

CHiLD POVERTY ACTION GROUP



Our policy priorities to reduce child poverty in Aotearoa New Zealand

For children to have their needs met and their potential realised, the next government needs policies that uphold the mana of all whānau and families. To achieve this, CPAG has outlined policy recommendations in the areas of **income, health and housing**, to ensure our children are prioritised and their wellbeing is cherished.

The COVID-19 crisis brings serious challenges as the paid-work income of many whānau is dramatically reduced in the short and medium term. But it also brings opportunities to implement effective responses to reduce child and whānau poverty and inequality.

This paper outlines our recommendations for how to improve our income support system. For more information on all our policy recommendations go to cpag.co.nz/resources/election-2020

Kia Piki Ake Te Mana Tangata: redesign the income support system to uplift and strengthen the mana of the people, and to protect their rights including ensuring adequate incomes for all whānau and families

We need an income support system to whakamana tāngata: to uphold the mana and dignity of the people. Such a system would guarantee *all* of us an adequate standard of living regardless of our ethnicity, gender, age or relationship status. It would protect all children and their families and whānau, including families in low-paid work.

Our current income support system has too often operated as a state instrument of humiliation that has entrenched inequities, indignity and intergenerational trauma. It punishes people in relationships and it keeps those caring for children or unable to work below the poverty line. It withholds support from those who need the most help and then blames and shames them for not having enough.

The Welfare Expert Advisory Group (WEAG) is clear on how to achieve much better outcomes in all our communities, and substantially reduce the proportions of children living in poverty. More than a year after the release of the WEAG report, we are still

waiting on government responses to the vast majority of WEAG recommendations. The process WEAG recommends, and we endorse, is Kia Piki Ake Te Mana Tangata (Table 1 p63 of the [WEAG report](#)):

To uplift and strengthen the mana of the people, embedded in values of:

- manaakitanga – People are treated with, and able to live in, dignity
- ōhanga – Ensuring people have an adequate income and standard of living, including support to access long-term, healthy housing
- whanaungatanga – A system that values whānau, families, children and relationships
- kotahitanga – People are able to participate meaningfully in communities
- takatūtanga – A system that is fit for the present and prepared for the future, can respond to future ways of working and can support participation in the economy
- kaitiakitanga – A system that is financially and politically sustainable across the medium to long term. (CPAG understands kaitiakitanga to mean ensuring that an income support system of whakamana tāngata is protected as a key priority for the wellbeing of the nation. The sustainability of any system depends on decisions made outside the system proper, such as government championing and revenue, not only government spending).

This redesign, founded on values drawn from Te Ao Māori, will require a paradigm shift in the purposes and principles of the Social Security Act; in the funding and resources committed to the income support system; and in the operation of Work and Income.

We urge the government to:

1. **Rewrite the purposes and principles of the Social Security Act**, to reflect the **six values** set out in Table 1 of the Welfare Expert Advisory Group’s Whakamana Tangata report: manaakitanga, ōhanga, whanaungatanga, kotahitanga, takatūtanga, and kaitiakitanga.
2. **Ensure all income support enables equitable outcomes for all, including children, Māori, Pacific peoples and women**; and that it does not further entrench inequities. This includes:
 - Guaranteeing that the level of income support is paid on the basis of the *level* of need not *origin* of need. Disturbingly, the Coalition Government is currently exacerbating inequities by paying Sole Parent Support and other benefits at lower rates than the COVID-19 Income Relief Payment (CIRP). This is unjust, particularly for children, Māori, Pacific peoples and women. This “two tier” system needs to be stopped immediately by **temporarily increasing benefits to CIRP levels** (for the same amount of time that people can access CIRP); and a guarantee must be made that no other such exclusionary and discriminatory schemes – treating people in similar situations differently, for spurious reasons – will ever again be introduced.

- **Not progressing welfare schemes such as social insurance** that link a user's contributions to their level of support, unless equitable outcomes and income adequacy can be guaranteed for all, including children, Māori, Pacific peoples, women and low income workers.
3. **Ensure adequate incomes**, so that zero households who are paying lower-quartile rent or less (for non-crowded housing) are under the official 50% After Housing Costs poverty line.

We recommend the incoming government reaches this goal by immediately:

- permanently **increasing benefits** – for example, increasing net Sole Parent Support by 20%-25% (at the same time as implementing recommendations below regarding Working For Families)
 - **individualising benefits** so that if someone applies for a benefit and they have a partner who earns less than the average wage, their eligibility and benefit level is not affected by their partner's income. This would include the Supported Living Payment, so that full-time carers, who would otherwise be eligible, retain their payments regardless of the working status of their partner
 - **increasing entitlements for individuals in a couple** who are both receiving benefits, so that they have similar after-housing-costs incomes to single people who share accommodation
 - allowing those on benefits **to earn a much higher amount before any abatement**, and reducing overlaps in abatements and their consequent poverty traps. Lifewise has noted the 1986 weekly abatement threshold was the equivalent of 15 hours work on minimum wage (it is currently around 5 hours); we recommend the government consider reinstating the 1986 equivalent and indexing it to the minimum wage, so that, for example, sole parents, when they feel it is appropriate, can gain self-confidence and other positive benefits through part-time work
 - ensuring that all low-income families with children, irrespective of paid work hours or benefit status, are entitled to **all Working for Families tax credits, including the In-Work Tax Credit**
 - **indexing all Working for Families** tax credits and abatement thresholds to wages annually, similar to NZ Superannuation
 - **reducing the rate of abatement of Working for Families** from 25% to 20%, to recognise that some families will also be paying a 25% abatement rate for the Accommodation Supplement, currently making a typical effective marginal tax rate around 80% for every additional dollar they earn
4. **Remove all sanctions for parents of dependent children** in order to improve outcomes of affected children and halt the current punitive approach to social security.

5. **Ensure all low-income families, whether in paid work or not, are made aware of:**
 - all the income support they are entitled to, and have ready access to it.
 - free budgeting services and low- and no-interest credit options.

6. **Implement a process of forgiveness of existing MSD debt, and increase hardship/special needs grants to an adequate level.** We expect a system offering adequate incomes will sharply reduce the demand for hardship/special needs grants, but when families suddenly find themselves in extraordinary circumstances, hardship grants appropriate to the level of need should be forthcoming.

7. **Implement a process of progressive debt forgiveness for students, and increase the income threshold for mandatory repayments to at least the average wage.**

8. **To ensure better outcomes for our Disability community:**
 - **commission independent research and focus groups, to establish a minimum income standard** for the direct and indirect costs of raising a child with disability in New Zealand (with 5-year reviews), in line with Recommendation 25 of WEAG's 2019 report.
 - **increase income support** for disabled children, who are disproportionately in poverty, by more than doubling the rate of the Child Disability Allowance (CDA)
 - **simplifying the Disability Allowance** by making it a fixed-rate payment, with a higher rate for those that acquire an impairment before they are eligible for NZ Superannuation, which provides greater base income. The current system requires people to claim back expenses, which is particularly cumbersome and difficult, especially for people with disabilities
 - **promote the CDA to groups that underutilise it** such as Pacific people. This is in line with WEAG's 2019 recommendation for MSD to accept a stronger legislative responsibility for ensuring people access their full and correct entitlements.
 - **Increase the Out of School Care and Recreations (OSCAR) subsidy** rate for those children also receiving the CDA, and widen its uptake.
 - Immediately replace the Carer Support subsidy with the 'I Choose' programme as was initially scheduled for 2019, thus **enabling carers to manage their own respite** through lump sum payments and choose a respite option that suits their own circumstances.
 - **Investigate the ethnic disparities** in the uptake of the Supported Living Payment for Carers and Funded Family Care.
 - Review the Supported Living Payment for Carers to **reduce inequality between the Payment and Funded Family Care.**