



Submission on the Social Security (Subsequent Child Policy Removal) Amendment Bill 2021

To: Hon Carmel Sepuloni, Minister for Social Development

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Child Poverty Action Group (CPAG) is an independent charity working to eliminate child poverty in New Zealand through research, education and advocacy. CPAG believes that New Zealand's high level of child poverty is not the result of economic necessity, but is due to policy neglect and a flawed ideological emphasis on economic incentives. Through research, CPAG highlights the position of tens of thousands of New Zealand children, and promotes public policies that address the underlying causes of the poverty they live in.

We are grateful for the opportunity to submit on the Social Security (Subsequent Child Policy Removal) Amendment Bill 2021.

We support the removal of the Subsequent Child Policy as set out in this Bill.

We request that our submission is heard orally.

The Mental Health Foundation of New Zealand endorses this submission from Child Poverty Action Group.

Background

As a research and advocacy organisation concerned with the rights and wellbeing of children living in poverty, Child Poverty Action Group urges the Government to adopt a child-centric approach to welfare policy. The welfare system has a wide reach in the lives of tamariki in this country. As of March 2021, roughly 19 percent of the 1.1 million children in Aotearoa New Zealand were living in core benefit-receiving households.^{1 2}

We support the removal of the Subsequent Child Policy, as current law disregards the wellbeing of children living in benefit-recipient households. We commend the Government for following the advice of the Welfare Expert Advisory Group in this case. As it stands, the Subsequent Child obligation is likely to exacerbate household income poverty and worsen mental wellbeing among affected parents.

Extensive evidence points to the devastating and long-term impacts of growing up in poverty, not least the increased likelihood of experiencing poverty in adulthood. Child Poverty Action Group is particularly concerned for those 160,000 children living below the 40% AHC line, in the deepest poverty, a large proportion of whom are likely to be in benefit-receiving households. Policymakers must keep these children front-and-centre in their decision-making. While benefit levels are still inadequate and there is much work left to be done in overhauling the welfare system, this Bill reflects a step in the right direction to prioritising the wellbeing of these families.

We must acknowledge and support women in their unpaid labour as child carers.

Raising children has long been undervalued despite its crucial contribution to society. Children's experiences in their early years are a strong determinant of their social and health outcomes later in life, highlighting the importance of parenting both for the children themselves and for society at large.³ In particular, the first three years of life are vital for forming secure attachment between child and parent, providing the foundation for healthy social, emotional and intellectual development. Given this importance, it is counterproductive to coerce parents, largely mothers, into paid work when their child turns one and is still in the middle of this crucial development period.

A large proportion of parents affected by the subsequent child policy are sole parents.⁴ As the Government's own Welfare Expert Advisory Group highlighted in its 2019 report, policy

¹ Office of the Children's Commissioner (n.d.) Stats on Kids. Retrieved from <https://www.occ.org.nz/our-work/statsonkids/#::~:~:text=Statistics%20and%20information%20on%20the,quarter%20of%20the%20country's%20population>.

² Ministry of Social Development (n.d.). Benefit Fact Sheets. Retrieved from <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html>

³ Gluckman, P. (2011). *Improving the transition. Reducing Social and Psychological Morbidity During Adolescence: A report from the Prime Minister's Chief Science Advisor*. Retrieved from <https://www.pmcsa.org.nz/wp-content/uploads/Improving-the-Transition-report.pdf>

⁴ Ministry of Social Development (2020). *Welfare Overhaul: Removing the Subsequent Child Policy*. Retrieved from <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/welfare-overhaul-removing-the-subsequent-child-policy/cabinet-paper-welfare-overhaul-removing-the-subsequent-child-policy.pdf>

settings that expect sole parents to be working as well as parenting fail to recognise the extra load that sole parents carry, compared to their partnered counterparts.⁵ Sole parents and their children are already at heightened risk of poverty compared to two-parent households. To impose sanctions on benefit-receiving sole parents with young children who do not meet work obligations is unjustly punitive, and exacerbates the plight of children in some of the deepest poverty. Given that the Ministry of Development has found no evidence to suggest that this policy has reduced time on benefit or improved social or financial outcomes for families,⁶ it appears this policy is founded in a flawed assumption of a work incentive that is doing nothing but exacerbate financial precarity and stress in the lives of women on benefits and their children.

We cannot address child poverty and improve wellbeing outcomes through purported “work incentives”.

Underpinning such a policy is the pervasive assumption that paid work is the best route out of poverty for all people. This assumption is frequently taken as self-evident, and yet there is no certainty that parental engagement in paid work will lift children out of poverty, particularly in this case as sole-parent and female-headed households are at an elevated risk of in-paid-work poverty.⁷ What we can be certain of, however, is that interrupting already inadequate beneficiary incomes via sanctions exacerbates family hardship.

The rhetoric of paid work as the panacea for poverty is deeply flawed in logic. It undermines the value of, and work required in, parenting. Moreover, it assumes that paid work will provide adequate remuneration, and be appropriate and accessible for parents.

Sole parents without friends or family who can care for their children while undertaking paid work are reliant on early childhood education and care (ECCE) centres. Placing a child in ECCE can be expensive and therefore undermine any financial gains made through being in paid work. The subsequent child policy interacts poorly with the 20 Hours' ECCE policy, which provides 20 hours free childcare only for children aged three and four. Further, evidence suggests that ECCE provision tends to be poorer quality in lower socioeconomic areas,⁸ highlighting the compounding disadvantage that children of beneficiaries may face if their parent is required to engage in paid work and put them in care. For a young child, time spent in a (poor quality) education and care facility is not a good substitute for time spent with their parent.

Sanctions punish children and contribute to toxic stress in their home environments.

⁵ 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>

⁶ Ministry of Social Development (2020).

⁷ Plum, A., Pacheco, G. & Hick, R. (2019). *In-Work Poverty in New Zealand*. Auckland: New Zealand Work Research Institute. Retrieved from https://www.hrc.co.nz/files/8215/7462/2882/In-Work_Poverty_Report_2019.pdf

⁸ Neuwelt, C., & Ritchie, J. (2020). Challenging the 'old normal': Privatisation in Aotearoa's early childhood care and education sector. *Early Education Journal*, 66, 65-72.

The use of financial sanctions to enforce social obligations – whether this be job searching and work preparation, or enrolling children in early childhood education – exacerbates the financial precarity of those who are already among the most economically vulnerable in our country. CPAG’s modelling has shown that core benefit rates are inadequate in sustaining family incomes above key poverty lines.⁹ As such, families face the threat of having an already-inadequate income cut further, contributing to a sense among many benefit recipients of lacking control over their lives.¹⁰ This is particularly the case when sanctions are applied inconsistently and incorrectly, which according to the Welfare Expert Advisory Group is common.

The State surveillance associated with conditional assistance, and the fear of sudden loss of income associated with sanctions, contribute to toxic stress for children. Toxic stress is a prolonged triggering of stress response systems, which can disrupt healthy development among children, with long-term implications for physical and mental health outcomes.¹¹ Sanctions can contribute to toxic stress by negatively affecting the mental wellbeing of parents, and exacerbating household financial hardship.

The sanctions associated with the subsequent child policy often affect sole parents, many of whom already suffer poorer mental health outcomes than partnered parents. Recent data from Stats NZ highlighted that nearly one third of sole parents experience poor mental wellbeing, compared to one in five partnered parents.¹² To ensure that all children grow up in happy and healthy home environments, our welfare system ought to be providing extra support to sole parents, rather than exacerbating their poor mental wellbeing through these punitive measures.

Moreover, it is important to note that the international literature is not conclusive as to whether obligations and sanctions in welfare systems actually work in achieving the desired change.¹³ A review of evidence from the UK highlights that within conditional welfare systems, many beneficiaries have a limited understanding of sanctions, meaning that sanctions may function poorly as deterrents for particular behaviours.¹⁴ Such measures may therefore be punitive to no particular end, except for worsening the plight of parents and children living in hardship.

⁹ McAllister, J. (2020). *The effects of 2020/21 income support changes on After Housing Costs (AHC) incomes for representative households receiving benefits*. Auckland: Child Poverty Action Group. Retrieved from https://www.cpag.org.nz/assets/Backgrounders/13052020_The%20effects%20of%202020_21%20income%20support%20changes%20on%20AHC%20income%20for%20representative%20households%20receiving%20benefits-final.pdf

¹⁰ Welfare Expert Advisory Group (2018). *Views on New Zealand’s welfare system: A summary of consultation responses to the Welfare Expert Advisory Group*. Retrieved from <http://www.weag.govt.nz/assets/documents/WEAG-report/background-documents/dd486dad4/Consultation-report-010419.pdf>

¹¹ Franke, H. A. (2014). Toxic stress: effects, prevention and treatment. *Children*, 1(3), 390-402.

¹² Stats NZ (2020). Wellbeing outcomes worse for sole parents. Retrieved from <https://www.stats.govt.nz/news/wellbeing-outcomes-worse-for-sole-parents>

¹³ Welfare Expert Advisory Group (2019).

¹⁴ Griggs, J. & Evans, M. (2010). *Sanctions within conditional benefit systems: A review of evidence*. Joseph Rowntree Foundation. Retrieved from <https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/conditional-benefit-systems-full.pdf>

Beyond removing the subsequent child work obligation, there is further work to be done to ensure children of beneficiaries have what they need to flourish.

Alongside recommending the removal of the subsequent child work obligation, the subject of this submission, the Welfare Expert Advisory Group also recommended the removal of many other obligations and sanctions, such as social obligations and the mandatory work ability assessment for people with health conditions or disabilities. Child Poverty Action Group urges the Government to follow this advice by continuing to remove identified obligations and sanctions, and to accelerate its wider programme of 'welfare overhaul' with urgency.

We also recommend that the Government review the In-Work Tax Credit, the eligibility settings of which currently exclude children of parents on core benefits. As CPAG has long highlighted, tying income support for children to a work incentive is discriminatory and does not put the needs of children first.

Conclusion

In summary, we commend the Government's decision to remove this punitive obligation that is part of a broader culture of conditional welfare provision. This is a positive step forward, but it must also be followed by further changes to ensure the welfare system supports parents. Poverty impacts factors that enable parents to nurture and care for their children, and in order to address child poverty in Aotearoa, we must support parents in their crucial mahi.