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Submission to the Social Services Select Committee on the Support for Children in Hardship Bill

Introduction

1. This submission, focusing on children in poverty has been prepared by Ruby King, Emily Butler, and Gabrielle Groube from the Wellington Community Justice Project.
2. This submission focuses on how effective the Support for Children in Hardship Bill will be in reducing child poverty in New Zealand. We intend to discuss the main issues surrounding poverty and ways that the Government can tackle these. We provide criticisms and solutions with respect to the Support for Children in Hardship Bill as well as examining other international contexts on child poverty.
3. The Wellington Community Justice Project (WCJP) (www.wellingtoncjp.org) is a student-led organisation at Victoria University of Wellington. The project, formed in 2010, has twin aims: to improve access to justice and legal services in the community; and to provide law students with an opportunity to gain practical experience. It pursues these goals by establishing community-based volunteer projects and working with other organisations that have similar goals.
4. The research for this submission was carried out by students Emily Butler (LLB/BA), Ruby King (LLB/BA), and Gabrielle Groube (LLB/BA) as part of volunteer work for the project.
5. This submission focuses on the issues children in poverty are facing, and discusses our opinion of the overall effectiveness of the Bill in achieving it's aims. Overall we think this Bill is a small step in the right direction to tackle poverty, but in some areas fails to achieve it's aim of reducing the risk of poor outcomes for children in struggling families.¹ Therefore we support the Bill with

¹ Support for Children in Hardship Bill 2015 (23-1) (Explanatory Note).

changes.

A: What issues are children in poverty facing?

6. Child poverty is defined by the non-profit New Zealand organisation Children's Commissioner as "deprivation of the material resources and income that is required for [children] 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."²
7. Poverty has both short and long term effects on children, and is made up of a variety of cumulative factors.³ We believe the following issues are serious and require urgent attention.
8. One issue children in poverty face is a lack of access to adequate education. The Children's Commissioner found that children in poverty are significantly less likely to participate in early childhood education and furthermore less likely to achieve NCEA Level 2 in secondary school study.⁴ We believe education is one of the most important prevention tools against poverty, especially in breaking the cycle of poverty. Education leads to higher paying jobs and a more substantial income, which in turn can eliminate some of the negative effects of poverty such as inability to pay for necessities like food, clothing and healthcare. Rather than simply giving low-income families more money and requiring increased work obligations, the Government should also take a long-term approach, which aims to prevent poverty in the first place by targeting the education of children in New Zealand.
9. Poverty also has a significant effect on the physical health of children living in low-income families. A lack of suitable housing for low-income people creates affordability and overcrowding issues. The NZ Child & Youth Epidemiology Service found that both overcrowding and housing affordability cause serious effects on the health of children. Statistics found that 15.8% of New Zealand children live in overcrowded housing.⁵ In 2013 27% of New Zealand households were paying more than 30% of its income on housing, which is considered as a clear indicator of unaffordable housing costs.⁶ Household crowding has been directly linked to illnesses such as rheumatic fever and meningococcal disease, while unaffordable housing leads

² Children's Commissioner Expert Advisory Group on Solutions to Child Poverty. *Solutions to Child Poverty in New Zealand evidence for action*. (Children's Commissioner Expert Advisory Group on Solutions to Child Poverty, 2012) at 12.

³ Emma Davies, Charles Crothers and Kirsten Hanna. 'Preventing Child Poverty: Barriers and Solutions' (2010) 39. *New Zealand Journal of Psychology* at 20.

⁴ Children's Commissioner Expert Advisory Group on Solutions to Child Poverty, above n 2, at 15.

⁵ J. Simpson, G. Oben, A. Wicken, J. Adams, A. Reddington, M. Duncanson. *Child Poverty Monitor 2014 Technical Report*. (New Zealand Child & Youth Epidemiology Service, 2014) at 47.

⁶ New Zealand Child & Youth Epidemiology Service, above n 5, at 53.

to a failure to pay for necessities such as food and clothing.⁷ Failure to pay for these needs because housing costs are too high leaves children hungry and cold, which consequently affects their health.⁸

10. Low parental income is a direct cause of poverty, but it affects children in several ways beyond financial need. Parental unemployment or low-income work can have detrimental effects on the upbringing of a child.⁹ With an insufficient income parents are unable to provide their child with necessities like food, healthcare and access to education. As discussed above the failure to provide these items can affect the physical health of a child, but financial stress can also negatively impact the emotional environment of a household. The “This is How I see it” project concluded there were “deep emotional costs” associated with poverty, as children found being different and disadvantaged in aspects of daily life like participating in extracurricular activities like music or Kapa Haka, being able to eat fresh vegetables or fruit, or staying warm and dry at home was hard to deal with.¹⁰ The financial stress of poverty has been linked to child abuse and neglect, with one study finding families in poverty are 22 times more likely to have child physical abuse and neglect present than families above the poverty line.¹¹

11. Long-term effects of poverty are severe, not just for individuals living in poverty but for New Zealand society as a whole. Children growing up in unfavourable conditions often suffer negatively in adulthood. A long-term study focused on many Christchurch families found children from poor families were far more likely to earn less money, be incarcerated, suffer from mental health problems or become parents before the age of 20 compared to children from wealthier homes.¹² Children in poverty struggle with education and therefore struggle with employment after leaving school, which in turn leads to low incomes and low standards of living. Furthermore studies have shown that children who grow up in poverty are also more likely to have significantly poorer levels of health in their later years, suffering from physical and mental diseases or illnesses like heart disease, depression or addiction.¹³

12. Not only is poverty detrimental to each individual living in hardship, it can also prove costly to New Zealand’s economy. It has been suggested that those growing up in poverty are more likely to commit crime which will place costs on our justice system; New Zealand may also face

⁷ At 46.

⁸ At 73.

⁹ At 59.

¹⁰ Emma Davies, Charles Crothers and Kirsten Hanna, above n 3, at 22.

¹¹ At 24.

¹² Cycle of Poverty Hard to Break - Study. *3 News*. (online ed, 18 Jan 2012).

¹³ New Zealand Child & Youth Epidemiology Service, above n 5, at 15.

significant costs with respect to treating the health issues those individuals may be enduring as a result of poor living conditions.¹⁴

13. The Support for Children in Hardship Bill attempts to tackle the issue of child poverty, mainly by increasing government benefits to families while also increasing work requirements on parents. The Bill builds on the Government's aim to establish a strong economy with more jobs and higher incomes, while still maintaining our welfare benefits in order to help families and their children achieve success.

B: Opinion on general effectiveness of the Bill

14. The first aim of the Bill is to increase part-time work requirements from 15 hours per week to 20 hours, while requiring parents to seek part-time work when their child is 3 years old rather than 5.¹⁵

15. Poverty is directly linked to a lack of resources or income, so an obvious area to target to reduce child poverty in New Zealand is employment of caregivers of children in hardship. Currently in New Zealand, poverty rates are highest in families where no adult is in paid employment.¹⁶ Paid employment increases the income of the family, allowing caregivers to better meet the needs of children, and afford basic necessities. When one parent is involved in employment, or meaningful employment, the emotional well-being of the household increases as several stresses associated with poverty are relieved from the household. All of these benefits are, in our opinion, vital in tackling the issue of child poverty in New Zealand.

16. Increasing work requirements for parents however, may not be enough to achieve the goal of helping children in hardship, or the most realistic approach to this problem. Research shows that successful programmes and policies are ones that incorporate social aspects, such as further policies that set up incentives and tools with which parents can make themselves more employable. Simply requiring more work does not address the fundamental core issues of poverty. Currently the government does provide courses for job seekers to upskill and get work ready, but there have been several criticisms of the low effectiveness of these courses in leading to higher employment rates, or businesses abusing these courses to get temporary subsidized labour.¹⁷ If these issues with current upskilling opportunities available to unemployed New

¹⁴ Children's Commissioner Expert Advisory Group on Solutions to Child Poverty, above n 2, at 15.

¹⁵ Support for Children in Hardship Bill (23-1) (explanatory note) at Part 1.

¹⁶ Emma Davies, Charles Crothers and Kirsten Hanna, above n 3, at 23.

¹⁷ APNZ "HR consultant defends Winz training" *The New Zealand Herald* (online ed, Hawke's Bay, 20 Oct 2014).

Zealanders are resolved, stricter work requirements will be more effective, as caregivers will have greater opportunity to gain skills required to hold down long term and meaningful employment which can lift their families out of poverty.

17. Stricter work requirements do not address the difficulty of balancing parenting and securing employment. Problems such as trouble finding suitable and affordable childcare, and finding employment that is flexible enough to work with raising a family make job searching more difficult for parents with young children than other unemployed job seekers. Furthermore, in requiring more work hours, there must be enough jobs, that provide 20 work hours, that are flexible enough to suit parents of young children. This is the only way in which upping the requirements of work would be effective.

18. While part time and casual jobs have increased in New Zealand, the problems that casual workers have faced in their particular type of employment is well documented.¹⁸ Uncertain hours make it hard for casual employees to budget, and often casual employment jobs pay low or minimum wages.¹⁹ Casual work is less likely to involve on the job training than permanent work, which indicates upward mobility from casual work is limited.²⁰ With one third of impoverished households in New Zealand including at least one adult working full time, the Bill's stricter work requirements do not solve the issue of the quality of job opportunities parents in poverty can try to take advantage of.²¹

19. In our opinion, while parental employment is key in raising families out of poverty, increased work requirements are a somewhat superficial policy to use when many families living in poverty have working parents. Issues like parents having limited skill sets or education, and the uncertainty of hours, low wages, and limited on the job training in many job opportunities available in New Zealand are more important issues to tackle to improve employment prospects for families in poverty.

20. The second aim of the bill is to increase benefit rates by \$25 a week for beneficiaries with dependent children, and provide further financial assistance to any person disadvantaged by the

¹⁸ Philip Bohle and others *The Evolving Work Environment in New Zealand: Implications for Occupational Health and Safety - NOHSAC Technical Report 10* (NOHSAC, 2008) at 59.

¹⁹ Niko Kloeton "Zero hours casual workers stuck on struggle street" *Stuff* (online ed, New Zealand, 2 December 2014).

²⁰ Department of Labour *A Profile of Temporary Workers and Their Employment Outcomes - Summary* (Department of Labour, September 2009) at 6.

²¹ Emma Davies, Charles Crothers and Kirsten Hanna, above n 3, at 23.

unintended consequences of amendments made in this bill.²² This increase will be the first rise in benefit rates since 1972 for those with dependent children.

21. As previously discussed, a key issue facing children in poverty is not having access to basic necessities. There is not enough money in the household to purchase items necessary for childrens' health and development, like food or school equipment. Increasing the benefit by \$25 per week would be a good starting point in overcoming this issue. This extra income for any family would allow parents to afford more necessities for their children that they are currently unable to.

22. We believe, however, that while this increase will somewhat alleviate financial strain, it is not an effective long term solution. Poverty in New Zealand is a vicious cycle and a multi-faceted issue. Key issues facing families in poverty are poor housing, lack of effective education, exposure to crime and a prevalence of mental health problems.²³ Increasing the benefit does not address these other core issues. All of these issues need to be targeted in order to break the cycle of poverty. While the additional income with help with day-to-day expenses in beneficiary families, public expenditure also needs to be utilised in areas like education, housing and healthcare if poverty is to be effectively overcome.

C: Conclusion

23. Overall we believe the some aspects of this Bill are problematic. We support the benefit increase of \$25 as it will go some way to helping impoverished households afford day-to-day necessities. However, it is evident that the Bill fails to address wider realities of poverty, like poor housing quality, uncertainty and limited upward mobility in job opportunities, and a lack of educational achievement when compared to families who are not living in hardship.

24. It is our opinion that this bill appears to be the 'ambulance at the bottom of the cliff,' so to speak. Addressing the issues once they have occurred is effectively a short-term solution, and it does not break the cycle of poverty.

25. We therefore argue that more funding and energy should be spent on tackling structural issues, specifically education. A good education for children in poverty sets up the fundamental foundation. If children receive effective education their overall well-being increases, as does their

²² Support for Children in Hardship Bill (23-1) (explanatory note), cl 10.

²³ Emma Davies, Charles Crothers and Kirsten Hanna, above n 3, at 22.

employability later on in their adult life. There could be more research into effective education programmes for low-income children, such as food in schools schemes and more funding to provide effective teachers.

26. In conclusion, we support this bill insofar as it will provide some immediate relief to some of the stresses children in hardship face through increased benefits or work requirements. We would argue however that these are not long-term solutions to the problem. We suggest coupling these aims with more preventive, structural solutions to more effectively address the issues facing families, and children, in poverty, in order to achieve the purpose set out by the Support in Children in Hardship Bill and increase the chances of children living in hardship being able to live fulfilling lives.