



NATIONAL COUNCIL OF WOMEN OF NEW ZEALAND

TE KAUNIHERA WAHINE O AOTEAROA

10 October 2013

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Submission to the Social Security (Fraud Measures and Debt Recovery) 98-1 Amendment Bill

The National Council of Women of New Zealand (NCWNZ) is an umbrella organisation representing 47 organisations affiliated at national level and a further 41 organisations affiliated at branch level. It has 22 branches throughout the country attended by representatives of these organisations, as well as individual members. NCWNZ's function is to represent and promote the interests of New Zealand women through research, discussion and action.

This submission has been prepared by the NCWNZ Family Affairs Standing Committee and the Parliamentary Watch Committee after consultation with the membership of NCWNZ.

Introduction

NCWNZ does not have any formal policy on social welfare fraud measures and debt recovery, but we have always lobbied for the more vulnerable members of our society and for improved policies that affect women and their families.

We are very aware that it is the taxpayers who cover the losses caused by fraud.

Our membership acknowledges the value of measures to counter benefit fraud. We believe that fraud is fraud no matter who commits it, and no-one should get away with it. But questions need to be asked as to why the fraud was committed in the first place.

The Ministry of Social Development must prove it needs greater powers than it already has.

People on benefits are eligible for them, for a reason. Rather than more punitive action being taken, good policies for support and help need to be place for them and their families.

Questions also need to be asked as to what proportion of fraudulent claims are made by women and what proportion by men. It would be unfair to expect an innocent partner to have to pay back half the fraud money.

The relevant Government Department staff must be well trained and there should be an emphasis on following up beneficiaries, to ensure that their benefits are being used appropriately.

The Bill

It would appear that one of the reasons for introducing this Bill is to create clarity in the duty of the Ministry of Social Development (MSD) to recover debt.

- The proposed changes will impact on children – they will be the ones to suffer, whether one or both of their parents are guilty.
- There needs to be very clear definitions of what is termed a ‘partnership’. The definition of ‘Partner’ should have the same meaning across all legislation.
- For superannuitants, sharing costs can be beneficial, but some people may not be aware of what is acceptable in terms of their superannuation payments, or what legally constitutes a relationship.
- Most benefits do not adequately cover the cost of living in real terms. Consideration could be given to setting up some sort of universal basic income measure for all low income people. Child poverty has the potential to damage a child for life, so children need to be given every opportunity to grow up in stable homes and communities.

Fraud measures: offences

12 New section 127A Offences: spouses or partner knowingly or recklessly benefiting from beneficiary’s fraud.

- Recovery of debt from the partner/spouse of a beneficiary rather than just from the fraudster could place that person in an unsafe environment if that partner/spouse does not have an independent income and has no savings. How do you get money from someone who has none or very little and a family is relying on that little to survive? If the fraudster has the benefit removed or has to repay money claimed dishonestly, and the partner/spouse cannot gain employment to provide for the family, she/he may need to be provided with another benefit to provide food and shelter for the family until employment is found.
- Unfortunately in some cases, women who are perhaps poorly educated, or women living in fear, know that money is coming in from somewhere, but are not privy to the source of it. But due to their circumstances, as long as it keeps coming and the family can be cared for and fed, that is all that matters. This is not an excuse but, in some cases a reality. It is vitally important that the agency providing the benefit has a supportive and informative relationship with the beneficiary.
- It was felt by some of our members that if a woman was going to be charged with fraud as well as her partner, it was very important that support was put in place for her and her family, to ensure that she was not, as a result of this, subject to domestic violence.
- Some of our members felt that the proposed changes have the potential to strengthen the woman’s position. If the partner is made aware of the legal situation and knows he will be liable to help pay back the excess payments made from fraud, he may feel discouraged to pursue or coerce the woman to jeopardise her already delicate financial situation.
- Imposing fines or the threat of a prison sentence may not be the most effective deterrent. The fear of being caught is probably a better incentive to stop offences.
- Information needs to be given about possible investigations of fraud, and those on long term benefits need to be given the information that full reviews of their situations will be carried out - and the frequency of such reviews. The membership felt this would be fair and reasonable and in step with accountability.

- Some members felt that if a suspected fraud had been reported then the MSD should not have any barriers to their investigations. Benefit fraud is certainly not acceptable and affects us all.
- There should be a chance for the beneficiary to rectify the error before other action is taken. Some may not realise that they are doing something dishonest, or fully understand or appreciate the consequences. Retribution could be a second step.

Conclusion

Most benefits do not cover the cost of living in real terms. This is an issue of justice. This situation contravenes the UN Convention on the Rights of the Child and makes it difficult - if not impossible - for parents on benefits to fulfil their parental responsibilities under the Care of Children Act 2004.

One of the most important aspects of people being on a benefit, is the need for professional case managers and well defined processes. Without these, systems break down, misunderstandings arise and false claims are lodged - whether intentionally or unintentionally - with the end result being that the most important people to be compromised in these situations are the children.

Within the process of debt recovery there needs to be some flexibility so that it does not cause unreasonable added stress to the beneficiary and the family. The important aspect of regular follow-up to those on a benefit (in a face to face context) is to understand that the benefit they are on must be used appropriately.

Policies should be directed into taking more care to protect beneficiaries and their families, as life is already difficult for them in numerous ways.

It is the 'family function' that matters. NCWNZ members strongly believe that policies and processes which support New Zealand families, will have better outcomes in the long term.

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