



# **Social Security Legislation Rewrite Bill**

**Submission to the  
Social Services Select Committee**

**June 2016**



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## PSA submission to Government Social Services Select Committee

### Introduction

#### *Who we are*

The New Zealand Public Service Association Te Pūkenga Here Tikanga Mahi (the PSA) is the largest trade union in New Zealand with over 62,000 members. We are a democratic organisation representing members in the public service, the wider state sector (the district health boards, crown research institutes and other crown entities), state owned enterprises, local government, tertiary education institutions and non-governmental organisations working in the health, social services and community sectors.

The PSA has been advocating for strong, innovative and effective public and community services since our establishment in 1913. People join the PSA to negotiate their terms of employment collectively, to have a voice within their workplace and to have an independent public voice on the quality of public and community services and how they're delivered.

The PSA represents 3600 members who work in the Service Delivery arm of the Ministry of Social Development, 1599 of whom are case managers.

The PSA is an affiliate of the New Zealand Council of Trade Unions Te Kauae Kaimahi and supports it's submission on this bill.

### PSA submission

#### *Summary of recommendations*

The PSA recommends that:

- the period of public consultation on this bill be extended to allow for adequate scrutiny of the important policy changes it introduces
- principle 4(e), which supports the use of the "social investment" approach to social security, be removed from the bill as this is a yet unproven tool that within current government ideological and fiscal paradigms is unlikely to produce sustained improvements in wellbeing
- the regulation which would allow for the compulsory redirection of benefits for groups of beneficiaries (Part 8, clause 421), be removed from the legislation, as this policy further demeans and disempowers an already vulnerable group of people and may damage the relationship between beneficiaries and Work and Income staff

- the sanctions and obligations regime not be extended to those people in receipt of the emergency benefit (to be renamed the exceptional circumstances benefit (Part 2, subpart 8, clauses 59,60)
- the bill be amended to insert the word “decent<sup>1</sup>” before every use of the words “work” and “employment” to reflect the fact that forcing people into low paid jobs with poor conditions is unlikely to lead to sustainable employment outcomes

### *Introduction*

The time allowed for public submissions to this bill is wholly inadequate, and threatens both the quality of the legislation and the democratic integrity of the legislative process. The legislation is described as a “rewrite”, which we consider minimises the significant policy changes it contains. While we support government attempts to make legislation transparent, consistent and accessible, this laudable ambition is undermined when the public is denied sufficient time to fully scrutinise legislation that is before select committees.

Unfortunately the decision to truncate the public consultation period to four weeks does not allow for genuine public engagement on this important piece of legislation and demonstrates a lack of understanding of the resource constraints on non-government organisations and individuals.

The short submissions period has limited our ability to respond in detail to the bill - our submission therefore only addresses four key concerns relating to the bill:

- the introduction into legislation of the “investment” approach to social security;
- the focus on “work readiness” rather than welfare (both in or out of employment);
- the introduction of regulations to allow for the compulsory redirection of benefits; and
- the extension of the work-testing and sanctions regime to recipients of the Emergency Benefit (to be renamed the Exceptional Circumstances Benefit).

### *Purpose and principles*

We oppose the overall thrust of the legislation which is to embed a paternalistic and punitive approach to social welfare that further disadvantages some of the most vulnerable members of our community. The work-at-all-costs mantra is a philosophical fallacy that fails to take into account the economic and social realities of people’s lives and that exacerbates, rather than alleviates, hardship.

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<sup>1</sup> The International Labour Organisation describes decent work as: “Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men” (ILO).

The PSA opposes the introduction into legislation of the “investment approach” through the new principle 4(e). The new principle states that:

*to help achieve the best possible outcome for people at risk of long-term welfare dependency (as that risk is defined in Schedule 2), MSD may identify appropriate assistance, support, and services, under this Act, for those people*

Schedule 11 of the bill notes that the purpose of this new guiding principle is to “support an investment approach for people at risk of long-term welfare dependency” (schedule 11). While we welcome the use of increasingly sophisticated and rich data analysis, and the commitment to investing in evidence-based programmes, we are concerned that, within current government fiscal and ideological paradigms, the social investment approach is being used as a means of moving people “off the books”, rather than producing sustained improvements in social and economic wellbeing. In short, we are concerned that it is being used as a tool to “minimise taxes rather than maximise welfare” (Rosenberg, p.3). Furthermore, as the social investment approach is a tool that is yet to prove its value, we question the legitimacy of entrenching it into legislative principles.

We are disappointed that the purported modernisation of the legislation has failed to provide for a social security framework that is informed by an up-to-date understanding of labour market dynamics, employment conditions and poverty reduction. In particular the legislation:

- fails to acknowledge the importance of decent working conditions in achieving enduring and quality employment outcomes;
- doesn’t adapt the social security framework to reflect the growing precariousness of work and the need for governments to develop flexible and integrated approaches that support people through a life-time of employment, training and education transitions; and
- doesn’t recognise the critical role of the social security system in reducing poverty for those who are not in paid employment.

While we agree that social and economic wellbeing is most likely to be optimised when people are employed, sustainable outcomes in this area will only be achieved when that employment is well-paid and with decent conditions (WEB Research 2004). A narrow focus on quick employment placement without attention to pay and conditions is unlikely to achieve the outcomes the government is seeking.

The current emphasis in social security legislation and policy on moving beneficiaries into paid work as a means of reducing welfare dependency is meaningless without a concomitant commitment to decent work. Forcing beneficiaries (through threat of sanctions) to take up work without regard to the quality of the work will not result in either sustainable employment or long-term poverty reduction.

In recognition of the critical relationship between the quality of employment and social and economic wellbeing the PSA recommends that the bill be amended to insert the word “decent”<sup>2</sup> before every use of the words “work” and “employment”. This would assist New Zealand to meet its obligations under Article 23(1) of the Universal Declaration of Human Rights which enshrines the “right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment”.

For some people, participation in the paid work force is neither possible nor desirable. The reasons for this include that people may have caring responsibilities, or are physically or mentally unable to work, or appropriate work may not be available. In these circumstances the role of the state should be to provide the income support necessary to allow people in these circumstances to meet their needs, participate fully and live with dignity. A focus on “work readiness” is inappropriate in these circumstances; rather the focus should be on poverty reduction.

#### *Compulsory redirection of benefit*

This bill introduces a regulation that would enable the compulsory redirection of a benefit for groups of beneficiaries without first having to establish good cause on an individual basis, and without the beneficiary’s consent (Part 8, clause 421). This is a dangerous development in social security provision. The PSA recommends that this be withdrawn from the legislation.

This provision will be applied, in the first instance, to beneficiaries who are social housing tenants. However, the use of a regulatory framework will allow for other compulsory redirections for other groups of beneficiaries to be considered in the future without recourse to legislative amendment and full parliamentary scrutiny (MSD 2015).

We do not consider that an assessment that establishes a client’s need for social housing represents an automatic “good cause” for compulsory redirection of that client’s benefit<sup>3</sup>. The implication behind this policy change is that beneficiaries who are social housing tenants are inherently less able than those in private accommodation to manage their finances.

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<sup>2</sup> The International Labour Organisation describes decent work as: “Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.” (ILO)

<sup>3</sup> See MSD (2015) “Regulatory Impact Statement: Policy changes proposed as part of the Rewrite of the Social Security Act”, available at <http://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/regulatory-impact-statements/policy-changes-proposed-as-part-of-the-rewrite-of-social-security-act-1964.pdf>.

The impact of this policy change will be to further disempower an already vulnerable group of people. We've seen no evidence in government papers that demonstrates that social housing tenants are inherently less able to manage their own finances than people renting in the private sector.

The policy has the potential to further stigmatise people who are in need of social housing, and may act as a disincentive for some people to seek help from the state. It reduces the rights of beneficiaries in social housing and creates two tiers of beneficiaries - those beneficiaries who happen to be social housing tenants and those who are tenanted privately. In our opinion this amounts to discrimination on the basis of housing status.

We are concerned at the impact this policy change will have on the relationship between Work and Income staff and the clients. The PSA represents 3700 members who work in Work and Income. As the front line administrators of government policy, Work and Income staff are required to bear any public disgruntlement with government policies. Policies – such as this – that further brutalise and de-humanise people's experience of the welfare system are likely to impact negatively on front line staff and diminish their workplace safety and job satisfaction

The policy change is justified by the government on the basis of administrative efficiency (MSD 2015). We do not consider this ample justification for such a significant reduction in the rights of beneficiaries who are social housing tenants and recommend that it be removed from legislation.

*Aligning work obligations for Emergency Benefit (and renaming it the Exceptional Circumstances Benefit).*

The PSA opposes the work-testing, obligations and sanctions regime that is applied across the benefit system. It creates a paternalistic and punitive relationship between the state and those citizens in receipt of a benefit and exacerbates hardship amongst an already vulnerable and disadvantaged group of people. Furthermore, we are not aware of any evidence that demonstrates that this approach results in quality and enduring employment outcomes.

We therefore see no value in extending this approach to people in receipt of the Emergency (or Exceptional Circumstances) Benefit (Part 2, subpart 8, clauses 59, 60). PSA delegates have expressed their concerns that this policy change will impact most heavily on people over 65 years of age who do not qualify for National Superannuation, and who have a non-qualifying spouse. Delegates consider that this policy change will introduce an unrealistic requirement of these people, and will increase hostility towards staff.

### *References*

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Rosenberg (undated), "The "Investment Approach" is not an investment approach", Council of Trade Unions, retrieved 21 June from: [http://union.org.nz/sites/union.org.nz/files/Investment%20Approach%20is%20not%20an%20investment%20approach%20-%20Rosenberg\\_0.pdf](http://union.org.nz/sites/union.org.nz/files/Investment%20Approach%20is%20not%20an%20investment%20approach%20-%20Rosenberg_0.pdf)

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