

Social Security (Subsequent Child Policy Removal) Amendment Bill 2021 18-1
Social Services and Community Select Committee

Submission from

Te Ope Whakaora – The Salvation Army New Zealand, Fiji, Tonga, and Samoa Territory
19th May 2021

Executive Summary

1. The Salvation Army **supports the objectives and intentions of this Bill to remove one part of the sanctions included in the Social Security Act 2018**. We call for urgent further progress to implement wider reform of social security legislation to achieve the aim of significantly reducing poverty and hardship in this country. We also urge the Government to urgently prioritise further changes to the Social Security Act 2018 to achieve its stated vision that people may have adequate income and standard of living. This Bill is a lamentably small step towards this goal.
2. **Recommendation: That the Select Committee make an urgent recommendation to Parliament to fully remove the obligations and sanctions regime from the Social Security Act 2018 and replace it with a fairer approach using a framework of mutual expectations and responsibilities as recommended by the WEAG report 2019.**
3. **Recommendation: That the Select Committee request Ministry of Social Development to supply an analysis of the data monitoring the frequency with which sanctions for non-compliance with obligations are applied to people with subsequent children to support assessment of the impact of the changes proposed in this legislation.**

Background

4. **The mission of The Salvation Army is to care for people, transform lives and reform society through God's power.** The Salvation Army is a Christian church and social services organisation that has worked in New Zealand for over one hundred and thirty years. It provides a wide range of practical social, community and faith-based services around the country.
 - a. The combined services of The Salvation Army provide support to around 120,000 people per year. These services included in 2020 providing around 79,000 food parcels to more than 43,000 people, providing some 2,400 people with short-or long-term housing, over 7,100 families and individuals supported with social work or counselling, around 18,000 addictions counselling sessions, almost 5,000 families and individuals helped with budgeting, other practical assistance to around 6,000 families and individuals, chaplains visited more than 2,300 prisoners, and 5,200 victims, defendants and families were supported at court.

5. This submission has been prepared by the Social Policy and Parliamentary Unit (SPPU) of The Salvation Army. The SPPU works towards the eradication of poverty by encouraging policies and practices that strengthen the social framework of New Zealand. This submission has been approved by Commissioner Mark Campbell, Territorial Commander of The Salvation Army's New Zealand Fiji Tonga, and Samoa Territory.

Specific comments on the Bill:

6. **Part 1 Clause 3:** This Bill amends the Social Security Act 2018, which was passed by Parliament under the current Labour government but based on a 2016 bill introduced by the then National-led government. In passing the 2018 Act Minister for Social Development Hon Carmel Sepuloni stated that the Act represented a “modernisation” of social security legislation¹ and a solid basis for further reforms. In the final debate on the 2018 act she commented “you have to sweep the floor before you can put down the new furniture—and that is what this legislation is. It is the sweeping of the floor so that we have a solid platform to make some real, positive changes to the welfare system”². This was followed by a promise of an “overhaul”³ of welfare legislation to be based on the report of the Welfare Expert Advisory Group (WEAG) report completed in February 2019⁴.
7. The *Whakamana Tangata* report of the Welfare Expert Advisory Group (WEAG) in February 2019 made 42 main recommendations and a total of 126 detailed recommendations. In the two years since the report was released, only a few of the recommendations have been fully or substantially implemented, with many of the remaining recommendations pushed out into the Government’s “medium to long-term work plan”⁵.
8. **Part 1 Clauses 4 – 10:** This Bill implements part of one recommendation arising from the WEAG report, Recommendation 11 (p90, WEAG 2019 report) that recommended reforming the obligations and sanctions regime into a system of mutual expectations and responsibilities. This Bill takes one further step by removing one type of sanction placed on parents who have further children while receiving a benefit. The WEAG report in fact made seven specific detailed recommendations to remove sanctions and obligations, so the one change in this Bill does not significantly alter the overall punitive and unfair regime of sanctions and obligations woven into the Social Security Act.
Recommendation: That the Select Committee make an urgent recommendation to Parliament to fully remove the obligations and sanctions regime from the Social Security Act 2018 and replace it with a fairer approach using a framework of mutual expectations and responsibilities as recommended by the WEAG report 2019.
9. Associate Minister for Social Development Hon Priyanga Radhakrishnan in her speech introducing this Bill described her Government’s vision for the welfare system in this country as one that “ensures that people have an adequate income and standard of living, are treated with and can live with dignity, and are able to participate meaningfully in society.”⁶ This Bill makes a very limited contribution to achieving the goal of adequate standard of

living. The Cabinet Paper and Regulatory Impact Statements for this Bill do not provide details about the number of sanctions applied as a result of this policy that resulted in loss of income or entitlement for parents of young children. There is also no assessment of the number of people who were required to meet work obligations as a result of this policy, and whose caregiving responsibilities may have been negatively affected by the pressures of work preparation requirements.

10. The sanctions regime is alive and well it seems based on the evidence from the March 2021 Quarterly Benefit Fact Sheets. During last year's Covid19 lockdowns from 23rd March to 27th May work related obligation sanctions were suspended and the total number of benefit sanctions for that June 2020 quarter dropped to almost zero compared to nearly 12,000 for the March 2020 quarter. Sanctioning has resumed with some energy since then – as at 31 March 2021 there were 1,401 active benefit sanctions in place, only slightly fewer than the 1,623 in place a year earlier before the Covid19 crisis impacts⁷.
11. There were 216 benefit recipients with children actively being sanctioned as at 31 March 2021, less than the 369 at 31 March 2020, and considerably less than the 1,170 in March 2017. As noted above, it is not clear how many if any of those families being sanctioned were as result of non-compliance with subsequent child policy work obligations. The Regulatory Impact Assessment notes that the Ministry of Social Development has data that allows the monitoring of the frequency with which sanctions for non-compliance with obligations are applied to people with subsequent children⁸.
Recommendation: That the Select Committee request Ministry of Social Development to supply an analysis of the data monitoring of the frequency with which sanctions for non-compliance with obligations are applied to people with subsequent children to support assessment of the impact of the changes proposed in this legislation.
12. In May 2019 there were around 2,500 people on Jobseeker Benefit with associated employment-seeking obligations. Under the provisions of this Bill they would be able to change to Sole Parent Support although this would not change the amount of benefit received. They could potentially access additional financial support through the Sole Parent Study Assistance or Work Bonus schemes but based on the total of \$12,000 per annum budgeted for this, it does not look like many people are expected to be eligible for additional support.
13. As a non-government organisation working in communities with more than 120,000 people each year, most of whom will have some need of support from our welfare system, The Salvation Army is disappointed that not enough progress has been made to lift incomes and improve the lives of those relying on the welfare system in the past two years. Every day people are seeking assistance from budgeting services, problem debt, food banks, social work, addictions support, counselling, transitional and social housing. A consistent theme in their need is insufficient incomes to meet daily needs. This adds to pressures in other areas -

notably housing and food security, as well as mental and physical health.

14. An analysis of the changes in income support since the release of the WEAG report shows that increases in benefit assistance have barely kept pace with increases in living and particularly housing costs. In an example relevant to this Bill, updating the example budgets prepared for the WEAG report, a sole parent with one child (over 3 years old) relying on the Sole Parent Support payment still falls short of an adequate income by \$101 per week, only \$11 a week better than in 2018. Weekly income is just 39% of the median household income after housing costs, well below the official poverty line of 50% AHC median income. Core benefit income increased by \$53 per week (15.8%) since 2018 but Working for Families and Accommodation Supplement assistance remained unchanged. Over the same period rent costs rose by \$30 per week (7.7%) and living costs by \$26 per week (6.2%), meaning gains from increased welfare benefits were largely eroded by increasing costs.
15. The solution to this income adequacy problem is to set welfare benefit levels to ensure they deliver liveable incomes – above the official poverty line and at demonstrably adequate levels. The parents with children covered by this Bill are mostly not in the position to enter the paid workforce fulltime or even part-time, and social policy should rightly ensure that they can spend time caring for their young children for what is likely to be an extended period over a number of years while receiving an adequate income. The current system fails to do this, and the changes proposed in this Bill are a lamentably small step in the right direction. We urge Parliament to move faster towards passing further legislation to complete the process of bringing whakamana tāngata, dignity to the people who rely on the welfare system.

¹ 'The modernised social security legislation gets its second reading', Beehive media release, 8 May 2018 <https://www.beehive.govt.nz/release/modernised-social-security-legislation-gets-its-second-reading> accessed 4 May 2021

² Hansard Report, Social Security Bill 3rd reading, transcript 18 September 2018, https://www.parliament.nz/en/pb/hansard-debates/rhr/combined/HansDeb_20180918_20180918_12 accessed 4 May 2021

³ Hon Carmel Sepuloni, *Speech to the Child Poverty Action 2019 Summit*, 18 November 2019 <https://www.beehive.govt.nz/speech/speech-child-poverty-action-group-2019-summit> accessed 4 May 2021

⁴ *Whakamana Tāngata Restoring Dignity to Social Security in New Zealand*, Welfare Expert Advisory Group, February 2019.

⁵ *What happened to ‘welfare overhaul’? A stocktake of implementation of the Welfare Expert Advisory Group’s 2019 recommendations*, Child Poverty Action Group, November 2020.

⁶ Hansard Report 6th April 2021 transcript

⁷ *Quarterly Benefit Factsheets March 2021*, Ministry of Social Development, p.7

⁸ *Impact Summary: Removing the Subsequent Child Policy*, Regulatory Impact Statement, Ministry of Social Development, p11