

## ***Fran O'Sullivan:* Time to tackle real welfare problem**

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On a day on which Auckland Mayor Dick Hubbard was once again caught sucking at the Government's teat, it was a bit rich to hear Don Brash lambast errant single mothers for doing their bit for the economy by having more state-funded babies.

The reality is that the economy needs babies - lots of them - to ensure plenty of future taxpayers to fund the baby-boomer generation as it heads to retirement.

The trick is managing the incentives to ensure middle-class career gals do their bit.

In the meantime, let's not be too hasty to pull the plug on the state's baby factory. (An argument could be mounted that it would be economic to formalise a programme to put single mothers at home to breed - but that has totalitarian overtones).

The reality is that this country's antiquated social welfare system is set to collapse as the time fast approaches when two converging trends - the browning of New Zealand and the inevitable move of the baby-boomers on to state super - form a tipping point.

These are the demographic trends that really matter - not just the women taking advantage of the system or terminally lackadaisical people who persuade immoral doctors to sign their sickness benefit applications, who the National Leader highlighted in his Orewa speech.

Clearly Brash - if he gets a shot at the top job - must slash welfare budgets. We do not have enough taxpayers to support the developing population shifts.

But I was disappointed that he excluded superannuitants - particularly those drawing salaries and benefits - and business bludgers such as Hubbard, who deserve to be pelted with rhetorical eggs and cast into the streets.

Think about it. The Maori population is projected to increase to 749,000 (17 per cent) by 2021. Baby-boomers - the largest population cohort - will by that time be swapping their skis for mobility scooters and sucking up a disproportionate amount of the health budget.

By failing to mine these telling trends in his speech, Brash opens himself to charges that his personal responsibility gig is yet another move to belt one particular set of beneficiaries - the deserving poor.

Maori are over-represented in welfare numbers. They form a disproportionate percentage of New Zealanders on domestic purpose benefits, sickness benefits and the dole.

But by 2021 28 per cent of all children aged 0-14 years will be Maori, one in five

working New Zealanders will be Maori, and the median age of Maori will be 27 compared with 43 for non-Maori.

Clearly the statistic of nearly 50 per cent of all Maori children being dependent on a benefit is unsustainable.

The demographic shifts also make Pakeha middle New Zealanders - at whom Brash aimed his speech - the equivalent of the dodo if they don't get down to some serious breeding.

Maori know they are set to drown under their own numbers if they do not change their long-term economic outlook. The Hui Taumata, or economic summit, to be held in early March will confront Maori success factors head-on.

So it's not all bad. Between 1981 and 2001 the number of Maori who were self-employed or employers tripled. Maori also export at a significantly higher rate than the economy as a whole.

There was little in Brash's speech to pinpoint the way in which Pakeha place their own particular dampener on the economy.

Pakeha - who live longer than Maori - are just as quick to double-dip as welfare beneficiaries by taking a superannuation benefit as well as a salary, even if they don't need it.

Earlier this week I urged Brash to be bold, pointing out that even old communists such as Russian President Vladimir Putin had gone much further than New Zealand's political leaders in cutting taxes and attacking welfarism.

Much of Brash's speech was predictable. But his appeal to personal responsibility will resonate with working New Zealanders who are working hard to stay ahead.

Among the vagaries, Brash has at least started to plumb the political faultlines.