



**METHODIST  
ALLIANCE**  
NGA PURAPURA WETERIANA

**Submission to the  
Welfare Expert Advisory Group  
on the  
Welfare System**

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**This submission is from:**

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# Methodist Alliance Submission on the Welfare System

## 1 Who we are

The Methodist Alliance is a formal alliance of Methodist Missions, parishes and community based social services and trusts, including cooperating ventures. This grouping constitutes a major provider of a range of services for children, young people and their families.

The Methodist Alliance brings together a number of large social service providers such as Lifewise in Auckland, Wesley Community Action in Wellington, Christchurch Methodist Mission as well as local community services provided by individual parishes. It includes new social service organisations, for example, Siaola Vahefonua Methodist Mission, the Samoan Synod within the Methodist Church and Te Taha Māori.

The Methodist Alliance is grounded in a commitment to Te Tiriti o Waitangi and the bi-cultural journey of the Methodist Church of New Zealand - Te Hāhi Weteriana o Aotearoa, where Te Taha Māori and Tauīwi work in partnership.

## 2 Overview

The Methodist Alliance commends the government in reviewing the welfare system. We agree with the vision to have a welfare system that is accessible and fair for all New Zealanders and one that ensures people have an adequate income, standard of living, are treated with dignity, and are able to participate meaningfully in their community. This vision aligns with the Methodist Alliance's vision for a just society in which all people flourish.

We believe that significant changes are necessary and when implemented will mean people will be able to meet their basic human needs, children will not face material hardship if their parents are on benefits, and improve New Zealand society as a whole.

## 3 What do you think is working well with the current welfare system?

- The work of the Welfare Expert Advisory Group is a positive initiative which seeks advice from New Zealanders to inform changes to the welfare system.
- It is very positive to see the government implementing the Families Package (although at this stage it does not include cost of living increases) and the Child Poverty Reduction Bill.

- Subsidised childcare available for low income working families with the OSCAR subsidy.

#### 4 What do you think is not working with the current welfare system?

- Continuing stigmatisation of beneficiaries.
- We agree with the CPAG that the current system emphasises engaging people back into paid work, but does not acknowledge that parenting is significant and valuable work. The welfare system should be focused on improving the well-being of children especially those in significant and long term poverty.
- Low levels of benefits – these have not kept pace with the cost of living especially for families with children and those living in private rental accommodation.
- Sanctions – these result in harmful impacts on children. A recent example of this is a young couple with a baby and toddler who were sanctioned with stopping both their benefits as a result of the father not declaring that they were living together. The father was also charged child support for the time the couple had lived apart. They had no food for the children and their social worker had to get an emergency food parcel for the family. As CPAG argues sanctions “perpetuate a blameful, stigmatising narrative around sole parents and welfare recipients.”
- Stand downs – these can result in significant harm to children. Parents/caregivers are not able to provide their children with their basic needs of food, clothing and shelter. These can result in families/whānau taking on high interest loans, getting additional bank charges and dishonour fees, and missing out on early payment discounts.
- The culture of Work & Income is still perceived by its clients as punitive. Often people are not informed of their full entitlements. Appointments are given as 1 to 1.5 hour slots – rather than a specific appointment time which is very difficult for parents who have young children.
- Abatement rates do not incentivise beneficiaries to explore work options. They act as a barrier to entering or contemplating work opportunities.
- There is inconsistent application of entitlements and treatment of people by Work and Income staff.
- Provision for children with disabilities is limited and parents are penalised if they care for their own children rather than employing caregivers.

- The system as a whole can support and perpetuate dangerous power dynamics between partners with unreasonable demands on couples. For example, in an abusive relationship, one partner may force the other to apply for a Sole Parent Support benefit and the failure to declare the relationship would be viewed as their dishonesty rather than an act made under duress. Any resultant investigatory process may additionally victimise the person.

## 5 What do you think could be done better?

- There needs to be a significant change in the culture of Work & Income. We recommend involving beneficiaries in training Work & Income staff, as the disability sector does. Beneficiaries can also advise how they would like to be treated to make them feel welcome, and respected.
- Instigate a destigmatisation programme like the successful mental health programme.
- Substantially increase benefit levels to ensure an income where people can live with dignity. Substantial increases to first tier benefits e.g. Job Seeker Support and Sole Parent Support. We support CPAG's recommendation for an increase of at least 20% to all core benefits. We support the change of couple rates from being lower than those of sole parents to being the same. Strong family relationships are important for children and the current system penalises couples. We support all CPAG's recommendations regarding changes to benefit rates and systems including abolishing In Work Tax Credit and to Family Tax Credit.
- Ensure everyone receives all the supports and assistance they are entitled to.
- Remove sanctions – immediate removal of sanctions that impact on children. We believe sanctions should be immediately abolished where the beneficiary is the primary caregiver of dependent children.
- Review and update the abatement system. We strongly support the submission from Lifewise and recommend that the formula be reviewed so that no one is worse off, through a higher threshold, a more graduated and gentler rate of abatement and this aspect of the benefit system should be linked to the tax system to encourage beneficiaries into work while not acting as an incentive to encourage workers into welfare. We also support CPAG recommendation to restructure abatement rates to allow beneficiaries to earn at least 10 hours at minimum wage (\$165) per person before abatements apply.
- Administrative processes need to be timely and transparent. Timely decisions are essential to ensure people have support when they need it. Reviews and appeals

can take months or sometimes even years which can increase uncertainty and vulnerability.

- Policing of fraud needs to be consistent, and transparent. Work & Income should be obliged to inform their clients if they are subject to an investigation.
- Custodial parents on a welfare benefit should be able to retain part of the contributions received from the non-custodial parents. Allow sole parents to receive Child Support Payments rather than offsetting these against benefits.
- Remove stand-down periods.
- Create a more people focussed service with people having one Work & Income case manager consistently.
- Redesign the In-Work Tax Credit so it acts as an incentive to work.
- Make a long term commitment to increasing the stock of social housing, supporting secure tenancies, and raising rates of home ownership.
- Abolish long term debt to Work & Income where there is no likelihood of repayment.
- Increase financial support for caregivers (both kin and non-kin) as children in foster care often have complex needs which limit work opportunities for caregivers. Support available through the Permanent Caregiver Support Service excludes caregivers whose children were not placed by Oranga Tamariki initially and who then become permanent caregivers. This is unfair and unjust.
- Review methods for providing information to the public to ensure that it reaches and fits the diverse target audience.
- Review relevant policies to ensure greater consistency between policies e.g. similar treatment for benefits and NZ Superannuation, fit with Best Start, and the pending child poverty measures.
- Provision of public transport subsidies for people on benefits especially those with children. The cost of buses is often a significant drain on resources especially for parents/caregivers getting children to school. An example of this is a father with a disability, who could not drive due to his medical condition, having to spend \$45 per week to take his 5 year old to school.
- Improve access to services in rural and remote areas.
- Children of parents dependent on benefits miss out on the experiences provided by out of school and holiday programmes. These children are often the most deprived

of new experiences and positive peer activities. Some free places in out of school and holiday programmes would be very beneficial for these children's wellbeing.

## **6 What level of support do you think should be available through welfare system?**

- The welfare system should provide support to enable a minimum acceptable standard of living for all people and family types in 21<sup>st</sup> Century conditions. No child should live in material hardship whether their parents are working or on benefits.
- Benefit levels should allow people to live with dignity and meet their basic human needs. We recommend benefit levels should be set at a proportion of the average wage and regularly reviewed against inflation and the cost of housing.
- Safe healthy homes.
- All entitlements should be indexed annually to the consumer price index and the average wage.
- Easy access to high level information and advice as a first point of contact for people in need who do not know what supports are available.
- Advocacy around entitlement for the full range of benefits, grants etc. and the support for people to apply for these.
- Funding for schools to administer essential needs for children and families like food and clothing.
- Strengthen links to other support systems in other government agencies through information hubs, wellbeing advisors/navigators and wrap around services.

## **7 What values do you think should underpin the welfare system?**

- The welfare of children and young people should be the paramount consideration in all decision making regarding changes to the welfare system.
- Ensure everyone has enough income and support so that they can flourish.
- Te Tiriti O Waitangi should be at the heart of the welfare system to ensure appropriate cultural engagement with Māori.
- Easily accessible – offering a wide range of options including the ability to speak with a person face to face.
- People are treated with compassion, respect and dignity.
- Open communication.

- All people that need income support receive it.
- Regular independent reviews of entitlements and indexing.
- Minimising poverty and material deprivation.
- Encouraging stable and resilient families/whanau.
- Enhancing incentives to paid employment.
- Removing unjustified inequalities.
- Reducing ethnic disparities.
- Encourage inclusive and sustainable development.
- Valuing beneficiaries by regularly asking them about their experience and how the system is working and checking this is meeting the principles of Work & Income.

## **8 Other comments about the current or future welfare system**

It is essential that any reforms to the welfare system will ensure that people have adequate income, an adequate standard of living that allows them to live with dignity, meet their basic human needs and have the opportunity to flourish.

Support should be sufficient to address inequalities and inequity. The welfare system should ensure a just and inclusive society where all people are valued and can reach their full potential.

When people interact with the welfare system, they should be treated with respect, compassion and dignity.