



GOVERNMENT OF THE COOK ISLANDS
MINISTRY OF INTERNAL AFFAIRS

REVIEW OF THE SOCIAL WELFARE SYSTEM

June 2010

EXECUTIVE SUMMARY

1. In January 2010, the Ministry of Internal Affairs (MINTAFF) initiated the review of the Cook Islands social welfare system in accordance with the MINTAFF 2010-11 Business Plan. This involved the production and distribution of a public discussion paper, invitations for public submissions, and production of this document. This Review summarises the submissions received, reviews and assesses other information, and presents recommendations for consideration by Cabinet. MINTAFF anticipates that the feasibility of the options presented here will be assessed in a second phase of this work. Reforms to the welfare system may be implemented in 2011-12.

2. The Cook Islands has one of the most extensive social welfare systems in the Pacific island region. Although welfare is sometimes viewed as a drain on the public purse, there is nowadays wider appreciation that welfare and other social protection systems promote not only a life in dignity for all members of society but also economic growth and productivity, and are a prerequisite for equitable and sustainable development. People in the Cook Islands are aware and appreciative of the benefits their welfare system provides. In the outer islands, especially, welfare payments provide a much-needed stimulus to economic activity and play a central role in keeping these communities functioning.

3. Depopulation poses a great challenge to the Cook Islands, especially of the outer islands. The need is to create an environment where Cook Islands people want to stay and live. Adequate and sustainable social protection and welfare systems need to be part of a holistic approach to social and economic development. To this end, a component of the MINTAFF Business Plan 2010-11 is to facilitate a holistic review of current social development policies in the Cook Islands through an inter-ministry group that includes other central government agencies and non-government organisations (NGOs).

4. Since the passing of the 1989 Welfare Act, the Cook Islands has undergone extensive economic and social change. Expenditure on welfare has increased substantially over the past decade, with both new types of benefits and higher payment rates.

5. Demographic forecasts for the Cook Islands over the next two to three decades suggest there will be a rapid ageing of the population and a relative decline in the number of children. Because of the growing number of aged people in the population, welfare costs will expand considerably in the coming years even if benefit rates remain static. They are not, however, likely to remain static: there is already public concern that the aged benefit does not meet basic living costs, and without increase by 2030 its present value would be seriously eroded. The cost of the child benefit is likely to slightly decrease as the number of resident children continues to drop.

6. Over the next two to three decades, the economy of the Cook Islands is also expected to grow. The increased welfare costs of may be affordable if economic growth is sufficient. The cost of the welfare system could possibly be pegged to an appropriate percentage of GDP as an index of its continued affordability.

7. When all associated types of national spending are added together, on health, education, access to basic infrastructure and so on, a large proportion of government spending goes towards some elements of social protection, as broadly defined. Nonetheless, the social welfare system, in its broad distribution of payments, does not fully meet the needs of the most disadvantaged people, nor does it provide the necessary extent of social protection for the people of the Cook Islands who, like people everywhere, are vulnerable to the loss of health, livelihood, income or basic necessities of life through various types of events.
8. In order to better meet these needs yet remain affordable, the welfare system needs to:
 - i. Be more targeted to address the special needs of especially disadvantaged people, particularly those who are disabled, destitute, or lose their livelihood; and
 - ii. Be complemented by other forms of social protection, especially those that provide incentives for people to take more personal responsibility for the well-being of themselves and their families. This would include expanding opportunities for livelihood and health insurance, and for saving for retirement through the expansion of both compulsory and voluntary membership of the National Superannuation Fund.
9. The objective basis on which changes to benefits will be made and the timing of these changes needs to be closely defined in order to distance the welfare system from political interests.
10. Given existing pressures on the government budget and MINTAFF expenditure, immediate gains in the affordability of the system could be made by:
 - i. Returning the eligible age for the old age pension from 60 to 65 years, which would release 21% of current expenditure on welfare and put Cook Islands on par with the New Zealand aged pension scheme;
 - ii. Perhaps setting some conditionality for eligibility for the aged pension, such as it not be provided to people currently in a full-time civil service or other paid job, operating a registered business of a defined size, or with a high income, say above \$50,000 per year. This could have an associated benefit of encouraging older people to move out of the paid work force, freeing up paid jobs and encouraging growth in informal sector livelihoods. Innovative and culturally acceptable measures to reduce the coverage of the old age pension could also be sought, for example enabling fully employed or high income people to divert their pension to their choice of community services;
 - iii. Discontinuing the Christmas Bonus, and possibly also the Assistance to the Family of a Deceased Welfare Recipient benefit, which covers all elderly people regardless of means;
 - iv. Reviewing the New Born Allowance and Power Subsidy, respectively, in line with new legislation for paid maternity leave and new policies to remove utility tariff subsidies and establish community service obligations;

- v. Recalculating benefits that are currently means-tested (the Destitute and Infirm Person's relief, Care-givers Allowance, Power Subsidy, Special Assistance Projects) by household, rather than by individual, as is done at present (see para 3.7.3 and 5.7) which could allow for a fairer distribution of payments and, quite likely, higher welfare receipts for some households.

11. The extensive process of reviewing and reforming the welfare system needs to include:

i. Revision of the Welfare Act to:

- Bring it into line with the many changes in legislation and government policy, including the 2008 Disabilities Act;
- Clarify its intentions in order to address anomalies and unintended outcomes (There is no power of discretion in the Act to deny payment on the grounds that the welfare budget is exceeded. Also there is some lack of clarity as to whether eligibility refers to Cook Island ethnicity or residence, which may become a pertinent concern as more Cook Islanders live abroad and the resident population becomes more ethnically diverse);
- More clearly define the responsibilities of actual and *de facto* recipients (ie people who receive payments on behalf of dependents). For example, powers could be provided to Welfare Officers to withhold payment of the Child Benefit where a child was persistently truant from school, in breach of Cook Island law, until this situation was resolved;
- Ensure that the welfare system is fair and transparent, and that its benefits and the implicit responsibilities of recipients are widely understood.

ii. Discussions between the Cook Island Government and the New Zealand and Australia Governments on ways to improve collaboration and share information between their welfare systems, resolve anomalies and inequities (such as people who are disqualified from receiving benefits from either system because of their age when they moved between countries), and act to remove pressures off the much smaller Cook Island system in its need to maintain some parity with neighbouring welfare systems.

12. The welfare system is administered by MINTAFF with few resources. In order to operate a more efficient system, MINTAFF needs to have improved capacity to:

- i. Disseminate to the public clear definitions, eligibility criteria and the responsibilities of applicants and recipients to report or disclose information;
- ii. Improve the production and management of welfare records, including the capacity to monitor departures and arrivals; where appropriate,
- iii. Manage means tests effectively and access data to verify applicant's information on relevant income or assets; and

- iv. Objectively assess the adequacy of benefits and ensure that they are appropriately targeted. (In this regard, MINTAFF plans to soon engage in a detailed analysis of basic living costs for elderly people, using existing data sources and community consultations.)
13. Further assistance with the process of reviewing and reforming the welfare system will be provided to the Government of the Cook Islands through an Asian Development Bank funded project (Project No. 43090, Social Protection of the Vulnerable in the Pacific).
14. The evolution of the welfare system into one that is more targeted yet provides more broadly based social protection can be assisted by:
- i. Surveys of existing social protection mechanisms in the Cook Islands, including government provision of health and education;
 - ii. The mapping of patterns of access to services by disadvantaged or vulnerable people, to ascertain how their access can be improved;
 - iii. Promotion of saving schemes including the NSF; and
 - iv. Exploration of ways to support local, private service suppliers or fulfil community service obligations through non-cash forms of social protection.

I INTRODUCTION AND BACKGROUND

1.1 This paper draws together the content of submissions that were received by the Ministry of Internal Affairs (MINTAFF) on the Cook Islands social welfare system and supporting information, and presents for Government's consideration the policy options that arise from this review.

1.2 In January 2010, MINTAFF initiated a consultation process to solicit from the public their views on what the objectives and intentions of the welfare system should be. A Public Discussion Paper was circulated which raised key questions about the intentions of the Welfare Act, the targeting of welfare payments, adequacy of the payments, other safety nets, linkages with the National Superannuation Fund, and the affordability of the welfare system (Attachment 1).

1.3 Responses to these questions were invited from the public through a series of public announcements and radio programmes. Twenty-three written submissions were received, some from individuals and others from community groups in the Outer Islands. Other responses were gathered from talk-back radio sessions conducted by the Director of Social Welfare and from meetings held with interested parties on Rarotonga. (Attachment 2).

1.4 The last formal study on the social welfare system was commissioned by the Government in 2002 and headed by Papa Kura Strickland (Attachment 3). Since then, the Cook Islands have experienced considerable economic, demographic and social changes and there have been substantial modifications to the welfare system. The central concerns of the current review are the continued appropriateness, adequacy and affordability of benefits, and, where appropriate, their better targeting.

1.5 This review process is a component of the MINTAFF 2010-11 Business Plan, which requires both a review of the social welfare system and its integration with other social policy developments, including employment relations, gender development, child and family services, disabilities, youth and sport, and the NGO community.

1.6 **Possible actions:** MINTAFF anticipates that the feasibility of the options presented here will be assessed in a second phase of this work, and reforms to the welfare system may be implemented in 2011-12.

II THE WELFARE SYSTEM

2.1 The Cook Islands has one of the most extensive social welfare systems in the Pacific island region.¹ Not coincidentally, it also has one of the highest levels of human development, as measured by the United Nations Human Development Index.² However, the Cook Islands, like many other small island developing countries is very vulnerable to events beyond its control,

¹ ADB, 2006, *Social Protection Index for Committed Poverty Reduction, Vol 3. Country Summaries*. Manila: ADB.

² ADB, 2008. *Cook Islands Social and Economic Report 2006 Equity in Development*. Manila: ADB. The Human Development Index of 0.789 puts the Cook Islands first in the Pacific island region and in the same global league as Granada and Mauritius.

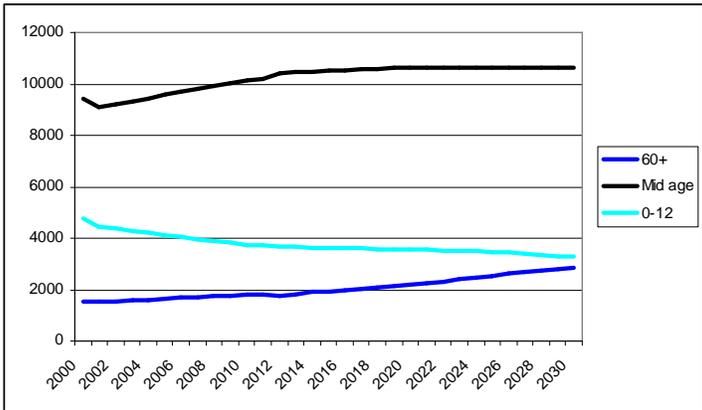
particularly environmental hazards, such as cyclones, and economic shocks. The level of well-being is therefore fragile and many people are vulnerable to hardship.

2.2 Whereas ‘welfare’ was traditionally considered as a drain on the public purse, there is now a wide appreciation that welfare and other social protection systems promote not only a life in dignity for all members of society but also economic growth and productivity, and are a prerequisite for equitable and sustainable development.

2.3 People in the Cook Islands are aware and appreciative of the benefits that their welfare system provides. In the outer islands, particularly, welfare payments provide a much-needed stimulus to economic activity. The possibility of an adequate lifestyle, which the old age pension provides for, encourages many older Cook Islanders to return home, even after years of living abroad. This infusion of social capital holds many families and communities together and helps to keep new generations of children and grand-children connected with their island homes.

2.4 The welfare system is an integral part of the social and economic future of the country. Depopulation poses a great challenge for the Cook Islands. A declining population increases the cost of providing essential services, especially in the outer islands, and increases the burden on remaining families, community groups and the Government to care for the disadvantaged. Other significant demographic changes are the declining number of children and a rapidly growing number of elderly people (Figure 1). The challenge is to create an environment where the Cook Islands people want to stay and live. An adequate and sustainable welfare system therefore needs to be part of a holistic approach to social and economic policy development, as well as the strengthening of partnerships across government agencies, communities and NGOs.

Figure 1 Projected change in size of age groups, Cook Islands, to 2030



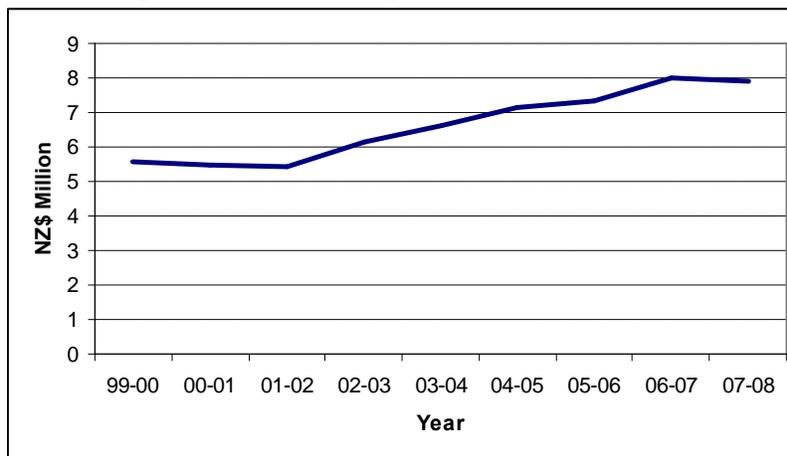
Source: Calculated from SPC population database.
Note: Projections are based on 2001 Census; updated projections should be available by mid 2010

Figure 1: The Cook Island population is growing slowly but ageing rapidly. The number of children in the population has shrunk over the past decade and the number of elderly people has grown. The growth of the mid-age group reflects a growing number of foreign workers and settlers. These trends are expected to continue and accelerate. Their extent can be more accurately assessed after the 2006 census is analysed, which is expected by mid 2010.

2.5 Valuable as it is, the welfare system must be affordable and sustainable. Government spending on welfare has increased approximately 42% over the past decade (Figure 2).

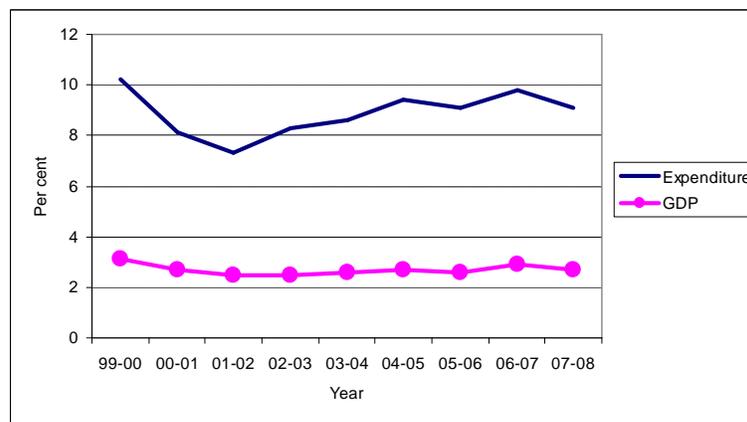
2.6 As a rule of thumb, the cost of implementing social protection packages is typically 1-2% of GDP in developing countries or 2-4% of GDP in industrial countries – but social protection packages include a wider range of policies and programmes than simply welfare benefits.³ If all other aspects of social protection in the Cook Islands were taken into account, using the criteria of the proposed UN Social Protection Floor⁴, this would account for a very much greater proportion of national spending. The average ratio of welfare spending alone to nominal GDP, at 2.7% in the Cook Islands, is therefore somewhat high by developing country standards (Figure 3).

Figure 2 Welfare Payment Rates since 2000



Source: Ministry of Internal Affairs

Figure 3 Ratio of total welfare payments to Operating Expenditure and Nominal GDP from 2000



Source: Ministry of Internal Affairs, 2009 Annual Statistics Bulletin

³ Social protection packages include all public transfers that aim to provide income security, address poverty, guarantee access to health and social services and protect workers' income, health and well-being. This is discussed further under section VI of this paper.

⁴ The UN Social Protection Floor Initiative: In April 2009, the UN Chief Executives Board accepted establishing a social protection floor as one of its initiatives to cope with the global crisis. The criteria are access to essential services (water, sanitation, food and adequate nutrition, health, education, housing and other social services) and essential social transfers to children, older people and people with insufficient income.

Figure 3: The ratio of expenditure on welfare to overall government expenditure has fluctuated with an overall slight decline. The ratio of expenditure on welfare to nominal GDP has declined slightly but averaged around 2.7% per year.

2.6 The high expenditure on social welfare in the Cook Islands is partly explained by the perceived need to maintain some parity with New Zealand and Australia. Cook Islanders hold New Zealand citizenship and passports, providing them unimpeded access to both countries. In many respects, the Cook Islands look to these countries to set its benchmarks for service standards, opportunities and incomes. Some public submissions noted with regard to the new-born allowance, for example, how readily Cook Island women can claim the AUD\$5000 bonus in Australia compared to the NZD300 bonus in the Cook Islands but with the risk to the community that they and their babies never return home. There is an associated concern that some people receive benefits from more than one country. The thin barriers between the Cook Island welfare system and those of its larger, more wealthy neighbours needs to be discussed between the three governments. At worst, inadequate benefits in Cook Islands could encourage a transient population of benefit seekers, and possibly now does.

2.7 In order to be sustainable and maintain the support of taxpayers, a welfare system needs to reflect community values. The public submissions reflected the strong ethos in the Cook Islands of community responsibility to support the vulnerable. There is a strong sense of entitlement to welfare benefits. This is consistent with the national recognition of social security as a basic human right, enshrined in many international treaties to which the Cook Islands is committed (either in its own accord or through New Zealand) such as the 1948 Universal Declaration of Human Rights. People desire and expect that the welfare system is fair, well defined, and transparent. People are aware of their entitlements but are less aware of their explicit or implicit responsibilities in regard to the welfare system. There is a recognised need to improve the welfare system in these respects.

2.8 Possible actions

2.8.1 MINTAFF to lead a holistic review of current social development policies in the Cook Islands through an inter-ministry group that includes the Ministries of Health, Education, Justice and Police and possibly other government and non-government organisations (NGOs).

2.8.2 The Cook Island Government to initiate discussions with the New Zealand and Australia Governments on ways to improve collaboration between their welfare systems, resolve anomalies and inequities, and act to remove pressures off the much smaller Cook Island system in its need to maintain some parity with neighbouring welfare systems.

2.8.3 The inter-ministry group to chart ways to ensure that the Cook Islands welfare system is fair, well defined and transparent, which is likely to include the review and reform of the Welfare Act, as well as the design and implementation of public information programs.

III THE APPROPRIATENESS AND ADEQUACY OF BENEFITS

3.1 The policy and delivery of the welfare system in the Cook Islands is authorised under the 1989 Welfare Act and its several amendments since. The rates and allowances are set by Parliament. The system provides for both universal⁵ and means-tested⁶ benefits. These benefits are all non-contributory, that is fully provided to beneficiaries by the Government through its taxation system.

Table 1 Cook Island Welfare Benefits

Universal	Means-tested
<u>Child Benefit</u> : All resident* children to the age of 12 yrs	<u>Destitute and Infirm Persons Relief</u> : People assessed as having no access to a livelihood
<u>Old Age Pension</u> : All residents** over the age of 60 yrs	<u>Care-Givers Allowance</u> : People assessed as fully occupied in caring for a disabled or destitute beneficiary
<u>New Born Allowance</u> : Mothers of all new born infants	<u>Power subsidy</u> : Welfare recipients assessed having a total income of less than \$600 per month.
<u>Crown Welfare Christmas Bonus</u> : all welfare recipients	<u>Special Assistance Projects</u> : Welfare recipients assessed as requiring extra help with their living conditions.
<u>Assistance to the family of the deceased</u> : Families of all welfare recipients	

*Child benefit residency requirements: The child, or its parent(s), must have Cook Island ethnicity or Permanent Resident status or a work permit for more than 12 months. A non-Cook Islander child must have lived here at least 12 months, and be likely to remain here.

**Old age pension residency requirements: All Cook Island Maori over the age of 60 yrs; non-Cook Island Maori who have resided in Cook Islands for at least 20 years during their lifetime, persons with one Cook Island Maori parent who have lived here at least 10 years during their lifetime; other applicants who have lived here continuously for at least one year before applying.

3.3 The Child Benefit

3.3.1 The Child Benefit provides \$60 per month to all children of Cook Island ethnicity or who meet residency qualifications, up to the age of 12 years. Coverage appears to be very close to universal but the number of recipients is slowly dropping because of the declining numbers of children in the Cook Island population (see Figure 1).

⁵ Universal benefits are defined as benefits to which everyone (within defined limits, such as age or residency) is entitled, regardless of their income or assets.

⁶ Means-tested benefits are defined as benefits to which some people are entitled, usually depending on their (or the total household) income, assets, or means of livelihood.

3.3.2 Section 9 of the Welfare Act specifies that the benefit is to be spent on the maintenance and education of the child. It is well recognised by the community that the intention of this benefit is to partially assist parents or guardians to support the child. The Act makes no reference to the means of the applicants or parents of the child to otherwise support the child. Nor does it elaborate on what the benefit should actually cover. The adequacy of the benefit is therefore difficult to measure. There are, understandably, some calls for the rate to be raised; however the main concern is over the eligible age range.

3.3.3 As the purposes of the benefit are loosely defined, so the Act does not provide any powers to Welfare Officers to ensure the benefit is used for specified purposes, nor any penalty if it is not used in these ways. The payment is paid to the parent or guardian of the child with the expectation that it will be spent on the child, but there is no way to ensure that the adult who operates the bank account into which the benefit is deposited (usually a parent) actually does this. For example, many children in the Cook Islands spend lengths of time living in other households than their parents, such as with grandparents, but there is no requirement that the benefit accompanies the child to the household in which they reside.

3.3.4 There is some public concern that:

- i. Some parents do not use the child benefit in the best interest of the child and there should be some way to require them to do so;
- ii. Some parents are not aware of what the benefit is intended to cover and their responsibilities in regard to it, which may require more public education and transparency about the purpose of the benefit.

3.3.5 The benefit was initially paid to all children under the age of 10 years. An amendment of the Act in June 2006 increased the age to 12 years. However, questions about the appropriate age for the benefit reflect some lack of clarity about its purpose.

- i. There is little disagreement that a flat rate should apply to all children, whether they are preschool or school aged because the high costs of preschool child care weigh up fairly equally against the increased costs of food, clothing, education, etc., as the child becomes older, especially as most school costs are borne by Government.
- ii. There was a lot of discussion as to whether the upper age level for the benefit should again be raised, with three main proposals:
 - Raised to 15, to assist parents with higher school costs;
 - Raised to the age at which a child leaves school, in order to encourage more children to complete secondary school; or
 - Raised to 18, based on the definition of a child under the Convention on the Rights of the Child (The Convention however includes no requirement for universal social welfare payments to children).⁷

3.3.6 Education is compulsory in the Cook Islands to the age of 15 years. Government policy is to encourage children to at least complete secondary school, which requires that most

⁷ The CRC does include injunctions to protect children from a wide range of bad situations, including malnutrition, maltreatment, neglect, abuse and exploitation and to ensure they are not deprived of clean water, shelter, health services, education and information. Most if not all of these conditions are protected against in Cook Island law, although there may be some gaps in the enforcement of this legislation. Cook Islands Government, 200-- *Report on the Implementation of the Convention on the Rights of the Child*.

children will remain at school until the age of 17-18 years. The increased cost of maintaining secondary school students weighs heavily on some families. Government does however provide scholarships for some outer island students to attend school on Rarotonga as well as payments to their caregivers, arrangements that are handled separately by the Ministry of Education. Inconsistencies in policy, particularly where they involve separate administration of some benefits, need to be addressed.

3.3.7 The child benefit is not to be paid if the child moves abroad. The Welfare Department relies on recipients to report this as they have little capacity to monitor departures from the country.

3.4 The Old Age Pension

3.4.1 This benefit is currently \$400 a month from the age of 60 years until death. The benefit has been increased many times in recent years, in 2002, 2003, 2004, 2005 and again in December 2008 when it was increased by 67% from \$240 to the current \$400. Discussion in the public submissions on the process by which rates have increased associated the particular rise in the aged benefit with the voting power of older people, but also acknowledged the fast rising cost of living in the Cook Islands, particularly in the outer islands, the high value placed by the community on older people, and the entitlement of lifetime tax payers to receive public support in their later years.

3.4.2 The public expectation appears to be that the old age pension should provide for an adequate living standard for elderly people, independent of any other income or assets they may have. A lot of concern was expressed about the high and rapidly rising cost of living for people in the Outer Islands. There was a strong view that the pension should be adjusted every one or two years in pace with the rate of inflation.

3.4.3 Some objective measure of adequacy could be made against the basic cost poverty lines calculated from the 2005-6 Household Income and Expenditure Survey (HIES) and described in the 2008 Cook Islands Poverty Report,⁸ noting, however, that these are poverty lines and the cost of an adequate standard of living would be somewhat higher. According to Table 2 below, the lowest cost of a basic minimum diet, taking into account purchased, own-produced food, and other non-cash items ranged from \$25.60 to \$41.60 per adult per week depending on their island of residence. By this standard, an adult could expect to “spend” at minimum between \$102 and \$168 a month for a minimally adequate diet. To complicate this picture, however, the old age benefit of \$400 is paid entirely in cash; the HIES calculates a person’s full income to also include own produce and non-cash items such as self-owned housing, which would stretch \$400 in cash considerably further. The analysis presented here is crude but may demonstrate the capacity of HIES data to contribute to some measure of the adequacy of this benefit.

⁸ Cook Islands Government, ADB and UNDP, 2008. *Poverty Lines and the Incidence and Characteristics of Poverty in the Cook Islands*. Suva: UNDP

Table 2 Weekly adult equivalent per capita food poverty lines

Region	per capita a.e. per day	per capita a.e. per week	per h'hold per week a.e. h'holds in the lowest quintile	average a.e. in lowest quintile h'holds
Cook Islands	5.99	41.90	197.29	4.7
Rarotonga	6.39	44.71	220.63	4.9
Southern Group	5.36	37.50	161.35	4.3
Northern Group	3.66	25.60	101.37	4.0

Source: Govt of Cook Islands et al., 2008

The amounts required to be spent on food include purchased items, consumption of own produce, and other non-cash items. This table indicates that an average household in the lowest expenditure quintile living in Rarotonga would need to spend considerably more on food, \$220.63 per week, compared to a similar bottom quintile household in the Northern Group, \$101.37. An average household in Rarotonga spends just over twice as much on food than one in the Northern Group. This reflects the higher basic Food Poverty Line in Rarotonga (\$6.39 per capita adult equivalent (pcae) per day) compared with the Northern Group, \$3.66 pcae per day, as well as the larger household size in Rarotonga (4.9 persons adult equivalent (ae)) compared to the Northern and Southern groups (4.3 and 4.0 persons ae).

3.4.4 The old age pension is not to be paid if the recipient is absent from the Cook islands for 12 months or more, at which time they forfeit three months of benefits. As with the Child Benefit, the Welfare Department relies on recipients to report this as they have little capacity to monitor departures from the country. There are suggestions that the Welfare Department should develop the capacity to monitor arrivals and departures and that access to confirmatory data such as bank accounts, should be required from all applicants.

3.5 The New Born Allowance

3.5.1 This is a one-off payment to the mothers of all new born infants to help pay for basic costs. From January 1995, the payment was raised from \$100 to \$150 per birth.⁹ In July 2004 it was raised to \$200 and in March 2008, to \$300.¹⁰ MINTAFF proposes that the allowance is further increased to \$500. (By Memorandum in February 2001 extra payment is given to parents of multiple births of three or more children.)¹¹

3.5.2 There is fairly equally divided public opinion over the appropriateness of this allowance. Some people see it as an unnecessary state expenditure, given the likelihood of family support and gifts at the birth of a child. Others see it as a necessary pro-natalist policy, this is, to encourage and reward Cook Islander births in the face of a declining population (While there is no evidence this payment affects fertility choices, some people commented on the attractive \$5000 Baby Bonus available in Australia.) Others again see its universal coverage as inequitable, as public servants get paid maternity leave as well. Private sector workers may also soon be eligible for paid maternity leave.

3.6 Destitute and Infirm Benefit

3.6.1 Since March 2008, this benefit stands at \$200.¹² The Act nowhere states whether a person can or cannot receive more than one benefit at a time. From July 2007, MINTAFF allow

⁹ Welfare Amendment Act 1994.

¹⁰ Welfare (Child Benefit) Order 2008

¹¹ Memorandum, Office of the Cabinet Services, 15 Feb 2001.

¹² Memorandum, Office of the Cabinet Services, 26 March 2008

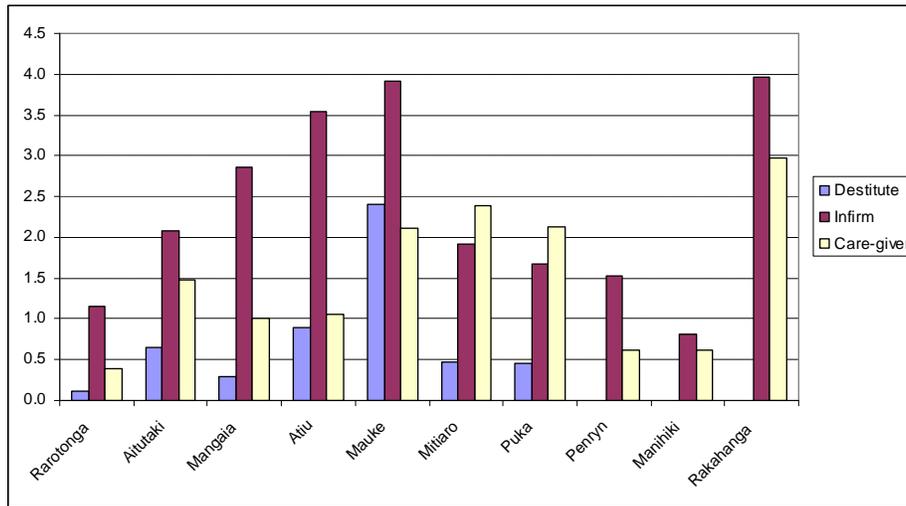
Destitute and Infirm beneficiaries to also receive the old age pension at 60 years, but have ruled that people over the age of 60 yrs are not entitled to Destitute and Infirm benefit if they later become infirm. Similarly by MINTAFF operating guidelines, children receive this benefit only after they graduate from the child benefit. These entitlements need to be clarified in the Act.

3.6.2 Section 44 of the Act defines a destitute or infirm person as one who is *“unable permanently to support himself by his own means or labour and includes persons with dependents where such dependents are unable through infirmity or age to support themselves by their own means and labour.”* People are defined as disabled through medical assessment. The relief is administered by a Committee appointed by the Minister. The first payment is for three months. After a maximum of four payments the Committee can approve payment for periods up to one year, until the recuperation or death of the person.

3.6.3 The intention in the Act appears to be to support people who are permanently unable to support themselves through their own means or labor, namely those that cannot work and are destitute as a result of their infirmity. As well as disabled people who cannot work, some disabled people also need full care, but the benefit is a flat rate for all. Some able-bodied people also receive the benefit, having been identified as destitute, most of them single mothers. The public submissions agreed that there was a need for more clarity about the intended recipients of this benefit. There is confusion as to whether all infirm people are eligible, irrespective of their level of infirmity and means, and the basis on which able-bodied people are categorized as being destitute.

3.6.4 Figure 4 shows that the means-tested (ie Destitute and Infirm and Caregivers) benefits apply to very few people overall. They are much more significant in the outer islands than on Rarotonga, possibly because these populations have a greater proportion of aged and vulnerable people. In a small population such as the Cook Islands, the distribution of means-tested benefits cannot be expected to be completely evenly distributed. Any marked unevenness nevertheless needs to be explainable. It is not clear why Mauke, by head of population, accounts for a high proportion of the destitute and infirm beneficiaries (other than perhaps the location of a church-run facility there), or why Rakahanga accounts for a high proportion of caregivers. This pattern underscores the lack of public understanding and information about the awarding of this benefit.

Figure 4 Distribution of the Destitute and Infirm and Caregivers benefits by island, as per cent of island populations, 2009



Source: Ministry of Internal Affairs, 2010, Welfare Records

3.6.5 There is concern that this benefit is set at only half the rate of the old age pension, even though the beneficiaries are selected on the grounds that they have no access to any other livelihood. If the estimated cost of a basic living standard for aged people is \$400 per month it is not clear why or how destitute and infirm people survive on half this amount. It was suggested that people with a major disability, requiring full care, require a higher payment. The existing benefit does not cover some of their special costs, such as adult nappies. On Rarotonga, some of these expenses are covered, on an *ad hoc* basis, by the Creative Centre and other organizations that assist disabled people.

3.6.6 Another concern was over the role of the Committee in assisting the beneficiaries to find employment and rehabilitating them. Few people know of this committee. Some NGOs, such as the Creative Centre are active in this area.

3.6.7 As with the other benefits, the Act has little power to ensure the Destitute and Infirm benefit is used for specified purposes, nor any penalty if it is not used in these ways. The benefit is made to a bank account but often the disabled person themselves cannot operate the account. There is no way to ensure that the adult who operates the bank account does so in the best interests of the intended beneficiary.

3.6.8 With the increasing number of elderly people in the population, there is likely to be increased demand for services and benefits for elderly people including the disabled and possibly destitute. Government needs to give consideration to the availability of facilities for respite care.

3.7 Caregivers Allowance

3.7.1 This benefit was initiated in July 2003 to provide for people who provide regular care for Cook Islands elderly pensioners or people with permanent disabilities. Since March 2008, the allowance has been set at \$150 per month.¹³ In January 2009, the benefit was extended to caregivers of overseas pensioners.

¹³ Memorandum, Office of the Cabinet Services, 26 March 2008

3.7.2 As the care-giver is often an adult member of the same household as the elderly or infirm person, these allowances are in effect linked to the one household income, or to the same *de facto* recipient in cases where the aged or infirm person cannot operate their own bank account. Where the same caregiver provides care to more than one aged or infirm person living in the same household, the caregiver's allowance is doubled.

3.7.3 There is little doubt that it is appropriate to provide welfare assistance to people who are heavily occupied in caring for aged or disabled people. An assessment of the adequacy of the allowance is complicated in that the allowance is awarded to individuals but the benefit usually accrues to households. For example, in the case of a person caring for their aged, infirm parents in the same household, that household (in effect, that person) could receive the infirm benefit (twice), the old age pension (twice) and the caregivers allowance (twice), potentially a total of \$1500 per month. In another case where a caregiver cares for one infirm person, that household (or in effect that person) might receive \$350 per month, but arguably the caregiver's contribution of their time is similar.

3.7.4 A separate category of caregiver allowances is paid through the Ministry of Education to people who provide care to outer island students studying at secondary schools on Rarotonga because there is no appropriate education facility on their home island. There is no sharing of information between these systems. The overall distribution of caregiver allowances by household is not known.

3.8 Assistance to the family of a deceased welfare recipient

3.8.1 This benefit has evolved from an initial undertaking to provide half the cost of a coffin for deceased old age pensioners. Since June 2004, it provides six months extra welfare payment for all categories of beneficiaries to their family on their death.¹⁴ No consideration is given to family income or assets. Funeral expenses are a major family cost in the Cook Islands especially as they often involve international travel by relatives.

3.9 Power Subsidy

3.9.1 This benefit was initiated in June 1997 under the Value Added Tax Act 1997 and provided by MINTFF to aged, destitute, infirm pensioners on Rarotonga, at \$36 per quarter (ie \$12 per month). In April 2002, the subsidy was extended to pensioners in outer islands. In October 2008, the subsidy was raised to \$20 month. This benefit is managed under MINTAFF operational guidelines rather than the Value Added Tax Act or Welfare Act.

3.9.2 This is another situation where the benefit is nominally paid to an individual but the benefits accrue to a household, most households having the one electricity bill. Aged, destitute or infirm welfare recipients are eligible for this assistance if (a) they are living alone and have a total income of less than \$600 per month, or (b) two or more pensioners are living together and have a total income of less than \$1000 per month. If other people live in the same house with a combined household income of \$1,250 per month or more, the pensioner is not entitled to the power subsidy. People receiving an overseas old age pension are not entitled to this benefit regardless of their total income.

¹⁴ Memorandum, Office of the Cabinet Services, 29 June 2004.

3.9.3 The Cook Island Government has ensured the affordability of utility services by controlling tariffs (power, telecom, water, etc.) but this is financially unsustainable for government and does not target the neediest households. The current system of tariff setting is being reviewed and processes are being developed to identify and fund community service obligations as another mechanism to provide affordable services to disadvantaged households. The allocation of the power subsidy needs to be reconsidered as part of this process.

3.10 The Crown Welfare Christmas Bonus

This benefit has evolved from an initial arrangement to conduct a Christmas Function for all old age pensioners. Since 2004, bonus payments of \$50 have been granted annually to each welfare beneficiary, as an extra payment before Christmas.¹⁵

3.11 Special assistance projects

This benefit emerged out of the 2003 National Policy for the Disabled. Beneficiaries are identified by the Disability Welfare Officer, aided by reports from the community. Most of the 80 recipients to date have been old age or disabled beneficiaries, and assistance has ranged from providing them packets of nappies to improving bathrooms, repairing cyclone damage to homes, building access ramps and sealing driveways. The annual provision has doubled to \$100,000 since its inception in 2004. More robust processes will benefit the management and use of this fund.

3.13 Possible actions

3.13.1 The Welfare Act to be comprehensively revised, in particular to:

- i More clearly define entitlements to all benefits, particularly to the eligibility criteria for the destitute and infirm benefit and the possibility of multiple entitlements, and the responsibilities placed on the recipients of benefits or their agents.
- ii More clearly define the purpose of the Child Benefit and the responsibilities that it places on parents and guardians in regard to care of the child, with possible penalties or conditionalities¹⁶ to be applied;
- iii Ensure that the Welfare Act is in accordance with more recent legislation, such as the 2008 Disabilities Act
- iv Require applicants to provide the Welfare Department to access information in order to verify their applications.

3.13.2 The Inter-Ministry Group to propose how to resolve any inconsistencies of policies in regard to the care, protection of children, particularly in regard to education, welfare benefits, and other forms of financial support to students.

3.13.3 Where means tests are required, MINTAFF to:

- i Produce and disseminate to the public clear definitions, eligibility criteria and the responsibilities of applicants and recipients to report or disclose information;
- ii Ensure that means tests are administered equally in all parts of the country;

¹⁵ Memorandum, Office of the Cabinet Services, 16 Dec 2004

¹⁶ See section V for discussion of possible conditionalities.

- iii Develop the administrative capacity to manage means tests effectively and access data to verify applicant’s information on relevant income or assets.

3.13.4 The New Born Allowance to be reconsidered in regard to current and future entitlements to paid maternity leave, to provide for the equitable distribution of benefits to all women in Cook Islands.

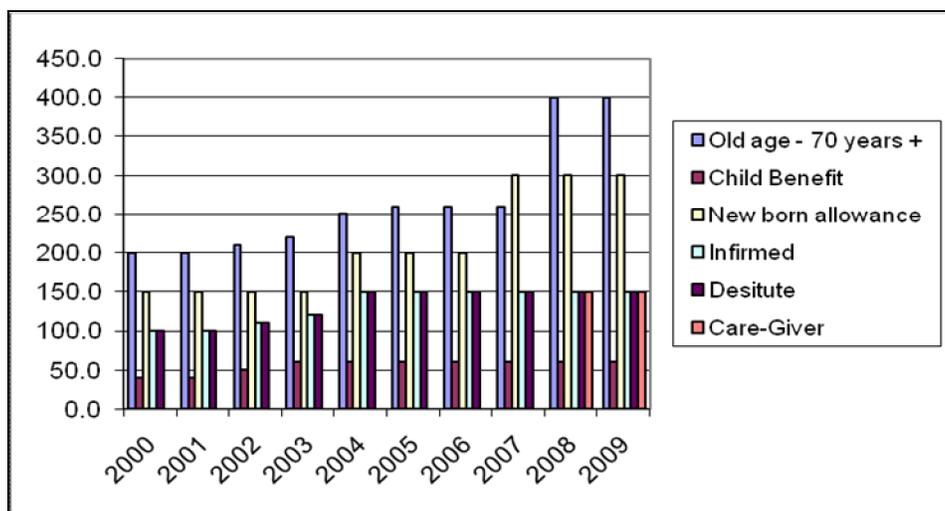
3.13.5 The power subsidy to be reconsidered in accordance with the new policy of removing utility tariff subsidies and establishing community service obligations, with the intention to more comprehensively identify and assist disadvantaged households.

3.13.6 MINTAFF to review its administrative record system to trace payments to both individuals and households, improve the production and management of welfare records, including collaborating with the Immigration and Police to develop the capacity to monitor departures and arrivals, in regard to the eligibility of child and old age beneficiaries to continue or resume payments. (A proposal to this effect has been developed by the Immigration Department.)

IV THE AFFORDABILITY OF THE WELFARE SYSTEM

4.1 Overall expenditure on welfare has increased substantially over the past decade, with both new types of benefits and some higher rates. In 2008, 46% of the population of Cook Islands were receiving benefits, an increase from 42% in 2005. These increases may contribute to public demands for more benefits and higher rates.

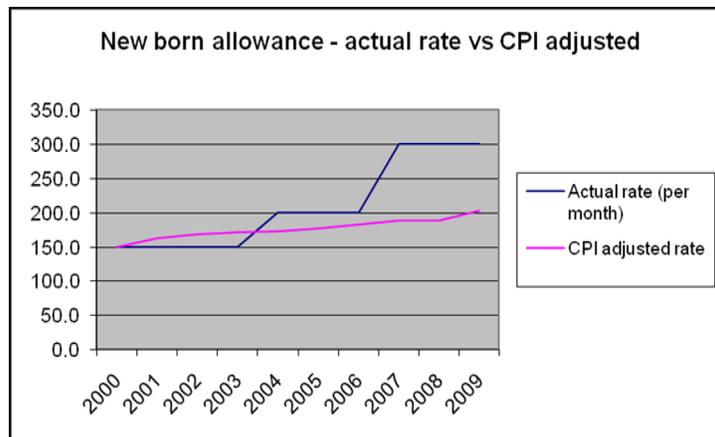
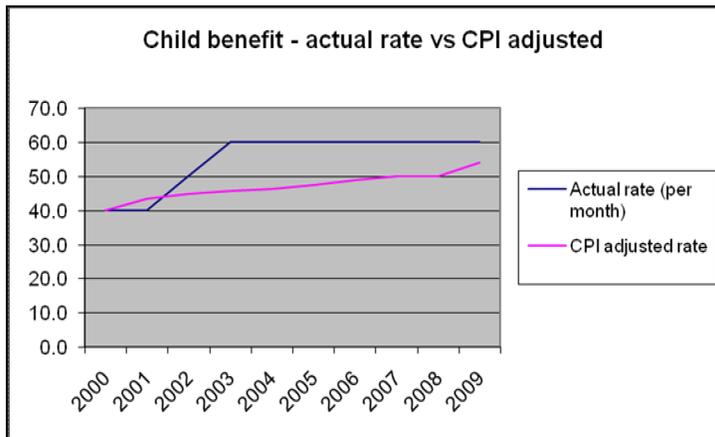
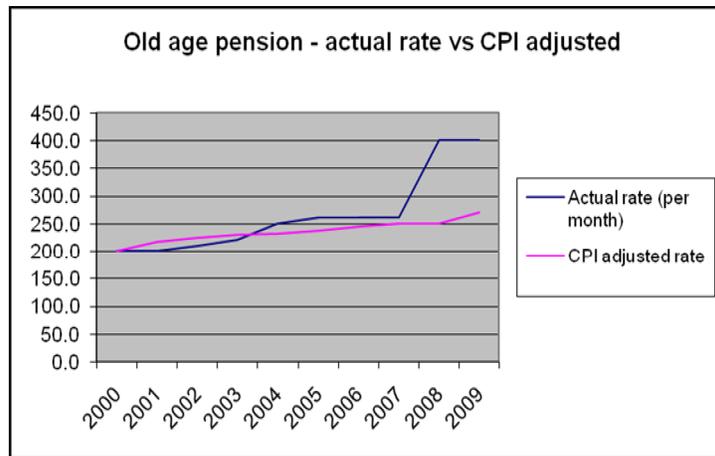
Figure 5 Trends in Welfare Payments, 2000-2009

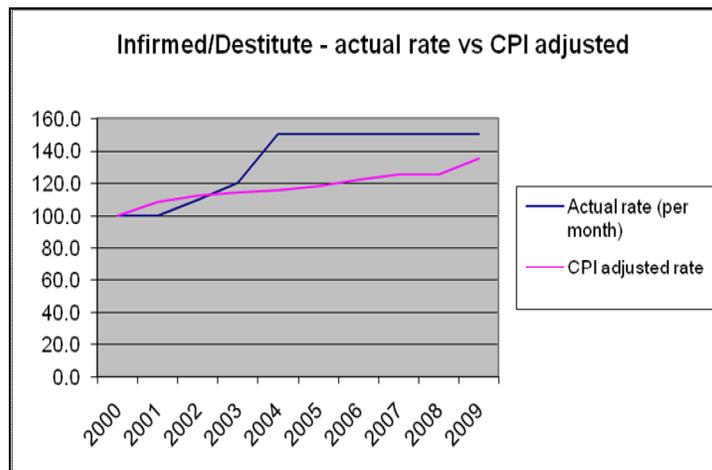


Source: Dept of Welfare records

4.2 The public is not aware of the basis on which these increases have been made. It is evident that the rates have been set and raised quite independently of the rate of inflation (Figures 6). Some people commented on the connection between elections and welfare benefit increases, and described the welfare system as a 'political football'.

Figure 6 Increased actual benefit rates compared to CPI adjusted rates





Source: Narube, 2010, calculated from Welfare Dept records and Ministry of Finance CPI data

4.3 There was strong agreement that the old age pension should increase in line with the rate of inflation or some other objective cost of living indicator. Many people however suggested that the old age pension in particular should increase further because at the outset the rate was set too low. In the small, open economy of the Cook Islands, it is difficult to project inflation rates very far into the future. If the past decade is any guide, inflation is likely to fluctuate but otherwise rise, with fuel and other international commodity prices being main factors.

4.4 The affordability of the welfare system is of concern particularly to the business community. Higher rates may translate into higher taxes. The Cook Islands already has a very heavy debt load.

4.5 The level of welfare benefits is of concern to the public because of the fast rising cost of living in the Cook Islands. Calls were made for higher rates for outer island residents because their higher living costs (although the analysis of the 2004-5 HIES suggested otherwise).¹⁷ It was noted that price control measures are not enforced.

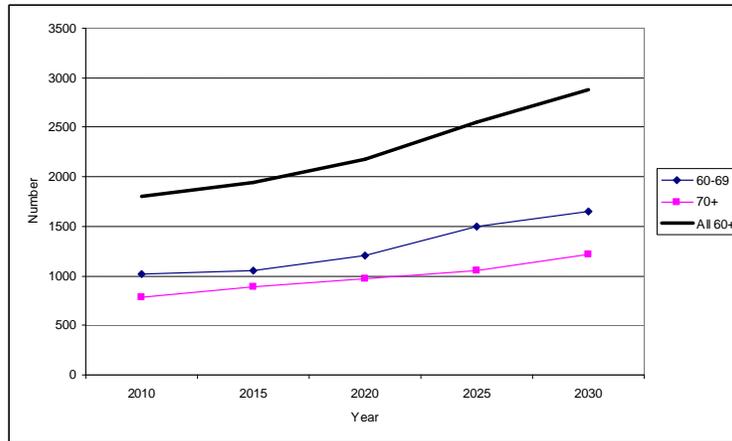
4.6 Consideration of the affordability of the welfare system needs to factor in not only any increase in benefit rate, types and coverage but also demographic and other factors that affect the potential number of beneficiaries.

4.6.1 Based on existing estimates, the number of children (0-12 yrs) may have decreased approximately 20% over the past decade, from around 4780 in 2000 to around 3750 in 2010. This trend is expected to continue, especially in the outer islands.

4.6.2 Also based on existing estimates, the number of elderly people in the population may have increased approximately 16 per cent from 1550 in 2000 to around 1800 in 2010. This trend in particular is expected to escalate, especially in the proportion of elderly people who are in the 70+ age group. This will not affect welfare payments, as all people over 60 years receive the same benefit, but it will increase demand for services for the elderly and benefits for disabled people and possibly also the destitute, including facilities for respite care.

¹⁷ Cook Islands Government et al., 2008. op.cit.

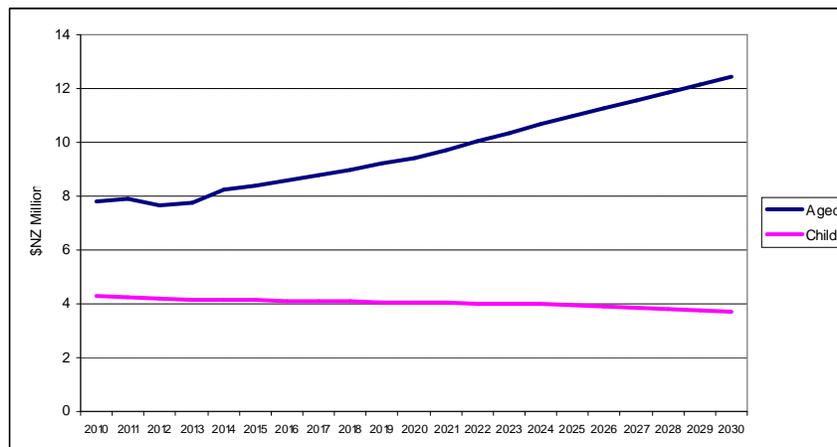
Figure 7 Projected increase in the number of elderly people in the Cook Island population, to 2030



Source: Calculated from SPC population database. Note: Projections are based on 2001 Census; updated projections should be available by mid 2010.

4.6.3 Figures 8 and 9 below show the projected costs of child and aged welfare benefits based only on demographic estimations and current child and elderly benefit rates. These figures exclude all other types of benefit, such as disabled and destitute or special assistance projects, although demand for these services is likely to also increase with the ageing population. The maintenance of current rates over this period of time is very unlikely. In 2030, twenty years time, the rates would either have considerably increased or the benefits would have little worth. Figure 8 however shows the demographic baseline for calculating the long-term implications of any proposed rate increases.

Figure 8 Projected cost of Aged and Child Benefits to 2030, assuming current benefit rates remain unchanged



Source: Calculated from SPC database: Population projections for Cook Islands

4.6.4 As the Cook Island population ages, so too do the populations of Cook Islanders living abroad. It is estimated that around two-thirds of Cook Islanders live in New Zealand and Australia. There seems to be a strong aspiration of elderly Cook Islanders to return home. It is very difficult to estimate how many will do so, as this number can be influenced by a range of factors such as economic down-turns, opportunities for quality of life, or possibly the relative attractiveness of benefit rates in Cook Islands, Australia or New Zealand.

4.6.5 Under the current Act, all Cook Islanders and foreigners who meet local residency requirements are entitled to the child, aged and possibly other benefits. When Cook Islanders living abroad are taken into account, the potential population of beneficiaries and the cost of meeting the commitment to pay these benefits are both uncountable. (The Australia and New Zealand welfare systems also have to account for the potential mobility of beneficiaries but are much larger systems and more able to adjust.)

4.6.6 Based solely on the projected population changes, namely the increased number of people eligible for the aged benefit and the decreased number of children:

- i. The cost to Government of the aged benefit could rise from its current level of approximately \$7.8 million p.a to around \$12.4 million by 2030. It is already public concern that the benefit is inadequate to meet basic living costs; by 2030 its present value would be seriously eroded, The comment above about the unpredictability of the migration decisions of elderly Cook Islanders also applies here.
- ii. Budgeting for the welfare system needs to take into account the growing number of eligible recipients of the aged benefit. The 'overspending' of MINTAFF of \$1,146,000 (March 2010) can be explained by this increase in beneficiaries, for which the Ministry is required under the Act to provide for.
- iii. The cost of the child benefit is likely to decrease as the number of resident children continues to drop. This decrease would be relatively small, from the current NZ\$4.3 million to around NZ\$ 3.7 million by 2030.

4.7 Over the next twenty years, the economy of the Cook Islands is expected to grow. The increased costs discussed above and highlighted in Figure 8 may be affordable if economic growth is sufficient. The cost of the welfare system could possibly be pegged to an appropriate percentage of GDP as an index of its continued affordability.

4.8 Possible actions

4.8.1 A detailed analysis to be made of basic living costs for elderly people, using existing data sources such as the latest HIES, and community consultations, to establish the adequacy of existing rates and provide an objective floor for further adjustment by CPI.

4.8.2 The Welfare Act to be revised to define the objective basis on which changes to benefits will be made, and the timing of these changes, in order to distance the Welfare System from possible political manipulation.

4.8.3 Existing means to hold down cost of living increases should be implemented, such as enforcement of price controls.

V IMPROVED TARGETTING OF BENEFITS

5.1 The definitions for the universal benefits are defined on both ethnic and residential criteria. As the Cook Islands population changes, with a growing number of Cook Islanders living abroad and more foreign residents living here, the Government's obligation to provide welfare benefits needs to be made more specific under the Act.

5.1.1 The Act requires that to qualify for the Child Benefit, the child, or its parent(s), must have Cook Island ethnicity, or otherwise Permanent Resident status or a work permit for more than 12 months, have lived here for at least 12 months, and be likely to remain here. This intention is determined by the Chief Examiner, currently the Director of Welfare Services, under the Department's administrative guidelines. Public submissions supported the view that all residency requirements should either remove or more clearly specify the 'intention to remain' criteria, the Act should include a clear and publicly available list of measurable conditions to qualify for the Child Benefit, and MINTAFF should have the capacity to monitor departures and cease payments as required.

5.1.2 Under the Act, the old age pension initially provided for all Cook Island Maori. The Welfare Amendment Act 1991-92 expanded eligibility to include non-Cook Island Maori who have resided in Cook Islands for 20 years during their lifetime, people with one Cook Island Maori parent who have lived here at least 10 years, and other people who have lived here continuously for at least one year before applying. The benefit ceases if a recipient is away from Cook Islands for more than 6 months but they can reapply for payment on their return. It does not apply if a person is receiving a similar type of pension from another country.

5.1.3 Section 43 of the Welfare Act provides for a review of pension if the circumstances of the recipient change, giving authority to the Minister to terminate, suspend or vary the rate of pension. Subsection 2 requires the pension recipient to immediately advise the Minister of any material change in their circumstances, and gives the Minister discretion to recover any overpayment of pension if the person fails to report. The Act provides no clear criteria of what these reportable circumstances are but may refer either to a recipient's residency or the possibility that they receive welfare pensions from more than one country. It is not recorded how often the Minister uses discretion in these cases. Public submissions again called for clear, unambiguous eligibility criteria and MINTAFF to have the capacity to access confirmatory information about applicants (eg tax records) to evaluate applications and to monitor departures and cease payments as required.

5.2 The Child Benefit and Old Age Pension are universal benefits. This universality should remain. Providing universal benefits can be more cost-effective than means-testing. There is also a strongly held expectation of entitlement to these benefits. However, some modifications are suggested.

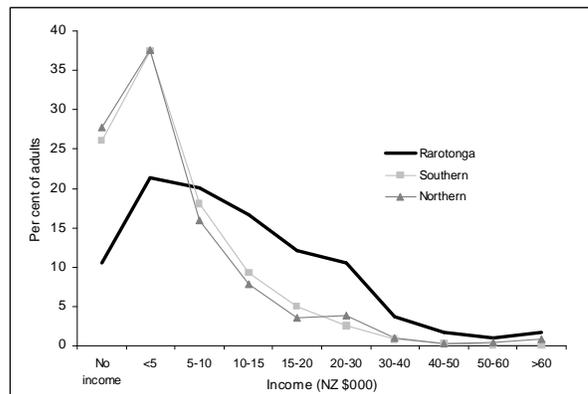
5.3 The Old Age Pension accounts for two thirds of the annual cost of welfare payments. Costs on this benefit will grow quickly as the Cook Island population ages. However, most opportunities for cutting costs are here.

5.3.1 People become eligible for the old age pension on their 60th birthday. Many meanwhile hold paid jobs, run businesses or have other sources of income. It was suggested that some upper income level be set for eligibility, such as the pension be not provided to:

- i. People currently in a paid job or with a registered business; or
- ii. People with a high income, say above \$50,000 per year.

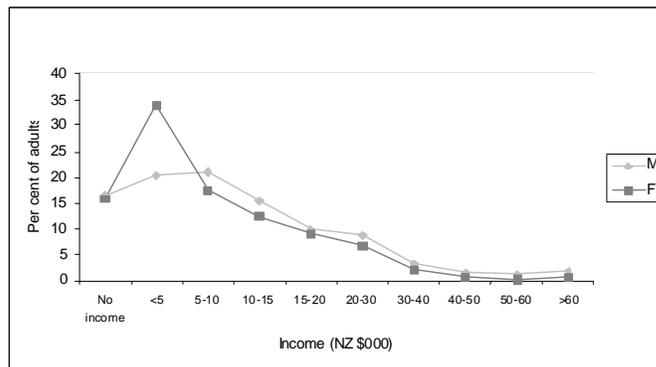
5.3.2 As the person aged further and their other sources of income dropped away, they could then become eligible. The difficulty with suggestion (ii), of an upper income level, is that this would account for very few adults (Figure 9) and there are ways for people to disguise their true income levels. Suggestion (i) could be more readily monitored but create other inequalities as many people are in low income brackets, especially women (Figure 10).

Figure 9 Annual income levels for Cook Island adults, by island group, 2001



Source: Cook Island Population Census, 2001 (Data from the 2006 Census will soon be available).

Figure 10 Annual income levels for Cook Island adults, by gender, 2001



Source: Cook Island Population Census, 2001 (Data from the 2006 Census will soon be available).

5.3.3 The age of eligibility should revert back from 60 years to the original 65 years. Many people are still economically active at the age of 60. Recipients aged between 60 and 65 years received approximately NZ\$1.97 million in 2008-9 and accounted for 33% of all old age pension payments and 21% of all welfare payments. This change in age of eligibility would put Cook Islands on par with the New Zealand old age pension system. Currently there is a possibility that a Cook Islander living in New Zealand for many years can return to the Cook Islands at the age of 60, after a brief (3 months) waiting period become eligible for the Cook Island old age

pension, and at 65 return to New Zealand where he or she would then be eligible for the (higher) New Zealand pension.

5.4 There are few opportunities to reduce payments on the Child Benefit. This cost is however dropping as the number of resident children decreases. It is not known how serious the problem is of children departing the Cook Islands without reporting to the Department of Welfare. The Department needs to expand its capacity to monitor departures and to ensure that a foreigner resident child is not receiving a similar benefit from another government.

5.5 Not with the intention of cutting costs, but rather to ensure that benefits are used in the best interest of a dependent beneficiary, it was suggested that some conditionalities be placed on them. 'Conditionality' implies that the benefit can be withheld if some obligation of the recipient is not met, in regard to the intended use of the benefit. Conditionality is different to means-testing in intention.¹⁸

5.6 The de facto beneficiaries of child and some aged and disabled benefits are not the named beneficiaries (who cannot access their accounts or manage their money) but other people, usually family members. There is little capacity under the Welfare Act or Welfare administration to ensure that the de facto beneficiaries use the benefit for the best interests of the named beneficiary.

- i An example of conditionality for the child benefit could be that the payment is withdrawn if the child does not regularly attend school over a certain period, and reinstated (with or without back payment) when attendance conditions are met.
- ii An example of conditionality for the disabled benefit could be that payment is withdrawn if welfare or health officials note clear evidence of neglect, and reinstated (with or without back payment) after the situation is resolved.

This would require amendments to the Welfare Act, greater capacity for welfare officers to conduct home visits and monitor beneficiaries, new administrative arrangements to enable MINTAFF and other ministries (Health and Education in particular) to share information, and public information campaigns to inform people about new procedures and their responsibilities.

5.7 The provisions in the Welfare Act to identify people who are destitute and infirm are too restrictive. Strickland (2002) recommended that the definition of infirm be broadened to include people with disabilities, and that the definition of destitute be broadened to include separated families in need; extended families caring for other children; families who cannot afford school costs; and unemployed parents with dependents, all with stringent criteria and monitoring. Strickland also recommended the establishment of special assistance funds for families in emergency situations, including loss of livelihood, as a temporary means-tested measure.

5.7 The current system does not properly allow for assessments of need at a household level. Under the Welfare Act, benefits are attached to individuals and in the Welfare management

¹⁸ Conditional benefits differ from means-tested benefits. Only some people are eligible for means-tested benefits and only if they meet qualifying criteria that usually refer to their income level, livelihood or living standard. Everyone (usually within a particular age-range) is eligible for universal benefits. 'Conditionality' implies that the benefit can be withheld if some obligation of the beneficiary is not met, usually in regard to the intended use of the benefit.

system they are recorded as going to individuals. Some types of benefits therefore focus on the same group of people, while other needy households may miss out. For example:

- i. People who are receiving the Disabled/destitute benefit at the age of 60, also receive the old age pension. The same household may receive the care-givers benefit, the power subsidy and special assistance projects.
- ii. A parent or guardian can be entitled to (a) the child benefit for each child, (b) the caregivers benefit, (c) possibly the destitute/disabled benefit or the old age pension, and (d) the power subsidy.

A refocusing on the eligibility of household rather than individual would require amendments to the Act, a workable definition of 'household' (possibly similar to the Census), and new administration guidelines and procedures.

5.8 Equity can be improved and possible cost savings be made by reducing the range of benefits and using the savings to increase coverage and benefit rates on priority concerns.

- i. Supporting Strickland's recommendation, the Christmas Bonus (at a cost of NZ\$ 280, 500 in 2008-9) could be discontinued and those funds transferred to other benefits.
- ii. As noted earlier, the New Born Allowance should be reconsidered in line with existing and proposed provisions for paid maternity leave.
- iii. The power subsidy should be incorporated into the new arrangements for community service obligations.

5.9 Goal 3 of the 2007 National Sustainable Development Plan is for the NSF to eventually eliminate the need for government-funded old age pensions. This is not a technically feasible proposal in the short term, or a popular suggestion with NSF members.

5.9.1 The present National Superannuation system applies only to government workers and some private sector workers, with membership now accounting for around 90% of all people working in the formal sector. National pension savings can also become a significant source of domestic finance for domestic investment.

5.9.2 The NSF was initiated in 2000 and received its first deposits in 2002. Pensions are only paid out if a member's account balance is greater than \$15,000; to date there are only 10 eligible pensioners. By 2025, there could possibly be around 1,000 pensioners, but few are likely to have a sufficient balance to provide an adequate retirement income. (\$15,000 balance translates into \$100 per month).¹⁹

- i. The NSF is a contributory fund. People should be encouraged to save for their retirement years, rather than expect to rely on welfare payments. Making NSF members ineligible for the old age pension would operate in the opposite direction, by penalising individual savings.
- ii. It would be difficult, if not impossible, to resolve the equity issues over being ineligible for the non-contributory universal benefit if one was a member of the contributory NSF scheme. It would raise questions about membership of all other private saving schemes, bank accounts, material assets, etc. It would cut away the

¹⁹ Ernst and Young, 2009. Cook Island National Superannuation Fund Operation Benchmark Assessment, July 2009.

logical foundation of the universal old age pension, foregoing the diverse yet substantial social and economic benefits this universal benefit provides.

5.9.3 A more pragmatic approach could be to promote and assist individual membership of the NSF and use existing legislation to ensure that all private employees and employers contribute to the scheme. This would require (i) public information programs; (ii) attractive conditions to encourage individual members to join NSF, (iii) promotion of alternative secure saving schemes; and (iii) enforcement of existing legislation.

5.10 Possible actions:

5.10.1 MINTAFF to clarify and make publicly available eligibility criteria for all benefits and recipient responsibilities to report their changed circumstances, as appropriate;

5.10.2 Review ways to reduce the coverage of the old age pension through an income cap or employment bar, or through innovative and culturally acceptable measures, for example enabling high income people to divert their pension to community services;

5.10.3 Review the possibility of placing conditions on benefits to ensure they are used in the best interest of the beneficiary;

5.10.4 Analyse patterns of disadvantage by disadvantaged group and/or household, using both quantitative (eg HIES) and community participation techniques, to improve targeting of welfare and service delivery;

5.10.5 Discontinue the Christmas Bonus and transfer this fund to other benefits.

5.10.6 Promote and assist individual membership of the NSF and use existing legislation to ensure that all private employees and employers contribute to the scheme.

VI OTHER SOCIAL SAFETY NETS AND SOCIAL PROTECTION MECHANISMS

6.1 Welfare payments are only one way to address the needs of disadvantaged people. The Cook Islands Government has a good history of pro-poor planning, that is, of reducing various types of disadvantage through equitable access to services and by supporting the vulnerable. For decades, there has been heavy investment in social services and infrastructure and in outer island communities. These are again priority issues in the current national development strategy.²⁰ An important question here is where the border-lines should lie between welfare services and other pro-poor policies, and between government and NGO or community activities and responsibilities.

6.2 Welfare payments are only one type of social protection mechanism. Social protection packages include all public transfers that (a) aim to provide income security, prevent and alleviate poverty, (b) guarantee access to health and social services, and (c) protect workers' income, health and well-being.²¹ This is a much wider group of benefits than covered by the

²⁰ The 2009-10 Budget for Internal Affairs includes the following output: "Providing a safety net for people in need, and security both for parents and for older people" with this key objective "Income support – ensure that the vulnerable groups receive income support that provides them with an adequate standard of living and enables them to participate in society".

²¹ Cichon, M. 2008. *Building the case for a Global Social Floor*. Commission for Social Development, 46th Session, 6-15 February 2008, New York: United Nations; Cichon, M and W. Scholz, 2009. *Social security, social impact and economic performance: a farewell to three famous myths*, in P. Townsend (ed.) 2009. *Building Decent Societies: Rethinking the Role of Social Security in Development*. Geneva: ILO.

Cook Islands social welfare programme or pro-poor policies, particularly in regard to (c). (Attachment 3).

6.3 Public submissions in regard to other social safety nets focussed on the suggestion that extended family support and remittances could be taken into account in determining welfare benefit levels and eligibility. There was little support for this idea. Family support was seen as a separate matter and very difficult to measure. Often family support was in response to an emergency rather than a long-standing need.

6.4 There has been some glorification of the reliance of some Pacific Islanders on remittances. Private remittances are common in many parts of the world. The poorest households often rely on cash payments from other often poor individuals, in the absence of any public transfers. While they provide a critical safety net in the absence of government interventions, they are often inadequate to address any long-term situations. There are reports that the working and unemployed poor in New Zealand are now often supported by family members living in the Cook Islands.

6.5 The public submissions included very few comments about other possible safety nets of social protection mechanisms, perhaps because few people are familiar with the variety of possibilities. Drawing from international experience (Attachment 3), they include:

- i. Free or subsidised health care: The Cook Islands has extensive health cover and by right of their citizenship, Cook Islanders have access to free or low-cost health care in New Zealand. This depends, however, on referrals, which are restricted in number. There may be potential for subsidised private health insurance
- ii. Unemployment / loss of livelihood income support: the Cook Islands offers no unemployment benefits. Usually the only option for people who find themselves unemployed is to go to New Zealand and get on the dole there. Evidently many do, including people ill-prepared for employment there. The unemployment rate among Cook Islanders in New Zealand has remained around 18% for a decade or so.
- iii. Wider provision for superannuation: As mentioned earlier, more opportunities for individuals and families to save towards retirement are needed.
- iv. National insurance against natural disasters. The vulnerability of the Cook Islands to hurricane damage was underscored again in 2010. Assistance from New Zealand and other bilateral and multilateral donors has always been forthcoming but individuals and families often have no choice but to wait and see what assistance they will receive. A new international modality is catastrophe bond issuance.

6.6 All welfare does not have to be in the form of a cash transfer. Social protection and the financing of social services through social protection can generate employment in service-based organisations. There may be opportunities to support local, private service suppliers through the use of, for example, a community services card by beneficiaries.

6.7 Possible actions

6.7.1 Survey the extent of existing social protection systems in the Cook Islands, including government provision of health and education, and map patterns of access to services by disadvantaged or vulnerable people, to ascertain how their access can be improved.

6.7.2 Survey opportunities to support local, private service suppliers or fulfil community service obligations through non-cash forms of social protection.

VII MOVING FORWARD

7.1. Since the passing of the 1989 Welfare Act, the Cook Islands has undergone extensive economic and social change. Expenditure on welfare has increased substantially over the past decade, with both new types of benefits and higher payment rates. Even if benefit rates remain static, costs will expand because the rapidly growing number of aged people in the population.

7.2. When all associated types of national spending are added together, on health, education, access to basic infrastructure and so on, a large proportion of government spending goes towards social protection. Nonetheless, the social welfare system, in its broad distribution of payments, does not fully meet the needs of the most disadvantaged people.

7.3 In order to better meet these needs yet remain affordable, the welfare system needs to:

- i. Be more targeted to address the special needs of disadvantaged groups; and
- ii. Provide incentives for people to take more personal responsibility for the well-being of themselves and their families. This would include expanding opportunities for livelihood and health insurance, and for saving for retirement through the expansion of both compulsory and voluntary membership of the NSF.

7.4 Given existing pressures on the government budget and MINTAFF expenditure, immediate gains in the affordability of the system could be made by:

- i Returning the eligible age for the old age pension from 60 to 65 years, which would release 21% of current expenditure on welfare and put Cook Islands on par with the New Zealand aged pension scheme;
- ii Perhaps setting some conditionality for eligibility for the aged pension, such as it not be provided to people currently in a full-time civil service or other paid job, operating a registered business of a defined size, or with a high income, say above \$50,000 per year. This could have an associated benefit of encouraging older people to move out of the paid work force, freeing up paid jobs and encouraging growth in informal sector livelihoods. Innovative and culturally acceptable measures to reduce the coverage of the old age pension could also be sought, for example enabling fully employed or high income people to divert their pension to their choice of community services;
- iii Discontinuing the Christmas Bonus, and possibly also the Assistance to the Family of a Deceased Welfare Recipient benefit, which covers all elderly people regardless of means;
- iv Reviewing the New Born Allowance and Power Subsidy, respectively, in line with new legislation for paid maternity leave and new policies to remove utility tariff subsidies and establish community service obligations;
- v Recalculating benefits that are currently means-tested (the Destitute and Infirm Person's relief, Care-givers Allowance, Power Subsidy, Special Assistance Projects) by household, rather than by individual, as is done at present (see para 3.7.3) which could

allow for a fairer distribution of payments and, quite likely, higher welfare receipts for some households.

7.5 The extensive process of reviewing and reforming the welfare system needs to include:

- i. A holistic review of current social development policies and new legislation in the Cook Islands through an inter-ministry group that includes MINTAFF together with other central government agencies and non-government organisations (NGOs).
- ii. Revision of the Welfare Act to bring it into line with the many changes in legislation and government policy; clarify its intentions in order to address anomalies and unintended outcomes; more clearly defines the responsibilities of actual and *de facto* recipients; and ensure that the welfare system is fair, well defined and transparent.
- iii. Discussions between the Cook Island Government and the New Zealand and Australia Governments on ways to improve collaboration between their welfare systems, resolve anomalies and inequities, and act to remove pressures off the much smaller Cook Island system in its need to maintain some parity with neighbouring welfare systems.

7.6 The welfare system is administered by MINTAFF with few resources. In order to operate a more efficient system, MINTAFF needs to have better capacity to disseminate to the public clear definitions, eligibility criteria and the responsibilities of applicants and recipients to report or disclose information; improve the production and management of welfare records, including the capacity to monitor departures and arrivals; where appropriate, to manage means tests effectively and access data to verify applicant's information on relevant income or assets; and to define the objective basis on which changes to benefits will be made and the timing of these changes. In this last regard, MINTAFF will engage in a detailed analysis of basic living costs for elderly people, using existing data sources and community consultations.

7.7 The evolution of the welfare system into one that is more targeted yet provides more broadly based social protection. This will be assisted by surveys of existing social protection mechanism in the Cook Islands, including government provision of health and education; the mapping of patterns of access to services by disadvantaged or vulnerable people, to ascertain how their access can be improved; promotion of saving schemes including the NSF; and exploration of ways to support local, private service suppliers or fulfil community service obligations through non-cash forms of social protection.

7.8 The MINTAFF Business Plan 2010-11.

7.8.1 A major component of the MINTAFF 2010-11 Business Plan is the review of the social welfare system and its integration with other social policy developments, including employment relations, gender development, child and family services, disabilities, youth and sport, and the NGO community.

7.8.2 The MINTAFF Business Plan also aims to build the Ministry's capacity to support proposed changes. This will include:

- i. Training and improved support systems within the office to ensure that staff have capacity to process applications;
- ii. Greater public access to information about eligibility criteria through well trained and responsive staff and availability of publications regarding processes, payments and entitlements;

- iii. Establishment of a more efficient system with the Immigration and Statistics Departments to gather departure and arrival information;
- iv. The undertaking of routine home visits to monitor eligibility; and
- v. Exploration of long term options for a technological solution to efficiently track movements of welfare recipients to assess continued eligibility

7.9 Asian Development Bank Project No. 43090, Social Protection of the Vulnerable in the Pacific

7.9.1 Further assistance with the process of reviewing and reforming the welfare system will be provided to the Government of the Cook Islands through an Asian Development Bank funded project (Project No. 43090, Social Protection of the Vulnerable in the Pacific). The objectives of the project are to:

- i. Provide direct short-term support to address economic, social and environmental risks to identified vulnerable groups;
- ii. Strengthen existing informal social safety net systems to build their resilience for future economic, social or environmental crises by developing a model for semi-formal Pacific social safety net programs; and
- iii. Develop capacity of NGO, civil society and relevant government agencies working with vulnerable segments of the population; and (iv) carry out socio-economic monitoring and project management.

7.9.2 The Project will aim to support the most vulnerable groups including the elderly and people living with disabilities, particularly those living in remote outer island areas without support from their families. The following general scope of works was agreed with Government of the Cook Islands:

- i. Component A: Direct support to the vulnerable for socio-economic inclusion. Fast-tracking and expansion of destitute and infirm benefits under current social welfare system to support individuals experiencing temporary hardship as a result of the global economic crisis.
- ii. Component B&C: Development of a model for semi-formal Pacific social safety net program and capacity development for government, NGO/community. This will involve (a) study to review the existing social welfare system and propose practical options for reform; (b) public consultation and education activities to raise awareness on issues related to social welfare system reform; and (c) piloting of community-based caregiver support services and special assistance for home improvements for the elderly and people with disabilities.
- iii. Component D: Socio-economic monitoring and project management. This will involve (a) socio-economic monitoring in particular the quality of living of vulnerable groups by both qualitative and quantitative survey analysis; (b) grant implementation, and reporting; and (c) project management unit establishment.

- iv. Gaps in Existing Formal and Informal Social Protection Systems. Stakeholders acknowledged the fact that the current social welfare system was inadequate to support the needs of the vulnerable due to limited coverage, inadequacy of benefit levels to meet the basic cost of living, and high levels of leakage of benefits to non-vulnerable. It was also highlighted that traditional informal social safety nets in which families provide care and support for the elderly and people living with disabilities had broken down as a result of high rates of rural-urban and overseas migration.

VIII ATTACHMENTS

1. Public Discussion Paper on the Social Welfare System
2. Summary of public submissions to the Social Welfare Review
3. Types of social safety nets

Attachment 2 SOCIAL WELFARE REVIEW 2010: RESPONSES TO PUBLIC ISSUES PAPER

The public responses to the Social Welfare Review do not lend themselves to quantification because (i) relatively few written responses were received and (ii) many people responded only to some questions. This document summarizes the responses by listing the range of responses to each question. Text in bold indicates where there was some consensus of opinion.

Question	Comments
3.1 ARE THE WELFARE PAYMENTS PROPERLY TARGETED?	
3.1.1 Are the provisions of the Act sufficient to immediately strengthen the screening of applicants to improve targeting?	No The Act names recipients; the provisions are very general, grey area concerning people overseas. How is leaving CI permanently defined? The Ministry never publishes criteria. It is known that people who go to NZ (eg for medical care) can get an emergency type of benefit there: does this result in double dipping?; eligible people should be Cook Islanders and – under special conditions - their spouses; general need for clear guidelines and transparent criteria for payment or removal of benefits. Equally (because paid for by taxpayers) need strong accountability and financial integrity; grey areas in the Act.
3.1.2 What benefits should be universal and which should be subject to means tests?	Some Not a means test for all; no idea about screening; all current recipients should continue receiving benefits; Means tests should decide whether people get partial or full support; Child benefit should be means tested to not be available to households earning over \$40,000; Welfare system sets up perverse incentives that reward dependence and foster sense of entitlement – all benefits must meet transparent criteria for entry, payment and removal; child and aged should depend on age only – eligibility of destitute and infirm to be closely defined; old age benefits not paid to people still employed and earning over \$20,000/ “high salaries”; payments should be cancelled if person willing remains unemployed – and employers should be encouraged to employ locals rather than foreign wkers; problems of means testing in informal economy (markets, farming etc). ; Prisoners should have benefits terminated; benefits are the right of taxpayers.
<ul style="list-style-type: none"> If separate means tests should be developed, what should these tests focus on? 	No means tests Everyone who paid taxes is eligible; also their children; means tests not necessary; keep things as they are; A means test is needed only where it is part of the payment – ie for destitute; continue with the same system; all benefits should be retained but loopholes closed and ensuring termination procedures complied with; Why do people in paid employment get automatic access to pension?
<ul style="list-style-type: none"> How complicated should these tests be? 	Simple Capable of being administered in remote islands; don’t complicate applications; means testing would be have high costs that our small population cannot absorb; means tests can be complicated and difficult to administer; essential to have means to access data to verify info in applications esp if extended family support is part of the means testing; along same direct lines as HHRD subsidies for university fees (ie in full employment? Salary >\$20,000?; details to be checked with employer.); simple or else INTAFF can’t manage; Simple: small community, everyone knows;

<ul style="list-style-type: none"> • What are the resources required to maintain the means test? 	Better governance of welfare system; much better qualitative data; applicants' consent to providing confirmatory information and allowing independent access to it (need change of Act)
<ul style="list-style-type: none"> • What capacity exists to manage means tests? 	Needs to be capable of being administered in remote, small communities; any changes to the Act may need upskilling of INTAFF staff.
<p>3.13 Should people be eligible for more than one type of benefit at the same time?</p> <p>Does the legislation need to be amended in this regard?</p>	<p>MPs who retire on a special pension should not be allowed to collect old age pension if they are also getting superannuation.; some old people still working but also collecting old age benefit.</p> <p>Some uncertainty over this. In law (Ombudsman) no restriction in the Act over being eligible for more than one benefit; In practice (haphazard?) INTAFF decides whether a disabled child gets either child benefit or disabled benefit, not both.</p>
<p>3.14 Do outer island people need special consideration/ higher rates?</p>	<p>Yes Outer island people are more vulnerable and need more support; cost of living is much higher in the outer islands; Social Welfare policy and Act should consider outer islands as a separate customer base from Rarotonga: levels of development are different, cost of living higher, few private sector jobs and employment opportunities; outer island old age people should get \$100 extra/mth and discounts on electricity and phone bills – but only those no longer employed; people in the Northern Group especially as freight costs very high there</p>
<p>Should people getting NZ benefits also be eligible for Cook Island benefits?</p>	<p>No The NZ pension should be fully transportable; potential for double dipping;</p>
<p>3.1.3 Where independent information should be sourced from to verify the data supplied by the applicants?</p>	<p>Legal constraints can be dealt with at application stage. Application forms to include clause that applicant authorize information gathering by INTAFF staff relevant only to the investigative purpose of the scheme. If the applicant does not agree with this clause then ineligible for benefit (INTAFF staff to sign confidentiality agreements); incorrect information lead to prosecution; Ministry of Justice to verify ages, Min Health to verify disability; bank statements, tax records, pay slips – but how to capture people who are not in the formal economy?.</p>
<p>3.1.4 Are there legal constraints in obtaining this data for the purpose of the Act?</p>	<p>Don't know Essential question, for access to data is essential for any means testing. The better-off oldies will be the most knowledgeable about how to shift assets to avoid detection.</p>
<p>3.2 ARE THE PAYMENTS ADEQUATE?</p>	
<p>3.2.1 Do we need to firstly specify clearly the target of the benefits to clarify that they would provide full or partial support to the beneficiaries?</p>	<p>Yes Current system ok; yes because need to know how far the money will go; essential to decide on purpose before can determine benefit levels; beneficiaries also need to fully understand the concept of the whole process; yes to improve public understanding; child benefits need to take into account that there is also free education, free health care, govt subsidies on water & electricity, etc.; cut back on child allowances after child begin school to encourage stay-at-home parents to go back to work; clarify it is only for partial</p>

	support;
3.2.2 What would be the level of full or partial support is at this time?	People need to know whether eligible for full or partial support; based on the minimum cost to live comfortably; So low income families are not struggling; \$600/mth old age; \$120/mth child; \$300/mth/infirm etc.; need concrete data on what is needed to survive here; benefits should cover full support for all basic living costs (electricity, transp, groceries; partial support for housing for beneficiaries paying rent or mortgages on homes, full support for all full time students; \$600/mth for old age pensioners, \$200-300/mth for child benefit; destitute \$400-600/mth; unemployed active job seekers \$400/mth, carers/unemployed parents \$400/mth; Rather than cash payments some benefits should be in form of community service vouchers, to prevent inappropriate use.
3.2.3 Given the reality of financial constraints, would a test for reasonableness of the benefits be more appropriate than adequacy?	Reasonableness; What constraints? By % nat budget, benefits have decreased; Adequate to make live here attractive and stem pop exodus; priority should be for disabled; hard to determine reasonableness because different opinions; can't end up with a system that the country cannot afford otherwise will have to pay high taxes; more emphasis on reasonableness; reasonableness should be based on the expectation that all adults are working
3.2.4 What would be the level of reasonableness for each type of benefit? What could be the benchmarks?	Cost of decent standard living; matched to inflation; low income people can live with dignity; should be comparable to public sector employees; better to allow all old and all children and just assess for disability (maybe by public health); depends on what the national budget can afford and how much is needed; cost of a standard basket of goods
3.2.5 Should the benefits be linked to inflation?	Yes But not fully, maybe increase automatically by 2% every 2 yrs; no because overall affordability issue.
3.2.6 What inflation measure is appropriate to use?	Minimum wage levels, cost of living and inflation.
3.2.7 Should they be automatically indexed or should discretionary decisions be allowed?	Automatic Preferably automatic but some capacity for discretion of authorities; automatic but someone needs to work out inflation rates and whether the welfare system will remain affordable;
3.2.8 Should adjustments be made each year or for a longer period of time?	Yearly Have some flexibility, make adjustments over 5 yr period; every two yrs as in NZ; discretionary every 3 yrs;
3.3 ARE THERE OTHER SAFETY NETS? WHAT ARE THE LINKAGES WITH THE SUPERANNUATION FUND?	
3.3.1 Should other safety nets such as extended family support, remittances and emigration to New Zealand be considered in setting the reasonableness and adequacy	No Family support is expected, these benefits represent rewards for contributions to Ck Is development; tricky situation because people like to be independent so if family support is 'measured' people lose their independence; hate to see anything brought in that discourages families from being supportive; difficult as could be abused – judgments on family support can be very subjective (eg some oldies gave everything to their families and now it is payback time); family support is not always reliable or available; our society

of these benefits? 3.3.2 If so, how?	moving away from extended family support, remittances not as high as in some other Pacific Island countries – seems the elderly are left behind and depending on old age benefits; social and demogr change has led to isolation of old people in outer islands; put onus on applicant to justify full support with details re family contributions, bank accounts etc; family support is usually only for a limited time; payments should only be based on what happens in CI; very difficult to measure accurately or verify.
3.3.3 How would the amount taken from the Cook Islands National Superannuation Fund either by lump sum or pension be taken into account when they apply for old age pension?	No Most old age pensioners not members NSF; can't happen for long time as most people not members of NSF; people with superannuation should not be discriminated against; difficulty with this idea because superannuation is personal saving; superannuation should not affect the pension; why penalize people when they have made their own commitment to save? Elderly should get pension as well as NSF; old age pension should be standard for all; make it mandatory under the Act for CINS to provide information and automatic removal of lump sum/super pension recipient from welfare list; how to account for people with other pension plans, taken out before implementation of NSF? Or govt officials who are still on the 'old" NZ Govt Super Fund?
3.3.4 Is the intention for the Fund to replace the old age pension in time?	No All tax payers eligible for pension; didn't know that was intention; have to account for the many people who are not members; can't have been and many people don't contribute anyway; that is the person's own savings and the state has an obligation to provide pension when person retires. *(Chamber of Commerce) yes, in long term; should be made so through legislation.
3.3.5 If so, when would the Fund be able to fully replace the old age pension?	Don't know Why do away with old age pension? May be many years before NSF can achieve appropriate levels of return.; might take 30-40 yrs
3.3.6 How would you address the equity issues during the transition away from the age old pension under this Act to the National Superannuation Fund?	Don't know Need to continue pension for long time because many not members of NSF; forget it!; do a survey to find out how the old people are coping; N/A; why a transition period? Just a certain date;
3.3.7 When and how would this Act be amended to allow the Fund to replace the age old pension in this Act?	At the time when no-one will be disadvantaged; don't buy into this; N/A; question for Crown Law
3.4 IS THE TERMINATION OF BENEFITS CLEAR?	
3.4.1 Is there a need to clarify the conditions of termination of the benefits in the Act?	Yes Already clear: you die or leave permanently; not just clarify but publicise; yes, the Act needs to specify that all beneficiaries leaving CI must report to Internal Affairs and dates of departure/arrival. Current termination seems more favorable for elderly – should be same across the board; people leaving for >3mths should be terminated – if going to NZ for medical can access NZ welfare in this period; termination for people who make false declarations, refuse to provide evidence for applications, leave the country for long times on non-

	critical business (visit family, holiday etc.), convicts serving time in prison.
3.4.2 How serious is the problem of beneficiaries leaving the Cook Islands without declaring this to the authorities?	<p>Not serious / Don't know On small islands it is very easy to know this but maybe impossible on Rarotonga; some have their benefits collected by other family members either with or without their knowledge while they are away; check beneficiaries every 3 mths through phone calls etc.; no concerns expressed by INTAFF; potential for double dipping</p> <p>Another big issue is Cook Islanders who have wked many years in NZ and then moved back to CI – many miss out entirely on old age pension. Also CI officials wking as diplomats fall between systems – INTAFF cease payments as wking overseas but still employed by CI Govt. CI Govt needs to negotiate with NZ Govt to pay superannuation for people who worked there most of their lives – the 5 yrs after 50 rule discriminates against Ck Islanders, many of whom leave NZ to come home around that age – people unaware of NZ requirement and get trapped. This would remove a lot of burden off CI system. (NZ Govt now minising CI pension from their payments)</p>
3.4.3 Is the current system of monitoring departures effective?	<p>No / Don't know No idea; not really; need to have access to departure cards with special form for Cook Islanders only stating whether beneficiaries or not and how long away; need for big improvements here; manual monitoring at airport tedious and ineffective – collate data from Immigrations Movement Database held by Stats Office; if INTAFF not notified then a mandatory waiting period before benefits can resume.</p>
3.4.4 What other possible short term solutions could be developed to immediately improve the effectiveness of monitoring departures?	<p>Check all departures cards, after 3 mths absence terminate benefit; Need better coop betw welfare office, immig, police; BCI to report dormant accounts after 1 mth, plus officers to ring beneficiaries; review current system and fix if no good; monitoring use of bank accounts after 6 mths; welfare officers to be stationed at airport; better collaboration between Welfare and Immigr; Immigr to provide date on arrivals and departures and INTAFF staff at border to monitor – with probably staff increases; create a reward system for people who declare leaving permanently by waiving departure tax; Immigr, Tourism and MFEM to jointly fund data entry positions to assist Stats Office to bring records up to date. Immigr and Customs have joint project to establish Border and Permit Management System to enable automated recording of international arrivals/departures – INTAFF should support bid for funding of this project.</p>
3.4.5 In the medium term, could a solution be found for better coordination of data between Immigration and Internal Affairs?	For agencies to determine;
3.5 WHAT SYSTEM CAN THE COOK ISLANDS AFFORD?	
3.5.1 Should the amount allocated to the welfare payments be entirely driven by the availability of budget	<p>No Must inc every yr with inflation; not entirely but influenced by; the benefits generate a lot of domestic business esp. in outer islands – many business would otherwise close down; reasonableness and affordability are key to sustainable system – to give one yr and take away the next is very</p>

resources?	depressing; has to be because cannot borrow to pay for welfare; .yes, there's no other way; should be set amount; strong emphasis on getting able-bodied into paid employment; duty of care of all governments and not only when budget is available; have to balance affordability with some equity with NZ otherwise encourage outflow.
3.5.2 Alternatively, should the amount needed to fulfill the objectives of the Act be determined first and then matched to what is available from the budget to allow government to determine relative priorities?	No People who paid taxes are entitled, benefits must inc with inflation; worth exploring; all information needs to be taken into account; current system is affordable if govt acts efficiently and stops wasting money in other areas; we can afford what we need and make it work; basic care of Cook Islanders is paramount priority; if the full cost of welfare cannot be met then something else has to go; it should fulfill the obligations of the Act
3.5.3 In the event that there are gaps in the needs against the budget, is there merit in allowing some benefits to increase more than others?	No But only if others are updated in the next cycle; need a fair system that meets the needs of everyone; each should be separately determined; no or else there will be happy and unhappy people – all groups must be treated fairly; there should be equal amounts for increases across all benefits; all changes should be based on same criteria
3.5.4 To reflect the commitment of Government towards welfare support, would it be acceptable to set a ratio of future allocations as a floor to help maintain the level of payment for these benefits? This ratio could be welfare spending to the total expenditure or GDP.	Don't know Do demogr study on demands over next 10 yrs; tricky as this could mean payments go down; not an economist!; depends on circumstances; population trends should be taken into consideration; important that the poor are not further disadvantaged or penalized by changes to system; emphasis should be on reducing overall welfare payments by getting people back into workforce.
3.5.5 If higher benefits require increased taxes, would this be acceptable?	Higher taxes to pay for welfare will see many people heading overseas; already high cost of doing business in Cooks – extra costs to business (through taxes or other contributions) will flow into consumers making life here less attractive and dampening income flow.
3.5.6 Could government find extra money from other sources than taxes? 3.5.7 Are there some ways that the Government could trim some current benefits and either cut the cost of the welfare system or use the money to increase other benefits?	To cover increased benefits, reduce the salaries of MPs, heads of govt depts., chief executive officers; Albert Henry, in the 60s, supported the Stamp Bureau to finance old age pensions, as well as money from the national budget; cost of govt here is very high – some wastage can be diverted to social programs; govt should give more attention to pro-poor policies to assist the disadvantaged, not only welfare; use vouchers for community services rather than some cash payments –perhaps through Community Services Card, as in NZ; use means testing for community services (eg health) instead of flat rate of \$5 plus free medicine
3.6 TRENDS IN PAYMENT OF BENEFITS	

<p>3.6.1 Does the declining trend in the total welfare payment both as a percentage of GDP and total expenditure reflect the Government's priority on supporting the vulnerable?</p>	<p>No Govt is investing in other areas that will also benefit Cook Is & in long-term protect the vulnerable; no, govt not doing enough; govt priority is clear but number of beneficiaries declining for other reasons; related to pressure from certain groups; If don't support children, will be an exodus; Ck Is GDP goes up and down because of tourism; maybe reflects population trends; CI will be facing problems with ageing population; probably declining population and low fertility rates; more likely pop movement; growing underclass of poor – esp households earning <\$8000 pa; govt proposed cuts to health and education budgets – critical sectors for the economy and the vulnerable; both; if this is the trend it should be rectified immediately – should be govt's priority to support the vulnerable</p>
<p>3.6.2 Does the rise in the number of destitute reflect the state of welfare in the country or the better coverage of recipients?</p>	<p>The state of welfare More people taking easy road to call themselves destitute; probably better coverage; shows community commitment to helping disabled; people more aware of people who need help; don't want to guess; it does reflect state of country but also the extent of people abusing the system, using benefits for housie, smoking, drinking; probably both state of welfare and better coverage; reflects fact that noone is looking at reasons people are becoming destitute or whether it is becoming easier to get welfare; both.</p>
<p>3.6.3 Do the regular increases in the rate of age old pension as against other benefits reflect the priority placed on this type of benefit?</p>	<p>Yes Govt has special need to protect the old; Cost of living rising faster; rising rates was only to match inflation; Other rates haven't risen but should; yes but govt should lift pensions more; reflects voting power of the elderly; yes but very small to begin with; old age people deserve support because have spent their lives contributing to Ck Is development; destitutes also have lots of difficulties; caregivers allowance has been a big bonus since introduction; some consideration should be given to genuine unemployed; Don't forget: they vote! There's enough of them to make a difference in every electorate; politics at its best against affordability – buying votes will win every time; increase reflects their voting power; no – also effect of increased numbers of elderly in the population; yes, they are the voters.</p>
<p>3.6.4 Should there be a basis of awarding increases in the rate of benefits? If so, what should these be based upon?</p>	<p>Yes Only if budget allows; automatic with cost of living; more effort must be made with price control; on how benefits provide for low income families; based on extent of disability and family support; people who need extra assistance; rates should stay the same except child should be \$150/mth until 15 yrs and caregivers \$200/mth); should be based on cost of living; not an economist; should be based on living condition of the family – need to do a survey; all benefits should increase equally even though old age pension should remain largest benefit; cost of living review every 3 yrs; availability of resources; clear criteria; inflation and cost of living</p>
<p>3.6.5 What are the implications of the rate of benefits being above what they should be if they were indexed to inflation?</p>	<p>The govt's recognition of contributions of the >60s, but benefits for disabled are too low; base rates were too low; the inflation rate does not remain static</p>
<p>3.6.6 Should this be taken into account in setting future</p>	

increases?	
3.6.7 Was the original base rate set too low?	Yes Far too low, yes across the board;
SECTION 4: SPECIFIC QUESTIONS IN RELATION TO THE WELFARE ACT	
4.1 Child Benefit:	
4.1.1 Is there a need to define what the level of maintenance and education support should be?	Yes So parents use benefit for right purposes; no because minimal vs requirements of children. If a significant amount paid -\$100/wk – should define what should be spent on. Only should be paid to parents/legal guardians; yes as would help to better define level of assistance; benefit should be raised to \$100
4.1.2 Should there be differentiation in the level of benefit between preschool children and school age children?	No Keep the system simple; no but forthcoming Employment Relations Bill may include childcare for preschoolers; age for ECE to be dropped to 3 yrs (from 3.5) – child benefit conditional on attendance?.
4.1.3 Should varying the age be provided for under the Act?	Yes yes, so it can be changed; or in the Regulations rather than the Act. No because not hard to get changed by act of parliament;
4.1.4 Should the intention be clarified on the ultimate age coverage?	Yes Yes to clarify maximum age; yes so appropriate use of the money can be monitored; No but still need better concept of what payment is for
4.1.5 Should children older than 15 years who are full time secondary students receive the child benefit?	Yes Govt is encouraging children to get as much education as they can; suggest that good educ and financial support will encourage children to stay in Cooks; so can continue education; some 15+ may spend it on drink; only if the govt is rich but we are a long way from this; children get more expensive as they get older; to 16 or even 18 in line with CRC/Kaveinga Nui – possibly with means testing re parents income for these older age-groups; cut off at 13 yrs – children then should be doing part-time work or work experience; should continue until child leaves school or finds a job; sch leaving age about to be raised to 16 and benefits should help support parents throughout a child’s basic education esp with the higher demands of sec. education.
4.1.6 How is the intention for the child to remain in the Cook Islands assessed?	Don’t know They should receive if they are living here; assessed by sch/course enrolment; what are problems with current system?; *no but special consideration for children from outer islands; impossible?; up to 16 yrs only; hard to know; ‘intention’ suggest subjective assessment, hard to test – instead departure from CI should be automatic cut-off with onus on recipient to reapply on return and establish why payment should be resumed; NO exceptions re children who leave CI.
4.1.7 What is the role of the Chief Examiner in screening the applicants to determine their	Don’t know To check they are true residents; to educate children about their responsibilities; investigative and monitoring role to ensure that those on the benefit or applying for one comply with the Act; abolish this post as access should be in the legislation – it is then for applicants to put their case re

merit to receive the benefit?	meeting the legislation requirements; to apply independent and transparent criteria that everyone knows will be applied equally.
4.1.8 Should a new means test for the applicant be developed including one for the lump sum payment at birth of the child?	No Lump sum encourages parents to stay in Cooks; equality: for all mothers; a means test should be applied in all circumstances re child benefit; consideration should also be given to mother usually resident in CI who travel overseas to give birth, for whatever reason; assess income of parents/caregivers; many women leaving CI for Australia where the lump sum payment is \$5000 – the lump sum here should be increased to support women who decide to stay; the benefit should be the same for both CI and overseas born babies (currently different?); higher lump sum would encourage some people to get pregnant to get money for drink, smokes etc.; what is the purpose of this payment? People often happy to support/gift to newborns; better to give more emphasis to paid maternity leave – now only 6 wks paid for public servants
4.1.9 Is this benefit intended to meet the full or part maintenance of the child?	Part Suggestion that current allowance inadequate because only meets part; parents should not be encouraged to be dependent on handouts and not seek employment or take too much sick leave; if you decide to have children you need to take responsibility for them – the benefit is a gift not a demand;
4.1.10 What could be the level of the full and part maintenance and how can they be benchmarked?	Use current benchmarks; cost of living; \$150/fortnight to deal with rising costs; difficult to say as people have different priorities; only current rate – ie not full or part; in support of part maintenance only; consider other factors too, eg tax credits claimed by caregivers, etc.; benchmarked on education and basic living costs
4.1.11 How effective is the monitoring the child's departure from the Cook Islands, and how can it be improved?	Don't know Need regular visits by welfare officer; use info on departure card & rigorous monitoring; liaising with schools and immigration; monitoring unused bank accounts; check school attendance; establish Border and Permit Management System; require statements on departure/arrival dates from parents/guardians
4.1.12 Should there be other grounds for termination?	Yes Only death or leaving the country; periodic assessments of child's welfare and home situation with termination as last resort; probably but I don't know what they might be; yes if the benefit is being misused, eg for parent smoking, drinking; yes if evidence that benefit being used for gambling or child is living with grandparents but parents retaining the payment; partly revoked if child is consistently truant – ie make conditional on sch attendance; canceled if charged with a crime; formalize at departure and once means testing is introduced; people imprisoned; if child living with another guardian/carer the payment should be stopped and resumed with the new carer..
4.2 Old Age Pension	
4.2.1 Should the qualification to receive old age pension be widened or narrowed?	Widened Should only be based on length of stay in Cook Is; many income earners are leaving the Cooks; non CI spouses of CIs should be classified as Cook island Maori;
4.2.2 Should receiving the old age pension depend on a	Yes Everyone who paid taxes should receive; keep the system simple; an acknowledgement of lifetime contributions but disadvantaged may get extra;

<p>person's circumstances? In what ways?</p>	<p>everyone should get same basic amount; people in special need should get supplement but only for set time; people have different circumstances; Yes – need transparent guidelines and systems to decide who should receive, taking into account extent of free health care, level of home care available and availability of transport; the issue of eligibility regarding CI/NZ residency should be clearly stated; if pensioners need urgent medical care their benefits should continue; intention must be full support for all</p>
<p>4.2.3 Should the intention be clearer on whether full or partial support is required?</p>	<p>Yes Yes so as to give credibility to expectations; clearer and also full support esp for old people on their own;</p>
<p>4.2.4 Is the age level appropriate?</p> <ul style="list-style-type: none"> • Should all 60+ aged people get the pension? What about people still in full-time formal employment? 	<p>Yes Yes but could be raised, esp for those still in paid work or with businesses</p> <p>Need a compulsory retirement age (changed in 1996?) People still working should not draw the pension. Need to make a declaration – if caught be prosecuted.</p>
<p>4.2.5 How is this provision of advising the Minister if there is a change in the circumstances of the beneficiary currently complied with?</p> <p>Should the Minister be involved in this or should the system work automatically?</p>	<p>The welfare officer should be aware; don't know; monitoring is difficult because few resources; the amended Act should give power to access Immigr's Movement Database to check residency eligibility; not sure the Minister should be involved in the circumstances of the beneficiary – instead should be clear guidelines and this remain an operational matter</p>
<p>4.2.6 Could the compliance be improved?</p>	<p>Yes Anything can be improved; don't know, probably; a public awareness campaign is needed to remind people of their legal obligations; proposed Border and Permit Management System.</p>
<p>4.2.7 Is the benefit intended to fully or partly support the person?</p> <ul style="list-style-type: none"> • Should the old age pension provide full or partial support? 	<p>Evenly split opinions Fully means only basic but comfortable; Full: people entitled to an adequate pension; full support over 65 yrs; some means testing to decide whether full or partial; full until Super kicks in; often this is the only income; should be \$400-600/mth</p>
<ul style="list-style-type: none"> • 4.2.8 What would be the level expected for full or partial support? • Are the current benefits adequate, too small (for some) or too big (for some)? 	<p>Evenly split opinions No: costs for old people rising sharply, not followed by pension; should be \$600/mth; currently ok for partial support; \$1000 full support, \$500 partial support?; need statistics on basic cost of living; a lot of research needs to go into this; cost of a basic lifestyle;</p>

4.2.9 What could be the benchmarks?	Minimum standard of living; inflation rate; minimum wage
4.2.10 Should the conditions for termination of this benefit be clearly specified in the Act? Should the benefit be terminated in some situations? If so, what situations?	Yes Welfare officer should be aware of all clients; leave as is; if it isn't already; Govt should lobby NZ Govt for resident expats and locals who have wked in NZ >20yrs to be paid NZ superannuation here (will reduce drain on Ck Is Govt, boost local economy, stem pop drift); yes so very clear and less likely to be abused; already specified; if departs for more than 3 mths; reasons for leaving should be considered; people imprisoned should have benefits terminated
4.2.11 How are the departures of beneficiaries from the Cook Islands monitored	Monitoring in the outer islands is easy;
4.2.12 How can this be improved?	Welfare officer should be aware of all clients; for the Dept to work out; Departure cards, rigorous monitoring; internal affairs to work with immigr & use departure cards; bank account useage; team work between Immigration, Customs and Internal Affairs; proposed Border and Permit Management System; forms to be completed each year; beneficiaries to advise INTAFF; overseas agencies should liaise with INTAFF
4.3 Destitute and Infirm Relief	
4.3.1 Is there a need to be clearer on the intended recipients of this benefit?	Yes People know these genuine cases; already clear; Comment from outer islands that because of lack of policy, social welfare officers can dictate who can or cannot receive destitute or caregivers benefits – the process needs to become more open and transparent; Current system depends on personal assessments – needs to be made more transparent; needs more clarity if a family can receive inform benefit as well as other benefits; all information re assistance to inform should be made available, eg tax credits to caregivers, allowances to purchase diapers for adults, etc.
Is the benefit intended for all infirm, independent of means?	Yes Some temporary support needed for students returning from overseas; Bridging allowance for single parents required to look after children under sch age – over 3 mths period to allow parent to look for a job or caregiver; different levels of infirmity should be taken into account; a person's means must be considered
4.3.2 Does the legislation suggest the benefit aimed at all persons with infirmity irrespective of means?	
4.3.3 How can the current provisions of the Act be used more effectively to screen applicants?	Welfare to work closer with Health; move up with times; everyone needs basic support but some need more; regular assessment of family situation;
4.3.4 Is a new means test	Yes Is there an existing means test?' *Not a real means test but families should be taking some responsibility for their members and the amount of family

<p>required for this benefit?</p> <p>What sort of other support should be taken into account? (family/community responsibilities, land, savings, superannuation)</p>	<p>support should be considered; having land does not make you more able to look after yourself surely; I think needy people missing out; probably yes; Act should be amended to allow for temporary assistance (few mths) unemployed principal breadwinner or women with young children trying to leave abusive relationship.</p>
<p>4.3.5 Does the legislation suggest the benefit aimed at full or partial support?</p> <p>Should the benefit provide full or partial support?</p> <p>How long should people be eligible?</p> <p>Are the infirm/destitute allowances adequate?</p>	<p>Part Full support is very expensive; either depending on the person's circumstances; adult rate should be at same level as old age pension; benefit for young person (up to 18 ys) to remain the same but higher if neither parent has a paid job; should be at least 90% of the cost of a basic living standard.</p> <p>No</p>
<p>4.3.6 What would be the level of the full or partial support be? (HIES)</p> <p>What could be their benchmarks?</p>	<p>Benchmarks same as now; Should be \$300/mth; stay with current level; need minimum for everyone and more for some; minimum wage</p>
<p>4.3.7 Should the termination for permanently leaving the Cook Islands be included in the Act?</p>	<p>Yes Yes but first define 'permanently'; depends on the reason for departure; also termination if person is fully employed again; reasons for leaving should be considered</p>
<p>4.3.8 How are the departures of beneficiaries from the Cook Islands monitored and</p> <p>How can this monitoring be improved.</p>	<p>Role of welfare officers; welfare officers to answer; review system; manually at present; monitor by INTAFF</p> <p>As above</p>
<p>4.3.9 How is the Committee fulfilling its role in assisting the person find employment and rehabilitating the person?</p>	<p>Don't know Not very successfully; never heard of it; include other interest groups; don't know; Committee and DNHRD should work together to assist with person's rehabilitation, in the form of trades courses through HTTC and Trades Training Centre; Some funds should be directed to NGOs (eg Creative Centre) that supports people in this category to help with rehabilitation and employment; abolish the Committee and place the onus on the applicant to rehabilitate/ find employment; could have person assessed at Creative Centre and assisted there to find employment</p>
<p>4.3.10 How is the compliance with the advice of the</p>	<p>Compliance should be bilingual; don't know; for committee to answer; don't know; improve peoples understanding of the Act; abolish the committee.</p>

Committee?	
4.4 OTHER BENEFITS	
4.1 New born allowance <ul style="list-style-type: none"> • Universal or means tested? 	With declining CI population, should be raise in allowance to parents of newborns of proven CI descent – as a way for govt to encourage more births and reduce serious depopulation problem; provides important assistance to young mothers and helps ensure all children get off to the same start.
4.2 Maternity leave?	Newborn allowance is for most mothers only part of their benefit. All public and some private sector wkers also get part salary on maternity leave. Unemployed, self-employed, low income earners relatively disadvantaged. Should be more equitable. Child birth is a social issue, not employment issue, therefore should be dealt with under Social Welfare Act, not Employment Act. Therefore: all maternity leave in public sector to be unpaid, in private sector to be voluntary; allowance raised to \$2100 to be paid in wkly installments of \$350, over 6 wks. Chamber of Commerce: cost of further maternity leave will put large pressures on small businesses and encourage them to discriminate against employment of young women.
4.3 Funeral allowance	
4.4 Care-giver's benefit <ul style="list-style-type: none"> • Universal or means tested? • Conditional or unconditional? 	Should be raised to account for situation that people may have to give up their job to care for family; should be possible to claim both caregiver and old age/destitute pension; \$40/wk for caregivers of outer island students on Rarotonga is not enough; termination of benefit puts pressure on children to leave school and get a job.
4.4 Outer island student scholarships	Level of support needs review – becoming difficult to maintain quality education in OI schools because of diminishing populations so Govt must be ready to support people who must therefore come to school on Rarotonga – basic right of all children to education

OTHER CONCERNS

Failure of price control to maintain or monitor costs of basic items

High cost of Justice Dept charges for birth/death certificates etc

Mentally disturbed are sometimes put in prison but this is no place for them. Govt should provide home for these people and give adequate benefit to people looking after mentally disturbed people, raise to \$200/fortnight. Govt should not depend on NGOs to look after these people, or otherwise give NGOs adequate support in personnel and funding to cater for them. The welfare division for disabled and mentally disturbed children and adults at MINTAFF and Min Health need to be adequately resourced, possibly in Min Health and monitored by MINTAFF welfare division.

Act should also include long-term unemployed job seekers – those actively seeking work but unemployed after 4-6 mths. Minimal assistance to cover job seeking activities, living and transp costs

Adopt recommendations of past reports – esp Strickland's 2002 report

System in place is appropriate for Cook Is; Grateful to govt for the necessary support; Welfare Act long overdue for review: this is also clear from the Discussion Paper on the Social Welfare System – try to divorce it from some of the political overtones in the Act; areas in the Act need clarification;

Name should be changed from social welfare to something more positive, eg social/community enhancement system – replace term ‘vulnerable’ with ‘beneficiary’

NZ and Austr raising VAT – will CI? Will increase burden on living costs. If so, possibility of raising tax thresholds for higher income levels?

Need community education on financial literacy, use of money – soon to be introduced in schools?

Ministry Educ to develop database on all children – every child to have an ID# to prevent some from falling through cracks

Need a compulsory retirement age, open up employment opportunities for younger people. Especially inequitable when these older people also drawing old age benefit and possibly other pensions.

Attachment 3: Types of Social Safety Nets

Type of Intervention	Definition	Characteristics
Cash transfers		
(a) Unconditional cash transfers	Transfers that aim to increase the real incomes of the poor, e.g. needs-based social assistance, non-contributory pensions and disability transfers, family/child allowances, etc.	<p><u>Advantages:</u> (i) Operation costs tend to be low; (ii) Recipients prefer cash which provides greater freedom of choice in how to use the benefit to enhance their welfare.</p> <p><u>Disadvantages:</u> (i) Cash transfers are attractive to local elites and unintended beneficiaries, so are more difficult to target effectively. Good control mechanisms are needed; (ii) In times of high inflation rates a rapid increase of benefits is required.</p>
(b) Conditional cash transfers	Benefit payments are conditional on human capital investments for children (school attendance, health checks, pre-natal care), with the dual goals of reducing current and future poverty	<p><u>Advantages:</u> (i) Impacts on consumption and poverty, child labor, enrolment & attendance, nutrition & health; (ii) Recipients responsible/ accountable, which can be politically popular; (iii) Empowerment effect where benefits are paid to mothers.</p> <p><u>Disadvantages:</u> (i) Complex to design and administer, requiring the interaction of multiple ministries, monitoring compliance with conditions; (ii) Services of sufficient quality have to be available (health, education); (iii) Exclude families without children.</p>
Food-based programs	Food transfers/other food-based programs aimed at chronic and transient poor, e.g. rations, supplemental feeding & nutrition, school feeding, emergency food distribution.	<p><u>Advantages:</u> (i) Effective at alleviating hunger by increasing food consumption; (ii) Can address malnutrition/ micronutrient deficiencies through fortified foods; (iii) Can increase school attendance & improve learning outcomes; (iv) Potential for self-targeting.</p> <p><u>Disadvantages:</u> (i) Organizing efficient transport, storage, and distribution of food is challenging and adds to administrative costs; (ii) On-site feeding (at schools, health centers) increases administrative costs for programs and transaction costs for participants.</p>
Public works programs (workfare)	Labor-intensive infrastructure development under cash/food-for-work programs.	<p><u>Advantages:</u> (i) Addresses shortage of infrastructure (rural roads, irrigation) while raising and smoothing incomes of the poor; (ii) Low benefit level, self-targeting, lower administrative costs; (iii) Politically popular as beneficiaries are required to work.</p> <p><u>Challenges:</u> (i) Trade-off between objectives of infrastructure vs. poverty reduction; (ii) Trade-off between setting the benefit level low (ensures self targeting and sustainability) or higher (helps participants out of poverty trap but targeting becomes weaker, rationing may be required); (iii) Doesn't reach the poor who cannot work, such as the elderly, ill or disabled.</p>
Fee waivers	Exemption from payment for essential services so the poor can obtain free health care and education even where fees are charged.	<p><u>Advantages:</u> (i) Provide support on both supply side and demand side through resources for institutions (to provide services) and for poor people (to access those services); (ii) Promote human capital development.</p> <p><u>Disadvantages:</u> (i) Administratively complex; (ii) Large errors of exclusion common where the poor are not aware of the waiver system and do not seek out the services; (iii) Impact on school attendance questionable in cases where beneficiaries are not required to attend classes.</p>

Sources: Bloom, D., A Mahal, L Rosenberg and J Sevilla, 2009. Social Protection and Conditional Cash Transfers. ADB Regional Workshop 'Social Assistance and Cash Transfers, 23-24 July 2009, ADB, Manila; Grosh, M., C. del Ninno, E. Tesliuc, A. Ouerghi, 2008. For Protection & Promotion: The Design and Implementation of Effective Safety Nets. Washington DC: The World Bank.