

Income support in the wake of Covid-19: survey

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Executive Summary

Incomes are too low for many income support recipients to meet their basic costs

- The April 2020 \$25 increase to base rates of main benefits was inadequate. Almost half of respondents on main benefits were unable to meet their basic needs such as paying for groceries, petrol utility bills, despite this \$25 increase. The high levels of unmet need evident in the survey will grow once the (enhanced) Winter Energy Payment ends in October 2020.
- Nearly half of the respondents on main benefits (44 percent) reported that the frequency with which they were unable to meet basic household costs had increased since the Covid-19 lockdown.
- Six out of every ten of all respondents receiving main benefits indicated that they needed around \$250 more per week to cover basic household costs.
- Covid-19 Income Relief Payment respondents were less likely than those on main benefits to report unmet needs but many were living on substantially lower incomes than they had had prior to Covid-19. Many were supplementing their income with other resources (a working partner, savings, redundancy payouts etc). Some of these resources may prohibit them from accessing a main benefit and/or other income support (such as the Accommodation Supplement) when the Covid-19 Income Relief Payment ends.
- There will be increasingly more people affected by the outdated method of joint income testing in the benefit system; eligibility for the Covid-19 Income Relief Payment is calculated individually while main benefits are subject to a joint income test. 27 percent of the Covid-19 Income Relief Payment had a partner in paid work and 70 percent of that group reported that they 'probably' or 'definitely' would not be able to meet basic living costs if they were ineligible for a main benefit.

Households with children are most affected by inadequate incomes

- 71 percent of all respondents that reported their households were unable to meet basic costs in the last six months had at least one child in their household. Respondents receiving main benefits who had at least one dependent child in their household were around 15 times more likely to report they were unable to meet costs than those without children, while respondents receiving the Covid-19 Income Relief Payment with at least one dependent child were around 7 times more likely to report they were unable to meet costs than those without dependent children.
- 54 percent of respondents on the Covid-19 Income Relief Payment had children, compared to 69 percent of respondents on main benefits. More research is required to know whether the two-tiered income support system, with higher income support rates for Covid-19 Income Relief Payment recipients than for those on core benefits, is disproportionately disadvantaging children.

Reductions in work obligations and other forms of conditionality during the lockdown have had a positive impact on wellbeing

- Main benefit recipients who responded to the survey felt that lockdown-related easing of Work and Income obligations such as job seeking and medical certificates led to less stress, more time for family and less stigma/shame in dealing with Work and Income. 18 percent of this group reported that the removal of work-related obligations *increased* the time available to look for employment, suggesting such obligations are counter-productive.
- Despite not being subject to such obligations and having more generous conditions, Covid-19 Relief Payment recipients still reported more financial and mental worry than previously, as well as stigma and shame, as a result of having to access income support through Work and Income.

They did not consider the new employment services they were able to access to be useful. This adds to the already-large body of evidence that significant reform of Work and Income procedures, policies and culture is needed.

Recommendations

The survey data suggest that:

1. Main benefit base rates should be increased immediately.
2. Financial assistance to low-income families, including those receiving benefits, should be increased immediately.
3. Benefit entitlements should be individualised, so that people whose partners are on low-to-middle incomes are still eligible for income support.
4. Main benefit recipient work, social and other obligations required by Work and Income should be immediately reviewed.
5. Employment services provided by Work and Income and new employment centres should be reviewed.

Introduction

During August-November 2020, Associate Professor Louise Humpage at the University of Auckland is collaborating with Child Poverty Action Group, Auckland Action Against Poverty and FIRST Union to conduct a mixed-methods study called 'Income support in the wake of Covid-19'.¹ The research seeks to understand the experiences of those on the new Covid-19 Income Relief Payment and those on main benefits in the context of Covid-19-related changes.

Covid-19 has provided a unique opportunity to study the effect of increased benefit rates in New Zealand. This is because the pandemic resulted in a two-tiered benefit system being established, starting June 2020. For those who have lost their jobs due to Covid-19, the Covid-19 Income Relief Payment is paid at \$490 per week (if previously working full-time – or \$250 per week part-time) for 12 weeks. The support is untaxed and paid at a higher level than the base rate of main benefits. For instance, those receiving Job Seeker Support receive only \$250 per week (after tax).

Moreover, recipients of the Covid-19 Income Relief Payment are not subject to work or other obligations (which can lead to financial sanctions) and are subject to more generous eligibility conditions, such as the lack of consideration of a partner's income below \$2,000 a week before reducing the payment². New employment centres and online employment tools are also available to Covid-19 Income Relief Payment recipients, while main benefit recipients can access only those available through Work and Income.³ Thus, since June 2020, the timing and cause of their joblessness results in benefit recipients potentially having very different experiences depending on which type of income support they can access.

The mixed-methods study contributes to growing evidence around the adequacy of income support and debate as to whether or not further increased benefit rates and changes to obligation/sanctions regimes will make a difference to the lived experiences of those receiving a benefit. This is important for both current main benefit recipients and Covid-19 Income Relief Payment recipients, since the latter can receive this only for the first 12 weeks of unemployment and then they must transition to a main benefit if they have not yet found paid work.

Current report - methodology

This current report discusses findings from an online survey conducted in August-September 2020 (follow-up interviews are yet to be conducted). Participants were asked to complete an anonymous survey via Qualtrics, including questions about their income and their household's income, their experiences with Work and Income, and their ability to meet basic costs. Basic demographic information was also gathered.

Eligible participants were those aged between 16 and 64 who received one of the following:

- Covid-19 Income Relief Payment
- Job Seeker Support
- Sole Parent Support
- Supported Living Payment

¹ This study was approved by the University of Auckland Human Participants Ethics Committee on 17/8/20 for three years. Reference Number UAHPEC2777.

² Work and Income (2020). COVID-19 Income Relief Payment or a benefit. *Work and Income*. Retrieved from <https://www.workandincome.govt.nz/covid-19/income-relief-payment/better-off.html>

³ RNZ (2020). New service to help jobseekers opens. *RNZ*. Retrieved from <https://www.rnz.co.nz/news/business/423233/new-service-to-help-jobseekers-opens>

- Youth Payment
- Young Parent Payment

The survey was advertised via the collaborating organisations and then forwarded through a variety of social media relevant to benefit recipients and to those who had been working in industries particularly hard hit by Covid-19. Given there are no specific advocacy organisations or social media targeting Covid-19 Income Relief Payment recipients, this group was more difficult to recruit than main benefit recipients. This has led to some limitations in the data (discussed below). This report should be seen as a quick ‘snapshot’ in real time for what was happening for some families/whānau five to six months after the first “level 4” rāhui/lockdown in New Zealand. More detailed analysis of participant experiences will be documented through in-depth qualitative interviews with 15 income support recipients in October/November 2020.

Survey sample

The survey ran for four weeks and attracted 269 respondents in total. Figure 1 indicates the distribution of respondents across the different benefit types. The low number of Covid-19 Income Relief Payment recipients is not entirely surprising, since there were only 24,811 people on this payment in August 2020, compared to over 361,000 main benefit recipients.⁴ But the small number of respondents receiving the Covid-19 Income Relief Payment means comparisons we make between this group and others must be treated with caution.

Figure 1: Respondents by benefit type

Benefit type			Number of respondents	Percentage of respondents
Covid-19	Income	Relief	31	12
Payment				
Job Seeker Support			87	32
Sole Parent Support			74	27.5
Supported Living Payment			76	28
Youth Payment			1	0.5
Young Parent Payment			0	0
TOTAL			269	100

A quarter (26 percent) of all respondents had been continuously in receipt of a benefit for over five years (even if they engaged in some paid work at the same time), while around the same number (29 percent) had been in receipt for six months or less. The remainder (45 percent) had received a benefit for between seven months and five years. Covid-19 Income Relief Payment recipients – who have only been able to access this benefit since June 2020 and only for a maximum of 12 weeks – not surprisingly had had less time to experience the benefit system than their main benefit counterparts.

Given the relatively small sample size and the way in which the survey was advertised, the demographic makeup of our sample does not represent the demographic make-up of main benefit and Covid-19 Income Relief Payment recipients as the following discussion indicates.

⁴ Ministry of Social Development (2020). Monthly Benefits Update – August 2020. Retrieved from <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/benefit/2020/monthly-public-update/monthly-benefits-update-august-2020.pdf>

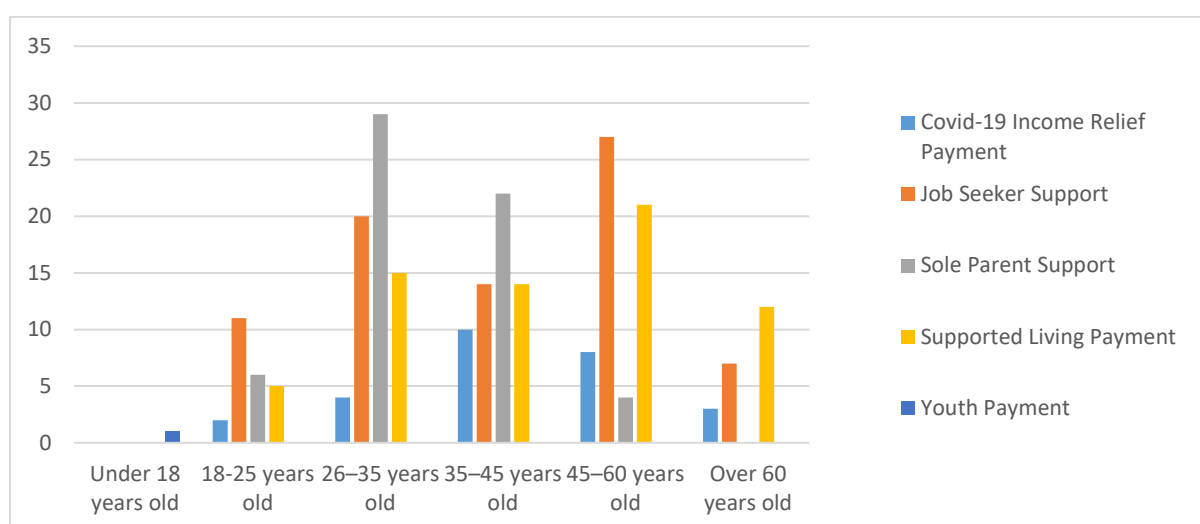
Gender

The majority of respondents (83 percent) identified as female; 14 percent identified as male, 2 percent identified as gender diverse and 1 percent opted not to list a gender. There was relatively little variance in this gender profile across benefit groups. Among main benefits, 76 percent of Job Seeker Support recipients, 84 percent of Supported Living Payment recipients and 95 percent of Sole Parent Support recipients identified as female. Across the country, women made up 54% of main benefit recipients in June 2020; only Job Seeker Support is received by more men than women.⁵ Among Covid-19 Income Relief Payment recipients, 70 percent of respondents identified as female. Early analyses have indicated that women are more likely to have lost their jobs due to Covid-19.⁶

Age

Figure 2 indicates that few survey respondents were aged under 25 years old or over 60 years old. There was, however, greater variance in age across different benefit types than there was for gender.

Figure 1: Age distribution of survey respondents by benefit type



Ethnicity

61 percent of respondents identified as New Zealand European/Pākehā, while 26 percent identified as Māori, 5 percent as Pasifika, 1 percent as Asian and 19 percent as 'Other'. Compared to the distribution of the population reported in 2018 Census data,⁷ our sample over-represents Māori (who make up 16.5 percent of the total population) and 'Other' (who, when including the Middle Eastern/Latin America/African category, make up only 2.7 percent of the population). New Zealand European/Pākehā and Pasifika peoples were under-represented (they make up 70 percent and 8 percent of the population respectively).

It is significant that so many Māori respondents took part in our survey, since recent reporting has exposed ethnic disparities in the uptake of main benefits versus the Covid-19 Income Relief Payment,

⁵ Ministry of Social Development (2020, June). National level data tables – June 2020). Retrieved from <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html>

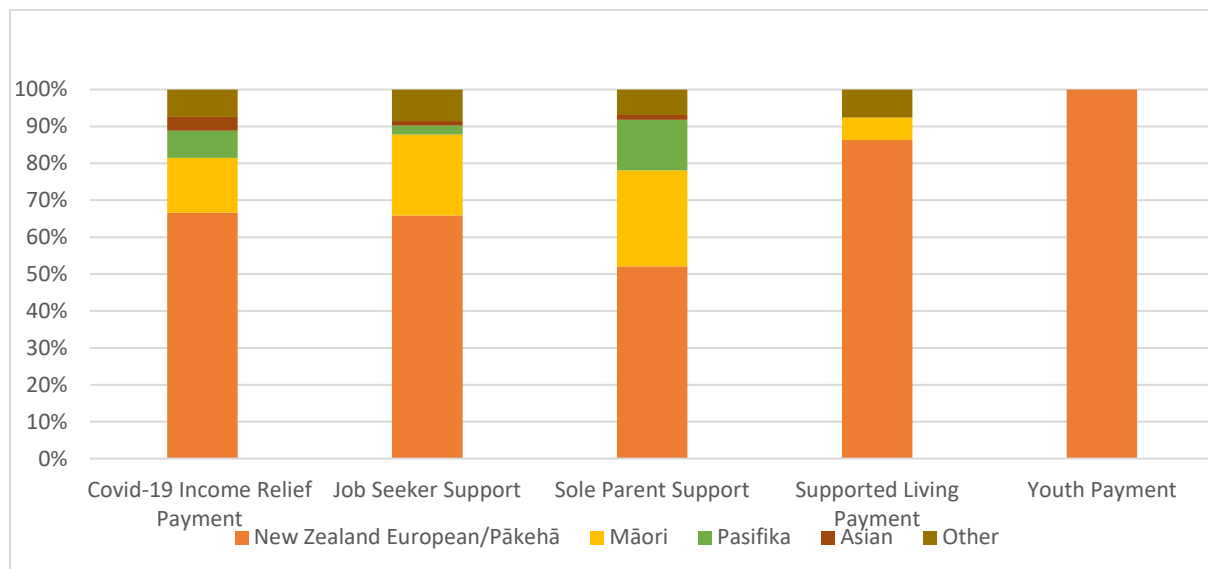
⁶ Liam Dann (2020). Covid crunch hits female workers harder than men. *NZ Herald*. Retrieved from https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12354019

⁷ Stats NZ (2020). Ethnic group summaries reveal New Zealand's multicultural make-up. Retrieved from <https://www.stats.govt.nz/news/ethnic-group-summaries-reveal-new-zealands-multicultural-make-up>

generating concern about a two-tiered system that is exacerbating ethnic income inequalities.⁸ Ministry of Social Development data released in August suggests that of those on the Covid-19 Income Relief Payment, 46 percent were New Zealand European/Pākehā and only 10 percent were Māori.⁹ By contrast, in June 2020, Māori and New Zealand European/Pākehā constituted roughly 36 percent and 37 percent of all benefit recipients respectively.¹⁰ Māori are even more disproportionately represented in some benefits, constituting 47 percent of Sole Parent Support and 52 percent of Youth Payment recipients respectively. Thus, Māori are overall more likely than European/Pākehā to receive main benefits that are paid at a lower rate than the Covid-19 Income Relief Payment.

As Figure 3 indicates, Māori accounted for 15 percent of Covid-19 Income Support recipients, 22 percent of Job Seeker Support, 26 percent of Sole Parent Support and 6 percent of Supported Living Payment recipients. In contrast, 67 percent of Covid-19 Income Relief Payment recipients, and 66 percent of Job Seeker Support recipients, 86 percent of Supported Living Payment recipients and 52 percent of Sole Parent Support recipients were New Zealand European/Pākehā in our survey.

Figure 3: Ethnicity of respondents by benefit type



Location

Although participants from across the country took part, the majority (64 percent) of respondents lived in our largest urban regions (Auckland, Wellington and Canterbury). Almost one third of participants (31 percent) lived in Auckland, which is not surprising given most of the organisations advertising the survey are based there. Survey respondents from rural and regional areas with some of the highest levels of unemployment were under-represented.

⁸ Isaac Davison (2020). Covid-19 coronavirus: White New Zealanders more likely to get new, more generous benefit. *NZ Herald*. Retrieved from https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=12360423

⁹ Ministry of Social Development (2020). Monthly Benefits Update – August 2020. Retrieved from <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/benefit/2020/monthly-public-update/monthly-benefits-update-august-2020.pdf>

¹⁰ Ministry of Social Development (2020). National level data tables – June 2020. Retrieved from <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html#:~:text=The%20Benefit%20Fact%20Sheets%20provide,benefit%20sub%2Dcategories>

Findings: How did different types of income support recipients fare during the Covid-19 lockdown and its aftermath?

This section first compares responses to questions asked of both main benefit recipients and Covid-19 Income Relief Payment recipients. Then it turns to responses to questions that were specific to each of these groups.

Comparing experiences: Main benefit vs Covid-19 Income Relief Payment

Covid-19 has had a dramatic impact on personal incomes

A quarter of all respondents (26 percent) stated that their current total personal income (after tax) was significantly lower than before the March 2020 lockdown. A further 6 percent described their income as 'slightly lower'.

Not surprisingly, drops in income were particularly significant for those on the Covid-19 Income Relief Payment. Figure 4 indicates that 81 percent of this group said their income was significantly lower, with a further 12.5 percent ranking their income as slightly lower. The majority of main benefit recipients reported that their income had stayed 'much the same' since prior to the lockdown (45 percent of all core benefit recipients). 28 percent reported an increase in income, with 7 percent reporting that their income was 'significantly higher' while 21 percent said their income was 'slightly higher'. By contrast, 34 percent reported that their income was 'slightly' or 'significantly' lower (5 percent and 29 percent respectively).

Figure 4: Change in total personal income (after tax) following March 2020 lockdown, by income support type

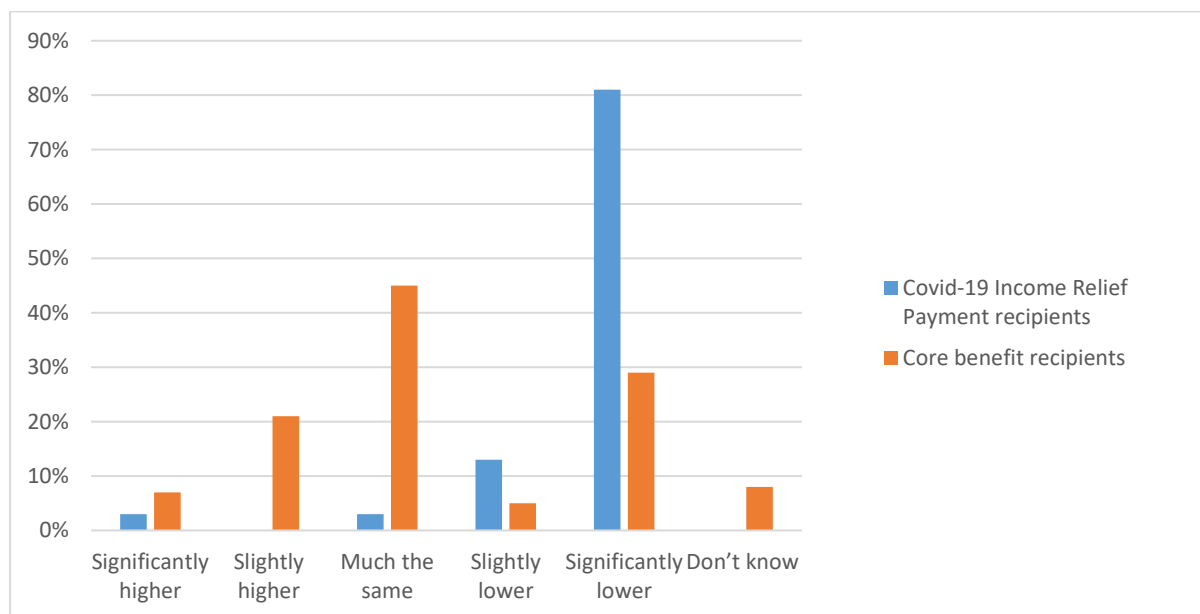


Figure 5 provides more detail about the scale of the declining incomes experienced by Covid-19 Income Relief Payment recipients. This helps to explain later findings indicating significant levels of financial worry and mental stress associated with dealing with accessing income support.

Figure 5: Loss in personal income since receiving the Covid-19 Income Relief Payment

Total personal income (after tax) per week immediately before losing most recent job	Percentage of Covid-19 Income Relief recipients
\$0-300	0
\$301-600	15
\$601-900	44
\$901-1200	15
\$1200+	26

Many of the respondents reported *already* accessing supplementary sources of financial support, such as Accommodation Supplement (32 percent of respondents), Working For Families Tax Credits (20 percent), repayable Work and Income grants (10 percent) and Special Needs Grants (10 percent). The latter is particularly notable; these non-recoverable grants can be requested to cover essential costs such as food, petrol or emergency expenses and, of those who had had such a grant, 20 percent had done so only once since the Covid-19 lockdown. 38 percent had needed to do so 2-3 times, 30 percent had accessed one 4-5 times and 8 percent had accessed one six or more times. This was the case even when more than one adult was contributing to the household income each week.

These findings suggest that the base rate of income support, particularly for main benefits, is inadequate to meet the needs of many households in the wake of the pandemic. Some households were also accessing the Covid-19 wage subsidy, rent reductions from landlords and/or redundancy payments, yet need was still significant overall.

Effect of household income on ability to meet costs

Despite more Covid-19 Income Relief recipients reporting they had a significantly or slightly lower income than prior to the March 2020 lockdown, this group was more likely to be able to meet household costs than main benefit recipients. 96 percent of main benefit recipients and 78 percent of Covid-19 Income Support recipients reported that they were unable to meet one or more of the following costs in the last 6 months due to a lack of money.

Figure 6 shows the types of costs respondents were struggling to meet. It is significant that 91 percent indicated housing costs were going unmet, given the importance of basic shelter to wellbeing and given so many respondents were living in households with children. But food, clothing, medical and transport costs were also commonly reported as being unable to be met. These findings are supported by growing evidence of increasing demand for foodbanks and other social support services due to inadequate incomes. Social relationships are crucial to our wellbeing, so it is also concerning that so many respondents had reduced capacity to socialise or contribute to their family or whānau/hapū/iwi in the past six months.

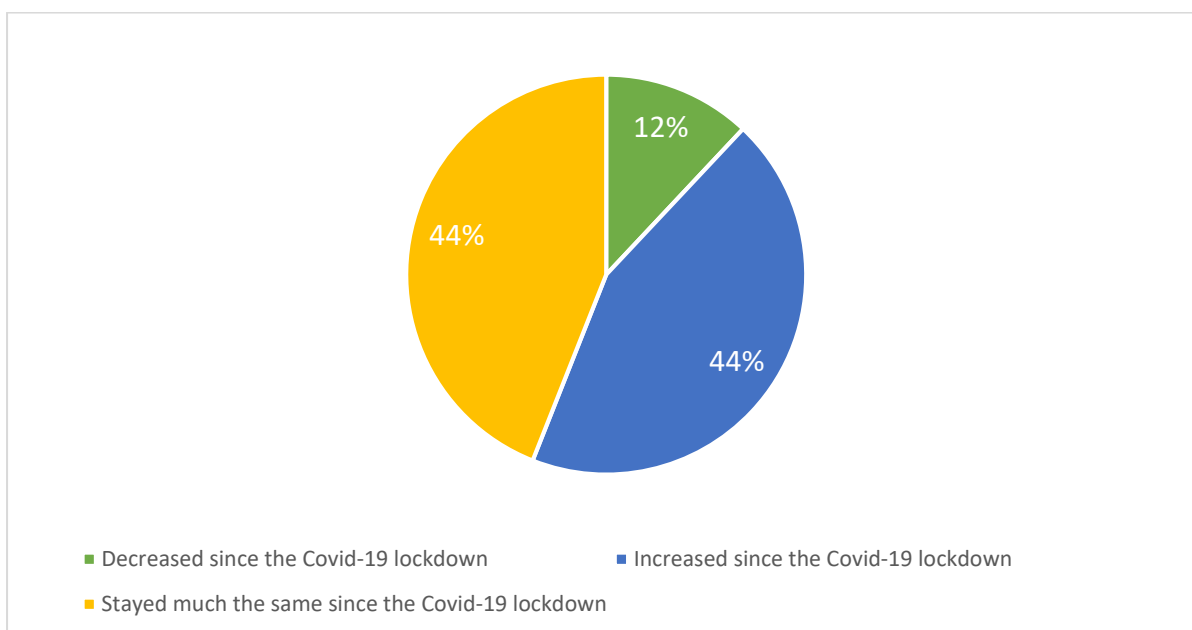
Figure 6: Percentage of all respondents unable to meet various basic household costs in the last 6 months due to a lack of money

Expense	Percentage of all respondents unable to meet this cost:
Buy groceries and other food	65
Pay for petrol or other transport costs	54
Pay rent/mortgage	91
Pay for utilities such as electricity/gas, phone	39

Pay existing debts (e.g. car payments etc)	45
Buy necessary clothes, shoes etc	75
Pay for medical costs (e.g. visiting a doctor, hospital, dentist etc)	60
Pay for a child's school costs (e.g. lunches, school trips, stationery etc.)	25
Pay for personal products or services (e.g. deodorant, sanitary pads, haircuts etc.)	53
Pay for insurance for cars, household contents, house etc.	37
Pay church tithes to meet religious obligations	6
Pay koha/make contributions to meet cultural obligations	64
Invite people over to share food and/or take food to events or parties	55
Contribute to your broader family or whānau/hapū/iwi (eg. by helping with their expenses or being able to afford to volunteer your time)	34

Figure 7 highlights that for 44 percent of respondents receiving a main benefit, the likelihood of them not being able to meet basic costs increased since the lockdown, with a further 44 percent saying it stayed the same. This highlights the inadequacy of the \$25 per week increase to benefit base rates in April 2020.

Figure 7: Change in frequency with which households receiving main benefits do not have enough money to meet basic costs



Across all respondents, the most common ways that people made ends meet when they did not have enough income to cover costs were going without personal products/services or health-related services, not visiting a doctor/hospital or dentist, and stopping socialising. Other common methods were seeking further assistance from Work and Income, going without food, and reducing spending on non-essentials (e.g. travel, entertainment, alcohol).

Figure 8: Methods of making ends meet when respondents do not have enough income to cover basic household costs

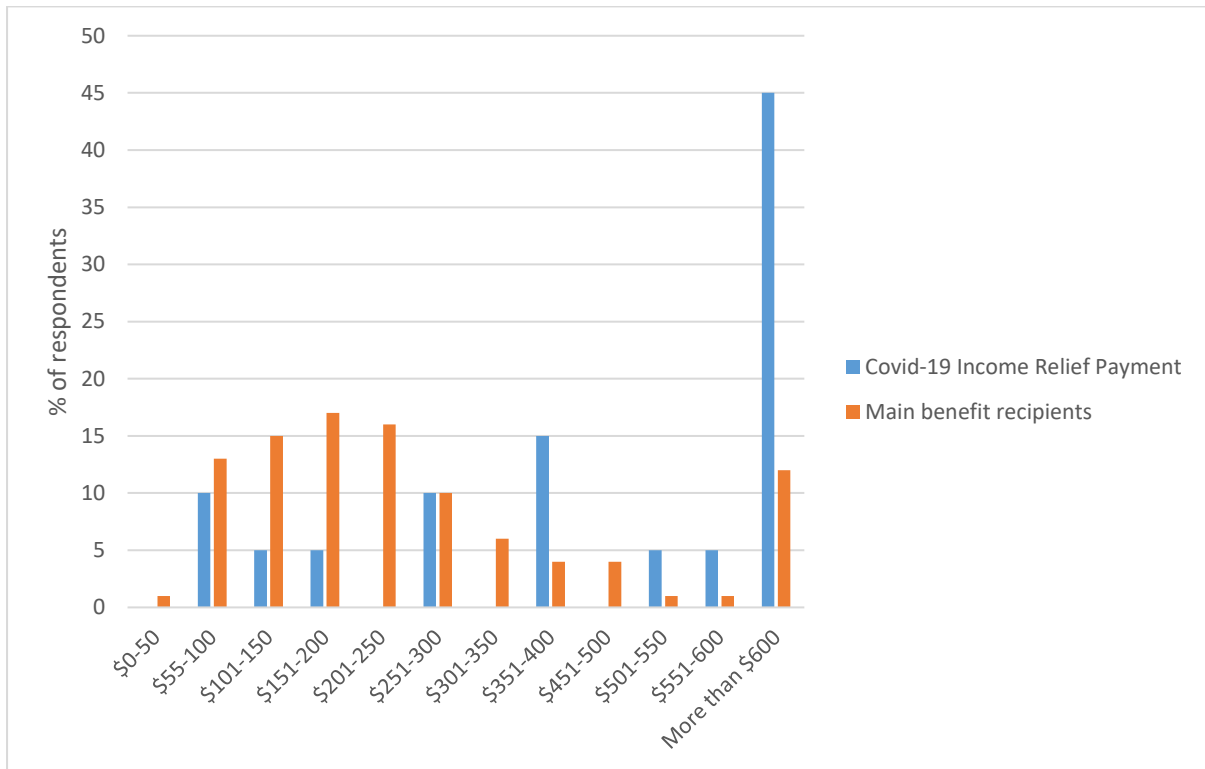
Ways of making ends meet	Percentage of all respondents
I/we seek further assistance from Work and Income	8
I/we accept food parcels or other goods from family/whānau/friends or charitable organisations	7
I/we go without food	8
I/we do not make rent or mortgage payments	2
I/we reduce transport costs (e.g. walking or cycling instead of driving or avoiding going out etc)	7
I/we go without personal products/services, health-related services etc	10
I/we do not visit a doctor/hospital or dentist	10
I/we borrow money from family/friends	7
I/we borrow money from financial providers (eg. banks, loan sharks etc)	3
I/we use prior savings and/or have stopped saving	5
I/we have stopped paying off debt	5
I/we have reduced spending on non-essentials (eg. travel, entertainment, alcohol)	8
I/we have stopped socialising, including attending events where koha, tithes or a food/financial contribution is expected	9
I/we have stopped attending whānau/hapū/iwi or other community activities	5
I/we have stopped paying membership fees (eg. for unions, sports clubs, gyms etc)	4
Other	2

Amount needed to meet basic costs

All respondents were asked how many more dollars per week, on average, their household would need to cover these basic costs listed above. 62 percent of all main benefit recipients reported that they needed up to \$250 more per week to cover these costs, which is up to a ten-fold increase on the \$25 added by the Government in March 2020 (see Figure 9). It is worth noting that participants could choose options anywhere from ‘\$0-50’ to ‘More than \$600’, and yet only 14 percent of core benefit recipients indicated that they would need \$501 or more. This suggests that respondents seriously considered how many more dollars they needed rather than simply selecting the highest amount. However, the Welfare Expert Advisory Group’s¹¹ examination of how benefit recipients are treated as undeserving of assistance and without dignity by the benefit system and by society can also lead benefit recipients to believe they do not deserve more and must get by on the bare minimum. 55 percent of Covid-19 Income Relief Payment recipients indicated that they would need \$501 or more per week to meet these costs. This higher figure likely reflects the fact they were generally used to living on much higher incomes than main benefit recipients prior to Covid-19.

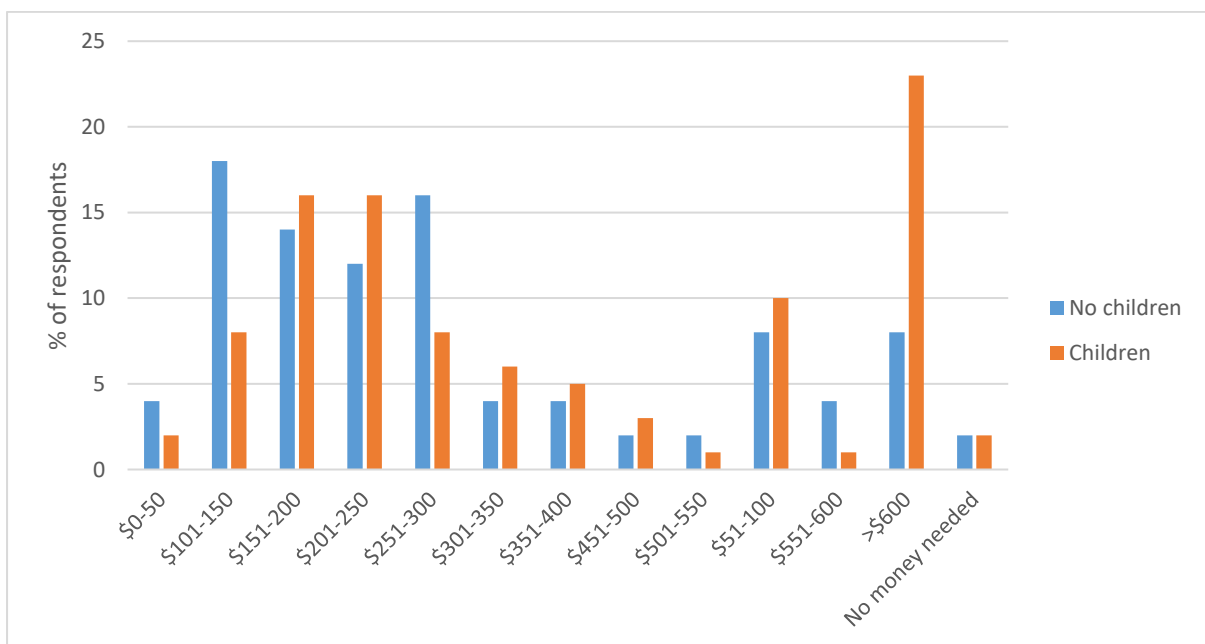
¹¹ Welfare Expert Advisory Group (2019). *Whakamana Tāngata: Restoring dignity to social security in New Zealand*. Retrieved from <http://www.weag.govt.nz/assets/documents/WEAG-report/aed960c3ce/WEAG-Report.pdf>

Figure 9: Respondents' estimation of additional money needed, weekly, for household to cover basic costs, by income support type



It is particularly troubling that among all respondents, the perceived weekly financial shortfall was greater among households with children than those without children (see Figure 10).

Figure 10: Respondents' estimation of additional money needed, weekly, for household to cover basic costs (children vs no children)



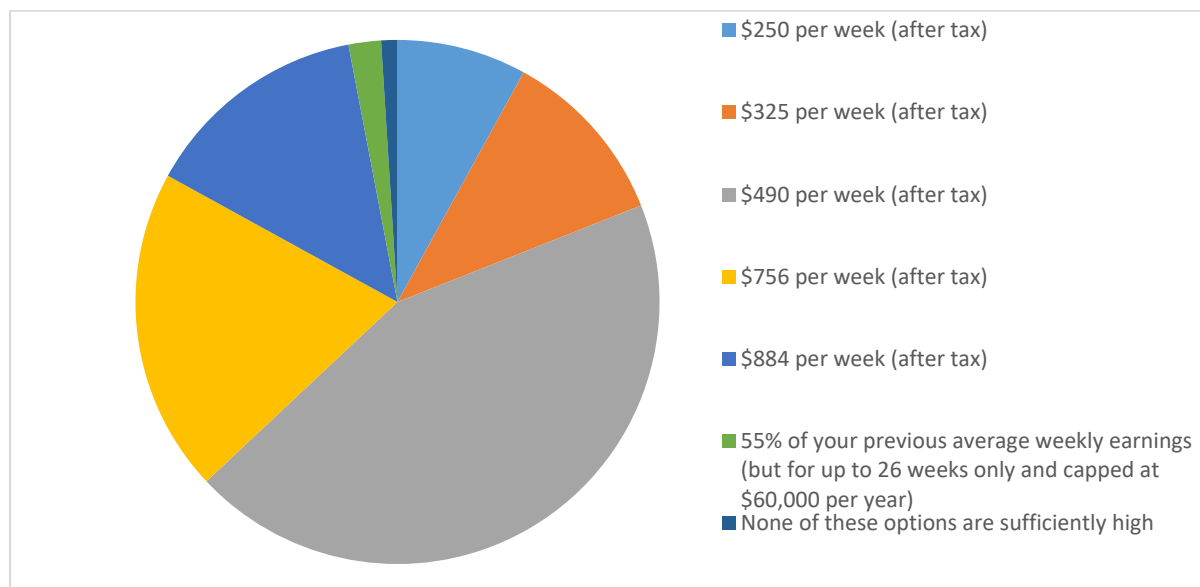
There has been much debate about the adequacy of benefit levels, especially in the run-up to the 2020 General Election. For instance, the Green Party announced it would offer a guaranteed income of

\$325 per week for every adult not in fulltime paid work - including students, part-time workers, and the unemployed. The Student Allowance and Jobseeker Support benefit would be replaced.¹² The Act Party announced a form of employment insurance, where someone losing their job could claim 55 percent of their average weekly earnings over the previous 52 - or fewer - weeks. The maximum yearly payable amount would be \$60,000 – but benefits would be cut further from their already inadequate levels.¹³

Hence we asked all respondents a question which aimed to assess which of the policy alternatives outlined above they thought would best meet their basic household costs. In addition to the Green and Act party proposals, we included an option at the same the base rate as for the current Job Seekers Support, the \$490 rate accessed by Covid-19 Income Relief Payment recipients and figures calculated for minimum wage and a Living Wage at 40 hours per week (\$756 and \$884 dollars respectively).

These were, of course, hypothetical options and it is possible that some respondents may have included supplementary assistance (such as Accommodation Supplement or tax credits) in their calculations, rather than just focusing on base benefit rates. It is nonetheless interesting that almost half of all respondents (44 per cent) said that \$490 per week would be the most appropriate benefit level to meet basic costs (see Figure 11). Only 2% of respondents supported the type of employment insurance scheme promoted by the Act Party.

Figure 11: Perceived appropriate benefit rates (base rate) to meet basic expenses among all respondents



Covid-19 Income Relief Payment recipients on average felt they needed a higher benefit rate to meet basic expenses, despite the fact that this group were likely to report having other sources of income besides the payment (including redundancy payments, inheritance monies, passive income, savings, assistance from friends and family) than main benefit recipients and some reported not needing to pay rent or a mortgage. But main benefit and Covid-19 Income Relief recipients reported significant

¹² Henry Cooke (2020). Green Party’s \$8b plan would guarantee income of \$325 a week, and pay for it with a wealth tax on millionaires. *Stuff*. Retrieved from <https://www.stuff.co.nz/national/politics/300044157/green-partys-8b-plan-would-guarantee-income-of-325-a-week-and-pay-for-it-with-a-wealth-tax-on-millionaires>

¹³ Rachel Sadler (2020). Election 2020: ACT Party announces employment insurance, mental health policies. *Newshub*. Retrieved from <https://www.newshub.co.nz/home/politics/2020/07/election-2020-act-party-announces-employment-insurance-mental-health-policies.html>

levels of debt, mostly commonly 'other' loans (22%, such as Work and Income debts, pay day lenders etc), Student Loan (18%), loans from family/whanau/friends (12%) and car loans (11%).

Implications of income inadequacy for children

Overall, the survey found that the households receiving income support that are most likely to have to cut back most on costs due to a lack of money are those supporting children. Of those receiving benefits, respondents with at least one dependent child were around 15 times more likely to report they were unable to meet costs than those without children while, of those receiving the Covid-19 Income Relief Payment, respondents with at least one dependent child were around seven times more likely to report they were unable to meet costs than those without dependent children.

54 percent of households receiving the Covid-19 Income Relief Payment had children compared to 69 percent of those on main benefits were living in households with children. If more children in households dependent on government income support are receiving the 'bottom tier' of financial support, this suggests that the two-tiered system introduced in the wake of Covid-19 will have a disproportionately negative financial impact on children.

Main benefit recipients

Our findings below indicate that New Zealanders who receive a main benefit are struggling financially and that this has a significant impact on their wellbeing. However, changes to the benefit system during the lockdown that made it less punitive had a positive impact on mental wellbeing in particular.

\$25 increase to main benefits not enough

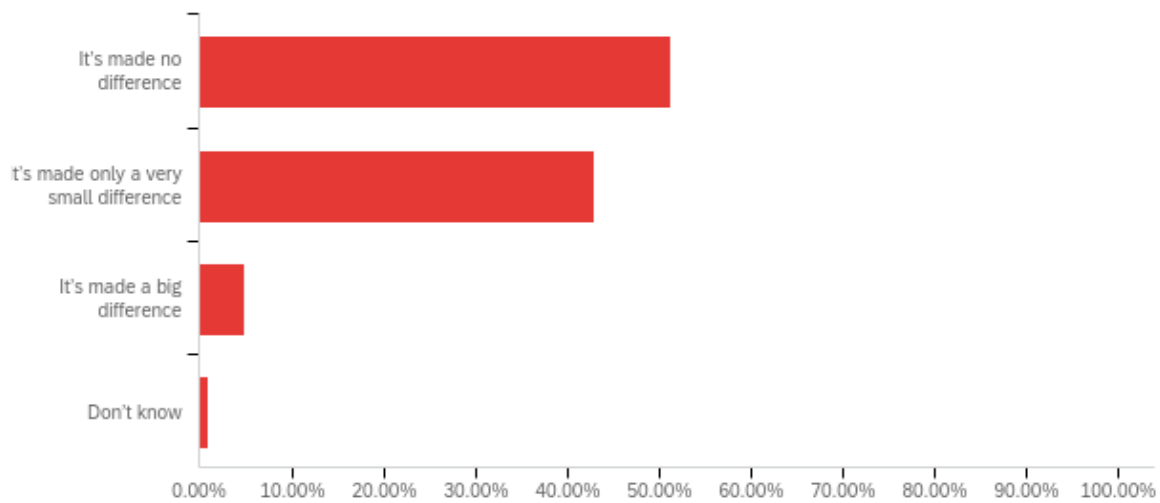
In March 2020, the government increased all main benefit payments by \$25 per week permanently as part of its Covid-19 Economic Support package. However, many main benefit recipients will not have actually received \$25 more in their bank accounts. For those who received Accommodation Supplement, up to 25% would have been clawed back, and for those receiving Temporary Additional Support, up to 100% would have been clawed back.¹⁴ Couples on benefits had to share the \$25 increase, receiving \$12.50 each. Moreover, this \$25 increase coincided with the first lockdown, when people may have been overwhelmed with additional expenses (such as transport without access to public transport and/or receiving groceries without being able to visit the supermarket due to childcare) and many basic goods in supermarkets increased in cost.¹⁵

Not surprisingly, given this context, Figure 12 indicates that 51 percent of survey respondents reported that this \$25 increase made no difference to their ability to meet basic costs, while 43 said this increase had made only a very small difference. Only 5 percent of respondents felt like this increase had made a big difference for them. Combined with other findings from the survey, this indicates more substantial increases to main benefits are necessary.

¹⁴ Note benefits were also indexed to wages effective April 2020, meaning main benefits rose by 3.09 percent to bring them in line with wage growth.

¹⁵ Harriet Young (2020). Covid 19 coronavirus: Price gouging during lockdown - is it fair or even legal? *Whanganui Chronicle*. Retrieved from https://www.nzherald.co.nz/wanganui-chronicle/business/news/article.cfm?c_id=1503422&objectid=12321448

Figure 12: Perceived impact of \$25 increase to main benefit payments in improving ability to meet basic household costs among core benefit recipients

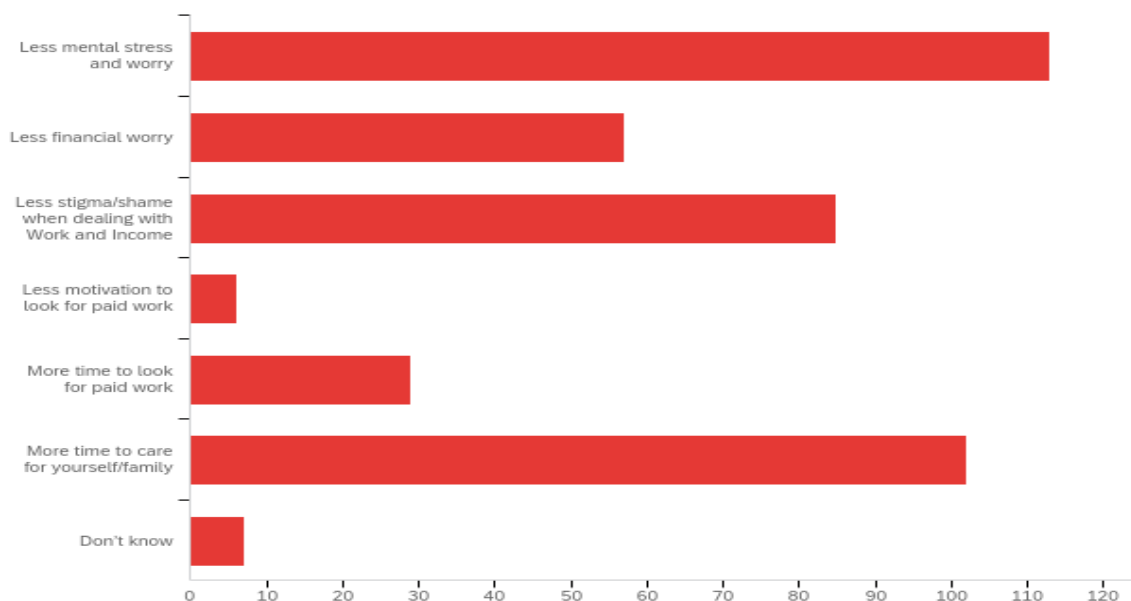


Lockdown-related changes to benefit obligations improved wellbeing

Work-related obligations – such as taking part in work preparation interviews and taking jobs recommended by Work and Income – are framed by policy makers as encouraging benefit recipients into paid work. However, meeting these requirements can be a significant source of stress, not least because failure to meet obligations can result in financial sanctions. Other obligations – such as requiring benefit recipients with children to ensure their children are enrolled in early childhood education/school and a primary health organisation, and the regular renewal of medical certificates to continue receiving some forms of Job Seeker Support or Supported Living Payment – can also impact the wellbeing of benefit recipients.

The survey therefore asked what impact the removal of these requirements during lockdown had on the wellbeing of main benefit recipients.

Figure 13: Reported experiences of accessing income support from Work and Income among main benefit recipients



The reduction in mental stress and worry (70 per cent) is significant, highlighting the high levels of stress common amongst benefit recipients. For example, other research has shown that sole parents are far more likely to experience poor mental wellbeing than parenting couples, partially due to financial worry.¹⁶

Importantly, 52 percent of main benefit respondents reported experiencing *less* stigma/shame when dealing with Work and Income, due to fewer work obligations and other forms of conditionality. 18 percent of the respondents on main benefits also reported that the removal of these requirements during lockdown provided them with *more* time to look for paid work, while only 4 percent felt they had less motivation to look for paid work as a result of these changes. This suggests current obligation regimes are counter-productive.

Covid-19 Income Relief Payment

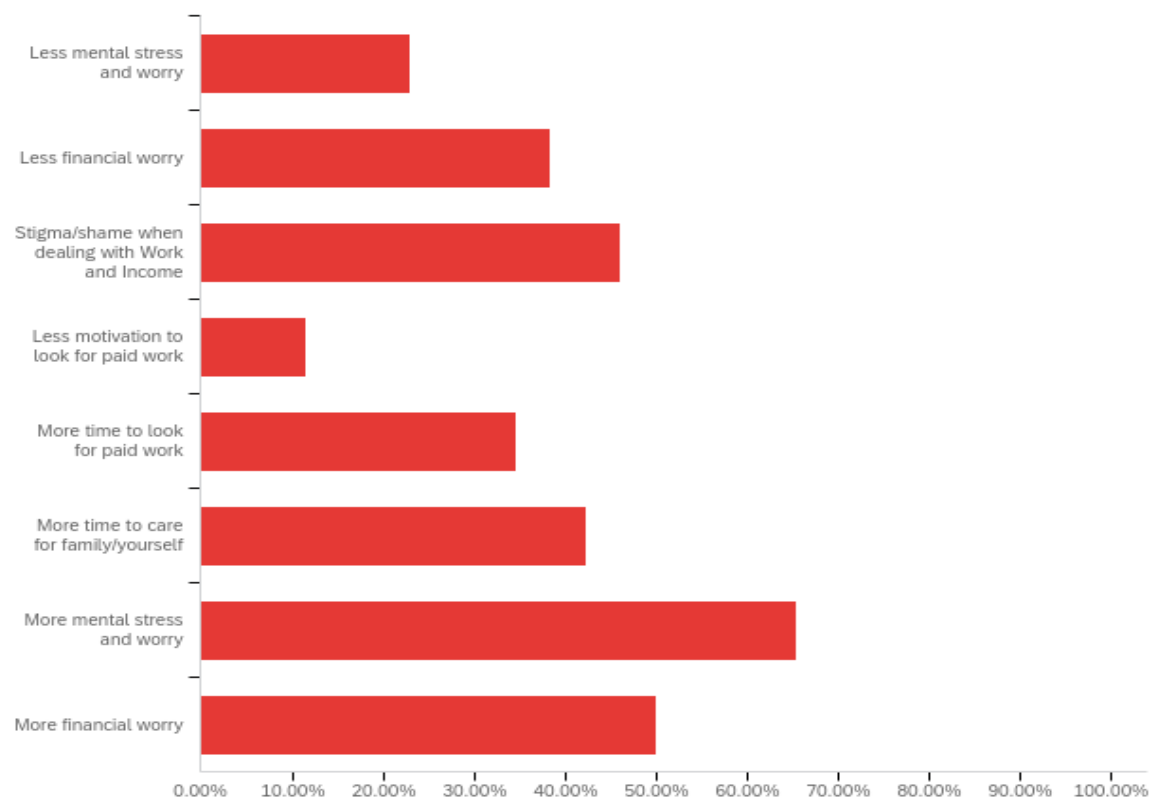
This section highlights that, in addition to experiencing significant drops in income (see Table 2), respondents who had recently lost their jobs due to Covid-19 found their wellbeing negatively impacted by engaging with Work and Income. The findings reported above for main benefit recipients suggest that recipients of Covid-19 Income Relief Payment will be at risk of greater financial worry if they have not found employment before their Covid-19 Income Relief Payment period ends.

Experiences accessing income support from Work and Income

Although Covid-19 Income Relief Payment recipients are able to access different employment services to those available to main benefit recipients, they must still deal with Work and Income, New Zealand's income support agency, to access their financial entitlements. The majority of those receiving this benefit reported *negative* experiences in accessing support from Work and Income. 66 percent described accessing this support as leading to more mental stress and worry, 50 percent said it led to more financial worry, and 46 percent felt stigma/shame when dealing with Work and Income (see Figure 14). However experiences were not all negative, with 42 percent reporting they had more time to care for family/self and 38 percent reporting less financial worry since they accessed income support. It is notable that more respondents thought this payment provided them with more time to look for paid work (35 percent) than the number saying it motivated them to look for paid work (12 percent).

¹⁶ StatsNZ (2020) Wellbeing Outcomes Worse for Sole Parents. Retrieved from <https://www.stats.govt.nz/news/wellbeing-outcomes-worse-for-sole-parents>; Ministry of Social Development (2010). *Sole parenting in New Zealand: An update on key trends and what helps reduce disadvantage*. Retrieved from <https://webcache.googleusercontent.com/search?q=cache:pbTnAlGUVFMJ:https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/sole-parenting/sole-parenting-in-nz-an-update-on-key-trends-and-what-helps-reduce-disadvantage.doc+&cd=1&hl=en&ct=clnk&gl=nz>

Figure 14: Reported experiences of accessing income support from Work and Income among Covid-19 Income Relief Payment recipients



Experiences with new employment services or tools

38 percent of respondents receiving the Covid-19 Income Relief Payment reported accessing one or more of the government’s new employment centres or online recruitment tools established for those made jobless by Covid-19. However, none of those who accessed these services found them useful for searching for work, or better than other employment tools. While it is acknowledged that the new services were rolled out at a time of unprecedented job losses, when finding any work was difficult, these findings suggest Work and Income has been unable to improve its performance in this area.

Benefit entitlement after Covid-19 Income Relief Payment

There is evidence that many New Zealanders are exiting the Covid-19 Income Relief Payment without a job in place. Ministry of Social Development figures show that in the last week of August 2020, 560 people came to the end of their Covid-19 Income Relief Payment entitlements, while in the same week only 162 people had their entitlement cancelled because they had found employment.¹⁷ At least some of these people may find themselves ineligible for Job Seeker Support payments due to the partner income test.

The Covid-19 Income Relief Payment is made available to individuals whose partners were earning less than \$2,000 (before tax) a week and the payment is not abated depending on the partner’s income level. This contrasts with main benefits, which are subjected to harsh joint income tests for those deemed to be in a ‘relationship’. On Job Seeker Support, for example, a recipient’s partner can only

¹⁷ Sarah Robson (2020). Hundreds lose Covid-19 relief payment, but no jobs in sight. RNZ. Retrieved from <https://www.rnz.co.nz/news/national/425588/hundreds-lose-covid-19-relief-payment-but-no-jobs-in-sight>

earn up to \$90 a week before tax before they lose their entitlement;¹⁸ a couple is supposed to be able to live on the equivalent of one full-time income on minimum wage between them.

It is thus notable that 27 percent of respondents receiving the Covid-19 Income Relief Payment had a partner who contributes to the household income and is still working. It is likely these respondents will not be able to access a main benefit (or at least the full benefit payment) if they transition to the main benefit system. These respondents were asked whether their household would be able to meet basic living costs if they could not access a main benefit because of their partner's income. 70 percent said that they 'probably' or 'definitely' could not meet basic living costs, while only 14 percent said they 'definitely' could, and 14 percent said they 'probably' could. This suggests increasing numbers of people will struggle to make ends meet under current joint income testing for main benefits.

Taking Working for Families tax credits and the Accommodation Supplement (but no discretionary payments) into account, after October 1st 2020, the gap between Covid-19 Income Relief Payment and benefit-receiving households paying the same rent is \$115 per week for sole parent families and \$473 for couple families. The Covid-19 Income Relief Payment puts families above – for couples, well above – a primary poverty measure of 50 percent median income after housing costs are paid. But core entitlements for those families receiving main benefits are below this line, thus demonstrating the two-tiered system that has been rapidly implemented in 2020.¹⁹

Recommendations

1. **Main benefit base rates should be increased immediately.** Our survey found that these are currently too low to support the basic costs of households on income support: 96 percent of main benefit recipients were unable to meet one or more of the following costs in the last 6 months due to a lack of money, compared to 78 percent of Covid-19 Income Relief Payment recipients who receive the higher \$490 base rate.
2. **Financial assistance to low-income families, including those receiving benefits, should be increased immediately.** The survey found that the households most unlikely to be able to meet basic needs are those supporting children, which is not surprising since child poverty disproportionately affects benefit households.²⁰
3. **Benefits entitlements should be individualised** (so that people whose partners are on low-to-middle incomes are still eligible for income support).
4. **Work, social and other obligations required of main benefit recipients should be immediately reviewed.** While being without work will always bring some level of financial worry and mental stress to many people, the reported drop in mental stress – as well as a drop in the stigma and shame associated with dealing with Work and Income – for main benefit recipients is notable. The survey data suggest that reducing obligations, sanctions and other punitive policies could improve the wellbeing of main benefit recipients, with an overall average improvement in incentivising employment seeking. This move would align with recommendations made by the

¹⁸ Work and Income (2020). Jobseeker Support – couples – deduction tables. Retrieved from <https://www.workandincome.govt.nz/on-a-benefit/tell-us/income/wages/deduction-tables/jobseeker-support-couple.html>

¹⁹ Janet McAllister (2020). Sheltering our children from Covid-19 fallout. *Child Poverty Action Group*. Retrieved from <https://www.cpag.org.nz/assets/Sheltering%20Our%20Children%20from%20COVID19%20Fallout%2028%20Aug.pdf>

²⁰ Mike O'Brien and Susan St John (2014). Adequate incomes to address child poverty. *Child Poverty Action Group*. Retrieved from <https://www.cpag.org.nz/assets/Publications/140902%20CPAG%20OurChildrenOurChoice-Part5Income.pdf>

Welfare Expert Advisory Group which aim to improve the dignity and respect with which main benefit recipients are treated.²¹ Although Covid-19 Income Relief Payment recipients do not need to interact with Work and Income to the same degree as main benefit recipients, the fact that they also reported some increased financial and mental worry, as well as stigma and shame, suggests that their wellbeing will diminish if they remain unemployed and transition to a main benefit. Given the unprecedented levels of unemployment associated with Covid-19, the job search obligations, in particular, are unnecessarily punitive.

5. **Employment services provided by Work and Income and new employment centres should be reviewed.** Covid-19 Income Relief Payment recipients did not find the new employment services they were able to access very useful, while there is long-standing evidence that Work and Income employment services are ineffective and at worst patronising and demoralising.²² Given the dramatic and significant changes to the labour market in the context of Covid-19, the focus should be on training and educational support to assist those with the capacity to work to upskill for secure or growing areas of the economy.

²¹ Welfare Expert Advisory Group (2019). *Whakamana Tāngata: Restoring dignity to social security in New Zealand*. Retrieved from <http://www.weag.govt.nz/assets/documents/WEAG-report/aed960c3ce/WEAG-Report.pdf>

²² Adam Jacobson (2018). WINZ's 'toxic work culture' impacting Auckland beneficiaries, advocacy group says. *Stuff*. Retrieved from <https://www.stuff.co.nz/auckland/101872866/winzs-toxic-work-culture-impacting-auckland-beneficiaries-advocacy-group-says>; McGowan, Hannah (2019). The dehumanising reality of life on a benefit in New Zealand. *Newshub*. Retrieved from <https://www.newshub.co.nz/home/new-zealand/2019/05/the-dehumanising-reality-of-life-on-a-benefit-in-new-zealand.html>