

Why We Need Legislation to Address Child Poverty

Children who live in poverty in New Zealand currently have no legal recognition and no real voice. These children do not choose their circumstances, but are usually born into families experiencing poverty. Children, by their very status as children, have no resources of their own to enable them to improve their own conditions. As a general rule, parents and/or guardians are legally responsible for the emotional and material well-being of the children in their care. But what happens when some parents and/or guardians are unable to provide for the children in their care? Should these children and their families be merely left to their own devices, or should the government as the elected representatives of New Zealand citizens provide assistance? This article considers the growing child poverty problem in New Zealand and the immediate and long-term consequences of poverty, and examines whether legislation addressing child poverty is required.

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Child poverty in New Zealand: the costs and consequences

Child poverty is notoriously difficult to define. According to the Expert Advisory Group on Solutions to Child Poverty (EAG):

Child poverty involves material deprivation and hardship. It means, for instance, a much higher chance of having insufficient nutritious food, going to school hungry, wearing worn-out shoes or going barefoot, having inadequate clothing, living in a cold, damp house and sleeping in a shared bed. It often means missing out on activities that most New Zealanders take for granted, like playing sport and having a birthday party. It can also mean much narrower horizons – such as rarely travelling far from home ... This is not the kind of country most New Zealanders experience or know much about. But it is the harsh reality for many of our children. (EAG, 2012a, p.1)

New Zealand currently has no definition of child poverty, which makes it difficult for statistics on child poverty to be gathered accurately and consistently across different organisations. The EAG suggests that child poverty 'should be defined in a manner that is consistent with recognised international approaches' (ibid., p.2). The group proposes the following definition:

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 equal members of New Zealand society. (ibid.)

Regardless of whether the above definition is adopted, New Zealand needs an approved and consistent definition of child poverty before any progress can be made in reducing it.

The current amount of child poverty in New Zealand is difficult to quantify. Using one of the classic measures of child poverty, based on household incomes

after housing costs, as many of 25% of New Zealand children (approximately 270,000) currently live in poverty (EAG, 2012a, p.1). The evidence also suggests that a high proportion of these children are materially deprived, and that such deprivation can have both immediate and long-term consequences for the children affected and New Zealand society as a whole. A recent UNICEF report sums up the significant costs of child poverty thus:

.... children who are deprived of the basics such as good nutrition and a healthy, warm physical environment are much more likely to develop ongoing physical and emotional health problems ... [they] are unlikely to develop to their full educational, societal and economic potential.

Failure to provide this protection brings heavy costs. The biggest price is paid by individual children whose susceptible years of mental and physical growth are placed at risk. But societies also pay a heavy price – in lower returns on educational investments, in reduced skills and productivity, in the increased likelihood of unemployment and welfare dependence, in the higher costs of social protection and judicial systems, and in the loss of social cohesion ... the economic argument, in anything but the shortest term, is therefore heavily on the side of preventing children from falling into poverty in the first place. (Innocenti Research Centre, 2012, p.27)

These extremely serious societal and economic costs are experienced not just by the individual children and families, but by society as whole. Consequently, child poverty is a problem that cannot be ignored and left merely to the individuals affected to try and solve. A degree of collective responsibility is required, or

else we abandon children to deprivation. As UNICEF states:

Childhood by its nature, and by its very vulnerability, demands of a civilized society that children should be the first to be protected rather than the last to be considered. This principle of 'first call' for children holds good for governments and nations as well as for the families who bear the primary responsibility for protection. And because children

have only one opportunity to grow and to develop normally, the commitment to protection must be upheld in good times and in bad. It must be absolute, not contingent.

Nor can this principle of first call be side-stepped by the argument that the protection of children is an individual rather than a social responsibility. No one can seriously claim that it is the child's fault if economies turn down or if parents are unemployed or low-paid. (ibid.)

Collective responsibility for child poverty need not be based solely on obvious, altruistic reasons. For New Zealand society as a whole to thrive we need a significant population of healthy, productive adults. However, children who are deprived of the basics such as good nutrition and a healthy, warm physical environment are much more likely to develop ongoing physical and emotional health problems. These children are also unlikely to develop to their full educational, societal and economic potential. As these children become adults

such problems are often amplified, which creates significant ongoing and future costs for all New Zealanders. Therefore, tackling child poverty head on is crucial. As the EAG states:

Currently, the economic costs of child poverty are in the range of \$6-8 billion per year and considerable sums of public money are spent annually on remedial interventions. Failure to alleviate child poverty now will damage the nation's long-term prosperity. It will also undermine the achievement of other important policy priorities, such as reducing child abuse, lifting educational attainment and improving skill levels. (EAG, 2012, p.vi)

At the very least we should be able to agree as a society to be accountable for providing the best possible environment for children to thrive, even if we disagree on the means of achieving it.

Should New Zealand implement child poverty legislation?

New Zealand is a signatory to the United Nations Convention on the Rights of the Child. The convention was adopted to ensure (among other things) that children have a universal right to education,¹ 'the enjoyment of the highest attainable standard of health',² and 'a standard of living adequate for the child's physical, mental, spiritual, moral and social development'.³ Child poverty has been found to impact negatively upon affected children's health, education and living standards to a significant degree. Thus, New Zealand as a signatory to the convention needs to take action on child poverty to ensure that all New Zealand children's rights under the convention are upheld.

The biggest challenge lies not in deciding that New Zealand needs to take action against child poverty, but rather determining the best way to do

so. Arguably, the most effective way to take collective action is to pass legislation specifically designed to reduce child poverty. Such legislation would make the government accountable for outcomes and would clearly ensure that reducing child poverty becomes an important priority. However, one piece of legislation alone will not make a difference if other legislation undermines it, and/or if there is insufficient funding to implement it.

The New Zealand government does not have limitless resources and has to make choices about expenditure. Underlying such debates are two differing economic philosophies: the free market model and economic interventionism. Those who subscribe to the free market model believe that the best way to advance the economy is to give maximum

freedom to individuals. They believe that economic growth ensures everyone in the free market will thrive. This model shies away from governmental intervention and regulation and considers that individuals should not usually receive governmental assistance. Those in the economic interventionism camp believe that governmental assistance is necessary for everyone to thrive. Without such intervention, they believe, the 'haves' will continue to prosper and the 'have-nots' will be left behind. Both economic philosophies essentially want the same outcome, a productive and healthy society, but disagree on how to get there. One thing is sure: children cannot compete in any form of market and their well-being is totally dependent on what happens in the adult world. At the very least we should be able to agree as a society to be accountable for providing the best possible environment for children to

thrive, even if we disagree on the means of achieving it.

The United Kingdom recently passed the Child Poverty Act 2010 with the primary purpose of eradicating child poverty. The legislation provides targets relating to the reduction of child poverty and accountability mechanisms. The machinery of the act does not actually correspond to an eradication of all child poverty across the United Kingdom, but rather aims to achieve 'certain baseline levels (which are deemed to be low rates)' (EAG, 2012b, p.10). The act provides four targets, ranging from the 'relative low income target' to the 'persistent poverty target'.⁵ It ensures that the government develops child poverty reduction strategies and must report back to Parliament on the progress of these strategies each year.⁶ Section 14 of the act requires the secretary of state to 'lay an annual report in Parliament on progress in meeting the statutory targets and in implementing the national child poverty strategy' (EAG, 2012b, p.11). The act also established the Child Poverty Commission to provide advice on the construction of national strategies, and it imposes duties on local authorities and bodies to work with the government to mitigate the effects of child poverty in their local area.⁷

The primary emphasis in the Child Poverty Act is on reducing income poverty. At this stage it is too early to know how successful the act has been. However, as the EAG states:

The most recent set of Households Below Average Income (HBAI) statistics released by the Department for Work and Pensions in June 2012, indicates that over the last year there has been a small drop in the levels of child poverty from 20 percent to 18 percent (approximately 2.3 million children), a reduction of around 300,000. However, this figure rises to 3.6 million, or 27 percent, when housing costs are included in the income measurement. Nevertheless, this figure is still 200,000 less than the after-housing cost measurement for the previous year.

While this downward trend is encouraging, particularly in an era

of 'austerity' politics following the global financial crisis, it is too soon to draw any firm conclusions as to the Act's effectiveness in meeting its targets. Indeed, while there was a small drop in the numbers of children in poverty, the relative poverty target for 2011 was missed by approximately 600,000. Economic conditions, taxation and fiscal policy and the level of government investment in social services will inevitably have a central bearing on outcomes. (EAG, 2012b, p.12)

While this is encouraging, the UK Institute of Fiscal Studies has predicted that child poverty rates in the United Kingdom are likely to rise from 2013, with the relative poverty rates reaching 24% and the absolute poverty rates reaching 23% (ibid., p.12).

The Welsh Assembly also passed legislation in 2010 which specifically tackles child poverty among other issues. The Children and Families (Wales) Measure 2010 (aims to:

[M]ake provision about contributing to the eradication of child poverty; to provide a duty for local authorities to secure sufficient play opportunities for children; to make provision about arrangements for participation of children in local authority decisions that might affect them; to make provision about child minding and day care for children; to make provision establishing integrated family support teams and boards; to make provision about improving standards in social work for children and persons who care for them; to make provision about assessing the needs of children where their parents need community care services or have health conditions that affect the needs of the children; and for connected purposes.⁸

The measure provides a number of 'broad aims', which include increasing income for households with one or more children; ensuring that, so far as is reasonably practicable, children living in households in the relevant income group are not materially deprived; to reduce

inequalities in educational attainment between children; to ensure that all children grow up in decent housing; to help young persons participate effectively in education and training; and to help young persons participate effectively and responsibly in the life of their communities.⁹ The measure places a duty on Welsh ministers and local authorities to prepare and publish child poverty strategies, which must be then enacted into regulations.¹⁰ Local authorities must also provide free childcare services and implement free health and parental support services.¹¹ The legislation requires Welsh ministers to have due regard to the rights of children and the United Nations Convention on the Rights of the Child.

The legislative models in both England and Wales illustrate legislation

their full potential and participate as full and equal members of New Zealand society. (EAG, 2012b, p.16)

The EAG also suggests that the purpose of the legislation could be to '[a]chieve a sustainable reduction' in both the 'number and proportion' of children in poverty and to '[a]lleviate the socio-economic disadvantage experienced' by those experiencing child poverty in New Zealand (ibid., p.15).

The legislation would also need to set out clear measures for poverty. This is a complex task, which will require significant economic and statistical expertise. Rather than merely focusing on income poverty, measures should also be implemented in other areas, such as housing, education, and health and

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which defines child poverty, which sets out targets and strategies for eliminating it, and which places duties on government ministers and local authorities to act in ways designed to reduce child poverty. This ensures that child poverty must be considered when policy decisions are made.

Any New Zealand legislation addressing child poverty would need to provide a definition of exactly what child poverty is. The EAG proposes the following definition of what 'living in poverty' means:

For the purposes of this Act, children living in poverty are defined as all persons aged under 18 years of age who experience deprivation of income and the material resources required for them to develop and thrive, enjoy their rights, achieve

support services. A significant aspect of the legislation would be to place a duty on the minister responsible to gather relevant consistent data each year and to show Parliament where progress has or has not been made. This way, child poverty becomes a matter of public debate and pressure can be brought to bear to ensure that progress is made.

Without the enactment of legislation specifically addressing child poverty, which ensures public visibility and governmental accountability, the sad reality is that child poverty will fall off the political and media agenda. New Zealand can only put the welfare and best interests of children first and deliver the rights for children established by the United Nations Convention on the Rights of the Child if the government steps up and makes child poverty a legislative priority.

- 1 United Nations Convention on the Rights of the Child, 1990, article 28. Further, article 29 declares that education shall be geared towards the 'development of the child's personality, talents and mental and physical abilities to their fullest potential'.
- 2 *Ibid.*, article 24.
- 3 *Ibid.*, article 27. Article 27 further states: 'Parties, in accordance with national conditions and within their means, shall take appropriate measures to assist parents and others responsible for the child to implement this right and shall in case of need provide material assistance and support programmes, particularly with regard to nutrition, clothing and housing.' This article clearly imposes an international obligation on signatories to assist children and their families who are suffering from the effects of poverty. However, the provision is qualified by the proviso 'in accordance with national conditions and within their means'.
- 4 Child Poverty Act 2010 (United Kingdom), introductory text.
- 5 *Ibid.*, ss3–6.
- 6 *Ibid.* ss9–13.
- 7 *Ibid.*, s8; ss19–25.
- 8 Children and Families (Wales) Measure 2010, introductory text.
- 9 *Ibid.*, s1.
- 10 *Ibid.*, ss3–6.
- 11 *Ibid.*, ss7–10.

References

- EAG (Expert Advisory Group of Solutions to Child Poverty) (2012a) *Solutions to Child Poverty in New Zealand: evidence for action*, Wellington: Office of the Children's Commissioner
- EAG (2012b) *Legislative Mechanisms to Reduce Child Poverty*, Working Paper 6, Wellington: Office of the Children's Commissioner
- Innocenti Research Centre (2012) *Measuring Child Poverty: new league tables of child poverty in the world's rich countries*, Innocenti report card 10, Florence: UNICEF Innocenti Research Centre



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Post Budget Day Seminar

Friday 17 May 12:30pm-1:30pm
Lecture Theatre 2,
Government Building (access via Stout Street)

- Shamubeel Eaquab** *NZIER Principal Economist*
2013 Budget: The Macro-Economic Outlook
- Derek Gill** *NZIER Principal Economist & IGPS Senior Associate*
2013 Budget: Macro meso and micro perspectives
- Another Commentator** *(to be confirmed)*
2013 Budget: a social policy perspective

The IGPS will be hosting a Post Budget day seminar to review the 2013 Budget. The speakers will focus on reviewing the macro- economic prospects, the fiscal policy implications and the social policy developments signalled in the 2013 Budget.

Shamubeel Eaquab has worked as a macro economist in the private sector since 2001, both in New Zealand and Australia. His focus and interest is in analytical frameworks to aid economic forecasting, commentary and incisive research into topical areas of economics. He holds a Bachelor of Commerce and Management with Honours in Economics from Lincoln University.

Derek Gill has worked on fiscal policy and public sector management for almost his entire working career. His public service career included roles at the Treasury, SSC, the OECD and MSD and in recent years he has extensively researched, taught and published on a range of public policy and management issues, while based at the Institute of Policy Studies at Victoria University. He is a graduate of both Victoria and George Mason Universities.

No RSVP Required

Education and Poverty: Confronting the Evidence

Friday 31 May 12:30pm-1:30pm
Railway West Wing, Level 5, Room 501

Professor Helen Ladd *Duke University*

Current policy initiatives to improve the U.S. education system, including *No Child Left Behind*, test-based evaluation of teachers, and the promotion of competition are misguided because they either deny or set aside a basic body of evidence documenting that students from disadvantaged households on average perform less well in school than those from more advantaged families. Because these policy initiatives do not directly address the educational challenges experienced by disadvantaged students, they have contributed little—and are not likely to contribute much in the future—to raising overall student achievement or to reducing achievement and educational attainment gaps between advantaged and disadvantaged students. Moreover, such policies have the potential to do serious harm. Addressing the educational challenges faced by children from disadvantaged families will require a broader and bolder approach to education policy than the recent efforts to reform schools.

Helen F. Ladd is the Edgar Thompson Professor of Public Policy Studies and Professor of Economics at Duke University's Sanford School of Public Policy. Most of her current research focuses on education policy. She is the author of many books and articles, including a co-authored book on New Zealand educational reforms of the late 1980s and early 1990s, *When Schools Compete: A Cautionary Tale* (Brookings, 2000).

No RSVP Required

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