

FEBRUARY 2019



# Whakamana Tāngata

RESTORING DIGNITY TO SOCIAL SECURITY  
IN NEW ZEALAND

Executive Summary

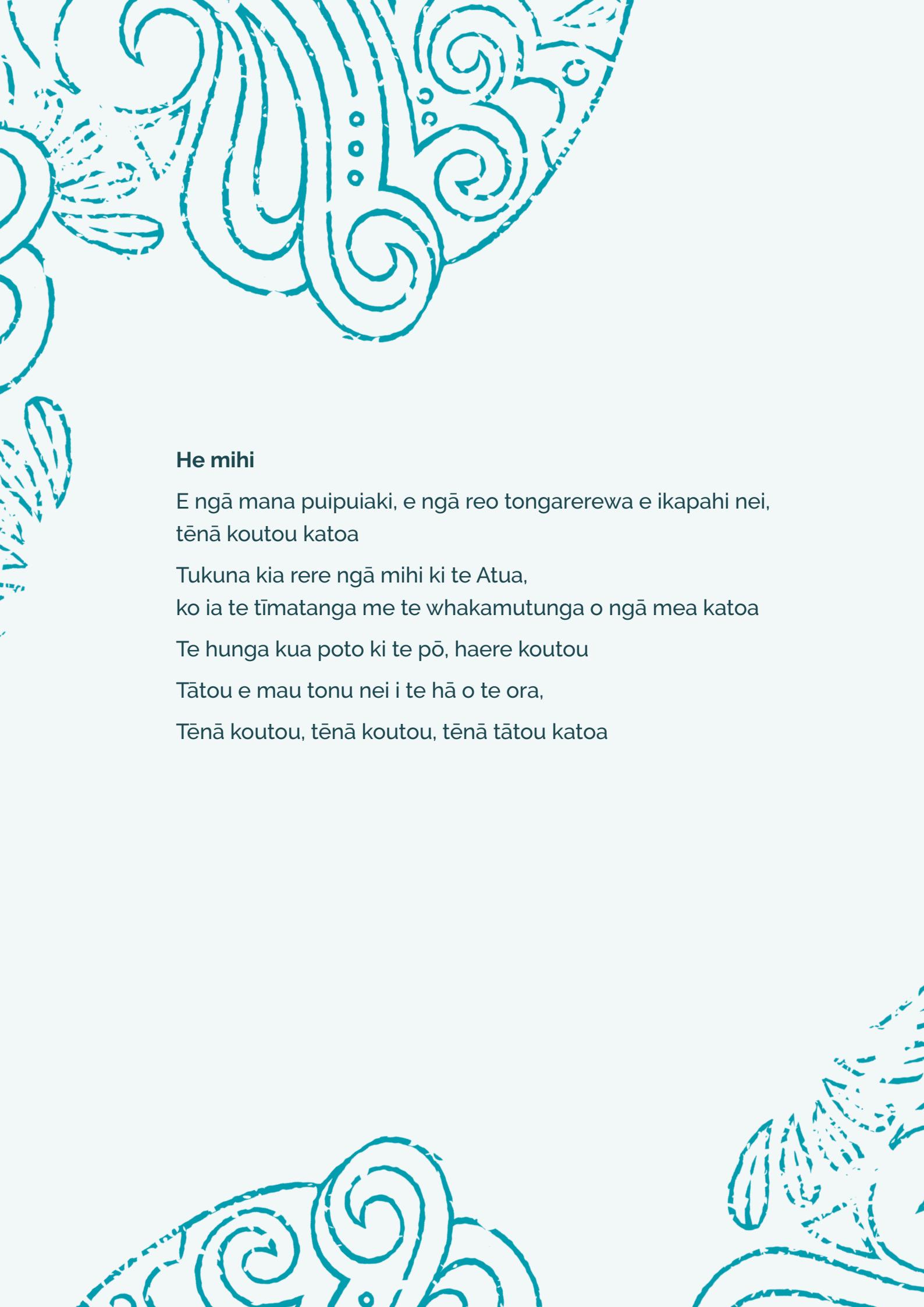
*E kore e taea e te whenu kotahi  
ki te raranga i te whāriki  
kia mōhio tātou ki ā tātou.  
Mā te mahi tahi o ngā whenu,  
mā te mahi tahi o ngā kairaranga,  
ka oti tēnei whāriki.  
I te otinga  
me titiro tātou ki ngā mea pai ka puta mai.  
Ā tōna wā,  
me titiro hoki  
ki ngā raranga i makere  
nā te mea, he kōrero anō kei reira.*

*The tapestry of understanding  
cannot be woven by one strand alone.  
Only by the working together of strands  
and the working together of weavers  
will such a tapestry be completed.  
With its completion  
let us look at the good that comes from it  
and, in time  
we should also look  
at those stitches which have been dropped,  
because they also have a message.*

Nā – Kūkupa Tirikatene

1934–2018





### **He mihi**

E ngā mana puipuiaki, e ngā reo tongarerewa e ikapahi nei,  
tēnā koutou katoa

Tukuna kia rere ngā mihi ki te Atua,  
ko ia te tīmatanga me te whakamutunga o ngā mea katoa

Te hunga kua poto ki te pō, haere koutou

Tātou e mau tonu nei i te hā o te ora,

Tēnā koutou, tēnā koutou, tēnā tātou katoa

# Foreword from the Chair

The Government convened the Welfare Expert Advisory Group to review the New Zealand welfare system, excluding New Zealand Superannuation, the Veteran's Pension and War Pensions, and the Student Support System. The terms of reference and independence granted to the Welfare Expert Advisory Group have enabled the most wide-ranging review of the system in a generation.

In this report, we consider the interface between welfare and the active labour market and employment, mental health, child wellbeing and child poverty, housing and justice strategies. Our recommendations are reasonable and based on evidence, and they require significant investment if the desired outcomes are to be achieved. We recommend enabling the welfare system to serve its most basic functions and to move beyond being a 'safety net' to enabling 'whakamana tāngata' – restoring dignity to people so they can participate meaningfully with their families and communities.

The essential principles of whakamana tāngata are to provide income support sufficient for an adequate standard of living, to provide employment support to help people find and retain good and appropriate work, and to treat people receiving this support with dignity and respect. In return, people receiving this support are expected to take up the opportunities to participate. We hope that agreement to these principles can be the basis for a lasting parliamentary commitment on social security that will take New Zealand into the future with pride.

This report has been informed by national consultation, commissioned reports, a review of the literature and data relating to welfare use, other reports including previous welfare reviews, and meetings with stakeholders.

We are grateful to all the people who contributed to our report, especially the many people who shared their personal experiences of the welfare system.

**Kia piki ake te mana tangata!**



**Professor Cindy Kiro**  
**Chair**  
Welfare Expert Advisory Group  
February 2019



**Back row (left to right):** Dr Michael Fletcher (special advisor), Phil O'Reilly, Trevor McGlinchey, Charles Waldegrave, Kay Brereton, Professor Innes Asher, Robert Reid

**Front row (left to right):** Professor Tracey McIntosh, Dr Ganesh Nana, Dr Huhana Hickey, Professor Cindy Kiro (Chair), Latayvia Tualasea Tautai

## Acknowledgements

Many people informed and supported the work of the 11 members of the Welfare Expert Advisory Group.

We would like to thank all those people who made the effort to meet with us in person during consultation and hui – we know how difficult this was for many of you, and we are very grateful. We also appreciate the people who completed our survey and made submissions. The contributions were insightful, wide ranging and of significant value to our work.

We are appreciative of the input of the attendees at our roundtable sessions in Wellington and Auckland and are grateful to Judge Andrew Becroft and Professor Jonathan Boston for hosting the Wellington session.

We would like to make a special note of thanks to our two facilitators, Cissy Rock and Tim Howard, who ensured that our consultation sessions were inclusive and engaging.

We thank all those agencies, organisations and individuals who provided us with information, advice or opinions. Special thanks also go to Neavin Broughton, Dr Sacha McMeeking, Associate Professor Damon Salesa, Rachel Noble, Dr Rosemary Marks and Professor Richie Poulton.

Many people helped us engage with local communities during consultation and hui, without whom we could not have reached as many people as we did, and to whom we owe a large debt of gratitude. We thank local iwi, marae, advocacy and community groups, community liaison advisors, regional commissioners, schools, polytechnics, primary health organisations, New Zealand Sign Language interpreters, Naenae Old Boys Cricket Club and the local churches and communities that gave us use of their premises. We also thank Wellington City Mission, Kapiti Youth Service, Lifewise, Wesley Community Action and People's Project.

Finally, we would like to thank our Special Advisor Dr Michael Fletcher, whose extensive knowledge of the welfare system was essential, and our Secretariat members for their advice and hard work.

In May 2018, the Minister for Social Development announced the establishment of the Welfare Expert Advisory Group to undertake a broad-ranging review of the welfare system and advise the Government on the future of New Zealand's welfare system. We have now considered how the welfare system could be changed to better meet the needs of New Zealanders now and in the future.

We took a participatory and independent approach and prioritised the experience of people who interact with the welfare system. Our advice takes the form of 42 key recommendations that enable the social security system to serve its most fundamental functions but to move beyond a 'safety net' to 'whakamana tāngata' – restoring dignity to people so they can participate meaningfully with their families and communities.

## Current welfare system is no longer fit for purpose and needs fundamental change

The New Zealand Social Security Act is meant to provide a government guarantee of financial and social support to ensure people have an adequate income and standard of living when needed. The lives of New Zealanders are varied, so any social security system needs to be able to respond to this. A wide cross section of New Zealanders face life shocks, such as job loss, illness, disability or relationship breakdown, which mean they need to receive government assistance to support themselves and their family. Other New Zealanders need support because their low wages mean they are unable to meet basic costs such as for housing, food, school and work.

Each year over **630,000** people receive payments from the welfare system.



This excludes superannuitants and those in receipt of student loans and allowances.



**345,900 families** receive a Working for Families tax credit.

Some of those in receipt of the tax credits will also be receiving a payment from the welfare system.

Social security is more than just benefit payments to people not in paid work or who are unable to work. It includes welfare payments to families, students, seniors and others through tax credits, allowances and superannuation<sup>1</sup> and includes help to find work. Funded by taxes and supported by community, this system reinforces our social cohesion and increases the ability of those in receipt of financial assistance to participate in employment, learning, caring or volunteering.

The current social security system was set up in a different time and no longer meets the needs of those it was designed to support. Successive governments have implemented changes to the system with intended and unintended consequences.

Agreement is near universal that the benefit and tax credit systems are unmanageably complex. The level of financial support is now so low that too many New Zealanders are living in desperate situations. Urgent and fundamental change is needed. This change will be challenging because the problems are large and the system complex.

Our recommendations seek to embed a new basis for social security, restoring trust in the system and enabling whakamana tāngata, to ensure people can live in dignity. Adopting this approach will lift outcomes for Māori and others who are particularly adversely affected under the current system.

The Ministry of Social Development (MSD) needs to accelerate its commitment to cultural responsiveness to Pacific People, to take account of the diverse Pacific communities within New Zealand.

The social security system needs to recognise that most New Zealanders are willing to engage, participate, contribute and do their fair share for their communities. Our proposed purpose, principles and values for the system reflect this reality.

At its heart, our approach is about treating people with dignity.

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## Rebalancing the social contract

A social contract between the Government and its citizens was established in New Zealand legislation with the Social Security Act 1938. Government would provide financial assistance for New Zealanders unable to achieve an adequate standard of living (which remains central to the social security system), alongside other critical support such as access to health care, education, housing and adequate employment. In return, people receiving financial support would participate in training or other activities and seek employment when appropriate. This social contract is now out of balance.

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<sup>1</sup> New Zealand Superannuation, Veteran's Pension and War Pensions, and the Student Support System are outside the scope of the Welfare Expert Advisory Group. See the Terms of Reference in Appendix B of the full report.



The current system is based on conditionality including sanctions and is tightly targeted, with inadequate support to meet even basic needs. The experience of using the system is unsatisfactory and damaging for too many of the highest need and poorest people. We heard overwhelmingly during our consultation that the system diminishes trust, causes anger and resentment, and contributes to toxic levels of stress. There is little evidence in support of using obligations and sanctions (as in the current system) to change behaviour; rather, there is research indicating that they compound social harm and disconnectedness. Recent studies recommend moving away from such an approach towards more personalised services. For the welfare system to work effectively to deliver the new purpose, principles and values we conclude that mutual trust between parties is essential.

Given this, we propose a system based on whakamana tāngata – an approach based on mutual expectations and responsibilities governing interactions between the state and welfare recipients. It is a commitment to improving wellbeing by supporting positive long-term outcomes for the individual, including increased skills and labour market capability. This approach must immediately reform the current obligations and sanctions regime.

The proposed mutual expectations and responsibilities need to be responsive to the circumstances of the individual in a way that will meet the proposed values of the system, with robust checks and balances to mitigate potential negative impacts on individuals and their families. The overarching expectation of both recipients and the Government is to act with respect and integrity in their mutual interaction.

## Many New Zealanders lead desperate lives with seriously inadequate incomes – this must change

Evidence is overwhelming that incomes are inadequate for many people, both those receiving a benefit and those in low-paid work. Current levels of support fail to cover even basic costs for many people, let alone allowing them to meaningfully participate in their communities. In New Zealand, poverty and benefit receipt are strongly associated. Māori, Pacific People, people with health conditions and disabilities, and young people are especially adversely affected.

Many sources of information inform this report, including our consultation and hui with communities, our research using example families, and analysis about the current rates of poverty and hardship in New Zealand (particularly for families with children and people receiving benefits).

Living in poverty often results in long-lasting, poor outcomes for benefit recipients, their children, families and whānau, and society. Evidence is strong of the negative effects that poverty has on a wide range of children's outcomes, including cognitive development, school attainment, health and social, emotional and behavioural development. Evidence is also emerging of poverty's negative impacts on the mental health of people of all ages.

The Government must urgently increase the incomes of people in receipt of a benefit and in low-wage work and maintain these increases over time so that they keep pace with the incomes of the rest of the community. It must also reduce the barriers to people accessing this support and commit to a social security system where people are treated with dignity.

## **Eligibility rules don't reflect today's families and need updating**

Existing eligibility rules for welfare support reflect an outdated view of New Zealand families. Families, and arrangements for the care of children, are more diverse and fluid than in the past. Most children live in two-parent households, but it is now common for children to spend some part of their childhood in a sole parent family.

In many cases, sole parenthood means reliance on a benefit and is associated with a high risk of poverty. For many families, two (or sometimes three or more) jobs are needed to provide an adequate income. However, income support is still based on a one-earner model where one income was enough for a family. This means when partnered people are affected by job loss, they will often not qualify for any income support from main benefits if their partner is in paid work (even on the minimum wage) because of the joint income test and the tight targeting of payments. Hence, the low number of couples on main benefits and the growing number of working poor.

The Government must modernise the eligibility rules to reflect this changing nature of families and society. Many other rules warrant further consideration that we could not give in the time available.

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## **Income support system needs substantial reform to significantly improve its adequacy and design**

The income support part of the welfare system has fallen behind the real growth in New Zealand incomes. The fiscal cost of improving the adequacy and design of income support is estimated to be around \$5.2 billion a year. There are a number of other options that Government can also consider, each with various trade-offs and at differing costs. However, this package was considered by the Welfare Expert Advisory Group to be the best fit for policy and fiscal purposes. It is important to recognise that the current system has costs of its own – those associated with the broader negative effects of poverty including lower educational attainment, imprisonment and poorer health.

We expect significant gains in wellbeing from our recommended package of changes, including fiscal savings from lower health and justice costs in the longer term and productivity gains from a more skilled workforce. Significant gains beyond the financial are also to be expected – gains in self-esteem and the quality of relationships. Quantifying these gains is beyond the scope of this work.

The Welfare Expert Advisory Group recommends the adoption of 10 principles to guide the redesign of the income support system. These principles focus on ensuring the adequacy of the system for meaningful participation in communities, that people are financially better off in paid work (where work is an option), that support is easy to access, simpler to understand, and timely, and that people are treated with dignity and respect when accessing this support.

The Welfare Expert Advisory Group also recommends a comprehensive package of changes to significantly improve the adequacy of income support and to maintain this support over time in line with wages. These changes are broadly based on the consideration of adequate incomes levels found in the example families research we conducted and presented within this report. Changes include increases to main benefit rates, family tax credits and changes to housing support. This package of changes should reduce the need for additional financial support through hardship assistance.

Implementing these changes will substantially reduce the number of adults and children living in poverty. While estimates of poverty impacts are limited by current models, we expect these changes to reduce the number of children in households with incomes below 50% of the median income (after adjusting for household size and before deducting housing costs) by around 40%, and to reduce the number of working-age adults below the same income threshold (50% of the median income) by around 30%.

The Welfare Expert Advisory Group also recommends further work exploring the adequacy of incomes. The example families research was necessarily limited by the time constraints of this review, and further work to cover additional scenarios and circumstances is needed, particularly around the costs associated with health conditions and disabilities. This research also needs to be underpinned by consultation and focus groups with a wide variety of New Zealanders and should be commissioned from an agency independent of government.

### **In the best interests of the child, child support needs improvement**

To improve adequacy of incomes and ensure the system considers the best interests of the child, the Welfare Expert Advisory Group recommends that all child support is passed on to the carers of children. The compulsory application and penalties associated with a parent failing to apply for child support should be removed, with parents deciding whether child support or a voluntary agreement for support is in the child's best interest.

The Welfare Expert Advisory Group recommends further work to ensure shared and split care of children is reflected fairly in income support payments, and that agencies (that is, Inland Revenue and MSD) are aligned in their approach.

**Implementing these changes will substantially reduce the number of adults and children living in poverty.**

### **'Relationship' needs to be redefined**

One of the strongest findings from the consultation was that the rules for determining whether a 'relationship' exists (that is, whether a relationship is 'in the nature of marriage') are not working and are causing considerable harm. The definition of a relationship is unfair and does not reflect how relationships actually form, and the financial penalty for partnering is significant and may be unduly influencing partnering decisions.

The welfare system should not unduly influence the decisions people make about their relationships. We recognise that achieving this is difficult in a system built around different family types.

The Welfare Expert Advisory Group recommends that the welfare system allows more time before deeming a relationship to have formed, so people have a longer period in which to determine whether a relationship is likely to work before their level of support is potentially reduced.

The Welfare Expert Advisory Group recommends moving income support settings over time to become more neutral in their impact on people making relationship decisions. Options to be considered include bringing the couple rate of benefit closer to double the single rate, and introducing a short-term entitlement to a main benefit for partnered people who lose their jobs or become unwell or disabled (such a benefit would disregard the other partner's income).

### **High housing costs exacerbate problems for people on low incomes – housing supply needs urgent attention**

Housing is a major cost for families, and the shortage of affordable housing is a major contributor to the current cost of welfare. The cost on society of inadequate and unaffordable housing is too high. Financial support for housing is provided through a large number of different, complicated payments. The combined welfare payments for housing make up the second-largest cost after the New Zealand Superannuation Scheme – and more than the spending on any one of the main benefits combined. Housing payments are forecast to be 3.1% of total Crown baseline expenditure in 2018/19. Despite this, we learned that not everyone is receiving their full entitlement, especially once they move off a main benefit.

The inaccessibility of home ownership for low and low-middle income households is a major contributor to the growth of wealth inequality in New Zealand, denying them their only chance of acquiring an asset base. Home ownership rates have fallen to their lowest rate since 1953, and Māori and Pacific families are disproportionately affected.

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There are just not enough houses to meet demand. Of the current housing stock, too many are unaffordable for low-income families, and what is available to them is often substandard, poorly insulated, damp and unhealthy. The Government must urgently provide affordable housing options for low-income people. A key part of the solution is for the state to expand and accelerate the building of public housing to an industrial scale, to achieve an adequate number of houses for low-income New Zealanders. Urgent efforts to end homelessness need to continue.

Government needs to increase the variety of home-ownership options, including equity sharing, rent-to-buy state houses, papakāinga housing and other affordable home-ownership products for people on low and low-middle incomes. In addition, government needs to work with third-sector community-based housing providers to create a broader range of ownership and renting options.

In addition to raising main benefit rates to provide an adequate income, ensuring changes are made to abatement rates and subsidised housing costs for people on low incomes will, in combination, make households better off.

The Welfare Expert Advisory Group recommends a new payment for people facing housing costs alone (that is, not sharing accommodation with another adult). Indexing for payments should be maintained, in line with housing costs. Furthermore, legislation should be developed to ensure healthy homes and housing security, decent standards of housing quality, universal design and accessibility.

## **Welfare system fails to deliver for Māori – higher quality learning and employment opportunities are needed**

While many Māori are doing well in education and the labour market, a disparity in unemployment rates and benefit receipt persists. Māori make up 36% of all working-age people receiving a benefit as the primary recipient. While other social and economic factors play a role, the failures of the welfare system disproportionately affect Māori.

Achieving a benefit system that better promotes wellbeing will make a greater difference to Māori, and reducing the inadequacies of the current system will also address child and family poverty among Māori.

The Welfare Expert Advisory Group recommends an approach that provides a more realistic liveable income so individuals and whānau can live a more dignified life and participate more fully in their school, community and cultural lives. Given the youthfulness of the Māori population and the higher proportion of Māori in receipt of a main benefit, a dedicated case manager service would better help young people and those receiving a main benefit into part-time or full-time work by providing higher quality learning and employment opportunities that are more responsive for Māori during these transitions.

## Opportunity exists to do things differently and increase people's employability

The inadequacy of incomes is measured against the cost of meeting the most basic needs and being able to participate meaningfully in society. Having sustainable paid work is a route out of poverty. Moving to an economy that generates sufficient good and appropriate jobs that people are able to take up requires a system that is visionary and agile, and inclusive of those presently receiving income support.

A social security system can provide an opportunity to upskill people to participate more meaningfully in the economy, in their communities and with their families. It also provides an opportunity for people to contribute in other ways valued by communities when they are unable to be in paid work because of parenting or care-giving roles. More personalised employment services, along with adaptable education and workplaces, are required.

Our employment support system is not yet well placed to help people into work now or in the future, particularly when people will likely transition more frequently between jobs and need more help to shift to new occupations. The welfare system also provides support for people to get back into paid employment, yet spending on active labour market programmes is low compared with spending in other OECD countries.

**Expectations to take up paid work have increased, but support to enter and remain in work has steadily declined over many years.**

Expectations to take up paid work have increased, but support to enter and remain in work has steadily declined over many years. This is reflected in a long trend of falling resources, lack of specialist and expert employment case management, limited access to case managers, and limited support for people entering work, or at risk of entering the benefit system. Large numbers of people receive very limited employment support despite facing explicit work expectations. These systemic weaknesses contribute to high rates of 'churn' where people enter work (or education) for brief periods before returning to the benefit system. This is especially true for young people, Māori, Pacific People and people with health conditions and disabilities. It is also particularly marked for those churning through the criminal justice system.

While we agree that people should undertake paid work where their circumstances allow, the evidence is mixed about how best to do this. Growing the skills of New Zealanders would contribute more to the New Zealand economy. No one action will lead to this improvement, but packages of changes can. Our whakamana tāngata approach assumes a whole-of-government, iwi, employer, union and community partnership that views people receiving a benefit as capable of contributing to society and the economy. This contribution may be as second-chance learners who upskill and retrain (especially on the job).

Functional illiteracy remains a major challenge for some people receiving a benefit. Increasing functional literacy (including digital and technological literacy) would create many advantages not just for the individual and their family and whānau, but also for employers and the economy.

Employment services need to intervene early and effectively. The Welfare Expert Advisory Group recommends rebuilding a core employment service that is embedded in a wider active labour market system, that emphasises early interventions (with key partners) and provides specialist employment support and ongoing pastoral support where needed.

The Welfare Expert Advisory Group also recommends revamping active labour market policies and other labour market, employment and training policies across government to make them coherent and effective. The Welfare Expert Advisory Group further recommends strengthening MSD redundancy support policies to better help those who lose their jobs.

We want to see better opportunities for young people to participate in healthy relationships with peers and in whānau life and to engage in education, training or work. Given the relatively young age structure of the Māori and Pacific populations, significant demographic dividends will be gained for the nation as well as individuals by improving outcomes for young Māori and Pacific People.

The income support system needs to support the outcomes of good and appropriate work by ensuring people are financially better off in paid work. This requires abatement rates (and effective marginal tax rates) to be reasonable, especially at the point when people are entering work.

The Welfare Expert Advisory Group recommends replacing the current work incentive tax credits with a new tax credit targeted at those on a benefit entering into paid work, including part-time work. Alongside an increase in various abatement thresholds, this will maintain the incentive to work that might otherwise be affected by increases in main benefit rates.

We want to see better opportunities for young people to participate in healthy relationships with peers and in whānau life and to engage in education, training or work.

## More can be done to improve outcomes for people with health conditions or disabilities and carers

People receiving a benefit because they have a health condition or disability, or care for a person with a health condition or a disability, make up 53% of all working-age benefit recipients. Many have poor outcomes. Many receiving a health and disability benefit have mental health conditions that are not well supported. Ill-health and disability caused by a variety of social, economic, psychological and biomedical factors may make it more difficult to access the welfare system. Unemployment has a detrimental impact on the health and wellbeing of benefit recipients. However, policy responses have had a limited impact on improving outcomes for recipients of health and disability benefits, and long-term receipt of such benefits is common.

People with health conditions or disabilities in the welfare system receive much less generous, means-tested payments and face difficulties accessing health services, compared with those eligible for accident compensation. The amount of financial assistance that people may receive from the Accident Compensation Corporation (ACC) is usually higher than that provided by MSD for the same level of incapacity. Some people with health conditions and disabilities not caused by an accident miss out on income and return-to-work support from ACC or MSD due to couples-based eligibility rules for financial assistance.

Single people receiving a benefit are at significant risk of having an inadequate income. Most people in receipt of health and disability benefits are single. A significant cost is associated with having a health condition or disability or being a carer of a person with a health condition or a disability. However, the system response has been inadequate and welfare recipients must navigate the complexity of the health and welfare systems to attempt to get all the support they are entitled to.

For people with health conditions and disabilities, engagement in good, suitable work, when the time is right, supports wellbeing. However, the welfare system has had limited impact on supporting people with health conditions or disabilities into sustainable work. Support for carers of people with health conditions and disabilities to return to paid work when their circumstances allow is also limited in the social security system.

We propose improving the health and wellbeing of people with health conditions and disabilities, along with carers of people with health conditions and disabilities who interact with the welfare system, through the:

- provision of financial support that is adequate to live a life with dignity and is equitable across the social sector
- wide implementation of evidence-based approaches to support engagement in good and appropriate work for people for whom this is possible
- implementation of strategies to prevent work-limiting health conditions and disabilities.

People receiving a benefit because they have a **health condition or disability, or care for a person with a health condition or a disability, make up 53%**



Our social security system does not sit in isolation. Improving outcomes for people on low incomes or in some way receiving support from the welfare system requires a cross-government response.

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## People not undertaking paid work are also contributing

Not everyone can undertake paid work. An opportunity exists to better recognise the contribution people make through unpaid work (such as caring for children, disabled people and elderly people and volunteering with community organisations or cultural and creative enterprises). The value of caring for children and others and volunteering in one's community needs far greater acceptance and recognition.

Equally, a commitment is needed to ensure that people who are unable in the long-term to work because of ill health or disability can live a life with dignity. This is a fundamental human right. New Zealand must better integrate its economic and social strategies so all of its citizens have a chance to better contribute to the economy, civil society, creative and cultural identity, communities and families.

## Isolated change by the welfare system is not enough – integrated, cross-system change is needed

Our social security system does not sit in isolation. Improving outcomes for people on low incomes or in some way receiving support from the welfare system requires a cross-government response. Currently, being on a benefit and/or in poverty often has a detrimental long-term impact on wellbeing for adults and children.

The reasons people receive welfare support are multifaceted, often involving a complex interplay between social, economic, psychological and biomedical factors. The social security system alone cannot prevent or mitigate these factors. What occurs in other parts of the social sector influences who comes into the welfare system and the outcomes for individuals and families supported by this system. Improving outcomes for people receiving support from the welfare system through the use of evidence-informed investments across the social sector now will benefit individuals and families and potentially save money in the longer term.

A significant group of individuals and families experience multiple and long-term disadvantage needing interactions with several government systems. They require a responsive, person-centred, cohesive system of support to improve outcomes. The lack of coordination between government services was a common theme throughout our consultation.

Several reviews and changes are under way or are about to start that could consider how to improve circumstances for people on low incomes or receiving support in some way from the social security system.

Our review contributes to a myriad of evidence about the need for fundamental change and to effect a whakamana tāngata approach to social security – an approach that gives people hope for their future. Nō reira, kia manawanui, kia piki ake te mana tangata.

# All benefits by region at a glance

AS AT DECEMBER 2018

## Northland

Total 16,700

NZ European	4,691	<b>18-24 yrs</b>	2,270
Māori	10,331	<b>25-54 yrs</b>	10,434
Pacific People	265	<b>55-64 yrs</b>	3,996
All other ethnicities	1,039		
Unspecified	374		

## Auckland Metro

Total 83,185

NZ European	21,570	<b>18-24 yrs</b>	11,591
Māori	25,679	<b>25-54 yrs</b>	53,580
Pacific People	15,936	<b>55-64 yrs</b>	18,014
All other ethnicities	17,273		
Unspecified	2,727		

## Taranaki

Total 16,533

NZ European	7,614	<b>18-24 yrs</b>	2,647
Māori	7,099	<b>25-54 yrs</b>	10,211
Pacific People	217	<b>55-64 yrs</b>	3,675
All other ethnicities	1,118		
Unspecified	485		

## Central

Total 19,095

NZ European	9,674	<b>18-24 yrs</b>	3,127
Māori	6,445	<b>25-54 yrs</b>	11,647
Pacific People	436	<b>55-64 yrs</b>	4,321
All other ethnicities	2,012		
Unspecified	528		

## Wellington

Total 22,776

NZ European	8,465	<b>18-24 yrs</b>	3,722
Māori	7,034	<b>25-54 yrs</b>	14,504
Pacific People	2,424	<b>55-64 yrs</b>	4,550
All other ethnicities	3,969		
Unspecified	884		

## Other

Total 14,586

NZ European	3,370	<b>18-24 yrs</b>	6,317
Māori	4,157	<b>25-54 yrs</b>	5,979
Pacific People	1,294	<b>55-64 yrs</b>	2,290
All other ethnicities	3,925		
Unspecified	1,840		

## Waikato

Total 25,714

NZ European	9,855	<b>18-24 yrs</b>	4,359
Māori	11,514	<b>25-54 yrs</b>	16,160
Pacific People	576	<b>55-64 yrs</b>	5,195
All other ethnicities	3,032		
Unspecified	737		

## Bay of Plenty

Total 26,215

NZ European	8,032		
Māori	15,018		
Pacific People	646		
All other ethnicities	1,837		
Unspecified	682		

<b>18-24 yrs</b>	4,179		
<b>25-54 yrs</b>	16,569		
<b>55-64 yrs</b>	5,467		

## East Coast

Total 18,231

NZ European	5,408		
Māori	10,846		
Pacific People	437		
All other ethnicities	1,114		
Unspecified	426		

<b>18-24 yrs</b>	2,886		
<b>25-54 yrs</b>	11,518		
<b>55-64 yrs</b>	3,827		

## Nelson

Total 10,015

NZ European	6,505	<b>18-24 yrs</b>	1,225
Māori	2,015	<b>25-54 yrs</b>	6,118
Pacific People	108	<b>55-64 yrs</b>	2,672
All other ethnicities	1,100		
Unspecified	287		

## Canterbury

Total 27,377

NZ European	16,647	<b>18-24 yrs</b>	4,082
Māori	5,517	<b>25-54 yrs</b>	17,210
Pacific People	805	<b>55-64 yrs</b>	6,085
All other ethnicities	3,528		
Unspecified	880		

## Southern

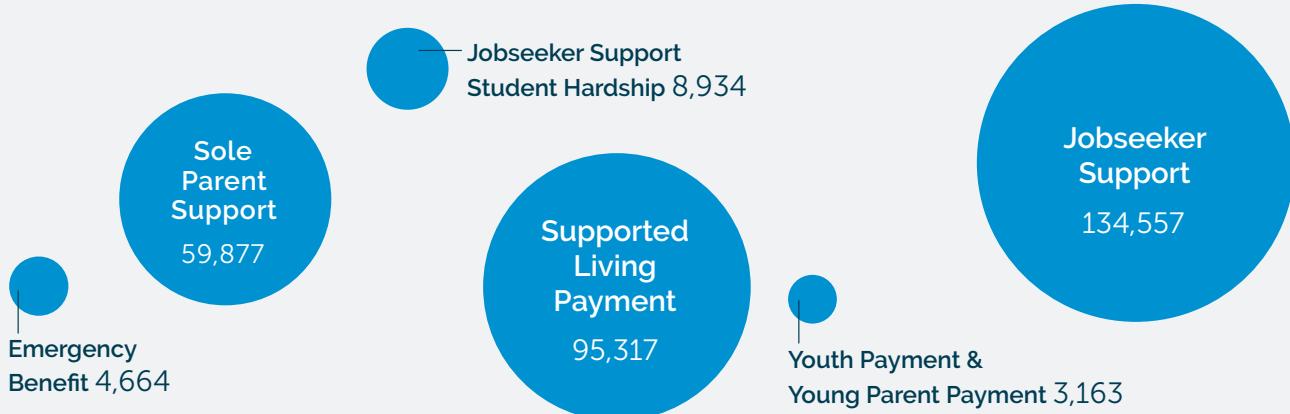
Total 18,918

NZ European	12,569	<b>18-24 yrs</b>	2,866
Māori	3,352	<b>25-54 yrs</b>	11,586
Pacific People	368	<b>55-64 yrs</b>	4,466
All other ethnicities	2,038		
Unspecified	591		

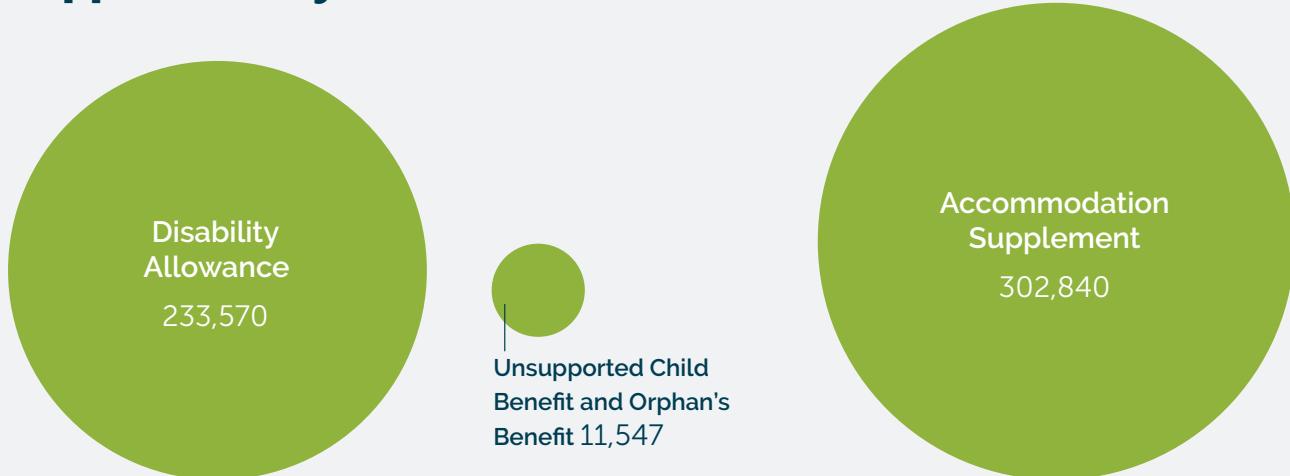
## Financial assistance

PROVIDED BY THE MINISTRY OF SOCIAL DEVELOPMENT AS AT DECEMBER 2018

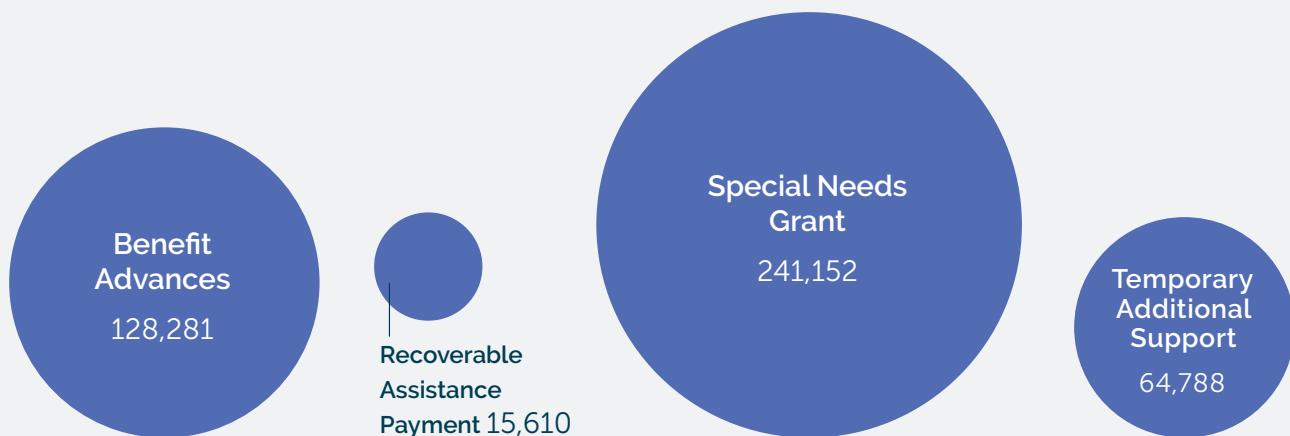
### Main Benefits 306,512 recipients



### Supplementary Assistance 547,957 recipients



### Hardship Assistance 449,831 grants granted



# Full list of recommendations

## Purpose, values and principles

**Recommendation 1:** Amend the Social Security Act 2018 to state that anyone exercising power under the Act have regard to the following purpose and values.

The purpose of the welfare system is to whakamana tāngata and ensure a dignified life by:

- providing financial security and social security sufficient for an adequate standard of living
- supporting people to achieve their potential for learning, caring or volunteering, and earning through good and appropriate work

The welfare system is underpinned by Kia Piki Ake Te Mana Tangata, including kaupapa Māori values of:

- manaakitanga – caring with dignity and respect
- ūhangā – economics
- whanaungatanga – treasuring kinship ties and relationships
- kotahitanga – unity
- takatūtanga – preparedness
- kaitiakitanga – guardianship.

**Recommendation 2:** Use the following principles to guide the design and operation of the welfare system.

- Be person-centred and wellbeing focused.
- Keep children paramount.
- Value whānau and families.
- Treat people with dignity, respect and compassion.
- Provide an income sufficient for an adequate standard of living.
- Provide full and correct entitlements.
- Deliver support that is easy to access, timely and appropriate.
- Provide an employment service that supports people into good and appropriate work.
- Support the provision of housing that is affordable, secure, of good quality and appropriate for the person (and their family or whānau).
- Promote mutual expectations.
- Aim for equitable outcomes.
- Build and maintain effective links with other parts of government.
- Be sustainable.

**Recommendation 3:** Establish a cross-ministerial approach to implement and monitor the effectiveness of the implementation and impact on outcomes of the Welfare Expert Advisory Group's recommendations (across welfare, health, housing, justice, education and employment) that is cognisant of responsibilities under Te Tiriti o Waitangi (the Treaty of Waitangi) and involves users of the welfare system.

**Recommendation 4:** Direct the Chief Executive of the Ministry of Social Development to design and implement a welfare system that will fulfil the new purpose and principles of the amended Social Security Act, is cognisant of responsibilities under Te Tiriti o Waitangi and involves users of the system.

**Recommendation 5:** Direct the Ministry of Social Development and Inland Revenue to publish yearly, whether as part of their Annual Reports or Statement of Intent, or as a standalone report, information on key outcomes for those interacting with the welfare system, including information about full and correct entitlements, take-up rates of payments, employment outcomes, the impact of employment supports and services, and after-tax and abatement earnings.

Measures should include:

- full and correct entitlement for all who are eligible by ethnicity, gender, location, health conditions and disabilities, and number and age of dependent children (0–17 years)
- take-up rates of payments by ethnicity, gender, location, health conditions and disabilities, and number and age of dependent children (0–17 years)
- employment outcomes by benefit type, ethnicity, gender, location, health conditions and disabilities, age, and duration off benefit (3, 6 and 12 months)
- impact of employment supports and services on outcomes by ethnicity, gender, location, health conditions and disabilities, and number and age of dependent children (0–17 years)
- after-tax and abatement earnings for those receiving financial support from Inland Revenue or the Ministry of Social Development by ethnicity, gender, location, health conditions and disabilities, and number and age of dependent children (0–17 years).

**Recommendation 6:** Embed the competencies required to achieve greater equity for Māori in the job descriptions, key performance indicators and performance reviews of the Ministry of Social Development's management and staff.

**Recommendation 7:** Include in the amended Social Security Act specific requirements for the Chief Executive of the Ministry of Social Development to be accountable to iwi (as recognised collectives) and to Māori (as individuals, whānau and communities) for achieving equitable wellbeing outcomes for Māori from the welfare system.

**Recommendation 8:** Direct the Ministry of Social Development to commit to building its cultural responsiveness to Pacific People, to achieve equitable outcomes for Pacific People engaging with the welfare system. Cultural responsiveness includes having an awareness of cultural obligations experienced by Pacific People around contributions for weddings, funerals and other critical cultural events and taking account of the nuances within diverse Pacific communities.

## Improving outcomes for Māori

**Recommendation 9:** The Welfare Expert Advisory Group recommends, in addition to the recommendations elsewhere that will improve outcomes for Māori, the Government:

- supports the Ministry of Social Development to continue to shift towards whakamana tāngata – to build the mana of others and uplift them in a way that honours their dignity
- supports the Ministry of Social Development to continue to review and evaluate, with Māori, the services the Ministry delivers to ensure they are effective in improving outcomes for Māori
- works with Māori to consider other effective ways of delivering welfare services and funding that are informed by Te Ao Māori, including longer-term, whānau-centred, strengths-based initiatives.

# Rebalancing the social contract – improving the operation of the welfare system

## Restoring trust

**Recommendation 10:** Develop a mutual expectations framework to govern interactions between the Ministry of Social Development and those who interact with the welfare system.

**Recommendation 11:** Remove some obligations and sanctions (for example, pre-benefit activities, warrants to arrest sanctions, social obligations, drug-testing sanctions, 52-week reapplication requirements, sanctions for not naming the other parent, the subsequent child work obligation, and the mandatory work ability assessment for people with health conditions or disabilities).

**Recommendation 12:** Improve outcomes by ensuring the public-facing, frontline service is consistent with the new purpose and principles through sufficient resourcing (for example, staffing, support and services), an appropriate performance framework, and complaints and disputes processes.

**Recommendation 13:** Assist recipients of Sole Parent Support to return to part-time work when their youngest child is 6 years old (subject to supports being available, such as good quality childcare) instead of the current 3 years. Support but not require all sole parents to return to work when their youngest child is under 6 years old.

## Reducing the generation of debt

**Recommendation 14:** Continue to prioritise a reduction in outstanding benefit debt through sustainable repayments, and minimise the creation of overpayments, including reviewing recoverable hardship assistance and current practice, to be more consistent with whakamana tāngata.

**Recommendation 15:** Align the regulations and practice around benefit debt so that it is treated in substantially the same way as Inland Revenue treats taxpayer debt.

**Recommendation 16:** Instigate a cross-government approach to managing debt to government agencies.

## Minimising the small amount of fraud

**Recommendation 17:** Endorse the Ministry of Social Development's three-tiered approach to responding to fraud allegation: intervene, facilitate and, as a last resort, investigate. Apply the principles of natural justice in all steps, and, if the outcome is disputed, permit a review independent of the Ministry of Social Development.

## Interface with the justice sector

**Recommendation 18:** Enhance and improve the support for people exiting prisons, including increasing the Steps to Freedom grant, and ensuring that any person who leaves prison has appropriate identification and is engaged with specialised care and supportive housing initiatives. Move practices around prisoner integration out of the 'pilot' stage and draw on evaluation data to embed integrated support for these individuals.

## Detailed recommendations

Theme	Detail
<b>Mutual expectations framework</b>	<p>Reform the obligations and sanctions regime into a system of mutual expectations and responsibilities, apply these according to the circumstances of the individual and in a way that is consistent with the proposed purpose, principles and values. Strong checks to mitigate potential negative impacts on individuals and their families will be required. This new approach is strongly connected to improving wellbeing and supporting the increased skills and labour market capacity of the individual and family or whānau.</p>
<b>Obligations and sanctions removal</b>	<p>Remove:</p> <ul style="list-style-type: none"> <li>• the requirement to complete specific activities before a benefit is granted (pre-benefit activities)</li> <li>• the sanction where benefit payments stop if people have a warrant out for their arrest, and continue data matching with the Ministry of Justice and take a proactive supportive approach to contacting these people</li> <li>• social obligations that require people receiving a benefit to take all reasonable steps to have their children enrolled with a medical practice, be up to date with their Wellchild/Tamariki Ora checks and be attending early childhood education or school</li> <li>• pre-employment drug testing and provide specialised support for people with substance use disorders</li> <li>• the mandatory work ability assessment for people with health conditions or a disability and link workability assessments to return to work plans</li> <li>• the requirement to reapply for a benefit every 52 weeks – MSD is expected to provide full and correct entitlements through regular reviews (at least annually)</li> <li>• work obligations when an additional child is included in a benefit (the subsequent child rule)</li> <li>• the sanction on not naming another parent (was section 70A in the Social Security Act 1964 and is now section 192 of the Social Security Act 2018).</li> </ul>

Theme	Detail
<b>Resourcing and other processes of the public-facing, frontline service are consistent with the new purpose and principles</b>	<p>Resource frontline services to the level required to achieve outcomes as a priority.</p> <p>Implement an ongoing, comprehensive, active and agile staff training strategy.</p> <p>Adopt an improved and accessible complaints process that is measured by a satisfactory restoration of the relationship between the parties.</p> <p>Make the review process simpler, speedier and more accessible, and ensure the principle of natural justice is observed.</p> <p>Make a further hearing at the Social Security Appeal Authority available to those who take an unsuccessful claim to the Medical Appeals Board.</p> <p>Assign people likely to be in long-term receipt of a benefit or with complex needs a dedicated case manager, and give such case managers small caseloads so they can adequately address the wellbeing of the person in need and their family or whānau.</p> <p>Resource the workforce adequately, and streamline systems in consultation with the frontline workforce to improve work flow and recipient service experience.</p> <p>Put people at the centre of decision making, seek feedback from staff about how system changes affect their roles, and empower staff to work proactively to enhance the mana of benefit recipients.</p> <p>Provide multiple channels for service so applicants can access assistance through whichever channel they are most comfortable using.</p> <p>Take a Whānau Ora-type approach where the complexity of a person's situation means multiple agencies are involved and skilled navigators support the person's interactions with the agencies and community organisations.</p>

## Reducing the generation of debt

Theme	Detail
<b>Ways to minimise the creation of overpayments and reduce overall indebtedness</b>	<p>Review all hardship payments and ensure eligibility is in line with the new purpose and principles of the Social Security Act.</p> <p>Give MSD the mandate to improve, simplify and redesign practice around income declarations.</p> <p>Increase funding for community initiatives that promote financial literacy and for debt reduction, such as no interest, no fee and debt consolidation loans.</p> <p>Introduce a scheme of incentivising benefit debt repayment, such as a Matched Debt Reduction Scheme, to reduce outstanding benefit debt.</p> <p>Review internal performance measures relating to debt, to bring them in line with the new purpose and principles.</p>

## Minimising fraud

Theme	Detail
<b>Minimising the small amount of fraud</b>	<p>Endorse MSD's three-tiered approach towards alleged fraud.</p> <p>Introduce independent review proceedings prior to a Benefit Review Committee for prosecution investigations.</p> <p>Explore and align prosecution practice with Inland Revenue's approach to prosecution.</p>

## Improving the interface with the justice sector

Theme	Detail
<b>Improving the service provided to people released from prison</b>	<p>Scale up the Supporting Offenders into Employment intervention and MSD's reintegration efforts, in conjunction with the Department of Corrections.</p> <p>Pastoral care for people released from prison should be increased.</p> <p>Review and increase the current value of the Steps to Freedom grant, to ensure it is adequate for basic living costs, including housing.</p> <p>Monitor and ensure prisoners have the appropriate documentation to obtain income support or work on release (for example, an official form of identification, a driver's licence, bank account, contact details).</p> <p>Consider continuing housing cost assistance for people entering prison for a short period, on remand or in custody.</p>

## Income adequacy

### Benefits, Working for Families and supplementary assistance

The following recommended changes need to provide people on low incomes with significantly more than they currently receive (without disadvantaging others on low incomes). Recommendations 19 to 23 should be implemented urgently.

**Recommendation 19:** Adopt the following 10 principles to redesign the income support system.

- Income support is adequate for meaningful participation in the community, and this support is maintained over time.
- Income support ensures people are always better off in paid work and high effective marginal tax rates are avoided as much as possible.
- Main benefits cover a larger proportion of people's living costs than they do currently (reducing reliance on other assistance).
- Child-related payments follow the child and can be apportioned with shared care.
- Payments for specific costs provide support that is adequate, appropriately designed and easy to access.
- Changes to income support reduce disincentives to form relationships.
- The income support system proactively supports people to access their full and correct entitlements and promotes these entitlements to the broader population.
- The income support system is easy to access and provides timely support, including to people transitioning in and out of the system.

- The income support system is as simple as possible balanced against the need to provide adequate support for people in a variety of circumstances at a reasonable cost to government.
- People are treated with dignity and respect when accessing this support.

**Recommendation 20:** Reform main benefits by:

- increasing main benefits by between 12% and 47% as set out in table 2, page 99 of the full report
- increasing the abatement thresholds for:
  - Jobseeker Support to \$150 a week
  - Sole Parent Support and Supported Living Payment to \$150 a week and \$250 a week.

**Recommendation 21:** Fully index all income support payments and thresholds annually to movements in average wages or prices, whichever is the greater. Index Accommodation Supplement rates to movements in housing costs.

**Recommendation 22:** Consider introducing a Living Alone Payment that contributes to the additional costs of adults living alone (without another adult) on a low income.

**Recommendation 23:** Reform Working for Families and other tax credits by:

- increasing the Family Tax Credit to \$170 a week for the eldest child and to \$120 a week for subsequent children
- increasing the abatement threshold for the Family Tax Credit and changing the abatement rate to:
  - 10% on family annual incomes between \$48,000 and \$65,000
  - 15% on family annual incomes between \$65,000 and \$160,000
  - 50% on family annual incomes in excess of \$160,000
- replacing the In-Work Tax Credit, Minimum Family Tax Credit and Independent Earner Tax Credit with a new Earned Income Tax Credit
- introducing an Earned Income Tax Credit of up to \$50 a week for people with and without children and with a couple-based income test
- making the Best Start Tax Credit universal for all children aged under 3 years.

**Recommendation 24:** Reform supplementary assistance and hardship assistance so they are adequate, appropriately designed and easy to access.

**Recommendation 25:** Require the Ministry of Social Development to, within 2 years, complete work, including commissioning independent research and focus groups, to establish a minimum income standard for New Zealand (with 5-year reviews).

**Recommendation 26:** Increase, as soon as possible, overall income support to levels adequate for meaningful participation in the community, as defined by the minimum income standard (which reflects different family circumstances, for example, children, disabilities and regional area) and maintain this level of support through appropriate indexation.

## Passing on child support

**Recommendation 27:** Pass on all child support collected to receiving carers, including for recipients of Unsupported Child's Benefit.

## Clarifying eligibility and relationship status

**Recommendation 28:** Move income support settings over time to be more neutral on the impact of being in a relationship in the nature of marriage.

## Detailed recommendations

### Benefits and supplementary assistance

Theme	Detail
<b>Main benefits</b>	<ul style="list-style-type: none"> <li>• Remove youth rates of main benefits. Increase Jobseeker Support for under 24 years living away from home (and the rate of Youth Payment) to match the rate for people 25 and older, and increase Supported Living Payment for 16–17 year-olds to the rate for people aged 18 and over.</li> <li>• Remove initial income stand-down periods.</li> <li>• Remove the 13-week non-entitlement period for voluntary unemployment.</li> <li>• Remove the 30-hour rule.</li> <li>• Introduce individual entitlement to Jobseeker Support while retaining a couple-based income test.</li> <li>• Keep sole parents on Sole Parent Support until their youngest child turns 18 (rather than switching them to Jobseeker Support once their youngest child turns 14).</li> <li>• Consider changing the name of Jobseeker Support – Health Condition or Disability to better reflect people’s needs (for example, Health Support).</li> </ul>
<b>Hardship assistance</b>	<ul style="list-style-type: none"> <li>• Increase income and asset limits to allow a larger proportion of low-income working people to access payments.</li> <li>• Review and increase grant limits so they cover current costs, including for emergency dental treatment.</li> <li>• Make a larger proportion of payments non-recoverable (for example, those for the costs of school uniforms).</li> <li>• Review the Temporary Additional Support formula, including the accommodation loading and maximum amount, so it adequately covers costs.</li> </ul>
<b>Income definition</b>	<ul style="list-style-type: none"> <li>• Align definitions of income and assets with those established by Inland Revenue, unless there are clear and robust reasons for a different definition.</li> <li>• Treat earnings-related compensation from ACC the same as other income from work in the benefit system.</li> <li>• Review how income is measured and allocated to people, including assessment periods – especially in the treatment of lump-sum payments, retrospective payments, joint investments and annual business income.</li> </ul>

## Assistance related to children and families

Theme	Detail
<b>Family Tax Credit</b>	<ul style="list-style-type: none"> <li>Align shared care rules for the Family Tax Credit with child support – 35% of care.</li> <li>Extend the 4 weeks ‘terminal payment’ to the Family Tax Credit.</li> <li>Consider how increases in the Family Tax Credit should impact on the rates of Unsupported Child’s Benefit and Orphan’s Benefit.</li> </ul>
<b>Best Start Tax Credit</b>	<ul style="list-style-type: none"> <li>Consider changing the interaction between Best Start and Paid Parental Leave to avoid overpayments.</li> </ul>
<b>Child Tax Credit</b>	<ul style="list-style-type: none"> <li>Repeal the Child Tax Credit.</li> </ul>
<b>Childcare Assistance</b>	<ul style="list-style-type: none"> <li>Change the definition of income to remove other non-taxable transfer payments (for example, Accommodation Supplement, Disability Allowance and Temporary Additional Support).</li> <li>Improve take-up by promoting greater awareness to working families, alongside Inland Revenue (given its role in administering Working for Families).</li> <li>Review subsidy rates (and their interaction with minimum session times in childcare and Out of School Care and Recreation (OSCAR) services), to determine if they are adequately subsidising costs, and increase the rates if they are inadequate.</li> <li>Consider increasing income thresholds to provide greater subsidisation of childcare costs for low- and middle-income working families, so that effective marginal tax rates for these families are not too high.</li> </ul>
<b>Child support</b>	<ul style="list-style-type: none"> <li>Treat child support received as income for benefit abatement (already income for the Family Tax Credit).</li> <li>Treat child support paid as a reduction in income for benefit abatement (already a reduction in income for the Family Tax Credit).</li> <li>Remove compulsory application for child support (except for recipients of Unsupported Child’s Benefit).</li> <li>Shorten the application form and make more application options available (for example, online).</li> <li>Review the expenditure table to reflect changes in Family Tax Credit payments.</li> </ul>
<b>Shared care</b>	<ul style="list-style-type: none"> <li>Align shared and split care rules for main and supplementary payments with the Family Tax Credit and child support.</li> </ul>

## Eligibility

Theme	Detail
<b>Ensuring benefit settings have less impact on partnering decisions</b>	<ul style="list-style-type: none"> <li>Allow a 6-month period (rather than the current 6 weeks) after people move in together as a couple before a relationship is deemed to exist for the purposes of determining benefit eligibility.</li> <li>Do not deem two people who do not live together as being in a relationship for the purposes of welfare support.</li> <li>Investigate other moves towards greater neutrality in respect of relationship status, including increased individualisation of benefit entitlement, bringing the couple rate of benefit closer to two times the single rate, and improving alignment between the approach taken by MSD and in other legislation.</li> <li>Consider introducing a short-term entitlement (for example, 6 months) to a main benefit for partnered people who lose their jobs or incomes (due to redundancy, a health condition or disability, or a health condition or disability of a dependent child) through an earnings disregard of their partner's income (up to a cap of around \$48,000 a year) for this period.</li> </ul>

## Alleviating the housing conundrum

**Recommendation 29:** Urgently expand and accelerate Government efforts to substantially increase public housing on an industrial scale and continue urgent efforts to end homelessness.

**Recommendation 30:** Increase the range of home ownership and tenure options for people on low and low-middle incomes.

**Recommendation 31:** Increase the capacity of third-sector community-based housing providers.

**Recommendation 32:** Develop and enact laws and regulations to ensure healthy homes and housing security, decent standards of housing quality, universal design, and accessibility

**Recommendation 33:** Subsidise housing costs for people on low incomes (in addition to raising main benefit rates to provide an adequate income) and ensure the combination of changes to housing support and abatement rates make households better off.

**Recommendation 34:** Improve access to affordable, suitable housing support for people on low and low-middle incomes, including a range of affordable home-ownership products and papakāinga housing.

## Detailed recommendations

Theme	Detail
<b>Subsidising housing costs for those on low incomes</b>	<p>Housing subsidies could be improved by:</p> <ul style="list-style-type: none"> <li>• extending the period from 2 months to 6 months before income-related rent for public housing is increased after the tenant moves into employment</li> <li>• changing the way Accommodation Supplement payments are calculated, so indexing maintains relativity with housing costs, and removing differences between renters and homeowners.</li> </ul> <p>Specifically in relation to Accommodation Supplement:</p> <ul style="list-style-type: none"> <li>– increasing the maxima to the median regional rental rates (for the latest year available)</li> <li>– reviewing the maxima and the area locations annually to maintain the value of the payments with changes in median rental rates in different parts of the country over time</li> <li>– decreasing the co-payment rate from 30% to 25% (that is, increase the Government contribution from 70% to 75%)</li> <li>– decreasing the entry threshold for homeowners from 30% to 25% to align with renters</li> <li>– allowing people who are studying (and meet the criteria for Student Allowance) but who do not receive Student Allowance, to apply for Accommodation Supplement.</li> </ul> <p>Increase the cash asset limit on Accommodation Supplement to \$42,700, to align with the cash asset limit for social housing:</p> <ul style="list-style-type: none"> <li>– index the cash asset limit to maintain relativity over time</li> <li>– remove the cash asset abatement test for Accommodation Supplement</li> <li>– amend the definition of cash asset to exclude the proceeds from the sale of a house, for a reasonable period, to allow the person to re-enter the housing market, taking account of any special requirements or modifications the person or their family may require to a house.</li> </ul> <p>Improve the take-up rate of Accommodation Supplement and Temporary Additional Support for non-benefit recipients through greater cooperation with Inland Revenue, better use of its information, and increased publicity and proactive activity.</p> <p>Increase the flexibility in the requirement to review and renew Temporary Additional Support when assessments relate to housing costs, with reviews between 3 and 12 months tailored to individual circumstances, and accordingly rename, such as 'Tailored Additional Support'.</p> <p>Ensure the combination of changes to housing support and abatement rates, alongside other income support, make low- and low-middle income households substantially better off.</p>

Theme	Detail
<b>Government to undertake further work</b>	<p>Determine the impact on low-income households of maintaining levels of Accommodation Supplement for a reasonable period for beneficiaries who move into full-time work, so they are well supported to remain in work and able to clear debts and build savings, similar to the recommendation on income-related rent subsidy.</p> <p>Change the way Accommodation Supplement payments are calculated to move away from family size to being based on the number of bedrooms, including allowing bedroom space for a disability support person and for children in shared custody, and determine the impact of this change on low-income households.</p> <p>Review the level of the cash asset limit for the income-related rent subsidy and Accommodation Supplement, to maintain the principle that it allows people to save for a mortgage deposit for a median-priced house.</p> <p>Review, as the supply-side measures increase and affordability improves, the roles of MSD, Housing New Zealand and the Ministry of Housing and Urban Development to consider whether an integrated, single-agency approach to housing might be preferable.</p> <p>Review the housing assessment and allocation process so there is an appropriate balance between placing locals waiting to be housed and high-needs households from outside the region.</p>
<b>Home ownership and tenure options and ending homelessness</b>	<p>Consider the following approaches:</p> <ul style="list-style-type: none"> <li>• facilitate innovative thinking and action to increase home ownership through rent-to-buy schemes, shared equity schemes, low-interest rate loans or fixed mortgages, microfinancing and similar</li> <li>• request Housing New Zealand to develop affordable options for tenants to purchase their state house.</li> </ul> <p>These approaches must be based on achieving equity in housing outcomes, including ownership, for Māori and Pacific People. This should result in culturally appropriate rental and ownership housing, including household size and function, and include papakāinga options.</p>

## Improving access to employment supports and work

### Supporting working-age adults

**Recommendation 35:** Establish an effective employment service of the Ministry of Social Development so it is better able to assist people to obtain and keep good, sustainable work.

**Recommendation 36:** Revamp active labour market, labour market, employment and training policies across government to make them more coherent and effective.

**Recommendation 37:** Strengthen the Ministry of Social Development's redundancy support policies to better support displaced workers.

### Supporting youth to engage in education, training or paid work

**Recommendation 38:** Abolish, in the Youth Service, compulsory money management, and separate case management from youth mentoring so it is consistent with and has a positive youth development focus.

**Recommendation 39:** Use evidence-based approaches that support young people to be learning, earning and, where young people are parents, caring. These approaches need to build on the strengths of young people and provide a basis for their long-term engagement with the changing world of work.

## Detailed recommendations

Theme	Detail
<b>An effective employment service</b>	<p>Institute a new operating model that provides people at risk of poor labour market outcomes (including Māori, Pacific People, people with health conditions or disabilities, and people whose jobs have been made redundant) with proactive and sustained support to obtain good, sustainable work.</p> <p>Increase significantly investment (with appropriate monitoring and reporting) in active labour market programmes.</p> <p>Establish a dedicated deputy Chief Executive for employment in MSD.</p> <p>Provide sufficient numbers of well-trained, well-resourced, regional labour market managers and specialist employment case managers in MSD.</p> <p>Provide public employment services to people at risk of becoming unemployed.</p>
<b>Revamp of Active Labour Market Programmes, labour market and training policies</b>	<p>Review a whole-of-government approach to labour market, training and vocational education (with MSD as an integral partner) with MBIE, Te Puni Kōkiri, Ministry of Pacific Peoples, Tertiary Education Commission, Careers New Zealand, polytechnics, industry training organisations, and regional and local government.</p> <p>Establish national and regional advisory groups of the social partners (government-business-union), iwi and regional and local government to implement employment and active labour market policies at a national and regional level.</p> <p>Resource and develop a portfolio of labour market programmes that is driven by local labour market conditions, evidence based, and informed by all relevant national and local labour market data.</p> <p>Access the best international data and programmes so New Zealand is well placed for a future labour market in which more people might more frequently transition in and out of work and where there is a greater need to support workers to re-skill or up-skill due to displacement or moving in or out of casual work.</p> <p>Make labour market programmes and work far more accessible for disabled people.</p>
<b>Loss of employment</b>	<p>Establish a short-term (for example, 6 months) benefit for partnered people who lose their jobs or incomes (for example, due to redundancy) through an earnings disregard of their partner's income (up to a cap) for this period (see the detailed recommendations table in chapter 7).</p> <p>Adequately fund redundancy support programmes, which include a suite of free or subsidised training and education courses, for workers who experience redundancy.</p> <p>Ensure people can resume benefits readily (to allow for unpredictable changes in income and to provide people with confidence to take up employment), including removal of income stand-down periods.</p>

Theme	Detail
<b>Young people supported to be earning, learning and, where they are parents, caring</b>	<p>Increase investment in well coordinated and youth development-focused programmes to help young people into education, training, alternative employment opportunities or volunteering.</p> <p>Tailor youth initiatives to their communities.</p> <p>Take an evidence-based approach, informed by the voices of young people and building on the strengths of young people, and provide a basis for their long-term engagement with the changing world of work.</p> <p>Provide assistance with a specific focus on the needs of rangatahi Māori, Pacific youth and young people with health conditions or disabilities, to provide more equitable outcomes and success for these groups of young people.</p>

## People with health conditions and disabilities and carers

**Recommendation 40:** Improve the health and wellbeing of people with health conditions and disabilities, along with carers of people with health conditions and disabilities who interact with the welfare system by:

- providing financial support that is adequate to live a life with dignity and is equitable across the social sector
- implementing evidence-based approaches to support engagement in good, suitable work and the community where this is possible
- implementing strategies to prevent work-limiting health conditions and disabilities.

**Recommendation 41:** Include in the scope of the New Zealand Health and Disability System Review the relationship between the health and disability system and the accident compensation scheme and how the relationship between these and the welfare system could be changed to improve outcomes for people with health conditions and disabilities and carers.

## Detailed recommendations

Theme	Detail
<b>Improving income support for people in the welfare system with health conditions or disabilities and carers of people with health conditions or disabilities</b>	<p><b>Main benefits</b></p> <p>Consider increasing financial support for people affected by health conditions and disabilities not due to an accident to be equivalent to that provided by the accident compensation scheme. Treat people with similar levels of disability – whether caused by illness or injury – similarly. Link this support to relevant employment support where work is a possibility.</p> <p>Introduce time-limited individual entitlement for income and employment support for low-income families suffering from health shocks (see the eligibility section of the detailed income support recommendations, page 118 of the full report).</p> <p>Consider transferring to New Zealand Superannuation people on Supported Living Payment who are so unwell or disabled that there is no foreseeable chance they will come off the benefit during their life.</p> <p>Align the abatement rate of non-blind disabled people receiving Supported Living Payment with that of the blind, to address the current inequity.</p>
	<p><b>Assistance for the cost of having a health condition or disability</b></p> <p>Redesign supplementary assistance for people with health conditions or disabilities, so it is easier to access and more accurately covers the costs of having the health condition or disability.</p> <p>Increase the level of income support provided by Disability Allowance with three rates (low, medium and high) related to the degree of burden of disability or care needed.</p> <p>Increase the level of income support provided by Child Disability Allowance, and introduce three rates (low, medium and high) related to the degree of burden of disability or care needed.</p> <p>Direct the Ministry of Social Development and Ministry of Health to clarify where responsibility for covering the cost to individuals of health conditions and disabilities should lie and make this transparent, known to the public, and accessible.</p> <p>Include in the New Zealand Health and Disability System Review how cost and other barriers can be reduced so people on low incomes can access primary care, dental care, alcohol and other drug services, mental health care, secondary care, and vision and hearing services.</p>
	<p><b>Carers</b></p> <p>De-couple Supported Living Payment Carer from Supported Living Payment, and create a carers benefit that continues to be paid at the same rate as Supported Living Payment. This allows more flexibility in the provision of non-financial support.</p> <p>Introduce an annual carers payment to help meet the additional costs associated with care.</p>

Theme	Detail
<b>Implementing in the welfare system a comprehensive approach to support the suitable employment of people with health conditions and disabilities and carers of people with health conditions and disabilities</b>	<p>Implement within the welfare system a comprehensive approach to support the suitable employment of people with health conditions and disabilities and carers that includes:</p> <ul style="list-style-type: none"> <li>• early intervention with the right level of support</li> <li>• support for part-time work</li> <li>• evidence-based integrated employment and health supports and services</li> <li>• improved access to health supports and services to support return to work, with particular support for people with mental health problems or chronic conditions</li> <li>• easy re-entry to a benefit if employment ends</li> <li>• support for employers to take on or retain people with health conditions and disabilities and carers (for example, wage subsidies and workplace accommodations).</li> </ul> <p>Support the recommendations of the Government Inquiry into Mental Health and Addiction and the 2018 OECD report <i>Mental Health and Work: New Zealand</i>, because of the large proportion of people receiving health and disability benefits whose primary barrier to work is a mental health condition.</p>
<b>Meaningful community participation to promote wellbeing</b>	<p>Work with the Ministry of Health to ensure those who are unlikely to ever engage in paid work are supported to participate meaningfully in their communities.</p>
<b>Prevention and harm reduction</b>	<p>Work to eliminate people's negative experiences with MSD, which worsen mental distress, by changing the way MSD interacts with people in line with our proposed purpose, principles and values.</p> <p>Government to prioritise the prevention of ill health and disability by:</p> <ul style="list-style-type: none"> <li>• overseeing and coordinating cross-government responses to improving social wellbeing, including tackling the social determinants of poor health and disability</li> <li>• enhancing cross-government investment in prevention and resilience-building activities for young people and people in workplaces.</li> </ul>

## Community

**Recommendation 42:** Direct the Ministry of Social Development to develop the capacity and capability to engage with, promote and fund community organisations to provide wide-ranging opportunities for volunteers and people receiving benefits to be meaningfully engaged in their communities.



