

# Departmental Disclosure Statement

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Child Poverty Reduction Bill
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The departmental disclosure statement for a government Bill seeks to bring together in one place a range of information to support and enhance the Parliamentary and public scrutiny of that Bill.

It identifies:

- the general policy intent of the Bill and other background policy material;
- some of the key quality assurance products and processes used to develop and test the content of the Bill;
- the presence of certain significant powers or features in the Bill that might be of particular Parliamentary or public interest and warrant an explanation.

This disclosure statement was prepared by the Ministry of Social Development (MSD) and the Department of the Prime Minister and Cabinet (DPMC).

MSD and DPMC certify that, to the best of their knowledge and understanding, the information provided is complete and accurate at the date of finalisation below.

25 January 2018.

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## Part One: General Policy Statement

### *Purpose*

This Bill reflects Government's intent to help achieve a significant and sustained reduction in child poverty (through a Child Poverty Reduction Act) and to enhance the overall well-being of children (through amendments to the Vulnerable Children Act 2014).

The purpose of the legislation is to—

- encourage a focus by successive governments and society on child poverty reduction:
- facilitate political accountability against published targets:
- require transparent reporting on levels of child poverty:
- create a greater commitment to action on the part of Government to address the well-being of all children, and the particular needs of children in poverty and those at greater risk.

To help achieve its purpose, this Bill—

- specifies and requires child poverty measures:
- requires the setting of child poverty reduction targets:
- requires reports relating to child poverty to be produced and published independently of Ministers:
- requires the government of the day to adopt, publish, and review a Government strategy for improving the well-being of all children, and that includes a particular focus on child poverty and the needs of children at greater risk:
- ensures that agencies work together to improve the well-being of children, with a particular focus on child poverty and the needs of children at greater risk, and on core groups of children of concern and interest to Oranga Tamariki.

The Government is of the view that no New Zealander wants to see children growing up in poverty and hardship and that every child should enjoy a good start in life.

There is robust evidence that growing up in poverty can harm children in multiple, predictable, substantial, and often sustained ways.

These effects are particularly evident when poverty is severe and persistent, and when it occurs during early childhood.

The experience of poverty and material hardship can have negative impacts on many aspects of a child's well-being and opportunities and leave lifetime scars.

Evidence indicates that the harmful effects of child poverty not only have an adverse impact on the experience and life chances of each affected child, they also have a further damaging effect on the country's social fabric and economic performance.

Governments have a responsibility to act to improve the lives of the most vulnerable, with reducing child poverty a central concern. Measurement is an important starting point. Child poverty rates are, however, contested, with policy makers and commentators using and citing different measures with different methodologies, often as if they were directly comparable.

Further, confusion exists about the time frame over which policy impacts can be seen in measures of low income and poverty.

This undermines public confidence in the figures presented, which in turn diminishes the quality of public understanding, political accountability, and debate.

While the suite of formal measures of child poverty could be reinforced by other means, setting them in primary legislation will help ensure that the actions of successive governments to better

support low-income families and address child poverty and disadvantage can be better and more consistently judged.

Furthermore, the legislative requirement for a Government child well-being strategy requires governments to make a commitment to ensure all children in New Zealand thrive. The requirement for a strategy provides a key opportunity for governments to establish their long-term vision for all children's well-being, backed by specific policies to improve outcomes for children living in poverty or more general socioeconomic disadvantage, and to measure the impacts of programmes to assist them.

#### *Legislative framework*

The Bill seeks to achieve its purpose by establishing a legislative framework that requires—

- governments to set 10-year targets for a defined set of measures of child poverty (the primary measures), and periodically set and publish 3-year intermediate targets:
- the Government Statistician to report each year on child poverty using the measures set out in the Act:
- regular preparation, publication, and review of a Government strategy on how the government of the day will promote the well-being of children in New Zealand (which will include a particular focus on reducing child poverty, address the needs of at risk groups, and assess outcomes for children in poverty and disadvantage and outcomes for all children).

#### *Measures*

A suite of measures is needed to properly monitor the significant financial or material

- disadvantage that in the Bill is referred to as “poverty”. This is because—
- material disadvantage is multi-dimensional and therefore more than 1 measure is needed to properly assess trends and understand which groups are over-represented:
- even when using more than 1 measure, judgement calls are needed as to where to draw the line on the spectrum from less to more severe—as noted, the level of poverty is a contestable notion and different views can reasonably be held:
- poverty trends can be different at different levels of socio-economic disadvantage.

The Bill therefore requires the Government Statistician to report, independently of Ministers, on a suite of primary and supplementary measures. Each measure is an important lens on the issue of child poverty.

#### *Targets*

The Bill requires governments to set, publish, and periodically review targets to reduce child poverty and socio-economic disadvantage using the primary measures.

There are to be 2 sets of targets, as follows:

- 10-year targets that set out the Government's long-term objectives for reducing child poverty:
- 3-year intermediate targets that indicate how the Government will be working towards the long-term targets.

Long-term targets will encourage governments to have aspirational goals, and to take actions that have both short-term and long-term positive effects. At the same time, shorter-term intermediate milestones, which build over time, can help to inform and assess progress towards the long-term goals.

#### *Reporting*

The legislation requires the Government Statistician to produce and publish annual reports on child poverty using the measures specified in the Bill. The chief executive of the Ministry of

Social Development is to be consulted on the production of the report to draw on the expertise and skills of both agencies. It will be presented to the House of Representatives by the Minister and published on the Stats NZ Internet site.

The legislation includes a duty for officials to act independently of Ministers in producing the report.

The legislation will also require that, on Budget day, the Government report on its progress towards reducing child poverty and how the Budget contributes to that goal.

This will include an assessment of the impact of relevant Budget measures on child poverty.

These requirements will guarantee robust, independent reporting on the child poverty measures.

#### *Child well-being strategy*

The Bill requires the responsible Minister to adopt, publish, and review a dedicated Government strategy to enhance and promote the well-being of all children in New Zealand.

This strategy will further require a particular focus on reducing child poverty and supporting those at greater risk, including requirements to monitor and report on disparities of outcomes for children in poverty and socio-economic disadvantage and outcomes for all children.

There is also a specific requirement to consult with Māori representatives and with children as part of the development of the Government strategy.

The changes above are intended to support a strong preventative focus and reflect an aspirational approach for children.

Consistent with this, the Vulnerable Children Act will be renamed as the Children's Act, in line with its broadened scope, and the Vulnerable Children's Plan will be renamed and refocused as an Oranga Tamariki Action Plan. This reflects a concern with the negative impact of the widespread use of the term vulnerable, which has the potential to be stigmatising to groups of children and their families who already face significant challenges, and ensures that the plan is firmly focused on the groups of children of concern and interest to the department called Oranga Tamariki—Ministry for Children.

## Part Two: Background Material and Policy Information

### Published reviews or evaluations

<b>2.1. Are there any publicly available inquiry, review or evaluation reports that have informed, or are relevant to, the policy to be given effect by this Bill?</b>	<b>YES</b>
<p>Expert Advisory Group on solutions to Child Poverty, <i>Solutions to Child Poverty – Evidence for Action</i>, Children’s Commissioner: 2012. Available from: <a href="http://www.occ.org.nz/assets/Uploads/EAG/Final-report/Final-report-Solutions-to-child-poverty-evidence-for-action.pdf">http://www.occ.org.nz/assets/Uploads/EAG/Final-report/Final-report-Solutions-to-child-poverty-evidence-for-action.pdf</a>.</p> <p>Perry, B. (2017) <i>Household Incomes in New Zealand: trends in indicators of inequality and hardship 1982 to 2016</i>, Ministry of Social Development. Available from: <a href="https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/">https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/</a>.</p> <p>Perry, B. (2017). <i>The Material Wellbeing of New Zealand Households: Trends and Relativities Using Non-income Measures</i>, with international comparisons, Ministry of Social Development. Available from: <a href="https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/living-standards/index.html">https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/living-standards/index.html</a>.</p>	

### Relevant international treaties

<b>2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?</b>	<b>NO</b>

### Regulatory impact analysis

<b>2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?</b>	<b>NO</b>

### Extent of impact analysis available

<b>2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?</b>	<b>NO</b>

<b>2.5. For the policy to be given effect by this Bill, is there analysis available on:</b>	
<b>(a) the size of the potential costs and benefits?</b>	<b>YES</b>
<b>(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?</b>	<b>NO</b>
<p>The Bill requires governments to establish targets to reduce child poverty. The costs and benefits will be impacted by the ambitiousness of the targets set and whether the targets are met.</p>	

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<b>2.6. For the policy to be given effect by this Bill, are the potential costs or benefits likely to be impacted by:</b>	
<b>(a) the level of effective compliance or non-compliance with applicable obligations or standards?</b>	<b>NO</b>
<b>(b) the nature and level of regulator effort put into encouraging or securing compliance?</b>	<b>NO</b>

## Part Three: Testing of Legislative Content

### Consistency with New Zealand's international obligations

#### 3.1. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations?

Officials identified the following as relevant to the Bill:

- United Nations Convention on the Rights of the Child (UNCROC), including the UNCROC Monitoring Group's concluding observations on New Zealand's Fifth Periodic Report. The observations are available from: <http://www.occ.org.nz/assets/Uploads/Final-concluding-observations.pdf>, and
- United Nations Sustainable Development Goals (SDGs).

Officials determined that the policy given effect by the legislation is consistent with UNCROC and the SDGs.

### Consistency with the government's Treaty of Waitangi obligations

#### 3.2. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi?

MSD and DPMC officials took several steps to ensure the Bill is consistent with the principles of the Treaty of Waitangi, including consultation with:

- Te Puni Kōkiri
- a Ministry of Social Development Māori reference group, and
- Māori representative groups with a demonstrated interest in child poverty.

Crown Law advice was also sought.

### Consistency with the New Zealand Bill of Rights Act 1990

#### 3.3. Has advice been provided to the Attorney-General on whether any provisions of this Bill appear to limit any of the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990?

NO

### Offences, penalties and court jurisdictions

#### 3.4. Does this Bill create, amend, or remove:

(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?

NO

(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?

NO

### Privacy issues

#### 3.5. Does this Bill create, amend or remove any provisions relating to the collection, storage, access to, correction of, use or disclosure of personal information?

NO



## External consultation

<b>3.6. Has there been any external consultation on the policy to be given effect by this Bill, or on a draft of this Bill?</b>	<b>YES</b>
Engagement was undertaken with selected stakeholders to provide feedback and insights to help shape the Bill. This included: <ul style="list-style-type: none"><li>• Professor Jonathan Boston</li><li>• Selected Māori stakeholders with expertise, experience and insights of poverty amongst tamariki Māori, including the Māori Women's Welfare League.</li><li>• Child Poverty Action Group</li><li>• Salvation Army</li><li>• Barnados</li><li>• The New Zealand Initiative</li><li>• UNICEF NZ</li><li>• New Zealand Council of Christian Social Services.</li></ul>	

## Other testing of proposals

<b>3.7. Have the policy details to be given effect by this Bill been otherwise tested or assessed in any way to ensure the Bill's provisions are workable and complete?</b>	<b>NO</b>

## Part Four: Significant Legislative Features

### Compulsory acquisition of private property

4.1. Does this Bill contain any provisions that could result in the compulsory acquisition of private property?	NO

### Charges in the nature of a tax

4.2. Does this Bill create or amend a power to impose a fee, levy or charge in the nature of a tax?	NO

### Retrospective effect

4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?	NO

### Strict liability or reversal of the usual burden of proof for offences

4.4. Does this Bill:	
(a) create or amend a strict or absolute liability offence?	NO
(b) reverse or modify the usual burden of proof for an offence or a civil pecuniary penalty proceeding?	NO

### Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO

### Significant decision-making powers

4.6. Does this Bill create or amend a decision-making power to make a determination about a person's rights, obligations, or interests protected or recognised by law, and that could have a significant impact on those rights, obligations, or interests?	NO

### Powers to make delegated legislation

4.7. Does this Bill create or amend a power to make delegated legislation that could amend an Act, define the meaning of a term in an Act, or grant an exemption from an Act or delegated legislation?	NO

<b>4.8. Does this Bill create or amend any other powers to make delegated legislation?</b>	<b>NO</b>

**Any other unusual provisions or features**

<b>4.9. Does this Bill contain any provisions (other than those noted above) that are unusual or call for special comment?</b>	<b>YES</b>
<p>Clause 6 requires the Statistician to make decisions on concepts and terms used in the measures specified in the Act. The decisions are part of the statistical methodology to be decided by the Statistician under section 33. These concepts, terms and statistical methodology must be set out in the technical appendix to the annual report (see clause 31(2)).</p> <p>The alternative to this clause was to prescribe the meaning of technical concepts in the primary legislation, which would require extensive and detailed definitions. This would restrict the ability of officials to respond to changes in best practice. Section 4(2) of the Welfare Reform and Work Act 2016 (UK) imposes similar duties to publish information on the approach taken to concepts and terms used in the UK's child poverty measures.</p>	

## Appendix One: Further Information Relating to Part Three

### External consultation – question 3.6

Engagement was undertaken with selected stakeholders to provide feedback and insights to help shape the Bill. This included:

- Professor Jonathan Boston
- Selected Māori stakeholders with expertise, experience and insights of poverty amongst tamariki Māori, including the Māori Women's Welfare League
- Child Poverty Action Group
- Salvation Army
- Barnados
- The New Zealand Initiative
- UNICEF NZ
- New Zealand Council of Christian Social Services.