



**METHODIST  
ALLIANCE**  
NGA PURAPURA WETERIANA

# Submission to the Social Services & Community Committee

on the

# Social Security (Subsequent Child Policy Removal) Amendment Bill

19 May 2021

**This submission is from:**

The Methodist Alliance  
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## Methodist Alliance Submission

### Social Security (Subsequent Child Policy Removal) Amendment Bill

#### 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 tamariki/children, rangatahi/young people, and their families/whānau.

The Methodist Alliance brings together a number of large and medium social service providers such as Lifewise in Auckland, Methodist City Acton in Hamilton, Palmerston North Methodist Social Services, Wesley Community Action in Wellington, Christchurch Methodist Mission, Methodist Mission Southern in Dunedin, as well as local community services provided by individual parishes. It includes new social service organisations, for example: Siaola Vahefonua Tongan Methodist Mission; Puna'Oa - the Samoan Methodist Mission that operates within the Samoan Synod of 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 Tauwiwi work in partnership.

#### 2. Overview

The purpose of this Bill aligns with the Methodist Alliance's vision for a just society in which all people flourish.

We support this Bill as it seeks to address inequities created by the subsequent child policy including the disproportionate impacts on Māori and wāhine/women. We also note that this Bill will place more value on parents spending time with their subsequent tamariki/children and the benefit that will have on their wellbeing and that of society as a whole.

#### 3. Support for the Bill

The Methodist Alliance supports the Bill's intent to address inequities created by the current subsequent child policy.

The Welfare Expert Advisory Group (WEAG) Report highlighted that the majority of whānau/families with children/tamariki supported by benefits are sole parent

families/whānau.<sup>1</sup> The WEAG Report recognised that sole parent families/whānau face disproportionate levels of disadvantage and that women/wāhine constitute 91.5% of the recipients of the Sole Parent Support.<sup>2</sup> The report also acknowledged that the sole parent population was diverse and ranged from teen parents, and those that were sole parents due to separation, divorce, death of a partner, or imprisonment of a partner.<sup>3</sup> Often these life circumstances are out of the control of the sole parent.

The current Subsequent Child Policy does not support women/wāhine in their role as carer for their children/tamariki. It does not recognise the importance of the close relational bond in childhood that is crucial to child development. Nicola Atwool explains the significance of attachment being essential for healthy brain development and resilience.<sup>4</sup> Atwool goes on to state that “secure attachment acts as a protective factor for both infants and parents.”<sup>5</sup> It is commonly accepted that strong attachment to the primary caregiver provides a good basis for emotional regulation, the ability to maintain healthy relationships, educational achievement and intellectual ability.

We therefore support the Bill which removes the subsequent child policy from the Social Security Act 2018 and Social Security Regulations 2018.

#### 4. Further Reform of the Welfare System

The Methodist Alliance believes that this Bill will have a positive effect on society as it will acknowledge that parenting is significant and valuable work, not only for the family/whānau unit but also for society as a whole. It also moves the focus on to improving the well-being of children/tamariki especially those who live in significant and long term poverty.

However it does not go far enough. To restore dignity within the welfare system and to allow people in receipt of benefits to engage positively in their community, we call on Parliament to implement more of the recommendations in the WEAG report. For instance, it would make sense to also include a reform to the Working for Families and other tax credits at the same time as this Bill. We support recommendation 23 in the WEAG report that recommends:

- increasing the Family Tax Credit to \$170 a week for the eldest child and to \$120 a week for subsequent children

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<sup>1</sup> Welfare Expert Advisory Group, “Whakamana Tāngata, Restoring the Dignity to Social Security in New Zealand,” February 2019, p49.

<sup>2</sup> Ibid

<sup>3</sup> Ibid

<sup>4</sup> Atwool, Nicola, “The role of secure attachment as a protective factor for vulnerable infants,” Social Work Now, 2007, p11

<sup>5</sup> Atwool, Nicola, “The role of secure attachment as a protective factor for vulnerable infants,” Social Work Now, 2007, p17

- increasing the abatement threshold for the Family Tax Credit and changing the abatement rate to:
  - 10% on family annual incomes between \$48,000 and \$65,000
  - 15% on family annual incomes between \$65,000 and \$160,000
  - 50% on family annual incomes in excess of \$160,000
- replacing the In-Work Tax Credit, Minimum Family Tax Credit and Independent Earner Tax Credit with a new Earned Income Tax Credit
- introducing an Earned Income Tax Credit of up to \$50 a week for people with and without children and with a couple-based income test
- making the Best Start Tax Credit universal for all children aged under 3 years.

We also support recommendation 26 in the WEAG report that recommends increasing as soon as possible, overall income support to levels adequate for meaningful participation in the community, as defined by the minimum income standard (which reflects different family circumstances, for example, children, disabilities and regional area) and maintain this level of support through appropriate indexation. These increases are required to provide an income for people to live with dignity and to enable them to play an active part in their community. The current low levels of benefits have not kept pace with the costs of living especially for whānau/families with children/tamariki, especially if they are living in private rental accommodation.

The current benefit system keeps people in a poverty trap and does not support them to gain sustainable employment to increase their incomes, safety, and wellbeing. Benefit levels have steadily declined in relation to average wages and purchasing power since 1986. For example, the adult unemployment/job seeker benefit is down from 45% to just 24% of the average wage.<sup>6</sup> This means if the adult Job Seeker benefit, which is currently \$258.50 per week, was restored to the 1986 level of 45% of the average wage it would be \$411 per week, similar to the Covid-19 support of \$485 per week.

The abatement rates do not incentivise people receiving a benefit to explore work options. Instead, they act as a barrier to entering or contemplating work opportunities. When the abatement rate was established in 1986, it was based on 15 hours per week at the minimum wage which at the time was \$80 per week. We acknowledge that the abatement level increased on 1 April this year to \$160 per week – however this is equivalent to only eight hours of the current minimum wage of \$20 per hour. Fifteen hours at today's minimum wage would mean an abatement threshold of \$300. Allowing people to work for 15 hours before their earnings reach the abatement threshold would provide an incentive to enter the workforce and an opportunity for sole parents to start

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<sup>6</sup> Stats NZ average wage of \$1,197 per week in 2020

meaningful part-time employment. Part-time employment is often a critical step in helping people surviving on a benefit to contribute to Aotearoa New Zealand's economy.

In addition with increased levels of support to the most vulnerable in society, we also need achievable and realistic pathways for people to move from social welfare support into paid employment. With intergenerational poverty the hopes and dreams of individuals are limited to the environments in which they live. It is only when our basic needs are met that we have the mindspace and bandwidth to see a different future for ourselves. This could take a variety of different forms including supported and affordable educational opportunities. This may also include provision of public transport subsidies for people receiving benefits, especially those with children/tamariki.

## 5. Summary

The Methodist Alliance supports the Bill and the Government's actions to address inequalities created by the current policy.

Strong healthy family/whānau relationships are important for development of a healthy brain and resilience in children/tamariki. The proposed legislations will value the role of the sole parent to raise their child and the benefits this will have on society as a whole.

We encourage Government to implement more of the WEAG recommendations. This report is now over two years old. So if these recommendations are not implemented now, when will they be?

Carol Barron  
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The Methodist Alliance