

Child poverty, child wellbeing and the wellbeing budget

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Capital thinking. Globally minded.



Outline

1. Focus on child poverty and wellbeing
2. NZ child poverty rates and trends
3. The Child Poverty Reduction Act
4. Child poverty reduction targets
5. Meeting the intermediate and ten-year targets
6. The proposed child and youth wellbeing strategy
7. NZ's long-term social policy challenges



Goal: New Zealand is the best place in the world for children and young people.



The importance of children

Let the little children come to me, and do not hinder them, for the kingdom of heaven belongs to such as these.

Jesus of Nazareth, NIV, Matt 19:14

There can be no keener revelation of a society's soul than the way in which it treats its children.

Nelson Mandela (1985)

Declaration of Interests

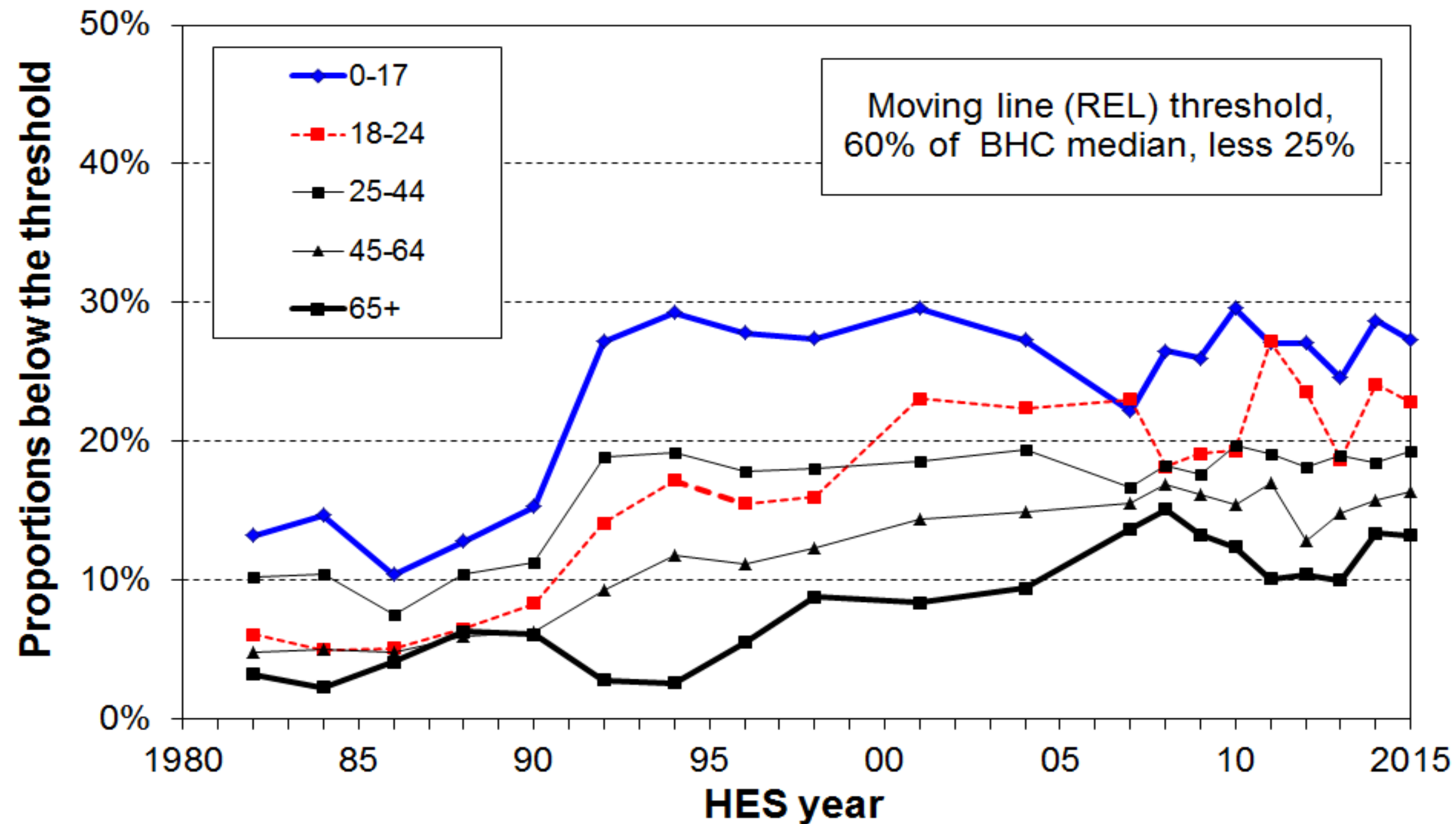
1. Co-chaired Expert Advisory Group on Solutions to Child Poverty, 2012-13 for Children's Commissioner, Dr Russell Wills
2. Drafted first version on Child Poverty Reduction Bill in October 2017
3. Member of the External Reference Group for Child and Youth Wellbeing Strategy

The rationale for focusing on child poverty

1. Many NZ children experience poor outcomes across a range of indicators – health, education, etc. – with lifelong impacts
2. Child (income) poverty and material hardship rates have been relatively high in NZ, especially since early 1990s
3. 2017 general election – both major parties promise to reduce child poverty rates substantially
4. PM became Minister responsible for child poverty reduction
5. Child Poverty Reduction Act (2018)
6. Children's Amendment Act (2018) – requires a child wellbeing strategy
7. Various policy initiatives since late 2017 to reduce child poverty

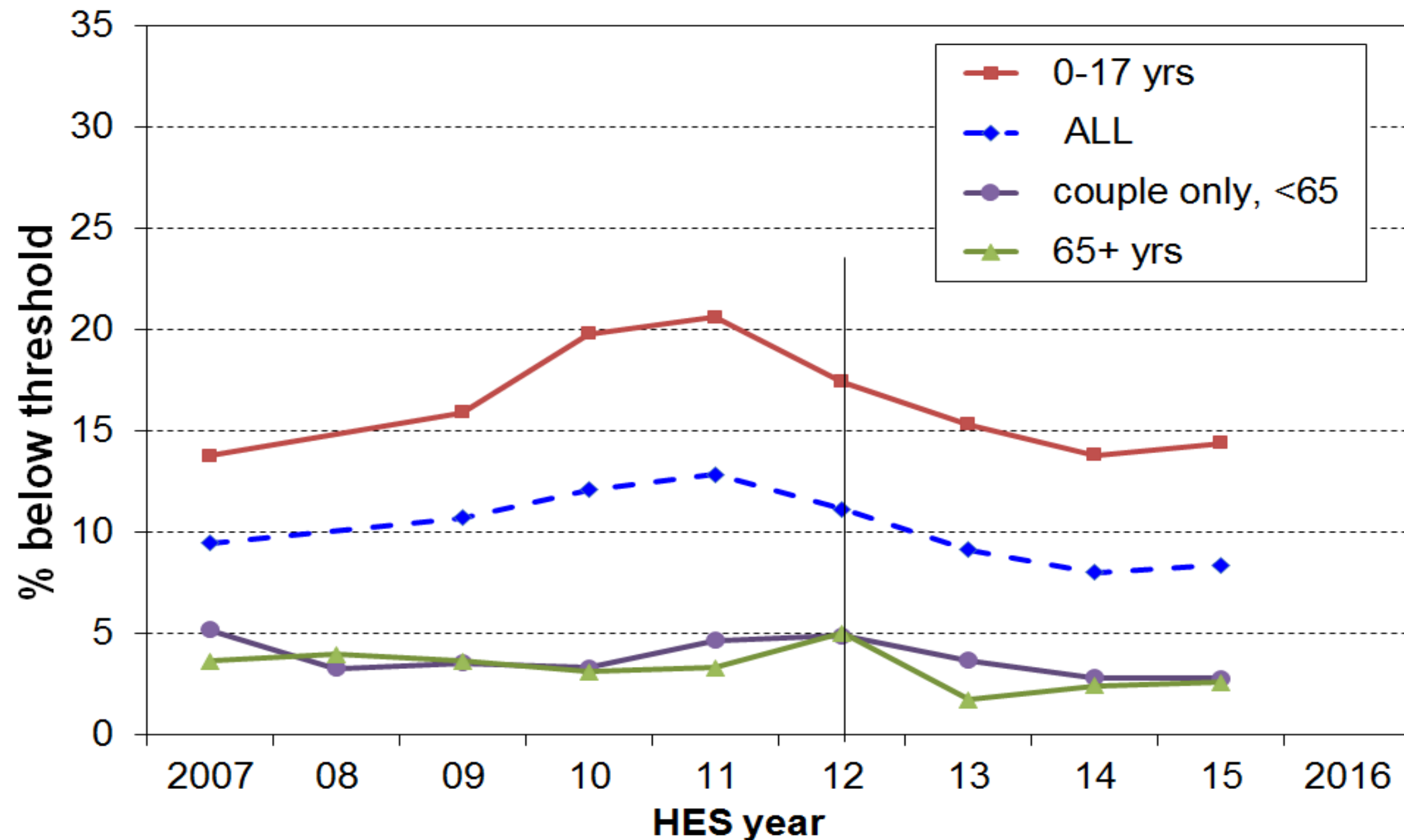
Proportion of all individuals in low-income households by age, 60% REL threshold (AHC)

(Perry 2016)



Trends in material hardship (deprivation) 2007-15

(Perry, 2016)



Note: the analysis uses a hardship threshold that is equivalent in 2012 to the EU 'standard' measure. Pre-2012 = ELSI; post-2012 = MWI

Child Poverty Reduction Act 2018

Main features:

1. A statutory commitment device – politically binding ('significant and sustained reduction ...')
2. Achieved multiparty support
3. Annual poverty measurement – 10 specified measures
4. Governments must set targets for four primary measures – for an intermediate period (3 years) and the long-term (10 years)
5. Political discretion over the level of ambition (cf UK 2010 Act)
6. Governments must report progress annually – including new provisions in the Public Finance Act
7. Current targets are ambitious and will be difficult to meet

Child Poverty Reduction Targets

	Stats NZ Child poverty rates Year to June 2018	Intermediate targets 2020/21	Long-term targets 10 years (2028)	Best in OECD for children
BHC 50% of median, moving line	16.5% 180,000	10.5% 120,000	5% 60,000	3-5% Denmark Finland
AHC, 50% of median, fixed line	22.8% 250,000	18.8% 210,000	10% 115,000	?
Material hardship, standard rate	13.3% 150,000	10.3% 120,000	6% 70,000	3-5% EU 13, 2015 Sweden, Norway, Finland, Switzerland
Poverty persistence		Yet to be determined	Yet to be determined	?

Reducing child poverty in NZ

1. Various policy measures have been announced since late 2017 that will help reduce rates of child poverty, including a family income package and the indexation of main welfare benefits to wages, but:
 - while Treasury's modelling suggests that these will meet the AHC 50% target of 18.8%, they may only just meet the BHC 50% target of 10.5% (modelling is not available on the material hardship measure)
 - significant additional policy measures will be required to meet the long-term targets for BHC 50% and material hardship
2. Policy options include:
 - Extending wage indexation to Working for Families tax credits
 - Further increasing, and modifying, the Family Tax Credit
 - Modifying the structure and rates of all welfare benefits and housing subsidies
 - Reforming child support
 - Encouraging and supporting child-age appropriate employment by parents, including sole parents
 - Extending free health care to all children
 - Developing a national strategy for food in schools
 - Further measures to tackle social problems – substance abuse, family violence, etc.

Child and Youth Wellbeing Strategy

1. The strategy is required by Children's Act (2014), as amended in 2018
2. Governments must seek outcomes and implement actions to improve all children's wellbeing, with a focus on:
 - > children with greater needs
 - > child poverty and socio-economic disadvantage
 - > children of interest or concern to Oranga Tamariki.
3. Policies must be 'informed by evidence about their expected effectiveness in achieving the social and economic outcomes sought'
4. Progress must be reported annually
5. The strategy must be reviewed every three years

Child and Youth Wellbeing Strategy

The proposed strategy:

1. An ambitious vision – but needs clarification
2. Six main outcomes
3. Nine underlying principles
4. Six main priorities and ten other areas of focus
5. Multiple policies and actions (need a clear roadmap and timetable, including milestones)
6. Multiple indicators and measures
7. Launch – second half of 2019

are
**learning &
developing**

have
what they
need

are **accepted,
respected &
connected**



**Tamariki Tu
Tamariki Ora**

are
**empowered
& involved**

are
**loved,
safe &
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are **happy
& healthy**



We need you
children and
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What would it mean to be the best place in the world for children and young people?

1. Among the best overall outcomes for children across a range of objective and subjective measures of wellbeing, including biophysical outcomes (i.e. comparable to Scandinavia)
2. Among the best outcomes in the world for the country's least advantaged children (i.e. a strongly egalitarian or shallow social gradient)
3. Outcomes that reflect NZ's distinctive cultural context, honour and respect children's rights, including indigenous rights, and satisfy the principles and provisions of the Treaty of Waitangi
4. A strong and influential voice for children in policy-making at all levels of government

i.e. not just a Southern Hemisphere Scandinavian country

Long-term social policy challenges

1. Reducing poverty and income/wealth inequality
2. Reforming the housing market – including a massive increase in social housing and improving rates of home ownership
3. Addressing the fiscal cost of population ageing
4. Finding the revenue to ensure that social assistance meets 21st century standards of adequacy
5. Harmonizing the design of the welfare system and ACC
6. Coping with the political and policy challenges of increasing socio-cultural diversity (e.g. maintaining sufficient social solidarity)
7. Ensuring a just transition to a low emissions economy
8. Managing the social impacts of rapid technological change, especially labour market impacts
9. Paying for the enormous costs of climate change adaptation, especially managed retreat

Supplementary slides

Te Whāinga Tāhuhu: Ko Aotearoa te tino whenua o te ao mō ngā tamariki me ngā rangatahi

Our Vision: New Zealand is the best place in the world for children and young people



Children and young people have what they need

- They and their parents / caregivers, have a good standard of material wellbeing.
- They have regular access to nutritious food.
- They live in stable housing that is affordable, warm and dry.
- Their parents / caregivers have access to the education and support they need, and to quality work.

Children and young people are learning & developing

- They are positively engaged with and achieving in education.
- They have the emotional, communication, and behavioural skills they need as they progress through their life course.
- They have the skills and encouragement to achieve their potential and enable choices around further education, volunteering, employment, and entrepreneurship.
- They can successfully navigate life's transitions.

Children and young people are happy and healthy

- They have the best possible health, starting before birth.
- They build self esteem and resilience.
- They have good mental wellbeing and recover from trauma.
- They have spaces and opportunities to play and express themselves creatively.
- They live in healthy, sustainable environments.
- They and their families are supported to make healthy and informed choices around relationships, sexual health, alcohol, tobacco, and other drugs.

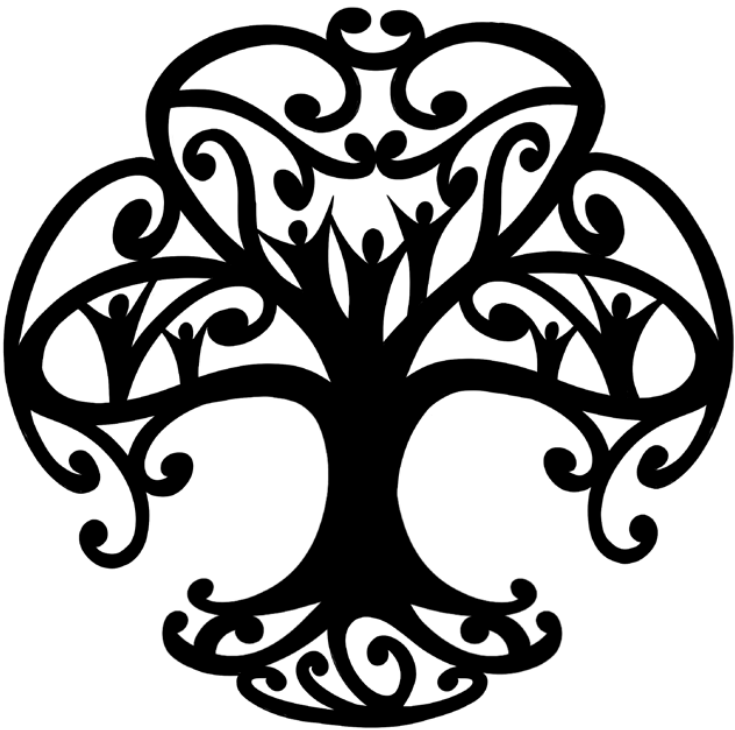
Children and young people are taonga. They have intrinsic value, inherent dignity and mana which should be recognised and respected.

Māori are tangata whenua. Recognising and giving practical commitment to Te Tiriti o Waitangi (Treaty of Waitangi), and the objectives of the United Nations Declaration on the Rights of Indigenous Peoples, is essential to help achieve wellbeing for tamariki and rangatahi Māori.

Children and young people's rights are to be respected and upheld. Children's rights in New Zealand law include the rights derived from the United Nations Convention on the Rights of the Child and the Convention on the Rights of Persons with Disabilities.

All children and young people deserve to live a good life. To achieve greater equity of outcomes, some children and young people need more support.

We are seeking the following interrelated outcomes for all children and young people:



Tamariki Tu
Tamariki Ora

These are the principles that will guide the actions and implementation of the Strategy:

Children and young people are loved, safe and nurtured

- They feel loved and supported.
- They have family, whānau and homes that are loving, safe and nurturing.
- They are safe from avoidable accidental harm.
- They are safe from intentional harm (including bullying, neglect, and emotional, physical and sexual abuse).
- They are able to spend quality time with their parents, family and whānau.

Children and young people are accepted, respected & connected

- They feel accepted, respected and valued at home, school, in the community and online.
- They live free from racism and discrimination.
- They have stable and healthy relationships.
- They are connected to their culture, language, beliefs and identity including whakapapa and tūrangawaewae (place of belonging).

Children and young people are empowered & involved

- They feel manaakitanga: kindness, respect and care for others.
- They contribute positively at home, at school and in their communities.
- They exercise kaitiakitanga: connection and care of the land and nature.
- They have their voices, perspectives, and opinions listened to and taken into account.
- They are supported to exercise increasing autonomy as they age.

Wellbeing needs holistic and comprehensive approaches. Wellbeing is multidimensional and includes hinengaro (mental), tinana (physical), wairua (spiritual), whānau (family), papa kainga (community), and taiao (environmental) wellbeing.

Children's wellbeing is dependent on whānau wellbeing. Children should be viewed in the context of their families, whānau, hapu, and iwi, other culturally recognised family groups, and communities.

Change requires action by all of us. Individuals, organisations, communities and the government need to work together to achieve good wellbeing for all children and young people.

Actions must deliver better life outcomes. The Strategy and its delivery will be informed by evidence of effective policies and smart information connections.

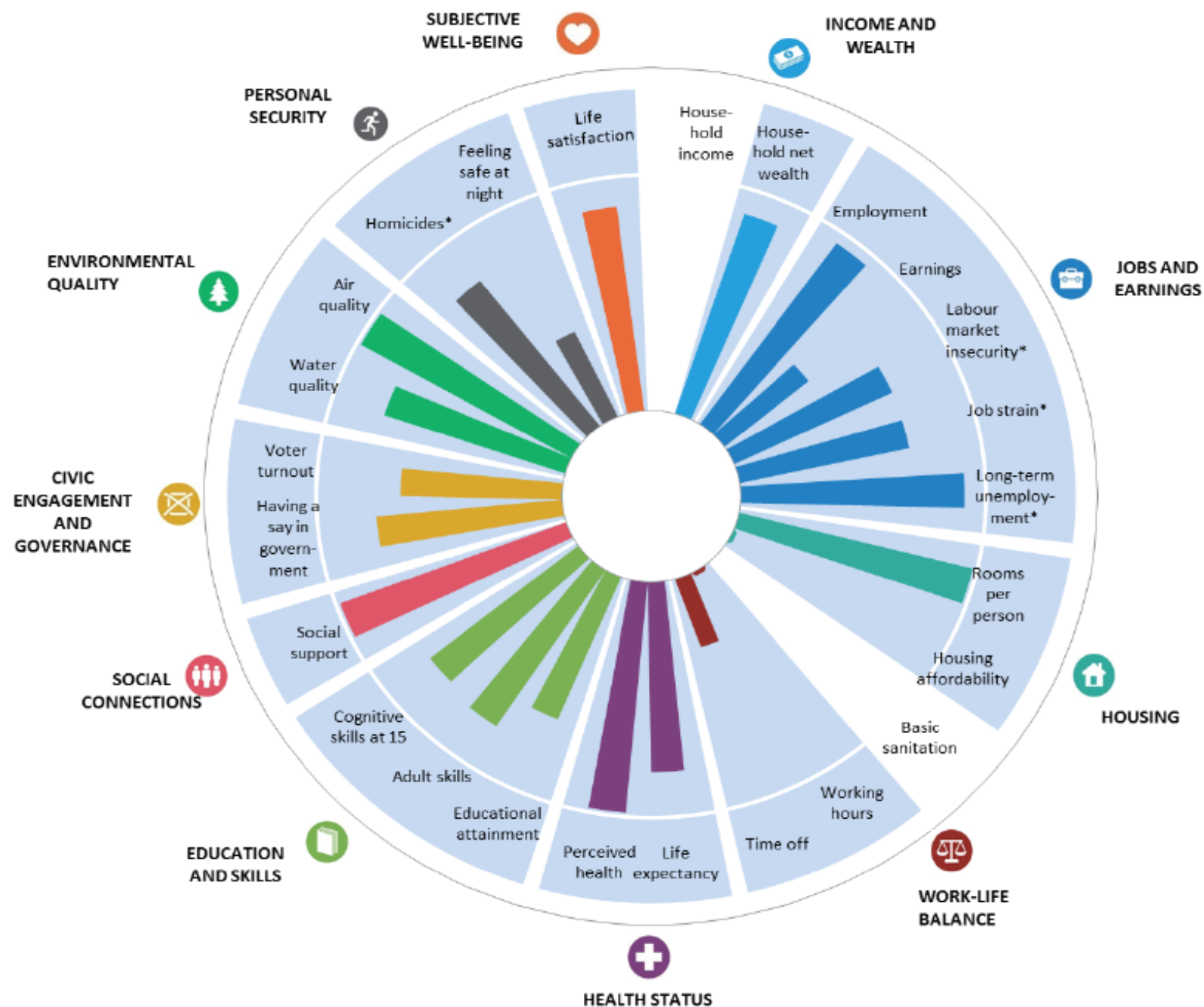
Early support is needed. Policies in the Strategy should be focused on preventing or minimising negative outcomes and supporting children and their family and whānau early for better outcomes.

The wellbeing budget

1. Reasons for changing the policy narrative and focus of fiscal policy – moving beyond GDP; from flows to stocks (of capital); SDGs
2. The nature and measurement of wellbeing
3. Objective v subjective measures
4. OECD Better Life Index – modified for NZ conditions: see *Indicators Aotearoa New Zealand* (StatsNZ)
5. Issues – distribution of wellbeing intragenerational (age, gender, ethnicity, region, socio-economic) and intergenerational
6. Priorities for 2019:
 - Creating opportunities for productive businesses, regions, iwi and others to transition to a sustainable and low-emissions economy
 - Supporting a thriving nation in the digital age via innovation, social and economic opportunities
 - Lifting Māori and Pacific incomes, skills and opportunities
 - Reducing child poverty and improving child wellbeing, including addressing family violence
 - Supporting mental wellbeing for all New Zealanders, with a special focus on under 24-year-olds

Current wellbeing Outcomes

New Zealand's average level of current well-being: Comparative strengths and weaknesses



Note: This chart shows New Zealand's relative strengths and weaknesses in well-being when compared with other OECD countries. For both positive and negative indicators (such as homicides, marked with an "*"), longer bars always indicate better outcomes (i.e. higher well-being), whereas shorter bars always indicate worse outcomes (i.e. lower well-being). If data are missing for any given indicator, the relevant segment of the circle is shaded in white.

Additional information, including the data used in this country note, can be found at:

www.oecd.org/statistics/Better-Life-Initiative-2017-country-notes-data.xlsx

Current outcomes are assessed using indices of both quality of life and material conditions. It is a snapshot measure.

Each element has a distribution in the population and may vary across subpopulations (e.g. by gender or ethnicity). It is not just income or wealth that might be unequally distributed.

It cannot be measured as a single number without making significant implicit or explicit value judgements, for example, how important is health relative to income.

Current wellbeing outcomes

Provisional table of current wellbeing indicators for New Zealand.

Dimension	Indicators	
Housing	• Housing expenditure	• Dwellings with basic facilities
	• Rooms per person	
Income	• Household financial wealth	• Household net adjusted disposable income
Jobs	• Job security	• Personal earnings
	• Long-term unemployment rate	• Employment rate
Community	• Quality of support network	
Education	• Years in education	• Student skills
	• Educational attainment	
Environment	• Water quality	• Air Quality
Civic Engagement	• Stakeholder engagement for developing regulations	• Voter turnout
	• Corruption	
Health	• Self-reported health	• Life expectancy
	• Suicide rate	
Life Satisfaction	• Life satisfaction	
Safety	• Homicide rate	• Feeling safe walking alone at night
Work-Life Balance	• Time devoted to leisure and personal care	• Employees working very long hours
	• Volunteering	
Cultural Identity	• Local Content on New Zealand television	• Maori language speakers
	• Language retention	

Indicators in light blue are proposed New Zealand specific measures.