

Child Poverty Reduction Bill – a background summary

Purpose:

The purpose of the Bill is to achieve a significant and sustained reduction in child poverty, and to improve child wellbeing over time by encouraging:

- greater focus on the issue of child poverty across government and society
- transparent and robust reporting on the levels of child poverty in NZ
- a greater commitment to action on the part of current and future governments
- governments to be held accountable for the results they achieve.

Targets and measures:

The Bill requires governments to set their own ten year and, periodically, three year targets for reducing child poverty and to report regularly on progress towards meeting them. The Bill itself does not set the targets, but does establish the primary measures the targets will be set against.

There are four primary measures:

1. Low income before housing costs (below 50 % of median income, moving line)
2. Low income after housing costs (50% median, fixed line)
3. Material hardship (using the EU's standard threshold)
4. A persistence measure (for low income, material hardship or both)

In addition there are six supplementary measures, which help build a deeper understanding of the impact on child wellbeing. These are:

- low income before-housing-costs (60% of median, moving line)
- low income after-housing-costs (60% of median, moving line)
- low income after-housing-costs (50% of median, moving line)
- low income after-housing-costs (40% of median, moving line)
- severe material hardship
- both low income and material hardship (using 60 percent AHC moving line and the material hardship measure from the primary list).

The suite of measures gives governments robust, internationally comparable data (where possible), which provide a good picture of the impact of policy decisions on the lives of children.

Reporting progress

Stats NZ will be required to produce independent reports on all ten of the primary and supplementary measures of child poverty.

In addition, each Budget Day, the Government will be required to publish a report that shows the progress made towards meeting the Government's targets, explains how the Budget will reduce child poverty and assesses the impact of the Budget on the primary measures of child poverty.

A child wellbeing strategy

The Bill requires Government to develop a comprehensive strategy that will set actions across Government that enhance and promote the wellbeing of children in New Zealand and deliver the outcomes required to meet the child poverty targets.

This strategy will be focussed on the wellbeing of all children aged up to 18, but will have a particular focus on reducing child poverty and supporting children at greater risk. The Minister responsible for the strategy will work with other ministers such as health, education, and disabilities, to adopt the strategy. They will be required to consult with Māori and with children, as part of its development.

Poverty among New Zealand children

Evidence shows that the experience of persistent poverty have an adverse impact on the lives of children, and the harmful effects also damage the social fabric and economic performance of the country.

Between 150,000 and 290,000 children are currently living in poverty or hardship depending on the measure used, with around 80,000 in more severe hardship.

Many of these children not only go without the basics, they are also more likely to have a harder time at school, more difficulty finding work, earn less, and experience poorer health.

Paid employment is the way out of poverty for most families, but is not a complete solution. About 40 percent of poor children live in households which have at least one adult in full time work. This is common among OECD nations.

Child poverty rates, after taking housing costs into account, are much higher now that they were in the 1980s. They are also much higher than the poverty rates for older New Zealanders.

New Zealand ranks particularly poorly internationally when child hardship rates are compared with rates for our overall population. On this measure New Zealand is “worse for children” than any European country.

While there have been reductions in child poverty rates on several measures since the last recession, in the longer term there has been little change, especially using relative income measures.

Half of all children in poverty are Māori or Pasifika.

Countries that have set targets and introduced strategies for reducing child poverty include Ireland (great success before the GFC), the UK and France.

In September 2015, NZ joined with all UN members to commit to the Sustainable Development Goals which include “halving poverty rates for all ages by 2030, based on national measures”. The Child Poverty Reduction Bill is in line with these aspirations signed up to by the previous government.

