



Child Poverty Reduction Bill Social Services and Community Committee

The Salvation Army New Zealand Fiji and Tonga Territory Oral Submission 23rd May 2018

INTRODUCTION & OVERVIEW

1. On behalf of The Salvation Army I would like to thank you all for both the time you have taken to consider our written submission and for the time here today to hear this our brief oral submission. As you may know The Salvation Army has served New Zealanders and especially poor and vulnerable New Zealanders for over 130 years as part of our mission of service to our God and to our brothers and sisters. As you all probably know too Christian teaching and especially the teachings of Jesus place special emphasis on the needs and interests of children and it is that emphasis which of course brings us all here today.
2. Our written submission covers three main points which are as follows:
 - the complexity of poverty,
 - the reliability and usefulness of poverty measures,
 - the possibility of using different poverty measures.We will briefly discuss these three points in our presentation this morning as well as attempt to place this bill into a broader context.

A BROADER CONTEXT FOR THIS BILL

3. The Army believes that the idea of having a statute which specifically seeks to reduce child poverty is important for our national conversation around the rights and status of children. There is an adage, which most likely members of the Committee are familiar with, which claims 'that which is important is measured'. A reverse corollary to this, and one which motivates the Army's State of the Nation reports, might be 'that which is measured becomes important'. In other words the very act of measuring something and of reporting it to the public can make that thing of some importance in the public's minds and in our public discourse.
4. The Salvation Army believes that the Child Poverty Reduction Bill can be effective in both elevating the importance of eradicating child poverty as a collective effort nationally and of placing children's needs and rights centre stage in the public discourse. We hope that the Bill will receive cross-party support as we believe that this is an important step in our nationhood and that the ideas behind the Bill are worthy of such support for this reason.
5. The Army believes, and most likely many others do as well, that there are or should be certain things that mark us out as a country. These aren't necessarily the clean green image

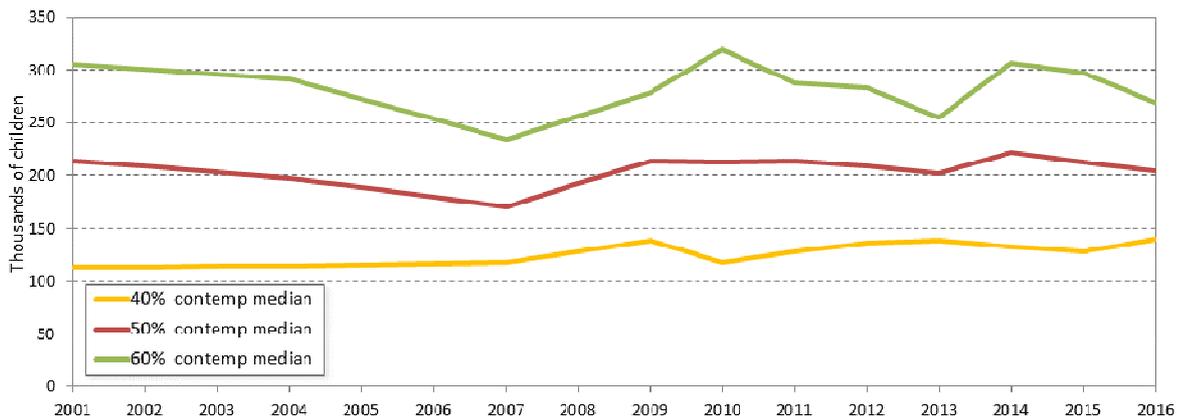
conveyed by our landscapes or the All Black's haka but certain values which define us as a country and us as New Zealanders. By international standards we are an open, honest and easy going country which is tolerant, increasingly diverse and relatively fair. The idea of fairness is a disputed one however given the range of social and political values we hold. But around such an idea there may still be some constants on which we can all agree. One of these constants should be that New Zealand children don't need to and shouldn't live in poverty and severe hardship.

6. If such a constant is a value which defines us, it can and probably should be reflected in legislation as a marker of our political and social aspirations. As governments change we should of course expect the means by which such aspirations are pursued might change but the aspirations themselves are a constant. We ask you and your Parliamentary colleagues to see this Bill in this way and to give it your broad although not uncritical support.

COMPLEXITY OF POVERTY

7. Each year The Salvation Army helps between 120,000 and 150,000 New Zealanders with material and financial assistance, personal and social support as well as access to addiction, rehabilitation and employment programmes. We believe that we have as good an idea of the face and context of poverty in New Zealand as any agency. It is our experience that poverty is complex and that its causes and consequences are many and varied. This variety is at a personal, social and structural level. Some of it is about personal choices, some about the social environment and some about historical and structural inequality.
8. This complexity means at least two things as we consider this Bill. The first is that complex issues normally require complex responses – the idea that there is a one necessary response or a silver bullet is in our opinion unrealistic. The second thing is that one type of indicator measure is unlikely to tell the whole story around the status of the issue we are wanting to address.
9. In relation to child poverty and to poverty in New Zealand more generally we believe that there are many underlying causes which all need to be addressed if we are to eradicate poverty. Incomes are of course important and emphasis on ensuring that people have adequate incomes is essential. But adequate incomes cannot be defined by a nominal figure because it relates to what you can and do buy with that income. For example if, as we have seen recently, rents in many areas are rising quickly then clearly the adequacy of an given nominal income diminishes.
10. As we have already mentioned in our initial submission it is the case, we believe, that no two people's experience of poverty is the same thing. This observation is of little use in considering such things as indicators as these need to be representative of a shared experience. However as you consider which indicators are most appropriate to be included in the final Act you could perhaps also consider whose experience is being reported in the indicators chosen. This point is illustrated somewhat in the following graph.

Estimates of the number of children living in relative income poverty - 2001 to 2016



SOURCE: Perry, B. (2017) *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2016* Table F7 p.122.

11. From the data offered in the above graph it is difficult to identify any significant trend of child poverty numbers changing much between 2001 and 2016 although the impact of the GFC on these numbers is noticeable especially for the 60% and 50% measures. What is noticeable is the constancy of the 40% numbers. These 40% figures are a representation of the children in the deepest and perhaps the most persistent poverty and it is quite likely that their stories are much different from those of children who find themselves between the 40% thresholds and the 50% or 60% thresholds. It is The Salvation Army's view that the 40% measure should be a primary indicator because the lives of the children represented by this measure are of the most concern. While their lives will be improved by the Government's Families Package and its increases in Working for Families payments, these children will not be lifted out of poverty by this package or by any policy presently contemplated. We suggest that it is the lives of children left in poverty after the various policy measures have been introduced which are of most relevance to the objectives of this Bill.

THE RELIABILITY AND USEFULNESS OF MEASURES

12. In our written submission we have raised the question of the reliability and timeliness of the data behind the indicators. Clearly data which is subject to a wide margin of error or which is one to two years out of date is of limited value as the basis for an indicator.

13. We wish to draw the Committee's attention to a warning offered by Treasury in its recent estimates of the impacts of the Government's Families Package on the numbers of children lifted out of poverty. It said this:

'The Treasury has advised the Government that these and all of the projections provided to date should be used with caution and are not suitable for benchmarking, or for assessing progress towards or setting child-poverty reduction targets. This is because of the limitations of the input data and the models, and the large statistical margins of error. For example, the 54,000 projection above has the smallest statistical margin of error and constitutes the Treasury's current best advice on child-poverty projections, but that estimate is within a wide range (between 42,000 to 73,000).'

In addition, projections of relative child-poverty are inherently volatile. They are likely to change substantially when new survey data becomes available and when actual and forecast economic conditions change. This volatility applies even in the absence of modelling improvements or policy changes.'

<https://treasury.govt.nz/publications/media-statement/treasury-corrects-coding-error-child-poverty-projections>

14. These problems of wide margins of error and volatility are not insurmountable and can be addressed with more comprehensive samples. As you decide on which measures to include as indicators in the final Act we ask that you also consider how the reliability and timeliness of the data behind these measures might be improved as well.

USE OF DIFFERENT POLICY MEASURES

15. Consistent with our view that poverty is a complex experience we believe that there is some justification for a wider range of indicators to be included in the measures of progress towards eradicating child poverty. Essentially the Bill proposes two types of measures – income ones and hardship ones. The income measures are to some extent input measures of poverty as they measure one of the things required in order to avoid poverty. The hardship indicators are experiential or outcome indicators and describe the experiences of people living in poverty.
16. These later sort of indicators have some value and the Committee may wish to consider what other experiential indicators might be used as part of a child poverty monitoring regime. We have mentioned three alternative indicators which can be generated from an administrative process such as the administration of supplementary benefits. While such indicators have the advantage of being generated as a by-product of another process, they are liable to manipulation if targets are attached to them. This manipulation could involve subtly changing access rules or processes so that numbers decline and levels of need are seen to be abating. We saw something of this with the better Public Service Targets of the previous Government.

CONCLUSIONS

17. The Salvation Army is an enthusiastic supporter of the Child Poverty Reduction Bill and we urge all members of the Committee and all members of Parliament to support the Bill in principle. We believe that the measures used in the final Act and the policies required to address child poverty need to be more diverse than those offered to date. The Army is keen to work with Government on developing a broader set of measures and policies to address this critically important challenge.

Thank you for your time