

Submission to: Productivity Commission

Re Inquiry "A Fair Chance for All"

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Thank you for the opportunity to submit in respect of the current inquiry into persistent disadvantage.

Poverty Free Aotearoa is a very small charitable trust established to provide Benefit Rights Advocacy training and support to ensure people receiving benefits have access to skilled advocacy support.

Pat Hanley is the primary trainer and an experienced Advocate with 10 years of experience of supporting people on benefits to ensure they are receiving their rightful entitlements.

Benefit Rights Advocacy training has been provided to staff and volunteers of community groups in Kaitaia, Whangarei, Auckland, Hamilton, Porirua and the Kapiti Coast. Some of the organisations include Citizens Advice Bureau, Community Law, Te Roopu Awhina, Oasis Community Café and Community Hub, Wesley Community Action and others.

Advocacy support teams are currently operating in Auckland and Porirua and will shortly be established in Kapiti as well.

Trained Advocates support people in engaging with Work and Income from the initial contact through to Review of Decision applications, Benefit Review Committees, Social Security Appeal Authority and Medical Appeal Boards.

Pat Hanley has assisted over 3000 people in navigating the Social Security system.

This submission is primarily in respect of the operations of Work and Income (WINZ) and the Social Security Act 2018. The submission may be summarised as a commentary on "A system grounded in out-of-date social, political and economic assumptions."

Te Tiriti o Waitangi

The Social Security Act was amended as recently as 2018 and yet nowhere in the Act is there any reference to Te Tiriti o Waitangi. The Act is the foundation of the Social Security system but is entirely silent on Treaty obligations.

The social security system must be redesigned consistent with “New values must be grounded in te ao Maori in recognition of Te Tiriti o Waitangi”

Because the Act does not reflect Maori values, applications for goods and services essential to Maori individuals and whanau are frequently declined. This has the effect of seriously undermining the mana, health and well being of people requiring assistance.

Here is an example of how the system currently operates.

Mr Samson and his son wish to attend a tangi up north. Mr Samson applies to WINZ for help with petrol, food and a koha. The application is declined. The case manager states we don't fund holidays.”

Obtaining of food grants can be problematic also because of the failure to recognise obligations and responsibilities that underpin Maori and Pacific peoples values and norms.

A person applies for a \$400.00 food grant for the “whanau” but the case manager is only prepared to approve \$150.00. The case manager explains they are only able to provide assistance to the “immediate family”. Other family members living at the same address will have to make separate applications for a food grant.

In Porirua 41% of Pacific people live in extended families compared to 14% of the total population. In addition, 13% of households of Pacific people are multi-family households compared to 3% of the general population. These living arrangements reflect values common to both Maori and Pacific peoples and are not necessarily a reflection of “overcrowding” which is the assumption often made by authorities. For these families getting assistance with food, beds and bedding, paying power bills, etc. is often problematic because of the imposition of European values upon which the Social Security Act is based.

A further area which is problematic is the provision of the Unsupported Child Benefit. This Benefit is available to individuals who are caring for a child who is not their biological offspring. A condition of receiving this benefit is there must be evidence of a family breakdown. However, for Maori and Pacific families it is not at all unusual for extended family members or even friends to take on responsibility for the care of extended family members' children. Children living with their grandparents for example. These arrangements do not necessarily entail a family "breakdown". But unless evidence of a family breakdown is provided the Unsupported Child Benefit will not be approved.

In addition, in respect of the Unsupported Child Benefit, people may simply be unwilling to apply if they have to go in to a WINZ office and discuss with a perfect stranger very personal family matters in order to qualify for this benefit. Some people simply refuse to apply despite the fact that they may be entitled to a benefit of several hundred dollars. It just all too demeaning.

To address these issues requires a values framework as set out in this report based on the Treaty and not 19th century charity which is the case at present.

To alleviate or eliminate

The Social Security Act 2018 has as its purpose *S.3(b) "to enable in certain circumstances the provision of financial support to people to help alleviate hardship."*

We would argue that in order to address persistent disadvantage the Act requires a commitment to "eliminate hardship".

The Statute of Elizabeth 1601, the foundations of Charity Law throughout common law countries, has among its purposes to "alleviate the conditions of the poor". We can see how the current Social Security Act reflects these charitable values rather than universal rights and certainly not Treaty based principals.

The Act essentially retains the charities framework of the "deserving and undeserving poor". The deserving poor are those in work or actively seeking work. S. 4 of the Act Principles states: *"4 (a) work in paid employment offers the best opportunity for people to achieve social and economic well-being."*

Therefore, the Act seeks to "alleviate" not "eliminate" hardship providing for an incentive for people to move of benefits into paid employment because you

cannot live with any sort of dignity on benefits the rates of which are set below the poverty line.

In December 2020 Revenue Minister David Parker announced an extra \$32.00 per week for low income families where at least one member of the family was in employment. This assistance was not extended to people on benefits because government wanted to ensure that people in full time work are always better off than families on a benefit. (Stuff Dec.02, 2020)

A sole parent with 2 children seeks assistance for clothing for her children. She lives in an extended family household. She is declined assistance. The Case Manager says she should seek assistance with these items from other people in her household.

The Case Manager is following the requirements of the Social Security Act which states

S. 3 (c) to ensure that the financial support referred to in paragraph (a) and (b) is provided to people taking into account -

(i) That, where appropriate, they should use the resources available to them before seeking financial support under this Act...

This same provision contributes to persistent disadvantage because it means it is impossible to accumulate any savings. Savings must be spent before assistance is provided.

Based on the experience of an Advocate who has assisted thousands of people over the years, the distinction between alleviation and elimination can be reflected in the application for a food grant. A couple applies for \$200.00 but is granted only \$150.00. Or a single person applies for \$120.00 and receives only \$80.00. A person provides a quote to enable them to receive an advance on their benefit to enable them to purchase clothing for their children at the start of the school year. I have seen a case manager, on numerous occasions, go through this quote and where the person has 5 pairs of underwear on the list the Case Manager reduces that to 3 pairs, 4 pairs of socks is reduced to 2 pairs, a hoody and a jumper becomes either one or the other not both. And so on.

In February 2021, a sole parent with 2 children applied for a food grant but was declined. Her advocate made enquiries as to the grounds for

declining this application and the Case Manager said she had spent her benefit income on “non-essential items” and therefore did not qualify for a food grant. Upon further enquiry it was revealed that these non-essential items were in fact Christmas presents purchased for her children in December. The Case Manager had gone through this person’s bank statements for 12 months quiring every expenditure.

At the same time there was a Bill before Parliament which proposed to extend a provision which applied to Foster Parents to care givers of Orphans and those receiving the Unsupported Child Benefit. This provision gave Foster Parents an additional payment to purchase Birthday and Christmas presents for children in their care. So it was proposed to amend the Social Security Act to extend the provision of a payment for these gifts to non-biological care givers but a sole parent could be penalised for purchasing these gifts for her own children.

The current values underlying the Social Security Act are detrimental to the whole community. There is a need to move from charity to a rights-based approach. Even the debate over the level of benefits is unhelpful where the debate is reduced to arguing over whether a \$30. 00 increase is adequate or should the level be increased by \$60.00. The real issue is whether we are as a community committed to eliminating poverty or not. If we are committed to eliminating hardship, disadvantage and poverty then we certainly need an increase in benefit levels but we also must address the toxic culture of WINZ and the diverse needs of different cultures and our responsibilities in respect of Te Tiriti.

TOXIC STRESS

The failure of our Social Welfare system to eliminate hardship results, among other things, in ongoing stress within households. This prolonged chronic stress extends to children in that household as well as the adults.

Stress generates a *fight or flight response*, which is perfectly normal and healthy in short episodes. However, if this stress is ongoing it causes the developing brain to atrophy resulting in under development of those centres of

the brain responsible for abstract thinking, empathy, the skills of collaboration and cooperation.

Children in households where parents are constantly worrying about where they are going to find the money to pay the bills, pay the rent, put food on the table, are going to experience chronic stress. These children as a consequence are often the under achievers in the classroom, they are the bullies or the children who can't engage with other children, the loners. While we may attempt to address the symptoms by, for example counselling, unless we relieve the stress in the home through appropriate income support measures, these children we continue to endure chronic stress and anti- social behaviour. These are the children who all too often populate our prisons.

Child psychiatrist Dr. Bruce Perry has treated hundreds of children who have endured unimaginable trauma. In his book, *The Boy Who Was Raised as a Dog* (Perry & Szalavitz, 2006), Perry tells their stories, as well as their amazing transformation through a variety of support mechanisms. Dr. Perry also emphasizes how early experiences have a far greater impact on child development than later ones. He explains that babies are born with the core elements of the stress response already intact and centered in the lower, most primitive parts of their developing brains. When an infant's brain receives signals from inside the body and/or from external senses that something is not right, these signals register as distress. This distress can be hunger if calories are needed, thirst if dehydrated, or anxiety if there is a perceived external threat. When this distress is relieved, the infant feels pleasure because the stress-response is interconnected with the "pleasure/reward" areas in the brain. An infant's stress system continues to stay on high alert when they do not receive consistent relief from fear, loneliness, discomfort, and hunger because the stress-response is also connected to areas of the brain that represent pain, discomfort, and anxiety. If stress is relieved quickly and consistently in early childhood, children develop the neural connections to handle stress and trauma in the future (Perry & Szalavitz, 2006).

Many post-traumatic psychiatric symptoms are related to either hyper-arousal or dissociative responses to memories of the trauma (Perry & Szalavitz, 2006). When a child is hyper-aroused, their body is activating a fight or flight response, which increases the heart rate. Aggression and impulsivity that can accompany the fight or flight response can also appear to be acts of defiance or opposition, when in fact they may be remnants of a response to some prior traumatic situation that the child has somehow been prompted to recall. According to Perry & Szalavitz (2006), "while not all attention deficit disorder, hyperactivity and oppositional-defiant disorder are trauma-related, it is likely that the symptoms that lead to these diagnoses are trauma-related more often than anyone has begun to suspect" (p. 51).

Impact of Poverty

It is not only those who experience persistent disadvantage or poverty that are affected by the presence of poverty in our community. In the broader context

we all fear falling into a state of hardship. We know benefit levels are inadequate to enable us to live a happy healthy life. We are aware of the stigma associated with being on a benefit. We know about *Us* and *Them* and what we refer to as *Othering*.

Poverty and low benefit rates has the effect of creating downward pressure on wage demands. But it can also have consequences in respect of health and safety and work place culture.

Following the Pike River mining disaster people in those West Coast communities reported that those miners who lost their lives went down in those mines every day knowing the mines were unsafe. But these unsafe conditions went unreported. Why? Because of fear that whistle blowers would lose their jobs or even worse the mines would be closed. You live on the West Coast, where you going to find a good paying job? So, you keep your mouth shut. This applies to other high risk employment sectors like Forestry, fishing and trucking.

But it also applies to work place bullying and sexual harassment all of which are subject to very low rates of reporting. This is in part because people are afraid of losing their jobs and ending up on a benefit which is inadequate to meet they're everyday needs. So people just put up with these kinds of conditions and very poor, unsafe working conditions persist.

Security

The quest for Security was one of the original drivers of the creation of the modern Welfare State, hence the Social Security Act. But the reforms of the 1990's has essentially eliminated this important value as a foundation of welfare provision resulting in levels of stress and anxiety undermining our overall health and well being as reflected in particular in increasing rates of mental health disorders and stress related preventable diseases.

Income insecurity, food insecurity, housing insecurity. All of these ought to be addressed via an effective welfare system.

Article 25 of the United Nations Declaration of Human Rights states:

Everyone has the right to a standard of living adequate for the health and wellbeing of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

Our current welfare system requires major reform based on both Te Tiriti and on the Universal Declaration of Human Rights.