



New Zealand Council Of  
Christian Social Services

# Reducing Long-Term Benefit Dependency: The Options

*SUBMISSION*  
*NEW ZEALAND COUNCIL CHRISTIAN SOCIAL SERVICES*  
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## Summary

1. **Options do not present a balanced approach:** NZCCSS notes that the Options Paper does not take a balanced approach to assessing the evidence and arguments on the issues. No summary or analysis of the submissions received by the WWG has been produced. The Options Paper takes a highly selective approach to the research evidence. Work-focus, personal responsibility and the benefits of insurance-based approaches to welfare are assumed and the discussion focuses merely on the extent to which they will be applied.
2. **Unemployment Benefit:** Job availability is the primary issue for the Unemployment Benefit (UB). The sustainability of the UB within the welfare system is built around government policy settings that aim to maximise employment.
3. **Level of benefits and child poverty:** The WWG continues to ignore the impact of the poverty level of welfare payments on the ability of beneficiaries to remain healthy and “work ready” and the impact on their children living in poverty.
4. **Work is better for everyone:** The WWG does not adequately recognise the full message of the evidence relating to the assumption that “work is better for everyone”. The evidence shows that work is better for people only when certain very clear conditions are met. It is the job of the welfare system and wider government policy to try to ensure those criteria are met.
5. **Insurance model of welfare funding:** The WWG has not presented a balanced case for an insurance approach to welfare funding. There is very clear evidence that social insurance models do not offer a magic solution to so-called “welfare dependency” and indeed are more likely to worsen existing inequities and negative dynamics.
6. **Welfare dependency:** There is still no description provided of what exactly the WWG means by “welfare dependency”. There seems to be a simple correlation made between being on a benefit for a long time and “benefit dependency”.
7. **Māori:** Māori are disproportionately represented among benefit recipients. Yet the Options Paper is inadequate in its analysis of how to remodel the welfare system to achieve better outcomes for Māori.
8. **Principles:** The WWG has revised its principles for welfare reform but in the process has promoted “personal responsibility” to a leading principle with no apparent basis in either the evidence or submissions. We repeat the message that the welfare system must be built on a clear basic principle of ensuring the wellbeing and social participation of the disadvantaged.
9. **Review of Social Security System:** A balanced review of the social welfare system and the Social Security Act is our preferred “Option”, but this option is not included in among the available options in the Options Paper.

10. **Current System is Affordable:** There is clear evidence that our current benefit system is affordable and projected costs of welfare transfers as a proportion of GDP is actually projected to fall over the next 30 years. There is no basis for the claim that our welfare system in its current settings is fiscally “unsustainable”.
  
11. **Historical Achievements of our Welfare System:** NZ has a proud history of effective social welfare that has alleviated poverty and helped build social cohesiveness across generations. The current direction in welfare policy puts those achievements at risk and leaves us facing a bleak future for our children.

## 1. Introduction

- 1.1 The New Zealand Council of Christian Social Services (NZCCSS) has a long history of analysing the policies of successive governments and advocating for just and compassionate responses to the needs of ordinary New Zealanders. Through our network of social service agencies, we are aware of the critical issues facing families and the impact of government policies on making lives either easier or more difficult. Many of the people who approach our social service agencies for support are surviving on low incomes. Many are wholly reliant on income via benefits, some have additional income through work, and some struggle to provide for their families on the minimum wage. The impacts of living in poverty are well known, and we share the Welfare Working Group's (WWG) concern about the limited opportunities that growing up on a benefit offers. We welcome the further opportunity for comment on the latest document *Reducing Long Term Benefit Dependency: The Options*.
- 1.2 Our organisation has six foundation members: the Anglican Care Network, Baptist Union of New Zealand, Catholic Social Services, Methodist Church of New Zealand, Presbyterian Support New Zealand Inc. and the Salvation Army. NZCCSS works for a just and compassionate society in Aotearoa New Zealand. We see this as a continuation of the mission of Jesus Christ. In seeking to fulfil this mission, we are committed to giving priority to poor and vulnerable members of our society and to Te Tiriti O Waitangi.
- 1.3 Nationally, NZCCSS membership consists of multiple social service groups working from almost 640 separate organisational sites, which collectively provide over 1,200 social service programmes throughout New Zealand. Our members deliver a wide range of services that cover such areas as child and family services, services for older people, food-bank and emergency services, housing, budgeting, disability, addiction support, community development and employment services. Further details on NZCCSS can be found in Appendix 1.
- 1.4 Contact details for this submission are Trevor McGlinchey, NZCCSS Executive Officer, Paul Barber, Policy Advisor, and Philippa Fletcher, Policy Advisor, PO Box 12-090, Thorndon, Wellington, Phone 04 473 2627, [eo@nzccss.org.nz](mailto:eo@nzccss.org.nz), [paul.barber@nzccss.org.nz](mailto:paul.barber@nzccss.org.nz) or [philippa.fletcher@nzccss.org.nz](mailto:philippa.fletcher@nzccss.org.nz).

## 2. General Comments

NZCCSS seeks a just and compassionate society, and one that upholds the Treaty of Waitangi. This means we support policy options that are conducive to the greater wellbeing of our community and are consistent with the partnership, participation and protection principles of the Treaty.

### 2.1 Options do not present a balance approach

In our September submission to the Welfare Working Group (WWG), NZCCSS identified a number of issues in the WWG's Issues Paper. We have read the latest paper with interest to see to what extent the WWG has taken account of submissions received and revised its findings accordingly.

We note that no analysis of the hundreds of submissions has been completed, and there is little evidence that the extensive recommendations from submitters have been considered in the Issues Paper. The Options Paper does pay some attention to referring to the evidence to support the options it is proposing but this continues to appear to be a selective approach to the evidence provided to the WWG.

The paper aims to be an "options" paper but contains no balanced approach to presenting the options. We would have expected the WWG to present the arguments and counter arguments on each area, assess the research evidence, and to make recommendations accordingly. Throughout the Paper, work focus, personal responsibility and benefits of insurance-based approaches to welfare are assumed, and the discussion focuses merely on the extent to which they will be applied.

This leaves the policy questions considered devoid of context. Any process of welfare reform must start from some basic principles about what we are trying to do and why, and what sort of society we envisage as a result. As an example, we would expect there to be some analysis of the contribution of underlying macro-economic conditions together with other determinants of poverty. This would greatly assist efforts to reduce "benefit dependency".

### 2.2 Unemployment benefit

Job availability is the primary issue for the Unemployment Benefit (UB). The level of attention being paid to the UB in the WWG work is unnecessary and counterproductive. The WWG acknowledges itself that UB numbers were down to 28,000, an historic low and unemployment was at a low of 3.5%. The obvious conclusion from this is that when work is available, people on the existing UB arrangements will take that work! The sustainability of the UB welfare system is dependent upon government policy settings that aim to maximise employment.

### 2.3 Level of benefits and child poverty

The WWG continues to ignore the impact of the poverty level of welfare payments on the ability of beneficiaries to remain healthy and "work ready". Poverty is known to be the principal source of stress, and stress is known to be the principal "noxious agent for emotional disorders" and the associated factors which go with them, e.g. unemployment,

parenting difficulties, educational difficulties, social participation problems, drug abuse, housing and relationship problems, etc. Future social and economic costs resulting from children being brought up in poverty can either be diminished or exacerbated by current policy decisions (see Albee, 2006).

The social cost of having groups of people unable to afford the necessities of life means that welfare reform must ensure that benefit levels are adequate and lead to a lower level of poverty than is currently the case. For the same reason, children's needs are central to welfare reform. The international evidence about getting a good start in life as working as an inoculation against many of life's potential ills is overwhelming (see Albee, 2006; Friedli: 2009; Kirkwood et.al 2008). If we do not care for our children as well as we are able, we reap the later social and economic costs associated with crime, drug and alcohol abuse, mental illness, social dislocation and then the multiplier effects associated with all of the above. Social ills are transferred to successive generations and the cost to the economy is enormous. The UK government has calculated that costs of mental illness alone are around £110 billion of which around £32 billion is associated with lost productivity (Department of Health, 2010, p.18).

### **2.4. Work is better for everyone**

The Options Paper does not adequately recognise the full message of the evidence about the assertion that paid work is better for everyone. The evidence shows that paid work is better for people only when certain very clear conditions are met. It is the job of the welfare system and wider government policy to meet those criteria.

On the whole, employment is good for people, and unemployment is bad for people. However, to be beneficial, paid work will feature (a) a balance between effort and reward; (b) job security; (c) clear, consistent support from supervisors; and, reasonable demands of employees with the employee having reasonable control in facing those demands (Friedli, 2010, p.48).

At best, the paid work solution is partial and inadequate. Such a solution fails to value other types of work, especially caring work and other contributions to the community. At worst, many of the proposals are likely to be disrespectful, abusive and encourage close dehumanizing surveillance of welfare recipients lives.

Some of our most disadvantaged people will need long term intervention and investment to improve their lives. The report does make some reference to this investment but only in relation to workforce participation. Paid work is not a viable option for some people, and it is not acceptable to discard them. Welfare reform has to meet the needs of all benefit recipients and cannot just be based on the needs of employers.

### **2.5 Insurance model of welfare funding**

The WWG has not presented a balanced case for an insurance approach to welfare funding. The evidence is clear that social insurance models do not offer a magic solution to "welfare dependency" and indeed are more likely to worsen existing inequities and negative dynamics.

### 2.6 Welfare dependency

There is still no description provided of what exactly the WWG means by “welfare dependency”. There seems to be a simple correlation made between being on a benefit for a long time with “benefit dependency”.

### 2.7 Māori

Māori are disproportionately represented in the among benefit recipients. Yet the Options Paper is inadequate in its analysis of how to remodel the welfare system to achieve better outcomes for Māori. For example, the Government has Treaty obligations under Article Three to ensure publicly funded services (e.g. Welfare and Education) lead to outcomes as favourable to Māori as they are to other New Zealanders. Secondly, the central principle adopted by the WWG of “personal responsibility” would not appear to be an appropriate central principle for engagement with central tenants of Māori culture such as whānau and iwi shared responsibility and resource ownership.

### 2.8 Personal Responsibility

In the Options paper the WWG has revised its principles for welfare reform, but in the process has promoted “personal responsibility” to a central principle with no apparent basis in either evidence or submissions. NZCCSS points to the dominant tradition and social consensus in this country that the welfare system must be built on a clear principle of ensuring the wellbeing and social participation of the disadvantaged. Personal responsibility is undoubtedly one aspect of this but not the central one.

### 2.9 NZCCSS analysis

In discussing the detail of the options presented over the following pages, NZCCSS is not endorsing this approach, which we consider to be inadequate. In identifying options we support, we are working from the guiding principles of ensuring the wellbeing and social participation of people on benefits and their children. There are many options in this paper that we cannot accept because they will do more harm than good and most likely increase poverty and inequality rather than enhancing wellbeing. There are some options that we believe could be beneficial depending on how they are interpreted and put into practice and within the constraints and limitations of the narrow focus of the WWG work.

A balanced review of the social welfare system and the Social Security Act is our preferred “Option” but this option is not however included in the options offered in the Options Paper.

We ask the WWG to look again at the evidence presented in the Welfare Justice: Alternative Welfare Working Group report on the costs of the social welfare system. The evidence is clear that our current benefit structure is affordable, particularly if government policy is tailored to achieving high levels of employment. The predicted cost of welfare transfers as a proportion of GDP is actually projected to fall over the next 30 years. At a very modest 2% of GDP, there is no basis for the claim that our welfare system in its current settings is fiscally “unsustainable”.

We remind the WWG that NZ has a proud history of effective social welfare that has alleviated poverty and helped build social cohesiveness across generations. The current direction in welfare policy puts those achievements at risk and leaves us facing a bleak future for our children.

### 3. Wellbeing as a framework in Aotearoa New Zealand

NZCCSS suggests a better framework for welfare reform would focus on development of wellbeing, i.e. (a) resilience (i.e. coping skills), and (b) participation / social inclusion in the community. The participation part of this framework was established in the 1972 Royal Commission on Social Welfare and re-stated in the 1988 Royal Commission on Social Policy. A wellbeing focus does include access to valued roles. One of these is paid work. A wellbeing focus also means that any welfare change and reform is respectful of all benefit recipients and will avoid the punitiveness, stigma and abuse which some benefit recipients currently report (Alternative Welfare Working Group, 2010).

The concept of 'wellbeing' as a benchmark for social goals is growing in popularity around the world. Examples how 'wellbeing' includes development of resilience and community participation are included in the table on the next page. In Aotearoa New Zealand, 'wellbeing' concepts are of little use unless they are also pertinent to tanagta whenua. Mason Durie has developed indicators of 'wellbeing' based on Māori goals. They are also illustrated in the table. It is not difficult to see a significant overlap between the two ways of thinking about wellbeing.

The components of wellbeing can be used as a lens for evaluating how a policy can benefit a community.

## Reducing Long Term Benefit Dependency – NZCCSS Submission

<b>Enhancing resilience / control</b>	<b>Enhancing participation / social inclusion</b>	<b>Māori wellbeing</b>
<p><b>Individual</b>  <i>A sense of control e.g. setting and pursuit of goals, ability to shape own circumstances;                      Belief in own capabilities and self determination                      Maintaining independence                      Beliefs and values                      Knowledge and skills to make healthy choices                      Problem solving skills                      Self-respect</i></p>	<p><b>Individual</b>  <i>Sense of belonging                      Having a valued role</i></p>	<p><b>Individual</b>  <i>Taha wairua (spiritual wellbeing)                      Taha hinengaro (mental wellbeing)                      Taha tinana (physical wellbeing)                      Taha whānau (relationships with family and community)</i></p>
<p><b>Community</b>  <i>Opportunities to influence decisions                      Workplace job control                      Trust and safety                      Social networks and relationships                      Emotional support                      Arts and creativity                      Opportunities to volunteer</i></p>	<p><b>Community</b>  <i>Physical environment that encourages participation                      Access to transport                      Cohesive communities                      Ways to get involved                      Conflict resolution</i></p>	<p><b>Māori groups</b>  <i>Manaakitanga -capacity to care)                      Pupuri Taonga (being wise trustees for the whānau estate)                      Whakamana (facilitating entry into the wider Māori community – participation in Te Ao Māori))                      Whakatakoto tikanga – (capacity to plan ahead)                      Whakapūmau tikanga – (transmission of cultural values).                      Whakawhānaungatanga – (capacity for consensus – contributions to shared vision and ability for whānau to develop fair shared decision making processes).</i></p>
<p><b>Population</b>  <i>Adequate income, debt management                      Shared public spaces                      Sustainable local economy                      Learning and development</i></p>	<p><b>Population</b>  <i>Reduced inequalities                      Accessible and affordable services and goods                      Local democracy                      Quality public services                      Access to education                      Quality housing                      Economic security                      Absence of discrimination                      Practical support e.g. childcare, employment etc.                      Affordable costs of participating</i></p>	<p><b>Population</b>  <i>Te Manawa – secure cultural identity                      Te Kāhui – vibrant Māori communities, enhances whānau capacities; Māori autonomy                      Te Kete Puawai – Māori cultural and intellectual resources                      Te Ao Turoa – wellbeing of the Māori estate e.g. sustainable , clean healthy resources</i></p>

Sources: Durie 2006; and adaption from the NMH DU MWIA Toolkit, (in publication) Cooke, Friedli et al. (2010).

## 4. Responses to Specific Options

### 4.1 What changes could New Zealand make to the structure of the benefit system to improve the focus on early intervention to reduce long-term dependency?

#### (i) Focus on early intervention

Early intervention needs to be about the keeping people out of the benefit system in the first place. The overall focus needs to be on promoting people's wellbeing, i.e. enhancing control, increasing resilience and facilitating participation and promoting people's inclusion. It also needs to be cognisant of Māori approaches to wellbeing, particularly since Māori are disproportionately represented in the uptake of main benefits (NZCCSS, 2010, p.6). Good work can provide meaningful activity and enhance wellbeing, e.g. workplace practices that include flexible working and initiatives to reduce workplace stress (see Friedli, L and Parsonage, M, 2009, p.47). However, work is only one aspect of improved wellbeing. Early intervention requires stepping back from the benefit system per se and ensuring we foster wellbeing at the earliest opportunities. Our 'best buys' are likely to be:

- Supporting parents and the early years – parenting skills training / pre-school education and quality home learning environments (including healthy pregnancies).
- Support for lifelong learning
- Improving the quality of work
- Encouraging healthy populations
- Ensuring quality environments See (Friedli, 2009).

Long term dependency is also likely to be reduced if we ensure all our children get a good education. Around 60,000 or 15% of our school students struggle at school and then leave the education system early and do not participate in any life long learning (Welfare Justice, 2010, p. 69). Addressing this problem, together with ensuring our children get a good start in life is likely to be a very effective at reducing benefit dependency. This means that the work of caring for children is recognised as work and that social support to those who are caring for children is paid at a rate that enables our children to get that good start.

**Options 2 and 3: Social insurance:** We are not in favour of any form of social insurance model because it tends to discriminate in favour of those with more access to resources. Any insurance scheme is likely to be expensive to administer and raise compliance costs. It is unlikely to deliver better results more cheaply. It also creates a two tier system with one tier for those with insurance, and a second for those without. Those without tend to be the 'least attractive' to insure and usually receive lower levels of assistance. It is harder for people who have few resources, are ill or have a disability or disadvantaged in some way to obtain insurance.

### 4.2 What changes could New Zealand make to the structure of the benefit system to improve the focus on paid work?

#### (i) Promoting a greater focus on paid work

NZ's benefit system needs to be structured around enhancing people's wellbeing. People whose wellbeing is diminished risk the compounding difficulties of poor access to the

necessities of life and the associated social / emotional problems. Society then pays the cost of both.

**Option 1:** NZCCSS supports further investigation of a guaranteed minimum income if it is set above the poverty line. It is also likely some supplementary assistance would still be required on a flexible basis to deal with unforeseen life shocks. It would need to allow for the differing circumstances of individuals and whānau or it would result in considerable additional costs for processing the “outliers” (which could be the bulk of the group). Administration by IRD could be problematic because of the level of administration involved. The GMI would also have to work for different types of whānau.

**Option 2:** There is no need to expand the work test because when there are jobs around, people go and get them. The numbers on the unemployment benefit dropped prior to the current recession when more jobs were available. When the economy or government policy is providing more jobs, unemployment falls.

Work expectations are reasonable for people on the unemployment benefit if (a) there is work available and, (b) people have the skills to undertake the work on offer. The availability of work is a macroeconomic question that is best addressed by macroeconomic policy. People’s skill levels are best addressed by a commitment to lifelong learning. There is evidence that cognitive wellbeing is assisted by any learning: it does not even have to be tightly targeted vocational development. For this reason, it is unfortunate that government has withdrawn its support of community education courses, which are beneficial for both cognitive development and social participation (Kirkwood, 2008, p.58). Work tests are pointless if there is no demand for people’s skills.

### 4.3 What changes do we need to the Unemployment Benefit to improve social and economic outcomes?

#### (i) Interventions

There appears to be an implied assumption here that employment equals the 40 hour per week permanent job. While this may have been the main job model in Aotearoa New Zealand during much of the twentieth century, increasingly jobs are insecure, part time and casual. Even the full time work definition has been reduced to 30 hours per week.

**Option 1:** Improving diversion and triage strategies so that more resources are invested in securing paid work for people could work well if the focus is the person’s wellbeing rather than just getting them into any old job. Applying this option would mean providing people with more support before, during and after applying for benefit.

**Options 2 and 3:** NZCCSS rejects these options. The Methodist Mission in Otago/ Southland has commented that:

*Placing beneficiaries into unpaid work situations either amongst voluntary agencies or with commercial operators is problematic. It raises questions about the ability of those organisations to cope with the numbers envisaged, the suitability of those referred, and the resentment of those workers.*

#### (ii) Expectations

**Option 1:** NZCCSS supports this option if there is a clear reciprocal understanding. We are unaware of any evidence that people receiving unemployment benefits do not want jobs. People getting unemployment benefits want appropriate work. The relevant question then is, “how will the state support you to find work?” If the state is providing timely benefits,

adequate support and informing people of their rights and entitlements, then it is reasonable to expect benefit recipients to look for and accept paid work.

We oppose Option two. NZCCSS anecdotal evidence suggests the current sanctions are draconian enough. Blaming is bad for wellbeing, mental; health and therefore employability. A quotation from Burton Blatt used in the Like Minds Like Mine anti-discrimination campaign is relevant here:

*Some stories enhance life, others degrade it. So we must be very careful about the stories we tell, about the ways we define ourselves and other people.*

The more we degrade each other, the less employable we become.

At the end of the day, unemployment levels are most likely to be reduced by a government commitment to full employment.

### (iii) Offenders

NZCCSS supports assistance to offenders to help them regain a valued place in society. We support option one if it is based on enhancing the wellbeing of the person involved. It will require effective anti-discrimination programmes to work. For this to be effective, Corrections need to provide access to in-prison courses and development to all prisoners, rather than just as a reward for good behaviour.

The WWG needs to be cognisant that one in four prisoners reported having a psychological or psychiatric condition that caused them difficulties with everyday activities and socialising (Lindbery, K., Huang, K., (2006)., p. pxiii & 59). In addition Māori imprisonment rates are around 3-4 times those of European descent. Welfare reform policies need to recognise the facts relevant to assisting offenders. They also need to be consistent with promoting Māori wellbeing.

### (iv) Drugs and Alcohol

**Option 1:** NZCCSS supports Option 1. We reject the sanction based approaches of Option 2, compelling psychological or therapeutic treatment is well-known to be counterproductive to effective intervention.

The 2006 New Zealand Mental Health Survey found that “40 per cent of those with a 12 month substance use disorder also had a comorbid anxiety disorder (compared with 14.8 percent of the general population). Twenty-nine per cent of those with a substance use disorder also had a comorbid mood disorder (compared with 7.9 per cent of the general population),”<sup>1</sup> There are a large number of people for whom substance abuse is only part of a much wider problem. The WWG would be wise to advocate for reducing the accessibility and marketing of alcohol if it wishes to reduce benefit dependency in this area.

It should also take Māori wellbeing seriously, given the relatively high level of Māori among those with substance abuse disorders.

### (v) Regions

**Option 1:** Multi sector work involving Work and Income, TLAs, DHBs, Education and other relevant bodies to develop regional wellbeing could be extremely worthwhile.

**Option 2:** We oppose this option as current policy is hard enough. Strengthening current

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<sup>1</sup>[http://www.alcohol.org.nz/NZStatistic\\_170203.aspx](http://www.alcohol.org.nz/NZStatistic_170203.aspx)

provisions is liable to make it worse. Again, work other than paid work is worthwhile, and can be particularly valuable in areas where there are few employment options. People can have a variety of valued roles, e.g. caring for others, coaching sports teams, etc. Policies advocating or preventing people's movement need to heed the impact on the social fabric, social isolation and individuals' ability to participate and belong.

### **(vi) Gatekeeping**

NZCCSS is opposed to this option. People are most likely to benefit if they are in receipt of the benefit most conducive to their wellbeing. People who are about to move to an area of greater disability are likely to benefit from additional support to prevent that occurring where possible. Sole parents with work capacity will not necessarily benefit from paid work. Neither will their children. Caring for children is a job, and given the importance of this role, it must be well supported. Sole parents are best included among unemployment benefit recipients when and if they are actively seeking paid work. Again the needs of Māori are paramount here due to the over-representation of Māori among benefit recipients.

## **4.3 What changes do we need to reduce long-term benefit dependency of sole parents and reduce child poverty?**

### **(i) Focus on paid work**

We consider paid work is a poor first option here. Child wellbeing would be a better key focus. This section fails to recognise that caring for children is work and that the DPB was initiated because of the recognition that caring for children is work. We are disappointed so little attention is paid to Māori as 42 per cent of DPB recipients are Māori (see NZCCSS, 2010, p. 6).

**Option 1:** Paid work is a good option when it will benefit both the child and the benefit recipient. This will only occur if the appropriate supports are available, i.e. work is accessible for the parent, and the costs of work do not make work more unaffordable than living on the benefit.

**Options 2, 3 and 5** are unacceptable. The proposal in option 5 runs counter to our knowledge about children's needs for a good start in life. It is likely to be counter-productive and foster greater inter-generational benefit dependence.

**Option 4:** the focus on paid work would have to be conditional on the wellbeing of the recipient involved. The work would need to be appropriate with paid time for time for caring for sick children and school holidays. Parents and child(ren) would need to be better off as a result of the parent's employment.

### **(ii) Child wellbeing**

The options presented fail to recognise that even when all of the money is spent as wisely as possible, current benefit levels are insufficient. Parents require adequate benefit levels to meet their parenting obligations. Child poverty means children are often unable to take part in activities undertaken by their peers. It often means their educational opportunities are curtailed and their health is reduced. The result is the capacity of our future workforce is diminished. The OECD has recommended that New Zealand "take a stronger policy focus on child poverty .., especially during the early years when it is easier to make a long term

difference.” They also note New Zealand spends far less on children than the OECD average (OECD, 2009).

If all the services are in place, then NZCCSS could support **option 1**.

Children most at risk tend to be Māori, of single parents where the partner is not the natural parent of the child. Parents are most likely to make the best changes when they are in trusting relationships with good social services (See NZCCSS, 2009). Again, it is unfortunate that the WWG has paid so little attention to the wellbeing needs of Māori whānau.

**Option 2** represents the status quo. Any strengthening of budgeting activities requirements will necessitate more resources for budgeting services.

NZCCSS rejects option 3. Compulsory benefit management is more likely to be counter-productive. A better approach would be to enable social service agencies to serve families well and build the trusting transforming relationships.

### **(iii) Childcare**

NZCCSS supports provision of affordable childcare and after school care provided it meets quality requirements. For instance, there is international consensus that the total amount of time a child spends in childcare should not exceed 30 hours per week per child.

### **(iv) Support to move into paid work**

NZCCSS is prepared to support encouragement into paid work (**option 2**) providing it is in the interests of both the parent and child(ren) involved. This could be assisted by access to study allowances to assist with updating and/ or increasing skill levels. It would also require access to appropriate childcare or work compatible with ensuring children’s needs are met. Government would also need to ensure benefit recipients are not penalised by returning to paid work. This means access to affordable transport (see wellbeing lens), and an ability to pay the costs of re-entering the workforce.

(See also earlier comments about the need to avoid child poverty, and earlier responses to other sections of this question).

## **4.5 What changes do we need to reduce long-term benefit dependency of people on the Sickness Benefit and the Invalid’s Benefit?**

### **(i) System changes**

The statement that there is ‘no evidence of deteriorating population health’ during the 1990s and 2000s (summary, p.9) does not take into account the growth in mental illness around the world. People with psychiatric conditions are the biggest single group of sickness and invalids benefits recipients (see NZCCSS, 2010) and this group has increased in size. The WHO predicts that depression is likely to become the second highest contributor to the global burden of disease (WHO, 2010).

Aotearoa New Zealand will not reduce people’s dependency on sickness and invalids benefits until we are prepared to employ people who are either sick or are invalids. Around 20% of the population have some sort of disability. Benefit dependency would be reduced by all of employers, bureaucracies and the community at large reducing discrimination toward people with a disability. Such discrimination results in isolation, lowered self-belief and reduced ability to undertake paid employment.

The New Zealand Disability Strategy applies a social model of disability, as does the Convention on the Rights of People with Disabilities which New Zealand ratified in 2008. This means impairments only become disabilities when they cannot be accommodated. Both the Disability Strategy and the Convention include the right to work.

A big problem for people with disabilities is competing with those with no disability, no matter how skilled the person with the disability. When an employer has the choice between applicants who require some sort of accommodation and applicants who do not, applicants with no disability are more attractive. None of the options provided address the barriers to employment for those with disabilities.

NZCCSS is opposed to inclusion of insurance based modes as we have stated in our response to question (1).

**Option 3** – (aligning with services provided to ACC claimants) could be acceptable as long as this did not represent any reduction in entitlement.

### (ii) Focus on paid work

Expectations of people on invalids or sickness benefits are best based on what is conducive to their wellbeing. **Options 2 and 4** could be consistent with this approach.

Appropriate work may be beneficial if it enhances wellbeing and does not diminish it further. The WHO notes that adverse working conditions, temporary work, precarious employment, or workplace stress are associated with coronary heart disease and diminished mental health (WHO, 2008, p.8).

### (iii) Work capacity assessment

NZCCSS could support **option 3** if it was focused on the wellbeing of the person involved. It would require assessing the range of activities that would increase the person's capacity. It would also require post placement support and anti-discrimination measures.

It is extremely important that sick people and those with disabilities are encouraged rather than afraid of duress and punishment, since the associated fear is injurious to health.

### (iv) Employment support

NZCCSS is in favour of **Option 3** if it asks "what combination of approaches will best help this person's wellbeing?" It would also need to ask "how is work a part of this?"

### (v) Prevention and early intervention

NZCCSS supports **option 1**. Work most conducive to wellbeing is:

- Safe
- Secure
- Fairly paid
- Permanent
- Reasonable in its demands and featuring reasonable employee control
- Characterised by a balance between effort and reward (WHO, 2008, p.8).

**Option 2:** Health professional may need to learn more about (a) what work can do for people; and (b) the importance of work being appropriate and what that might mean. We note that health professionals are increasingly taking a more holistic approach to health, largely as a developing recognition of the significance of Māori health.

**Option 3:** NZCCSS supports employers investing in prevention. Our comments about the approach of health professionals are in our comment about option 2.

**Option 4** – We support people returning to work as early as possible or receiving appropriate support to stay in work as long as this is conducive to their wellbeing.

### 4.6 What changes do we need to improve paid work outcomes and reduce long-term benefit dependency amongst Māori?

#### (i) Policies to support Māori

This chapter reflects the inadequacy of the WWG approach. A better approach would include ensuring the needs of Māori are met throughout the whole document. When Māori and non-Māori at the same levels of deprivation are compared, Māori still feature more strongly in the negative social and economic statistics (Whānau Ora Taskforce report, 2010, p.15). The Welfare Working Group's work would benefit from close analysis of why this is the case. The lens Durie provides for Māori wellbeing implies this section is asking the wrong question. A better question could be 'how can Māori and the Crown best work to achieve improved Māori wellbeing?' As written, it appears to totally ignore both access to Te Ao Māori and Māori world views. The current approach involves using non-Māori as the benchmark for how Māori lives ought to be lived.

Māori mental health needs to be a priority if benefit dependency is to be reduced. According to *Te Rau Hinengaro* the national mental health survey "the prevalence of mental disorders in Maori was 50.7% over their lifetime (before interview), 29.5% in the past twelve months and 18.3% in the previous month (Baxter, et.al, 2006).

**Option 1:** This really does require analysis of why Māori feature so strongly in negative social statistics. It does not state which Māori the memorandum is to be with. There is an Article 3 Treaty expectation regarding Crown protection of Māori. This option needs to examine the Crown's responsibility to Māori and how it can best be upheld. Any MOU needs to reflect this.

**Option 2:** We are unsure what sort of targets are involved, and the Working Group options paper does not make this clear.

**Options 3&4:** WINZ contacts with outside organisations need to reflect a commitment to achieve outcomes that are as good for Māori and any other person.

### 4.7 What changes do we need to reduce long-term benefit dependency of people who enter the benefit system at an early age?

#### (i) Policies to support at-risk young people in the education system

NZCCSS rejects **options 1 and 2**. Education has wider goals than just paid work, e.g. effective citizenship.

**Option 3:** We support effective education of our young people. This means good mechanisms to support them from an early age. This could be integrated with the whānau ora approach. See also comments on question one on early intervention. Apart from getting a good start in life, other early intervention factors include; anti-bullying measures, healthy school ecology, functional literacy, social competency, and peer resistance.

### (ii) Policies for at-risk young people outside of the education system

NZCCSS recommends an evidence based approach to policies for young people at risk outside the education system. This should be based on the wellbeing of the person. We support provision of community based education and training.

**Options 2 and 3** could be acceptable with measures supporting the wellbeing of the people involved included.

**Option 4:** We support this option as long as appropriate resources are made available.

**Option 5:** Young people who need to be independent require support particularly if they are leaving difficult living situations.

All services to young people need to be young person friendly, respectful and enabling.

Building on the young person's strengths is most likely to have a lasting positive impact.

### (iii) Teen Parents:

**Option 1:** See earlier analysis regarding the needs of sole parents.

**Option 2:** The welfare system is probably not the place for education about the consequences of teenage pregnancy. We note high rates of teenage pregnancy are associated with more unequal societies (see Wilkinson R, Pickett K. 2009). The WWG may find it useful to examine how reduced inequalities may result in reduced benefit dependency. We need to create an environment conducive to the wellbeing of the teenager and the child. Parents need to bond and care for their child(ren), with the baby at the centre, but also be able to continue their education and engage in the other areas of life where they are likely to be better off in the future. The WWG would benefit from examining the best evidence to ensure good outcomes for both teenager and child.

## 4.8 8. What changes do we need to financial incentives in the benefit system (including supplementary programmes) in order to reduce long-term benefit dependency and increase the uptake of paid work?

### (i) Financial incentives to work

NZCCSS is concerned that the current attempts at using the tax system financial incentives do not work very well. For example, a large number of people appear to not know of their entitlements under Working For Families. People need to know the rules and know how the system works.

### (ii) Additional help for people when they move into employment

NZCCSS supports **option 4**; a transition allowance for sick and disabled people when and if work is a good option for the people involved.

### (iii) Strong signals to discourage semi-permanent use of the benefit system

NZCCSS does not support stronger sanctions for benefit recipients. These measures are likely to be expensive. The evidence from our *Grassroots Voices* project and other work shows that positive approaches achieve better results for people's wellbeing than negative approaches.

### (iv) Supplementary programmes

**Option 1:** NZCCSS agrees benefit levels are too low. If they were increased there would be less need for 2<sup>nd</sup> and 3<sup>rd</sup> tier requirements.

Discretion and flexibility is important here. Agencies which work with people have noted that the current reduction in discretion is highly disadvantageous to people. NZCCSS believes reforms to the system must involve the availability of fair levels of discretionary assistance.

### 4.9 What changes do we need to improve the approach to funding and delivery of employment and other services?

#### (i) Investing early to avoid costs of long-term benefit dependency

An effective early response to people in need could be cost effective, and prevent the loss of skill, self-confidence and other negative social factors, and enhance productivity. The response would need to be tailored to the wellbeing of the person. NZCCSS rejects insurance based approaches as detailed in our response to question one on early intervention. Relationships based on trust are crucial for good outcomes (NZCCSS, 2009, p.56).

#### (ii) Delivery of the services

NZCCSS does not support the state attempting to contract its responsibilities to third parties. There is little evidence that this will either increase efficiency or reduce costs.

### 4.10 What changes do we need to support employers to achieve better employment outcomes for beneficiaries?

#### (i) Supporting Employers

NZCCSS supports **option 4** – providing an active role in establishing and maintaining an active relationship between employers and benefit recipients. This may require considerable anti-discrimination work to encourage employers to employ more of those with physical or psychiatric impairments

### 4.11 What changes do we need to address benefit fraud and abuse?

NZCCSS is opposed to all of the options presented:

**Option 1** – turns people on benefits into untrustworthy second class citizens. NZCCSS would want beneficiaries to be treated with the dignity due to their status as equal human beings. We wish to avoid beneficiaries being seen as ‘other’ and therefore lesser beings or a ‘drain on society.’ We also want to avoid discrimination and ‘witch hunts’.

**Option 2** – NZCCSS considers the current system is well monitored enough.

**Option 3** – NZCCSS recommends supporting people and helping strengthen their relationships

### 4.12. How should a new benefit system be introduced?

NZCCSS recommends a thorough reassessment as part of a reassessment of the social Security Act.

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## Appendix I – Overview of NZCCSS

The New Zealand Council of Christian Social Services (NZCCSS) has six foundation members: the Anglican Care Network, Baptist Union of New Zealand, Catholic Social Services, Methodist Church of New Zealand, Presbyterian Support New Zealand Inc and the Salvation Army.

Collectively, these six members are responsible for over 500 social service delivery sites in their networks throughout New Zealand. Our members deliver a wide range of services that cover such areas as child and family services, services for older people, food-bank and emergency services, housing, budgeting, disability, addiction support, community development and employment services.

This size and diversity in services are amongst the many reasons for NZCCSS to celebrate its membership and the work that they do to meet people's needs throughout New Zealand.

### **NZCCSS Mission and Role**

NZCCSS works for a just and compassionate society in Aotearoa New Zealand. We see this as a continuation of the mission of Jesus Christ. In seeking to fulfil this mission, we are committed to:

- giving priority to poor and vulnerable members of our society
- Te Tiriti O Waitangi

The key roles of NZCCSS are to represent the common interests and vision of our members at the national level; to supply information and networking opportunities to support members provide quality services; and to develop, critique and advocate for policies that will assist poor, vulnerable and disadvantaged members of society.

A national Council, made up of two representatives from each denomination, governs NZCCSS. A small Secretariat team carries out the day-to-day work of the Council. This includes gathering and distributing information, research on social policy issues, and building relationships with government officials and others working in the community sector.

A Policy Group oversees the policy and research work that NZCCSS does in three key areas: child and family, housing and poverty and services for older people. Each Policy Group is made up of at least two council representatives plus social services managers, academics or others with particular expertise in that area. This means that the work that NZCCSS does is well informed by what is happening in our members' communities.

[www.nzccss.org.nz](http://www.nzccss.org.nz) or [www.justiceandcompassion.org.nz](http://www.justiceandcompassion.org.nz)

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