



11 November 2022

A fair chance for all: Breaking the cycle of persistent disadvantage

Introduction

1. Citizens Advice Bureaux New Zealand | Ngā Pou Whakawhirinaki o Aotearoa (CAB) welcomes the opportunity to input into the Productivity Commission’s inquiry into persistent disadvantage in Aotearoa and the sketching out of a pathway for identifying and breaking system barriers in the way of people’s wellbeing.
2. As a nationwide community organisation providing a free, universal service of information and advice on any issue for anyone, we have a unique vantage point on community wellbeing and people’s experiences of public services. We have rich experience from engagement with the public management system at the local and national levels over the 50 plus years we have been providing our CAB service to communities around the motu.
3. Accordingly, we have experience relevant to many of the issues and questions raised in the interim report and have useful insights and reflections to offer the Commission on a number of matters addressed in the report that, due to time constraints, we have not responded to here. We would therefore welcome an opportunity to meet with the Commission to discuss those issues, as well as the matters we have covered in this submission.
4. For this submission, we have chosen to focus on just a couple of the questions posed in the report, specifically in relation to income adequacy, income insurance, housing affordability, and channels for accessing government services and entitlements.

Our service

5. CAB is a nationwide, and locally based, community organisation that provides a free, confidential, and independent service of information, advice, and advocacy. We help people know and understand their rights and responsibilities, to take steps to act on these, and to connect with additional community services they may need. Our service is delivered from over 80 locations around Aotearoa by over 2,000 trained CAB volunteers.
6. In the past financial year, amidst the ongoing challenges presented by COVID-19, our

CAB volunteers assisted with over 250,000 client interactions across the range of issues that affect people in their daily lives. Each time a person seeks help from our service, we record anonymised details of their enquiry into a national database. This gives us unique information about the issues affecting people in communities nationwide. When we see that policies or laws are not working well for people, we act as a voice for positive social change.

Q5.1: Do you have any comments to make on specific policy areas listed in table 5.1, where reforms are currently underway, and what needs to happen in those areas so that the chances of someone ending up in persistent disadvantage are minimised? Do you agree that the reforms may well be necessary, but will not be sufficient in completely unlocking persistent disadvantage?

Contributing factor: inadequate income

Review or reform: WEAG Report (2019)

7. Regardless of the factors leading to the persistent disadvantage of a person or whānau, inadequate income is a major barrier and fundamental to the ability to move out of a situation of disadvantage. When there is not enough to cover basic costs and provide for a dignified human existence, people's resources, time and energy are used up just trying to survive - there isn't much, if anything, left for overcoming other barriers to progress and wellbeing. It undermines the effectiveness and circuit-breaking potential of non-income related policies and assistance for addressing disadvantage.
8. Therefore, while we acknowledge that there are other reviews and initiatives happening in the area of welfare and income support (as the interim report notes), it seems unlikely they will result in the changes needed to have a substantial impact on the persistent disadvantage people are experiencing. It is our view that, given the pivotal role of income adequacy in breaking and preventing the cycle of disadvantage, this inquiry should highlight that role and promote the actions needed to close the gaps between income support payments (and the minimum wage) and basic living costs. If these gaps are not addressed sufficiently, other measures for breaking the cycle of persistent disadvantage will amount to merely "tinkering around the edges". This inquiry is an opportunity to reinforce the need for systemic, comprehensively-implemented reform in this area that is driven by people's needs and underpinned by values of human rights and equity.
9. The [Fairer Future collaboration](#) - a network of community organisations advocating for liveable incomes for all, and which CABNZ is part of - earlier this year released its analysis of income support rates against the cost of living, using the [Beneficiary Household Living Cost Price Index](#). The data showed that, even after increases to income support in April 2022, 12 of the 13 households modelled would receive less income than they needed to cover their basic costs (Fairer Future, [Liveable incomes in 2022](#), 2022, p.1). If even low repayments of debt are factored in, none of the 13 households would be able to meet their costs (Fairer Future coalition, 2022, p.1). For some households, the

average weekly deficit is in excess of \$300 (Fairer Future coalition, 2022, p. 9).

10. We see the impact on people of these deficits. In the past year to June 2022, our volunteers responded to over 3,000 enquiries about income support. They also responded to thousands of requests (more than 4,800) for help in relation to food relief, budgeting and debt management, as well as emergency and social housing. We regularly assist clients referred to us from Work and Income because there is no further help the agency can provide them for covering their basic costs. We use our contacts in the community sector to find support for these clients. This is not always easy, because with the growing numbers of people needing material and financial assistance, the capacity of our sector is under strain.
11. As an example, a CAB in a regional area told us that, when trying to find food relief for a family on income support, the first foodbank they called didn't have anything available. The second foodbank they contacted said they would try to help, but couldn't confirm they would be able to. Finally, another foodbank in the local area was found to have one frozen meal left, and the family was directed to them (leaving the CAB feeling relieved to have found something).
12. For people seeking urgent financial or material assistance eg food relief, it is usually a very last resort and it is hard for them to ask for this help. We have clients going to CABs only to leave immediately on arrival because they are too ashamed about having to ask for what they need - but they often return, because they are truly desperate and don't have a choice. As one CAB observed of a client "They were reluctant to come but their food need was greater than their pride". There is work to be done to fix our social safety net so that everyone in Aotearoa has enough to get by, has choice in their lives, and can live with dignity.
13. We note the inclusion in table 5.1 of The Welfare Expert Advisory Group's (WEAG) recommendations in its 2019 [report](#) to Government, those recommendations including increasing income support payments and thresholds, reducing abatements, indexing payments, and other measures for improving income adequacy and access to support for those who need it. WEAG's suite of recommendations for changes to NZ's welfare system would make a substantial difference in the lives of many, and, in conjunction with measures to address housing affordability, would significantly impact income inadequacy and levels of persistent disadvantage. As noted in table 5.1, the recommendations of WEAG have only been partially implemented to date, three years on from the release of its report. Full implementation of WEAG's recommendations is needed for helping to break the cycle of persistent disadvantage.
14. We think full implementation of WEAG should happen as soon as possible, to relieve the suffering of those struggling now through lack of income for basic costs, and to avoid the further creation of persistent disadvantage. We note the interim report's reference to the importance of addressing the upstream effects of disadvantage, including societal values, beliefs and attitudes which can cause or contribute to the conditions that create and embed disadvantage. However, on this issue, we do not see that these particular

upstream effects are as strongly at play as some might believe. For instance, a UMR poll in July 2021 found that the majority (60%) of people polled believe that income support should be increased for those not in paid work or on low wages (Child Poverty Action Group, [60% Of New Zealanders Think The Government Should Go Further With Benefit Increases](#), New UMR Poll Shows, in Scoop, 1 July 2021). As the Child Poverty Action Group (CPAG) said with regards to the poll, "[it] confirms that as a society we are no longer willing to tolerate the entrenched inequalities our broken welfare system is perpetuating. It shows this government has the social license to deliver on much more meaningful and long lasting change ... "(Child Poverty Action Group, 1 July 2021, para 10). It suggests to us that the shift that needs to occur is more at the political, rather than public, level.

Contributing factor: Unable to find a good job

Review or reform: Income Insurance Scheme

15. Even in this environment of low unemployment, we see the impacts every day of job loss, through our work with clients. In the past year we've helped hundreds of people (almost 500) who have been made redundant, or who are concerned that they are facing redundancy, and hundreds more who have lost their job for reasons of disability or illness. We also see the impacts of a welfare system not fit for purpose, as outlined above. Through our work with these clients, we witness the stress that the inadequacy of the current system causes both for people who unexpectedly lose their jobs, and for people on income support for other reasons.
16. We believe the proposal for an income insurance scheme highlights the inadequacies of our welfare system and the need for its reform. The system is supposed to be the protection and safety net for people who are not in paid work, including those between jobs. The proposal for an income insurance scheme signals Government's recognition that current benefit levels are inadequate for supporting people who have lost their jobs and need financial support - and we agree.
17. We acknowledge the good intentions behind the proposal for an income insurance scheme, but we are concerned that such a scheme risks creating a two-tier system that provides good support for many workers for a period of time after job loss, while leaving people needing financial support for other reasons languishing in poverty on income support. The effect will be to increase relative disadvantage and introduce another form of institutional discrimination. The proposal for this scheme should be relinquished in favour of focusing on the redesign of our welfare system so that people not in paid work, and in low-paying jobs, receive enough for their living and social participation costs, Work and Income proactively delivers people their full entitlements in a timely, respectful and non-judgemental way, and job seekers are given the resources and support they need to regain suitable employment.

A contributing factor not named in table 5.1: unaffordable housing

18. The CAB is a key place people go when they need information, advice or advocacy for their housing situation. In the year to June 2022, we received over 11,000 enquiries about rental housing, over 4,700 enquiries about domestic home ownership, and over

2,000 enquiries about emergency and social housing. The level of assistance we are providing in this area gives us a lot of insight into people's experiences and the parts of the system that are not working as they should.

19. It has been well-documented and widely accepted that in the under-regulated and under-supplied housing landscape in New Zealand, the costs of housing have skyrocketed and become a major source of financial hardship and misery in our country. We see this in the experience of our clients, particularly those struggling to meet the cost of their rental accommodation, or even to find stable rental accommodation they can afford. The lack of rent controls means landlords are free to exploit supply issues and charge as much as they can get away with - and too many of our clients' landlords are doing exactly that.
20. People regularly come to us for assistance regarding the notifications they have been given by their landlord or the property manager of an impending rent increase. Often they are wanting to know from us whether their landlord is legally entitled to increase their rent by the specified amount, because it has come as a shock - it is a very steep increase and there has been no reasonable justification provided. These are increases in the region of tens of percent - often in the 30% to 40% range, and sometimes as much as 100% or more. We have clients in these situations who are going into debt so they can meet the increases to their rent - limited choices mean that simply moving somewhere else is not always possible, or at least not in the shorter term. Clearly, this is very distressing and damaging for these tenants, particularly for those on low incomes with less capacity (if any) for digging their way out of the debt.
21. In table 5.1 the interim report outlines the reforms underway in regards to poor quality and/or unstable housing, and homelessness. CABNZ has provided input into these reviews and reform areas and we certainly have thoughts about the extent to which they are addressing these extremely important issues. However, for the purposes of this submission we would like to point the Commission to the fact that the question of housing affordability is not being sufficiently addressed by Government (and thus is not represented in table 5.1). This is a serious issue because of the impact housing affordability has on income adequacy, because affordability is one of the most significant barriers to people being well-housed, and, as the interim report says, because adequate housing is vital to wellbeing and protecting against persistent disadvantage.
22. As with the issue of income adequacy and the need for people-centred reform of the welfare system, this inquiry should also be an avenue for highlighting the problem of housing affordability and the gap in the policy and legislative environment in regards to this issue. This inquiry should promote actions needed to ensure affordability so that everyone can realise their human right to affordable, healthy, safe, stable, and adequate housing.
23. In terms of the upstream effects that need to be changed (specifically the societal values and mind-sets towards housing), principal among these is the way housing is viewed and treated in this country as a commodity, and not as a human right. We see value in public

conversations about this, and note in particular the work that the [Human Rights Commission](#) is doing in this area. We also see the necessity for political leadership to be urgently taken on the issue of housing affordability because of the desperate straits of many renters and people in need of housing. We agree with others in our sector, such as the [NZ Salvation Army](#), that the issue of access to housing has exceeded crisis point and people cannot, and should not be made to, wait any longer for the introduction of policy, legislation, and programmes that tackle housing affordability head-on and give our housing sector the re-set that is so desperately needed.

24. CABNZ has over many years, and through a variety of consultations and fora, called for a range of measures to address housing affordability across both the tenancy and private residential property markets. The measures we would particularly like to highlight to this inquiry include establishing a clear definition and implementation of the concept of affordability that is meaningful and delivers for those who are currently struggling to afford appropriate housing to meet their needs. A possible approach would be that the definition includes an agreed percentage of disposable household income (eg 30%) being spent on either rent or mortgage payments. Policy devices for the implementation of this might include the availability of accommodation supplements to anyone paying more than 30%, to cover the difference.
25. We also see a clear need for the government to properly investigate and consider the introduction of rent controls. We acknowledge the relatively recent legislative changes introduced to give some relief to tenants eg reduction of the frequency with which landlords are allowed to increase the rent they charge, from a 6 month to a 12-month interval. However, the elephant in the room is the lack of controls on the prices landlords can charge for their properties, particularly for residential tenancies. The state of the tenancy landscape in Aotearoa, and the impact this is having on the wellbeing of a substantial portion of the NZ population, clearly points to the need for this kind of bold action to be considered.
26. In terms of housing affordability for potential first-home buyers, we note the changes that have been made in an effort to address the market barriers to home ownership, and also that, at the time of writing, property prices are declining. However, changes to date, and even the forecasted decreases in property prices, will not serve to make home ownership achievable for everyone who would like to own their own home. The very steep rates of property price increases in New Zealand in recent years took the housing market to a whole new level, and it is unlikely that market self-adjustments alone will address the fundamental unaffordability issue for home ownership. Further interventions are needed to create a pathway to ownership for more people, including, for example, further disincentives for property speculation, and broadening the options available to people for different models of ownership.

Q 6.1 What are the values and assumptions that you think are needed to shift our public management system to be better equipped to deal with persistent disadvantage?

Putting people's needs at the centre of public service design and delivery: changing from digital-only to multi-channel access to public services

27. Any amount of reform to specific policy areas such as those we have outlined above, though vital, will not be sufficient to completely unlock persistent disadvantage for all who experience it. As many within both the public management system and non-government social impact sector know only too well, one of the challenges is to ensure that the help that is available gets to all those who need it. Government agencies in particular often struggle to reach the most vulnerable people in our communities. There is concern (as there should be) about this across the public sector, yet it continues to make decisions about the way in which services are provided that actively exclude vulnerable and disadvantaged groups.
28. One example of this is the digital by default approach (which could also be described as a digital-only approach) to government services that we have here in Aotearoa. Over the past decade, there has been a push for digital transformation across the public sector. This has provided benefits in many areas, but the focus on digital service delivery has occurred without a clear plan to ensure that public services remain accessible through multiple channels. Many processes and interactions with government agencies are now designed to direct people to a digital pathway, while other channels for accessing services, such as public counters, in-person appointments, and phone services have been scaled back or removed.
29. [Research](#) commissioned by the Department of Internal Affairs estimates that 20 percent of New Zealanders experience some form of digital exclusion.¹ People most at risk of digital exclusion include those in social housing, disabled people, Māori and Pacific peoples living in larger country towns, people with low incomes or literacy levels, older people, offenders and ex-offenders, migrants and refugees, the unemployed, and those not actively seeking work.
30. A [report](#) we have done into the impacts of digital public services on inclusion and wellbeing shows that many people are struggling to access government services and support because digital is the only channel provided, or other channels are hard to find and access. Based on anonymised information taken from over 4,000 records of interactions with digitally-excluded clients, our report shows that people are becoming stressed, frustrated and excluded in their attempts to engage with public services because of the lack of choice of channels for connecting and engaging with services. It highlights the feelings of disempowerment and the general negative impact on wellbeing that people are experiencing as a result. It is why we are now working to promote the adoption of a multi-channel approach to public service delivery that allows people to access services in the ways they need, and with dignity, whether via digital or non-digital channels, including through assistance from real people.

31. Looking into the history of the digital by default approach to public service delivery, it is clear that New Public Management (NPM) thinking, to which the Commission refers in the interim report, and the value of cost-efficiency - one of the central and driving forces of the NPM movement - has underpinned this approach.
32. In 2012, the New Zealand Government at that time launched the Better Public Service programme, which included a priority (“Result 10”) of ensuring “New Zealanders can complete their transactions with government easily in a digital environment”, with percentage targets for increasing the number of people conducting their government transactions online (NZ Government, [Better Public Services \[Archived\]](#), 1st May 2018). In outlining the rationale for Result 10, the Government stated that “New technology provides easier and more cost effective ways for New Zealanders to engage with government” (NZ Government, [Better Public Services Results Targets](#), 25 June 2012, p.6). The central role of cost-saving in the shift to digital government services was confirmed by the then Minister of Internal Affairs who explained that “Delivering better public services within tight fiscal constraints is one of the Government’s four priorities, driving the Better Public Services (BPS) programme” (Peter Dunne, Minister of Internal Affairs, [Kiwis big users of online services](#), 6 July 2015, para 13). The Minister had also previously made the connection specifically between Result 10 and this fiscal priority (Dunne, P., Minister for Internal Affairs, [‘Plan approved for Government digital services’](#), 31 July 2014, para 7).
33. While time has moved on and NZ’s Better Public Service programme was discontinued in 2018, we see evidence that the digital by default approach to public services was progressed within Aotearoa in the following years and that the public service remains on this pathway. Since that time, many public services have either reduced, downgraded, or removed altogether the non-digital options for the public to connect and transact with them. For example, between 2016 and 2018 Immigration NZ closed all of its public counters in NZ, in 2019 the Department of Internal Affairs stopped producing printed forms for the renewal of adult passports, and the Ministry of Business, Innovation and Employment’s employment mediation services can now only be applied for online. This is just a handful of the many examples we have become aware of through the work we do helping people around Aotearoa when they are digitally excluded from government services (for more details, see our 2020 report, [Face to face with digital exclusion](#)).
34. In the parliamentary debate on 28th July 2022 on our [petition on digital exclusion](#), all those who spoke on behalf of the four political parties represented in the debate expressed support for our call for accessible public services, acknowledging that the digital by default approach is causing exclusion (Hansard, [Special Debates — Petition of Citizens Advice Bureau New Zealand—Report of the Petitions Committee](#), 28th July 2022).
35. However, the digital first or digital only approach within the public service that was set in motion some years ago is still in place. It will require a clear commitment at the political level to a people-centred and multi-channel approach to service design and delivery, and a coordinated all-of-government effort with strong leadership from Te

Kawa Mataaho (Public Service Commission). There must be a shift away from the corporate approach to public services and a re-examination and re-set of the values, assumptions, mind-sets and language, that inform how our public services are designed and delivered and how public service agencies engage with the public.

36. Specifically, people's needs must be put at the centre of public service design and delivery (and to be clear, putting the user at the centre of digital government design is not sufficient).

37. The assumption changes we need are:

- From: digital government services are more convenient, to: people need and want a choice of channels - digital and non-digital - for connecting and engaging with government.
- From: it is mainly older people who experience digital exclusion and this 'problem' will diminish over time, to: digital exclusion affects people across different demographic groups and everyone is entitled to services they can access easily.
- From: digital exclusion from public services can be solved by providing people with online devices, connections, and skills, to: person to person services, including face to face and over the phone, are important elements of an inclusive public service delivery system, alongside user-friendly online services.
- From: Digital exclusion is a binary situation - either you're a digitally excluded person, or you're not, to: Anyone can experience digital exclusion - sometimes digitally savvy and connected individuals cannot access services online and need help from a real person.

38. Also, a Public Service Design Standard must be developed and implemented, that puts people at the centre and requires an offering of multiple - digital and non-digital - channels for connecting and engaging with government and accessing entitlements and obligations. This will require support at the political level (and, through the parliamentary special debate on our digital exclusion petition, the ground has been laid for this), adoption into party policy commitments, and a directive to the public sector to course correct and move away from the digital by default to adopting a multi-channel (digital and non-digital) approach

39. We don't believe that adoption of a multi-channel approach to government service delivery would be a contentious issue for the public. Digital exclusion from public services (whether ongoing or occasional) is a universal experience that causes frustration and upset for many. It is for the Government to take up the issue and ensure the public service adopts and acts in accordance with the values and assumptions outlined above, and implements the changes proposed here and through our [petition](#) to Parliament. There are clear benefits to be had from the adoption of this inclusive approach to public service delivery, in the impacts it will have on social wellbeing, community resilience, and trust in government.

Thank you for the opportunity to respond to the Commission's interim report, *A fair chance for all: Breaking the cycle of persistent disadvantage*. Please don't hesitate to get in touch with any questions you may have in relation to our submission. We welcome the opportunity to meet with the Commission to provide further input into the inquiry.

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