



13 May 2010

**Submission to the Social Services Select Committee on the Social Assistance
(Future Focus) Bill**

I. ACYA

1. Action for Children and Youth Aotearoa Incorporated (ACYA) is a coalition of Non Governmental Organizations, families and individuals whose purpose is to promote the well-being of children and young people in Aotearoa New Zealand through:

- education and advocacy on the rights of children and young people;
- encouraging the government to act on the recommendations of the United Nations Committee on the Rights of the Child; and
- promoting opportunities for the voice and participation of children and young people.

2. This submission has been prepared by the ACYA Committee and the views expressed in it may not represent the views of each ACYA member.

3. The research for this submission was carried out by students Paul Timmings (LLB/BMus) and Adele Taylor (LLB/BA) as part of volunteer work for the Wellington Community Justice Project. The Project is a student-led venture where law students at Victoria University of Wellington work on legal and policy issues of interest to the community, and particularly children and young people.

4. This submission addresses the implications for children and young people and whether these changes are in compliance with international standard for children and young peoples' rights and wellbeing.

5. ACYA supports the general thrust of the submissions made by the Child Poverty Action Group and the New Zealand Council of Christian Social Services, but may not endorse every point made by these groups.

II. Theoretical Foundations of the Bill

1. A stated objective of the Bill is to break the cycle of welfare dependency.¹ This suggests that it is not the welfare system itself that is inadequate, but the ability of the people using the system to train, plan and budget. By using deterrent measures to prevent benefit dependence, the system will be more likely to exclude the people that most require support. It will increase social and financial hardship for people who are already under financial strain.

2. Another objective of the Bill is to lower the cost of the welfare system for the taxpayer.² There has been parliamentary debate regarding the perceived imbalance in the contribution of the taxpayer to the operating cost of the welfare system. It is not clear what the cost savings target is for the Government, or how cost savings for the taxpayer will be made from the Bill being implemented.³ This is part of a wider systemic problem generated by a lack of understanding of the behavioural responses created by such policy changes. It is not possible to dis sever employment resulting from the Bill from economic factors and labour market settings.⁴ Many

¹ <http://www.msd.govt.nz/about-msd-and-our-work/work-programmes/initiatives/future-focus/index.html>

² Ibid.

³ Child Poverty Action Group (Inc) Backgrounder 02/10 April 2010, p3.

⁴ Ibid, p6/7.

opposition MPs pointed out that there are currently less jobs available than people who will be subject to being work tested.⁵

3. ACYA has carried out a review of the wellbeing of children and young people as part of the work towards the NGO report to the Committee on the Rights of the Child.

4. In 2005 New Zealand had the eleventh highest child poverty rate among 30 OECD countries. Child poverty rates are increasing. In 2007/08 after taking housing costs into account, 28 percent of all children were below a poverty line set at 60 percent of median income, up from 22 percent the previous year, and 19 percent of children were below a poverty line set at 50 percent of median income in 2007/08, up from 16 percent the previous year.⁶ Poverty rates are much higher for children than for adults. Poverty rates for children under 12 years are higher than the rates for children aged 12 to 17 years. Maori children, Pacific children, those in one-parent families, those where the family income is from a benefit, and those who themselves have a disability or have a family member with a disability, are especially likely to be living in poverty. Families with three or more children are much more likely to be living in poverty.⁷ The Innocenti Report by UNICEF placed New Zealand 22nd out of 24 countries on the percentage of children in households with equivalent income less than 50% of the median income, based on 2000-1 data. Similar data for 2005 showed that New Zealand's rank was 19th of 29 OECD countries.⁸

5. The impact of the global recession families is not captured in the latest child poverty statistics. There has been a substantial increase in the number of benefit dependent children. The Child Poverty Action Group New Zealand estimates that 150,000 children are in severe or significant

⁵ Social Assistance (Future Focus) Bill - First Reading.

⁶ Perry, B (2009). Non-income measures of material wellbeing and hardship: first results from the 2008 New Zealand Living Standards Survey, with international comparisons. Ministry of Social Development.

⁷ Ministry of Social Development, *Social Report 2009: Economic Standard of Living* <http://www.socialreport.msd.govt.nz/documents/sr09-standard-of-living.pdf>

⁸ <http://www.nzinstitute.org/index.php/nzahead/measures/inequality/>

hardship, many of whom live in families where the parents are on a benefit for various reasons. A 2004 OECD report put New Zealand as 23rd out of 30 countries in equality.

III. Implications of the Bill for Children and Young People

It is in this context of increasing child poverty that the implications of key provisions in the Bill for children and young people will now be analysed.

Domestic Purposes Benefit for Sole Parents (DPB -SP)

1. If enacted, the Bill will introduce a part-time work test for sole parents using the DPB-SP whose youngest child is aged 6 or over. 44% of the people on the DPB have a youngest child who is over six, and will therefore be affected by the change. This will require sole parents to look for and accept suitable part time work of at least 15 hours a week.

2. The Attorney General's report has identified an inconsistency between the provisions of the Bill and s 19(1) of the Bill of Rights Act 1990. The report concluded that introducing a work test for those on the DBP-SP will result in unjustified discrimination. Widows with dependant children who receive the Widow's Benefit will not be required to undergo a work test, but widowers (who may rely on the DPB-SP) will be required to comply with work tests. This discrimination based on gender will filter down to the children of these people. Further, single women on the DPB-SP will be required to comply with work test obligations while those on the widows' benefit will not. This discrimination based on marital status will also affect the children of these single women.

3. Further, 29% of people using the DPB have had recent work experience or completed training, while 15% have been in paid work during the last year.⁹ This percentage represents people who are likely to have the ability to find employment without the need for work testing. Although the amount of sole parents who work fulltime had a significant increase when work tests were

⁹ <http://www.msd.govt.nz/about-msd-and-our-work/newsroom/factsheets/future-focus/domestic-purposes-benefit.html>

introduced in 1997, the amount of fulltime workers who are sole parents has showed no decrease since then.¹⁰

4. Notification of work testing by letter is a difficult form of notification to understand for non-English speaking people and non-Pakeha cultures.¹¹ This could lead to more people having their benefit affected because of a miscommunication or misunderstanding.

5. The requirement for work testing does not adequately take into account the individual circumstances of the sole parent. Article 23 of the Convention states:

1. States Parties recognize that a mentally or physically disabled child should enjoy a full and decent life, in conditions which ensure dignity, promote self-reliance and facilitate the child's active participation in the community.

2. States Parties recognize the right of the disabled child to special care and shall encourage and ensure the extension, subject to available resources, to the eligible child and those responsible for his or her care, of assistance for which application is made and which is appropriate to the child's condition and to the circumstances of the parents or others caring for the child.

There is no means to acknowledge a parent who has a sick or disabled child.

6. The “suitability” of a job is an unclear term that is not defined in the Bill. It is unclear what kind of jobs are suitable for sole parents. Suitability will be dependent on a myriad of factors: whether the job hours conflict with school hours and school holidays, can cover additional expenses for the minding of the child when the parent is at work, or are compatible with the physical or mental health of the person. This scarcity of suitable work is only exacerbated by the current job market/ the fact that there are more people than jobs.

7. If enacted, the Bill will amend the sanctions regime for failure to comply with the work test. Where a sole parent on the DPB-SP fails to comply for the first time, their benefit will be reduced by 50% until they comply. Upon a second or third failure, the benefit will be reduced by 100% - amounting to a suspension or cancellation. The result of this sanction will be detriment to the children of beneficiaries, and building upon the discriminatory application of the work test, it

¹⁰ Ibid.

¹¹ Child Poverty Action Group (Inc) Backgrounder 02/10 April 2010, p7.

will be arbitrary detriment based on gender and marital status distinctions. Article 27 of the Convention on the Rights of the Child states that 'States Parties recognize the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral and social development'. Reducing the money coming into the home will only exacerbate the rigors of day-to-day life and the cost of living, and result in more children going without. It is not just the adults who will be affected - punishing the parents will subsequently punish children. As children and young people have no way to remedy the situation; it can only be unjust that they suffer for a situation which they cannot change.

Independent Youth Benefit (IYB)

1. Currently, a young person may get the Independent Youth Benefit if

- He or she is 16 or 17 years old
- Cannot live with his or her parents
- Does not get financial support from his or her parents or anyone else
- Does not have any dependent children.

2. The IYB is an important support for young people, particularly when they leave home because of violence or abuse.

3. The Bill requires young people using the IYB to be in education, work or training.¹²

4. An objective of the Bill is to lower the risk of long-term dependency on the welfare system.¹³ It is difficult to determine if young people using the IYB are at risk because it is only possible for them to have been on welfare for a short amount of time.

5. If young people who are not in education, work or training are prevented from using the IYB, then those people will be more dependent on others, including family or friends. An increased dependency on employed people will put a further financial onus on the employed person. This

¹² <http://www.msd.govt.nz/about-msd-and-our-work/work-programmes/initiatives/future-focus/index.html>

¹³ <http://www.msd.govt.nz/about-msd-and-our-work/newsroom/factsheets/future-focus/unemployment-benefit.html>

opposes one of the objectives of the Bill, which is to decrease cost of the welfare system for the taxpayer.

Cost of living increases

ACYA welcomes the proposal that all benefit rates are increased annually in line with cost of living increases.

Childcare assistance

ACYA supports the submission of the Child Poverty Action group in relation to childcare assistance, and notes that Article 18 of the Convention on the Rights of the Child emphasizes the importance of adequate and available care for children.

IV. Concluding Remarks

ACYA recommends that the Committee consider carefully the implications for dependent children and young people arising from these proposals. In particular, ACYA urges the Committee to consider Article 3 of the Convention on the Rights of the Child ‘In all actions concerning children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies, the best interests of the child shall be a primary consideration’.

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