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## **Child Poverty Action Group**

### **Submission on the Social Security (Social Assistance) Amendment Bill**

Contact persons

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**Child Poverty Action Group** advocates for better policies for children. We thank the committee for the opportunity to make a submission and **would also like to make oral submissions (in Auckland)**. As in all major social policy development in this area, the way in which children are affected must be placed at the centre. This is not the case in this bill. The impact on children is invisible.

We would like the select committee to consider the following points:

- CPAG welcomes the proposed changes to the benefit stand-down as it eliminates the inequity presently faced by the families of seasonal workers. However, we are concerned that the families of beneficiaries are still subject to an income-related stand-down, even where there are insufficient funds to support them through the period of the stand-down. Benefit stand-downs are a major contributor to child poverty, and CPAG calls for their abolition.
- We also welcome the provision of additional exemptions from benefit reductions, particularly in the case where beneficiaries or their children would be at risk of violence. Violence is frequently cited as a reason to not identify the non-custodial parent. We are, however, concerned that Work and Income case managers will act as risk assessors for this. Current policy instructions regarding the “incest or sexual violation” exemption from s. 70A requirements state “Proof is not required. If the custodian is reluctant to discuss the issue don’t insist on unnecessary details. Police reports are not essential”. While CPAG supports the proposed amendment, we believe both it and the existing section 70A(3)(c) must be strengthened in line with these instructions. We submit that section 70A(3)(c) and clause 7(3), respectively, be amended to read “the beneficiary advises that the child was conceived as a result of incest or sexual violation” and “the beneficiary advises that the beneficiary or any of the beneficiary's children would be at risk of violence if the beneficiary carried out or took steps to carry out any of the actions referred to in subparagraphs (i) to (iii) of subsection (1)(c)”.
- We have grave concerns about the effects on children of the increase in section 70A penalties that apply to sole mothers who do not comply with the provisions of that section. While the Minister has stated that the penalty is not designed to bring hardship and poverty to children, it is difficult to imagine that the practical effect of the increased deductions will not do exactly that.
- We acknowledge the issue of child poverty was partially addressed by the 2004 Working for Families package. However, we note that the benefits of WFF - where they are able to be taken advantage of by sole mothers - do not fully take

effect until 1 April 2007, whereas the additional \$6 per week penalty is to be introduced on the 1 July 2005. Moreover, the core domestic purposes benefit is reduced by \$21.40 for families where there are two or more children as from 1 April 2005, and special benefit payments will also reduce by an average of \$13.50 per week.<sup>1</sup> The loss of a further \$6 per week cannot help but have a negative impact on child poverty under these circumstances.

- While it is clear that this Bill is not targeted specifically at children, it is equally obvious that any penalty on the household must, by definition, be a penalty on the children who form part of that household. Children of sole mothers are already form the majority of children living in poverty in Aotearoa – New Zealand, and this Bill will only increase the hardship they are experiencing. Given the consequences for the children of sole mothers of this punitive clause, CPAG opposes any increase in the section 70A deduction, and recommends all deductions in respect of non-compliance with section 70A be abolished.
- The Ministry of Social Development is presently undertaking a review of section 70A deduction cases. CPAG believes this must be widened to include a review of existing cases to identify beneficiaries presently having deductions imposed unlawfully, followed by the implementation of systems and/or training to ensure that this does not happen in the future. We submit Clause 7(4) should only be enacted after this review is completed, if at all.
- CPAG believes that non-custodial parents should make a positive contribution to the lives of their children. However, we are concerned that the emphasis on monetary support simply reduces children to the status of financial obligations. The narrow focus of this Bill reinforces this view. CPAG urges that child support be considered within a broader policy framework, as it is apparent from the millions outstanding in child support payments that the present approach is not working.

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<sup>1</sup> Working for Families Factsheet 10.

- We note that the section 70A penalty is designed to capture sole mothers who have made independent arrangements for child support. These arrangements are a rational response to the all-or-nothing nature of section 35 of the Child Support Act 1991, where reductions in child support payments are possible only in cases where custody is shared equally. CPAG considers it inequitable that the children of sole parents face further reductions in household income when the underlying issue is one of poorly drafted legislation designed to deal with a separate, albeit related, problem.
- As at 25 January 2005 there was no Bill of Rights report available on this Bill. CPAG notes that this Bill applies only to sole parents, in contravention of section 19(1) of the Bill of Rights Act 1990. We also note that discrimination on the grounds of marital status is unlawful under the Human Rights Act 1993. This Bill also discriminates against women, as evidenced by the focus on paternity measures in the Bill's explanatory note. For these reasons CPAG cannot support this Bill in its present form.
- The *Agenda for Children*<sup>2</sup> has seven action areas, one of which is the reduction of child poverty. The increased penalties outlined in Clause 7 of this Bill are in flagrant contradiction of the *Agenda's* vision of economic security for all New Zealand children, and its principle that government policy be consistent with the UN Convention on the Rights of the Child.
- To reiterate, the section 70A penalties ought not to be increased; they should be abolished. Their practical effect will be to increase the poverty of children in families headed by sole mothers. The Bill does not comply with the Bill of Rights Act 1990, or the Human Rights Act 1993, Nor is it consistent with the *Agenda for Children's* commitment to addressing child poverty. Worse, its focus on paternity assumes that those being penalised will be women.

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<sup>2</sup> Ministry of Social Development (2002).

- If the Bill goes through in its present form, CPAG recommends that Clause 7(3) and the existing section 70A(c) be strengthened in the manner outlined above.
- CPAG is concerned about the overall effects on children of the discrimination written into section 70A, and the punitive nature of the Child Support Act 1991. We urge a review of these legislative provisions in order to enable children to better take advantage of the contribution their fathers can make to their upbringing and overall wellbeing. The present focus on financial contributions is helping to impoverish some of our most vulnerable children.