Social Security Amendment Bill

January 2025

Tirohanga Whānui | Overview

The New Zealand Council of Christian Social Services (NZCCSS) welcomes the opportunity to provide feedback on the Social Security Amendment Bill. We challenge the kaupapa to further stigmatise those who utilise our social security system through sanctions and punitive punishment. While this will support this government's goal to reduce the number of benefit-dependent individuals and whanau, it does nothing to address the causes of benefit dependency and will result in further harm to those already living in hardship. We also challenge the use of volunteer work as a punishment for those who do not meet obligations.

Our main points are:

Item One – Social Security is a core part of our society and already a source of stigma.
Stigma surrounding receiving the benefit is difficult enough without increasing sanctions.

Item Two – Evidence suggests that sanctions like these don't work.
Experience in both Australia and the United Kingdom, as well as evidence from previous sanction attempts in New Zealand, do not support this path of action.

Item Three – Increasing sanctions does not reduce the drivers for application and dependency.
Making it harder for people to access support does not decrease their need for it.

Item Four – Non-financial sanctions will have financial impacts on recipients.
Increasing household costs and impacting eligibility for hardship payments will drive families further into poverty.

Item Five – Children will be impacted by these changes.
Benefit recipients are often parents. Impacts to benefit certainty will impact children in order to punish their parents, and is out of line with our child poverty goals.

Item Six – We disagree with community and voluntary work as a sanction.
Community organisations are vehicles for good, not for punishment, and are not resourced to provide work experience in this way.

Item Seven – Increasing the cost to administer is a poor allocation of money.
Sanction and application requirement increases will increase frontline costs.

We recommend the withdrawal of this bill and strongly suggest any future changes to the Social Security Act be made with compassion, consideration, and good data.

Huatau | Comments

We raise the following points for consideration:

Item One – Social Security is a core part of our society and already a source of stigma.

We refer to social security as 'the benefit' because it is a 'good deed' by the state, and is a bedrock of a civilised society. New Zealand has a long and proud history of ensuring that our most vulnerable citizens are supported in times of hardship by the state, being one of the first countries in the world to provide a pension and unemployment support. Over time, dependency on receiving state support has come with social stigma. This has increased to the point where those who receive the benefit are referred to as 'bottom feeders', 'bludgers', and 'free riders', despite many being in work or contributing to their families and communities in non-financial ways. Evidence has shown that the stigma associated with being a benefit recipient already produces "non-take-up welfare", where people go without support in order to avoid the social implications of being "a beneficiary" (Kurita, Hori, & Katafuchi, 2020). Sanctions only act to increase this stigma, keeping people from access the state support to which they are entitled, and make life harder for those who depend on them.

Item Two – Evidence suggests that sanctions like these don't work.

Mandatory money management and work experience are both systems that have been trialled in Australia and the United Kingdom. Neither worked. After a damning report by the Australian National Audit Office (2022), Australia passed legislation to end their Cashless Debit Card Trial that same year, citing a failure to evaluate that the programme had any positive impact despite lasting for more than five years. Assessment of the impacts of similar benefit sanctions in the United Kingdom (Griggs and Evans, 2010) outlined that while there may be immediate increases in employment of those on benefit following sanctions, the effects are not long lasting, that they disproportionately impact those who are most disadvantaged, and are related to an increase in local crime. It found "a gulf between the rhetoric and evidence on benefit sanctions", with evidence to support their use being limited and based mostly in a moral argument as opposed to data. From a New Zealand context, reports (Ministry of Social Development, 2018) demonstrate how little evidence there is internationally that sanctions will produce desired results, the larger chance of unintended consequences for those who are sanctioned, and the absolute lack of domestic information regarding the likelihood of outcomes. Research from the Benefit Advisory Service (2021) demonstrated that sanctions increased the use of food banks and resulted in stealing and foraging for food. Their research indicated that "sanctions encourage ineffectual compliance rather than encouraging positive job-seeking behaviour". There is no modelling that supports this course of action, outside punitive rhetoric.

Item Three – Increasing sanctions does not reduce the drivers for application and dependency.

Poverty is the main driver for benefit dependency, and you cannot sanction someone out of poverty. Simply making it harder for people to access support does not decrease their need for it. Better education, more secure housing, better health and community support, and more employment opportunities are what people need to become self-sufficient and engaged with the economy. Investing in these kinds of programmes through a Social Investment approach would have greater positive impacts to beneficiaries and their families than any punitive impacts could generate.

Item Four – Non-financial sanctions will have financial impacts on recipients

While the monetary value of the benefit will not be decreased, that does not mean these non-financial sanctions will have no financial impacts on families. When under sanctions, individuals will not be able to access hardship grants regardless of the acuity of their need. This is a punitive measure that serves no purpose other than to drive people already experiencing significant levels of deprivation further into hardship. Work sanctions also carry the burden of transport costs, clothing requirements, and childcare, all of which are prohibitive for short-term, unpaid periods. We also express concern that evidence indicates that reducing economic autonomy will result in more individuals being trapped in abusive situations (Mendes, et al, 2023). Stating that these sanctions are non-financial is short sighted and lacks understanding of their unintended consequences.

Item Five – Children will be impacted by these changes

As of September 2024, 78,027 households received the sole parent benefit (Ministry of Social Development, 2024). That is at least 78,027 children who may be impacted by benefit sanctions. Fact sheets do not indicate how many children are included in households who are dependent on other mains benefits, though they undoubtably exist. These children are already among our most vulnerable, and compromising their parents' income does not help. Money management may directly impact their ability to score well on a Dep-17 assessment through restricting their spending and autonomy, meaning a possible increase in measurable Material Hardship in Child Poverty statistics. Additionally, money management will impact the ability for whanau to pay for school related expenses, causing children to miss out on opportunities that would otherwise be available to them. Work sanctions will result in some children having to be placed in childcare. Not only is this prohibitively expensive for many families, but there is low availability of spaces in childcare centres, especially for short periods such as what parents on work experience sanctions would need. The settling in period to a new childcare environment can take "several visits before [the child's] official start date" (Ministry of Education, 2024). This cannot be facilitated where sanctions are in place, and compromise the social-emotional wellbeing of children as well as their family's financial wellbeing.

Item Six – We disagree with the imposition of community and voluntary work as a sanction.

Community organisations are proud of their contribution to their community. They provide services and support causes which improve the lives of those they come in contact with. Their volunteers are dedicated individuals who give freely of their time, experience, manaaki and aroha to better their communities. Individuals who are on a benefit would be readily welcomed as volunteers by many such organisations when they come with the intent to contribute to the cause. Forcing people to contribute to these organisations out of obligation is counterproductive to the purpose of volunteering. The word itself comes from the Latin '*voluntarius*', meaning '*of one's own will*' which this would not be. It also places these organisations in a difficult position. It takes time and effort to train someone to be a volunteer, and asking organisations to take on this responsibility in order to receive a token amount of entry-level support for a few weeks ignores the incredible complexity of volunteer organisations, devalues the efforts of those who are already in place doing this work, and asks community organisations to give the time of their current volunteer team in order to support punitive sanction methods, all for no reimbursement, support, or long-term benefits. In addition, many beneficiaries already know that volunteering should not be viewed as a punishment. Many are engaged in their own communities and organisations in support and volunteer capacities, obligations that they would not be able to have signed off against their sanction requirements if needed.

Item Seven – Increasing the cost to administer is a poor allocation of money.

The administration cost for these changes and sanctions will be significant. Staff time will double to facilitate applications every 26 weeks instead of 52 weeks. Additional time will be required to check in on work requirements and eligibility. This will be a significant additional cost to the government, increasing the costs to gatekeep support instead of simply reallocating that financial support to families that need it, who can spend it in ways that will benefit themselves, their children, and their communities.

Ngā Tohutoro | References

Australian National Audit Office (2022). Implementation and Performance of the Cashless Debit Card Trial – Follow-on. https://www.anao.gov.au/work/performance-audit/implementation-and- performance -the-cashless-debit-card-trial-follow

Beneficiary Advisory Service (2021) Understanding Welfare Sanctions in Aotearoa New Zealand. https://communityresearch.org.nz/wp-content/uploads/2021/08/Understanding-Welfare-Sanctions-in-Aotearoa-New-Zealand-July-2021.pdf

Griggs, J., Evans, M. (20210) Sanctions within conditional benefit systems. *Joseph Rowntree Foundation.* https://martin-evans.org/assets/files/JRFsanctions.pdf

Kurita, K., Hori, N., & Katafuchi, Y. (2020). Stigma model of welfare fraud and non-take-up: Theory and evidence from OECD panel data. *International Journal of Economic Theory*, *18*(3), 310-338. https://doi.org/10.1111/ijet.12295

Mendes, P., Roche, S., Marston., G., Peterie, M., Staines, Z., & Humpage, L. (2023). The Social Harms Outweight the Benefits: A study of compulsory income management in Greater Shepparton and Playford. *Australian Social Work*, *76*(1) 19-33. https://doi.org/10.1080/0312407x.2020.1820536

Ministry of Education (2024). Enrolling and starting your child in early learning: Settling in. https://www.education.govt.nz/parents-and-caregivers/early-learning/starting-early-learning/ enrolling-and-starting-your-child-early-learning#settling-in

Ministry of Social Development (2023). Benefit Fact Sheets: Benefit Fact Sheets Snapshot – September 2024. https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/ index.html

Ministry of Social Development (2018). Prepared for the Welfare Expert Advisory Group; Obligations and Sanctions Rapid Evidence Review, Paper 2: Work Related Sanctions. ISBN: Online 978-1-98-854169-3. https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/ information-releases/weag-report-release/obligations-and-sanctions-rapid-evidence- review-paper-2-work-related-sanctions.pdf

Social Security (Administration) Amendment (Repeal of Cahless Debit Card and Other Measures) Act 2022. (Australia). https://www.legislation.gov.au/C2022A00039/asmade/text

Ko wai tātou | Who we are

NZCCSS has six foundation members; the Anglican Care Network, Baptist Churches of New Zealand, Catholic Social Services, Presbyterian Support and the Methodist and Salvation Army Churches.

Through this membership, NZCCSS represents over 230 organisations providing a range of social support services across Aotearoa. Our mission is to call forth a just and compassionate society for Aotearoa, through our commitment to our faith and Te Tiriti o Waitangi.

Further details on NZCCSS can be found on our website - www.nzccss.org.nz.

Ingoa whakapā | Contact Name

Rachel Mackay