



# Understanding welfare sanctions in Aotearoa New Zealand

Research conducted by the Beneficiary Advisory Service, June 2021

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Sector Research Committee



**BAS thanks the Lottery Grants Board for funding this research which will be used to support welfare recipients understand the sanctions regime and the review of decision process.**

*It was hard, it was really hard. You just managed; you run out of power, that's it. You conserve more. As a single mum you just find little ways to manage I suppose; go for a walk with the kids, and you go foraging.*

(Tekahurangi, section 192 (70A) reduction)

*You can't stop [sanctions] being imposed. They decide and it happens... You have to have a lot of time and energy to fight with WINZ and there is no real point because they do what they want...*

(survey respondent)

*I feel scared even still. I feel scared of doing review forms, because I'm scared that I'm going to piss [WINZ] off and they're going to punish me in a different way. It's like, because they have power; they have power over my financial security.*

(Esther, received sanctions for failing to attend a meeting and section 192 (70A) reduction)

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# 1. Executive summary

The financial penalty of a sanction resulted in research participants and/or their dependents **going without necessities**, for example, food, electricity and medications. Research participants reported using food banks/ community pantries, stealing, and foraging for food because of sanctions, as well as taking out loans and begging.

Over and above the immediate financial pressure of sanctions, participants reported a significant degree of **ongoing anxiety** related to income precarity.

Many participants reported being sanctioned because of **administrative errors** or because they **lacked a clear understanding of the obligations** associated with their benefit. We suggest that this is a result of poor communication between Work and Income and their clients.

Participants spoke of going to **extraordinary lengths to comply with time-consuming** administrative requests imposed by Work and Income under threat of sanction. This was particularly challenging for those who had poor mental or physical health or had children in their care.

The **majority of research participants did not apply for a review of decision in relation to their sanction(s)**. However, of those who did have the decision reviewed, the majority were successful. This suggests that **Work and Income's process of identifying obligation failures is working poorly**.

Our findings contribute to a growing body of research that suggests **sanctions encourage ineffectual compliance** rather than encourage positive job-seeking behaviour.

## 2. Introduction

In 2018, Beneficiary Advisory Service (BAS) received a Lottery Community Sector Research Grant to investigate how beneficiaries can, with better support, avoid sanctions.<sup>1</sup>

A sanction is a financial penalty, and beneficiaries can lose up to 100% of their welfare entitlement if they fail to meet one or more of the obligations that are a condition of their benefit. The Ministry of Social Development (MSD) may impose sanctions for various reasons: failing to attend a scheduled appointment at Work and Income; failing to meet work obligations; or breaching social obligations such as enrolling children in child-care or with a health provider.<sup>2</sup> While the number of sanctions issued has decreased since the Labour Government took office in 2017, sanctions remain an integral part of the New Zealand welfare system.<sup>3</sup>

There were several key drivers for undertaking this research. Firstly, as advocates for beneficiaries, BAS was concerned by the international evidence suggesting that sanctions have a significant impact on the wellbeing of our clients. The research suggests that sanctions may increase mental and physical health problems including, anxiety and stress, drug and alcohol abuse, and poverty (Dwyer & Bright, 2016; Dwyer, 2018; Griggs & Evans, 2010). There is also evidence from the United Kingdom that sanctions are associated with a rise in food bank usage (Loopstra, Lambie-Mumford & Fledderjohann, 2019). While further research needs to be undertaken to confirm this link in New Zealand, a comparison of MSD sanction data with food bank data from the Salvation Army suggests an association between the number of sanctions issued and the demand for food parcels (Gray, 2019).

The second driver for this research project was our concern that sanctions may be ineffective in changing the behaviour of those sanctioned. A growing body of international literature questions the efficacy of sanctions in influencing behavioural change (Boland & Griffin, 2016; Griggs & Evans, 2010). This research suggests that the behaviour that leads to sanctions may result from the chaotic life circumstances experienced by those in poverty rather than a deliberate decision by welfare recipients not to comply with benefit obligations (Boland & Griffin, 2016; Dwyer & Bright, 2016). The concern is that many beneficiaries may not fully understand how sanctions can be avoided or be able to make the changes necessary to prevent further sanctions from being applied.

To date, there has been no research undertaken with New Zealand beneficiaries in this area. Our study aimed to fill this gap.

<sup>1</sup> Ethics approval was received from the New Zealand Ethics Committee Application #2019\_49.

<sup>2</sup> No New Zealand beneficiaries have ever been sanctioned for not meeting their social obligations (Robson, 2021).

<sup>3</sup> Total sanctions 2018: 44,964; 2019: 43,917; 2020: 18,384 (MSD, 2021).

Our study had three main objectives; to understand:

- 1 The circumstances behind MSD-applied sanctions
- 2 The impact of sanctions on beneficiaries in New Zealand
- 3 How BAS can extend its service to better support beneficiaries sanctioned so that they can access their full welfare entitlements.



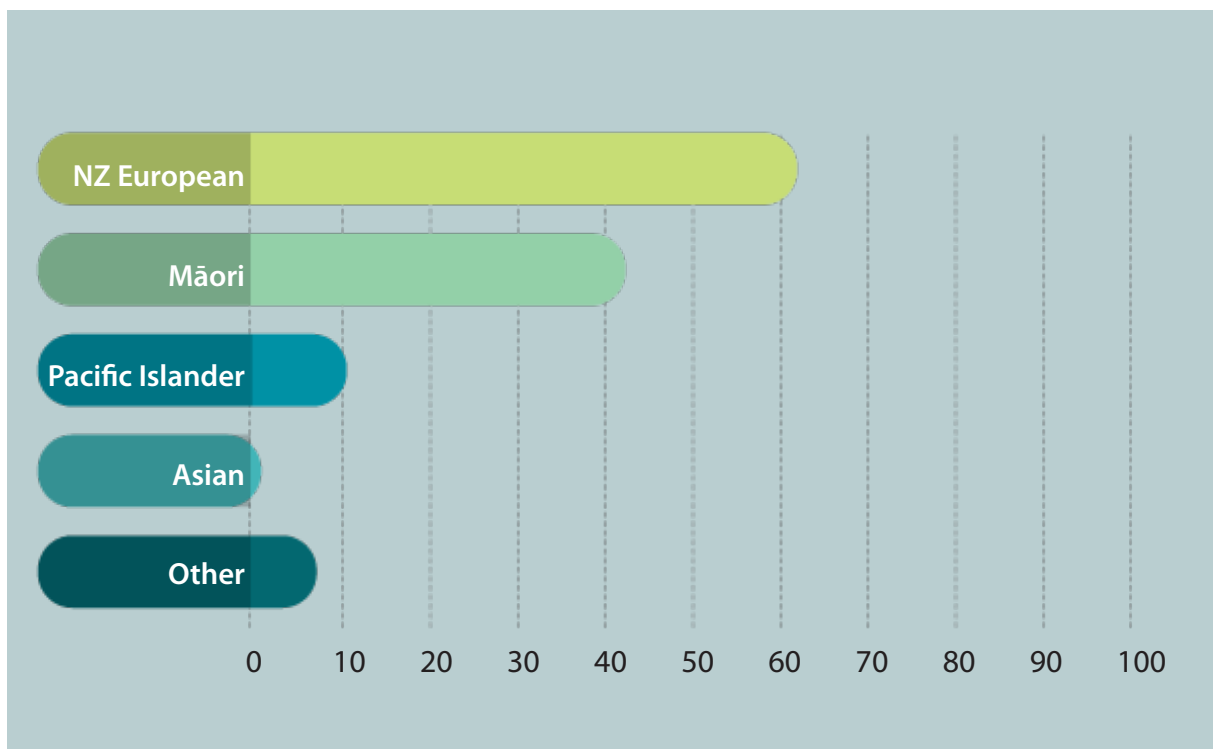
### 3. Method

Our mixed-method study used quantitative and qualitative methods. In stage one of the research, we surveyed beneficiaries throughout New Zealand who had received a recent sanction. An online survey was created using Survey Monkey and disseminated via social media. We promoted the survey via our social media platforms, and it was then shared via other organisations that provide information and support to beneficiaries. These organisations included:

- Action Station
- Beneficiaries and Unemployed Workers Union and Equality Network
- We are Beneficiaries
- Mental Health Advocacy and Peer Support
- The Loft
- Social Equity & Wellbeing Network
- The Canterbury Men’s Centre

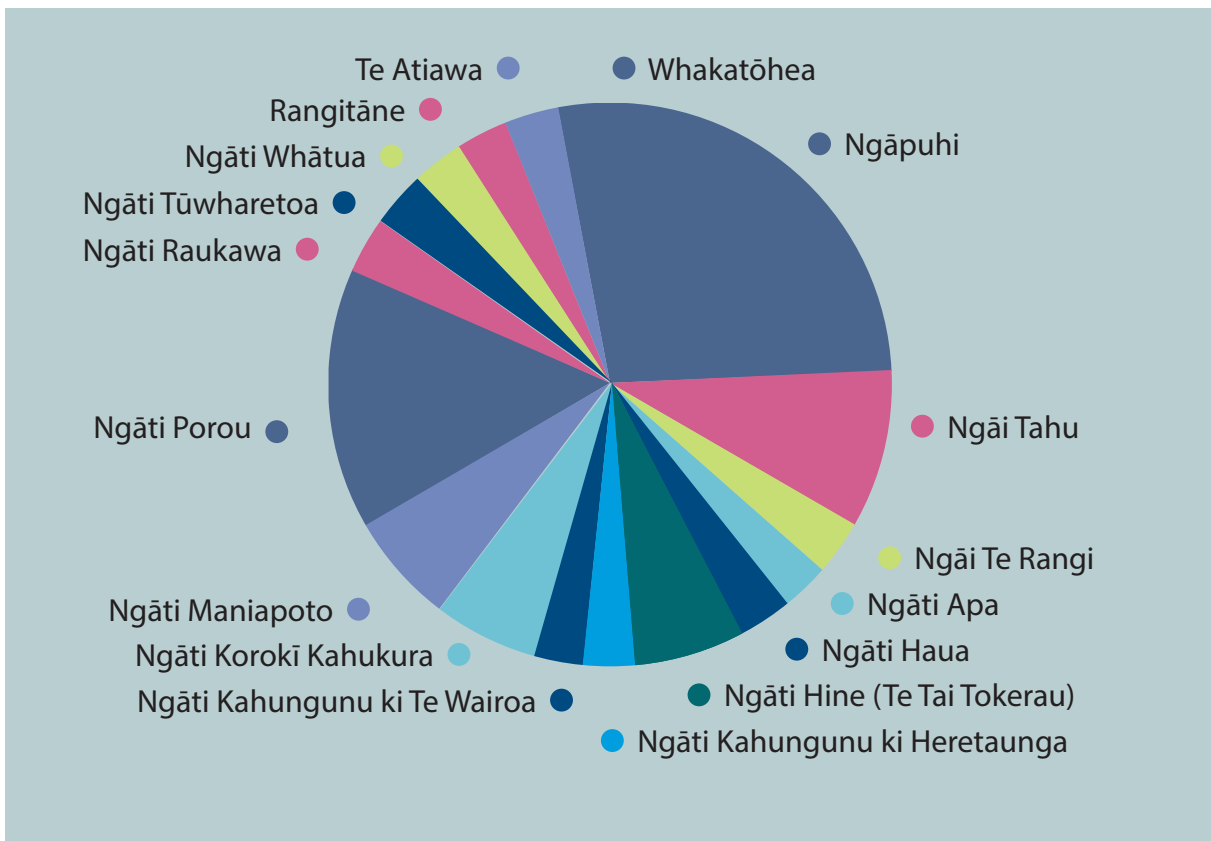
A total of 248 people took part in the survey. Statistical data from the survey are displayed in Figures One to Three.

**Figure One: Ethnicity of survey respondents**

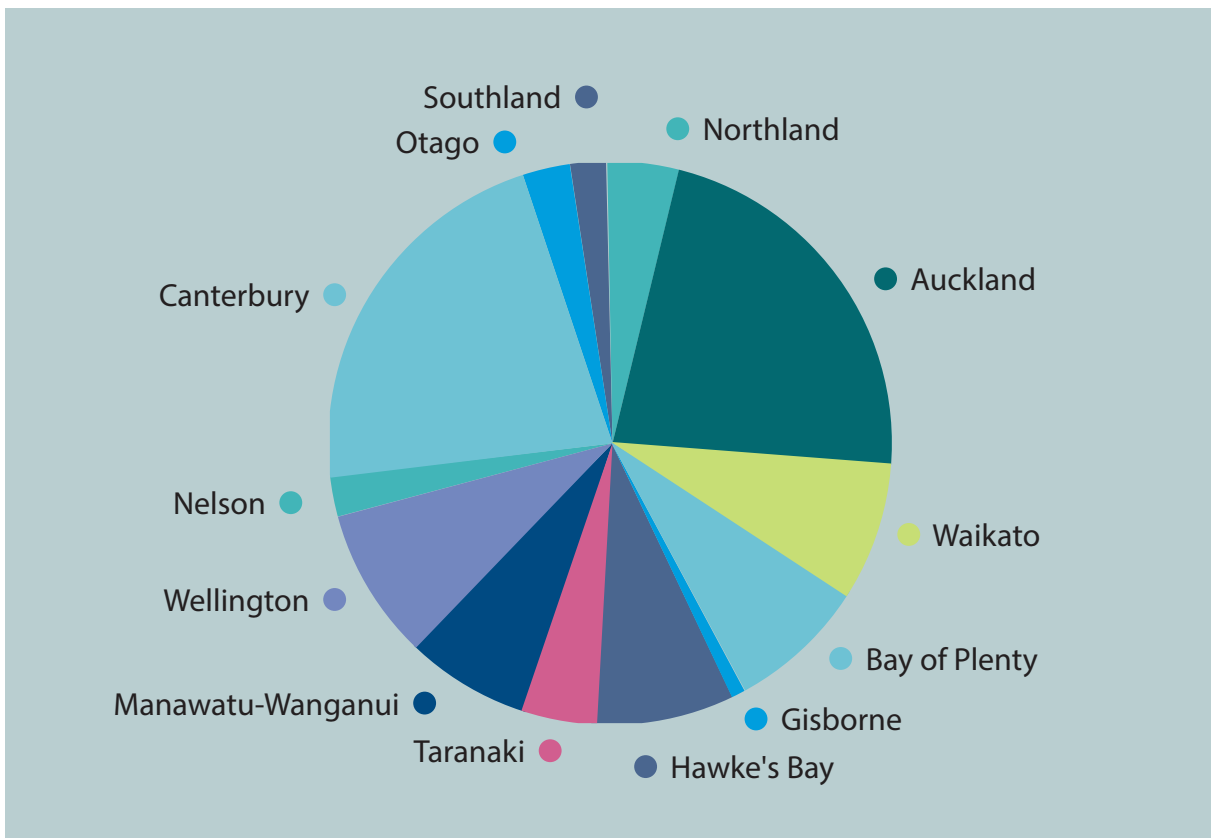




**Figure Two: Iwi of Māori survey respondents**



**Figure Three: Location of survey respondents**



Survey findings are outlined below and were used to inform stage two of the research. Twenty-nine in-depth qualitative interviews with sanctioned beneficiaries were undertaken as part of stage two. Our goal for the second phase of the research was to understand in more detail the circumstances behind the receipt of the sanction(s), as well as the consequences for beneficiaries of being sanctioned.

The twenty-nine semi-structured interviews were conducted between December 2020 and March 2021. Statistical data for the interview participants are included in Table One. The number of participants was not intended to be representative. Instead, it allowed us to explore aspects of the survey findings that we felt were important. We wanted to know the impact sanctions had on participants; if receiving a sanction(s) had encouraged participants to change their behaviour; what steps participants took to have their benefits reinstated after receiving a sanction(s); and what information would have been useful during the time they were sanctioned.

Recruitment of interview participants was undertaken via our social media platforms and organisations, as listed on page eight. We utilised the services of Māori researcher, Moana-o-Hinerangi, to recruit Māori participants.<sup>4</sup> Finally, we used a snowball method (or chain-referral sampling) where participants in the interviews were asked if they knew of others who could participate.

All interview participants were sent information about the project and consented to take part. Participants were given the opportunity to review transcripts of their interviews for accuracy. Thirteen interviews were conducted face-to-face in Christchurch; five were conducted by phone and the remainder via Zoom. While the majority of the participants were from Christchurch, participants from all over New Zealand took part in the interviews. All participants received a \$50 voucher (supermarket or petrol) in recognition of the time spent being interviewed.

The interviews were transcribed and analysed thematically by our team of researchers. Three analysis workshops were held. In the first workshop, researchers worked together to code two transcripts. This involved closely reading the data in relation to the research questions, and then categorising aspects of the data that related to these questions. Following this workshop, researchers were given transcripts to take away and code independently. A second workshop was held midway through the coding process where researchers discussed the topics they had found and started making comparisons between these to establish patterns.<sup>5</sup> This enabled researchers to begin identifying themes that served as the framework for the remainder of the analysis. Following the completion of coding, a final analysis workshop was held in which researchers refined these themes.

<sup>4</sup> Moana has an extensive network of contacts through her background in Māori development within the health, social services and education sectors.

<sup>5</sup> Transcripts were cross checked amongst researchers to ensure coding validity.

The themes to emerge that related specifically to sanctions were: *Consequences and impacts of sanctions*; *Strategies employed to deal with sanctions*; and *Lack of understanding and/or knowledge of sanctions*. A fourth theme *Power and administration* emerged from participants' comments about Work and Income procedures and the power imbalances apparent in their interactions with Work and Income. The discussion of the interview findings in Section Five is structured around these themes.

All interview participants quoted in this report have been assigned pseudonyms and identifying data has been removed. Table One provides broader characteristics of the interview sample. The participants' benefit type and location are recorded, along with ethnicity, age and gender. The location has been recorded as the city or town where the respondent lived when interviewed unless that city or town has a population of less than 20,000. In those cases, the district was recorded instead.

When it came to participants' experience of sanctions, there was no significant difference between ethnicities in our sample, although Maia specifically referred to being treated poorly at Work and Income and attributed this to the fact that she was Māori. In addition, some of the interviews with Māori participants highlighted the existence of long-term poverty and extreme disadvantage that could only have been exacerbated by the application of a sanction. However, our research was not designed to explore this in any depth and we believe there is a need for research to be carried out specifically with a large sample of Māori beneficiaries.

**Table One: Statistical breakdown of interview participants<sup>6</sup>**

Age	Ethnicity	Gender	Benefit Type	Location
65	European/ Pākehā	F	JSS	Christchurch
53	NZ European	F	JSS	Christchurch
64	Māori	F	JSS	Tauranga
24	Kiwi	M	JSS	Christchurch
62	NZ European	F	SL	Wellington
55	Māori	F	SPS/IB	Christchurch
28	NZ European	M	JSS	Christchurch
36	Māori	F	SPS	Napier
44	Māori	F	SPS	Wellington
46	NZ European	M	JSS/ SPS	Dunedin
32	NZ European	F	SPP	Auckland
31	NZ European	F	JSS	Christchurch
40	Māori	F	SL	Northland
38	NZ European	F	SPS	Christchurch
36	NZ European	M	JSS	Manawatū-Whanganui
39	NZ European	F	SL	Christchurch
44	NZ European	F	SPS	Christchurch
53	NZ European	F	SPS	Gisborne
55	Māori	M	SL	Christchurch
37	NZ European	M	JSS	Christchurch
43	NZ European/Pasifika/Māori	F	SPS	Southland
65	NZ European	F	SL	Christchurch
38	Pasifika	F	JSS	Christchurch
37	NZ European	F	JSS/ SPS	Hamilton
46	NZ European	F	SPS	Christchurch
31	NZ European	F	JSS	Wellington
48	Pākehā	M	JSS	Dunedin
49	NZ European	F	SL/ SPS	Auckland
30	Māori	F	JSS	Christchurch

<sup>6</sup> Note the benefit type refers to the type of benefit the participant is currently receiving. This may not have been the benefit they were receiving at the time they were sanctioned.

## 4. Survey results

As noted above, a total of 248 people took part in our online survey. This section of the report presents the results of the survey, summarised under each of the survey questions as shown below:

- Why were beneficiaries sanctioned?
- Did those sanctioned know their behaviour would lead to a sanction?
- What impact did the sanction have on survey respondents?
- Did survey respondents ask for a formal review of the sanction?
- Did the sanction change survey respondents' behaviour?

### Why were beneficiaries sanctioned?

In the survey, respondents were asked to explain the reason behind their sanction(s).

The majority (46%) of respondents reported receiving a Section 192 (70A) deduction for not identifying the other parent of a dependent child. Since April 1, 2020, such sanctions are no longer applied by MSD, however we made the decision to include these respondents in our survey analysis as their experiences of receiving a sanction aligned with broader themes in the data. Aside from not naming the other parent on a child's birth certificate, the most common reason for receiving a sanction was for not attending an appointment at Work and Income (31%). Twelve per cent of respondents received sanctions for not attending an employment workshop. One person received a sanction for refusing a drug test. The remainder of respondents received sanctions for: leaving a job, not attending a job interview or failing to apply for a job. These results align with MSD data from the previous three years, noting that the majority of sanctions issued are due to a failure to attend an appointment at Work and Income (MSD, 2019).

### Did those sanctioned know their behaviour would lead to a sanction?

The majority of respondents (74%) advised prior to receiving their first sanction they were not aware they could be sanctioned. Significantly, forty-seven per cent of respondents noted receiving five or more sanctions. The highest number of sanctions received by a survey respondent was 13. This indicates that many of those sanctioned were either unaware of the sanction(s) or were unable to comply with the administrative requirements necessary to avoid the sanction(s).

## What impact did the sanction have on survey respondents?

Survey respondents reported that to cope financially during the time they were sanctioned, they relied on the support of family and friends while also cutting down on basic needs such as food and heating. Only two respondents talked about attempting to find work in response to the sanction. Comments received regarding the difficulty of making ends meet during this time included:

*I begged on the street.*  
*Ended up in massive debt trying to sort out.*  
*Stole food, meat, baby formula from supermarket.*  
*Hardship withdrawal from Kiwisaver.*

## Did survey respondents ask for a formal review of decision?

Forty per cent of respondents advised that they had applied for a review of a decision in relation to a sanction. Respondents were given the opportunity to comment on the outcome of the decision. Of those who chose to fill out this section of the survey, eighty-three per cent noted their review was successful. Comments included:

*My full benefit was reinstated and I was back paid the \$\$ that were taken off me.*  
*Benefit reinstated.*  
*Back paid money deducted, and sanction removed.*

Sixty per cent of respondents did not apply for a formal review. Of this group, fifty-two per cent advised that they did not know a sanction could be reviewed.

## Did the sanction change survey respondents' behaviour?

Over half of respondents who answered this question (58%) stated that they had changed their behaviour. Examples of changes made included:

*Met with manager to go over everything.*  
*Registered for MyMSD.*  
*Updated postal address. Now check online for appointments.*  
*Promised to regularly check MyMSD for possible correspondence.*

Of those who offered explanations as to why they had not changed their behaviour, the majority indicated that change was not a possibility:

*Wasn't aware of sanctions.*

*None, I knew nothing about it.*

*You can't stop them being imposed. They decide and it happens ... You have to have a lot of time and energy to fight with WINZ and there is no real point because they do what they want...*

*Nothing don't know where child's father is and he refused to sign birth cert and safety issues for child.*

## 4.1 Summary of survey findings

Our survey highlighted that the application of a sanction caused significant material hardship for respondents. Comments relating to increases in debt, going without food, and resorting to crime or begging repeated throughout the survey. Respondents noted being left unable to sufficiently provide for themselves after receiving a sanction, a finding that is echoed throughout the international literature (Adler, 2016; Dwyer, Scullion & Wright, 2018; Greg, 2008).

The survey results also indicated a lack of understanding of the obligations associated with benefit receipt. Nearly three-quarters of respondents advised they were unaware that receiving a sanction was a possibility until they received one. The high percentage of respondents who had received multiple sanctions (47%) suggests that many either did not understand how they could avoid a sanction or were unable to meet obligations despite knowing they would be sanctioned.

Many of those survey respondents who advised that they did change their behaviour after receiving a sanction noted that they approached Work and Income to have their obligations explained in detail. Comments from respondents in this section of the survey emphasise the confusion surrounding the application of sanctions for obligation failures (a process by which a benefit sanction is initiated). Such comments indicate that respondents had been inadequately informed by MSD as to the administrative requirement in relation to their benefit payments. This suggests that many beneficiaries are being sanctioned for unintentional non-compliance.

Forty per cent of survey respondents formally reviewed sanctions, and the majority of reviews were successful. This number corresponds with a New Zealand study that reported in the year to June 2018, 45.8% of obligation failures were disputed, with around 97.6% of the disputed obligation failures successfully overturned (MSD, 2018). While this may suggest that the review process is working successfully to ensure those who have been incorrectly sanctioned are able to have their welfare reinstated, it also suggests, as the

WEAG (2019) report noted, that the initial process of identifying obligation failures and applying sanctions in New Zealand is working poorly.

Of concern is the large number (60%) of respondents who advised they did not dispute their sanction(s). The majority of these respondents (53%) told us they did not know they were able to review a decision by MSD suggesting that beneficiaries are not being adequately informed about their right to formally appeal a sanction. Fifteen percent of respondents noted that they simply chose not to appeal. The remainder did not provide a comment. New Zealand research suggests that many welfare recipients do not review Work and Income decisions out of a concern that it could impact their relationship with the welfare system in the future (Morton, Gray, Heins, & Carswell, 2014; WEAG, 2019). International literature reports that, in many cases, sanctions are imposed on some of the most vulnerable members of society, who may face barriers to compliance due to mental or physical health, limited English skills, housing instability, or drug and alcohol problems (Adler, 2016; Curtis, 2002; Danziger & Seefeldt, 2003). Many of these groups may not have the tools and/or support necessary to challenge decisions, nor be able to change their behaviour to comply with welfare obligations and avoid further sanctions (Dwyer, 2018; MSD, 2018). Such explanations may also help to explain the number of survey respondents who reported not doing anything to ensure they would not receive sanctions again in the future.

Recent studies of the New Zealand welfare system have drawn attention to the complexity of the system, and the difficulties welfare recipients face when trying to access comprehensive information about their obligations and entitlements (Morton et al., 2014; WEAG, 2019). Similarly, the results of our survey indicate that respondents did not have a good understanding of the way that sanctions are used in the New Zealand welfare system, or of how they can be challenged. Above all, the results emphasise that many New Zealand beneficiaries are being sanctioned for unintentional non-compliance and this is causing extreme and undue hardship.



## 5. Interview findings

As noted above, twenty-nine people took part in our interviews. This section of the report presents the results of these interviews, summarised under each of the following themes:

- Consequences and impacts of sanctions
- Strategies for dealing with sanctions
- Power and administration
- How sanctions are understood.

### 5.1 Consequences and impacts of sanctions

#### Financial hardship

The most obvious and immediate effect of receiving a benefit sanction is a reduction in income. Welfare recipients reported various financial impacts as a result of being sanctioned. Money for food was one of the most-discussed topics by participants:

*We ended up going to a foodbank, or getting a food parcel, getting 0800-hungry, or something like that... to make it go through.*

(Lexi, sanctioned for failing to meet work obligations)

*I had no money for food, electricity, nothing. The only thing I could live on was bread from the [Community name] Fridge, they have a free fridge down there, and [that's] all that I lived on.*

(Angela, sanctioned for not attending a meeting and not providing required documentation)

Additionally, participants reported an inability to pay bills, particularly power bills:

*It was hard, it was really hard. You just managed; you run out of power, that's it. You conserve more. As a single mum you just find little ways to manage I suppose; go for a walk with the kids, and you go foraging.*

(Tekahurangi, section 192 (70A) reduction)

Several participants advised that their inability to pay bills during a sanction period meant that debts simply mounted, extending financial hardship into the future.

*I didn't pay my power. I didn't pay bills that I should have for that couple of weeks, and then you're on the backfoot for the next while to catch up on paying those bills.*

(Lexi, sanctioned for failing to meet work obligations)

The literature indicates that welfare recipients whose income has been reduced due to sanctions may resort to a variety of means to obtain money or essentials. Theft of food and other criminal activity is widely reported as a response to sanctions-related hardship (Griggs & Evans, 2010; WEAG, 2019). One of our survey respondents reported stealing food from supermarkets. Although other participants did not report breaking the law to obtain money or food, they described resorting to scavenging/ foraging, taking out high-interest loans, gambling, taking boarders into their home, and undertaking precarious or dangerous work:

*So, I even went to prostitution for a while because there was no other way to earn any money. (Angela, sanctioned for not attending a meeting and not providing required documentation)*

*I got into gambling. Ended up with a gambling addiction. I ended up borrowing money from family, friends... Ended up taking out very large loans, I would pay that back. Just pretty much robbing Peter to pay Paul.*

(Kate, section 192 (70A) reduction)

*I ended up in \$11,000 worth of debt 'cause I took out a loan for \$150 to pay my rent, but it was with one of those companies, the pay day loan people, and \$150 became 11 grand. So, it's big.*

(Aroha, multiple sanctions for not attending meetings)

As Kate and Aroha note, such means of acquiring money may exacerbate existing debts, a finding that is also supported in the literature (WEAG, 2019).

New Zealand research has noted the impacts on children when their parents/ caregivers are sanctioned (Wynd, 2014). In our study, participants interviewed reported using the following means to ensure their children were provided with adequate food during their sanction period:

- Food banks and community food pantries
- Asking friends and/ or family for food
- Foraging.

A lesser researched consequence of sanctions (and poverty generally) is the ability of welfare recipients to provide for children in other areas of their lives. This is particularly relevant to Western societies, where paid-for enrichment activities are considered important for child development (Faircloth, 2014). Opportunities for welfare recipients to pay school-related and extracurricular costs are reduced when benefit sanctions are applied, as one respondent noted:

*...but more for the girls, they missed out on doing extracurricular things. Missed out on doing group things with friends because they cost money... It's depriving the kids of extras really. You survive on the basics. And yeah, it was really penalising the children more than the parents really.*

(Gail, section 192 (70A) reduction)

Participants also reported that, in addition to the financial impact on dependents, a great deal of time was spent trying to get payments reinstated, chasing food grants, or attempting to see or speak to case managers about sanctions. One respondent summarised the impact on her relationship with her children as follows:

*I think the only way I could put that is that I would be spending time fighting this or sorting this out than actually spending time or having the energy to spend time with [my children] sometimes. I mean they were never neglected but my mind was always constantly on trying to work out how I could pay for that or get this.*

(Ngaire, multiple sanctions for not meeting work obligations and section 192 (70A) reduction)

Participants reported that sanctions had affected their relationships with family and friends due to requests for financial support and the stress associated with ongoing material hardship and/ or conflict with Work and Income. While a number of participants spoke of turning to family members for support after receiving a sanction, several noted this was not always possible:

*You don't want to ask for support from your family, because if you're not on good terms with them it creates more stress that you don't need.*

(Tui, multiple sanctions for not meeting work obligations and section 192 (70A) reduction)

*I had to lean on my family... they themselves are not that well off.*

(Maia, multiple sanctions for not meeting work obligations and section 192 (70A) reduction)

*A couple of times I'd approached my parents, they were more likely to say 'no' rather than 'yes.'*

(Gail, section 192 (70A) reduction)

A number of participants reported that sanctions and conflict with Work and Income had placed undue stress on their families. One respondent noted that ongoing sanctions and the resulting stress had ended his marriage:

*My partner at the time... was just wiped out by this whole experience. Basically, our marriage never really recovered.*

(Roger, sanctioned for not meeting work obligations)

As Griggs and Evans (2010) have noted, relationship breakdowns resulting from sanctions can further isolate welfare recipients from support networks during a time when support is needed more than ever.

## Physical, emotional and mental health impacts

The most frequently described health consequence of being sanctioned was stress. As noted, financial hardship was the source of much of this pressure. Participants reported that their inability to rely on Work and Income for regular and stable benefit payments resulted in ongoing anxiety.

*I still wake up at night with anxiety thinking my money won't go in or I won't have money. And I still have that anxiety.*

(Angela, sanctioned for not attending a meeting and not providing required documentation)

*... the stress just kept piling up and up and up as a result of the ongoing threats every week, and I'm like -I don't know if I'm gonna get paid next week! I've still got to pay...my share of the rent. I've still got to pay for things.*

(Nigel, repeatedly threatened with sanctions for not meeting work obligations)

One respondent reported having persistent feelings of anxiety about whether their benefit would "come in". This anxiety persisted to the degree that it was still occurring nine years after a sanction had been applied:

*It was really scary...I'm scared that they're just going to cut the benefit off.*

(Stuart, sanctioned for not attending an appointment)

In addition to stress, participants directly attributed mental ill-health, particularly depression and anxiety, to sanctions or the threat of sanctions. Several participants stated the impact on mental health extended beyond the short-term stress associated with reduced income. These participants spoke of being diagnosed with mental health conditions following their sanction.

One respondent, who reported feeling that a sanction was applied as "punishment" for speaking out about Work and Income processes, noted that being called into repeated

meetings at short notice left him on edge, anxious, and in a persistent state of stress:

*I lost my mental health. If there was a little bit left, I lost it.*  
(Roger, sanctioned for failing work obligations)

Similarly, other participants noted:

*I ended up on Prozac for two years... I went downhill. I ended up giving my older ones [children] to my aunty because I couldn't cope, I couldn't manage. I couldn't even get up in the mornings, it was that bad.*  
(Tekahurangi, section 192 (70A) reduction)

*Depression was really with me. And stress and anxiety and depression go hand in hand with me, and I don't need those two things together as well as... being confirmed as epileptic.*  
(Nigel, repeatedly threatened with sanctions for not meeting work obligations)

One respondent speaking on behalf of a welfare recipient she had supported through reviewing a sanction reported that the mental health consequences of this on her acquaintance were severe and led to suicidal thoughts:

*Yeah, she went into deep depression. It got to the stage where it was a suicide type thing because of the sanction.*  
(Emma, section 192 (70A) reduction)

Several participants reported that existing health issues were exacerbated by their sanction(s). Physical health reportedly deteriorated because of a lack of money for health-related costs, for example, doctors' visits, medication, and dietary requirements. Owing to the often complex health issues faced by some welfare recipients and the difficulty of maintaining good health when faced with material poverty, one consequence of sanctions appears to be the deterioration of physical health. As one respondent noted:

*Because I'm a coeliac and couldn't get the proper food and I had lactose intolerance as well, and a lot of food and medication allergies, I couldn't afford to go to the doctor, I couldn't afford to get medication and I just got sicker and sicker and sicker and sicker.*  
(Angela, sanctioned for not attending a meeting and not providing required documentation)

When asked about how she coped with her sanction, another respondent stated that she “went without”. Going without was expanded to include:

*Skipping meals, to might not have enough of my own medication.*

(Ngairé, multiple sanctions for not meeting work obligations and section 192 (70A) reduction)

Ngairé also commented that there were times when she had to prioritise paying for her child's medication over her own.

## Disengagement with services

A number of participants reported that the application of a sanction often led to tense relationships with Work and Income staff. They described willingly foregoing necessities if it meant they could avoid interaction with Work and Income:

*Personally, I try and do everything I can, so I don't have to go in and get additional assistance; and it's really hard when you've followed the process, but you still get that judgement.*

(Tui, multiple sanctions for not meeting work obligations and section 192 (70A) reduction)

*I would rather go without than go in there and ask them for something. I currently have two teeth that need to be fixed and my glasses are very, very old, I can't see very well. But I would go without. I'd much rather go without.*

(Aroha, multiple sanctions for not attending meetings)

The importance of trust and a low friction relationship for vulnerable people has been recognised in the literature as a determining factor as to where people seek support (McFarlane et al., 2017). While such disengagement may create a reduction in MSD spending, participants' narratives indicate that this may not necessarily correlate with a decrease in need. This aligns with international research that has found disengagement from social services is a direct result of sanctions and leads to poorer outcomes for vulnerable people (Dwyer et al., 2018; Reeve, 2017).

## 5.2 Strategies for dealing with sanctions

Beneficiaries have several options when a sanction is applied. They can request a formal review, change their behaviour to comply with MSD obligations, or accept a reduction to their benefit. All three of these options were employed by the beneficiaries we spoke to.

## Reviewing decisions

For those who chose to review a decision, the most effective strategy was to contact Work and Income directly to discuss the sanction. In most cases, people were able to resolve the matter without the sanction coming into effect:

*After multiple phone calls I managed to get someone at WINZ who was actually nice and proactive and was prepared to listen to me and she was prepared to actually deal with that side and make some effort and she did some digging. They had scheduled an interview, but they hadn't actually even sent the notification out, so of course I didn't have a chance to respond or not, so they had to lift the sanction.*

(Naomi, sanctioned for not attending an appointment)

*I ended up ringing [Work and Income], and that's when I got the appointment and talked to someone. I had to provide the proof that my child had been in hospital. That it was a genuine situation, even though they were already aware of it.*

(Lexi, sanctioned for failing to meet work obligations)

In several complex cases, professional assistance was reported to be helpful. Participants talked about contacting their local MP, doctors, advocates or lawyers to assist them in reviewing the decision:

*The community that I was part of... were like, 'What's going on here? This is crazy'. Luckily part of that community was a benefit advocate who said, 'That's not right,' and luckily came to my aid.*

(Roger, sanctioned for not meeting work obligations)

*But I did find that taking a support worker in with me from one of the services was the way to make sure they got my benefit back on otherwise there was a really good chance that I wouldn't. So having an advocate in there made a huge difference.*

(Aroha, multiple sanctions for not attending meetings)

*It actually wasn't until me and my [support person from community agency] went to Work and Income, and we were talking to the case manager that I had [my benefit reinstated].*

(Grant, benefit cancellation for not advising change of circumstances<sup>7</sup>)

For some participants, it was enough to simply take in a support person to help them understand the situation:

<sup>7</sup> Although MSD would record Grant's case as a benefit cancellation rather than a sanction, we decided to include Grant's data in the analysis because his case meets the definition of a sanction as noted on the MSD website i.e. a penalty imposed on a client's benefit for failure to fulfil their obligations.

*I'd take in a support person. I couldn't think straight then, you see, because I had all this other stuff.*

(Carrie, threatened with sanction for not attending a meeting)

*Get third party advice but as much as possible try to comply with whatever they're saying that you have to do to avoid this kind of conflict. Probably the most important thing is that I think they deliberately bait people to try to get people to lose their temper so keep calm and keep cool, and that might mean bringing a support person along.*

(Stuart, sanctioned for not attending an appointment)

These comments align with two recent New Zealand reports which found that many welfare recipients advised they had benefited from the support of advocates and community workers, who were able to provide them with valuable information and assistance (Morton et al., 2014; WEAG, 2019). Similarly, international research has indicated that recipients who appeal their sanctions often do so with the support of family, friends, or social workers; those without such support and encouragement often do not appeal (Lens, 2007).

## Compliance with MSD obligations

A number of participants spoke of going to extraordinary efforts to comply with MSD requirements to avoid receiving a sanction:

*I was put into intensive training. This was 21 meetings over 29 days ... I was put in a room with a bunch of the other bad kids, and we were told how to go through newspaper classifieds and just utterly wasting our time.*

(Roger, sanctioned for not meeting work obligations)

*... The pain was horrendous. It was in my hands and feet, and my doctor had written out the support living thing where I couldn't work; and that was put into WINZ, and they sent me the appointment to go and see them. I rung the call centre girl up because I was too sick to go, and she said, 'If you don't go in your benefit's going to be cut.'*

(Carrie, threatened with sanction for not attending a meeting)

Carrie advised that she ended up attending the meeting even though she was in pain because she couldn't risk losing a portion of her benefit, reporting that she "was too ill to really say much" and cried throughout the meeting. She also reported feeling exhausted after her meetings with Work and Income and would often "just go home and sleep".

Another strategy employed by several participants to comply with their obligations was to be vigilant about their administrative requirements:



*Yeah, I make sure I get stamped, photocopied everything 'cause they tend to lose it. I just make sure that I get things right with them.*

(Tania, sanctioned for not attending a meeting and section 192 (70A) reduction)

*Yeah. I would often ring up and say, 'Is there anything outstanding? Is there anything waiting and is my money going through this week?' because I'd wait on the phone sometimes close to an hour just to hear that my money was going in that week 'cause I couldn't sleep until I knew it was going in.*

(Angela, sanctioned for not attending a meeting and not providing required documentation)

*I had the working for benefit appointment scheduled for one afternoon. I went into town that morning and went on the public internet at the library, and I'd got an email from my case manager informing me that my meeting had been rescheduled forward that day and that if I didn't attend that I would be subject to sanctions for failing my obligations to that benefit. So, I ran to WINZ and I got there just in time.*

(Stuart, sanctioned for not attending an appointment)

While the strategy of compliance was reported to be effective, it was very time consuming. The finding that the increased use of strict social, administrative, and work-related welfare requirements, both in New Zealand and overseas, is leading welfare recipients to focus their time and effort on meeting their wide array of obligations, prioritising welfare compliance ahead of job searching is well established in the literature (Dwyer, 2018; WEAG, 2019).

## Acceptance of benefit reductions

A number of participants who received sanctions accepted the reduction in their benefit rather than go through the review process.

*I ended up going to the Citizens Advice Bureau, and they told me to wait for two months. They said, 'If you wait two months, Jacinda (our Prime Minister) is going to take all sanctions off.' ... I just thought, okay, then, I'll wait two months.*

(Tekahurangi, section 192 (70A) reduction)

*So, my benefit stopped... then I just didn't follow through with it because I was just like, well, but if I got warrants, I don't want to be talking to Work and Income about it. It turns out that it was because I was homeless, I was no fixed abode. The case manager that I had didn't inform me, either by phone, by text, or by email, because there were other people that were in my situation as well, they were no fixed abode but they were using the City Mission as*

*an address, as a formal address they had mail sent to, or something along those lines and she hadn't even got a hold of the people on the course to find out if I was still attending the course. She just cut my benefit.*

(Grant, benefit cancellation for not advising change of circumstances)

Grant, quoted above, was without a benefit for a year until he received help from a community agency to have his benefit reinstated.

It is important to note that only one of the people we interviewed advised their strategy to deal with a sanction was to accept the sanction, leave welfare and find a job. Maia was sanctioned for failing to meet her work obligations when she refused to apply for jobs for which she felt she was overqualified. She accepted that her two-week benefit suspension would lead to a full cancellation of her benefit if she failed to accept her case manager's recommendations for work. We feel that this is significant given that one of the most common goals of sanctions is to move welfare recipients into work and out of welfare. This suggests that many beneficiaries simply may not be in a position to take up paid employment.

### Unable to avoid a sanction

While this section of the report focuses on strategies for avoiding sanctions, it is important to note that many participants indicated there was little they could have done:

*The provider said to me at the meeting, 'If you get home and realise this course isn't for you or you don't want to commit to it that's fine, there'll be no penalty, just let us or MSD know!' So, I did that and then the following week I get a letter from Work and Income to say, 'We're sanctioning you because you didn't meet your obligations by committing to do the course.'*

(Deanna, sanctioned for not attending a course)

*I turn up in the morning and I was told, 'Where were you? You were supposed to be at a job interview.' I'm like, 'What?' It turns out I had a job interview for the day before that I didn't know about that I didn't turn up at.*

(Roger, sanctioned for not meeting work obligations)

*Recently, I got sanctioned while we were in hospital a month ago, for not attending an appointment. I didn't even get a phone call. They literally cut my benefit off 50 percent... As far as I was concerned, I was meeting the expectations put on me, by communicating. Yet they just cut me off.*

(Esther, sanctioned for failing to attend a meeting and section 192 (70A) reduction)

Comments from the people we interviewed indicated that sanctions often related to administrative errors, for example Work and Income not advising them of appointments or changing appointments with little notice. Indeed, many of those who took part in the research indicated that they were unable rather than unwilling to meet their welfare obligations. This could be because they had not been advised of an appointment, as the examples above highlight, or because specific personal circumstances prevented them from meeting their obligations. This finding aligns with international research suggesting there is a need for welfare programmes to diversify and personalise their services in order to avoid penalising welfare recipients for situations that are outside of their control (Danziger & Seefeldt, 2003; Dwyer et al., 2018).

### 5.3 Power and administration

Our intention at the outset of this research project was to focus solely on participants' experience of receiving a sanction from Work and Income. However, throughout the interviews, participants repeatedly digressed from the discussion of sanctions and spoke at length about other problems encountered during their interactions with Work and Income. When analysing the transcripts, we found it difficult to ignore these accounts.

Welfare recipients rely on Work and Income to fund necessities of life such as food and rent. The participants in this research had a relationship with Work and Income predicated on the need to either sustain or gain access to the financial resources necessary for their day-to-day wellbeing. This created a significant power imbalance that appeared to shape many of the participants' experiences with staff and the administrative processes at Work and Income.

#### Difficulties dealing with work and income staff

Several participants acknowledged the challenges inherent in the case manager's role and spoke of occasions when case managers worked hard to support them. However, almost every respondent in our study reported difficulties with Work and Income staff:

*I don't want to have to deal with MSD. And that's a thing I've always found, is I don't know how they're gonna react, and you just can't trust them.*

(Deanna, sanctioned for not attending a course)

*I hated being looked upon as just I was full of shit. I hated it. I feel if it were explained to me correctly instead of them accusing, it would have made a lot of difference ... She [case manager] treated me like a three-year-old and accused me of lying.*

(Esther, sanctioned for failing to attend a meeting and section 192 (70A) reduction)

*I've always found that, even when you're desperate, [case managers] can still be quite, almost callous. I think they tend to have a, it feels like a blanket rule, in some things you're very lucky if they say yes.*

(Gail, section 192 (70A) reduction)

Participants variously described Work and Income staff they had dealt with as:

*Harsh and unkind* (Lexi), *uncaring* (Deanna, Grant), *unsupportive* (Grant, Emma), *rude* (Angela), *belittling* (Esther), *judgemental* (Esther, Tui), *intimidating* (Aroha), *punitive* (Naomi, Roger), *and vindictive* (Roger).

These comments do not relate specifically to the application of a welfare sanction, but we felt the need to include them because they add to the body of New Zealand research that has drawn attention to the problematic relationship between welfare recipients and staff at Work and Income (Alternative Welfare Working Group, 2010; Gray, 2017; Morton et al., 2014; WEAG, 2019).

## Administrative challenges

Interview participants spoke of the challenges they experienced communicating with Work and Income in relation to their administrative requirements. These challenges were generally reported in one of three contexts:

- 1 Communications from clients had not been correctly recorded
- 2 Communications to clients had not been received
- 3 Clients had difficulty contacting Work and Income.

In general participants expressed a willingness to comply with the obligations associated with welfare receipt and advised that when circumstances arose that impacted on their capacity to meet these obligations, they would advise Work and Income. However, they also noted that there were times this communication did not appear to have been recorded. A common example of this was participants with children who, despite asking Work and Income to schedule appointments within school hours, often found appointments booked at times they were unable to attend.

Similarly, several participants spoke of being sanctioned for failing to meet work obligations despite having advised Work and Income of either their own medical issues, or those of children in their care:

*I understand you have your obligations, but we are people, and we do have situations; and they were aware of mine ... I probably wouldn't say [the sanction] was justified, in my eyes*

*at that time, for my situation.*

(Lexi, sanctioned for failing to meet work obligations)

*WINZ knew that I had had surgery and was recuperating, ... they hadn't sent the notification but sanctioned me anyway.*

(Naomi, sanctioned for not attending an appointment)

One of the biggest challenges cited by the research participants in their dealings with Work and Income was the ongoing administrative requirements associated with welfare receipt and particularly the requirement to provide “paperwork” i.e., proof of circumstances, under threat of sanction. Participants reported that this was often made more challenging by the fact that the collection of this paperwork was often inefficiently managed:

*I think it would have been helpful if they just [told] me what I needed to collect at the time, over the phone, rather than going to the appointment and being told that I need to go [and obtain more documentation], and then come back.*

(Tui, multiple sanctions for not meeting work obligations and section 192 (70A) reduction)

*I make sure I get [everything] stamped, photocopied ... 'cause they tend to lose it.*

(Tania, sanctioned for not attending a meeting and section 192 (70A) reduction)

*The biggest advice I've given everybody over the years from day dot, when you take paperwork in get it photocopied, stamp dated and keep it, because the amount of paperwork that goes missing on purpose is amazing.*

(Ngairi, multiple sanctions for not meeting work obligations and section 192 (70A) reduction)

For many participants, the apparent failure by Work and Income to retain or protect their personal documentation was problematic. A significant number of participants spoke of times when Work and Income staff had misplaced their documents. There were costs to participants when documents were lost, for example, the financial cost involved when needing to reapply for official documentation (such as a child's birth certificate), visiting doctors, or meeting a Justice of the Peace to obtain a signature on paperwork. In addition, participants spoke of being advised that a failure to provide replacement documentation would result in a sanction:

*I couldn't understand, it was like, 'Oh, we can't find your file, we're going to open up a new one.' I'm like, 'Well, everything I need is in that file.' Every little paper trail needed for my three older ones, which I was being sanctioned for, is in that file that they've misplaced.*

(Tekahurangi, section 192 (70A) reduction)

*And another time they stopped my money because they said I hadn't filled out forms, but I'd actually gone in and I had filled out the forms and they had the forms. In fact, I knew they had the forms because they had mentioned some of the information that was on that form.*  
(Angela, sanctioned for not attending a meeting, not providing required documentation)

*[The beneficiary I was supporting] got all the evidence that they required her to get, which she didn't need to get because they had it anyway. That was a really stressful moment.*  
(Emma, section 192 (70A) reduction)

One participant summed up the frustration that many people we spoke to expressed:

*You get shuffled around a lot, and then people are like, 'I don't have your notes.' Then you start all over again. One office will tell you, 'I don't have that information in front of me,' and another office is like, 'It says here that you...' You get confused with what information they do and don't have about you.*  
(Tui, multiple sanctions for not meeting work obligations and section 192 (70A) reduction)

Other participants spoke of being sanctioned without warning and with no communication from Work and Income:

*[Work and Income] said that this letter advised me that I could have avoided the sanction by going and getting a letter saying what I'd said from a lawyer, but the thing is because I didn't get the letter I didn't know it was being taken so I didn't take action.*  
(Tania, sanctioned for not attending a meeting and section 192 (70A) reduction)

*[Work and Income] said nothing, that was it, just cut your benefit.*  
(Carrie, threatened with sanction for not attending a meeting)

Another who failed to meet job seeking obligations due to her child being hospitalised, relayed she only found out she had been sanctioned when she went to pay for something:

*When you go and get your money and there's hardly any money there, and you're like, 'oh crap!'*  
(Lexi, sanctioned for failing to meet work obligations)

Participants also spoke of the difficulties they encountered when attempting to contact Work and Income to attempt to resolve issues with sanctions.

*With the first sanction I called the helpline, the 0800 helpline, which is hard. You spend half a day waiting just to talk to someone and the voice prompts don't really help. So then you end up saying some random stuff just so you can talk to someone ..., if you don't answer*

*the questions accordingly the call gets disconnected and then you have to start the process again, just getting more frustrating.*

(Tui, multiple sanctions for not meeting work obligations and section 192 (70A) reduction)

*Our local office... our manager's not known for being nice. They don't answer phones, they do miss appointments and things like that.*

(Tania, sanctioned for not attending a meeting and section 192 (70A) reduction)

In Section Four of this report, we noted the difficulties survey respondents reported when communicating with Work and Income in relation to their administrative requirements. This section of our report reinforces this finding. We are particularly concerned by accounts of personal documentation being misplaced by Work and Income staff with participants advising they were required to replace this at their own cost under threat of sanction. This suggests that many sanctions may be being applied because of administrative failures and poor communication within Work and Income.

## 5.4 How sanctions are understood

Participants had varied levels of understanding of what a sanction was, and the ways in which sanctions could be applied to their benefit. Some were unsure of why a sanction had been applied, or how to apply for a review of decision. Others seemed unsure if their benefit had even been subject to a sanction. This indicates a significant lack of understanding surrounding the sanction regime.

### Lack of knowledge about sanctions

Although all interview participants advised they had been sanctioned before interviews were undertaken, several misinterpreted reductions to their benefit payments as sanctions.<sup>8</sup>

The following interview extracts show the extent to which several participants were unsure about sanctions. The interviewer question has been included to provide context:

**Q:** *The second part of the research is an in-depth interview where we are really interested in your personal experience of receiving a sanction on a benefit.*

**A:** *Yeah, what do you mean by sanction?*

(Charlotte, misunderstood benefit reduction for debt repayment as being a sanction)

<sup>8</sup> It is important to note that we did not include data from participants who had not received a sanction in other sections of this report.

**Q:** *So, they placed the sanction on your benefit. Do you know what that was for?*

**A:** *My glasses.*

**Q:** *What do you mean by your glasses?*

**A:** *Because I needed to get new glasses.*

(Sarah, misunderstood benefit reduction for debt repayment as being a sanction)

In the second example, Sarah was repaying a debt incurred for the purchase of prescription glasses, but, due to having the total amount of her benefit reduced, believed she had been sanctioned. Other participants similarly equated benefit suspensions, entitlement changes, and repayments or reductions of any kind with a sanction. For example, two participants who had entered into relationships and subsequently had their entitlements reduced, framed this reduction as a sanction:

**Q:** *I presume you've received a sanction, in the past, on a benefit?*

**A:** *Yes.*

**Q:** *Can you give me some content about that?*

**A:** *Yes. Well, I recently got married, and as soon as I declared the relationship; I was sanctioned by the WINZ, for declaring the relationship, and immediately they claimed that I had an over payment. I incurred a debt of about \$400.*

(Anaru, misunderstood benefit reduction for change of circumstances as being a sanction)

Amongst those participants who had received sanctions, many appeared to not entirely understand the reasons for which the sanctions had been applied:

**Q:** *And how many times do you think that you have been sanctioned before?*

**A:** *I've no idea to be honest. Maybe once. What is a sanction?*

(Maia, multiple sanctions for failing to meet work obligations and section 192 (70A) reduction)

One respondent stated that for:

*... the first four or five years I didn't actually know that I had [the sanction].*

(Tania, sanctioned for not attending a meeting and section 192 (70A) reduction)

Because some participants appeared to lack an understanding as to what a sanction is, we suggest that the process for avoiding a sanction is also not well understood. This is of concern because sanctions cannot be argued to be effective in encouraging behaviour



change if welfare recipients do not understand what they are and how they can be avoided.

## Reviews of decision

Once a sanction has been applied welfare recipients have five working days to contact Work and Income before benefit payments are affected. After this time, beneficiaries can apply for a review of decision. Not all participants, however, were willing to review decisions. Often this was based on the impression that to challenge a decision could result in retribution from Work and Income; it could be physically or mentally exhausting; or simply that it would be a futile exercise:

*Because I applied for a review of the decision they had made. They saw me as troublesome. (Stuart, sanctioned for not attending an appointment)*

*I think a lot of people wouldn't even get to a review decision, because you sit there with the case manager or someone at WINZ, [and] you are asking them for the information, and they are not forthcoming. (Ngairi, multiple sanctions for not meeting work obligations and section 192 (70A) reduction)*

*I knew it said on some of the letters that I had received that you could review any decision after the appointments. They give you your paperwork and it says on there that everything can be reviewed in Wellington, but who's gonna do that? Who's gonna take it to head office when I don't even like complaining to the local office... They're the ones that made the rules in the first place so there's no point in complaining to them. (Aroha, multiple sanctions for not attending meetings)*

It is of concern to us that a number of participants clearly stated that at the time they received a sanction, they were unaware they could review the decision:

**Q:** *And once you were notified of it, did you take any steps to argue that, or did you leave it?*  
**A:** *I didn't know I could at the time but I'm looking into that now. (Gail, section 192 (70A) reduction)*

**Q:** *Were you aware that you could have reviewed that decision?*  
**A:** *No. Nobody ever told me that. (Maia, multiple sanctions for failing to meet work obligations and section 192 (70A) reduction)*

Our findings indicate that the review process was not adequately communicated to the research participants and are consistent with the survey results presented above, in which half of those who did not appeal a sanction reported that they were unaware they could do so. Together these results speak to a failure on the part of Work and Income to ensure the right to review a decision is effectively communicated to beneficiaries.

## 5.5 Summary of interview findings

Material hardship has long been associated with life on welfare (Alder, 2016; Humpage & Moore, 2021). Our research highlights that the imposition of a sanction reduced the income of participants to the point where they were unable to pay for essentials such as food, electricity and medication. The financial strain also reportedly led to an increase in stress, anxiety and depression. These findings align with the growing body of international literature that has found welfare sanctions may increase mental and physical health problems (Dwyer & Bright, 2016; Dwyer, 2018; Griggs & Evans, 2010; Williams, 2021).

Beneficiaries who have a sanction applied can have this decision reviewed. Of the research participants who chose to review their sanction, effective strategies reported were to directly discuss the matter with Work and Income (either with or without a support person) or to engage professional assistance (for example, advocates or lawyers). Our research, however, indicates that many participants chose not to undertake a review of a decision. Interview participants spoke of being deterred from requesting a review for several reasons, including a fear that doing so would harm their relationship with Work and Income. This finding is supported in the New Zealand research literature (Morton et al., 2014; WEAG, 2019) and speaks to an inherent power imbalance between welfare recipients and Work and Income.

Many participants spoke of complying with obligations, fearing sanctions if they did not. While compliance is an explicit goal of the Work and Income sanctions regime, at times, participants spoke of going to extraordinary lengths to ensure they met their obligations. Many of those taking part in our research spoke of time-consuming administrative requests such as supplying multiple copies of documents misplaced by Work and Income or attending courses that had no relevance to their circumstances. Research from the United Kingdom has similarly highlighted a “counterproductive compliance” occurring under threat of sanction, whereby the time spent on administrative obligations meant welfare recipients had little time to engage in job seeking (Dwyer et al., 2018, p. 11). This is of particular concern given the number of participants who reported living with complex situations that made it difficult for them to comply with the obligations associated with their benefit, for example, challenging personal circumstances or health conditions.

Participants also spoke of difficulties communicating with Work and Income. In addition to documents being misplaced by Work and Income, participants gave examples of not being notified of a sanction being applied; and/ or being unable to discuss with or contact Work and Income about personal circumstances that affected their capacity to meet their obligations. The majority of participants also spoke of the general challenges they experienced when interacting with Work and Income staff. The finding that welfare recipients have problems communicating with Work and Income has been a recurring feature of research with New Zealand beneficiaries (Gray, 2017; Humpage & Moore, 2021; Morton et al., 2014). We feel it is important to draw attention to this in light of the significant finding in our research that participants appeared to lack an adequate understanding of the Work and Income sanctions regime. Many of our participants did not seem to comprehend what constitutes a sanction, when it can be applied, or the decision review process. Earlier in this report, we drew attention to the complexity of the welfare system and the difficulties welfare recipients face when trying to access information about their obligations. Our interviews reinforce this finding. This is important because a lack of understanding of the welfare system appeared to result in unintended non-compliance meaning that many participants were sanctioned for misunderstandings and administrative errors rather than for a deliberate failure to meet their welfare obligations.

## 6. Conclusion and recommendations

At the outset of this research project, our goal was to understand the circumstances behind MSD-applied sanctions and the impact of sanctions on beneficiaries in New Zealand. We found that research participants lacked an adequate understanding of the Work and Income sanctions regime. In particular there was significant confusion surrounding what constituted an obligation failure and participants often reported being sanctioned as a result of unintentional non-compliance. A significant number of the research participants who had received a sanction indicated that they were unable rather than unwilling to meet the obligations associated with their benefit.

There were two notable impacts of sanctions on those who took part in the research. The first was an increase in poverty. That sanctions increase financial hardship is self-evident and our research has highlighted the ways in which participants were forced to fend for themselves during a sanction period, and the concomitant mental and physical effects of this. The second significant impact to emerge from the research was the increase in demands on people's time. Reports from survey respondents and interview participants suggest that administrative requests and poor communication from Work and Income often led to people becoming excessively focussed on the tasks necessary for avoiding a sanction. Only two people in our survey and one person interviewed for our research advised that they found work in response to receiving a sanction. This suggests that sanctions in the New Zealand welfare system are not encouraging job-seeking behaviour. This finding aligns with a growing body of literature from around the world suggesting that sanctions are ineffective in realising their stated goals of improving job readiness while at the same time having an adverse effect on already vulnerable welfare recipients.

We recommend that MSD should:

- Review the benefits sanction regime in New Zealand in order to reassess its punitive nature.
- Reduce the focus on sanctions-backed compliance and instead emphasise the provision of personalised support.
- Ensure that welfare recipients have a clear understanding of the review of decision appeals process and the steps required to avoid a sanction or have a sanction removed.
- Not apply sanctions to the benefits of vulnerable people or those with children in their care.
- Focus on improving Work and Income culture, in general, to enhance the relationship between Work and Income staff and their clients by communicating effectively and improving administrative efficiency.

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