

BELFAST & DISTRICT TRADES UNION COUNCIL



Established 1881

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By email to: committee.socialdevelopment@niassembly.gov.uk
Department for Social Development
Assembly Committee

19 October 2012

Dear Sir/Madam

Welfare "Reform" – Public Consultation

1. This is a submission on behalf of the Belfast and District Trades Union Council, which represents trade union members from across Belfast and surrounding districts who are employed in both the private, public community and voluntary sector.
2. The Trades Council considers that the deadline of 19 October does not offer sufficient opportunity for interested parties to consider the contents of the draft Bill and offer opinions. Further, there will be insufficient time for the Committee to consider the responses and take into account the views expressed. This entire process is a perfect example of how not to do good government and represents a total disregard for the views of citizens, in particular those after by the changed to be introduced.
3. In our view there needs to be a serious debate and greater honesty shown with the public in respect of the Welfare "Reform" debate. It is not possible to have any kind of meaningful or intentional community buy-in in such a truncated consultation period. It demonstrates a disregard for the

most vulnerable and disadvantaged section of the community and illustrates the inadequacies of the structures at Stormont.

4. There is no point in political parties indicating that they object to this legislation in its entirety and then proposing to implement it. Equally there is no point in political parties indicating that they will not agree to the legislation unless there are changes to the "harsher" elements of the Bill if they do not spell out clearly what these "harsher" elements actually are in their opinion. Throughout the last few weeks there has been much bluster, but painfully little detail on what specific changes should be implemented.
5. To date there has been some talk about presenting an argument for fortnightly rather than monthly payments; Housing Benefit to be paid directly to the landlord (as it is currently for the majority of cases) and that there should be a choice of which claimant receives the benefit payments. Whilst agreement on these 3 issues, if achieved, would be welcome, let's not kid ourselves. Those are not the "harshes" elements of this legislation. They will not make any material difference to the amount of money a family will receive and will not make any difference to the thousands of families who will lose out when these Benefit changes are imposed.
6. Whilst there clearly is a significant issue in respect of parity and the impact on the block grant if the changes are not forced onto people there is a requirement to be honest with people about what the parity debate is actually about. Politicians also need to do more to counter the anti working class diatribe emanating from the Belfast Telegraph and other media outlets which refer to people on Benefits as "work-shy" and other derogatory comments. People who are unemployed or disabled or with caring responsibilities deserve more respect. Politicians should also be more vocal in clarifying that these Benefit changes will impact on those who are currently unemployed, but also many thousands of families who are currently employed, through Housing Benefit changes and Tax Credit changes etc.
7. In recognising the difficulties that parity creates the manner in which this debate has been handled by politicians in Stormont contrast sharply with how other issues were dealt with. For example Stormont was collapsed over weapons which were silent; Stormont was collapsed over an informer who fell out of favour with his handlers; Stormont was threatened with

collapse over the provision of funding for a police training centre. Strangely there has not been the same political conviction, strong tactics used or threat to the institutions issued to protect the most vulnerable in our community. It would seem that although politicians appear to agree that the impact of welfare "reform" is not to be welcomed, this does not really present any moral or political conviction dilemmas for the same politicians.

8. This welfare debate really is about how we view each other in society and whether politicians really consider that each citizen should be treated equally and with dignity. This was an issue around which politicians should have been able to unite in standing up for their constituents who will suffer in their tens of thousands.
9. There has been some recognition that taking out £500m (the share of the local pain from the welfare cuts programme) from the local economy will be devastating to not just those in receipt of benefit, but because they tend to spend their total benefit payments each week, there will also be a significant knock on effect to local small business and shops who will suffer as a result of the loss of Benefit incomes. Politicians have acknowledged this impact in the political debate. They just do not seem willing or able to do anything about it.
10. However, a similar monetary figure has also been publicised in relation to the actual impact on the block grant every year if the setting of corporation tax was devolved to the Assembly. Estimates of the impact range from £400m-£700m each year. In real terms, according to economists, this would equate to the loss of some 15,000-30,000 jobs each year (based on 40 job losses per £1m cut). This is apparently justified by hoping that foreign direct investment will, in 15-20 years time create approximately 18,000 jobs. This does not appear to create the same dilemma for politicians, with each of the political parties seemingly content to condemn another 15-30,000 workers to the dole queue to satisfy big businesses and multi-national corporations.
11. The irony of all that of course is that many of these companies such as Google, Facebook, Starbucks and many many others avoid paying their fair share of taxes anyway, so in reality the rate set for corporation tax becomes irrelevant as their corporate accountants have already devised ways not to pay any tax, regardless of what the rate is. In addition, you only have to consider the economic situation south of the border to realise

that job losses in these same companies have continued over the last number of years despite the lower corporation tax rate.

12. Notwithstanding the above politicians have remained extremely tight lipped about where the impact of £500m-£700m on the block would be felt, or where job losses of the magnitude envisaged would be implemented. Strangely though politicians seem to be able to argue that they have to force through Welfare "reform" cuts because to do otherwise would see the block grant hit by some £220m (Minister McCausland reference on several occasions in the Assembly debate). That raises 2 distinct issues for politicians:-

- (i) The Assembly cannot find £220m to protect against welfare cuts but can apparently find up to £700m to offer tax cuts to businesses;
- (ii) If it can apparently find hundreds of millions to help big business (which we would challenge given the lack of debate and clarity to date) then why does the Assembly not have a serious political and public debate about the type of society they actually want to create. The Trades Council would welcome a debate of this nature, which would consider a discussion in respect of a society where big businesses and corporations are not rewarded, but where vulnerable citizens are protected.

13. It is said that a society can be judged by how it treats its most vulnerable. This Assembly has made it clear on which side of this debate it sits. No doubt the CBI and others will be congratulating them in the coming months.

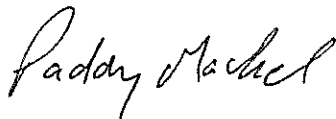
14. The real anger in the community created by this proposed legislation is in response to the deliberate attempt to mislead the public into thinking that these changes are actually about encouraging people away from Benefits into paid employment. There are currently 64,000 people registered as unemployed with a further 30,000 or so actively seeking employment. There are also tens of thousands of people who are currently in receipt of Incapacity Benefit or Disability Living Allowance who will be forced off these benefits. This represents at least 120,000 people who will face sanctions as a result of a harsher benefit regime. The job market vacancy notices stands consistently at only 3,000-4,000 each month. This figure has remained relatively consistent for the last number of years. There are no jobs for people to move into. There is no likelihood in the short to

medium term of any significant increase in the number of job vacancies. If the 15-30,000 from the cut in the block grant linked to corporation tax are added, this will represent economic devastation for increasing numbers of families. Politicians need to sit down and discuss the type of economic system which can deliver real jobs and real protections for its citizens. This Tory model which they intend to implement benefits only the rich.

15. Belfast Trades Council will not comment on the specific clauses in the Bill. To do so, in our view, would legitimise this "Reform" Bill as somehow a positive piece of legislation to assist unemployed people, people with disabilities or people in low paid jobs. There is no carrot in this legislation, just a very large bag of sticks.

16. If this legislation is introduced by the Assembly, with or without tutting, it will represent a collective failure of politicians to stand up for its citizens and will condemn tens of thousands of already vulnerable and marginalised people to greater misery and possibly abject poverty.

Yours sincerely

A handwritten signature in cursive script that reads "Paddy Mackel".

PADDY MACKEL
PRESIDENT
Belfast & District Trades Union Council