Amending the Purposes and Principles
of the Social Security Act

Feedback | Susan St John

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I am providing feedback on the first question and on the overarching purposes of the Social Security Act.

1. Do you agree that wellbeing should be the overarching purpose of the Social Security Act?

 No

The purpose of the Social Security Act is income adequacy, prevention of poverty for all New Zealanders when unable to work, in old age, caring for others, sickness, disability, and unemployment. Wellbeing is a very different and nebulous, hard to measure concept that depends on a myriad of factors outside of the income support system.

Some history is relevant. Prior to the 1938 Social Security Act, under the influence of 1846 The Destitute Person's Act the emphasis was on means testing and self-reliance with families and other relatives the first port of call in times of need, followed by private charity. The net of relatives to be called on widened with each update. While NZ was one of the first countries to have an Old Age Pension (1898) it was both means and moral character-tested.

As the Great Depression unfolded in the 1930s, private charity could not cope with widespread unemployment and immediate need. We face a similar situation today.

Labour's Michael Joseph Savage introduced the 1938 Social Security Act. As the MSD website itself says: "The inspiration… was the determination to end poverty in New Zealand." The preamble to the Act highlights the inclusive, protective, life enhancing intent:

> "An Act to provide for …Superannuation Benefits and of other Benefits designed to safeguard the People of New Zealand from Disabilities arising from Age, Sickness, Widowhood, Orphanhood, Unemployment, or other Exceptional Conditions; . . . and, further to provide such other Benefits as may be necessary to maintain and promote the Health and General Welfare of the Community"

The 1972 Royal Commission on Social Security teased out the underlying principles and aims of social security in New Zealand:

> "The aims of the system should be to ensure that everyone is able to enjoy a standard of living much like that of the rest of the community, and thus is able to feel a sense of participation in and belonging to the community."

Tellingly, the 1972 Commission stressed that all main benefits (except universal ones) were income–tested but NOT asset tested- referring back to the Destitute Persons Act (DPA) and its wide reach:

> …a means test relates to both income and assets. In some
> instances in the past this was even extended to include resources
> of near relatives"

People on benefits could maintain their assets and not have to go into debt to survive or call on relatives as they did under the 1846 DPA. They could recover quickly from adversity. Means tests applied only for supplementary assistance- to be used only rarely. Social welfare was social insurance- income protection for life's hazards that could never be provided for everyone by private insurance and private charity.

The 1988 Royal Commission on Social Policy prioritised children in its Purpose section:
1. Access to sufficient share of income and resources to allow all to participate in society, have a genuine opportunity to achieve potential to live fulfilling lives,
2. Relief of need,
3. Ensure the wellbeing and healthy development of all children.'

The 1988 Royal Commission purposes would be a good starting point for the 2022 Amendment and the WEAG principles can then follow it.

Among these principles can be something to the effect that the design of policies to achieve the primary purpose of adequacy should be mindful of not creating paid work disincentives. Thus, the raising the rate of abatement of WFF to 27% would clearly be a breach of this principle. The important issue is that paid work is not at the centre of the purposes of the Act as it was in the 2007 amendment.

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