

January 2025

Submission to the Social Services and Community Committee

Social Security Amendment Bill

Please find here the submission of Citizens Advice Bureau | Ngā Pou Whakawhirinaki o Aotearoa (CABNZ) on the Social Security Amendment Bill. Please contact us if you have any questions or want any clarification about our submission.

Note that we wish to appear before the Committee to speak to our submission.

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CAB submission on the Social Security Amendment Bill

Introduction

Citizens Advice Bureau | Ngā Pou Whakawhirinaki o Aotearoa is a nationwide, and locally based, community organisation that provides a free, confidential, and independent service to the public of information, advice, and advocacy. We work to empower people to resolve the issues for which they seek our help. We use the insights gained from our work with clients to advocate for legislation, policy, and services that protect people's human rights and wellbeing and speak out against those which have an adverse effect.

Our service is provided from over eighty locations around Aotearoa New Zealand by our 2,000 trained CAB volunteers. In the past financial year, CABs helped with around 336,000 client interactions across the range of issues that affect people in their daily lives, including income support, employment problems, tenancy rights, relationship issues, immigration processes, problems relating to faulty goods and services – and many more.

Every time a CAB volunteer assists a client with their question or issue, the volunteer enters the detail of the enquiry, and the help they provided the client, into our enquiry database. This information gives us a rich insight into the issues impacting people across our society.

CAB has a lot of experience in helping people with issues relating to income support, assisting with thousands of these enquiries every year. In 2024 we responded to around 4,200 such enquiries – an increase on the previous year by around 3.8%. Around one third of these enquiries were cases where clients needed additional assistance from specialist advocates to help them engage with Work and Income to sort out problems.

The work we do with people on income support gives us insights into the struggles people are experiencing just trying to survive on benefits (or low paying jobs that are topped up by benefits), the impacts of benefit sanctions on people and their families, and the barriers people can face in trying to meet their Work and Income obligations.

CAB opposes this Bill and asks that it be dropped

This Bill would result in more job seekers on income support and their dependents unable to buy food, pay rent and other basic bills, threatening their wellbeing and basic human rights. For this reason alone, the Bill should not proceed, and we ask that it be dropped.

Money Management system

We are particularly concerned with the Bill's proposed introduction of a 'Money Management' system where 50% of a person's benefit is placed onto an MSD payment card that can only be used to buy certain items at approved stores.

This measure is being framed as a non-financial sanction, yet it is likely to have serious financial consequences and harmful impacts for people who will be subjected to it. Many of our clients on low incomes and benefits are paying more than 50% of their incomes in rent and so this sanction risks people not being able to pay their rent and becoming homeless. Housing is a

basic human right and the Government has an obligation not to put people's human rights and fundamental wellbeing at risk in this way.

We note officials' comments in response to this concern, that case managers can exercise discretion and choose not to enact sanctions if they might lead to, for instance, homelessness or undue consequences¹. However, our experience from working with people on income support is that such discretion is often not exercised, and we have no confidence this will change with the introduction of this legislation.

At CAB we regularly assist people on income support whose ability to feed themselves, heat their homes, or pay their rent and maintain their tenancy are put at risk because of sanctions that have been imposed on them. This includes vulnerable people and people at very vulnerable points in their lives. Recent cases include a heavily pregnant client due to give birth any day who found out she was being sanctioned because her GP was late providing documentation for Work and Income, a younger client with a heart condition and lung disease, a client who was sanctioned because their child got sick and they missed an appointment with Work and Income, and a client with a child who got sanctioned just before Christmas and they had run out of food. These cases are not unusual – we see many of them in our service.

Community Work Experience scheme

We are also concerned about the proposed Community Work Experience sanction in this Bill, which involves making a person work unpaid for at least five hours per week at a not-for-profit organisation. We have a number of concerns about this sanction, but fundamentally, our position is that people should be paid for their labour – nobody should be made to work without pay. This is a key human rights principle and is enshrined in Article 23 of the Universal Declaration of Human Rights². For that reason alone, this sanction should not be enacted.

Additionally, Official Information Act requests have revealed that people placed into this scheme (and the Money Management scheme) will not be allowed to access special needs grants. This is therefore another so called non-financial sanction in the Bill that will in reality have financial consequences for those against whom it is applied.

This is because most welfare benefits do not cover living costs³, and we know from our work with clients that many households receiving a benefit or on a low income rely on the grants for having adequate food in the house and for meeting rent payments and other basic bills. We are regularly approached by people to help them access hardship grants for these purposes. Recent cases include a client who cannot work while they are recovering from major surgery and needed to access grants for food and a rent payment, a client unable to work due to mental illness who needed a grant for food and a power bill, and a single parent of young children who is working part time but unable to make ends meet from their employment and income

¹<https://www.stuff.co.nz/politics/360510261/new-welfare-sanctions-could-stop-families-paying-rent-officials-warn-minister>

²<https://www.un.org/en/about-us/universal-declaration-of-human-rights>

³<https://static1.squarespace.com/static/5e8e4bf34078e655d8150f64/t/6729392b8f2cbf233fe963cd/1730754877272/102678+-+Ka+Ma%CC%84kona+2024+-+Final+v2+web.pdf>

supplement. Preventing people from accessing hardship grants as part of a sanction will only serve to deepen the hardship and deprivation people are already experiencing.

Benefit reapplication, and period in which obligation failures count against a person

Also of concern are the measures in the Bill to make people reapply for their benefit more frequently (every six months instead of twelve months) and to extend the period in which an obligation failure can be held against a person (from one year to two years). Our concern is that these changes will increase the risk of people having their benefits cut or cancelled, causing them to lose income vital to meeting their basic needs or being left with no income at all, putting people at risk of severe deprivation and undermining their fundamental rights to the basics required for survival.

In the CAB we witness the difficulties job seekers often experience in trying to make their benefit applications and navigate the system. We regularly help people who have had their benefits cut or cancelled, including through agency error or mishandling of their case or because an urgent issue arose in their life that caused them to miss a phone call or an appointment with Work and Income.

Clients who have been sanctioned often feel that the system has set them up to fail when it comes to meeting their obligations. We see many cases of clients being sanctioned as an outcome of not being able to get through to someone at Work & Income on the phone in a timely fashion, not being able to find the right person at Work & Income to talk to, the agency postponing or cancelling meetings with the client, not communicating with the client, or not providing clients with disabilities or communication challenges with accessible ways of meeting and communicating with them. We also see people being sanctioned because of the actions of a third party the client has no control over, for example when a medical practitioner is slow in providing documentation needed for a reapplication.

Our experience is that the majority of our clients are trying to meet their obligations but there can be barriers in their way. Increasing the interactions people must have with Work & Income and tying sanctions to those interactions exposes people to greater risk of harm.

The human face of sanctions

Clients are usually in a distressed and emotional state when they seek our assistance after having had their benefit cut or cancelled. The vast majority are already struggling to survive, and many are facing multiple challenges in their daily lives. While in this state of distress – and often panic – they have to try and contact Work & Income to sort things out, contact their landlord or property manager to make arrangements regarding missed rent payments, find a foodbank or apply for a food parcel, and contact utilities companies and creditors regarding their other bills and debts. Many clients are having to do so while also looking after dependent children, caring for sick or elderly family members, or managing their own mental or physical health conditions or disabilities.

Something we very clearly see is how sanctions that have financial consequences for people are not helpful for the process of seeking and securing paid employment. On the contrary, they

create more barriers because they deplete the time and the resources required for that process – financial as well as mental and emotional resources.

The traffic light system and this Bill have contributed to a heightened environment of anxiety and fear for people on the Jobseeker benefit. In the wake of the introduction of the new traffic light system and the Bill, we have been fielding calls from people on the benefit – with many coming from people with mental illness or disabilities – who have proactively contacted us to express their fear of the changes, telling us they are scared their benefits will be cut or cancelled, and they will become homeless. The changes are making those who are already struggling feel that their situation has become even more insecure and precarious. The changes are adding another layer of stress on top of people's already stressful lives. From the experience we have through our service to people on income support, and because of the increased risk the changes will bring for job seekers, we know that their fears are not unreasonable. We do not think this is the kind of environment that vulnerable people should have to live in.

CAB asks for a change from a punitive approach to one of genuine empowerment, care and support

Our social security system is for ensuring that people have enough income to feed and house themselves, keep warm in the wintertime, and generally lead a dignified life free from deprivation. Imposing benefit sanctions that threaten people's access to the support they need for meeting their basic costs, or actively removing that support, are not things any Government should do. No matter how people come to need the support of our welfare system, whether because of unemployment, relationship breakdown, illness or disability – everyone should be guaranteed enough income to live with dignity and participate in society.

We would like to see the Government move away from using sanctions against people who need income support. From the work CAB does with thousands of clients every year, we know that the best ways to help people make positive progress in their lives and be able to participate in their communities is through genuine empowerment, care and support – punishment is counterproductive. Rather than the Government taking a punitive approach, we would like it to focus on working better with people, in positive ways that are actually helpful to them.

We call for the Social Security Amendment Bill to be dropped and for the Government to take the following steps⁴ to unlock people and whānau from the constraints of poverty:

1. Increase core benefit levels to the standard of liveable incomes
2. Raise the minimum wage to the living wage
3. Increase the Disability Allowance
4. Overhaul relationship rules
5. Remove sanctions
6. Wipe debt owed to the Ministry of Social Development

⁴ <https://fairerfuture.org.nz/seven-steps-for-a-fairer-future/>

7. Improve supplementary assistance and urgent grants

We ask to speak to our submission.