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POVERTY
ACTION
GROUP

**Office of the Commissioner for Children's Expert
Advisory Group' *Solutions to Child Poverty***

Child Poverty Action Group Submission

October 2012

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Introduction

Child Poverty Action Group (CPAG) welcomes the opportunity to make a submission on the important issue of solving child poverty, and wishes to congratulate the Office of the Children's Commissioner for initiating this much-needed discussion on the future of New Zealand children. CPAG would also like to thank the members of the Expert Advisory Group for their time and work in producing this report.

The report is a valuable contribution to the enormous task of righting the wrong of child poverty in New Zealand, especially as the report covers such a wide range of topics, thereby acknowledging that child poverty is multi-dimensional, and dealing with it meaningfully will require action across many areas including income, housing, health and education.

CPAG does, however, have some major concerns about the focus of the report and resulting recommendations. This submission is set out as follows:

- An overview of the paper is provided followed by a discussion about the values and assumptions underlying the report and some more general comments;
- The response to the recommendations are set out in total at the beginning of the submission;
- It then looks at each topic area. Some general comments are provided then the recommendations are dealt with, with comments provided as required.

Overview

Child poverty in New Zealand has risen sharply since the mid-1980s, and while rates dropped off with the introduction of Working for Families during the period of strong economic growth in the mid-2000s, they have never been restored to their previous levels. We can see clearly in retrospect that those in the deepest poverty gained very little during the growth of the mid-2000s, and since the onset of the global financial crisis in 2007 conditions for many children have deteriorated, with foodbanks and budgeting agencies regularly reporting record demand. Cuts to social services in the name of fiscal austerity, welfare reforms aimed at reducing third tier support such as food grants, and a lack of well-paid, reliable full-time jobs have exacerbated the difficulties faced by many families. Accordingly we have not only seen child poverty rates increase since 2008, but inequality has also increased.¹

During this time the prevailing political dogma has been one of balancing the budget. New Zealand government debt is not high by world standards, and indeed we are luckier in this respect than many others. However, this has not stopped the perceived need for fiscal neutrality being adopted by many commentators, and its appearance

¹ Perry, B. (2012). Household Incomes in New Zealand: Trends in Indicators of Inequality and Hardship 1982 to 2011. Wellington: Ministry of Social Development. Available <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/index.html>.

in publications such as the EAG's *Solutions to Child Poverty Issues and Options Paper* ('the paper'). The problem is, it will be impossible to 'solve' child poverty in New Zealand without either spending a great deal more money than has been spent in recent years, or confronting the inter-generational inequality that has meant children have borne the burden of every recession since 1987. Either new money must be found – and a range of options are available should the government wish to adopt them – or, if fiscal neutrality is paramount, the generous tax breaks (such as that on housing investments) and universal superannuation enjoyed by older generations must be urgently reviewed. As written, the EAG's recommendations represent an exercise in fiscal neutrality by taking money off older children to give to younger children. This is not unlike the *Green Paper on Vulnerable Children's* suggestion that crucial third tier services for children be paid for by cutting other services for children.

Solving child poverty must mean that we address the deep and persistent poverty of the poorest New Zealand children. There is where the need is greatest, and we should not pretend it will be cheap, easy, or happen in two or even five years. But, as we comment frequently throughout this submission, dealing with child poverty is a matter of urgency. We cannot wait for an economic recovery – to paraphrase Gabrielle Mistra, the time for these children is now.

Omissions

CPAG has some concerns about a number of glaring omissions in the paper. These, we argue, are materially relevant to the issue of child poverty in New Zealand, yet have been ignored or glossed over. Key omissions are:

- Broad structural issues that contribute to poverty. Key among these is the state of the labour market (the paper acknowledges the current state of the labour market but otherwise assumes jobs are available), and there is no suggestion as to how we might think about solving child poverty in the face of persistent and high unemployment and significant under-employment. The data clearly shows that when jobs are available people will work, including sole parents. **People need the opportunity to work, not incentives whose effectiveness is entirely dependent on the availability of paid work.**
- The invisibility of disability. Disability can affect children, their parents, or other members of their families who end up requiring care and support. Disability and illness are major barriers to work and education, not least due to employer discrimination and variable access to special education in schools.
- There has been some concern raised among community groups, especially in South Auckland, about the number of children living in poverty who are being cared for by grandparents. This is not an insignificant issue, and it is important that any attempt to deal with child poverty does not assume these grandparents

can move into paid work. There are also major problems of poverty among many new migrant families.

- There is no mention of the role of domestic violence in children and young people's lives. Children traumatized by domestic violence are often very attached to the non-violent parent and find separation, for example through being in paid employment, stressful. Women's refuge also notes that women and children who escape domestic violence are often vulnerable to poverty.

Values and approaches

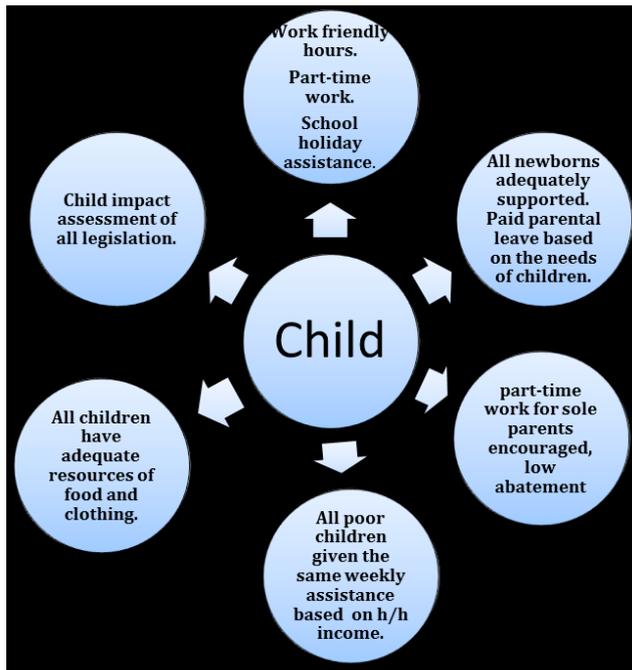
The focus on paid work

There is no doubt that the authors of the EAG's paper are keen to alleviate child poverty in New Zealand and mitigate its effects. While the paper repeatedly states that the best interests of children must always be at the heart of any new policy packages, the recommendations reflect conventional economics that places labour market participation at the centre of social policy. There appears to be no reference to the fact that raising and caring for children **is** work, and that a sole parent is doing the work of two people, often unsupported. Rather, the recommendations are predicated on the assumption that childcare can be left to paid professionals. The meaning of 'work' herein appears to be only paid employment.

CPAG has significant concerns about the key underlying theme in the paper: the need for sole parents to re-attach to the workforce as soon as possible after their children are born in order to avoid poverty. There is no discussion of the inadequacy of benefits and support: rather Working Paper 10 of the background papers (WP10) argues that not being in paid work "causes" child poverty. Yet as the EAG report notes, the causes of child poverty are many and interconnected: detachment from the labour market is only one aspect of child poverty. Assertions are made about the importance of mothers returning to paid work without any supporting evidence.

CPAG and its members have written repeatedly about this issue in the context of the 'welfare reforms', which we believe are flawed. We are dismayed to find many of the central tenets of these reforms, which ignore the needs of children, especially those in poverty, copied into the EAG's documents.

CPAG considers that the correct model for income support of low-income families is this one which puts children's needs at the centre:²



This is the model to follow to ensure that the needs of children in poverty are adequately met. However the EAG's documents espouse a model that puts paid work at the centre and relegates children's needs as secondary.³



² <http://www.cpag.org.nz/assets/sm/upload/d4/ei/sg/q4/LFBDec2011.pdf> Figure 1.3

³ <http://www.cpag.org.nz/assets/sm/upload/d4/ei/sg/q4/LFBDec2011.pdf> Figure 1.1

The paper reflects an OECD-style focus on paid work. As has been the case for some years now within the OECD's publications, paid work replaces social security. The rationale is that people on social security (and their children) are more likely to be in poverty. However, data from the Ministry of Social Development's 2012 *Household Incomes* report shows that 40% of children in poverty live in a household with at least one working adult in full-time employment.⁴ This argument also suggests that suitable, well-paid work is available for those who want it, whereas this is clearly not the case at present.

Page 5 of WP10 outlines the principles for policies designed to lift children out of poverty. They centre around paid employment, and include: "to maintain a strong parental labour market attachment"; to "support poverty exit through parental work"; to "minimise disincentives to work and create positive incentives for paid work"; "minimise disincentives for people to partner"; to maintain an appropriate balance between benefit strategy and work strategy; and lastly, reflecting current economic priorities, to be "fiscally responsible".

Although the paper refers to the need for an evidence base, it goes on to state, without any evidence whatsoever, that "there is a general trend that parents actively seek part-time paid employment when their youngest child exits infancy and more extensive work after the youngest child starts school". WP10 does offer up the qualifier that in a recession children should be protected from poverty. The point is that the system of social support needs to be at its most robust in difficult times for the simple reason governments cannot be relied upon to make welfare more generous in 'tough economic times'. Rather, under the current economic orthodoxy, governments are more likely to reduce welfare payments in a recession (as has happened elsewhere).

The report is careful to state that affordable childcare must be available, echoing the qualifiers of the Welfare Working Group. However, while childcare is often cited as the biggest barrier to employment, it is seldom the only barrier. Adequate early childhood care will be necessary but may not be sufficient to coax sole parents into poorly paid work.

The key reasons paid work (usually low-paid) lifts children out of poverty is because of government wage subsidies to low-income parents, or, alternatively, because the level of welfare payments is so low. CPAG has shown that subsidising sole parents' employment through the full suite of Working for Families (WFF) tax credits costs

⁴ Perry, B. (2012). *Household Incomes in New Zealand: Trends in Indicators of Inequality and Hardship 1982 to 2011*. Wellington: Ministry of Social Development. Available <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/index.html>, p126.

more than if parents were on a benefit.⁵ Moreover, the incentive effect of employment subsidies vanishes when work is scarce.

There is one other important aspect of the circumstances of sole parents which the report fails to engage with adequately: by definition sole parent households contain one adult and, therefore, simple comparisons with the behaviour of adults in two parent households is making invalid comparisons. To extrapolate from the behaviour of two adult households to expectations for sole parent households is, quite simply, erroneous.

A fuller discussion of the 'work-first' approach of the paper is dealt with in the section dealing with income, the tax-benefit system and employment.

The investment approach

The EAG's underlying approach to the issue of child poverty is the 'investment' approach. There are some concerns around this: the government is presently using that exact same approach to reduce support (including support to sole parents) through the welfare system; if the 'investment' is deemed to be not giving the appropriate return then it's easy to justify spending the money elsewhere; what is an appropriate return can change, and very quickly, according to different priorities; and it suggests children are primarily economic units.

A better way to approach this is from a children's rights base. CPAG argues that rather than relying on an economic approach, the relevant provisions in the United Nations Convention on the Rights of the Child be enacted in legislation. At the moment the government must take account of human rights in legislation through the provisions of the Bill of Rights Act and the Human Rights Act. This should be extended to encompass the rights of children.

Throughout the Report there a mixture of universal and targeted approaches is proposed. As a general principle, CPAG supports a universal approach as this has been shown to be more effective in meeting the needs of the poorest children and communities through reducing stigma and improving take up. Historical experience indicates that services and programmes targeted at and to the poorest tend to finish up as poor services, usually under-resourced.

The focus on younger children

Many of the recommendations around employment and income are based on the idea that there needs to be more emphasis on lifting and keeping younger children out of poverty. The rationale for focusing on younger (0-6 years) children is contained in WP10 (P. 8) and is as follows:

⁵ St John, S. (2011). Working for Families. In C. Dale, M. O'Brien & S. St John (Eds.), *Left Further Behind: How Policies Fail the Poorest Children in New Zealand*. Auckland: Child Poverty Action Group (Inc). Available www.cpag.org.nz.

- Younger children (0-11) are more likely to live in poverty than older (12-17) children
- The current system currently pays more for older children. This acknowledges the higher costs involved but fails to take account of the opportunity costs of caring for younger children. The opportunity cost of younger children is much higher in terms of foregone parental work and leisure time.
- “Note that only at age 14 can children legally be left at home alone, and child care is no longer a necessary cost.” This argument has been used by Social Development Minister Paula Bennett to support the last set of welfare reforms, and CPAG questions its validity. The legality of leaving a 14 year old at home alone does not necessarily make this appropriate or acceptable. Overseas evidence suggests that some of the most significant impact on welfare reforms is on adolescents.⁶
- Poverty in early childhood is “theoretically and empirically” more damaging than poverty in later childhood. Providing a higher (assistance) rate for younger children also reflects significant evidence on the importance of giving children the best possible start in the early years of life.
- Financial support for younger children has a more significant positive impact for younger children, therefore investing earlier is more efficient use of public expenditure

The opportunity cost argument has merit, and there is ample research showing the importance of the early years of a child’s life. But research from both the US and New Zealand shows the other sensitive period for children is adolescence, and this is not really addressed. We also disagree with the premise that funding for younger children should or could come from funds currently allocated to older children and adolescents. **Reducing payments to older children is not an acceptable way to deal with the poverty of young children.** Issues around the care of adolescents are dealt with in the income, tax-benefit system and employment section.

Set out below are CPAG’s recommendations in relation to major areas of the Report’s focus. The recommendations gathered here are discussed more fully below.

⁶ O,Brien, M. (2005) Workfare: Not Fair For Kids? Available at www.cpag.org.nz

Child Poverty Action Group suggested recommendations

Measuring and setting targets

- a reduction in child poverty of at least 10 percent per year (based on a moving-line income measure, before and after housing costs) from current levels until 2017 so that a 50% reduction is achieved.
- a reduction in child poverty of at least 10 percent per year (based on a moving-line income measure, before and after housing costs) from current levels until 2017 so that a 50% reduction is achieved.
- a reduction in severe and persistent poverty by 10 percent per year by 2017 so that a 50% reduction is achieved.
- a reduction in child poverty rates for Māori and Pasifika children to the same level as the rest of the populations by 2017.

Income, the tax-benefit system and employment

- require, through legislation, all tax, benefit and employment support decisions be accompanied by a Child Impact Assessment by 2014
- amend the Child Support Act to require child support to be passed-on to custodial parents who receive a sole-parent benefit; and enable the government to guarantee child support payments.
- Extend the In-Work Tax Credit to beneficiary families and those who do not presently meet the 20 hours per week work test and ensure it is indexed to inflation so its real value does not erode over time.
- improve the tax and benefit system by monitoring and publishing annual take-up rates, establishing performance incentives specifically in regard to the best interests of children, and appointing to the Work and Income Board a person with child well-being and development expertise who also directly reports to the Children's Commissioner.
- Create a new universal payment for children up to one year of age.
- provide high-quality ECCE and out-of-school care services for children living in poverty in all neighbourhoods regardless of whether their parents are in employment or not.
- Independently review all child-related benefits and benefit rates, including the In-Work Tax Credit with findings to be included as part of the final package of recommended changes.

Māori

- develop measures of Māori well-being with Māori and set targets so that the disparities in rates of poverty for Māori children are eliminated by 2017.

- continue government support for evidence-based initiatives that increase the educational achievement of Māori children.
- develop a strategy to prevent Māori homelessness.
- continue to develop and support integrated health services for Māori children so that this is achieved for all Māori children by 2015.
- Support the employment of Māori young people by promoting the Modern Apprentice Scheme and training allowances, providing incentives to employers and extending micro-financing strategies; develop targets and accountability around this by 2015.
- evaluate Rangitahi Courts and increase government support for initiatives which connect young people to their community by 2017.
- continue government support for parenting programmes that work with the wider whānau and address multiple issues.
- support trusted workers and develop integrated service hubs.

Pasifika

- develop measures and indicators with Pasifika understandings of identity and success at their core
- require government services to forge effective links with Pasifika community and church groups
- encourage high-quality research to drive innovation in public services for Pasifika children
- continue to lift educational achievement of Pasifika children, including by promoting Pasifika languages
- bridge gaps between Pasifika learners educational qualifications and employers' needs
- develop measures of Pasifika well-being with Pasifika and set targets so that the disparities in rates of poverty for Pasifika children are eliminated by 2017.
- initiate a Pasifika child health promotion campaign.
- evaluate Pasifika justice initiatives, such as the Pasifika Youth Court.

Housing

- strengthen the investment in planning for New Zealand's housing through including housing in the National Infrastructure Plan.
- support home ownership for low-income families, Māori whānau and Pasifika families.
- develop a common assessment pathway for all children to identify their needs and vulnerabilities, shared by all health practitioners.

- address the serious undersupply and poor quality of affordable and social housing.
- establish a single housing needs assessment.
- refocus housing subsidies provided through the AS and IRR.
- regulate the quality of rental accommodation using a mandatory Warrant of Fitness.
- extend and target home insulation and heating subsidies.
- invest in housing data and research.

Health

- developing a child health funding strategy based on the principle of 'proportionate universalism' so that it is place by 2017.
- connecting at least 90% pregnant women with maternity services by the second trimester, having this target for all groups including women living in poverty, teenagers and Māori women and Pasifika women.
- developing a common assessment pathway for all children to identify their needs and vulnerabilities, shared by all health practitioners, so that it is place by 2015.
- developing a national plan to improve child nutrition by 2017
- achieving free primary health care for all children aged zero to six years at all hours of day and night, weekdays and weekends by 2013.
- securing funding for youth health services in low-decile secondary schools.
- requiring all DHBs to enroll children at birth with a primary health care provider, the national immunisation register and Well Child/Tamariki Ora, and with the Free Oral Health Care service provided by the Ministry of Health.
- evaluating and expanding community-based services that combine health and social services in low-income neighbourhoods.
- implementing the Preventing and Minimising Gambling Harm: Six-year Strategic Plan, especially prevention efforts targeted at low-income families.
- continuing to expand smoking prevention and reduction initiatives to reach the NZ target of being smokefree by 2025, along with initiatives of a similar nature to reduce the exposure of children to harm from alcohol.
- extending free primary health care for all children aged under 18 years by 2017.
- developing a single information system for all health and social services.

Education

- state funded high quality early childhood care and education should be a free universal provision for children aged 2-4.
- develop and implement a national strategy for food in schools by 2017.
- provide additional support for low-decile schools with special needs children, and expand evidence-based support for parents and teachers of children with behaviour issues with adequate and appropriate resourcing.
- expand and evaluate ECEs and schools as community hubs.
- expand Connected Learning Centres (the name Teen Parent Unit is not favoured) in low-decile schools with appropriate resourcing and evaluate student outcomes.
- provide high-quality ECCE and out-of-school care services for children living in poverty to support parents.
- secure funding for youth health services in low-decile secondary schools.
- develop more after-school education programmes.
- Expand after-school and holiday programmes in low-decile schools

Measuring and setting targets

CPAG agrees that a reduction in the proportion of children living in poverty will be enabled by measurement and setting achievable targets. The international evidence suggests that measurement and targets can make a difference, although it needs to be appreciated that the current experience from the UK also shows how targets can be manipulated and altered according to changing political imperatives.⁷

CPAG agrees with having a target for a reduction in the proportion of children using the first four measurements in the recommendations.

However CPAG argues that the targets suggested are too weak in both scale and timescale suggested. For example, a 40% reduction by 2022 would leave around 150-160,000 children living in poverty in that year (based on the 270,000 figure), a figure which is too high. The rates of child poverty for European/Pakeha, Māori and Pasifika children were similar in the 1980s, but the changes in the early 1990s saw a significant increase in inequality and greater poverty rates for Māori and Pasifika. It is vital that Māori and Pasifika child poverty rates are reduced to the same rates as other New Zealand children as soon as possible, to reach the 1980s levels in 5 years. For Māori this would be a reduction from 33% to 12%, a target of 14% per year for 5 years; for Pasifika from 25% to 12 %, a target of 11% per year for 5 years.⁸

CPAG strongly endorses the annual reporting of these numbers publicly, although we note there are some concerns about how best to gather and report the data, especially to avoid manipulation of the data for political purposes. While the Ministry of Social Development currently reports annually on household incomes, other research projects have been discontinued, so it is important that this requirement is backed up by legislation and conducted as independently as possible – possibly as a joint project between the Office of the Children’s Commissioner and the Ministry of Social Development.

⁷ See Iain Duncan Smith’s speech to the 2012 Conservative Party Conference [here](#), and an earlier commentary on this topic [here](#).

⁸ Perry, B. (2012). Household Incomes in New Zealand: Trends in Indicators of Inequality and Hardship 1982 to 2011. Wellington: Ministry of Social Development. Available <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/index.html>, p125.

Recommendation

Disagree

- a reduction in child poverty of at least 30 percent (based on a moving-line income measure, before housing costs) and 40 percent (based on an after housing costs measure) from current levels by 2022

Change this recommendation to:

a reduction in child poverty of at least 10 percent per year (based on a moving-line income measure, before and after housing costs) from current levels until 2017 so that a 50% reduction is achieved

Comment:

The EAG on Solutions to Child Poverty Issues and Options Paper (Figure 1, page 1) shows clearly how the rates of child poverty roughly doubled between the late 1980s to 1990 and 1992, and those high rates have persisted ever since. The Issues and Options Paper does not adequately address the policy changes that occurred during this period that resulted in a doubling of child poverty rates. CPAG argues that if changes in policy can double child poverty rates in 2 years, then policy changes should be able to halve the rates within 2 years. However to be more realistic, we argue that the target for halving could be extended to 5 years, but not 10 years. A timeline of 10 years gives no incentive for governments on a 3-year political term to take action during their current term.

The key issue is that poverty damages children, often permanently, so it must be an issue tackled with the utmost urgency and capability.

Right now children are being damaged by poverty, so it vital to take action as soon as possible. A realistic approach would be to have a target of 10% reduction every year for 5 years, thus achieving a 50% reduction over 5 years.

Recommendation

Disagree

- a reduction in child material deprivation by at least 40 percent from 2008 data by 2022

Change this recommendation to:

a reduction in child poverty of at least 10 percent per year (based on a moving-line income measure, before and after housing costs) from current levels until 2017 so that a 50% reduction is achieved

Comment:

As with the previous recommendation, CPAG argues this target is too modest, and the timeframe does not address the urgency of the material deprivation of many New Zealand children.

The key issue is that poverty damages children, often permanently, so it must be an issue tackled with the utmost urgency and capability.

Recommendation

Disagree

- a reduction in severe and persistent poverty by at least 50 percent by 2022

Change this recommendation to:

a reduction in severe and persistent poverty by 10 percent per year by 2017 so that a 50% reduction is achieved

Comment:

Children in severe and persistent poverty are the group that needs the most help, but are often the hardest to reach. Helping them should be a high priority. CPAG argues that as it stands, this target is too modest, and the timeframe does not address the urgency of the material deprivation of many New Zealand children.

The key issue is that poverty damages children, often permanently, so it must be an issue tackled with the utmost urgency and capability.

Recommendation

Disagree

- a reduction in child poverty rates for Māori and Pasifika children, such that there is parity with the majority of the population

Change this recommendation to:

a reduction in child poverty rates for Māori and Pasifika children to the same level as the rest of the populations by 2017

Comment:

Given the disparity in child poverty rates by ethnicity, reducing poverty among Māori and Pasifika children must be a priority.

Prioritising this group will also address much of the severe and persistent poverty of the previous recommendation.

The rates of child poverty for European/Pakeha, Māori and Pasifika children were similar in the 1980s, but with the changes in the early 1990s great inequality and different poverty rates arose. It is vital that Māori and Pasifika are reduced to the same rates as other New Zealand children as soon as possible, to reach the 1980s levels in 5 years. For Māori this would be a reduction from 33% to 12%, a target of 14% per year for 5 years; for Pasifika from 25% to 12 %, a target of 11% per year for 5 years.

Recommendation

- a reduction in selected child poverty related indicators, building on the Better Public Services Results Targets recently announced by the government

Comment

CPAG is concerned about the use of “Better Public Service Targets”. These are political targets, they have not been adequately researched and have no strategy, and they do not directly address reducing child poverty. Effective targets for child poverty need to be more substantive and robust.

Income, the tax-benefit system and employment

Overview

WP10 (p14) states “one of the major causes of child poverty is the relative lack of jobs for parents who have limited [skills].” Another fundamental contributor to child poverty is low benefit rates including low child-related payments and high abatement rates for beneficiaries earning additional income. Indeed the doubling of the child poverty rate between 1990 and 1992 could be attributed in large part to the 21% cut in benefit rates, which have not been restored relatively. CPAG argues that addressing these low payments and high abatement rates must be a higher priority than attempting to move parents into paid work as this would have an immediate positive impact on family incomes. In addition, we note that in the New Zealand context, work is often the way out of poverty only because of substantial income supplements available through Working for Families (which can be described as employer subsidies) and the provision of in-kind services such as childcare, rather than wages themselves.

While the paper talks about improving people’s skill levels, including that of school leavers and teenagers, this still does not directly address the shortage of jobs in the current labour market, a situation that will worsen as welfare policies put more pressure on many benefit recipients to acquire part-time or full-time work. It is also difficult to see how improving the skill levels of school leavers and teenagers will deal with the immediate problem of child poverty. According to the EAG “a crucial part of the solution to child poverty lies in building a vibrant, high-skill, high-wage economy.” This vision has been part of the political discourse for decades now and remains some distance off. Its inclusion here is an ideal vision but there are few current government policies leading there. Much more needs to be done now to address immediate problems.

WP10 (p11) suggests that the Domestic Purposes Benefit be renamed the Young Child Carer benefit, and that parents be available for full-time work where possible when their children turn six. This is harsher than current government policy which requires sole parents be available for part-time work (15 hours per week) when their youngest child turns six. CPAG notes it comes with the disclaimer that the needs and best interests of the child should trump this, or it should not apply ‘if sustainable employment cannot be found’. We have some concerns around what constitutes ‘sustainable employment’ as this has meant as little as six months work in the past.⁹ The broader problem is that this will create expectations of full-time work when the youngest child turns six, and it is highly unlikely that WINZ staff will be sufficiently cognisant of individual circumstances, especially as the system restructures to

⁹ Johri, R., de Boer, M., Pusch, H., Ramasamy, S., & Wong, K. (2004). *Evidence to Date on the Working and Effectiveness of ALMPs in New Zealand*. Wellington: Ministry of Social Development. Available <http://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/evaluation/evidence-effectiveness-almeps-nz-report.pdf>, p7.

reduce the discretion available to case workers. It is not clear what training WINZ workers will have to judge “the needs and best interests of the child” and on what information this judgment will take place. WINZ staff have no particular expertise in child development and well-being.

Children aged six to 18 need parenting and their basic needs are usually more expensive to meet than those of younger children. For example their basic food needs cost more than twice those of younger children.¹⁰ It is important that they, too, are the centre of policy, not just those aged 0-6 years. CPAG is also concerned about the suggestion that older children should be left unattended so that parents can meet stringent work requirements. Research shows that many 14 year olds are vulnerable if left unsupervised.

At present the Social Security Act already contains work expectations, and the government is proposing more in the future. But the evidence suggests that hardship is increasing. Hidden in the proposal that parents be expected to work full-time when their youngest child turns six is the assumption that parents can't or won't move into work of their own accord. For those who can't, there may be a number of reasons for this. Parents with sick children, especially recurrent or chronic conditions, parents with children with disabilities, parents with large families, parents in areas who have limited access to private motor vehicles and are poorly served by public transport, parents in areas/townships with high rates of unemployment, parents caring for other family members (parents, siblings etc), and parents who themselves have recurrent or chronic mental or physical illness (including those who are insufficiently 'unwell' to qualify for a sickness or invalid's benefit). While the WP talks about the ideal of family-friendly workplaces, the reality is that in New Zealand these are mostly the preserve of the more affluent families. Most low-wage workers do not have any flexibility - they have to be on-site or they lose pay or in some cases their job.

Adolescents

Fulltime work for sole parents of teenagers carries well demonstrated risks to adolescents' school achievement and to their behaviour. Evidence from New Zealand and overseas¹¹ shows that adolescent children need time with their parents: arguing that the law allows 14 year olds to be left home alone is unethical.

Other approaches to reducing child poverty must be developed.

¹⁰ Hopgood, T., Asher, I., Wall, C., Grant, C., Stewart, J., Muimuiheata, S., et al. (2010). *Crunching the Numbers: The Affordability of Nutritious Food for New Zealand Children. Nutrition and Dietetics*, 67(4), 251-257.

¹¹ See Minnesota Department of Human Services. (2005). *Minnesota Family Investment Program Longitudinal Study: Four Years After Baseline*. St Paul, Mn: Program Assessment and Integrity Division, Minnesota Department of Human Services. Available: www.dhs.state.mn.us, and Ministry of Social Development. (2006). *Youth Gangs in Counties Manukau*. Wellington: Ministry of Social Development. Available <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/research/youth-gangs-counties-manukau/index.html>.

- 1) This policy appears to be aimed at decreasing child poverty, however retention at school and school achievement are among the most important predictors of adult employment status for adolescents.¹² Large scale studies have identified that **sole parent fulltime work has small adverse effects on adolescent school achievement.**¹³ Hence this policy may be counterproductive in reducing long-term poverty.
- 2) Parental connection and monitoring are important for adolescents. The EAG recommends high-quality early child care and out-of-school care services for children. They note that New Zealand law allows parents to leave adolescents unsupervised from the age of 14. However, Child Youth and Family highlight that **leaving 14 year olds unsupervised must be in context of a protective environment, with adults available if needed, and maybe inappropriate for some teenagers and for extended periods of time.**¹⁴
- 3) Indeed, regular and extended unsupervised time has been shown to have harmful effects for teenagers. This is a period of life characterized by

¹² Freudenberg, N. and J. Ruglis (2007). "Reframing school dropout as a public health issue." Preventing Chronic Disease 4(4): A107. Good education predicts good health, and disparities in health and in educational achievement are closely linked. In this article, we summarize knowledge on the health benefits of high school graduation and discuss the pathways by which graduating from high school contributes to good health. We examine strategies for reducing school dropout rates with a focus on interventions that improve school completion rates by improving students' health. Finally, we recommend actions health professionals can take to reframe the school dropout rate as a public health issue and to improve school completion rates in the United States.

¹³ Gennetian, L. A., G. Duncan, et al. (2004). "How Welfare Policies Affect Adolescents' School Outcomes: A Synthesis of Evidence From Experimental Studies." Journal of Research on Adolescence 14(4): 399-423. Using data from 8 random assignment studies and employing meta-analytic techniques, this article provides systematic evidence that welfare and work policies targeted at low-income parents have small adverse effects on some school outcomes among adolescents ages 12 to 18 years at follow-up. These adverse effects were observed mostly for school performance outcomes and occurred in programs that required mothers to work or participate in employment-related activities and those that encouraged mothers to work voluntarily. The most pronounced negative effects on school outcomes occurred for the group of adolescents who had a younger sibling, possibly because of the increased home and sibling care responsibilities they assumed as their mothers increased their employment;

Morris, P. and C. Michalopoulos (2003). "Findings from the Self-Sufficiency Project: effects on children and adolescents of a program that increased employment and income." Journal of Applied Developmental Psychology 24(2): 201-239. This paper examines the effects on children of an antipoverty employment program for Canadian welfare recipients called the Self-Sufficiency Project (SSP). The effects of the program on the children themselves differed with their age. For very young children, the SSP had no effect on children's outcomes. For children in the middle childhood period at follow-up, the SSP increased children's cognitive functioning and health outcomes, but had no benefits on their social behavior. For adolescents, the SSP increased minor delinquency and substance use. The results are discussed in terms of their contribution to research and policy.

¹⁴ Child Youth and Family (undated). <http://www.practicECCentre.cyf.govt.nz/policy/engagement-and-safety/key-information/home-alone.html>

increases in risk taking and emotional vulnerability.¹⁵ Parental connection and monitoring are associated with decreased suicidality, decreased depression, decreased substance use, decreased truancy and decreased criminal or antisocial behaviour.¹⁶

While most young people in New Zealand are relatively healthy, some risks are normative. For example, approx 70% of secondary school students, have ever drunk alcohol, 30% of those over 14 have been truant in the last year and 12% have been in trouble with the police in the last year (AHRG). Few studies of welfare reform have robustly considered teens risky behaviours; in one exception **increased fulltime work among sole parents was accompanied by increases in minor delinquency, substance use and skipping school among adolescents.**¹⁷

- 4) Parental connection and monitoring are particularly critical for adolescents with high rates of risky behavior and or distress. This is approx 22% of contemporary NZ second school students (Denny et al, manuscript in preparation). Specifically, approx:
 - a. 11% of NZ high school students can be classified as having increased rates of risky behaviour; in this group alcohol and marijuana use and risky use of motor vehicles are common.
 - b. 5.7% can be characterized as 'distressed'; this group is characterized by high rates of depression, suicidality and risky motor vehicle risk.
 - c. An additional 3.6% have high rates of distress and risky behaviour, including elevated rates of depression, suicidality, substance use, risky motor vehicle use, violence and delinquency.

These figures highlight, that rather than being rare, for 14 year olds to need parental supervision, **a significant proportion of New Zealand adolescents face serious challenges and would be particularly vulnerable to adverse effects associated with low parental availability.**

- 4) A high percentage of New Zealand adolescents say that they have seen adults in their home, hitting or hurting another adult. **The proposed changes in DPB must be considered in terms of the whether this might lead to increases of children and teenagers remaining in violent households.**

¹⁵ Fergusson, D. M., L. J. Woodward, et al. (2000). "Risk factors and life processes associated with the onset of suicidal behaviour during adolescence and early adulthood." *Psychological Medicine* **30**(01): 23-39; Vermeiren, R. (2003). "Psychopathology and delinquency in adolescents: a descriptive and developmental perspective." *Clinical Psychology Review* **23**(2): 277-318.

¹⁶ Blum, R. W. (1998). "Healthy Youth Development as a Model for Youth Health Promotion: A Review." *Journal of Adolescent Health* **22**(5): 368-375; McLaren, K. (2002). Youth Development Literature Review: Building strength. Wellington, Ministry of Youth Development.

¹⁷ Morris, P. and C. Michalopoulos (2003), fn 11.

Summary

- Poverty is primarily an outcome of low income. The poverty of families on social assistance is due to the low rate of benefit levels and high abatement rates for those in part-time work (especially unemployment and sickness beneficiaries). There appears to be no mention of low social security payments or abatement rates in the paper.
- Caring for children is work, especially if children are sick or have high needs. The question is whether we want a system that supports children as its priority.
- Low-paid work can be the way out of poverty if it is supported by the provision of in-kind assistance (including but not limited to childcare) and wage subsidies. These measures do not address jobs shortages, and ignore the fact that 40% of children in poverty live in a household with at least one adult in full-time employment. More importantly, per child family assistance should not be conditional upon attachment to the labour market.
- Education and training will help some parents move off welfare into better-paid jobs in the longer term, but again this does not address job shortages.
- The focus on younger children overlooks the very real, albeit different, problems of adolescents, many of whom are vulnerable if left alone after school or at weekends.

Recommendation

Agree and expand

- require that all tax, benefit and employment support decisions that impact on children consider their welfare and best interests

Change recommendation to:

require through legislation all tax, benefit and employment support decisions be accompanied by a Child Impact Assessment by 2014

Additional recommendation:

Embed the United Nations Convention on the Rights of the Child into legislation as is currently done with human rights through the provisions of the Human Rights Act and the Bill of Rights Act.

Comment

The EAG's recommendation is a weak protection. CPAG suggests a Child Poverty Act includes a provision that legislation must be accompanied by a Child Impact Assessment so its effects on children are clear and transparent. This should be in place by the next election (2014). This provision must also state that state agencies must have regard to the best interests of children in the administration of their duties.

In addition, there must be a requirement that these impact assessments be made public and that changes be monitored.

The impact in terms of the developmental stage of the child/ adolescent must be taken into account, as there are important developmental differences. For example, sole parents becoming involved in fulltime employment predicts poorer school outcomes for adolescents and emerging adolescents.

Recommendation

Agree

- amend the Child Support Act to require child support to be passed-on to custodial parents who receive a sole-parent benefit; and enable the government to guarantee child support payments

Comment

Importantly, the most likely outcome of this would be that money would go to beneficiary families who need it the most. CPAG wishes to see a date set for this.

Recommendation

Disagree

- raise the Family Tax Credit rate for younger children and additional children

Change recommendation to:

Extend the In-Work Tax Credit to beneficiary families and those who do not presently meet the 20 hours per week work test and ensure it is indexed to inflation so its real value does not erode over time

NB. This must include a suitable name change, preferably one that reflects the role of the IWTC as a means of assisting with the costs of raising a child.

Comment

The EAG recommendation as written would be expensive, and would only provide very marginal improvements for many families. As stated, the recommendation also implies that funds for older children would be used to fund increased payments for younger children. CPAG does not agree with this approach. There are significant increases in some costs for adolescent children (e.g. food, school uniforms and other education-related costs).

The critical issue is the low incomes of children reliant on benefit income or whose parents who do not meet the 20 hours per week work requirement for the In-Work Tax Credit (IWTC). A more effective and efficient way to deal with this very bottom group would be to extend the IWTC to them, and index it so that its value does not erode over time. The simplest solution would be to join the IWTC up with the Family Tax Credit for the first child. This would provide the best protection to children whose parents are not in paid work.

A \$10 per week increase in the Family Tax Credit would cost \$350-\$450 million and be spread well up the income scale. CPAG estimates that extending the IWTC would cost \$450-\$500 million and go only to those families with the greatest need.

Recommendation

Agree in part

- improve the tax and benefit system by monitoring and publishing annual take-up rates, establishing performance incentives, and appointing to the Work and Income Board a person with child well-being and development expertise

Change recommendation to:

improve the tax and benefit system by monitoring and publishing annual take-up rates, establishing performance incentives specifically in regard to the best interests of children, and appointing to the Work and Income Board a person with child well-being and development expertise who also reports directly to the Children's Commissioner

Comment

CPAG endorses the proposal to improve monitoring of take-up, especially given the problems with targeted benefits and other assistance. We have little faith in performance incentives. These have been used in the public sector for some years now, and their effect is to shift the focus from providing help to people to meeting the performance objective, whatever that may be. Here, it also assumes that the performance objective is aligned with the needs of children, whereas this may not be the case. We have changed the wording to be child-focused.

CPAG can see no point in an appointment to the Work and Income Board given its focus on cutting costs by moving people out of the benefit system, but have suggested alternative wording.

Recommendation

Disagree

- create a new child-focused payment, with a universal payment for young children and a targeted payment for older children

Comment

It is not clear what is being proposed here. As written this recommendation conflates a universal payment with another, unspecified, targeted payment.

CPAG would support a universal payment for children up to the age of one. This could roll up the current Paid Parental Leave, the Parental Tax Credit and the In-Work Tax Credit, thereby simplifying the existing complex and inadequate system.

While we acknowledge the importance of the early years of childhood, we argue that this must not preclude attending to the needs of adolescent children. Again, given the substantial expense involved, CPAG would like to see the IWTC extended to all beneficiary families and families where parents do not currently meet the 20 hours per week work test (effectively, this would eliminate the work test). This would have the advantage that it would be easier to administer, and would not reduce as children get older.

Recommendation

Disagree

- refocus the benefit for sole-parents up to the youngest child turning six years

Comment

The treatment of the sole parent whose youngest child is 6 as no different to a single unemployed person without children is dangerous and unfair. While CPAG acknowledges the importance of the early years of childhood, we argue that this must not preclude attending to the needs of adolescent children. Fulltime work for sole parents of teenagers carries well-demonstrated risks to adolescents' school achievement and to their behaviour. Sole parents becoming involved in fulltime employment predicts poorer school outcomes for adolescents and emerging adolescents (but this is not the case for younger children). Other approaches to reducing child poverty must be developed.

CPAG is disappointed that the EAG has adopted the stance that sole parents can be available for full-time work when their youngest child turns six, especially given the lack of discussion around the significant barriers to work faced by many sole parent families. We are also extremely concerned about the lack of suitable jobs available for parents, especially as they are increasingly competing for work with others in the welfare system who have work test obligations.

Recommendation

Agree with reservations

- provide high-quality ECCE and out-of-school care services for children living in poverty to support parental employment

Change recommendation to:

provide high-quality ECCE and out-of-school care services for children living in poverty in all neighbourhoods regardless of whether their parents are in employment or not

Comment

High-quality, **affordable** ECCE should be **universally** available in all neighbourhoods in the country, and not simply to facilitate parents into paid work. Sole parents also need to be able to access ECCE to give them a break or undertake educational

courses or allow them time for other duties to maintain a household. At present, the availability of services is biased towards high-income areas, and there are major shortages in low-income areas with the largest numbers of children and the highest proportions of sole parents.¹⁸ Moreover, at present the 20 hours 'free' ECCE often is not free and requires significant co-payments to attend. While these issues need to be addressed before any moves to increase work expectations of parents, CPAG wishes to restate that the provision of ECCE should not be tied to paid work.

Implications of reduced parental availability before and after school and during school holidays must also be considered and mitigated for adolescents.

Note that the impact of sole parent fulltime work appears to be particularly adverse for teens with younger siblings. This is related to adolescents caring for younger children. The need for care when children are sick must also be considered. Notably, the rates of caring for sick or disabled family members are very high among adolescents who have been excluded from mainstream education.

CPAG has reservations that, as written, this recommendation is more about parental work than what is best for children.

Recommendation

Agree

- independently review all child-related benefit rates, including the In-Work Tax Credit

Change recommendation to:

Independently review all child-related benefits and benefit rates, including the In-Work Tax Credit, with findings to be included as part of the final package of recommended changes for immediate implementation

Comment

The EAG is silent on the IWTC but it needs to be considered as part of any policy changes, along with a range of other measures to support parents who are able to move into paid work. An independent review must be done as a matter of urgency, and its findings reflected as part of the package of final recommendations.

¹⁸ Ritchie, J., & Johnson, A. (2011). Early Childhood Care and Education. In S. St John & M. C. Dale (Eds.), *Left Further Behind: How Policies Fail the Poorest Children in New Zealand*. Auckland: Child Poverty Action Group. Available www.cpag.org.nz.

Māori

The disproportionate numbers of Māori children living in poverty is a national shame given the Treaty of Waitangi. The roots of these figures are in the effects of colonisation, which has many damaging facets. The perpetuation of inequities is due to continuation of institutional racism and lack of policies to adequately address the severe inequity. Compared to European/Pakeha, Māori children are now in a worse position of poverty, health and well being than 20 years ago, so urgent action and bold measures are needed.

Recommendation

**Agree but
expand**

- develop measures of Māori well-being and set targets to eliminate the disparities in rates of poverty for Māori children

Change recommendation to:

develop measures of Māori well-being with Māori and set targets so that the disparities in rates of poverty for Māori children are eliminated by 2017

Comment

Rates of child poverty among Māori and European/Pakeha were similar in the 1980s but now are about double for Māori, mostly due to macroeconomic policy changes. Therefore policy changes should be made to change them back to achieve parity.

Recommendation

Agree

- continue government support for evidence-based initiatives that increase the educational achievement of Māori children

Recommendation

Agree

- develop a strategy to prevent Māori homelessness

Change recommendation to:

develop a strategy to prevent Māori homelessness by 2015

Comment

Addressing homelessness is of critical importance for children. This recommendation therefore needs a timeline.

Recommendation

**Agree but
expand**

- continue to develop and support integrated health services for Māori children

Change recommendation to:

continue to develop and support integrated health services for Māori children so that this is achieved for all Māori children by 2015

Comment

This is very important, and affordable healthcare needs to reach ALL Maōri children and needs a timeline.

Recommendation

**Agree but
expand**

- support the employment of Māori young people by promoting the Modern Apprentice Scheme, training allowances, providing incentives to employers and extending micro-financing strategies

Change recommendation to:

Support the employment of Māori young people by promoting the Modern Apprentice Scheme and training allowances, providing incentives to employers and extending micro-financing strategies, develop targets and accountability around this by 2015

Comment

This is important, and therefore needs targets, accountability and a timeline.

Recommendation

**Agree but
expand**

- evaluate Rangitahi Courts and increase government support for initiatives which connect young people to their community

Change recommendation to:

evaluate Rangitahi Courts and increase government support for initiatives which connect young people to their community by 2017

Comment

This is important, and therefore needs a timeline.

Recommendation

Agree

- continue government support for parenting programmes that work with the wider whānau and address multiple issues

Recommendation

Agree

- support trusted workers and develop integrated service hubs

Pasifika

The disproportionate numbers of Pasifika children living in poverty is shocking. Compared to European/Pakeha, Pasifika children are now in a much worse position of poverty, health and well being than 20 years ago, so urgent action and bold measures are needed.

Recommendation

Agree

- develop measures and indicators with Pasifika understandings of identity and success at their core

Recommendation

Agree

- require government services to forge effective links with Pasifika community and church groups

Recommendation

Agree

- encourage high-quality research to drive innovation in public services for Pasifika children

Recommendation

Agree

- continue to lift educational achievement of Pasifika children, including by promoting Pasifika languages

Recommendation

Agree but expand

- bridge gaps between Pasifika learners educational qualifications and employers' needs

Recommendation

**Agree but
expand**

- make progress in Auckland to reduce poverty for Pasifika children

Change recommendation to:

develop measures of Pasifika well-being with Pasifika and set targets so that the disparities in rates of poverty for Pasifika children are eliminated by 2017

Comment

Rates of child poverty among Pasifika and European/Pakeha were similar in the 1980s but now are about three times higher for Pasifika, mostly due to economic policy changes. Therefore policy changes must be made to achieve parity quickly.

Recommendation

Agree

- initiate a Pasifika child health promotion campaign

Recommendation

Agree

- evaluate Pasifika justice initiatives, such as the Pasifika Youth Court

Community

Comment

The concept of community as carer-of-children has gained traction in recent years. There is little empirical evidence that communities feel any particular attachment to children. Some individuals and groups within communities might have an interest in child welfare, but not necessarily the broader 'community'.

The key difficulty with enlisting 'the community' is one of definition. What is a 'community'? Is it a group of people with a common interest or a neighbourhood? What is 'the community sector'? These definitional issues need to be thought through before any comprehensive community-based response to child poverty can be implemented. There also needs to be some thought given to what is meant by 'address child poverty' in the context of low-income communities with limited financial and other resources. All this means there is a great deal of work involved in moving from abstractions (measure the capacity of the community sector) to a point where members of a community feel they have the responsibility for children and the power to address serious poverty. Under current conditions of fiscal restraint it is not at all clear how this work will be done, or by whom.

Devolving the delivery of social services to communities is popular for governments looking to cut costs and reduce political accountability. The problem is that the communities with the most problems and hence the ones that need the most social services are also likely to be the ones with the least resources to address deep and long-standing problems (including particularly persistent and serious poverty), and the most likely (but not necessarily) to have transient populations that make it difficult to establish any community-based response. Moreover, while many local groups have the knowledge and networks to help implement poverty reduction strategies, it is difficult to establish long-term partnerships with central and local government agencies, especially as both local and central government seek to cut costs.

Lastly, the focus on communities allows policymakers to overlook the larger structural issues that contribute to child poverty. Community initiatives in areas of high unemployment do not deal with the unemployment that ultimately undermines community cohesion. Unless those broader economic conditions change, education and training (for example with the Social Sector Trial model) only provide young people with the skills to move elsewhere. It is the issue of economic development that needs to be addressed, not least to address child poverty.

Given the uncertainties around a meaningful and sustainable community response to child poverty, CPAG declines to comment on the recommendations as set out.

Housing

Comment

CPAG agrees with the EAG's perspective that housing plays a fundamental role in children's poverty. CPAG believes that this role is so fundamental in fact that child poverty in New Zealand will not be reduced until there is a significant government response to providing more affordable housing for low-income New Zealand families and households. Accordingly CPAG supports the EAG's call to increase the supply and quality of social housing. Other responses by CPAG to the EAG's recommendations pertaining to housing follow.

Recommendation

Agree

- strengthen the investment in planning for New Zealand's housing through including housing in the National Infrastructure Plan

Comment

CPAG supports the call for treating housing as part of the nation's infrastructure and for housing to be given more comprehensive coverage in the National Infrastructure Plan. The present attention paid to housing in the Plan is extremely superficial and while this may illustrate the relative unimportance of housing vis-a-vis projects such as roads, it is simply not acceptable to not plan for housing provision more deliberately than is being done at present. CPAG agrees with this, but sees an imperative to have a timeline, given the urgency of housing shortages in areas such as Auckland and Christchurch.

Recommendation

Agree

- support home ownership for low-income families, Māori whānau and Pasifika families

Comment

CPAG acknowledges the need and value in supporting policies which bring about higher home-ownership rates for low income households and in particular for Māori and Pasifika households. CPAG is particularly concerned about responses to the poor quality and low volumes of houses in rural areas with high Māori populations. There has been no credible rural Māori housing programme undertaken since the demise of the Department of Māori Affairs housing in the early 1980's. This being the case, CPAG supports the EAG's call for greater attention to rural Māori housing needs. In particular we support as a first and immediate priority, the measurement of

housing deficits already existing in such places as rural Northland, the eastern Bay of Plenty and East Coast.

Recommendation

Agree

- address the serious undersupply and poor quality of affordable and social housing by:
 - taking action to immediately increase the number of units of affordable and social houses
 - substantially increase the Social Housing Fund and extend it beyond 2015
 - register all social housing providers (state, local government and community) to standardise provision and extend rental subsidies to all registered providers

Comment

CPAG acknowledges the need and value in supporting policies which bring about higher home-ownership rates for low income households and in particular for Māori and Pasifika households. Once again there is a danger of distraction here in that resources may be channelled toward households for whom homeownership might be viable when in fact such households have less difficulty with their housing than do poorer households which are struggling even to afford decent quality rental accommodation. Given the extent of the housing shortage in Auckland, Christchurch and a few northern cities CPAG believes that priority should be given to providing affordable rental housing. While home ownership programmes have merit, preference should be expressed for affordable rental housing in any final proposals offered by the EAG.

Recommendation

Agree

- establish a single housing needs assessment

Comment

CPAG supports the EAG's proposals to establish a single point of housing needs assessment. The present approach where housing needs are assessed by Housing New Zealand is woefully inadequate, is fraught with conflicts of interest and is not transparent. CPAG believes that the single point of needs assessment should be Work and Income service centres.

Recommendation

Agree

- refocus housing subsidies provided through the AS and IRR

Comment

CPAG is doubtful that much will be achieved by simply re-focusing existing housing subsidies. We agree that there needs to be greater integration of housing subsidies into other income support programmes. We note for example that the Accommodation Supplement has continued untouched as changes have been made to benefit entitlements and family assistance through the introduction of Working for Families.

However just looking to re-arrange the deckchairs by shifting entitlements and subsidy rates between and across the two main housing subsidy programmes will not address either the poverty traps created by abatement regimes or the more fundamental problems that these subsidies are not driving any effective supply response. The EAG's comments that the Accommodation Supplement 'may distort the private rental market' is probably true although this is the intention and expected outcome of such subsidies. Demand subsidies such as the Accommodation Supplement theoretically not only make housing more affordable for recipients but also have the effect of pumping more money into the housing market, driving up housing demand, and making investment in more housing more attractive. This consequential supply response has not occurred in sufficient volume to provide good quality affordable housing to every family and household that needs it. There are a number of reasons for this not the least of which are the distortions in our taxation policy and financial regulation.

These reasons notwithstanding, simply meddling with the present arrangements of housing subsidies whereby the subsidies offered through the Accommodation Supplement and income related rents might be equalised, simply does not address the underlying problem of insufficient supply. CPAG can see little value in such meddling as it is likely to distract public and political attention from the larger question of supply problems and inadequate budgets, and is a short-term fix at best.

Recommendation

Disagree

- regulate the quality of rental accommodation using a mandatory Warrant of Fitness

Comment

CPAG acknowledges and accepts that much of the private rental housing stock is in a poor state of repair, is poorly insulated and poorly maintained. We do not however believe that the answer to this problem is the requirement that rental housing be covered by a warrant of fitness system. While such a requirement would be ideal, it is a distraction from the bigger issue of supply shortages in many parts of New

Zealand. While these shortages remain, there is the potential for landlords to ignore the requirements and to offer poor quality housing to tenants in markets where there are housing shortages. In tight housing markets tenants do not have the power to insist on WoFs and given the size of the national rental housing stock it seems unlikely that any public agency will be able to collect sufficient data to put in place an effective enforcement regime.

A requirement for private rental housing is likely to be expensive. There are around 500,000 rental houses in New Zealand and if a WoF was required every two years and if local Councils provided the necessary inspection and certification for as little as \$200 per house, such a requirement would represent an additional cost to the economy of \$50 million annually. While this is not much against the annual value of rents paid (around \$6 to \$7 billion) it seems a lot against the current investment in new social housing which is \$105 million over the next three years.

Recommendation

Agree

- extend and target home insulation and heating subsidies

Comment

While the effectiveness and coverage of the Warm Up New Zealand programme has not been substantially researched to date, anecdotal evidence suggests that low-income tenant households have benefited least from this programme.

Clearly greater effort and greater imagination needs to be applied to ways of extending insulation subsidy programmes to ensure that the poorest households who most likely live in the poorest housing, gain some advantage from such subsidy programmes. CPAG supports the EAG's initiative in this regard.

Recommendation

Disagree

- invest in housing data and research

Comment

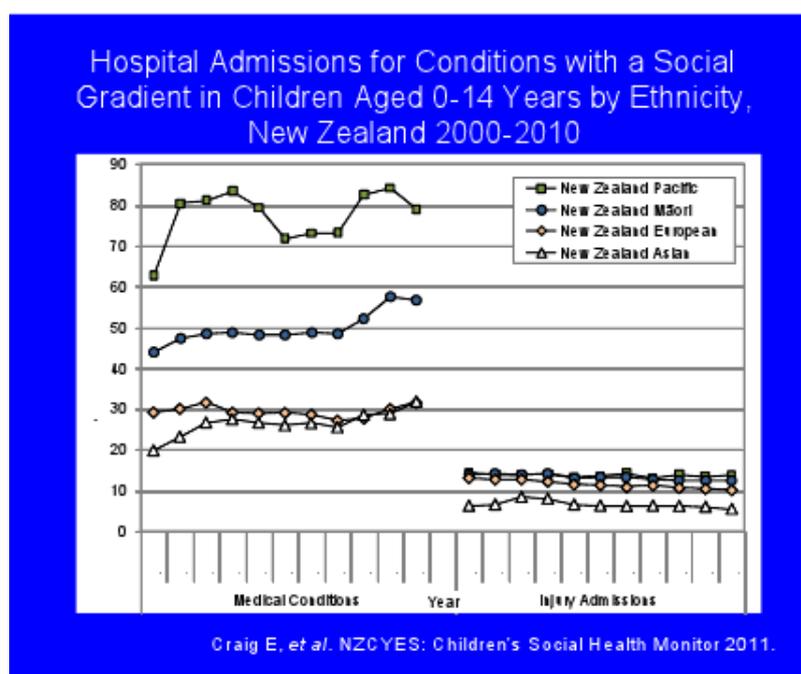
CPAG suggests no further research on housing and its impact on individuals, families and neighbourhoods is required. Nor do we need any further research on housing shortages in New Zealand. It is far more critical that housing shortages and its attendant problem of overcrowding and poor quality housing are tackled head on with investment in housing for low-income families.

Health

Comment

The health and well being of NZ children is poor by OECD standards. Within NZ the large disparities in poor health outcomes for preventable diseases are increasing at the very time that they are decreasing in comparable countries (see Figure 1).

Figure 1



Not only are these diseases and other effects of child poverty acutely harmful, they may cause lasting damage to physical and mental health, permanently disabling the health and wellbeing of children.

The poor outcomes for oral health are described in the *New Zealand Child and Youth Epidemiological Service Indicator Handbook (2007)*:¹⁹

“There are significant regional and ethnic disparities in the distribution of the disease among our children. Only 44% of five-year-old children living in the Counties Manukau region were caries free in 2009 as opposed to 67% of five-year-olds in the Otago region (Ministry of Health, 2009b). Māori and Pacific children shoulder a disproportionate burden of disease with only 34% of Māori and 27% of Pacific five-year-olds caries free, significantly less than the national average of 55% of five-year-olds caries free (Ministry of Health, 2009b). Not only are Māori and Pacific children more likely to experience the disease, they experience greater severity of the

¹⁹ <http://dnmeds.otago.ac.nz/departments/womens/paediatrics/research/nzcyes/pdf/Indicator%20Handbook%20Version%2008.3.pdf>, pp 224-228. See also comment in <http://www.cpag.org.nz/assets/sm/upload/d4/ei/sg/q4/LFBDec2011.pdf>, p131.

disease, exhibiting more decayed, missing and filled teeth than their non-Māori and Pacific counterparts. Preschoolers with severe dental needs often require a general anaesthetic for treatment, and can wait up to nine months after their initial contact with the school dental service for surgery. The majority of these children will require multiple courses of antibiotics to reduce infection while waiting.”

Disability is not mentioned at all, despite the extensive documentation about the needs of disabled children (all references below are from the *New Zealand Child and Youth Epidemiological Service Report on Children and Young People with Chronic Conditions and Disabilities* (2010)).²⁰ In New Zealand during 2005–2009, neural tube defects evident at the time of birth were significantly higher for those living in the most deprived (NZDep decile 9–10) areas, and for babies born to teenage mothers (vs. mothers aged 20–39 years (Table 9)). During the same time period, hospitalisations for children and young people with

- developmental delays were significantly higher for those living in average–more deprived (NZDep deciles 5–10) areas;
- intellectual disabilities were significantly higher for those living in average–more deprived (NZDep deciles 5–10) areas (Table 29);
- cerebral palsy was significantly higher for those living in average–more deprived (NZDep deciles 4–10) areas;
- insulin dependent diabetes mellitus (IDDM) were significantly higher for those in average–more deprived (NZDep deciles 3–10) areas;
- non-IDDM were significantly higher for those in average–more deprived areas (Table 44);
- epilepsy or status epilepticus was significantly higher for those living in average–more deprived (NZDep deciles 3–10) areas (Table 50)

Obesity also has a socioeconomic gradient. Children living in the most deprived (NZDep decile 9–10) areas were significantly more likely to be obese than those living in the least deprived–average (NZDep deciles 1–8) areas. Children in the most deprived (NZDep decile 9–10) areas were also significantly more likely to be overweight than those living in more affluent (NZDep deciles 1–4) areas. Obesity is a significant health issue and a major contributor to disability within families.

²⁰http://dnmeds.otago.ac.nz/departments/womens/paediatrics/research/nzcyes/pdf/Rpt2010_NZReport.pdf.

Recommendation

**Agree but
expand**

- developing a child health funding strategy based on the principle of 'proportionate universalism'

Change recommendation to:

developing a child health funding strategy based on the principle of 'proportionate universalism' so that it is place by 2017

Comment

CPAG agrees with this, but sees an imperative to have a timeline.

Recommendation

Agree but expand

- connecting more pregnant women with maternity services earlier, especially women living in poverty, teenagers and Māori women and Pasifika women

Change recommendation to:

connecting at least 90% pregnant women with maternity services by the second trimester, having this target for all groups including women living in poverty, teenagers and Māori women and Pasifika women

Comment

Disproportionate action needs to be taken to connect women who are most disadvantaged.

Recommendation

Agree but expand

- developing a common assessment pathway for all children to identify their needs and vulnerabilities, shared by all health practitioners

Change recommendation to:

developing a common assessment pathway for all children to identify their needs and vulnerabilities, shared by all health practitioners, so that it is place by 2015

Comment

A common assessment pathway for all children to identify their needs and vulnerabilities, shared by all health practitioners is a matter of urgency because the most disadvantaged children are missing out the most with the current approach.

Recommendation

Agree but expand

- developing a national plan to improve child nutrition

Change recommendation to:

developing a national plan to improve child nutrition by 2017

Comment

Ministry of Health Food and Nutrition guidelines have been in place for many years and have recently been updated – so we know what children need to eat. Therefore, there needs to be a strategy developed to deliver this.

It is important that pre-school children and adolescents receive adequate nutrition, as well as primary school age children who have been the recent focus of media attention and our own publications.

One important approach is to provide food in schools as recommended by CPAG in our two publications: *Hunger for Learning* (2011)²¹ and *Empty Food Baskets* (2012).²² The recommendations of *Hunger for Learning* are dealt with in the education section.

Recommendation

Agree but expand

- establishing free primary health care for children aged zero to six years

Change recommendation to:

achieving free primary health care for all children aged zero to six years at all hours of day and night, weekdays and weekends by 2013

Comment

This is already government policy, but is not yet reaching all children. It needs to, and quickly!

Recommendation

Agree

- securing funding for youth health services in low-decile secondary schools

Comment

CPAG agrees with this evidence-based approach.

²¹ <http://www.cpag.org.nz/assets/Publications/2-0%2025804%20Hunger%20for%20Learning%20Brochure.pdf>

²² <http://www.cpag.org.nz/assets/Publications/Empty%20Food%20baskets%20final%2029.3.12.pdf>

Recommendation

Agree but expand

- requiring all DHBs to enroll children at birth with a primary health care provider, the national immunisation register and Well Child/Tamariki Ora

Change recommendation to:

requiring all DHBs to enroll children at birth with a primary health care provider, the national immunisation register and Well Child/Tamariki Ora, and with the Free Oral Health Care service provided by the Ministry of Health

Comment

Oral health has been overlooked in the EAG's documents. The poor oral health statistics among NZ pre-schoolers are alarming and they have lasting ill effects. The current 'opt-in' approach to the Free Oral Health Care service provided by the Ministry of Health means that the more disadvantaged children miss out. It needs to be changed to an 'opt-out' approach with enrolment at birth.

Recommendation

- expanding the Shared Maternity Record of Care project to age 18

Comment

CPAG is unsure about the relative value of this recommendation in addressing the unmet needs of children in poverty.

Recommendation

Agree

- evaluating and expanding community-based services that combine health and social services in low-income neighbourhoods

Comment

CPAG agrees with this, but wishes to see a timeline and a target.

Recommendation

Agree

- implementing the Preventing and Minimising Gambling Harm: Six-year Strategic Plan, especially prevention efforts targeted at low-income families

Comment

CPAG agrees with this evidence-based approach.

Recommendation

Agree and expand

- continuing to expand smoking prevention and reduction initiatives

Change recommendation to:

continuing to expand smoking prevention and reduction initiatives to reach NZ target of being smokefree by 2025, along with initiatives of a similar nature to reduce the exposure of children to harm from alcohol

Comment

Tobacco exposure causes additional ill-health for children and is a contributor to preventable hospital admissions. CPAG supports a more rapid approach to raising of taxes for cigarettes, banning of advertising etc.

We also support policies which limit the exposure of children to harm from alcohol.

Recommendation

Agree and expand

- extending free primary health care for all children aged under 18 years

Change recommendation to:

extending free primary health care for all children aged under 18 years by 2017

Comment

Many children aged 6 years and over are not being taken to primary care because of cost. This delays treatment and may result in permanent damaging ill health eg bronchiectasis. Some children in significant disadvantage do not tell their parents when they are sick because they know their parents can't afford to take them to the doctor. It is imperative therefore that free primary healthcare be implemented as soon as possible.

Recommendation

- developing a single information system for all health and social services

Comment

CPAG agrees with this, but wishes to see a timeline and availability for all children.

Education

Comment

CPAG has concerns about the EAG's recommendations with respect to compulsory education. In our view, the EAG's solutions are superficial. While school-based solutions have definite merit and deserve support, they notably fail to tackle broader structural issues, specifically inequality of opportunity. The inequities of educational provision go unacknowledged and yet education is seen to be the route out of poverty. Transience – in reality a housing issue – is a huge concern for both low-income households and the schools serving them, yet it is mentioned once and only in reference to a survey result.

In 2008 Professor Martin Thrupp wrote clearly on these systemic problems²³ which have not been addressed by the EAG and furthermore have been exacerbated by recent policy changes:

It would be quite wrong to assume that a level playing field in education could be achieved simply by providing extra resources to poor schools, or improving the quality of the teachers and schools to which they are exposed. These approaches distance the problem from the lives of the better off.

What policymakers and politicians much prefer to talk about is how schools can pull up the low achievement associated with child poverty through better teaching and leadership. In New Zealand, this has led to discussion around effective or quality teaching and “quality providers,” but also significantly around family and community engagement in education.

While most educators would agree that how well teachers and principals teach and lead, and how well they relate to the communities their schools serve, makes a difference, problems arise when school-based solutions are overplayed, and turned from “small victories” into “large victories” (Anyon, 1997), which then are seen to provide all the answers to educational and social inequalities.

This was followed in 2011²⁴ with the observation that:

Just as education policy could improve the ways it addresses child poverty, it can also get worse. There are a number of recent school policy developments that we view with concern because they have the potential to reinforce social inequalities and the effects of poverty in education. These developments include: more funding to private schools, building schools using public–private partnerships, changes to

²³ Thrupp, M. (2008). Some Inconvenient Truths about Education in Aotearoa-New Zealand. In S. St John & D. Wynd (Eds.), *Left Behind: How Social and Income Inequalities Damage New Zealand Children*. Auckland: Child Poverty Action Group (Inc). Available <http://www.cpag.org.nz/assets/Publications/LB.pdf>.

²⁴ Carpenter, V., & Thrupp, M. (2011). A Turn for the Worse? Some Recent Developments in the School Sector. In *Left Further Behind: How Policies Fail the Poorest Children in New Zealand*. Auckland: Child Poverty Action Group (Inc). Available <http://www.cpag.org.nz/assets/Publications/LFBDec2011.pdf>.

zoning laws to give more preference to family connections, the contracting out of support services to schools, the development of National Standards, and the proposed 'Teach First New Zealand' scheme in teacher education.

This year 2012 the introduction of the policy of Charter Schools in 2014 has been announced and the publishing of league tables has occurred. These developments have the potential to undermine any positive effects arising from the recommendations below.

Recommendation

Agree with reservations

- continuing to raise participation in and the quality of early childhood education²⁵

Change recommendation to:

state funded high quality early childhood care and education should be a free universal provision for children aged 2-4

Comment

CPAG endorses the EAG's highlighting of the need for "accessible and affordable, high-quality" early childhood care and education (p12). CPAG recommends further, that state funded high quality early childhood care and education should be a free universal provision as are our public schools. CPAG also agrees with the EAG "that the care needs of children must be balanced against the desire and practicality of getting paid employment, and this is especially difficult for sole-parents with young children" (p12). The provision of free, high quality early childhood care and education should be prioritised by future funding allocations. A policy change is urgently required, to reinstate the objectives of "*Pathways to the Future: Ngā Huarahi Arataki. A 10-Year Strategic Plan for Early Childhood Education*",²⁶ which had stipulated that by 2012 all early childhood educators would need to be qualified, registered teachers, as is the case in primary and secondary schools. The Ministry of Education has recently highlighted the need for early childhood care and education to be both 'high quality' and 'culturally responsive'.²⁷ In fact, CPAG argues that early childhood care and education can be considered 'high quality' only if it is indeed culturally responsive. The Ministry recognises that our national early childhood

²⁵ Hereafter referred to as early childhood care and education (ECCE).

²⁶ Ministry of Education (2002), *Pathways to the Future: Ngā Huarahi Arataki. A 10-Year Strategic Plan for Early Childhood Education*. Wellington: Ministry of Education.

²⁷ Ministry of Education (2012) *Me kōrero. Let's talk. Ka hikitia. Accelerating success. 2013–2017*. Wellington: Ministry of Education.

curriculum document, *Te Whāriki*, “provides a strong basis for culturally responsive teaching and learning environments”.²⁸

CPAG notes not all ECCE participation is universally beneficial for a child. There is some evidence that what is most beneficial especially to young children aged under two is bonding with a significant other ie a parent or other family member, while some studies suggest that placing very young children in child care is harmful. Clearly the evidence points to good quality ECCE being beneficial to children aged 3 and 4 and this should be the explicit focus of the recommendations.

With respect to participation rates, the rates published by the Ministry of Education do not talk about the extent of ECCE attendance prior to attending school but how many children have attended ECCE at some time. The rates of participation reported for Māori children are much lower than the published general rates (around 70% for 3-4 year olds) and barriers which involve poverty and cultural issues are not highlighted in the recommendations.

The EAG paper notes: Among the 86 parents surveyed in phase one, **cost was the primary barrier to participating in any form of early childhood service**. Lack of transportation was rated as the second greatest barrier. **Family poverty, family transience**, and lack of knowledge of ECCE services available were the next most often stated barriers [...] Ten of the twelve Pasifika parents interviewed were aware of ECCE in their community. Some had looked at options but found **the cost was too high** and there were waiting lists. The Pasifika parents were also somewhat hesitant, feeling that their children should be at home with them while they were young. They also felt that their 3 and 4 year olds would struggle because of language and cultural barriers.

Recommendation

Agree

- developing a national strategy for food in schools

Change recommendation to:

develop and implement a national strategy for food in schools by 2017

Comment

CPAG has written extensively about the need for a food in schools programme in New Zealand.²⁹ Its recommendations were:

- Breakfast should be made available to children in decile 1 and 2 primary, intermediate and primary/intermediate combined schools.
- Breakfasts should be provided on a universal basis to children attending decile 1 and 2 primary, intermediate primary/intermediate combined schools. Making

²⁸ Fn 22, p14.

²⁹ Wynd, D. (2011). *A Hunger for Learning: Nutritional Barriers to Children's Education*. Auckland: Child Poverty Action Group (Inc). Available www.cpag.org.nz.

breakfast available to children in these schools targets children with the greatest need, and is a direct provision to them.

- Breakfasts should be required to comply with nutritional guidelines to ensure a minimum nutritional standard.
- Breakfast programmes need to be resourced properly through regular and secure partial funding from central government. This funding needs to cover most of the cost. The evidence clearly demonstrates that food programmes cannot rely solely on charity, volunteers, and/or donations of food and time from teachers.
- Schools need to be provided with a policy framework that encourages them to develop relationships with their local communities, and to help build capacity within communities.
- State contributions should be dedicated specifically to programmes, and subject to audit to ensure funds are being used for the purpose for which they were allocated.
- Programmes need to be monitored and evaluated for effectiveness, to ensure objectives are being met, and that an appropriate nutritional standard is maintained.

CPAG also suggests the EAG take note of the positive results from Project Energise as part of any future plan to develop and implement a national food in schools strategy.³⁰

Recommendation

Agree

- expanding evidence-based support for parents and teachers of children with behaviour issues

Change recommendation to:

provide additional support for low-decile schools with special needs children, and expand evidence-based support for parents and teachers of children with behaviour issues with adequate and appropriate resourcing

Recommendation

Agree in part

- expanding and evaluating ECCEs and schools as community hubs

Comment

CPAG endorses the proposal, previously mooted by the Early Childhood Taskforce, that early childhood care and education settings be supported to become community

³⁰ <http://www.aut.ac.nz/news/aut-news/2011/july/success-of-project-energize-confirmed>.

hubs, offering integrated services such as well-child checks and parenting classes. We further note that the 2002-2012 Strategic Plan for ECCE further included the priorities of “better support for community-based ECCE services”, focusing on “communities where participation is low, particularly Māori, Pasifika, low socio-economic and rural communities” and that this early childhood care and education should “be driven by the needs of those individual communities”.³¹ CPAG considers that community-based initiatives, coming from a ‘flax-roots’ approach, are more likely to foster participation in ECCE than the threat of benefit penalties for non-participation of children in ECCE services. High quality ECCE services are ideally placed to offer not only care and education for children but parenting support and education for **all** parents of young children in their communities.

Recommendation

Agree

- expanding Teen Parent Units in low-decile schools and evaluating student outcomes

Change recommendation to:

expanding Connected Learning Centres (the name Teen Parent Unit is not favoured) in low-decile schools with appropriate resourcing and evaluating student outcomes

Recommendation

Agree

- provide high-quality ECCE and out-of-school care services for children living in poverty to support parental employment

Change recommendation to:

provide high-quality ECCE and out-of-school care services for children living in poverty to support parents

Comment

The provision of ECCE and out-of-school care services for children should not be tied to parental employment – it should be for the benefit of the child. As stated, this recommendation makes the provision of ECCE and after-school care sound like a baby-sitting service.

Recommendation

Agree

- securing funding for youth health services in low-decile secondary schools

³¹ See fn21.

Recommendation

Agree

- developing more after-school education programmes

Comment

Is this a solution for the labour market or for children's needs?

Recommendation

Agree

- expanding after-school and holiday programmes in low-decile schools