



The Chair
Social Services Select Committee
Parliament Buildings
WELLINGTON

**Submission to the Social Security Legislation Rewrite Bill (2016)
By the Grey Power New Zealand Federation Inc.**

The Grey Power New Zealand Federation Inc. is a voluntary, non-statutory body which represents and advocates for a nation-wide membership of between 65,000 and 70,000 people over the age of 50. We are not aligned to any political party.

We welcome the opportunity to comment in general terms on the Social Security Legislation Rewrite Bill (2016) and also present specific comments on selected clauses as they affect our membership

General comments

In general terms the Federation supports the intention of the Bill, which repeals and replaces the Social Security Act 1964 and the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990 because it provides an improved legislative structure and reduces the level of detail in primary legislation to enhance clarity, coherency, and consistency.

We applaud moves to clarify requirements for eligibility for benefits and national superannuation and to isolate specific functions into primary legislation.

We agree that separation of legislation and delegated regulations improves flexibility and responsiveness but we believe that the use of regulations must be accompanied by appropriate safeguards to ensure adequate public consultation and evaluation when amendments to regulations are sought.

We consider that the opportunity should be taken not just to re-write that existing Act, but to re-shape it to acknowledge the vast changes in mobility, and structure in peoples' lives. We do not consider that a social support structure based on a steady linear progression from learning to work and then retirement is either appropriate or acceptable in the reality of twenty first century economics, and that any state support needs to be adaptable and flexible to meet changing social needs.

We support the concept of basing welfare and social support on the principles of social investment theory which is about investing in people so that policies are designed to strengthen skills and capacities and support full participation in employment and social life; that is a balanced consideration of costs and benefits in the broadest sense.¹

While this is clearly of the utmost importance and provides the greatest long term benefit, when applied to young children, we consider the same principles, and evidence based policy and regulations should be adopted across all sectors of society.

¹ Bill Rosenberg "The Budget: "Rating agencies should be pleased." (CTU Monthly Economic Bulletin – May 2016)

In particular, we consider that the provisions in the Bill that promote, through financial and other support services, the ability of older people to 'age in place' benefits not just the individual but has a clearly established positive benefit to cost ratio to society economically, financially and socially.

Although this approach is specifically acknowledged in Section 4(e) we are concerned that the emphasis on 'long term welfare dependency' is far too narrow an interpretation of the concept. We consider that to gain the maximum individual and societal benefit from this approach, investment should be concentrated on identifying and supporting those in danger of long term anti-social behaviour.

In this context we also consider that the continuing focus in the Bill on work related obligations is at odds with evidence and best practice. We believe that the basic principles of social security in the 21st century should be based on the objectives of social cohesion and interdependence. We note the preponderance of obligations by individuals within the Bill and little acknowledgement of the Government's social obligations, or indeed of desired outcomes. We are concerned that this will in practice perpetuate an output driven implementation with cost minimisation rather than successful outcomes as the dominant reporting criteria.

In the wider context, we are also concerned at the increasing difficulty many older people, particularly those living outside the main centres, have in accessing services provided under the Act and proposed Bill.

Specific comments

Section 20 (b)

We support provision of child support payment to single care givers rather than just a single parent. We consider this of particular relevance to older people because an increasing number find themselves in the position of de facto care giver for grandchildren.

Part 4 sub part 2 – Factors reducing pensions and associated regulations 413

We consider the current provisions for dollar for dollar abatement of overseas state pensions (SSA 1964 Sec 70) where the recipient has made a direct financial contribution, to be inequitable; it comes too close to asset testing of New Zealand national superannuation without some modification.

Suggested alternative

We recommend instead that that such abatement should be restricted to only that portion of overseas state pensions that are funded by indirect contribution through general taxation or targeted and compulsory contributions

Part 9: Means testing for long term residential care

Where benefits are means tested, we believe that the assessment of assets should include any assets from which the recipient holds any pecuniary benefit, including any held in trust.

We note that the current Act grants wide powers to prevent tailoring of trusts that seek to limit its intent to benefit those most in need. With regard to the testing of assets for the residential care subsidy, we note that this ability is limited by the qualification of 'deprivation' which gives individuals the ability to plan their trusts within the legal limits and 'legitimately' hide their assets.² We consider that the Bill should expand the powers currently granted so as to address this loophole. We are also concerned that in the absence of a compulsory register of trusts the opportunity exists for secret trusts to circumvent any investigation, since their existence would be unknown³

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² Law Commission Review of the Law of Trusts: Some issues with the use of trusts in New Zealand p34 (NZLC IP20, 2012)

³ Peter Blanchard "Towards a modern law of trusts" (paper presented to New Zealand Law Society Trusts Conference, 2001)

We agree that medical decisions should be made by a medical board not a social security appeal authority

We wish to be heard

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