up to $5,250 can be made available to disable people who want to establish their own business.

REHABILITATION ALLOWANCE An allowance of $17 a week is available for disabled people undertaking work experience, education or training for employment.

Justice

> The key function of a law is to provide a framework for peaceable, equitable, and fair settlement of conflict between individuals and groups in society.

The court system deals with various forms of conflict between individuals in society, and in this way provides a social service.

The Court System

THE HIERARCHY OF COURTS IN NEW ZEALAND Her Majesty the Queen in Council (the Judicial Committee of the Privy Council), the Court of Appeal, the High Court and the District Court. All courts exercise both criminal and civil jurisdiction.

COURTS WITH SPECIALIST FUNCTIONS Labour Court, Children and Young Persons Court, the Maori Land Court and Maori Appellate Court, the Planning Council.

Within the Family Court Division and the Small Claims Tribunal Division of the District Court, services are provided that aim to provide mediation of disputes, to arrive at mutual agreement between parties rather than an imposed settlement. Within the Family Court, provision is made for referrals to counselling and mediation conferences. Recently, counselling provisions have been

extended to cover de facto marriages, and provision of specialist help for people in violent relationships.

THE TRIBUNALS DIVISION of the Justice Department provides for 38 authorities, boards, committees and tribunals. The main areas include: abortion, broadcasting, liquor licensing, planning, Public Service Appeal Board, Treaty of Waitangi, and other activities (27 Tribunals).

LEGAL AID is available for almost all civil proceedings other than dissolution of marriage. In order to receive legal aid the applicant must have a sufficiently meritorious case. Except in special cases of hardship, every aided person is required to make a contribution of $25 towards the cost of proceedings.

Legal advice is also provided by the voluntary services of Community Law Centres.

COMPENSATION FOR CRIMINAL INJURIES The accident compensation scheme administered by the ACC covers the whole range of listed criminal injuries, including pregnancy by rape and criminal infection with disease.

The Penal System

The main penalties for dealing with offenders outside prison are fines, supervision, reparation, periodic detention, community service and community care. Both community service and community care require co-operation and involvement from community groups, and individuals in assisting rehabilitation of offenders.

Detention in Penal Institutions

The sentences of detention which the courts may impose are corrective training, imprisonment for a stated period or for life, and preventive detention.

The New Zealand prison population is accommodated in 24 institutions comprising 20 prisons, 4 corrective training institutes and one police jail.

Resources to Assist Rehabilitation within Prisons:

For the majority of inmates the resources listed below may only be available to a limited extent, or in many cases, not at all:

INDUSTRIES Wherever possible inmates are put to work on some form of constructive employment. In addition, and particularly for the young offender, an attempt is made to teach some particular skill.

EDUCATION A variety of evening activities, recreational, cultural, and educational have been introduced into prisons. There are 26 full-time teachers serving in penal institutions. Part time teachers supplement their work. Teachers seek to help inmates disadvantaged by lack of education, and inmates undertaking further education or technical courses, either by correspondence or in prison classes.

PSYCHOLOGICAL SERVICES Provides an advisory and evaluation service for the Penal division. The service also offers psychological treatment for inmates and those on probation. Treatment may be provided by a public or private agency or the department's own psychological service. In general the Justice Department attempts to provide inmates with health services comparable to those in the community.

EARNINGS All inmates are credited with modest earnings based on a system of marks assessed according to diligence. Earnings are paid upon release to help meet financial commitments during the first few days of freedom. Since October 1985 inmates can get a grant from the DSW on release of up to $120.

RELEASE TO WORK Inmates may be released during the day to engage in private employment. Wages contribute to cost of maintenance in the institution, the balance is made available to dependants or held by the Department of Justice for payment upon final release.

Post-release Care

PROBATION Offenders serving a sentence of corrective training or imprisonment for one year or more are under the supervision of a probation officer for 6 months on release. The period of probation has a dual purpose. It is for the protection of the community against further offending and is at the same time an aid to the prisoner to re-establish himself or herself. Probation officers counsel, direct and assist those placed under supervision and arrange appropriate programmes for their social rehabilitation. Officers plan and participate in a variety of education programmes in social and vocational skills.

PAROLE SYSTEM Procedure to enable persons serving a long sentence to be released as soon as they show that they are fit to be returned to society.

Police

The police provide a social service in their traditional roles of law enforcement, preservation of life and property and the prevention and detection of crime. Although police appear to spend much of their time (some studies suggest between 75 and 80 percent) on non-law-enforcement activities, they primarily become involved because of their residual ability to use force.

For many members of the public, police personnel provide the only 24 hour service readily available for all emergency situations and, often in the absence of other agencies, it is the police who are sought to give aid.

Services Aimed at Youth and the Community

- blue light discos
- Police School Liaison programme
- Neighbourhood Watch
- Neighbourhood Support
- rural support
- community crime prevention
- community policing programme.

Victim Support

A programme of Crisis Intervention Training has been instituted at the Royal New Zealand Police College and in Police districts.

The police have been involved with the Salvation Army for many years and now have pilot schemes for victim support operating in Auckland and Wellington.

Search and Rescue

The police also provide for search and rescue services together with voluntary assistance by member of the Federated Mountain Club and the New Zealand Coast Guard Federation.

Transport

Transport services have an essential role in New Zealand's social and economic development. While all transport services may be considered to have a social dimension, it is perhaps more useful to consider them in economic terms, that is, efficiency/effectiveness and accessibility. However, some modes/services such as state highways and urban passenger transport can and are considered as social services and are explicitly subsidised through rates and taxes.

Roads

The National Roads Board

This board is charged with the responsibility of providing an adequate roading system balanced to meet the country's needs. Administration of the country's roading system is exercised by municipalities in respect of streets, by county councils in respect of country roads, and the National Roads Board in respect of state highways.

Public roading expenditure is financed from the National Roads Fund, the revenue of the fund being derived mainly from motor taxation. For local authority roading, the National Roads Board pays a subsidy which varies between 40–60 percent for different local authorities.

Road Safety

ENFORCEMENT OF TRAFFIC AND OTHER LAWS   Traffic on roads in 5 cities and boroughs is controlled by local authorities. Elsewhere throughout the country it is controlled by the Ministry of Transport which is also responsible for traffic on motorways (except for a section of Auckland Motorway which is controlled by the Auckland City Council).

ROAD SAFETY EDUCATION   Publicity directed towards road safety is carried out through the press, radio, television, and by means of posters and other advertising. Special road safety campaigns and traffic improvement courses are held from time to time. The New Zealand Defensive Driving Council provides a safety course for licensed drivers.

Motor Vehicles

Private motorcars and motorcycles are ways in which people provide for their own transport. For example, in 1986 45 percent of the full-time labour force used private vehicles as transport to work. Transport provided by employers, that is, company vehicles, is also significant; 11 percent of the full-time labour force used company vehicles as a means of transport to work in 1986. Rental car services are also available.

Buses

Bus services are provided by local authorities and private operators in most urban centres. The extent of the services provided varies from centre to centre. Under the Urban Transport Act 1980, Regional Authorities in the four metropolitan centres are required to plan and fund urban transport. Provision is also made for other local authorities and the Urban Transport Council processes taxpayers subsidies for them. Funding from central government generally meets half of the net urban transport expenditure which regional and local authorities incur. Funds are disbursed by the Urban Transport Council, a statutory body set up under the Act, with advisory, financial and semi-judicial urban transport functions. The New Zealand Railways Corporation, Railway Road Services also provides passenger bus services, linking most urban centres. The Department of Education operates a School Bus Service, which includes rural areas. Approximately 17 percent of the total school population receives transport assistance. The majority of these pupils are conveyed to school by buses under contract to education boards or operated by the Department of Education.

Taxicabs

Taxi companies provide transport services on a fee for service basis, the user pays the full cost.

TOTAL MOBILITY is a nationally co-ordinated transport system for people with disabilities, established by the Disabled Persons Assembly (DPA). The DPA sets up maxi-taxis with a hoist, seatbelts, and folding seats to accommodate wheelchair passengers. Taxi companies purchase the vehicles as part of their business, but DPA co-ordinates payment for the fitting with assistance from

local authorities, service clubs, disability organisations and the Urban Transport Council.

The DPA also co-ordinates a Voucher System which gives people with disabilities a reduced taxi fare in sedans as well as maxi-taxis. Reductions are 50 or 25 percent depending on location. DPA distributes vouchers to authorised agencies, such as Counterstroke and Crippled Children Societies, who issue them to eligible members or clients.

Rail

The New Zealand Railways Corporation

The Corporation operates a railway network, extending over 43,000 kilometres, and linking almost all the principal centres of population. The corporation provides freight and passenger services. Passenger trains run between Auckland and Wellington, and Christchurch and Invercargill. There are also daily services between Wellington and Gisborne, Christchurch and Picton, and Christchurch and Greymouth.

Cook Strait Rail/Ferry Service

Two ferries carrying road and rail vehicles are operated by the Railways Corporation between Wellington and Picton. A third vessel carries rail wagons and road freight vehicles. The railways corporation also provides urban rail services in the Auckland and Wellington regions. It has been government policy since April 1985 to allocate the funds to meet the full cost of urban rail services (policy now under review).

Civil Aviation

Aircraft provide regular flights on a network of internal air services operated by Air New Zealand and Ansett New Zealand, supplemented by smaller operators. The state-owned airline, Air New Zealand is the largest domestic air service operator. Safe Air, an Air New Zealand subsidiary, provides a freight service.

Energy

Energy is of fundamental importance to the nation: its availability affecting social and economic development.

The Role of Central Government

The state is a major indigenous energy supplier. It owns the country's largest coal mining industry, generates over 95 percent of electricity used, is responsible for bulk electricity and natural gas transmission and is involved in oil, gas and synthetic petrol production. It is also involved in retailing of natural gas, coal and electricity (the latter mainly to larger users). Most of government's energy production and retailing activities are now to be carried out through state owned enterprises, but the sale of Petrocorp privatises its interests in oil and gas production and distribution.

Electricity

The service aspect of energy supply applies particularly to electricity. The structure of New Zealand's electricity industry is two-tiered:

1   The Electricity Corporation of New Zealand is responsible for the generation of most of the country's electricity and its transmission by way of a national grid.

2   Supply authorities buy this bulk electricity and distribute and sell it to the end consumer.

CATEGORIES OF ELECTRICITY CONSUMPTION: domestic, commercial, industrial, farming, public lighting, railway traction, urban traction. Pricing of electricity varies between authorities but in general there is cross-subsidisation, where tariffs of domestic consumers are subsidised by industrial and commercial consumers and tariffs of rural consumers subsidised by urban users.

RURAL ELECTRICAL RETICULATION COUNCIL The council has the responsibility of providing annual subsidies towards the cost of supplying electricity to areas which could not by themselves meet the expense of reticulation. These subsidies are funded by an annual levy on electrical sales. The council also subsidises private generating sets when these are a more economical alternative.

Policy Development Assessment and Monitoring

HAPU AND IWI RESOURCES
AND THEIR
QUANTIFICATION

Professor Whatarangi Winiata

Hapu and Iwi Resources and their Quantification

Professor Whatarangi Winiata

The issue which this paper addresses arose in the course of an experiment in tribal development of a small runanga (confederation) of Maori iwi (tribe/s) and hapu (subtribe/s) in New Zealand. This experiment began in 1975 with a 25-year horizon.[1]

The objective of the experimental activity is two-fold:

1 To consider alternative descriptions (and prescriptions) of preparedness of this runanga for its entry to the twenty-first century.[2]

2 To test educational and other programmes which are designed to provide insights into the processes by which the runanga might move towards its preferred states of preparedness.[3]

The pursuit of this two-fold objective has led to the formulation of an activity which we have labelled as iwi and hapu planning and, as anyone who is familiar with planning would expect, it presupposes the feasibility of those involved being willing and able to:

1   define their objectives,

2   specify their goals,

3   effect strategies to achieve their goals and to move towards their objectives and

4   measure their degree of success (or failure).

This paper is concerned primarily with the last of those.[4]

The runanga of iwi and hapu in the experiment, with a population of 30,000 to 40,000, represents about 0.9 percent of Maoridom. Their members, all of whom share prominent ancestors several generations back, have taken up residence around the

globe. However, the majority are located in the south west of the North Island.[5]

This runanga had military joint ventures prior to the arrival of Europeans, and in the last centry-and-a-half members have combined their resources with European ideas to establish a number of institutions including:

1 Rangiatea, an Anglican church (building), in 1849–50. This continues in use today and is referred to, occasionally, as the Maori cathedral.

2 The Otaki Maori Racing Club, a private (to the runanga) horse racing club, in 1885. This is well-established and is unique in the racing fraternity.

3 The Otaki Native Boys' School, an Anglican boarding school, in 1908. This closed, due to insufficient funding, in 1939. (Its hostel is now the centre for Te Wananga o Raukawa.)

4 The Otaki and Porirua Trusts Board, an educational trust, in 1943. This is a small trust (of $2 million) which makes grants (totalling about $50,000 per year) to assist children of the runanga with their education.

5 Raukawa Marae in 1936. The board responsible for this centre numbers 69 and has representation from each of the score of iwi and hapu in the runanga.

The church, the horse racing club, the school, the educational trust and, at least in terms of its legal status, the marae, have all served to facilitate the Europeanisation of the runanga. In the course of a century members of the runanga learned a totally different culture while being firmly based in their own (Maori) culture. In the last three decades the runanga has discovered that its living culture has changed its form so much that few in the runanga can claim to be, or are seen as, authoritative or authentic exponents of a distinctive Maori culture. In the runanga there is no child under the age of 15 able to speak Maori; the runanga has no more than a score who are reasonably able speakers of Maori between the ages of 16 and 25, all of whom are second-language learners; about 100 members between 26 and 60 would be able to converse in Maori, albeit haltingly; and of those over 60 years of age, approximately 70 are fully fluent.[6]

The decline in the number of people with a sound working knowledge of the language is, of course, symptomatic of the general decline of Maori cultural resources in the runanga.

Iwi and Hapu

Iwi and hapu are founded on whakapapa (genealogy) and they are named after ancestors; each has a central meeting place and, to varying degrees, iwi and hapu are land-based. Ngati Raukawa is the name of an iwi and this pair of words may be translated as: the descendants of the ancestor Raukawa.[7]

Intermarriage between iwi or hapu gives rise to dual or indeed, multi loyalties. The iwi or hapu affiliation which grandchildren (and later generations) accept will depend on the marriages of descendants and on where they choose to live. In general, and as one would expect, intra-iwi or intra-hapu marriage strengthens the affiliation of offspring to that iwi or hapu.[8]

Iwi and hapu are still the principal forms of Maori organisation and of Maori cultural and commercial activity, and yet it is extremely rare in the mainstream of New Zealand society that a person of Maori descent is asked to name his or her iwi or hapu. Employers (in both sectors), schools and other centres of learning, hospitals, the Statistics Department, the Inland Revenue Department and so on do not concern themselves with this dimension of a Maori person's identity. Indeed, the Department of Maori Affairs and the New Zealand Maori Council are inclined to emphasise Maori rather than tribal affiliations. It is, then, quite remarkable and significant that after decades of denial iwi and hapu continue to be major operating units in Maoridom.

It is, however, quite unremarkable that iwi and hapu identification has weakened significantly with succeeding generations of urban-born Maori people. Cross iwi/hapu or cross cultural marriages and/or geographical separation from iwi or hapu marae have been major factors in this trend. The absence of any institutional reinforcement, particularly in the public sector, has been a contributing force.

The Maori people have a tradition in which iwi and hapu planning was implicit in all their activity. People clung to their iwi or hapu and lived by its rules because not to do so was dangerous; survival for the individual was more likely as an active and supportive member of an iwi or hapu than as a non-entity outside.

As the influence of European individualism has waxed and the protective role of the iwi, hapu or whanau (family) has seen the reverse, the leaders of iwi or hapu have not fashioned techniques, nor have they refined their skills for the purpose of attracting their

people to their iwi or hapu. These leaders are not skilled in forming policies and implementing programmes to make the iwi or hapu valuable and vital to all, or even to most, members. The leaders of iwi and hapu must find new and compelling reasons for individuals to give their time, talents, energy and resources as well as their memories and loyalties to their iwi and hapu.

If we know how to measure the resources of an iwi or of a hapu we ought then be in a position to plan to expand those resources and, in doing so, make iwi or hapu wealthier, more attractive and more productive.

We have two problems. One is to define iwi or hapu resources *and* productive activity; the other is to measure these. Academic and practising accountants around the globe spend their working hours and, occasionally, possibly their dream time on these two problems in commercial or economic contexts. Unfortunately, they have given little attention to the problems of definition and measurement to which we now turn.

Iwi and Hapu Resources and Activity

A widely followed practice is that iwi and hapu meet each year to receive and consider annual accounts and reports. Typically, the accounts have been audited and there is debate on the receipts, payments, assets and liabilities. These accounts are statements of financial position; they are not statements of position which incorporate those treasures and cultural resources by which their mana (status) in the community is determined, and through which their members maintain and strengthen their identity. Nor does the auditor's activity statement, namely the income and expenditure statement or the receipts and payments account, describe the cultural pursuits in which the iwi or hapu engaged during the reporting period and on which the building up of their cultural resources is dependent.

For the purposes of our discussion a resource is something tangible or intangible from which positive net benefits are expected. Table 1 lists important hapu, iwi or runanga resources. In addition it offers comment on:

1 how the stock of those resources might be measured from time to time, and

2 activities which, if pursued, could ensure the maintenance or enlargement of the resources.

All of the resources which are listed in this table have been specified in written papers, speeches, minutes or conversations by members of the runanga. In addition, all of the activities which are prescribed in the table are being conducted to varying degrees of satisfaction. Finally, roughly a third of the measures to quantify the resources are in place. Information on iwi and hapu activities is reasonably complete within each but aggregation of the information has not been done.

Conclusion

This is a preliminary attempt at defining hapu, iwi or runanga resources which are central in Maori planning. Also made, are attempts to describe procedures by which those resources might be quantified and to identify activities by which they might be maintained or increased.

TABLE 1: Hapu, iwi or runanga resources

- What are they?
- How can they be measured?
- What can be done to maintain or to increase them?

Resources	Possible/Alternative Measures of Resources	Activities to Maintain or to Increase Resources
1 HUMAN		
(a) Membership	(i) Number of all eligible members and/or	(i) Improving intra-hapu/iwi/runanga systems of communication (newsletters, tapes and so on).
	(ii) Number of active members and/or	(ii) Conducting a census regularly, say, every 3 or 5 years.
	Plus: Selected characteristics including age distribution.	(iii) Other processes to stimulate awareness of affiliations.
(b) Pataka (repositories) of instantaneously available whakapapa (genealogy)	(i) Number of tohunga (experts) and/or	(i) Holding especially designed seminars on whakapapa based on the oral tradition for those selected for the role of future pataka.

TABLE 1—*continued*

	(ii) Number of members with demonstrated interest in their own whanau at least.	(ii) Offering workshop on well-known whakapapa for members with a general interest in genealogy.
	(iii) Distribution (mean and dispersion) of tupuna (ancestors) able to be named instantaneously by members.	
(c) Wairuatanga (spirituality)	(i) Number of members who are seen to be spiritual leaders including priests, lay assistants and others who conduct religious (or other spiritual) ceremonies on marae, in their homes or elsewhere.	(i) Iwi or hapu selection and endorsement of members for training to become spiritual leaders.
	(ii) Number of members who participate willingly in such.	(ii) Encouraging active participation in religious (and other spiritual) ceremonies by members.
(d) Whanaungatanga (familiness)	(i) Distribution (mean and dispersion) of the number of immediate-past 14 ancestors (2 parents, 4 grandparents and 8 great-grandparents) able to be named easily and from memory.	(i) Finding procedures of systems which reward those who have or acquire this knowledge.
	(ii) Number of members who actively promote whanaungatanga.	(ii) Creating opportunities for members to express and strengthen their famili-ness/whanaungatanga.

TABLE 1—*continued*

	(iii) Numbers of members who participate in iwi or hapu events not involving their immediate family (parents, brothers, sisters, children, or grandchildren).	(iii) Encouraging members and families to extend 'open' invitations to birthday celebrations and other events at the marae.
(e) Kawa (protocol)	(i) Number of authoritative exponents and guardians.	(i) Encouraging discussion on kawa during tangihanga and other marae events.
	(ii) Number of 'general practitioners'.	(ii) Conducting workshops on kawa.
(f) Pataka of the reo (language)	(i) Number of members who • converse in Maori • whaikorero • karanga • do waiata tawhito • do waiata-a-ringa and haka • use the usual greetings properly • read aloud properly • speak any Maori or • write Maori from dictation	(i) Promoting a Maori language revival philosophy and plan.
	(ii) Number of children in kohanga reo.	(ii) Arranging ongoing programmes (including kohanga reo) in one or more of the language skills which are to be promoted.
		(iii) Searching for ways to enhance the effectiveness of the teaching-learning process of Maori language acquisition.
(g) Tikanga (policies, procedures).	(i) Number of authoritative practitioners and promoters and	(i) Ensuring that all whanau or other interest groups are included in decision making.

TABLE 1—continued

	(ii) Number of practitioners willing to share knowledge and experience.	(ii) Promoting understanding of consensus-type decision making.
(h) Kaumatua (elders)	(i) Number of participants.	(i) Ensuring that kaumatua are kept informed and assisted where necessary.
	(ii) Frequency of involvement and	(ii) Designing and presenting seminars, workshops and marae events around the availability of kaumatua.
	(iii) Willingness to share knowledge and experience.	(iii) Recording kaumatua contributions and supplying copies to kaumatua for their editing and/or pleasure.
(i) Health	(i) A selection of easily obtained indicators to reflect the state of health in the following four dimensions: • taha hinengaro (mind) • taha tinana (body) • taha wairua (spirit) • taha whanau (family)	(i) Formulating hapu/iwi/runanga health objective.
	(ii) Life expectancy (based on historical experience).	(ii) Training people to conduct surveys of the state of hapu health.
		(iii) Designing and directing programmes to heighten awareness of health issues.
(j) Education	(i) Description of members in the formal education system: level and type of study.	(i) Supporting educational ventures to supplement the curriculi of the general system.

TABLE 1—*continued*

	(ii) Description of educational accomplishments of those who have been through the system.	(ii) Participating in nationwide moves to improve the educational circumstances of Maori people.
	(iii) Descriptions of those engaged in post-secondary studies: in-house and other.	
2 *PHYSICAL*		
(a) Manuscripts of whakapapa	(i) Number of manuscripts in the possession of members	(i) Conducting research into whakapapa (including techniques of compiling, storing, retrieving the data)
	(ii) Availability of those manuscripts and/or	(ii) Training members in the proper use of whakapapa.
	(iii) Accessibility of the information.	
(b) Marae facilities.	(i) Number of marae.	(i) Building new marae.
	(ii) Physical state of repair.	(ii) Calling on all whanau and other groups to assist with maintenance, restoration or expansion.
	(iii) Index of use. • Days per annum • attendances	(iii) Encouraging use of the marae.
(c) Taonga (artifacts, literature and other treasures).	(i) Descriptions.	(i) Iwi or hapu selection and endoresement of members for training to acquire skills to add to the collection of hapu taonga.
	(ii) Manuscripts other than whakapapa and	(ii) Assisting and encouraging those who are capable to fashion or to compose more.
	(iii) Explanations of their origin and use.	(iii) Teaching representatives of families the origins and use of taonga.

TABLE 1—*continued*

(d) Land	(i) Quantity.	(i) Pressing for development programmes to enhance the economic *and* cultural values of land.
	(ii) Descriptions of its two-fold value: • economic • cultural	(ii) Involving as many beneficiaries as possible in these programmes.
	(ii) Number of members who are owners (and can claim turangawaewae).	
(e) Investments	(i) Dollar value of financial assets held for cultural purposes.	(i) Managing these assets to ensure the promotion of cash *and* cultural return.
	(ii) Expected rate of return.	(ii) Reporting fully to beneficiaries of financial assets as part of larger reports on resources.
	(iii) Riskiness of these investments.	
(f) Fishing rights	(i) Number and size of areas to which fishing rights are guaranteed.	(i) Taking action to ensure guarantees of fishing rights are protected.
	(ii) Stocks of supplies.	(ii) Exercising appropriate controls to conserve the stock of fish supplies.

Notes and References

1 An earlier version of this paper was presented at a seminar at the School of
Social and Economic Development, University of the South Pacific, 10
August, 1984.

2 The year 2,000 was a convenient and 'catchy' date on which to target
when the experiment was launched in 1975. An elder who is a major contrib-
utor to the programme has composed his own phrase to encourage forward
looking. He, at 65 years, is inviting members of the runanga to '... come with
me to 2,003'.

3 In the nine years which have elapsed since the experiment commenced
over 100 seminars, primarily residential and ranging in length from one to
ten days, have been conducted. Approximately 7,500 Maori and Pakeha
people have participated. These events have been held on marae and emphasis
has been given to improving the quality of Pakeha decision making which is
expected to have an influence on the development of Maori people in general
and of the runanga in particular. All of these seminars have been planned,
directed and attended voluntarily and without any governmental or other
outside support.

4 The objective of the runanga is to get prepared for the twenty-first cen-
tury and while the meaning of this is not clear the runanga has resolved that
it includes:

(a) closing the gap in educational accomplishments between their mem-
bers and the rest of the population (at present they are doing about
half-as-well as the rest); and

(b) the rejuvenation of the physical and human communities of their
score of marae.

With respect to specific goals a substantial list has been prepared including
many that will be identified below.

The strategies have embraced the seminars described in Note 3 at which
the following themes have been promoted:

(a) Pakeha mission: assisting Pakeha people to understand Maori
concerns

(b) Education mission: to encourage young people of the runanga to
advance their intellectual and/or manual capacities and skills

(c) Mission to the runanga: teaching members of the runanga their own
matauranga (accumulated knowledge).

In April 1981 the runanga established Te Wananga o Raukawa (The Univer-
sity of Raukawa) to manage the presentation of seminars on these and other
topics and to offer a three-year degree, the BMA (Bachelor of Maori and
Administration), and graduate studies as appropriate. At this point Te
Wananga o Raukawa is a voluntary private university. It had its first graduates
in December 1984.

5 It is the region between the Rangitikei River (which runs past Bulls) in
the north and Porirua in the south.

6   The over-60 group had 83 native speakers in it in 1979. Now the figure is lower by 13 and, we note with deep regret, that by the year 2,000 almost all of these people will have departed.

7   There are variants to the word Ngati. These are: Ngai, Te Ati or simply Te. Occasionally, the ancestor's name is used with the prefix, 'Te Whanau-a-' meaning 'the family of'. Also, occasionally, the ancestor's name is used without any prefix at all.

8   In a small hapu, of say 2,000 members, where the common ancestor would be four or five generations back there can be plenty of scope for intra-hapu marriage without attracting the risk of running foul of legal, religious or natural laws of mating.

Glossary of Terms

Haka	*Vigorous dance usually performed by men*
Hapŭ	*Sub-tribe(s)*
Iwi	*Tribe(s)*
Karanga	*Perform women's call*
Kaumatua	*Elders*
Kawa	*Protocol*
Marae	*Courtyard in front of meeting house(s); meeting place where Maori protocol takes precedence*
Matauranga	*Accumulated knowledge*
Ngati	*Tribal prefix (variants: Ngai, Te Ati or Te)*
Pataka	*Repositories or storehouse*
Reo	*Language*
Runanga	*Confederation*
Taha hinengaro	*Seat of thoughts and emotions, heart*
Taha tinana	*Body, person*
Taha wairua	*Spiritual expert*
Taha whanau	*Family*
Taonga	*Artifacts, literature and other treasures*
Te whanau a	*The family of*
Tikanga	*Policies and procedures*
Tohunga	*Experts*
Tupuna	*Ancestors*
Waiata	*Song, poetry*
Waiata-a-ringa	*Action song*
Wairuatanga	*Spirituality*
Whaikorero	*Speak formally*
Whakapapa	*Genealogy*
Whanau	*Family*
Whanaungatanga	*Relationships*

Glossary of Terms

Haka	Vigorous dance usually performed by men
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Whakapapa	Genealogy
Whanau	Family
Whanaungatanga	Relationships

ASSESSMENT AND MONITORING

The State of the Art

Vince Galvin
and
Penny Fenwick

ASSESSMENT AND MONITORING

The State of the Art

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Assessment and Monitoring

The State of the Art

Vince Galvin and Penny Fenwick

This paper focuses on the question, 'How well are government policies presently monitored?'. In answering this question it provides a brief background statement for the Assessment and Monitoring phase of the Royal Commission's work, to which the overview paper is able to respond and make recommendations for change on the basis of appropriate principles for the assessment and monitoring of social policy.

The paper is in 2 parts: the first part reviews the present state of assessment and monitoring of government policy. It is divided into 2 sections—the first discusses the in-house arrangements departments make for monitoring the effectiveness and outcomes of their policies, and the second looks at independent and quasi-independent assessment by those outside the department.

The second part of the paper discusses 9 issues and themes which emerge from the review presented in the first part. These issues are picked up again in the overview paper, where the Royal Commission gives its views on what should be done to alleviate the problems identified.

The sources of information drawn on in preparing this paper included the submissions made to the Royal Commission by government departments, the few submissions by individuals and groups which referred to assessment and monitoring issues, the major reports on scientific research and development over the last few years, and the emerging literature on Maori research and development. A list of references is appended to the paper.

I Who Monitors and Assesses Government Policy?

The purpose of this section is to give a brief but comprehensive coverage of the present situation of monitoring and assessment of social policy in New Zealand. Major actors, institutions and their work are described, and reference is made to sources of more detailed information. This section does not include any description of the historical development of social policy monitoring in New Zealand and readers are referred to sources such as Robb (1987) for this. Such historical material indicates, of course, that the problems in monitoring government social policy identified in the second part of this paper are by no means new.

1 In-House Assessment

Departments themselves monitor and evaluate the policies for which they have responsibility, by a variety of means. The strategies they use include:

- the collection and analysis of statistics;
- social research and evaluation projects undertaken by researchers on the staff of departments;
- various forms of internal auditing and inspection (such as the Quality Control Programme in the Department of Social Welfare);
- management processes such as corporate planning and the preparation of annual reports to Parliament; and
- the contracting out of evaluations to universities and private research companies.

This section confines its discussion to the statistical, research and evaluation work undertaken by departmental staff or contracted out by departments. It will be clear from the earlier description, however, that these units are only part of the range of locations in departments where monitoring and assessment is, or could be, carried out. Reference will be made on occasions to the lack of co-ordination between the activities of these various groups of staff.

By comparison with the physical and natural sciences, the budgets and staff available to departments to monitor social policy are small indeed. Perusal of the types of illustrative figures presented below led the Beattie report to say:

> Resources available to social sciences research are inadequate for a number of reasons . . . The evaluation of social policies, the monitoring of social change, and the search for solutions to social problems are important not only to the government but also to the community at large. Accordingly, in our opinion, the government has a special obligation for increased involvement in the funding of social sciences research.
>
> *Report of the Ministerial Working Party, Key to Prosperity, 1986, p. 100*

Just what, then, are the resources devoted by government departments to the monitoring and assessment of social policy? Reliable figures are difficult to obtain, but those presented by the National Research Advisory Council (NRAC) in its final Annual Report to Parliament (for the year ended 31 March 1986) are probably the most comprehensive. That report lists 8 departments under the heading 'Social Sciences' and gives the number of staff devoted to scientific research:

– Department of Education (21)
– Department of Justice (10)
– Department of Internal Affairs (11)
– Department of Labour (6)
– Department of Lands and Survey (1)
– New Zealand Forest Service (7)
– Department of Scientific and Industrial Research (4)
– Department of Social Welfare (24)

There are undoubtedly omissions from the list. For instance, the substantial numbers of social science staff employed by the Department of Health are not included. Also the Co-ordinating and Advisory Committee on Social Sciences Research in Government (CAC) was established in 1980 to bring together the heads of government social research units on a regular basis. It presently encompasses about 20 departments amongst its members, including the Ministry for the Environment, the Department of Statistics and the Department of Tourism and Publicity.

The Working Party on the Training of Social Sciences Researchers in 1984 also listed social scientists employed by the Accident Compensation Commission, the Housing Corporation, and the Ministries of Transport and Works and Development.

It is difficult to know, too, what to include within the parameters of social science monitoring and assessment in government departments. For instance, should the evaluation and monitoring of its external aid programme by the Ministry of Foreign Affairs be included?

Although it is difficult to obtain the true numbers of social researchers employed by departments, their numbers are undoubtedly far smaller than those employed by the government to conduct research in the natural and physical sciences. For instance, the 1986 NRAC Report shows 2,061 agricultural scientists, 993 scientists engaged in research into the natural environment, and 284 engaged in energy research. In total, social scientists in that year comprised 84 or 1.7 percent of the 4,858 scientists employed by the government.

Information is also available on expenditure on scientific research and staff by department. The figures provided by NRAC in 1986 indicated that expenditure on social research was tiny in comparison with expenditure on physical and natural science. For instance, expenditure on agricultural research totalled 47 million dollars, that for the natural environment totalled 30 million, and that for energy totalled 2.6 million (the substantial involvement of industry itself in energy development should be noted here). By comparison, expenditure on social scientific research was only 7.4 million dollars.

This figure, however, masks major differences between departments in their patterns of expenditure on social scientific research. For instance, Social Welfare and Education are two departments with amongst the largest in-house research teams. Social Welfare expends very little on contracting out research and $718,000 of its 1.1 million dollar budget is spent in the department (on staff salaries in the main). By comparison, Education expends only $524,000 of its 5.1 million dollar research budget in-house. This latter department has a large (by social science standards) contract research budget of $237,000.

The importance of this comparison between government expenditure on the natural and physical sciences and on the social sciences is realised when the paucity of resources devoted to monitoring social policy is set alongside the large proportion of government expenditure that is absorbed by the 'social' departments.

This comparison indicates not only the underdeveloped state of social science research, but also the low level of monitoring and assessment of social policy. In this regard it is clear that by international comparison, New Zealand lags far behind most OECD countries in developing the infrastructure to evaluate its social policies.

Attempts to build this infrastructure over the past 20 years have been fraught with many difficulties (some will be canvassed in the second part of this paper). A useful overview of moves to include social science in government science and technology planning is provided by Whitcombe (1984) and in the Report of the Committee Appointed to Review the Social Sciences Research Fund Committee (SSRFC) in 1987. Whitcombe's information indicates that the percentage of government science expenditure which goes to the social sciences changed from 1.81 percent in 1975 to 2.57 percent in 1984, although in fact it 'peaked' in 1980 at 3.01 percent and the trend is uncertain.

1.1 *What Do Government Social Research and Statistical Units Do and How Well Do they Do it?*

A result of the poorly developed infrastructure for social research in government departments has been that the work of the units has been fraught with many difficulties (these are covered in detail in the second part of this paper). The Working Party appointed by NRAC to investigate the training of social scientists was able to determine that almost every department which employed social scientists had them engaged in:

- assistance with policy formulation;
- economic or/and social impact of policies;
- project development and evaluation;
- data gathering and analysis;
- specialist advice.

Report of the Working Party on the Training of Social Sciences Researchers, 1984, p. 14

In some departments researchers also undertook management services research.

One of the results of departments' relative neglect of their social research units is that it is difficult to find comprehensive and up-to-date information on exactly what they are engaged in. In some cases they do not even rate a mention in their department's annual report to Parliament. The reports of review committees (usually established by NRAC) were found to be the best sources of data, but given the disestablishment of NRAC, they are a little dated.

What information there is indicates that most research units undertake work of a project-based nature on topics relevant to the department's policy responsibilities. The extent to which these projects are directed to the priorities or 'hot-spots' seems to vary

considerably from one department to another, as does the involvement of policy sections and management in determining the research section's work programme. Over the last 15 years there has been a discernible shift of emphasis in several departments, including the 'big spenders' of Social Welfare and Education, towards evaluation research and away from the more traditional social survey research.

Some more recent information is available from the replies to a survey of departments undertaken by the Social Impact Assessment Working Group in August 1987. That survey posed 3 questions of all departments:

1   What social policy objectives does your department/organisation have responsibility for?

2   Does your department/organisation monitor the social impacts of (a) its policies and/ or programmes and (b) changes in the wider community? If so, describe succinctly how this task is performed and how such results are fed back into policy.

3   What social wellbeing tasks, programmes, activities and/or social services does your department/organisation administer or report on?

Almost all departments responded, but while some gave detailed statements of practice and intentions, others made only brief statements of principle and invited follow-up enquiries. The replies from some departments indicated very clearly the marginal nature of their research and evaluation units. The Department of Social Welfare's reply, for example, said, 'As far as social monitoring is concerned, proposals to establish this role within the Policy Development Division have been suspended for 6 months pending the outcome of the restructuring that is currently taking place.' The reply did not mention the work of that Department's research section or evaluation unit.

Several departments seemed aware that they could be doing more to monitor their policies. The Housing Corporation, for instance, stated that 'The corporation has been only marginally concerned with monitoring the social effects of its policies and programmes but is aware of the need to give this area more attention.' This department's reply also illustrated the way in which monitoring policies is not necessarily seen as a specialist activity for which particular training is needed. It was noted that as well as having a Policy and Research Unit in Head Office, comprising 15 staff,

monitoring was also carried out in 14 branches of the Corporation 'by management advisory officers who have graduated with university degrees in social science.'

Even where their spheres of influence directly concerned social policy, a number of departments indicated in their replies that they did very little monitoring. The Inland Revenue Department accepted that governments use the tax system to redistribute income in order to achieve social policy objectives. However, its only means of monitoring the effectiveness of current tax legislation was 'by way of correspondence and enquiries received by district offices.' Similarly, the Department of Labour stated:

> The Department employs a number of social scientists as policy or delivery advisers, and many of these officers are involved in monitoring and evaluatory tasks from time to time. The Department does not, however, employ any staff whose sole responsibilities are the monitoring or evaluation of policies and programmes.

The submission by the New Zealand Police to the Royal Commission indicated the Police Department's interest in undertaking more research activities but cautioned that:

> . . . the nature of organisational resistance to trying new things and evaluating them is so institutionalised in police departments that research and development are difficult to achieve.

The submission concluded that the support of top management for research and development was not sufficient, 'for the goals of chiefs can be subverted as well.' (Submission 3279)

It is instructive of the current status of monitoring and assessment of social policy that a number of major departments—including Education, Health and Labour—did not refer to their responsibilities for it in their submissions to the Royal Commission. The Department of Education's Annual Report to Parliament in March 1987, however, included a substantial section on research. Reviewing progress over the past ten years it concluded:

> The result of these and other related activities has been the creation off [sic] a stronger climate for research in New Zealand education and the development of more effective communication between research workers themselves and researchers and practitioners.
>
> *Report of the Department of Education for the Year Ended 31 March 1987, p. 44*

As well as research and (in some cases) evaluation units, social policy departments almost always include groups of staff who are responsible for statistical collections. In a number of cases, these statistics units are considerably larger than the research units. In

general the statistics sections provide the 'raw data' for use by other sections of the department. It is almost invariably the case that the prime orientation of these sections is to provide management indicators for administrative purposes such as budgeting, staff recruitment and deployment, capital works, etc. Their use for the monitoring and assessment of the department's policies is usually a very secondary consideration. The implications of this for the quality and nature of the data available to monitor and assess social policies is taken up in the second part of this paper.

1.2 Contracting Out of Monitoring and Assessment by Departments

Although only a minor part of the government's expenditure on scientific research, the letting of contracts to university researchers and private sector companies is nevertheless an important aspect of the monitoring and assessment of social policy. Indeed, it has been a growing trend in social policy departments, particularly for evaluation research. It is possibly motivated by the desire to be seen to have had an 'independent' assessment made.

As the Working Party on Research Contracts pointed out in their 1980 report, this 'cuts both ways' in that it also provides a stimulus to university and private research activity. Referring to the university case in particular, they said:

> Research contracts often have the effect of prompting university staff and students to take an interest in areas of national importance which continues after the particular contract is completed and this will have flow on benefits. *Report of the Working Party on Research Contracts, p. 5*

The Working Party also makes the point that commissioning independent research enables departments to 'separate their research and administrative roles' (p. 6). It also provides departments with greater flexibility with regard to the expertise required for particular types of projects than may be held by the staff of the in-house research unit. With few exceptions, social research units tend to be located in head offices in Wellington, making it difficult for them to undertake projects which require extensive periods of time in the field in locations outside Wellington, or in-depth knowledge of particular communities. It should also be said that while departments' experience with contract research is not uniformly positive, their experience does tend to be that commissioned research delivers quicker results than in-house research.

The NRAC figures for 1986 show an expenditure of $448,000 by departments on social sciences contracts. The figures for particular departments show major variations in the extent to which contract research is used:

- Department of Education ($237,000)
- Department of Justice ($14,000)
- Department of Labour (Nil)
- Department of Social Welfare ($190,000).

2 Independent and Quasi-Independent Assessment of Government Social Policy

As with in-house assessment and monitoring of government social policy, assessment by independent and quasi-independent bodies is poorly developed in New Zealand. The reasons for this and the implications are taken up in the second part of this paper.

Nevertheless, a variety of bodies undertake some independent monitoring of social policy. These bodies range through university departments which have staff with expertise in the field; through formally established institutions such as the New Zealand Planning Council and the National Housing Commission; through organs of government external to departments such as the Audit Office and select committees of the House; and through some professional associations such as the Association of Economists and the New Zealand Sociological Association; to community and pressure groups, as well as trade unions and voluntary associations.

The Advisory Group within the Prime Minister's Department also has some responsibility for the oversight and monitoring of social policy, although its role at present seems to be crisis-oriented.

Of the quasi-independent bodies, the New Zealand Planning Council and the National Housing Commission probably have the most extensive track records in monitoring social policy. The Planning Council has established a number of monitoring groups which publish regular reports. Most relevant to social policy are the Social Monitoring Group (see, for instance, *Birth to Death* and *Care and Control*), the Population Monitoring Group, and the recently formed Income Distribution Group. The National Housing Commission has completed a number of reports on social aspects of housing policy.

One quasi-independent body, established in 1979, has the potential to provide much research-based information for monitoring social policy—the Social Sciences Research Fund Committee. Since its establishment that Committee has administered a fund for social sciences research in New Zealand which comes to it through Vote: Social Welfare. The Committee accepts applications from any social scientists not employed by government departments.

Understandably the Social Sciences Research Fund Committee has taken the position that funding social science research is a broader activity than funding the monitoring and assessment of social policy. Nevertheless many of the published reports resulting from projects funded by the committee have direct policy relevance and range across topics such as:

- the accommodation needs of disabled people
- women's employment and unemployment
- the social implications of rapid industrialisation
- land use change in Northland
- community mediation services
- the social impact of tourism
- women's mental health

By and large, however, the Social Sciences Research Fund Committee funds university research and it is difficult for 'community-based' groups to secure funding. For example the Report of the Committee Appointed to Review the Social Sciences Research Fund Committee noted that only 20 percent of the grants awarded by the committee up to 1985 went outside universities, while applicants from outside universities submitted 30 percent of the applications which were declined funding. It should also be noted, however, that a higher proportion of the grants that had to be written off went to applicants outside universities, indicating that the infrastructure for social sciences research is even more poorly developed in the community than it is in government departments and universities.

Recent years have seen the development of some enhanced independent monitoring procedures within the government system itself. Of particular note is the enhanced select committee system, which has the potential to conduct useful enquiries into aspects of government policy, as the report of the Government Administration Committee on the Quality of Teaching illustrates.

Of course the assessment and monitoring of government policies is not just the prerogative of social scientists. The Auditor-General has acknowledged that it is part of his responsibilities. In his reports to Parliament he has indicated his desire to broaden the definition of auditing:

> More recently, there has been increasing public recognition that adequate standards of accountability cannot be based upon purely financial measures . . . the results achieved by those expenditures are at least as important as the amount spent.
>
> *Report of the Auditor-General for the year ending 31 March 1985*

The New Zealand Society for the Intellectually Handicapped took up the Auditor-General's comments, and in their submission to the Royal Commission on Social Policy they described the pilot social audit project which they had commissioned the Community Services Institute to conduct. As a result of this project the Institute has developed 'a workable social audit model' and now has a continuing commitment to its development, including its publication and dissemination during 1988, along with a programme of social audits in social service organisations and training for social auditors. (Submission 3172)

The Audit Office itself is establishing Value for Money Units in each of its regional offices. While not explicitly evaluating the social implications of policies, their work borders on this at times. The focus of the units is on whether policies are being implemented in the most efficient and effective ways, rather than the worth of the policies themselves. The units, as with the Audit Department generally, see themselves as accountable to Parliament and through Parliament to the taxpayer. The methodologies used by the units tend to be those of management support rather than social sciences research. Nevertheless, a review of some of the topics they have covered in the past year and intend to cover this year—school buildings, hospital operating theatres, care of the aged—indicates considerable relevance to social policy.

It is difficult to gauge the extent of research-based monitoring of government social policy which occurs in the community as much of it may remain unpublished and unreported by the news media. The work of the Lower Hutt Anglican Social Services, the Tainui Trust Board, and the Maori Women's Welfare League are some examples.

As noted earlier, few submissions dealt with this field at all. Some submissions from community groups did, however, identify

the need for monitoring and assessment. For instance, the Presbyterian Social Services devoted a section of its submission to 'Planning and Evaluating Social Policy' and stated:

> There is, therefore, an urgent need to establish a reliable data base for evaluation and research providing information on which to make decisions. This should be the responsibility of government, perhaps delegated to a university to carry out. This information should be made available to any wishing to make use of it.   *Submission 3005, p. 7*

The Wellington Regional Council submission went a step further and suggested that the Council had a major role to play in:

> The monitoring of social policy and social service delivery. The Council is neither a provider nor funder of social services and is, therefore, well placed to independently monitor the impact of social programmes on the regional community, assess the effectiveness of such programmes and whether they are achieving the policy objectives.   *Submission 3327, p. 5*

A number of the larger trade unions have undertaken social research, for example, the Public Service Association's enquiries into new technology and the social implications of the restructuring of the meat industry.

One rather unique community group—the Society for Research on Women—has made a sustained contribution to the monitoring of social policy over the past 20 years. Through the voluntary efforts of its members, assisted by a small government grant for material costs, the society has completed and published over 40 research projects, which cover such topics as child care, caring for dependent relatives, paid and unpaid work, public service careers, single motherhood, abortion services, and general practitioner services.

This review has attempted to answer the question 'who now monitors and assesses government social policy?'. It indicates that although a variety of monitoring and assessment activities is carried out both inside and outside social policy departments, a coherent infrastructure for social policy research is yet to develop in New Zealand. The Committee appointed to review the Social Sciences Research Fund Committee put it this way:

> Social science in New Zealand does not yet have the infrastructure of science or medical research. Its present performance is no measure of its potential because it has never had realistic funding, sufficient well-trained researchers, or the independence to identify problems or report results irrespective of government funding or national policies.

> *Report of the Committee Appointed to Review the Social Sciences Research Fund Committee, p. 41*

The particular problems and issues highlighted by this lack of infrastructure are discussed in the next part of the paper.

II   Problems and Issues in Assessment and Monitoring

The Royal Commission on Social Policy is charged with investigating and reporting on 'the criteria and mechanisms by which the social impact of policies may be monitored and assessed'. To make recommendations on what *should* occur, it is necessary to understand what presently happens. The first part of this paper has described the under-developed state of monitoring and assessment of social policy. This part focuses on a number of issues highlighted by that review which need to be resolved if the quality of social policy assessment is to improve.

The issues covered here fall into 2 broad categories:

- those which relate to the *social context* in which the assessment and monitoring occurs—issues such as accountability, cultural appropriateness, freedom of information and the politics of evaluation—and
- those which relate to the *way* in which the assessment and monitoring is undertaken—issues such as the training and expertise of researchers, management commitment, methodologies for evaluations, data content and quality, and the timeframes within which the work is undertaken.

3   *Issues of Social Context*

It is still a common belief amongst social researchers that the data they collect to monitor social policies and the way in which they collect it is 'objective' and 'value-free'. It is not within the scope of this paper to demonstrate the naivety of this belief. However, this section is concerned with demonstrating a number of ways in which the social context of social policy monitoring must be acknowledged.

3.1   *Accountability*
It is possible to identify a number of groups to whom those who monitor government social policy might consider themselves

accountable. The Committee Appointed to Review the Social Sciences Research Fund Committee included the following in their list:

- the sponsors who fund the research (usually tertiary institutions, government departments, granting bodies and private organisations);
- the consumers of the research (who are often a wider group than the sponsors);
- the subjects of the research (who are entitled to know that they are the subjects of research and what the purpose of that research is), and
- the practitioners of research (who provide peer review and maintain ethics and standards).

Report of the Committee Appointed to Review the Social Sciences Research Fund Committee, p. 19

Until recently accountability was not an issue which particularly exercised the minds of social researchers. Most of those in universities saw themselves as accountable firstly to their peers and secondly to their funding body. Researchers employed within government departments probably acted in a not dissimilar manner, although their accountability to their sponsor (their department and, through their permanent head, their Minister) was more prominent and had priority over peer accountability.

The accountability of researchers to the wider community of consumers and 'subjects', and the almost inevitable tensions between these different accountabilities, are now becoming more evident. However, the authors of this paper found it difficult to obtain any written material which discusses accountability issues in social policy research in New Zealand, and the topic was mentioned in very few submissions to the Royal Commission.

A strategy employed by some government departments to acknowledge their accountabilities, both for in-house and contract research, is the use of advisory committees to guide research projects. Such committees are usually formed once the decision to embark on a project has been made by the department and/or Minister. The Committees usually comprise a small number of people (6–10) chosen to represent the various sectors with an interest in the project both inside and outside the department.

For example, the advisory committee for an investigation of sex differences in teachers' careers and promotion patterns undertaken by the Department of Education, drew its membership from those sections of the department most involved with the topic, the National Advisory Committee on Women in Education (which had asked the department to undertake the research), the primary

and secondary teachers' unions, and an independent researcher with expertise in educational research. (See Department of Education, 1982.)

The trend to make government departments more accountable to their clients is undoubtedly having an impact on the research and monitoring activities of departments. There are increasing challenges to departments to involve clients in the decisions they make about what, when, how and where to monitor.

These pressures face social researchers within government departments with very similar dilemmas with regard to dual accountability to senior management and Ministers, and to communities and clients, as those faced by other departmental officials. The difference for researchers may be that they have a number of qualities which might lead to them being regarded by clients as potential advocates for clients' interests: they have access to 'new' information to which other departmental officials are often not privy; they have a broader understanding of the department's range of activities and policies than an officer from one particular policy area; because of their training they sometimes have a higher level of 'social awareness' and analytical perspective; and they are less committed, because of their lack of day-to-day involvement, to the political accountability of serving a Minister and his or her government.

3.2 *Culturally Appropriate Monitoring*

A particular example of accountability issues in the monitoring and assessment of social policies, is the cultural appropriateness of the way social research is undertaken. The growing response of Maori people to their experience of being the 'subjects' of social research is highlighted by Stokes:

> There is an increasing awareness in the Maori world that Maoris have been guinea pigs for academic research; that some academics have made successful careers out of being Pakeha experts on Maoris; but that Maoris have not gained a great deal by this process . . . Another criticism of existing research on Maoris is that it is merely descriptive, and only tells Maoris what they already know . . . Very little research has been done to provide guidelines in working out strategies for retention of language and culture, and the transmission of cultural values for Maori people themselves to work at. . . . There is strong criticism that much of Maori research only serves to reinforce existing negative stereotypes—low socio-economic status, high crime rates, low educational attainment levels and so on. *Stokes, 1985, pp. 3–4*

These, and related criticisms, have often been responded to by social researchers with an assumption that Maori people are arguing against *any* social research in Maori communities or with Maori clients. This is not so and Stokes devotes a section of her paper to the topic 'Why Is Maori Research Needed?'. In an oral submission to the Royal Commission on Social Policy, Whatarangi Winiata of the Raukawa Trustees spoke of the survey of hapu and iwi undertaken by Raukawa to provide information on cultural resources to assist in planning for tribal development:

> We conducted in-depth interviews with 1500 people just to . . . try to get a profile on our hapu and iwi in terms of those things that our people talk about as being important. We asked them to name their . . . immediate 14 past . . . ancestors back to their great grandparents in order to construct an index of whanaungatanga. *Submission 2568*

The Royal Commission's attention was also drawn to the keen interest Maori people have in developing and sharing ways of tracing their genealogies. (Submission 2739)

The extensive (and almost always unpaid) involvement of Maori in researching claims for presentation to the Waitangi Tribunal, and their extensive research into the social impact of energy developments (see, for instance, Tainui Trust Board reports), is evidence of the intense interest that Maori people have in social research *provided* it is undertaken by culturally appropriate means for the purposes of Maori development.

The Maori critique of Pakeha social research has direct implications for the way government social policy should be monitored in the future and this is taken up in the overview paper.

3.3   *The Politics of Evaluation*

It is assumed that evaluation of government social policy is now a regular feature of the environment. In fact, initiatives by departments in establishing evaluation expertise in-house or in contracting out evaluation are relatively recent phenomenon. Moreover, the tagging of new policies with an evaluation proviso, at the request of the Treasury or the Government (or in some cases the host department itself), has become more common only in recent years.

What this has meant is that most new small-scale community-based initiatives have a requirement for evaluation before on-going funding is provided, while the large expenditure categories of the major social policy departments go unevaluated, and often only superficially monitored. Recent examples of community-oriented

social policies which in the Commission's view are 'over-evaluated' would be the Community Health Initiatives Fund (CHIFS) and the Community Organisation Grants Scheme (COGS). By over-evaluation the Commission means that the time and resources expended on the evaluation of these schemes was out of proportion to their total level of funding.

It was noted earlier that community or client consultation about evaluations only occurs (if it occurs at all) after the decision to evaluate has been taken, and usually after the form of evaluation has been decided. The decision to evaluate is therefore almost always made by senior management of the department hosting the policy, politicians (be they the Minister of that particular department or members of Cabinet Committees), or the control departments of the Treasury and the State Services Commission. Control over the decision to evaluate means that politicians and government officials are usually the ones who determine the purpose and focus of the evaluation. The Commission was aware of a number of instances in which community groups had held a different understanding from officials about the purposes of the evaluation.

This is not to imply that community and client groups would necessarily oppose the conduct of any or all of the evaluations of government social policy. The point, rather, is that accountability requires that client groups are involved *from the outset* in evaluation decisions. This involvement would mean a negotiation of the purpose and outcomes of the evaluation between government and client groups.

3.4 *Freedom of Information*

It has already been noted that researchers in government are most likely to identify their accountability as being primarily to their sponsor (i.e., their host organisation). The pre-emption of decisions to conduct evaluations and other monitoring exercises, and the control over the forms that that monitoring takes by officials and politicians, have also been discussed.It is therefore not surprising that such an environment produces concerns about access to the information derived in the course of monitoring social policy.

Meeting the diverse accountabilities that were identified earlier requires that information from monitoring exercises is freely available, so that debate can occur between interested parties over the outcomes of the research. An important factor that should not be overlooked with evaluations of social policy is that it is just as

important to know *how* the information was derived as it is to know *what* information was collected and what conclusions were drawn. Both the results and the methods must be open to scrutiny and challenge.

It was noted earlier in this paper that the infrastructure for social research is even more poorly developed amongst community/client groups than within departments. This lack of available expertise in understanding and critiquing methodology poses problems for community groups faced with a departmental report whose findings they consider dubious. Greater expertise within departments means that senior officials and politicians are better able to 'demolish' the findings of research on the impact of government policy undertaken by communities. Thus, if the officials and politicians win the 'battle of the data' it may not mean that *their* data are any more reliable, just that they have greater expertise in critiquing their opponents' data.

While most departments with in-house social research teams now routinely publish the results of the major projects undertaken by those teams, it is often more difficult to obtain the results of inhouse monitoring and evaluation exercises. The Official Information Act 1982 supposedly turned the former Official Secrets legislation on its head and made it a public right to have access to official information. Undoubtedly the Act has made access to research and monitoring information held by departments easier. However, the Commission is aware of cases in which the 'soon to be available' and 'advice to the Minister' sections of the Act (Sections 18 (d) and 9 (2) (f)) have been used to withhold research and monitoring information.

For reasons which are not entirely clear to the Commission, it seems to be the case that reports of research and evaluation projects contracted out by departments are less likely to be made public than the reports of research conducted by in-house units. On a few occasions the research unit of one government department has undertaken an evaluation on contract to another department, and the client department has had control over the release of the report. Such a situation poses particular accountability problems for the researchers in the contracting department.

The cost of access is an important issue. At present some departmental research reports are available free on application, others are charged for—the difference seems to be one of departmental policy. Charges for access to unpublished material are made,

beyond a small free allowance for staff time and photocopying, and these charges are set regularly by the State Services Commission.

A final point with regard to access to information from research and monitoring exercises is the timeliness with which reports are released. The Commission is aware of a number of occasions on which research results used to justify changes of policy have been released *at the same time* as the decision to change the policy is announced. This means that client and community groups have no opportunity to assess the validity of the research findings and enter into a dialogue about policy change. While the Commission understands politicians' and officials' desire to prepare themselves for public (including media) questioning on any research report they release, this desire should not pre-empt the opportunity for community in-put into subsequent policy changes. The issue of the timeliness of reporting is taken up again below.

4 Issues About the Way Monitoring and Assessment is Done

It has been a constant (if largely implicit) theme of this paper that the process by which assessment and monitoring of social policy occurs is just as important as the outcomes of that monitoring process. This final section of the paper therefore looks more closely at some issues of *process*.

4.1 The Training and Expertise of Social Researchers

Social research and evaluation units in government departments have had major staffing problems since their inception. These problems have encompassed:

- the lack of an appropriate career structure for social researchers
- the lack of appropriate occupational grading and remuneration
- high staff turnover and difficulties in recruiting suitably qualified staff
- the lack of appropriate training
- the lack of appropriate research management structures

The Social Sciences Committee of the National Research Advisory Council (Committee D) devoted attention to most of these issues and focused in detail on the training of social science researchers over a number of years. The Report of the Working Party on the

Training of Social Science Researchers has already been referred to in this paper. That Working Party was established by the National Research Advisory Council in response to frequent criticisms about the low level of expertise held by social researchers at the point of recruitment and the extensive on-the-job training that was required after recruitment.

At the time the Working Party was established (December 1982) most researchers in government departments were recruited directly from university; most had social science degrees and an increasing number had some limited training in research methodology. At the point of recruitment many social science researchers are indistinguishable in their qualifications and background from those who take up positions as advisory officers in the policy sections of government departments. Yet as the discussion in this and other papers in the Assessment and Monitoring Phase indicates, the monitoring and assessment of social policies requires a high level of specific expertise. As with all policy work, however, it is very important that this academic knowledge is tempered with experience of social realities.

New recruits to social research units also usually have very little understanding of social and political realities and the policy development process. Until very recently they have most commonly had a particularly academic approach to accountability, not regarding themselves as accountable to the department's clients for the conduct and outcomes of their work, or even, in some cases to the senior management of their department.

The National Research Advisory Council Working Party canvassed a variety of opinion on what could be done to improve the training of social science researchers, dividing their recommendations amongst the pre-employment phase (particularly training by universities); the transition phase (with initial on-the-job training); and the employment phase (with refresher training and updating). The full breadth of the recommendations cannot be encompassed here. What should be said in conclusion is that while many of the problems with the skills and expertise of social science researchers remain, the establishment of the Diploma in Social Science Research at Victoria University is one recent development which should, over the long-term, improve the quality of the assessment and monitoring undertaken by departments.

4.2 *Management Commitment to Monitoring and Assessment*

Back in 1981 a National Research Advisory Council Working Party on Research Advice recommended that departments establish research advisory committees which:

> . . . should monitor the research unit's programmes as Boards of Directors would monitor without being involved in management. It would take regular stock of programmes and report the results to the Permanent Head.
>
> *Report to the National Research Advisory Council by the Research Advice Working Party, p. 11*

In reality at that time the management of research programmes within departments was at a low level. Research staff were treated as 'backroom boys and girls' and were seldom well integrated into the management and policy-making structures of the departments. Their 'programmes' were often little more than a collection of discrete projects whose origins were shrouded in the mists of time and for whom there was seldom an identifiable client.

A not uncommon outcome of this disregard for research sections was duplication of effort, especially when line staff or policy staff were assigned to conduct parallel exercises by their managers who were unaware of the research section's involvement. A further common outcome was the 'capture' of the research section's work programme, either by staff within the unit pursuing their own particular interests, to the disregard of the department's or clients' needs for information, or one member of senior management (sometimes the Permanent Head) regarding the research section as his or her own private source of expertise and information.

In most departments now a procedure for management oversight of the research programme has been instituted, and this can include any or all of the following: representation by the directors of the major policy sections of the department; canvassing of those directors for their 'wish-lists' of research projects; selecting and prioritising of research projects on a department-wide basis; identification of an agreed client for each project; preparation of a full research proposal specifying objectives, methods, timeframe and budget; and regular reporting of progress leading up to presentation of the final report and implementation of outcomes.

However, even the implementation of these procedures for ensuring that research programmes are well integrated with departmental policy priorities, cannot solve problems caused by the

fact that policy-makers and senior departmental managers operate in a much more immediate and politicised environment than researchers. What needs to be recognised by both parties is that research is only appropriate for providing answers in certain situations. Even then, it will not necessarily provide the clear directions of 'what to do now' that many decision-makers are seeking. This issue is taken up again below in the discussion on timeframes.

4.3 *Methodologies*

The lack of a comprehensive infrastructure for research and evaluation which was commented on earlier in this paper has led to a rather limited approach to evaluation methodology. Ideally, there are a wide range of research methods available which can be drawn on as appropriate in evaluating programmes. What has tended to happen in practice, however, is that the methods used are more dependent on the training, experience and inclinations of the staff of the unit concerned than on the suitability of the methods for addressing the evaluation questions.

Until recently, for example, research was almost synonymous with 'doing a survey', and in at least one research unit, postal surveys were preferred, even though it is well recognised that self-administered questionnaires have one of the least reliable response rates of all data collection methods. Evaluations were designed around known methods, which were biased in favour of quantitative approaches. While the belief that statistics are the best source of reliable information, and that qualitative research is not sufficiently rigorous to be useful is still widely held, non-statistical methods such as open-ended interviews or participant observation are now used increasingly in evaluation research, either to complement statistical studies, or on their own.

The first issue to be addressed when designing an evaluation study is not, in fact, whether the methodology should be statistical or qualitative, but what questions the evaluation is seeking to answer. A distinction can be made, for example, between process evaluation, which asks whether the programme is being run in the way most conducive to meeting its goals, and outcome evaluation, which asks to what extent those goals are in fact being met. The former tends to be a management tool, assessing the strategy for putting a particular policy in place, the latter, an assessment of the policy.

The next step is to decide on the kind of information that is required. Statistical methods are used to measure behaviour, and classic evaluation designs are based on the experimental model which surveys a population before and after the introduction of a programme, often including a 'control' group which is not involved in the programme, in order to demonstrate that the effect measured is in fact the result of the programme. However, there are ethical problems with carrying out research of this kind in the social policy area, because, if the policy to be evaluated involves offering the experimental group something which is believed to be to their advantage, the control group can be said to be being deliberately disadvantaged. This problem is sometimes overcome by 'piloting' the programme on a small group and using the rest of the population as a control. In addition, in order to be successful, evaluations of this kind need to be set up before a programme is implemented so that the necessary baseline data can be collected. In practice, this is seldom achieved.

Although it can be an excellent tool for measuring outcomes, this approach has certain limitations. For example, it is expensive and time consuming; it depends on there being clear, measurable objectives; it does not adequately reflect unforeseen effects or repercussions the programme may be having, and although it may indicate the extent to which programme goals are being met, it does not give much information on why this is so.

Qualitative methods aim to reach an understanding of what people are thinking and feeling, what the programme means to them, and can throw light on why they behave as they do. They usually involve interaction and dialogue between the researcher and the people involved, and although the results cannot be generalised statistically to the wider population, when used by appropriately trained researchers they have their own rigour and reliability.

Within these two broad categories of methodology a wide range of research techniques are available and evaluation research is increasingly designed to combine methods as appropriate (as, for instance, in the Justice Department's recent evaluation of the Small Claims Tribunal).

With the 'think big' projects of the previous government and the corporatisation changes introduced by the present government, Social Impact Assessment has emerged as another aspect of policy analysis. A Social Impact Unit was established first in the Ministry

of Works and Development, and later in the State Services Commission, with the brief of monitoring the social implications of these major changes. A methodology for Social Impact Assessment was developed and refined, which also seeks to combine a range of different research techniques for policy analysis and implementation. (Details of social impact assessment methodology are given in the Social Impact Assessment Working Group's Report for the Royal Commission and in *Restructuring the State: Restructuring Society*, a resource paper in this volume prepared for the social well-being phase by Margy-Jean Malcolm.)

5 *Data*

The aim of this section is to make brief comments about the adequacy of existing data sources. Comments will be made in two sections which deal, in turn, with the content of data available and the attributes of those data.

5.1 *Data Content*
In the other chapters of the Royal Commission's report, comments are made about the limitations of the data available in specific areas of social policy. This section highlights broad areas of concern about the data generally available for the assessment and monitoring of social policy. It also discusses the role of the statistical review committees.

REVIEWS OF OFFICIAL STATISTICS The reviews of official statistics provide an opportunity for users of statistics to have an input into the content and availability of official statistics. The terms of reference for each of these reviews are similar. For example, for the Review of Statistics of Accidents Involving Injury:

> The terms of reference were, as for other reviews, to furnish to the Government Statistician a report containing recommendations on the machinery and resources needed to implement any proposed changes to statistical systems in order to meet required statistical standards and established user needs. The Committee was also required to assess priorities pertaining to:
>
> (a) Any changes to existing statistics to meet user needs;
>
> (b) Any changes required to bring statistics up to the required statistical standard, and
>
> (c) The discontinuance of any existing statistical collections.

These committees have an opportunity to examine the state of statistics in an area. They are, in theory, able to co-ordinate the requirements of all government and non-government users. In addition, they are able to assess the information available throughout government agencies.

A list of topics to be covered by the review committees was drawn up in 1977. It was intended that every topic on this list would be covered in a 5 year period. While the topics for reviews have generally been drawn from this list, there has been at least one occasion (the Review of Ethnic Statistics) when the topic was determined by evident public concern. The selection of topics for the reviews is made by the Department of Statistics. They report that scarcity of resources has prevented them from keeping to the 5 year timetable. A list of the reviews completed and currently ongoing is given in Table 1. The flexibility in the selection of topics for reviews means that it would be possible to have reviews that focused on the information needs of groups in the community more directly, but at present there is no mechanism to ensure that this occurs.

Once the decision is taken to conduct a review, the Department of Statistics invites selected government and non-government agencies that are producers and users of statistics to be represented on the committee. Public submissions are called for (often through the use of the public notices columns of newspapers) and, depending on the resources available, input is sought from specific groups in the community.

Having completed its deliberations, the committee then prepares recommendations. The Department of Statistics is encouraged to report to the committee annually on progress in implementing the recommendations. However, the committee does not have any power to enforce any agreement reached with the Department of Statistics or any other organisation.

MEASUREMENT OF ASPECTS OF WELLBEING There have been a number of reports on various aspects of wellbeing. The first report of the New Zealand Planning Council's Social Monitoring Group *From Birth to Death,* provided useful statements of policy objectives and relevant summary information. The Commission is concerned

that there is no system that ensures information organised as clearly as this appears on a regular basis.

The OECD Social Indicators Programme provides an intellectual framework for this work. The Department of Statistics' submission to the Commission expresses the view that this system is not yet able to be implemented, their reservations being that the required statistical base is not yet developed and the conceptual framework needs clarifying. Later in the submission there are suggestions as to how this could proceed, building on the department's experience in running the 1980–81 Social Indicators Survey.

TABLE 1: Completed and on-going reviews of statistics

Completed

Accident and Injuries Statistics Review 1984
Agriculture Statistics Review 1979
Continuing Education Statistics Review 1979
Electronics Statistics Review 1986
Energy and Mining Statistics Review 1983
Fertility Statistics Review 1984
Finance Statistics Review 1983
Fisheries Statistics Review 1981
Forestry Statistics Review 1979
Housing Statistics Review 1979
Justice Statistics Review 1982
Land Use Code Committee Review Draft Classification 1984
Plastics Statistics Review 1984
Primary Produce Statistics Review 1981
Research and Development Statistics Review 1983
Tourism Statistics Review 1977
Transport Statistics Review 1980
Wine Statistics Review 1983

On-Going

Ethnic Statistics Review
Labour and Employment Statistics Review
Beverages Containing Alcohol Statistics Review
Health Statistics Review

Commenting on the limitations of the current social statistical system, the Department of Statistics' submission states:

> To supplement the central role of the Population Census, the official social statistical system is currently reliant mainly on administrative sourced data. These are data such as hospital, school and prison admissions, which are collected primarily for administrative purposes by the institutions responsible for administering the respective areas of social policy (e.g., Education, Health, Social Welfare, Police, Justice, Labour). Administrative data by their very nature, relate to information about *inputs* to social policy, they only tell part of the story. They do not include information about the *impact* and *results* of social policy nor do they give much insight into evaluating social policy needs (apart from vital statistics and some other administrative sourced demographic data). Furthermore, the usefulness of administrative sourced data tends also to be limited by their lack of detail, variability in reporting standards and data quality, and their relative inaccessability to other than those who collect them. *Submission 4617, p. 3*

An illustration of this point is provided in the case of measuring homelessness. In their book *Poor New Zealand*, Rosalyn Coventry and Charles Waldegrave describe reasons why people who would be regarded as homeless by many definitions are not eligible to, or are discouraged from, having their name added to Housing Corporation lists. The point they make is that this list is an administrative mechanism for allocating a scarce resource and should not be used as a measure of homelessness.

Problems of access to adequate data become acute at the regional level. As different government authorities define regions in different ways, it is often impossible to collect a comprehensive set of summary statistics for even relatively large regions. An example is that statistics on the registered unemployed are collected in Department of Labour regions that cannot easily be compared with regional Census population figures. This means that an accurate comparison of Maori unemployment rates with the Maori proportion of the population in that same district cannot be made.

This can leave organisations that are responsible for maintaining or monitoring wellbeing short of information. The Auckland Regional Authority submission to the Commission noted:

> Accurate information on employment, housing and regional economics has an influence on central government policies. The Authority is sometimes the only agency with particular information.
> *Submission 4665, p. 7*

Given that the ARA has a large resource base it would be one of the few regional authorities in the country able to collect such

information. The Commission did not have the resources to determine the quality of information available to regional authorities generally. However, it seems fair to conclude that regional authorities must suffer from information deficiencies.

When new projects are started locally, or the regional effect on a national programme is considered, the question arises as to what information is currently available for policy makers and affected groups in the community to draw on in discussing the effects of the proposed policy initiatives. The Social Impact Assessment Working Group states:

> . . . . there is no mechanism within Government to ensure that social information is available at the time when decisions on projects, programmes or policies are being made, along with information on economic and environmental effects.

Social Impact Assessment Working Group, p. 17

The Commission views this situation with concern, and strategies to meet the deficiencies are discussed in the overview paper. It is essential that strategies for acquiring information ensure that its collection is well integrated into the policy review process.

In addition, it is critical to note that when any policy decision is being considered, the most vital information that can be obtained is the experience of those who will be affected by the new programme. This concept was developed more fully in the earlier section on methodologies, and it was established that an essential part of a government department's information system is timely input obtained from regular consultation with its clients. This process has been started in the Department of Social Welfare and some other departments.

The Commission is also of the view that departments do not always make the best use of the information that is available to them. Although the difficulties in using information derived from administrative sources are acknowledged, the judicious use of information held by field and ministerials sections, whose staff are in direct daily contact with clients, could enhance departments' monitoring systems.

The System of National Accounts provides an integrated, consistent framework for measuring the flow of money around the economy. Figures derived from the National Accounts (such as GDP) have been used as a measure of aggregate welfare. Such figures

have serious limitations. The goods and services that are represented by the National Accounts are only those that have a monetary value placed on them. This measure excludes much activity that makes it possible for individuals to earn money. It also means that 2 individuals performing identical tasks can have their work treated differently, depending on whether or not they were paid for it.

The Commission has noted that no official estimate of the numbers of New Zealanders in poverty is made. The complications surrounding the measurement of poverty are mentioned elsewhere in the Commission's report. The Commission concludes that there is a pressing need for the Household Expenditure and Income Survey (HEIS) data to be analysed so that a more detailed understanding of the income requirements of different household types can be obtained.

Similarly, it has only been through the work of Suzanne Snively and the Income Distribution Group of the New Zealand Planning Council that any systematic attempt has been made to assess the cumulative effect that government policies have on the distribution of income. As Snively states in the introduction to her study:

> The problem is that while economists have provided valuable insights about the effects of government measures, their treatment to date has not been comprehensive. *Snively, 1987, p. 1*

The paucity of information available about the distribution of wealth has been mentioned in a discussion booklet produced by the Commission. Along with the lack of information about how the wealth distribution is generated, this leaves a large gap in information about the dynamics of our society.

REPORTING COSTS The Commission notes the concerns expressed by many groups and individuals about the need to make the full costs of government programmes transparent. This type of information is essential for comparisons of the efficiency of programmes. The Commission endorses the view that the treatment of large items of expenditure on a one-off basis has two main effects on the information available:

1 It causes large peaks in the expenditure data series which are not related to peaks in the levels of service provision.

2 It means that in a year with no capital expenditure the full cost of the programme is likely to be understated.

In the Income Maintenance and Taxation section of the Commission's report the close dependence of the tax and benefit systems

was explained. A consequence of this is that in displaying information about government expenditure it is necessary to show both benefit payments and information about rebates, exemptions and tax credits. Examples of the misleading impressions of the trends in government expenditure that can be given by information based solely on benefit payments were presented in a paper by Mervyn Pope, published by the New Zealand Planning Council. While the classification of an expenditure item as revenue foregone is open to debate, the example given in Table 2 shows that at a time when benefit payments were increasing as a proportion of GDP, the expenditure level was nearly constant after tax expenditures had been accounted for.

TABLE 2: Sector share total social welfare provision

				March Years				
	1972	1974	1976	1977	1978	1979	1980	1981
				Percentages				
Individual and Economic								
Welfare	19.4	20.4	19.0	18.8	18.1	18.7	18.3	19.2
Social Assistance	16.9	20.8	19.5	21.6	23.6	23.3	24.8	23.4
Personal Tax Expenditures	12.1	8.3	9.6	8.6	9.0	6.6	4.7	4.1
Share of Total Government								
Provision	48.4	49.5	48.1	49.0	50.7	48.6	47.8	46.7

Source: Pope, M., Dimensions of the Public Sector 1960–1981

Finally, concern has been expressed that organisations can arrange their records in such a way as to present overall costs but not allow the costs of individual programmes to be assessed. In highlighting this issue with regard to hospitals, the Health Benefits Review Committee noted:

> What this means is that hospitals are multi-million dollar enterprises which lack adequate information on the costs or effectiveness of what they are doing. *Choices for Health Care, p. 89*

5.2 Data Quality
This section briefly summarises aspects of data quality that the Commission believes must be examined on an ongoing basis.

CONCEPTUAL FRAMEWORK   The conceptual framework for the collection of a set of statistics, or any other database, must be defined at the outset. Too often there has been a tendency to be encyclopaedic in approach and not define the key issues first. In addition, the conceptual framework developed by a department can be irrelevant to the concerns of the people in the community represented by those statistics. An example of this was described to the Commission by Whatarangi Winiata at the Raukawa Marae meeting. He presented a classification system to the Commission that enables hapu and iwi cultural resources to be quantified. Commenting on the way that ethnic statistics are currently organised he observed:

> Not one skerrick, not one datum [is] collected by the Department of Statistics on fundamental organisations in Maoridom.
>
> *Transcript of Raukawa Marae Hearing, p. 40*

CHOICE OF DEFINITIONS   Closely related to the issue of conceptual frameworks is the fact that the definitions used to collect and present data can be inappropriate to their purpose. The definition of a term should be determined by the use to which the measure is put. This can be complicated where there are many possible uses for the data. Table 3 gives an example of some alternative definitions of unemployment and illustrates how different rationales can lead to different definitions.

DATA ACCURACY   In any statistical collection there are a number of attributes of the method used to make estimates that contribute to the final accuracy of the figures presented. These include such factors as deficiencies in the survey frame, non-response errors, response errors, and (where appropriate) sampling error.

While it appreciates that any data collection exercise is a compromise between cost, timeliness and accuracy, the Commission is concerned about comments it has received on the lack of information about reliability that accompanies published statistics. Although it can be argued that this sort of information tends to complicate presentation, information that is used for public decision making needs to be accompanied by an assessment of its reliability if there is to be informed public debate. An example here is the Consumers Price Index (CPI) which is prominent in public discussion without its accuracy being subject to intensive examination.

TABLE 3: Alternative measures of the unemployment rate used in the United States

Measure	Definition	Underlying Rationale
U1	Persons unemployed 15 weeks or longer as a percent of the civilian labour force.	A measure of the severity of unemployment. The rationale behind this measure is that unemployment is a much more serious problem if it lasts for a considerable period.
U2	Job losers as a percent of the civilian labour force.	A measure of involuntary unemployment.
U3	Unemployed persons aged 25 and over as a percent of the civilian labour force aged 25 and over.	A measure of adult unemployment.
U4	Unemployed full-time jobseekers as a percent of the full-time labour force.	A measure of unemployment of those whose labour force attachment is strong. This measure excludes more casual or marginally attached workers.
U5	Official unemployment rate— unemployed persons of working age as a percent of the civilian labour force of working age.	The conventional measure of all persons actively seeking work in the specified time period.
U6	Full-time jobseekers plus half part-time jobseekers as a percent of the civilian labour force less half the part-time labour force.	This measure which counts involuntary part-time workers as being partially unemployed, but gives only half weight to those voluntarily seeking part-time work because their employed counterparts only work about half of a full-time working week.
U7	Numerator of U6 plus discouraged workers as a percent of the denominator of U6 plus discouraged workers.	This measure adds discouraged workers to the count of unemployed because they are also jobless, want work and are presumably available for work.

Source: McMahon P., and Robinson C., (1984) Concepts, Definitions and Measures of Unemployment and the Labour Force

The Statistical Review Committees discussed earlier have not generally had the resources to subject the accuracy of the data collected to critical examination.

TIMELINESS   The Committee Appointed to Review the Social Sciences Research Fund Committee described the speed with which demands for information change:

> Our existing knowledge base needs updating in the light of rapid change. . . . Do we for example still have a sense of ourselves as a classless society?—even data gathered five years ago have lost much of their contemporary significance, given the speed of present change.
>
> *Report of the Committee Appointed to Review the Social Sciences Research Fund Committee, p. 11*

While there are many practical difficulties in preparing timely data, the Commission is concerned about the lack of any public mechanisms to hold governments accountable to their publicly stated timetables.

ADAPTING TO CHANGE   As the regulatory environment changes the statistical information systems need to adapt and find new ways of reflecting the changes in society. In particular, it is noted that measurement in an increasingly deregulated environment is resource demanding, as previously fixed prices become variable. The Balance of Payments statistics are an example of an area where changes in the obligations individuals have to record personal indebtedness have meant that the statistics being presented are significantly less comprehensive than they once were.

6 *Timeframes*

At a number of points during this paper reference has been made to issues concerning the timing of monitoring and assessment of government social policy. Timing is a crucial aspect of process for a number of reasons:

- The way in which community involvement in monitoring is pre-empted at both the start and the conclusion (reporting) of a project was discussed earlier.
- The point at which a new policy is evaluated can be crucial if insufficient time has elapsed since its inception for it to be truly 'up and running'. A number of community groups have commented that they have had projects, for which

they received government funding, evaluated for their 'success' while they were still being established.

- The conflict between the timeframes within which researchers are able to provide information which they consider meets appropriate standards of reliability, and the timeframe in which policy-makers need the information has also been alluded to earlier. It is true that policy-makers need to have a more realistic expectation of what research/evaluations can 'deliver'. It is equally true that greater dialogue at the inception of a project might lead to project designs which enable timely results to be prepared. Researchers also need to identify and work to rectify the causes of their being seen to 'drag their heals' over completion of projects.

- Not only policy-makers but community groups are anxious to have the results of research and evaluation projects. The Commission was interested to have feedback from community groups that on the few occasions in which members had participated in research advisory committees they had found the procedures considered necessary for valid research to be tedious and time consuming.

Summary and Conclusions

The purpose of this paper has been to answer the question 'How well are government social policies presently monitored?' and in doing so to highlight the major concerns about the present state of the art of monitoring and assessment. The first part of the paper established that the infrastructure for social research is poorly developed in government departments in New Zealand although there have been genuine efforts to improve departments' strengths over the past 10 or so years, often due to the initiative of the National Research Advisory Council. In comparison the infrastructure in the community to enable community groups to monitor social policy remains very poorly developed, and there is little evidence of any concerted effort to better resource this area of monitoring and assessment.

A variety of strategies for assessment and monitoring are used by departments, and the recent growth in the importance of evaluation research, as opposed to the purely descriptive social research

previously dominant in government social research units, has been noted. It has also been shown that sections other than the research and evaluation units in departments are often involved in monitoring social policy, leading to concerns about the quality and appropriateness of the results achieved.

It has been established that both the process by which monitoring is undertaken and the social context in which it is undertaken are important. The second part of the paper picked up a number of issues under each of these themes. The accountabilities of those initiating and undertaking assessments of social policies were discussed, and the particular accountability to Maori people was highlighted. The importance of freedom of access for the community to both the research findings and the methods by which those findings were derived was stressed. The way was shown in which the decisions about which policies to evaluate, and when, are usually made without reference to the community groups directly concerned.

Finally, the paper discussed a number of issues about the appropriateness of the training of social science researchers, about management commitment to assessment and monitoring, about the quality of the data available for that assessment, and about the appropriateness of the methodologies used. Some problems relating to timeframes were described.

New Zealand lags behind other OECD countries in the resources it devotes to the assessment and monitoring of its social policies. While statements are often made about the importance of such assessment, the reality is that government funding for social science research is quite inadequate. This means that the information required to enable New Zealand to achieve its social policy objectives, and to achieve them in the most efficient way, is usually not available.

The overview paper takes up the themes developed in this review of the state of the art and indicates what needs to happen if adequate assessment and monitoring of social policy is to occur.
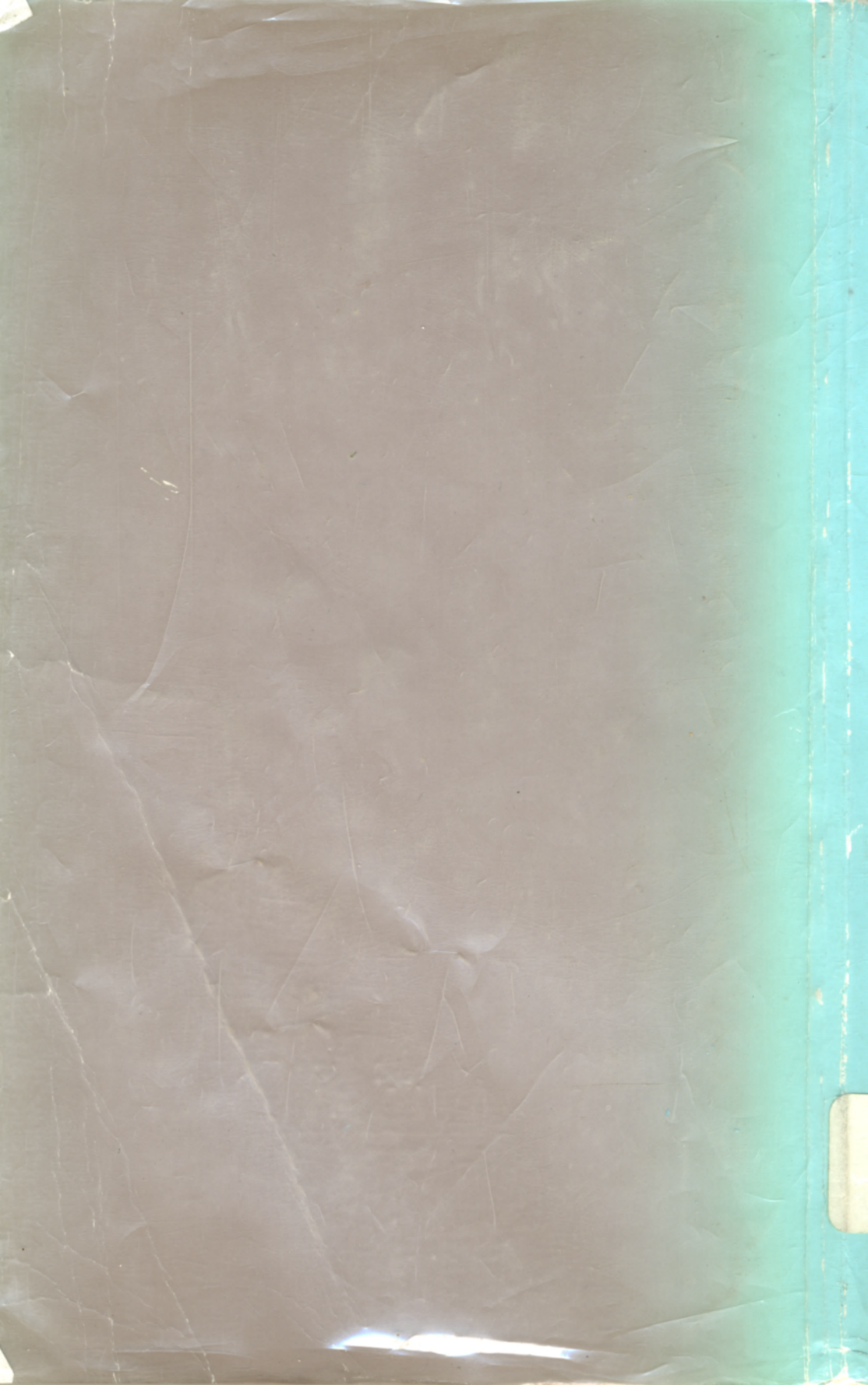
Acknowledgment

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THE ROYAL COMMISSION ON SOCIAL POL

III

PART 2