Solutions to Child Poverty in New Zealand

Issues and Options Paper for Consultation

28 August 2012
This Issues and Options paper was prepared by the Children’s Commissioner’s Expert Advisory Group on Solutions to Child Poverty. A final report will be available in December 2012.

Published August 2012

References

ISBN 978-0-909039-34-9 Print
ISBN 978-0-909039-36-3 Electronic

For further copies go to www.occ.org.nz

The quotes from young people in this paper are from a 2009 project, *This is how I see it: Children and young people’s views and experiences of poverty*, produced by the Office of Children's Commissioner and available on their website.
Table of Contents

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table of Contents</td>
<td>i</td>
</tr>
<tr>
<td>Foreword by Co-Chairs</td>
<td>iv</td>
</tr>
<tr>
<td>Foreword by Children’s Commissioner</td>
<td>v</td>
</tr>
<tr>
<td>Expert Advisory Group on Solutions to Child Poverty</td>
<td>vi</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>ix</td>
</tr>
<tr>
<td>Child poverty in New Zealand</td>
<td>1</td>
</tr>
<tr>
<td>Defining child poverty</td>
<td>1</td>
</tr>
<tr>
<td>The causes of child poverty</td>
<td>2</td>
</tr>
<tr>
<td>The consequences of child poverty</td>
<td>2</td>
</tr>
<tr>
<td>Our approach</td>
<td>3</td>
</tr>
<tr>
<td>Reducing child poverty – measuring and setting targets</td>
<td>6</td>
</tr>
<tr>
<td>Measuring child poverty</td>
<td>6</td>
</tr>
<tr>
<td>Setting targets to reduce child poverty</td>
<td>6</td>
</tr>
<tr>
<td>Income and the tax-benefit system</td>
<td>8</td>
</tr>
<tr>
<td>Principles for policy design – consideration of child welfare and best interests</td>
<td>9</td>
</tr>
<tr>
<td>Improve the child support system for low-income sole-parents</td>
<td>9</td>
</tr>
<tr>
<td>Raise Family Tax Credit payments</td>
<td>10</td>
</tr>
<tr>
<td>Improve take-up rates of child-related benefits</td>
<td>10</td>
</tr>
<tr>
<td>Create a new universal income support payment – the Child Payment</td>
<td>11</td>
</tr>
<tr>
<td>Refocus the benefit for sole-parents – the Young Child Carer Benefit</td>
<td>11</td>
</tr>
<tr>
<td>Provide high-quality ECE and out-of-school care services to support parental employment</td>
<td>12</td>
</tr>
<tr>
<td>Undertake an independent review of all child-related benefit rates</td>
<td>12</td>
</tr>
<tr>
<td>Problem debt</td>
<td>12</td>
</tr>
<tr>
<td>Employment</td>
<td>14</td>
</tr>
<tr>
<td>Māori</td>
<td>16</td>
</tr>
<tr>
<td>Develop measures of Māori well-being and set targets to eliminate the disparities in rates of poverty for Māori children</td>
<td>17</td>
</tr>
<tr>
<td>Continue government support for evidence-based initiatives that increase the educational achievement of Māori children</td>
<td>17</td>
</tr>
<tr>
<td>Develop a strategy to prevent Māori homelessness</td>
<td>17</td>
</tr>
<tr>
<td>Continue to develop and support integrated health services for Māori children</td>
<td>18</td>
</tr>
<tr>
<td>Support the employment of Māori young people by promoting training schemes, providing incentives to employers and extending micro-financing strategies</td>
<td>18</td>
</tr>
</tbody>
</table>

Solutions to Child Poverty in New Zealand| i
Evaluate Rangitahi Courts and increase government support for initiatives which connect young people to their community ................................................................. 19
Continue government support for parenting programmes that work with the wider whānau and address multiple issues ................................................................................................................................. 19
Support trusted workers and develop integrated service hubs ................................................................. 19
Pasifika ...................................................................................................................................................... 21
Support implementation of Orama Nui, the housing strategy for Pasifika .................................................. 23
Community ............................................................................................................................................... 25
Strengthen infrastructure investment in housing ......................................................................................... 26
Support home ownership for low-income families, Māori whānau and Pasifika ........................................ 27
Increase the supply and quality of social housing ...................................................................................... 28
Establish a single point of housing needs assessment ................................................................................ 29
Refocus housing subsidies .......................................................................................................................... 29
Regulate the quality of rental accommodation .......................................................................................... 29
Extend and target home insulation and heating subsidies ........................................................................ 30
Invest in housing data and research .......................................................................................................... 30
Health ........................................................................................................................................................ 31
Fund child health using the principle of ‘proportionate universalism’ ........................................................ 32
Connect more pregnant women with maternity services earlier ............................................................ 32
Develop a common assessment pathway .................................................................................................. 32
Develop a national plan to improve child nutrition .................................................................................. 32
Free primary health care for all children .................................................................................................. 32
Secure funding for youth-friendly school-based health and social services .............................................. 33
Streamline information systems across health and social services ............................................................ 33
Evaluate community-based services in low-income neighbourhoods ....................................................... 33
Prevent problem gambling and smoking .................................................................................................. 33
Education .................................................................................................................................................. 35
Increasing early childhood education participation and quality .............................................................. 36
Developing a national strategy for food in low-decile schools and ECEs ................................................. 36
Expanding evidence-based targeted behavioural support interventions ................................................. 36
Expanding and evaluating schools and ECEs as community hubs ............................................................ 37
Expanding Teen Parent Units in low-decile schools and evaluating student outcomes .......................... 37
Developing more after-school education programmes .............................................................................. 37
Expanding after-school and holiday programmes in low-decile schools .................. 37
Conclusion ..................................................................................................................... 39
Next steps .................................................................................................................... 39
References .................................................................................................................... 40
Appendix One ................................................................................................................ 44
Foreword by Co-Chairs

Nearly thirty years ago, child poverty rates in New Zealand were about half current levels. Today, 25 percent of our children live in households where incomes fall below recognised poverty thresholds. This is about 270,000 children. Many of these children experience significant material deprivation, and many remain poor for long periods of time.

Does this matter? Undoubtedly. Poverty imposes costs. It harms those directly affected and the wider society. It undermines children’s rights to develop their gifts and talents. It reduces opportunities, stifles educational achievement, reduces labour productivity and increases health care costs. Currently we spend a lot of money dealing with these negative consequences of child poverty. It would make more sense to invest upfront and avoid some of these costs. In short, prevention is better than cure.

The good news is that child poverty can be reduced. The international evidence highlights a range of policies that can make a difference. This Issues and Options Paper brings together a package of initial proposals that we believe will both alleviate child poverty and mitigate its effects.

Implementing these proposals will take time and effort. It will require vision, courage and determination. It will require a willingness to embrace innovative and creative approaches. And it will require the cooperation of government, local communities, business, civil society organisations, iwi and whānau.

We invite you to read our initial proposals and provide us with your feedback and ideas. These responses will help inform our final report in December to the Children’s Commissioner.

Together we can make a difference. Together we can ensure that all our children, whatever their cultural, ethnic or social background, are able to thrive and enjoy the fullness of life to which every person is entitled.

Professor Jonathan Boston and Dr Tracey McIntosh

Co-Chairs, Expert Advisory Group on Solutions to Child Poverty
Foreword by Children’s Commissioner

As a father, a paediatrician and Children’s Commissioner I cannot accept that some children in this country are missing out. Too many children are finding day-to-day life tough, often for long periods of time. This impacts on their development, behaviour and physical health and can limit their potential as they grow into adults. The cost to the country is also significant.

While our average income is lower than the OECD average, New Zealand has a distinct advantage over other OECD countries; we have one of the highest proportions of the population who are children. Like other OECD countries, our population is ageing and the number of people of earning age per retiree is falling. If we look after our children well, particularly while they are very young, we will be in a much stronger economic position than countries with fewer children. We are also a small country by OECD standards; and we know who the children who need extra assistance are. It should be straightforward to ensure they have the resources they need to thrive, belong and achieve.

In March this year I asked some of the finest minds in the country to find solutions to child poverty. I have been heartened by the collaboration, passion and focus shown by this group of people from such diverse backgrounds and experiences.

New Zealand is a caring country that values children. I don’t believe anyone thinks that child poverty is OK. This draft report shows that there are many solutions that we can implement as practitioners, community leaders, social agencies, government agencies and members of society. Many solutions are not about spending more money but about doing things differently or with a new focus.

I would like to acknowledge the important work of many individuals and organisations over the years on the issue of child poverty and the solutions. Their work has made an important contribution to the solutions contained in the paper.

Your feedback on the ideas in this paper will ensure the final report presented to government has the best possible thinking on how we can reduce the prevalence and impact of poverty in childhood. Thank you for your time and interest in such an important issue for children and New Zealand.

Dr Russell Wills

Children’s Commissioner
Poverty

by Sa’o, high school student, Otahuhu

Poverty is just a word...
but a word that means a lot
not when said
but when seen.
Poverty is just a cycle
but an on-going cycle
not being altered
but left aside.
Poverty is on our conscience
but at the back of our minds
not acted on
but why not?
Expert Advisory Group on Solutions to Child Poverty

The Children’s Commissioner has identified child poverty as a key priority during his five-year term. In March 2012 he established the Expert Advisory Group (EAG) on Solutions to Child Poverty.

The Children’s Commissioner is seeking advice from the EAG that takes a systemic approach to defining the causes and consequences of child poverty, and draws on the best available local and international evidence, including actions taken in similar countries. The advice needs to address the specific needs of Māori and Pacific children. Advice should include short-term actions to reduce child poverty and its effects. The advice needs to be realistic, pragmatic, effective and take into consideration current and likely future fiscal constraints. A longer-term strategy for reducing child poverty and its negative effects should also be proposed. The final EAG report must be completed and published by December 2012.

The Children’s Commissioner appointed the following people to the EAG:

- Professor Jonathan Boston (co-chair) – Professor of Public Policy, School of Government, Victoria University of Wellington
- Dr Tracey McIntosh (co-chair) – Department of Sociology, past Director Centre of Research Excellence (CoRE) Ngā Pae o te Māramatanga, Tūhoe
- Dr Airini – Head of School, Critical Studies in Education, University of Auckland
- Dr Fiona Cram – Researcher, Consultant, Katoa Ltd, Ngāti Pahauwera
- Professor Mark Henaghan – Dean and Professor of Law, University of Otago
- Professor Philippa Howden-Chapman – Professor of Public Health, University of Otago
- Phil O’Reilly – Chief Executive, Business New Zealand
- Professor Richie Poulton – Director Dunedin Multidisciplinary Health and Development Research Unit; Co-Director, National Centre for Lifecourse Research, University of Otago
- Dr James Prescott – Senior Lecturer in Accounting, Auckland University of Technology; Families Commissioner
- Major Campbell Roberts – National Director, Social Policy and Parliamentary Unit, The Salvation Army
- Bob Stephens – Senior Associate, Institute for Governance and Policy Studies, Victoria University of Wellington
- Dr Nikki Turner – General Practitioner, Director of Connectus and the Immunisation Advisory Centre, Senior Lecturer in the Division of General Practice and Primary Health Care, University of Auckland
- Sharon Wilson-Davis – CE, Strive Community Trust.

Some of the issues covered in this Report were subject to substantial debate among EAG members. We sought a consensus view on all key issues. While all members might not subscribe to every statement printed here, they endorse the Report and proposals as a whole.
The proposed solutions to child poverty identified in this Report are based on the best available evidence. References are contained both in this Report and in our Working Papers (see Appendix One for a list of the Working Papers and access them on our website www.occ.org.nz).

Some proposals are relatively inexpensive while others are likely to have significant fiscal costs. Once we have received your feedback, we propose to undertake further work to determine the cost of specific proposals.
Executive Summary

The EAG on Solutions to Child Poverty was established in March this year by the Children’s Commissioner, Dr Russell Wills. Since then the EAG has actively surveyed the international and New Zealand evidence and developed a series of proposals to reduce child poverty and mitigate its effects. This Report outlines our initial thinking. Some of our proposals are ambitious, but they are also realistic, evidence-based, cost-effective and fiscally responsible.

The incidence of child poverty in New Zealand is unacceptably high. Approximately 25 percent, or 270,000, of our children live in poverty. This rate for children is higher than for other groups in New Zealand. Many of these young people experience significant material deprivation. While many children spend only short periods in poverty, some experience persistent poverty. Those who face severe and/or persistent poverty are particularly at risk of poor life outcomes. Māori and Pasifika children and children with a disability are disproportionately represented in poor households. Around half of all poor children are Pākehā.

Growing up in poverty is often harmful. The short-term impacts include missing out on important childhood opportunities like school outings and sports activities. But the impacts also include lower educational achievement, worse health outcomes, feeling stigmatised and having weaker social networks. As a result, childhood poverty can leave life-time scars, with reduced employment prospects, lower earnings, poorer health and higher rates of criminal offending. Ultimately, these negative consequences affect everyone. For instance, the costs of poverty in New Zealand are estimated to be the equivalent of about 3 percent of gross domestic product per annum.

The international evidence highlights at least three things. First, child poverty can be reduced. Governments have policy levers that can make a difference. To some extent, therefore, countries can choose how much child poverty they are prepared to tolerate. Second, addressing child poverty and mitigating its effects is not simple. There is no single magic bullet. Concerted and sustained action on multiple fronts is required. Third, reducing child poverty involves costs and trade-offs. Some hard decisions are thus necessary.

This Report sets out a comprehensive set of actions for addressing child poverty. Some of our proposals are short-term, others are longer-term. Some are relatively inexpensive; others will entail additional government spending. Some are focussed on reducing child poverty; others are concerned with mitigating the effects of such poverty. Collectively, we believe our proposals will make a significant difference.

In summary, we argue that New Zealand needs a standard approach to measuring child poverty. For each of the specific measures of poverty we have proposed, we have identified short-term and longer-term targets for reducing poverty. These entail cuts in child poverty rates of at least 30 to 50 percent by 2022. We have also proposed a comprehensive series of child-poverty reduction indicators. These are designed to supplement the Government’s recently announced Better Public Services targets. In our view these measures and targets should be embraced within a Child Poverty Act.

---

1 As measured by a recognised standard, namely the percentage of children living in households with disposable incomes of less than 60 percent of the median income, after housing costs.
To achieve our proposed targets, we recommend a series of improvements to family assistance programmes. In the short-term these include passing-on child support payments to custodial parents who receive benefit support (at present they are retained by the government to offset the cost of the benefit). This will encourage more non-custodial parents to pay and increase the income available for children. We also propose changes to Family Tax Credit rates to give more money to families with young children or more than one child – the children who are disproportionately poor.

We also propose establishing a new Child Payment (universal for the first five years and then targeted), and a review of all child-related benefit rates, including the In-Work Tax Credit. As part of this package, we propose changes to encourage more parents to enter paid employment, but in a context where they receive adequate support and the development needs of children are protected. This means having accessible and affordable, high-quality early childhood education and out-of-school care.

Increasing parents’ employment earnings is the most important way to move children out of poverty. But we understand 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. There are ways we can support parents into work, including helping them to find jobs, supporting training, providing job subsidies, and providing high-quality childcare. Part of this will require providing clear pathways for parents of young children back into paid employment. We also need to do better at transitioning young people from school into tertiary training and subsequent paid employment.

Reducing child poverty in New Zealand will require specific and well-targeted measures to improve outcomes for Māori and Pasifika families. We canvass a range of options to achieve this objective developing a strategy to prevent Māori homelessness, continuing to develop culturally-appropriate, integrated, community-led health and social services, evaluating promising youth justice interventions such as Rangitahi Courts, and bridging gaps between Pasifika young people, schools, training providers and employers.

One of the major issues facing children living in poverty is poor quality and unaffordable housing. Too many children live in damp, cold, over-crowded houses. To remedy this, we propose in the short-term that every rental property (including state houses) should be subject to a ‘warrant of fitness’ and that home insulation programmes and heating subsidies should be extended and targeted to poor families. Further, we believe that there is scope to improve the effectiveness of the Accommodation Supplement (the payment available to make housing more affordable for low-income families) and we offer some suggestions on how this might be done. It will be essential to increase the number and quality of social housing (subsidised rental housing available for low-income families) and support home ownership for low-income families, especially for Māori and Pasifika communities.

Increased household incomes, stable employment and warm houses will go a long way to improving the lives of our most vulnerable children. Additionally, however, we propose various changes to health policy to ensure that children living in poverty receive the services they need. Improvements to maternity care, identifying children’s needs, funding models and health
databases will make a difference, as will improving access to primary health care and youth health care through secondary schools.

The education system must be part of any comprehensive programme to address child poverty. We propose a series of policy initiatives designed to ensure that children from poor households are better able to learn and do not start the day hungry. Evidence shows that improving access to early childhood education, after-school and holiday programmes and a range of other services through schools increases children’s educational achievement and longer-term well-being. We propose various ways to enhance these services.

The EAG acknowledges the important role communities play in mitigating the impact of child poverty. Within communities, there are many resources and much expertise that provide local solutions to children living in poverty. We identify a series of initiatives that will enhance the ability of communities to support such children. We are keen to hear more about what is happening in communities to reduce child poverty and mitigate its effects.

We encourage you to read this Report and the related Working Papers on our website and provide us with feedback. We want to know if what we have identified will work in your community. We want to know what proposals you would prioritise and if we have missed any crucial ideas.
Child poverty in New Zealand

Over the past few decades, New Zealand has experienced significant economic growth. But not all New Zealanders have prospered. In 1986 an estimated 11 percent of children lived in poverty. By 2011, that figure had risen to 25 percent, or about 270,000 New Zealand children (Figure 1) (Perry, 2012). This rate of poverty is higher than for other groups in New Zealand.

We know that:

- Poverty rates for children in beneficiary families are around six to seven times higher than for children in households where at least one adult is in full-time work.
- However, 35 percent of children living in poverty are from families where at least one adult has full-time work (26 percent) or is self-employed (9 percent).
- Children in sole-parent families experience significantly higher poverty rates than those in two-parent families (56 percent and 13 percent respectively in 2011).
- Poverty rates for Māori and Pasifika children are consistently higher than for European/Pākehā children – typically about double on most measures, including severe and persistent poverty (Imlach Gunasakera & Carter, 2012; Perry, 2012).

Defining child poverty

We define child poverty as follows:

Children living in poverty are those who experience deprivation of the material resources and income that is required for them to develop and thrive, leaving such children unable to enjoy their rights, achieve their full potential and participate as full and equal members of New Zealand society.

This definition draws on a range of international definitions and reflects the values expressed in major international agreements, such as the United Nations Convention on the Rights of the

---

2 Using a moving-line poverty measure, based on 60 percent of the median, after housing costs. Other measures give different results but still show that poverty rates have doubled over the past few decades.
It is also consistent with landmark documents in New Zealand’s history, such as the Report of the Royal Commission on Social Security in 1972. The focus of our definition is on children who are being excluded from a minimum acceptable way of life due to a lack of resources.

The causes of child poverty

The causes of poverty, including child poverty, have generated much debate. Often a distinction is made between the immediate or ‘proximate’ causes and the underlying, fundamental or root causes. The immediate causes of child poverty include low family (or household) income, often due to parental unemployment or low earnings capacity, and changes in family structure (especially separation and divorce). The underlying causes are more complex and controversial (Blank, 2003). In a developed country like New Zealand, the reasons include: the limited capacity of some individuals to participate fully and productively in the labour market, perhaps due to age, poor health, disabilities and limited skills; limited employment opportunities (particularly in declining regions or during economic recessions); the economic exclusion of certain groups of individuals and communities; and inadequate or poorly designed welfare policies.

Social commentators often talk about child poverty resulting primarily from parents making poor decisions about how they spend their money, bad morals, a poor work ethic, bad luck, unwise lifestyle choices and so on. While some parents undoubtedly make poor choices, there is little evidence that poor people mismanage their income to a greater extent than those who are better off. This is not to suggest that we should ignore the contribution of parental lifestyle choices and various social ills (including drug and alcohol addiction) to poor outcomes for children, but the main causes of child poverty lie elsewhere.

The consequences of child poverty

Children growing up in poor families in New Zealand are more likely to have poorer health, lower educational achievement, reduced employment prospects and lower life-time incomes. Being poor in early life also increases the chances of poor health later in life, including heart disease, alcohol and drug addiction and poor oral health. Living in poverty increases stress which effects the developing brain, and can affect parenting practices. Living in poverty impacts on children’s social and emotional well-being. The link between poverty and poor outcomes as a child and in adulthood is discussed in more detail in Working Paper 2: Lifecourse Effects of Childhood Poverty.

Child poverty also costs our society. The government spends a significant amount to treat the effects of child poverty, including spending on primary health care services and hospitalisations, special education services, housing subsidies and income support to unemployed parents or those on a low-income. See Working Paper 8: The Case for an Investment Approach for reducing Child Poverty.

“Can’t afford school uniform... Lack of books, can’t afford... Can’t go on school trips... No lunch... Not accepted by their peers... Left out... Get picked on at school... Stress... Shame... Low self-esteem... Unhappy... Lonely...Sad... Depressed... Angry... Feelings of worthlessness.”

- definitions created by young people
Long-term, child poverty is detrimental to New Zealand’s economy. Adults who were raised in poverty as children have less earning capacity. Consequently, there are productivity costs and a reduction in government revenue through lost taxation. Children who grow up in poverty are also statistically more likely to participate in crime, generating costs for our criminal justice system.

International evidence suggests that child poverty rates such as those experienced in New Zealand pose an annual economic burden in the order of 3 percent of GDP (Infometrics, 2011). Severe and/or persistent child poverty, especially in early childhood, are the most costly – both for society and the individuals concerned.

However, it is not inevitable that children raised in poor families will experience poor outcomes. Some parents, families and neighbourhoods are very resilient. Providing support and services that invest in children, and build skills and the capacity of their parents and the community where they live, can lift children out of poverty.

Our approach

The EAG believes that every child in New Zealand should have the opportunity to grow up without experiencing severe or persistent material deprivation. With concerted effort, it is possible to reduce child poverty to low levels. To be successful, a strategy to reduce child poverty and mitigate its effects will require strong leadership, effective policies and sustained effort.

Our approach to tackling the issue of child poverty has been to search out the best available international and New Zealand evidence. We have used the evidence-based findings of other specialist reference groups, such as the Early Childhood Education Taskforce and the Productivity Commission on Affordable Housing; various Law Commission reports; and child-poverty related work undertaken by other organisations such as The Salvation Army, New Zealand Council of Christian Social Services, Every Child Counts and the Child Poverty Action Group. We aim to build on existing policy initiatives, programmes and services that have been proven to work, or are showing potential. Many interventions, services and policy strategies are currently employed in New Zealand that target different aspects of child poverty, particularly those with a focus on child well-being and the income support system. We want to complement government initiatives relating to vulnerable children, welfare reform and Better Public Service targets.

We have drawn all this information together and prepared a range of Working Papers which are available on the Children’s Commission website www.occ.org.nz. We encourage you to read these papers as they explore the issues associated with child poverty in some depth.

In developing our proposals we have been guided by the following principles and considerations:

- a recognition of the complex, multi-faceted nature of child poverty, and the need for an integrated and comprehensive package of measures if solutions are to be effective

“Poverty is your problem, it is everyone’s problem, not just those who are in poverty.”

- Rebecca, Te Puru
• the rights enunciated in the UN Convention on the Rights of the Child
• the importance, in particular, of ensuring the best interests of the child, including the child’s developmental needs
• the provisions and principles of the Treaty of Waitangi
• a ‘social contract’ that recognises, amongst other things:
  o the mutual responsibilities of parents, the community and wider society for the care and well-being of children
  o the requirement to provide social assistance to those unable to work or secure paid employment sufficient to meet the basic needs of children
  o the importance of parental employment in reducing child poverty, but in a context where the developmental needs of children are protected (eg through accessible, affordable, high-quality childcare, early childhood education and after-school care)
  o the vital role of adequate housing, high-quality education and training, and equitable access to health care, either in minimising child poverty or mitigating its effects
• the desirability of a strong future focus, and hence an investment approach
• the desirability of selecting policies that are simple, effective, efficient and fair
• the need for fiscal responsibility.

We have purposefully taken a child-centred focus. This has meant taking account of children’s developmental needs at different ages, acknowledging the vital importance of the early years of a child’s life and recognising key transition points that occur through the lifecourse. It has also meant we have a commitment to listening to children and taking their view of child poverty into account (Egan-Bitran, 2010). Some comments from children and young people are already included in this Paper, and Working Paper 7: Children’s Voices on Poverty provides a summary of research on children’s perspectives of poverty. We will be discussing our proposals directly with children over the coming weeks.

With children at the centre of our approach and with their welfare and best interests as a core guiding principle, we have taken a broad view of the individuals, social groups, organisations and systems that influence children – including their parents, family, whānau, neighbourhoods, schools, community organisations, hapu, iwi and government.

We believe an investment approach, particularly investing in the early years of a child’s life, will reap the greatest benefits. This approach is strongly supported by international and New Zealand research. Investing in children, especially Māori children and their whānau and Pasifika children will be crucial. If child poverty is to be reduced in New Zealand, the solutions will need to work for Māori and Pasifika. An investment strategy that ensures that Māori and Pasifika children achieve positive outcomes in health, education, housing, employment and justice will make a huge contribution to New Zealand’s future economic, cultural and social prosperity.

We also aim to be solution focused – we all know child poverty is a problem in New Zealand; finding ways to solve this “wicked” problem has been our goal. We know the solutions to the problems are complex, so we have emphasised systems solutions. For example, better quality
and more stable housing would lead to lower rates of residential mobility, better attendance at school and more continuity of care for children at primary health organisations.

A well-functioning economy, with low unemployment and jobs that support families, is vital. We need to have easy and equitable access to high quality education and health services. We need strong, focused leadership from central government and within our communities. We each need to make a personal commitment to create a great life for all our children.

New Zealand has never had a national strategy to combat child poverty. We do not have an official measure of child poverty, or poverty more generally. We believe that New Zealand needs authoritative measures of child poverty, specific targets and indicators, and monitoring and reporting requirements with transparent leadership from government. In our view, the proposed measures, targets and indicators should be based in legislation.

Your feedback
We encourage you to read this Report and the associated Working Papers (see www.occ.org.nz) and provide us with feedback. We want to know if what we have identified will work in your community. We want to know what proposals you would prioritise and if we have missed any crucial ideas. We are keen to hear about what is happening in your community to reduce child poverty and mitigate its effects.

We are interested to know your views on:

- Which proposals will be effective in reducing child poverty?
- Which proposals are less likely to be effective?
- What are the most important proposals to reduce child poverty?
- What needs to be done first and why?
- What is missing from the package?

Please send your feedback to us by 12 October 2012.

There is a survey on our website www.occ.org.nz if you would like to provide responses to these questions electronically.

Email us at childpoverty@occ.org.nz

Our postal address:

FEEDBACK ON CHILD POVERTY SOLUTIONS
Office of the Children’s Commissioner
PO Box 5610
Lambton Quay
Wellington 6145
Reducing child poverty – measuring and setting targets

Various policy levers are available to reduce child poverty and mitigate its effects. But if these levers are to be employed in cost-effective ways, we need clarity about the following matters: what child poverty is (definition); the current state of child poverty in New Zealand (baseline data); what our overall targets should be; how we will measure progress toward achieving these targets; who has responsibility for measuring, reporting and monitoring progress; and who is accountable for achieving the targets.

“Let us get rid of poverty!”
Sa’o, Otahuhu

UNICEF notes “It is monitoring that makes possible evidence-based policy, political accountability, informed advocacy and the cost-effective use of limited public resources. The availability of timely data is therefore in itself an indicator of whether the commitment to protecting children is being taken seriously or not” (UNICEF Innocenti Research Centre, 2012, p5).

Measuring child poverty

We need to measure child poverty to assess progress in achieving our goal of reducing child poverty. Child poverty is a complicated concept to measure. In our view, a suite of measures is needed to capture all the different aspects of child poverty, as follows:

- income and material deprivation measures, including:
  - income poverty (both fixed-line and moving-line measures)
  - material deprivation
  - severe poverty
  - poverty persistence
- supplementary measures, including intergenerational poverty and geographic deprivation
- the development of child poverty-related indicators, covering education, child health, social inclusion of children, child disability and mental health, and quality of life.

Some of these measures already exist. Others will need to be developed, including child-specific measures of material deprivation and measures of poverty persistence. For more detailed information about the measures we are proposing, please refer to Working Paper 1: Defining and Measuring Child Poverty.

We recommend that measures of child poverty should either be reported as part of the official statistics provided by Statistics New Zealand, or mandated in legislation for reporting by an appropriate government department, such as the Ministry of Social Development.

Setting targets to reduce child poverty

Setting targets for reducing child poverty and mitigating its effects will be a useful tool to sustain governmental action over a period of time. Setting targets is a common practice overseas.
Setting poverty-reduction targets would be consistent with recent Government policy initiatives in New Zealand, such as the Better Public Services Results Targets.

We believe legislation should be enacted to institutionalise the process for setting targets to reduce child poverty, monitoring progress and reporting results. Under such legislation, the setting of targets would be mandatory and occur annually. However, the targets themselves would not be legally binding. The proposed legislation is discussed in more detail in Working Paper 6: Legislative Mechanisms to Reduce Child Poverty.

All targets should balance ambition with realism. Setting unrealistic or overly ambitious targets is likely to undermine the credibility of the whole process. Setting soft or easy targets may well have the same effect. With this in mind, we believe that New Zealand’s long-term aim should be to reduce child poverty progressively over time, with the objective of achieving, and then maintaining, low levels of poverty. The meaning of ‘low’ should be based on both international and domestic benchmarks.

Targets should be set for each of the five types of poverty measures we have recommended in Working Paper No 1: Defining and Measuring Child Poverty. The targets we propose include:

- 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
- a reduction in child material deprivation by at least 40 percent from 2008 data by 2022
- a reduction in severe and persistent poverty by at least 50 percent by 2022
- a reduction in child poverty rates for Māori and Pasifika children, such that there is parity with the majority of the population
- a reduction in selected child poverty related indicators, building on the Better Public Services Results Targets recently announced by the government.

More information
You can find more information and evidence about these issues and proposals on the website www.occ.org.nz and in the following Working Papers which were prepared for the EAG:

Income and the tax-benefit system

The immediate cause of child poverty and material deprivation is low family income. Low family income is associated with poor child education, behavioural and health outcomes. More importantly, the evidence is that low family income causes these poor outcomes. The effects are strongest if poverty is experienced during early childhood.

We want all families to have enough income to meet the basic needs of their children. This means looking at the components of family income and considering what options are available to increase this for children living in poverty. Components include parents’ employment earnings, Working for Families Tax Credits (Family Tax Credit, In-Work Tax Credit, Minimum Family Tax Credit and Parental Tax Credit) and benefit support (mainly sole-parent benefits and the unemployment benefit).

Family income can be low because of low employment income. Research indicates that a parent obtaining full-time paid employment is the most important event to lift children out of poverty (Ballantyne et al., 2004). Children can also be poor because the tax and benefit system do not sufficiently compensate for the level of poverty generated by low market income. We need to look across all these components to address child poverty. This means considering how to better align the current tax and benefit system, and examining where and how it is possible to increase parental employment earnings. In all cases, it means taking a child-centred approach to consider the needs of children across the lifecourse, and thus the different supports for their parents. The best interests of the child must be at the heart of any new policy package.

Half of all New Zealand children living in poverty are in sole-parent families. Sole-parents face considerable challenges in supporting their children through paid employment and meeting childcare needs. Any system changes need to be sensitive to these challenges.

Drawing on the best available evidence, and guided by the principles set out earlier in this Report, the EAG proposes the following short-term changes to current policy settings for tax and benefits:

- require that all tax, benefit and employment support decisions that impact on children consider their welfare and best interests
- 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
- raise the Family Tax Credit rate for younger children and additional children
- 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.
Collectively, these proposals would deliver significant additional assistance to most low-income families. In the longer-term, the following proposals are designed to reinforce the direction of the short-term changes. This is a mutually reinforcing, evidence-driven policy package. We propose the following longer-term changes:

- create a new child-focused payment, with a universal payment for young children and a targeted payment for older children
- refocus the benefit for sole-parents up to the youngest child turning six years
- provide high-quality ECE and out-of-school care services for children living in poverty to support parental employment
- independently review all child-related benefit rates, including the In-Work Tax Credit.

**Principles for policy design – consideration of child welfare and best interests**

Family income, and therefore child poverty, can be directly influenced by government policy on employment, income support and tax. Getting that system performing well is critical if child poverty is to be reduced. An investment approach is required, where opportunities are created for parents to find sustainable employment. A safety net is also required for those who are unable to work due to their own or their child’s health issues or disability, and also to acknowledge the impact of an economic recession where jobs are comparatively scarce.

The system needs to recognise that children have different care needs at different ages. In the first year of a child’s life, a parent should be supported to stay at home to care for their child. Parents should be assisted to increase their hours of work up to about 30 hours per week, where practical, by the time their child starts school. Appropriate supports, including affordable high-quality ECE and after-school and holiday programmes, need to be available to enable parents to work. The system needs to be simple, effective, efficient and fair, so that families easily receive the support that they are entitled to.

Finally, all decisions that are made about income support, tax and employment that impact on children should consider children’s welfare and best interests. This is consistent with the government’s obligations under Article 3.1 of the United Nations Convention on the Rights of the Child.

**Improve the child support system for low-income sole-parents**

Children in sole-parent families are much more likely to live in poverty than children in two-parent families (53 percent versus 16 percent) (Perry, 2012). Child support is the financial contribution made by parents who do not live with their children to help ensure they do not suffer financial hardship from family breakdown. Child support payments could be an important source of family income to help many children move out of poverty. However, child support payments made to children in sole-parent beneficiary households are currently withheld by the government to offset the cost of that benefit.
In 2011, Inland Revenue (IRD) reported they withheld $159 million in child support payments intended for some 133,500 children in sole-parent beneficiary households. We estimate that at least 89,000 of these children were living in poverty. US research indicates that pass-on can encourage child support contributions from non-custodial parents because they know their payment is going to their child (rather than the government) (Cancian, Meyer & Caspar, 2008). International studies show that child support payments can reduce child poverty on average over five percent (Skinner, Bradshaw & Davidson, 2008). Reductions in child poverty can be achieved if payments are made to those who need it most.

We recommend child support is passed-on to sole-parent beneficiaries. The Child Support Amendment Bill is currently before Parliament, but does not include the pass-on of payments as one of the changes to this Act. The Bill represents a rare opportunity to make this important policy change, and we urge the government to include it.

We also propose that the government underwrite child support payments for children whose custodial parent has a low-income. On average, one-third of non-custodial parents do not pay their child support on time. Advancing child support payments would give custodial parents more certainty about their income. Over half of OECD countries make advance child support payments.

**Raise Family Tax Credit payments**

The Family Tax Credit (FTC) is a payment for each dependent child aged 18 or younger. The payment depends on total annual family income, the number of dependent children, and the age of those children (more is paid for older children). We propose eliminating the different rates based on the number of children in the family, and having a single rate per child (based on the maximum ‘first or only child 16 years or older’ rate which is currently $102 per week). This would provide a reduction in child poverty rates where it matters most and where child poverty is higher – for younger children and families with more than one child. This would raise the maximum weekly rate on average by $17 per child.

Further, we propose to incrementally raise the payment for children aged zero to six years. Providing a higher rate for younger children reflects the significant research literature on the importance of giving children the best possible start in their first years of life. Investing earlier is more efficient use of public money.

**Improve take-up rates of child-related benefits**

No regular information is collected on rates of the take-up of child-related benefits in New Zealand. Providing a breakdown by family income would allow consideration of whether take-up is worse amongst poorer families with children. There is particular concern about potential low take-up and the level and operation of the Child Disability Allowance (CDA) amongst poorer families. We are of the view that the take-up of all major benefits and in-work payments for families with children should be monitored and published annually. This information should be used to create performance incentives for Work and Income and IRD, to ensure families living in poverty are receiving all their income support and tax entitlements. In addition, we are of the view that the Work and Income Board should have a member appointed who has expertise in child well-being and child development.
Create a new universal income support payment – the Child Payment

We started reviewing the components of family income – employment earnings, tax credits and benefit support – with the view that we wanted all families to have enough income to meet the basic needs of their children. While some gains will be made by better aligning these systems and providing better supports and incentives, real gains can be achieved by pooling those funds and starting over to design a better, simpler and more generous system.

We propose the creation of a new Child Payment, paid irrespective of parental income. The Child Payment would have a universal component from birth, shifting to a targeted payment when the child turns six. We believe a universal Child Payment for young children is desirable for the following reasons:

- it supports a parent to stay at home during infancy
- it gives proportionally more to children in poorer families, while recognising that all parents with young children face significant costs
- it is simple and transparent, with relatively low transaction and compliance costs, and it would have virtually 100 percent take-up from birth
- it will be effective in reducing child poverty – a review of OECD practice shows countries with universal child support versus targeted programmes tend to achieve lower poverty rates (OECD, 2012).

The Child Payment would be highest during infancy (ie in the range of $125-$150 per week) and decrease through early childhood, as the child ages and other supports such as ECE become available. The age at which the universal payment decreases and eventually finishes would send a signal to parents about the need to generate income through paid work on behalf of their child. This would need to be co-ordinated with out-of-school care and recreation (OSCAR) services. From age six, the Child Payment would switch into a family income-targeted benefit. The income-targeted component could reduce in value at age 14, when children can legally be left at home by themselves, and hence families face fewer childcare costs.

The Child Payment could replace the Family Tax Credit, the Minimum Family Tax Credit, the Parental Tax Credit and the Childcare Allowance. We propose that the Child Payment be indexed annually to ensure that it maintains its effectiveness as an anti-poverty measure, by keeping pace with both inflation and productivity growth in the broader economy.

Refocus the benefit for sole-parents – the Young Child Carer Benefit

In conjunction with the Child Payment, we propose changes to the benefit system to help more sole-parents into employment when their child starts school. The research evidence suggests that between the ages of one to five, part-time work is likely to be beneficial for most children of sole-parents. The benefits are two-fold: high-quality ECE aids child development; and the extra income has positive impacts for the family. We therefore propose that the sole-parent benefit (DPB) be re-named the Young Child Carer Benefit. The Young Child Carer Benefit would end at age six, when there would be an expectation of full-time work, except where the needs and best interests of the child rule out full-time work (for example, if the child had a disability), or if sustainable full-time employment cannot be found.
Provide high-quality ECE and out-of-school care services to support parental employment

An employment focused route out of child poverty needs to be supported by high-quality, age-appropriate ECE and OSCAR services. We believe these services need to be targeted at children living in poverty, to ensure that they are in an enriched environment while their parents are actively seeking or are in paid work. Options could include automatic enrolment in ECE for children whose parents are on a sole-parent benefit.

Undertake an independent review of all child-related benefit rates

As part of our proposed long-term reform process, we believe that the government should commission an independent review of all child-related benefit rates and relativities, including the IWTC. There has been no assessment of the value of welfare benefits in real terms for several decades, nor of their relationship to in-work payments. These ought to be reviewed both from an income support perspective, and in terms of encouraging gainful parental employment. The Income Tax (Universalisation of In-work Tax Credit) Amendment Bill has just been added to the Parliamentary Order Paper. This Amendment Bill aims to extend the support to all low-incomes families, not just those in paid employment. We welcome the debate about, and analysis of, the IWTC and related policies that this Bill will generate.

Problem debt

Many New Zealand families have some form of debt, such as a mortgage or credit card debt. Fewer families experience problem debt, where debt becomes unmanageable and leads to financial strain. Children living in families with problem debt have less money to meet their essential needs, including food, clothing, heating, transport and school-related expenses. Problem debt also increases stress and can strain family relationships. Problem debt can cause, and is associated with, child poverty.

The EAG proposes three initiatives to address problem debt for low-income families. First, we believe there is a role for government to support philanthropic social lending. Social lending organisations fit between banks (who will not lend to those with a bad credit rating or little ability to meet loan conditions), and predatory loan sharks who charge high interest rates. The government could support social lending through leadership, co-ordination, modest funding and technical assistance. Second, research indicates that financial literacy programmes can prevent problem debt, and budget advice services help people work through their problem debt. We believe that targeting groups with low financial literacy should be a priority. We urge the government to continue to support budget advice services in line with demand. The government provides $8 million annually to budget advice services. However, a major provider of budgeting advice in New Zealand, The Salvation Army, reports that it is struggling to cope with the increasing demand for its services. Third, we urge government to consider options to address the high levels of debt low-income families have to government agencies, particularly Work and Income, the Ministry of Justice and IRD. A review of the debt accumulation and recovery processes in their agencies could consider how the well-being of children is taken into account and whether a whole-of-government approach could be applied to assist low-income households that have debt to more than one government department.
More information
You can find more information and evidence about these issues and proposals in the following Working Papers which were prepared for the EAG:

Employment

One of the major causes of child poverty is the relative lack of jobs for parents who have limited educational qualifications, skills or work experience. Compounding this is the fact that most low-skill jobs are relatively poorly paid. There are various reasons for the limited job opportunities facing some workers, not least the global economic difficulties of recent years, imbalances in the labour market (nationally and regionally), and the many challenges that some people face in acquiring new skills (eg due to the costs and availability of relevant training programmes). A crucial part of the solution to child poverty lies in building a vibrant, high-skill, high-wage economy. At the same time, the evidence suggests that more effective policies to get people into jobs can work under a wide variety of labour market conditions.

The Government’s policies to ensure that all 18 year olds are successfully prepared for further learning and work are welcome moves to increase the level of skills within the workforce (eg Ministry of Education targets to reduce the number of 15 to 19 year olds not in employment, education or training). We also need to reduce labour market imbalances and enhance the employment prospects for parents with more limited qualifications and skills. Possible policy options include:

- Minimum wage changes – there is little room to increase pay via minimum wages as they are currently high in relative terms and they are not well targeted for addressing child poverty under current conditions. Reductions in the minimum wage are also unlikely to cause a strong positive employment response.
- Reducing employment regulation – New Zealand is one of the lesser regulated labour markets in the OECD. Such policies also have a limited child focus.
- Job subsidy programmes – Evidence suggests that these programmes can successfully move parents off a benefit and into work for the duration of the subsidy, but they generally have very limited durable employment effects. Against this, job subsidy programmes are potentially effective for people who are hard to place into employment by other methods.

Possible policies to reduce the labour supply barriers for parents include:

- Making work pay: Ensure that work pays parents enough to encourage them to take up paid employment, subject to the needs of the child being adequately satisfied.
- Providing appropriate childcare: Ensure that there is sufficient provision of high-quality ECE and OSCAR to allow parents to find and keep work, including work hours that take into account the needs of the child.
- Work expectations for parents on income support: Ensure that parents of young children are appropriately work-tested if they are on a benefit. Clarity of expectations about work, accompanied by support for appropriate childcare, are characteristics of systems which generate high employment rates of sole-parents and lower rates of child poverty.
- Family-friendly workplaces: Ensure that the workplace is as child-friendly as possible for parents, especially those in lower-skilled jobs, so that parents can combine parenting with the income that paid work provides.
- Better labour market matching: Ensure that the matching of workers with children to employers is better co-ordinated.
With these considerations in mind, the EAG proposes a variety of policy changes. First, there is a need for government agencies to take an investment approach in supporting parents into employment, via: 1) helping them to find jobs; 2) subsidising or otherwise providing suitable education and training opportunities; and 3) providing job subsidies. This will involve giving parents priority access to employment support as well as appropriate childcare services.

Second, there is a need for government agencies to establish clear pathways for parents of young children back into paid employment (conditional on the needs of such children being properly catered for), either directly or via education and training schemes.

Third, more needs to be done to introduce school students to the world of work and the range of options open to them, the pathways to realise those options, and how their learning relates to paid employment. Preparation for the transition between school and tertiary training is critical for future success.

Finally, there is a significant role for the business community in helping to address child poverty issues. For instance, family-friendly workplaces are important and must work for employers and employees alike. Employers can support family-friendly workplaces by talking to their staff and where appropriate, making changes to job design and workplace arrangements, such as opportunities for job-sharing, part-time work and providing sick leave to care for children. Employers could also support employees to find high-quality, easily accessible and affordable ECE and after-school services by co-operating with government agencies and other service providers in this respect.

**More information**

You can find more information and evidence about these issues and proposals in the following Working Papers which were prepared for the EAG:

- Working Paper 16: Education Solutions to Mitigate Child Poverty
Māori

If child poverty is to be reduced in New Zealand, the solutions will need to work for Māori. While Māori are found in all socio-economic sectors of New Zealand society, Māori children are over-represented in child poverty statistics. There are particular issues in relation to Māori child poverty that pose distinctive policy challenges and require distinctive responses.

Māori have a relatively youthful age structure. Within two decades, two out of five New Zealand children will be Māori or Pasifika (Ministry of Social Development, 2010). It is of concern then that the rates of severe and persistent poverty amongst Māori children are at least double the rates of Pākehā children (Imlach Gunasekara, Carter & Blakely, 2012).

It is important to recognise the impact of the experience of colonisation on Māori. The alienation of land and resources has seen the loss of a cultural and spiritual base and the loss of an economic base (Cram, 2011). Any analysis of the financial and material deprivation of whānau today is incomplete without understanding this context (Baker, Williams & Tuuta, 2012).

Policy that intends to produce positive outcomes for Māori must be mindful of whānau dynamics and needs to be attentive to the impact of the policy on the child. Māori children are more likely to grow up in households in receipt of benefits or with low-incomes than the average New Zealand child, less likely to learn basic literacy and numeracy skills, and less likely to attend university. Māori youth are less likely to be engaged in education or employment, and are less likely to achieve NCEA level 2 or above.

An investment strategy that ensures that Māori achieve positive outcomes in health, education, housing, employment and justice will make a huge contribution to our nation’s future economic, cultural and social prosperity.

Drawing on the best available evidence, and guided by the principles set out earlier in this Report, the EAG proposes the following changes to support Māori children and their whānau. These proposals are in addition to and complement all the other proposals made in this Report:

- develop measures of Māori well-being and set targets to eliminate the disparities in rates of poverty for Māori children
- 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
- support the employment of Māori young people by promoting the Modern Apprentice Scheme, training allowances, providing incentives to employers and extending micro-financing strategies
- evaluate Rangitahi Courts and increase government support for initiatives which connect young people to their community
- continue government support for parenting programmes that work with the wider whānau and address multiple issues
- support trusted workers and develop integrated service hubs.
Develop measures of Māori well-being and set targets to eliminate the disparities in rates of poverty for Māori children

The need for a holistic measure of Māori well-being is a persistent theme in the literature (eg Henare, Puckey & Nicholson, 2011). We propose that the government work with iwi and Māori organisations to develop measures and indicators of Māori well-being that include Māori concepts of poverty and wealth. Relying on a deficit or a comparative lens (eg Māori inequalities compared to New Zealand European) to develop Māori-centred solutions is unlikely to lead to strategies that encourage transformative, positive change. Developing holistic measures of Māori well-being will enable a better understanding of how Māori children and their whānau experience poverty, and will produce more Māori-centred data. These data need to be able to be disaggregated to allow for a more nuanced understanding of the diversity of whānau experience. Targets should then be set to reduce the rates of poverty experienced by Māori children.

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

New Zealand has a high quality, low equity education system (McKinley & Hoskins, 2011). Too many Māori children leave school without qualifications. In 2008, 43 percent of all male students and 34 percent of all female students who left school in year 10 were Māori. Māori make up the lowest proportion of students (47.8 percent) who leave school attaining at least NCEA Level 2 (Ministry of Education, 2011).

We note that the achievement of Māori students is a priority for the current Government. Educational achievement for Māori students features in three of the Better Public Service Targets set by the Prime Minister. Government agencies have been tasked with significantly increasing Māori participation in ECE, increasing the numbers of Māori learners with NCEA Level 2 or an equivalent qualification, and increasing the proportion of Māori in the 25 to 34 year old bracket who have an NCEA qualification of Level 4 or above. We endorse these targets.

Māori communities have made a significant contribution to education in New Zealand (Robson, Cormack & Cram, 2007). The development of kohanga reo, kura kaupapa, wharekura and wananga has led to improvement in educational outcomes for Māori children and increased Māori participation at all educational levels (Families Commission, 2011). Schooling must enable Māori to live as Māori and allow them to fully participate and to contribute to Māori communities and the broader society as Māori (Durie, 2001; McKinley & Hoskins, 2011). Research indicates that increased levels of achievement for Māori children depends on: school and community leadership, teacher quality, whānau engagement, a responsive and accessible curriculum, the guidance of Māori children onto academic pathways that encourage higher education and prioritise student retention (McKinley & Hoskins, 2011). The EAG proposes that the Ministry of Education extend the implementation of initiatives which are developed based on this evidence.

Develop a strategy to prevent Māori homelessness

The extent of homelessness in New Zealand and the impact it has on many lives is insufficiently acknowledged. Research suggests that Māori who are homeless are most likely to have had
their first experience of homelessness as young teenagers, though many would have experienced an unstable house well before that (Groot, Hodgetts, Nikora & Rua, 2010). The lack of emergency or supported housing for young people, who for a range of reasons are unable to live with family, puts them at greater risk of living on the street (New Zealand Coalition to End Homelessness, 2009). Service delivery for the homeless is often fragmented. It lacks cultural context for Māori, co-ordination and a unified funding framework for housing support services. The EAG proposes that the Government, working in partnership with the community sector and iwi, develop a strategy to prevent Māori homelessness.

**Continue to develop and support integrated health services for Māori children**

A Māori child growing up in poverty in New Zealand has two to three times poorer health than other children (Henare, Puckey & Nicholson, 2011). We believe that all children should have free and easy access to primary health care. We support the Ministry of Health’s continued implementation of free primary health care for all children from ages zero to six, 24 hours a day, seven days a week.

The research literature indicates that Māori children and whānau are likely to benefit from integrated health services like those funded through the Whānau Ora programme. We note that Whānau Ora providers are well-placed to co-ordinate initiatives designed to reduce child poverty, particularly in Māori communities that have traditionally faced barriers to accessing services. We believe the Government should continue to develop and support integrated health services for Māori children.

**Support the employment of Māori young people by promoting training schemes, providing incentives to employers and extending micro-financing strategies**

Paid employment is one of the most effective paths out of poverty. However, even during times of considerable economic growth Māori unemployment figures have remained high. Māori youth have experienced significant increases in unemployment with the unemployment rate for young Māori doubling since 2008 to over 30 percent (Department of Labour, 2012). In some rural and small towns the Māori youth unemployment rate is likely to be even higher.

Early labour market participation of young people is critical to alleviating poverty and reducing welfare dependency (Kiro, 2010). Māori and all New Zealanders would benefit from a specific work creation strategy for Māori youth. Young Māori need support to transition from school to further education, training or work. Training allowances, incentives for employees to take on young people and trade training through apprenticeships are important strategies.

Given the constraints in the labour market there is also a need for innovation to ensure early labour market engagement. Research suggests that micro-finance can be effective in empowering poor communities to enter the labour market and alleviating poverty (Massey & Lewis, 2003).
Evaluate Rangitahi Courts and increase government support for initiatives which connect young people to their community

While the majority of people living in poverty lead law-abiding lives, poverty can create conditions which lead people to become involved in criminal activity. Poverty statistics map onto crime statistics.

Māori children living in poverty are more likely than other young people to be involved with the justice system (McIntosh, 2011). In 2008, the number of young Māori appearing in the Youth, District or High Court (2174) was 1.6 times greater than the number of New Zealand European young people (1349), and 4.9 times greater than the number of young Pasifika people (Ministry of Justice, 2010). Research indicates that a lack of family support, problems with schooling (including suspension and exclusion from school), drug and alcohol misuse, whānau violence and a lack of skills and employment prospects means that many Māori youth become involved in activities that ultimately lead to prison (Owen, 2001). The incarceration of 16-18 year olds in our prisons is largely a Māori issue (though it is increasingly a Pasifika issue as well) (McIntosh, 2011). A prison record can significantly impact on a young person’s future life chances.

Rangatahi Courts are a marae-based, judicially-led initiative. Their purpose is to better link Māori young offenders with their culture and the local Māori community, with an emphasis on developing partnerships with iwi and local marae. We believe initiatives like Rangitahi Courts should be evaluated and increased government support given to initiatives which integrate young people with their wider community and offer alternatives to prison.

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

The high numbers of Māori young people involved in the justice system points to a need to better support parents and whānau to support their young people. We believe that the government should fund parenting programmes that work with the wider whānau and address multiple issues (including alcohol and drug programmes and family violence intervention programmes). Such programmes need to be carefully designed and delivered. Research has demonstrated that successful parenting-training programmes for Māori are embedded within broader health and social service delivery contracts to enable a holistic approach, as well as strengthening whānau resilience (Gifford & Pirikahu, 2008; Herbert, 2011).

Support trusted workers and develop integrated service hubs

Māori providers need flexibility and the freedom to develop and deliver services to meet the needs of their community, at places where whānau gather. Many providers work hard to create packages of services that can be wrapped around whānau. Providers should be encouraged to cluster services. Marae provide an important infrastructure for service delivery, as do kohanga reo, community halls, schools and sports clubs.

Māori children and their whānau in hard-to-reach communities need support, and building relationships and trust is critical. This requires sufficient resourcing and a highly skilled and culturally competent workforce. Having people who become trusted workers and role models on
the street and in the home is important. We support the government continuing to work with iwi and Māori communities to support trusted workers and develop integrated service hubs.

**More information**

You can find more information and evidence about these issues and proposals in the following Working Papers which were prepared for the EAG:

- Working Paper 16: Education Solutions to Mitigate Child Poverty
- Working Paper 17: Health Policy and Effective Service Delivery to Mitigate the Effects of Child and Youth Poverty
Pasifika

‘Pasifika’ is a collective term used by the EAG to refer to children and adults of Pacific heritage or ancestry who have been born in or migrated to New Zealand. There are more than 20 different Pasifika communities in New Zealand, each with a distinctive culture, language, history and health status. Most children of Pacific heritage in New Zealand have been born here which means that Pasifika children are no longer considered an immigrant population. Growing up with Pacific heritage for New Zealand-born or raised children is not a homogeneous experience. The contemporary Pasifika social reality is cross-cultural and culturally changing.

Pasifika New Zealanders are a young and growing population. In less than 20 years, one in five New Zealand children will be Pasifika. However, on some measures 40 percent of Pasifika children live in poverty. The rates of severe and persistent poverty amongst Pasifika children are at least double those of Pākehā children (Imlach Gunasekara & Carter, 2012). Unemployment figures show that 40 percent of Pasifika 15 to 19 year olds are without work (Ministry of Pacific Island Affairs, 2011). For New Zealand to do well, Pasifika children must do well.

Our vision is of Pasifika children living as successful Pasifika people where there is family and community strength, and higher income and living standards through advancements in education and skills, health, employment and business.

Drawing on the best available evidence, and guided by the principles set out earlier in this Report, the EAG proposes the following changes to current policy settings for Pasifika children:

- 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
- make progress in Auckland to reduce poverty for Pasifika children
- support the implementation of Orama Nui, the housing strategy for Pasifika
- initiate a Pasifika child health promotion campaign
- evaluate Pasifika justice initiatives, such as the Pasifika Youth Court.

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

The definition of child poverty chosen by the EAG is about deprivation of income and material resources. Child poverty also exists in a spiritual, social and cultural context. These factors are inseparably associated for Pasifika. We propose that measures and indicators of child poverty be developed with Pasifika understandings of identity and success at their core. These will provide Pasifika-specific data, and the representation of a holistic approach to Pasifika wealth (economic, social, spiritual, linguistic, and cultural) and poverty.
Government services forge effective links with Pasifika community and church groups
The EAG has proposed a range of targets for reducing child poverty in New Zealand. We expect that Pasifika children’s progress against these targets should be at least on par with other children (non-Pasifika, non-Māori). Given the high number of Pasifika children currently living in poverty, we expect this parity could be achieved within ten years. To achieve parity for Pasifika children, government services will need to work harder for Pasifika children. We believe there may be opportunities for Pasifika people within existing whole-of-government initiatives such as Whānau Ora.

Community groups and churches play an important role in many Pasifika families. There is a need to explore and forge linkages between the government and churches. The Government should work to ensure Pasifika community and church groups take a more active role in the design, implementation and delivery of social services specifically targeted at addressing Pasifika child poverty.

Encourage high-quality research to drive innovation in public services for Pasifika children
Initiatives to reduce poverty for Pasifika children need to be informed by high-quality evidence. We believe that there should be continued investment in research that supports the development of evidence-based practice to reduce poverty for Pasifika children. There should be a collective approach to knowledge generation to promote innovative policy development.

Accelerate education participation and achievement by Pasifika children
Educational success is a precondition for reducing Pasifika child poverty and building a healthy, productive society. Pasifika children are currently not well served by the New Zealand education system. Pasifika young people are under-achieving at all levels, from ECE, compulsory and tertiary education to apprenticeships and employment (Ministry of Pacific Island Affairs, 2011). Improving educational achievement for all Pasifika young people must be a priority.

The average Pasifika participation rate in ECE is 86 percent. There is considerable community interest in having more Pasifika ECE services. This requires more investment to train more Pasifika teachers, develop resources and improve capability, including governance and management skills. The Government’s target of 98 percent of new entrant children having participated in ECE by 2015 would be a significant step up from current performance.

The most important factors in improving Pasifika schooling outcomes is quality teaching practice and professional leadership that connects with Pasifika students, their families, and the wider community. There are initiatives in hand that aim to address Pasifika underachievement: the implementation of national standards in primary schooling, the development of Trades Academies, a greater range of pathways in secondary education, and the Pasifika Education Plan. We endorse all the Better Public Services Targets for education.

Bilingualism has been shown to be effective in improving academic performance, supporting identity, and promoting social skills and economic prospects. We believe Pasifika languages should be promoted as a way of lifting the success of Pasifika children.
Bridge gaps between Pasifika learners, educational qualifications and employers’ needs

Pasifika peoples’ income levels are amongst the lowest for all New Zealanders. Many Pasifika families were affected by economic restructuring in the 1980s with the disappearance of manufacturing jobs. In the current recession, Pasifika unemployment rates have increased greatly. While most Pasifika peoples work, 30 percent are on some form of benefit (Henare, Puckey & Nicholson, 2011). Pasifika peoples are over-represented in lower-skilled occupations and in jobs that are projected to have low future growth (e.g. clerical office positions), and are under-represented in occupations with high growth (business professionals) (Ministry of Pacific Island Affairs, 2010). Some young Pasifika people need more support when they leave school. Pasifika young people are over-represented in unemployment statistics and in low paid occupations.

We propose that future employment prospects for Pasifika peoples be improved by shifting qualifications and employment choices to high-skilled jobs in high-growth industries. The Government should work with education providers and industry groups to bridge gaps between Pasifika learners, educational qualifications and employers’ needs.

Make progress in Auckland to reduce poverty for Pasifika children

Auckland is home to the majority of New Zealand’s Pasifika children, and 72 percent of all New Zealand Pasifika school students (Sutton & Airini, 2011). Twenty-five percent of new Auckland job entrants in 2030 will be Pasifika, yet 21.5 percent of Pasifika Aucklanders were on unemployment benefits in September 2011 compared with 7.5 percent Auckland unemployment rate. Focusing on Auckland-based initiatives has the potential to significantly reduce the poverty experienced by Pasifika children.

Support implementation of Orama Nui, the housing strategy for Pasifika

Having secure and affordable housing improves the ability of Pasifika households to provide a stable environment for their children, with consequent improvements in health, employment and educational outcomes. Overcrowded housing is most acute in South Auckland, where 49 percent of Pasifika people live. In 2010, 26 percent of the Pasifika population lived in Housing New Zealand Corporation (HNZC) housing (Flynn, Carne & Soa-Lafoa, 2010). The EAG supports the implementation of Orama Nui: Housing Strategy for Pacific Peoples. Orama Nui sets out a strategic direction from 2009 to 2019. The strategy focuses on improving HNZC’s ability to deliver services to Pacific peoples.

Initiate a Pasifika child health promotion campaign

A Pasifika child growing up in poverty in New Zealand has two to three times poorer health than the non-Māori, non-Pasifika child (Henare, Puckey & Nicholson, 2011). For example, Pasifika children have an 11 times increased risk of being admitted to hospital with bronchiectasis compared with a Pākehā child (Craig, Jackson & Han, 2007). Pacific parents also under-utilise health services.

As noted in the EAG working papers on health and Māori child poverty, it is critical that all children have easy access to quality primary health care. We endorse current initiatives that aim
to increase Pasifika access to health services. We also propose that a Pasifika child health promotion campaign be initiated through community networks and Pacific health providers.

**Evaluate Pasifika justice initiatives such as the Pasifika Youth Court**

Adjusting for population size, about twice as many Pasifika peoples as Pākehā were apprehended, prosecuted, convicted, or given a custodial sentence; and three times as many were serving prison sentences or remanded in custody. According to the Ministry of Justice, Pasifika people’s over-representation in the criminal justice system is centred on socio economic risk factors rather than ethnicity. There are programmes in the justice system for Pasifika peoples that are said to be effective or that show promise, for example Pasifika Youth Courts. These initiatives need to be evaluated and increased support given to initiatives that integrate young people with their wider community and offer alternatives to prison.

**More information**

You can find more information and evidence about these issues and proposals in the following Working Papers which were prepared for the EAG:

- Working Paper 16: Education Solutions to Mitigate Child Poverty
- Working Paper 17: Health Policy and Effective Service Delivery to Mitigate the Effects of Child and Youth Poverty
Community

Over the last three decades a widening disparity in income levels has resulted in an increasing contrast in the wealth of communities, cities and regions across New Zealand.

Communities and community-based services provide a significant amount of support to children and families in New Zealand. They know the people they are supporting and the strengths and the challenges of their communities. They can, therefore, respond to community needs quickly and effectively. They are flexible and can work informally in ways that government services cannot.

Community development initiatives use social networks to transform a community from the street level up. Community strategies that are sustained and supported by local and central government can lead to innovative solutions, greater community resilience and improved social conditions for children.

The EAG proposes the following community-based strategies to reduce child poverty:

- measure the capacity of the community sector to address child poverty
- establish partnerships between central and local government and community organisations to develop place-based child poverty reduction strategies
- include reducing child poverty as a goal for the Community Organisation Grants Scheme (COGS), Family and Community Services (FACS) and Whānau Ora
- develop the Social Sector Trial model to include a focus on child poverty.

We propose that a scoping exercise be undertaken to identify the impact of the work that community organisations and individuals are currently undertaking to reduce child poverty. This would assist the development of further community-level child poverty strategies. We believe central government and local authorities should support and partner with community-led strategies. We propose that child poverty reduction be included as a funding priority for COGS, FACS and Whānau Ora. Finally, the Social Sector Trial model could be further enhanced to include a focus on child poverty. Six trials have been operating in Te Kuiti, Kawarau, Tokoroa, Taumarunui, Levin and Gore since 2011. They aim to improve outcomes for 12 to 19 year olds by increasing the number of young people engaged in education, employment and training, but do not have a specific focus on mitigating the effects of poverty.

We are keen to hear about what is happening in your community to reduce child poverty and mitigate its effects. The EAG intend to do more work on the role of communities in reducing child poverty.

More information

You can find more information about these issues and proposals in the following Working Papers which were prepared for the EAG:

Housing

Housing is critically related to child poverty. Children in poverty frequently live in poor quality houses. Poor housing is a cause of many health issues for children, including infectious diseases, respiratory illnesses and preventable injuries. Overcrowding is linked to the spread of infectious diseases including respiratory infections, such as childhood pneumonia, rheumatic fever and meningococcal virus. Overcrowding also impacts on children’s mental health, social well-being and school performance (they don’t have space to study, do not sleep well and are tired in class).

New Zealand housing is of lower quality than most OECD countries. We do not tend to heat our homes adequately, leading to cold, damp houses. Housing quality is particularly important for babies and pre-schoolers as they spend much of their time at home. Poor housing quality and its associated health issues have a cumulative impact and can permanently affect child development.

Housing is an issue for many Pasifika families. Pacific peoples are far more likely than other ethnic groups to be living in overcrowded households. On average, Pacific households are significantly larger than other New Zealand households, with multiple generations living in the same home. Having larger households makes finding private rental housing difficult and is compounded by the discriminatory attitudes of some landlords. These factors, combined with low-incomes, help explain why just over a quarter (26 percent) of Pacific peoples in New Zealand live in social housing.

Many Māori children also face housing issues. Following Pacific peoples, Māori are the next ethnic group most likely to be living in overcrowded households. Māori are the largest tenant group in social housing. There are particular challenges faced by Māori whānau to building homes on Māori land.

There are a variety of well-recognised problems in the housing sector. Those most closely linked to child poverty issues include:

- Lack of supply of housing, leading to excess demand (especially in Auckland) overcrowding, temporary housing and homelessness. This is closely linked to affordability issues, both in terms of the cost of renting and purchasing a home.
- A shortage of good quality, well insulated, low-cost, appropriately sized and secure rental accommodation.
- Historical issues over the quantity, quality, composition and location of social housing provided by Housing New Zealand Corporation (HNZC).
- Limited stock of community housing and policy impediments to its expansion.
- Equity issues resulting from having two separate subsidy regimes for low-income families, the Accommodation Supplement (AS) and Income-Related Rents (IRR).

There are a number of contributing factors sitting behind these problems that also need to be considered in any proposed solutions:

- A misalignment between the interests of rental property owners (seeking short-term investment gains) and their tenants (seeking long-term tenancy stability).
• Additional fiscal and resourcing challenges posed by leaky buildings.
• The impact of tax policy settings (including the lack of a capital gains tax), depreciation provisions and resource management provisions.
• The earthquake damage in Christchurch, resulting in significant housing quality problems, and the urgent shortage of social and affordable housing.
• The rapid and continued population growth in Auckland, resulting in an urgent need to substantially increase the housing stock, particularly for low-income families.

Addressing housing issues will require comprehensive measures over many decades. While there have been significant reviews of the issues, there is often difficulty implementing solutions because of the many diverse interests and trade-offs that need to be made. Placing a child poverty lens over housing issues can provide a clear starting point for government agencies to improve the quantity, quality and affordability of housing in New Zealand.

Housing is an important determinant of well-being in children and their future outcomes in adulthood. The short and long-term cost of poor housing on health and education issues alone warrants an investment approach. An investment approach shifts resources into prevention of poor outcomes, as this will result in reduced expenditure over the longer-term.

Drawing on the best available evidence, and guided by the principles set out earlier in this Report, the EAG proposes the following changes to current policy settings for 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
• address the serious undersupply and poor quality of affordable and social housing by:
  o taking action to immediately increase the number of units of affordable and social houses
  o substantially increase the Social Housing Fund and extend it beyond 2015
  o register all social housing providers (state, local government and community) to standardise provision and extend rental subsidies to all registered providers
• 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.

**Strengthen infrastructure investment in housing**

Finding solutions to housing issues is seriously hampered by a lack of leadership. Including housing as a priority in the National Infrastructure Plan (NIP) would provide a platform for housing policy to be properly integrated with other NIP priorities (eg transport infrastructure, the Christchurch re-build, the Auckland Spatial Plan) and for housing to be properly integrated with urban development, energy, transport and environmental protection policy settings. It
would also mean access to a portion of the $17 billion which the Government has allocated to the NIP projects over the next four years. Including housing as a NIP priority would likely lead to the development of a comprehensive housing strategy.

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

As a house is the largest asset most families own, home ownership provides stable tenure of housing and an asset base to support low-income families out of poverty. Home ownership rates have fallen significantly in recent decades. Lower priced properties have been most affected and many low-income families have been pushed out of home ownership by small-scale investors. Home-owners are more likely than landlords to maintain homes in a healthy state.

There are a range of additional practical measures that could enable low-income households to purchase their own homes, particularly Māori and Pasifika households including: greater uptake of Welcome Home Loans and the KiwiSaver first-home deposit subsidy programme; subsidising 5-10 year low mortgage interest rates for first time home owners; shared equity models; deposit assistance schemes; incentivising property investors to sell properties through changes to capital gains and land tax on rental properties.

The challenges of building homes on Māori land also need to be addressed. For many Māori communities, housing is valued for keeping whānau connected to land, tradition, tūpuna, and whanaunga, as much as a financial investment. Housing solutions for Māori will sometimes need to be different, particularly in areas of traditional settlement.

**Increase the supply and quality of social housing**

Social housing refers to housing that is provided based on assessed financial and social need, at subsidised rates, and with active tenancy management. Social housing can include rental housing or home ownership support to individuals or families. In New Zealand, social housing is provided by the Government (69,000 properties managed by HNZC), local government (with around 14,000 units) and community housing providers (around 5,000 units).

Social housing can directly mitigate the effects of child poverty and is of critical importance for many low-income families. Demand for social housing significantly exceeds supply. Increasing the number of social housing units should be a high priority for the Government. This is a long-term commitment and would require a considerable capital investment over an extended period of time.

In our view, the Government needs to address the serious undersupply of social housing by taking immediate action to increase the number of social and affordable houses and their proportion of the total housing stock. It is also our view that the Social Housing Fund, which supports third-party providers of social housing, should be extended beyond 2015, the annual commitment should substantially increase, with a particular focus on families with children, and should be allocated through a competitive and transparent system.

The Government should have clear expectations of the quality of product and services it is receiving from social housing providers and its rental subsidies. In our view, all social housing providers (state, local government and community organisations) should: be registered or
licensed; have their properties monitored for quality, accessibility, and environmental and financial sustainability; and be eligible for Income-Related Rent subsidies. This would raise the quality of social housing.

The EAG supports the work HNZC has recently undertaken to upgrade the quality of its housing stock, improve insulation and heating, and rebalance the composition and location of its stock to meet demand. However, we are concerned about the new policy for assessing housing needs, the policy of evacuating tenants on short notice, and the move away from supported tenancy. The Government should provide on-going direction and guidance to HNZC to re-balance its focus to ensure that both asset management and tenancy management are improved.

Establish a single point of housing needs assessment

Assessment of housing need is currently run through separate processes – through HNZC for social housing, through community housing providers, and through Work and Income for the AS. Because there is no one point of assessment the true state of housing need is difficult to determine. We believe a single point of housing needs assessment should be established, independent of housing providers. An independent assessment would reduce transaction costs for the government and for clients, and provide better data about housing needs.

Refocus housing subsidies

The current provision of housing subsidies through the AS and IRR is a substantial expense of almost $2 billion annually. This investment could be re-focused to generate better value. In 2011 $1.2 billion was spent on the demand-driven AS. There is wide agreement that the AS is not the best way to improve outcomes for low-income families. The AS may also distort the private rental market. Households with children account for just 42 percent of AS recipients. A range of options to refocus the AS on the needs of children are explored in EAG Working Paper 18 Housing Policy Recommendation to Address Child Poverty.

IRR should be reviewed in conjunction with any changes to the AS. The level of the IRR subsidy is the difference between 25 percent of the tenant’s gross income and the unit’s market rent (set by HNZC). In 2011 $626 million was spent on IRR.

We believe the AS and IRR should be refocused as part of a wider package of income and housing support. If changes lead to savings, there should be a commitment to channelling spending into areas that will make a real long-term difference, including increasing the stock of social housing, and initiatives to increase affordable housing.

Regulate the quality of rental accommodation

Many poor families are endangering the health of their children by living in poor quality housing. Over 70 percent of all children in poverty live in rental accommodation (20 percent in HNZC state housing and 50 percent in private rental accommodation) (Perry, 2012). Research suggests that a significant proportion of private rentals are of poor quality. Many houses are cold and damp, and poorly maintained; insulation is inadequate or non-existent; heating is not efficient or effective. Some rental properties do not meet even basic standards for sanitation or safety.
The current regulatory arrangements are inadequate and have not been amended since 1947. The Government should ensure all rental accommodation (both social housing and private rentals) meets minimum health and safety standards, according to a Warrant of Fitness. Costs associated with the Warrant of Fitness would be borne by landlords, but this could be partially offset through favourable tax treatment of any required improvements.

**Extend and target home insulation and heating subsidies**

The Government’s Warm Up New Zealand: Heat Smart programme provides a subsidy for home insulation. The Government has a goal of 230,000 homes taking up this subsidy. Rigorous cost-benefit analyses of insulation programmes show them to be an effective way of improving health outcomes, including reducing deaths, improving school attendance and reducing heating costs.

The Government should further extend and target the Heat Smart subsidy with the longer-term aim of ensuring that all remaining poorly insulated homes (estimated at 700,000 homes) are properly insulated. It is particularly important that the targeting enables the poorest of our households to participate in these programmes, so children in poverty can be amongst those getting the greatest benefit. Landlord uptake of the subsidy could be incentivised through favourable tax treatment of the cost of the required improvements, and be included as a requirement of the proposed rental housing Warrant of Fitness.

Improvements to housing insulation need to be accompanied by adequate heating otherwise children will continue to suffer the consequences of cold, damp homes. Low-income households often limit spending on heating costs. The Government could provide a range of practical measures to ensure that all households have adequate heating, for example, bulk purchasing commercial contracts for social housing.

**Invest in housing data and research**

New Zealand lacks data and research on a number of key housing topics. We propose that the Government commission independent research on housing issues related to child poverty, including analysis of the supply of and demand for housing generally and social housing specifically; and an assessment of the quality of rental accommodation.

**More information**

You can find more information and evidence about these issues and proposals in the following Working Papers which were prepared for the EAG:

Health

The research literature confirms that there are strong relationships between poverty, neighbourhood deprivation, household overcrowding and poor health. Children growing up in low-income households in New Zealand face multiple risks. Such children are:

- at 1.4 times higher risk of dying during childhood than a child from a high-income household
- more likely to die of Sudden Unexplained Death in Infancy (SUDI)
- three times more likely to be sick, and hospitalisation rates for children from low-income areas are significantly higher than for those from wealthier areas
- at greater risk of contracting infectious diseases, as these spread more easily in overcrowded and difficult household conditions
- more likely to have poor outcomes in adulthood, including higher rates of heart disease, alcohol and drug addiction and worse oral health at age 26.

Poor health outcomes of this nature not only harm the individual child, they also impose substantial costs on the rest of society. If we are to address such problems, we must reduce child poverty. Health care interventions cannot solve the root causes of poverty, but they can certainly mitigate some of its worst effects. They can also help to reduce the likelihood of the inter-generational transfer of poverty.

Drawing on the best available evidence, and guided by the principles set out earlier in this Report, the EAG proposes the following short-term changes to current policy settings for health care:

- developing a child health funding strategy based on the principle of ‘proportionate universalism’
- connecting more pregnant women with maternity services earlier, especially 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
- developing a national plan to improve child nutrition
- establishing free primary health care for children aged zero to six years
- 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
- expanding the Shared Maternity Record of Care project to age 18
- 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.
Over the longer-term, the following changes are proposed:

- extending free primary health care for all children aged under 18 years
- developing a single information system for all health and social services.

Fund child health using the principle of ‘proportionate universalism’

A mix of universal and targeted services is called “proportionate universalism” (Marmot Review, 2010). The EAG proposes that a universal and targeted policy of proportionate universalism should underpin funding for child health, combined with a re-configuration of government expenditure for children to increase spending during the early years, starting with antenatal and early postnatal services. This is expected to improve outcomes for children living in poverty and result in longer term success in school and adult life by preventing and ameliorating health and developmental issues early in the life course.

Connect more pregnant women with maternity services earlier

A significant number of vulnerable pregnant women access maternity services late or not at all. In 2010, more than one third of all Pasifika women, just over one sixth of Asian, and nearly one sixth of Māori pregnant women were not seen by a community-based LMC (Ministry of Health, 2012). Early engagement can enable health providers to inform and support pregnant women to eat well, stop smoking and drinking, and offer other services, such as housing, mental health and addiction services and income support. Maternity Quality Teams, established in all DHBs, are responsible for monitoring and improving maternity services. In our view, the Government should require these teams to prioritise early engagement with women living in poverty.

Develop a common assessment pathway

A key component of an effective and efficient universal health system is a common assessment pathway for all children – that means that one assessment tool is applied and shared by all practitioners in the system, for every New Zealand child. A common assessment plan is used to identify needs and vulnerabilities, develop a service plan and monitor progress.

Develop a national plan to improve child nutrition

Poor nutrition is a significant problem in New Zealand. During pregnancy it can lead to premature birth, low birth weight and childhood cognitive and developmental issues. Poor nutrition in childhood can lead to obesity. Going to school hungry affects a child’s ability to learn. New Zealand has also never fully implemented a child nutrition strategy. We recommend developing and evaluating a national child nutrition plan, including a food in schools programme, as discussed in the following section of this Report.

Free primary health care for all children

A lack of preventive health care can lead to increased use of costlier interventions. Emergency department visits and hospitalisations of young children could be reduced and serious health problems (eg skin infections and respiratory problems) avoided if children were able to receive free primary health care services and after hours services at any time, day or night.
The Government should continue to focus on establishing free primary health care for all children from birth to 6 years, 7 days a week, 24 hours a day. As a longer-term goal, this policy should be extended to all children under 18 years of age, by increasing the subsidies that are available for primary health care.

**Secure funding for youth-friendly school-based health and social services**

Young people living in poverty are vulnerable to health and mental health problems, including sexual health issues, teen pregnancy, drug and alcohol abuse and depression (Anderson & Lowen, 2010; Winnard, Denny & Fleming, 2005). Research in New Zealand supports the provision of school-based health and social services for young people. The Government is investing additional funding until June 2016 to provide school-based health services to all decile 1 to 3 secondary schools. We support this investment and recommend that a plan for sustained funding, and evaluation of the service, be established.

**Streamline information systems across health and social services**

Currently, our information systems across health and social services are disconnected, inefficient and administratively costly. This has the biggest impact on children and families who are least able to access services, who are frequently families living in poverty. Parents have to repeat their story each time they see a different provider. Professionals from different sectors (eg health, education, welfare) often do not have a shared understanding of the child and family circumstances. New Zealand has examples of successful centralised health databases, for example the National Immunisation Register (NIR). We recommend the development of a single enrolment information system, combining information collected by the National Health Index, NIR, Well Child/Tamariki Ora and the Shared Maternity Record of Care, through to age 18.

**Evaluate community-based services in low-income neighbourhoods**

We know that child poverty clusters in neighbourhoods. Research evidence indicates that ‘hard to reach’ families are more likely to engage with services from within their community, with people and organisations they trust. There are many examples of services operating out of marae, churches and schools in low-income communities throughout New Zealand. We recommend evaluating existing community-based services that incorporate health and social services in low-income communities, so that effective models can be expanded in other communities.

**Prevent problem gambling and smoking**

New Zealanders living in low-income communities are significantly more likely to be problem gamblers and current smokers. Parents who have a gambling problem or smoke tobacco around their children are adversely affecting their children’s well-being; they are less likely to parent well; they will have less money to spend to meet their family’s needs; and they may be less able to work. Almost half of all New Zealand’s non-casino gaming machines (NCGM) or ‘pokies’ are found in neighbourhoods with the highest deprivation. Fifty-six percent of all NCGM expenditure occurs in the most deprived areas. Pacific people are at substantially greater risk of developing problems related to gambling than other population groups (Francis Group, 2009). The EAG supports the objectives of the Ministry of Health’s (2010) Preventing and Minimising...
Gambling Harm: Six-year Strategic Plan, especially where prevention efforts target low-income families.

In 1996, 11 percent of New Zealand children lived in households with smokers, where the income was less than $15,000 per adult (Thompson et al., 2002). Māori children are at greater risk as they are more likely to be in a low-income household and their parents are more likely to smoke. In low-income households with smokers potentially 10 percent of spending is on tobacco. The EAG supports the Government’s health target of expanding of smoking prevention and reduction initiatives.

More information
You can find more information and evidence about these issues and proposals in the following Working Papers which were prepared for the EAG:

- Working Paper 17: Health Policy and Effective Service Delivery to Mitigate the Effects of Child and Youth Poverty
- Working Paper 2: Lifecourse Effects on Childhood Poverty
- Working Paper 16: Education Solutions to Mitigate Child Poverty
Education

Children born into poor families are more likely to have lower educational achievement. They are more likely to:

- be born with a low birth weight
- have fewer resources and sources of stimulation, affecting early cognitive development
- go to school hungry
- move house and schools multiple times
- have parents and family who are not engaged with their school and learning
- live in an overcrowded home with inadequate space to do homework
- live in a socioeconomically deprived neighbourhood with a poorer quality school.

The education system cannot solve the problem of child poverty, but it can have a powerful impact on the lives of children living in disadvantaged circumstances. When students achieve educationally, they bring more skills to the labour market, strengthening their earning potential over their working lives. Education can help reduce the likelihood of the intergenerational transfer of poverty.

The Government’s commitment to improving student educational achievement and, as such, their life chances, is demonstrated in the recently announced targets to provide Better Public Services. The EAG endorses the following targets which aim to increase student achievement:

- Increasing participation in ECE from 94.7 percent currently to 98 percent by 2016.
- Increasing the percentage of 18 year olds with NCEA Level 2 or equivalent qualification from around 68 percent currently to 85 percent by 2017.
- Increasing the percentage of 25 to 34 year olds with NCEA level 4 or above qualification from 52 percent to 55 percent by 2017.

Given the government’s focus on student achievement, our proposals focus on what the education sector can do to mitigate the effects of poverty on children. We believe this is a gap in current policy thinking. Drawing on the best available evidence, the EAG proposes the following changes to current policy settings for education:

- continuing to raise participation in and the quality of early childhood education
- developing a national strategy for food in schools
- expanding evidence-based support for parents and teachers of children with behaviour issues
- expanding and evaluating ECEs and schools as community hubs
- expanding Teen Parent Units in low-decile schools and evaluating student outcomes
- developing more after-school education programmes
- expanding after-school and holiday programmes in low-decile schools.
Increasing early childhood education participation and quality

The benefits of good quality ECE are well documented in the international and New Zealand literature. ECE can mitigate the effects of poverty and risk for children (Barnett, 1995; Smith et al 2000). Good quality ECE combined with parenting support and education for low-income families has positive impacts on children’s cognitive growth and school performance. Long term outcomes include increased maternal employment, reduced need for special education services, less justice system involvement, reduced use of social services and higher lifetime earnings (Karoly, Kilburn & Cannon, 2005).

While over 91 percent of New Zealand children attend ECE, those living in poor neighbourhoods are less likely to attend (89.1 percent). Attendance rates for Māori (89.4 percent) and Pacific (85.3 percent) are lower than for European children (94.5 percent). A Ministry of Education survey of parents who were not engaged with ECE found barriers to participation included: cost, lack of transport, family transience and lack of knowledge of available services. Pacific parents may feel young children should be at home and that they may struggle at ECE because of language and cultural barriers.

The New Zealand ECE sector is currently receiving significant attention as a result of the recommendations of the Early Childhood Education Taskforce (2011). The EAG supports these recommendations, and in particular, the Ministry of Education’s Intensive Community Participation Programme which aims to better engage low participation and low socio-economic communities in ECE.

Developing a national strategy for food in low-decile schools and ECEs

Living in poverty can be a barrier to learning at school. Poor children often come to school hungry, which affects their ability to learn. A Ministry of Health survey found that 20.1 percent of New Zealand households with school-age children did not have enough food for active and health living. This percentage significantly increased for Pasifika and Māori families, large families, and those from the lowest socio-economic groups (Parnell, et al, 2003; in Yates et.al, 2010). Children in low-income households are also more likely to have higher cholesterol intake and eat fewer healthy foods than their peers in higher income households (Smith & Brown, 2010). Organisations like KidsCan, Fonterra and Sanitarium currently provide food in some New Zealand schools. However, we believe that central government has a responsibility to provide leadership and resources to assist schools through a national strategy for food in ECEs and schools in low-decile neighbourhoods.

Expanding evidence-based targeted behavioural support interventions

School culture influences educational achievement. In-school initiatives, such as the school-wide component of the Positive Behaviour for Learning programme, seek to make positive and sustainable changes in school culture and student achievement. This evidence-based intervention and others like it should continue to receive government support.
Expanding and evaluating schools and ECEs as community hubs
In addition to being a place of education, schools and ECEs physically occupy space within a neighbourhood and community. They are a place where children, parents, families, professionals and resources gather. Schools cannot solve all of the multiple and complex social and health problems experienced by some of their students. However, it makes sense to use schools and ECEs as “hubs” in the community for service delivery. We are of the view that children would benefit from government partnering with Boards of Trustees and school principals in low-decile schools and ECE centres to enable more schools and ECE centres to develop into community hubs. We also support government funded health services in secondary schools.

Expanding Teen Parent Units in low-decile schools and evaluating student outcomes
Being born to a teenage mother is an indicator for child poverty. In 2009, just 12 percent of all teenagers who had babies had been enrolled in a Teen Parent Unit (TPU). In our view, services for young parents provided through TPUs should be expanded to enable more young parents to continue their education.

The Education Review Office found that TPUs do not follow-up young people once they leave a unit. Funding should be provided to enable TPUs to evaluate student outcomes, including for those young people who leave a TPU before gaining a qualification.

Developing more after-school education programmes
Poor maternal nutrition during pregnancy, not attending ECE, living in an overcrowded home and shifting home and schools multiple times can seriously affect a child’s educational achievement. Boards of Trustees are required, through the National Administration Guidelines, to identify students who are not achieving. We suggest that a new guideline be introduced to require that Boards of Trustees to develop after-school educational experiences to address the needs of children living in poverty. Examples include mentoring programmes, Computer Clubhouse, homework centres and kapa haka and other culture groups.

Expanding after-school and holiday programmes in low-decile schools
In 2010 the Ministry of Social Development supported 12 low-decile urban schools to provide out-of-school care and recreation (OSCAR) ‘extended services’. In our view, this initiative should be expanded to more low-decile schools. A key function of OSCAR programmes is that they enable parents to participate in the workforce or pre-employment training. Low-income families are eligible for a subsidy for OSCAR fees.

More information
You can find more information and evidence about these issues and proposals in the following Working Papers which were prepared for the EAG:

- Working Paper 16: Education Solutions to Mitigate Child Poverty
- Working Paper 2: Lifecourse Effects on Childhood Poverty
- Working Paper 17: Health Policy and Effective Service Delivery to Mitigate the Effects of Child and Youth Poverty
Conclusion

This Report outlines our initial thinking about solutions to child poverty. The proposed solutions identified in this Report are based on the best available evidence. Some of our proposals are ambitious, but they are also realistic, evidence-based, cost-effective and fiscally responsible.

Child poverty can be reduced. Governments have policy levers that can make a difference. However, addressing child poverty and mitigating its effects is not a simple process. Concerted and sustained action on multiple fronts is required.

We encourage you to read this Report and the associated Working Papers and provide us with feedback. We want to know if what we have identified will work in your community. We want to know what proposals you would prioritise and if we have missed any crucial ideas. We are keen to hear about what is happening in your community to reduce child poverty and mitigate its effects.

Once we have received your feedback we will undertake further work to determine the cost of specific proposals and a feasible timeframe for implementation.

The final Report of the Expert Advisory Group on Solutions to Child Poverty is due with the Children’s Commissioner by December 2012.

Next steps

During September and early October we are seeking feedback on the proposals raised in this Issues and Options Paper. We are interested to know your views on:

- Which proposals will be effective in reducing child poverty?
- Which proposals are less likely to be effective?
- What are the most important proposals to reduce child poverty?
- What needs to be done first and why?
- What is missing from the package?

Please send your feedback to us by 12 October 2012.

Email us at: childpoverty@occ.org.nz

Postal address:

FEEDBACK ON CHILD POVERTY SOLUTIONS
Office of the Children’s Commissioner
PO Box 5610
Lambton Quay
Wellington 6145
References


Egan-Bitran, M. (2010) This is How I see it: Children, Young People and Young Adults’ Views and Experiences of Poverty. The Office of the Children’s Commissioner, Wellington


Infometrics (2011) 1000 Days to Get it Right for Every Child: The Effectiveness of Public Investment in New Zealand Children. Every Child Counts, Wellington


Ministry of Pacific Island Affairs (2011) Briefing to the Incoming Minister of Pacific Island Affairs. Ministry of Pacific Island Affairs, Wellington


Appendix One

Working Paper 1: Defining and Measuring Child Poverty

Working Paper 2: Lifecourse Effects on Childhood Poverty


Working Paper 5: Child Poverty Reduction Targets


Working Paper 7: Children’s Voices on Poverty


Working Paper 14: Reducing Child Poverty in Māori Whanau

Working Paper 15: Better Public Service Performance on Poverty Amongst Pasifika Children

Working Paper 16: Education Solutions to Mitigate Child Poverty

Working Paper 17: Health Policy and Effective Service Delivery to Mitigate the Effects of Child and Youth Poverty


Working Paper 19: The Role of Local Strategies in Reducing Child Poverty