



NEW ZEALAND COUNCIL OF CHRISTIAN SOCIAL SERVICES

Street Address: 3rd Floor, Anglican House, 18 Eccleston Hill, Thorndon, Wellington.

Mailing Address: PO Box 12-090, Thorndon, Wellington.

Phone: (04) 473 2627

Fax: (04) 473 2624

E-Mail: admin@nzccss.org.nz

SUBMISSION TO THE SOCIAL SERVICES SELECT COMMITTEE ON THE SOCIAL SECURITY AMENDMENT BILL

Introduction

1. The New Zealand Council of Christian Social Services (NZCCSS) represents six denominations: the Anglican, Baptist, Catholic, and Presbyterian social services agencies, as well as the Methodist and the Salvation Army churches.

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 Te Tiriti O Waitangi.

2. Collectively, our 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, foodbank and emergency services, housing, budgeting, disability, addictions, community development and employment services. Further details on NZCCSS can be found in Appendix 1.

3. NZCCSS would welcome the opportunity to speak to this submission, and would be represented by Ross Kendrew (President) and Trevor McGlinchey (Executive Officer), both of whom can be contacted through the NZCCSS Secretariat on 04 473 2627 or via admin@nzccss.org.nz.

A Just, Inclusive and Compassionate Society

4. NZCCSS urges that the Bill not proceed beyond Select Committee in its current state. Whilst we support some parts of the proposed legislation (for example, Clause 16 regarding the standardisation of stand-down periods to a maximum of two

weeks)¹ we are concerned about the negative impact of other parts of the legislation on beneficiaries, particularly impoverished families with children and young people transitioning into the workforce.

5. The paper 'Towards a Robust Society: A Statement from the Church Leaders, May 2005' presented to the Prime Minister and senior Government ministers highlighted the principle of a robust society in describing the type of society we would like to see in New Zealand.² NZCCSS believes that the mark of a mature society is the extent to which it cares for and upholds the dignity and worth of its most vulnerable members and refrains from indulging in politics of exclusion.
6. We are deeply concerned that this Bill is premised on the belief that people are valued in terms of their economic contribution to society (through paid employment) alone. Whilst participation in paid employment can be an effective mechanism for social inclusion, this objective will be undermined if the components in the Work Focused Support package are implemented in a punitive context or if WINZ front-line staff are not adequately trained or resourced to carry out the changes proposed. The achievement of the objectives depend too on the quality of jobs, the quality of training and education opportunities, the quality of working conditions and the adequacy of income if they are to be effective.
7. Additionally we are disappointed that unpaid voluntary work is not included in work test requirements, as volunteers, many of whom are not in paid employment, make a significant contribution to society.

Is this form of Social Security Reform Necessary?

8. The necessity of the two-phase reform strategy known as Working New Zealand: Work Focused Support to meet its objective of increasing the numbers of people

¹ Other examples of parts of the Bill that NZCCSS supports include: the simplification of residency criteria (clause 10), allowing people caring for children not their own to qualify for the Domestic Purposes Benefit (clause 5 and 6 – although the criteria may be too restrictive), extending the exemption from stand-down to all benefit types for people who have entered a refuge following a relationship breakdown.

² Towards a Robust Society: A Statement from the Church Leaders, May 2005, p.1.
<http://www.nzccss.org.nz/uploads/publications/Civil%20Society%20Church%20Leaders%20Paper%20May%202005.pdf>. Accessed June 27, 2006.

into paid employment is questionable. Whether or not the current system is too complex, NZCCSS believes the proposed changes will not simplify the system but simply reconfigure the complexities. An unemployment rate of 3.7%³ does not warrant the overhaul of the entire benefit system and the associated cost of change. We point out that the OECD average is 6.9% and as of 2004 New Zealand had the second lowest ranking of the 27 OECD countries.

9. The cost of proposed welfare reforms estimated by Treasury at over \$100 million would be put to better use by investing in the capacity and capability of WINZ and community organisations to help people facing multiple barriers to work. It could also be invested in community based organisations who work with people for whom paid employment is not an option.

Historical Shift in Purpose of Social Security

10. New Zealand has had a reputation for progressive social policy as reflected in the development of our social security system, from the Old Age Pension in 1898, to the Social Security Act of 1938 and its amendment and consolidation in 1964. NZCCSS is concerned about the philosophical shift in the Purpose and Principles of the Social Security Act away from its historical roots in providing welfare and alleviating poverty, to focussing narrowly on maximizing the numbers of people in paid employment through the implementation of the Working New Zealand: Work focused Support package of reforms. This change in philosophy signals further marginalisation for those who for many reasons cannot participate in the paid workforce.
11. NZCCSS contends that if we are to have a just, inclusive and compassionate society then the Purpose and Principles of the Social Security Act need to include statements related to income adequacy, that is, the provision of benefits to a minimum level which ensures a reasonable standard of living and enables participation in society.
12. Recent research (such as the Ministry of Social Development Living Standards 2004 report) highlights that up to a quarter of the population are suffering hardship and this

³ Household Labour-Force Survey December 2006 Quarter

proportion is not reducing. Families living on income from benefits are most likely to suffer hardship because (among other factors) the level of benefits is set too low and has not kept pace with the rising costs of living. Similarly, moving more people into work, particularly at the level of the minimum wage, does little to reduce the risk of poverty despite increases in the minimum wage in recent years.

Impact on the Families and Vulnerable Citizens

13. We believe that as a mature, responsible society, New Zealand should look at itself and the ways we support vulnerable citizens and families. NZCCSS opposes the proposed changes in Clauses 28-32 related to Personal Development and Employment plans, particularly the amendment that allows the Ministry of Social Development to require a beneficiary to undertake activities or rehabilitation (currently this is a negotiated process) and the proposed change from annual reviews to review at any time.

14. Undue stress may be also be caused by a new requirement for applicants of Domestic Purposes Benefit (sole parents and women alone) to undertake specific activities in addition to the current requirement for a Personal Development and Employment Plan. Additionally, there is a new requirement for sickness and invalids benefit clients to participate in planning and activity requirements.

15. It is of concern that there is a part-time work test for beneficiaries' partners who have childcare responsibilities. Caring for children is a critical role and beneficiary partners should be allowed to make choices in the context of the best interests of their family. New Zealand's record for ensuring the well-being of children is not good, as indicated by the recent UNICEF report on child well-being. NZCCSS considers that any policy proposal that does not place the care and nurture of children as the highest priority should not proceed. An inclusive society would ensure that beneficiaries had the same choices as other families, particularly those families receiving state assistance through the *Working for Families* package.

16. NZCCSS welcomes the move to weekly payment of benefits as this will assist those on very low incomes, particularly families, to manage their budgets. However, the parallel move to weekly abatement of benefits is of concern as many beneficiaries have variable incomes and with a weekly abatement regime would be worse off. NZCCSS opposes weekly benefit abatements because of the administrative and financial burden it would place on individuals and families who do not have the security of consistent earnings. Additionally, weekly abatement would be administratively intensive for WINZ and creates room for error that would be stressful for both staff and beneficiaries. We support an annual abatement assessment.

17. NZCCSS supports Clause 35 that amends the Act to enable sole parent beneficiaries to have an extended benefit entitlement (to eight weeks) after they have stopped caring for a dependent child (or a sick or infirm person) due to circumstances beyond their control.

18. NZCCSS support the changes to the Domestic Purposes Benefit criteria for the care of the sick or infirm. Currently the person being cared for needs to have a level care equivalent to hospital care. We welcome the extension to the level of care to include community residential services, rest homes and equivalent levels of community based care.

Independent Youth Benefit

19. It is commendable that the proposed legislation recognises the importance of improving support to help young people (aged 15-19 years) into employment, training or educational activities, and that Clause 27 provides more flexibility as to the agreed work focussed activities that can be undertaken (including social rehabilitation and skills training). However NZCCSS is concerned about the quality assurance processes related to the new activity expectations. If activities are to assist young people into employment, it is critical they are easily accessible, of high quality and of relevance of young people and their employment aspirations.

Fundamentally they must lead to meaningful and fair employment if they are to be more than make-work schemes.

20. Secondly, success in obtaining new skills and employment is contingent upon the adults assisting them in an appropriate manner. By this we mean adults (whether WINZ staff or NGO staff) taking the time to build relationships of trust, taking a holistic strengths-based approach and being able to access a range of community based wraparound services.

21. The principles for effective youth development are clearly articulated in the Government's Youth Development Strategy Aotearoa. It would be inappropriate for this legislation not to adhere to those principles. The imposition of sanctions for failure to meet activity requirements is therefore in conflict with positive youth development approach and ultimately will undermine the longer-term objective of sustainable youth employment.

Conclusion / Recommendations

22. NZCCSS supports the following clauses of the bill:

- 10 (residential qualifications)
- 16 (stand-downs), although we would prefer the elimination of stand-down periods altogether
- 11 (extension of range of benefits to which no stand-down applies if a person enters a refuge after a relationship break-up)
- 35 (extension of range of benefits which will continue to be paid for eight weeks after caring for a dependent child stops due to circumstance beyond their control)

20. NZCCSS conditionally support the following clauses of the bill:

- 5 and 6 (Domestic Purposes Benefit and Widow's Benefit – Qualifying Child) on the proviso that the term “exceptional” is replaced with “extenuating” with regarding to parental circumstances

- 7 (Domestic Purpose Benefit – Caregiver) regarding the expansion of definitions of care but opposing subsection 2A related to caregivers aged under 18 years
- 13 (regarding weekly benefit payments but opposes weekly abatement assessments)
- 27 (independent youth benefit) subject to quality control over activity expectations

23. NZCCSS opposes the following clauses of the bill:

- 9 (Deprivation of income or property) currently discretionary
- 24 – (Written application) removes the current legal right to make a verbal application and we recommend the amending of section 81(3) to allow for the retrospective substitution of another benefit where the Ministry considers the person is receiving the wrong benefit
- 25,26,33 and 37 (Personal Development and Employment Plans for partners of Invalids, Sickness, Emergency, and Unemployment Beneficiaries with childcare responsibilities)
- 29 (Chief Executive powers to require beneficiaries to undertake activities that they determine will improve prospects for employment in Personal Development and Employment Plans)
- 30 (changing annual reviews of beneficiary commitment to Personal Development and Employment Plans to “at any reasonable time”)
- 38 (Chief Executive power to require beneficiaries to undertake at a job seeker development activity they consider suitable in Job-Seeker Agreements)

24. NZCCSS supports the proposition that engagement in fair paid employment is an important means of people participating in society. Where this leads to adequate income it can also alleviate poverty. For those reasons we support a process of facilitating and supporting those on benefits into paid employment where their

circumstances make this appropriate. We consider, however, that the current legislative provisions associated with the income support systems provide an adequate mandate to achieve this aim. Making such a proposition effective is dependent on high quality interactions by WINZ staff and others who must have the skills, resources and time to help beneficiaries overcome the obstacles to them achieving their employment aspirations.

25. Feedback from our network of agencies is that this is not the case at present and, therefore, we have no confidence that the enhanced work requirements proposed in this bill will achieve a desirable outcome – either in terms of stable fair employment or social cohesion. We suggest that with unemployment below 4% there is no evidence to justify the imposition of an expensive and administratively difficult system of punitive checks, pressure and abatements to force beneficiaries to work.

26. We, therefore, conclude that the \$100 million estimated cost of benefit reform would be far more prudently spent on upgrading the support given to beneficiaries to achieve paid employment and to allow agencies to develop their work with those who are unable to undertake paid employment, or for whom such employment is not appropriate. This would be far more effective in achieving the objectives of Working New Zealand: Work Focussed Support.

27. Furthermore, NZCCSS considers that refocusing the income support system so firmly on paid employment is socially divisive and has anti-children implications. While we accept that those whose circumstances allow paid work have a social obligation to seek employment, we are of the view that this bill has gone too far in diminishing the value of parenting as vital work in our society (whether carried out by beneficiary parents or parents associated with paid employment) and that those whose health or family circumstances do not allow them to work, will be further stigmatised in their interactions with WINZ and within society in general.

28. NZCCSS stress that poverty alleviation and income adequacy are essential objectives for the income support system and should be reflected in the legislative framework underpinning such a system.

Recommendations

29. That the government reconsider the use of resources in pursuit of the objectives of Working New Zealand: Work Focussed Support with a view to spending the \$100m estimated cost of benefit reform on upgrading the support given to beneficiaries to achieve their employment aspirations and parenting responsibilities.

30. That benefit levels be reviewed against the government's measures of poverty to ensure that incomes are adequate.

31. That should the provision of this bill proceed into legislation the government commits to:

- increasing the funding to benefit advocacy services within NGO s to ensure the rights of beneficiaries are upheld,
- undertaking annual research and evaluation into the measures to indicate their effectiveness in achieving the objective of supporting beneficiaries into fair and meaningful paid employment (where this is appropriate to their circumstances) and their impact on the wellbeing of children within benefit dependent families.

Appendix I – Overview of NZCCSS

The New Zealand Council of Christian Social Services (NZCCSS) represents six denominations: the Anglican, Baptist, Catholic, and Presbyterian social services agencies, as well as the Methodist and the Salvation Army churches.

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, foodbank and emergency services, housing, budgeting, disability, addictions, 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

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