



Child Poverty Reduction Bill Social Services and Community Committee

The Salvation Army New Zealand Fiji and Tonga Territory Submission

BACKGROUND

1. The Salvation Army is an international Christian and social services organisation that has worked in New Zealand for over one hundred and thirty years. The Army provides a wide-range of practical social, community and faith-based services, particularly for those who are suffering, facing injustice or those who have been forgotten and marginalised by mainstream society.
2. We have over 90 Community Ministry centres and Churches (Corps) across the nation, serving local families and communities. We are passionately committed to our communities as we aim to fulfil our mission of caring for people, transforming lives and reforming society through God in Christ by the Holy Spirit's power¹.
3. This submission has been prepared by the Social Policy and Parliamentary Unit of The Salvation Army. This Unit works towards the eradication of poverty by encouraging policies and practices that strengthen the social framework of New Zealand.
4. This submission has been approved by Commissioner Andrew Westrupp, Territorial Commander of The Salvation Army's New Zealand, Fiji and Tonga Territory.

THE SALVATION ARMY'S PERSPECTIVE

INTRODUCTION

5. The Salvation Army supports the intent and most of the detail of the Child Poverty Reduction Bill. We encourage the Social Services and Community Committee to consider minor changes to some of the proposals alongside a broader and ongoing scrutiny of public policies and programmes to ensure that the poverty and related material hardship suffered by tens of thousands of New Zealand children does not become an inter-generational feature of our social landscape.
6. We wish to draw the Committee's attention to three issues which we believe are related to the ultimate success of this Bill in reducing the incidence or extent of child poverty. These issues are
 - the complexity of poverty,
 - the timeliness and reliability of the data behind the measures, and
 - the potential for using additional supplementary measures.

COMPLEXITY OF POVERTY

7. The Salvation Army crosses paths with as many as 150,000 New Zealanders each year. Most often these New Zealanders are doing it hard with such problems as unemployment, overwhelming debt, addictions, family violence and inadequate incomes. We believe that we have as good picture of poverty in 21st century New Zealand as any agency within or outside Government. It is our view that this poverty is multi-faceted and caused more by the context of peoples' lives than by the choices they make. This is not to deny people agency but to acknowledge two things about many peoples' lives. Firstly, that the choices they have to make are often quite limited and sometimes detrimental. This means that making what we might consider are bad choices is relatively easy because the choices available are often poor anyway. The second thing about poverty is that it often concentrated in suburbs and towns which have a multitude of social hazards such as neighbourhood liquor stores, pokie outlets, commonplace drug dealing and loan sharks, poor public transport and poor quality food retailers. We believe that the poverty seen in the form of homelessness, foodbank demand and material deprivation is in part a consequence of these multitude social hazards and of the limited opportunities many people have to make positive choices to improve their lives.
8. We believe that in policy terms this context is important because we – as a nation, are unlikely to put a serious dent into the most entrenched poverty in New Zealand without addressing the circumstances and wider environment in which poorer people live. Put simply it is The Salvation Army's view that while money matters for reducing poverty, money by itself will not be sufficient to substantially reduce let alone eliminate child poverty in New Zealand. We believe that this assessment is important as we consider the question of child poverty targets. This is because these targets are unlikely to be met – especially the longer-term and more ambitious targets, unless we also have policies and programmes which address housing adequacy, educational inequalities, access to primary health care and the prevalence of social hazards.
9. While these broader policy demands are not strictly the business of this Bill, they are in our opinion important in order to do two things. The first is to be mindful that the targets offered within the Bill may not be met with just a limited range of policy responses. If this is the case the whole initiative of addressing child poverty may become frustrated and perhaps less compelling to the New Zealand public whose support we ultimately rely on. The second is that to avoid such frustration the Committee needs to maintain its focus on these other policies and programmes which will contribute to reducing child poverty.
10. The complexity of poverty comes about in another way as well. That is that not all people living in poverty have the same experience. For example some children's poverty is deeper or for longer periods than that of other children's. These differences are picked up in the suite of poverty measured proposed in the Bill although not entirely so. For example the question of persistent poverty is offered as a primary measure under clause 13 of the Bill while the extent of severe hardship and poverty are offered as supplementary measures in clauses 18 and 19.

11. It appears reasonable to expect that the most damaging child poverty is that which is persistent or deep or both and it is our view that the primary measures proposed in the Bill and the attendant targets do not necessarily address this most damaging poverty.
12. We acknowledge that the measure of the most severe income poverty (40% of median equivalised disposable household income – after housing costs) is offered in clause 18 of the Bill as a supplementary measure. However we note that this measure, as most recently measured by the 2016 Household Economic Survey, has shown consistently that 12% to 13% of children fall below this measure². The lives of these children is likely to be much harder than those of the children whose households fall below the 50% threshold but above the 40% one or below the 60% threshold but above the 40% none. The problem here of course is that the more liberal the measure adopted, the larger the number of children who are covered by it but the more likely are the experiences of the worst off children to be overlooked. This is a common problem in measurement and is simply the result of averaging.
13. The Salvation Army believes that the 40% of median income measure should be adopted as a primary measure and if necessary at the expense of one of the 50% of median income measures. In addition the Army believes that the ten year target for such a measure should be set at zero as this level of poverty is the most harmful and the least tolerable.

TIMELINESS AND ACCURACY OF MEASURES

14. We note that the the income related poverty measures will be drawn from Statistics New Zealand's Household Economic Survey. Committee Members are probably already aware of the considerable lag between the collection of income data and the publication of children poverty measures. For example the 2018 Incomes Report published by Ministry of Social Development will be based on data from the 2017 Household Economic Survey which will include annual household income estimates from mid-2016.
15. Such lags offer scope for Governments to denounce or at least ignore the data as being out of date or no longer relevant. Ideally such opportunities should be avoided so that the measures being reported have currency at the time that they are reported. For this to occur some attention needs to be given to shortening the time taken for Household Economic Survey data to be analysed, the relevant child poverty measures estimated and the results published. There are few if any reasons not to expect such an approach to almost work alongside the publication of the Survey which is generally in December each year.
16. The sample sizes or perhaps the sampling technique used in the Household Economic Survey appear to be severely limiting the reliability of results associated with Maori and Pacific households and with single parent households³. Such outcomes cannot really be countenanced given that such households are more likely than any others to be at risk of living in poverty. As part of the Bill's ambition to report various income related child poverty indicators The Salvation Army asks the Committee to ensure that sample sizes within the Household Economic Survey are expanded to ensure reliable estimates of child poverty rates amongst at risk groups.

POSSIBLE ADDITIONAL MEASURES

- 17.** The Salvation Army's experience with its annual State of the Nation reports is that there is a balance between having measures which are comprehensive and thorough on one hand and having measures which are understandable and accessible to the interested public on the other. Additional or more complex indicators do not necessarily tell a better story. For this reason we suggest that the Committee should avoid adding additional indicators into its schedule of supplementary measures.
- 18.** This advice notwithstanding, it is our opinion that the Bill's proposed list of supplementary measures is not sufficiently broad in focus to account for the complexity of the issues which contribute to child poverty in New Zealand. For example we know little at present about the experience of working poor households with children. This means in turn that aggregates such as that of less than 60% of median equivalised HDI (after housing costs) tell us little about the adequacy of wages to meet living costs or the relationship between wages and housing costs. Such understandings are important if we are to better appreciate the underlying drivers of poverty and especially poverty amongst the working poor.
- 19.** We suggest that the Committee consider substituting some of the income indicators offered in the Bill as supplementary measures, for other indicators which might be generated through data collected from households receiving various forms of assistance. For example indicators could be reported on the numbers of children in households on the social housing waiting, or in households receiving supplementary income assistance from Ministry of Social Development or even in households receiving food bank assistance from organisations such as The Salvation Army.

CONCLUSIONS

- 20.** The Salvation Army fully supports the idea of aligning Government's programmes to the goal of reducing child poverty and with this the ideas of measuring progress and setting targets. This submission has suggested improvements to way such measurement and reporting may be done but in general we support the Bill and its underlying intent and vision. We hope that this Bill might become enshrined into New Zealand's legislative framework in the same way as the Public Finance Act and the Reserve Bank Act have been. For such progress to be made we believe that is necessary for this Bill to gain broad and perhaps complete support across the Parliament and we ask all members of the Committee to recommend this to their party caucuses.
- 21.** Measures and targets do not reduce poverty and poorly conceived policies and poorly directed programmes will struggle to do so as well. In response to such challenges we ask that Committee members give serious thought to adopting a slightly wider range of secondary measures as discussed in this submission. We further ask that you ensure that this Bill is backed by a significant and sustained commitment to funding programmes which are likely to improve the material wellbeing of the poorest families and households.

¹ <http://www.salvationarmy.org.nz/our-community/mission/>

² Perry, B. (2017) Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2016; Table F.7 p.122.

³ Perry (2017) p.25 notes Perry notes 'that the 2015/16 HES on which the 2016 results are based had 'an unusually low number of sole-parent households and beneficiary households with dependent children, and the standard Statistics New Zealand weights did not fully correct for this for the population estimates'.