

DRAFT FOR CONSULTATION

Child Poverty Definition, Measurement, and Assessment Bill

Member's Bill

Explanatory note

General policy statement

This Bill helps to address the pressing issue of child poverty in New Zealand. It first provides a definition of child poverty and for an agreed official measurement of child poverty. It sets out supplementary measures and indicators as a basis for action. The current lack of an established and accepted, legally binding measurement of child poverty means that there is difficulty monitoring the impacts of political decision-making on child poverty rates. Establishing a definition and official measure for child poverty will enable us to better define the problem and more accurately determine whether progress is being made.

This Bill further seeks to put children at the heart of decision making recognising their importance as the future of society and making sure their needs are taken into account in all relevant matters. Giving children consideration in decision making will improve the outcomes of such decisions for children who are not always visible to decision makers. In doing thus, this Bill will assist in fulfilling New Zealand's international obligations under the United Nations Convention on the Rights of the Child 1989, in particular Article 3.1 which states that "In all actions concerning children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies, the best interests of the child shall be a primary consideration". The aim of this Bill is to provide the foundation for a collaborative and integrated approach to eradicating child poverty in Aotearoa.

Establish a definition and an official measure of child poverty

The definition of children living in poverty adopted in this Bill is taken from the Children's Commissioners Expert Advisory Group: "all persons aged under 18 years of age who experience deprivation of incomes and the material resources required for

them to develop, thrive, enjoy their rights, achieve their full potential and participate as full and equal members of New Zealand society.

This Bill adopts an official measure of child poverty which provides a common starting point for measuring child poverty. The official measure of child poverty is as follows: “the number of children living in households whose equivalised household disposable income (household after-tax income from all sources) AHC - (after housing costs are met) is below 60% of the median household income.” This is intended to be a moving-line, relative measure to be adjusted annually according to median income. Enshrining this measure of child poverty in legislation reflects the best practice of measuring child poverty.

We further note that the official measure chosen is merely a measure of the material hardship or economic deprivation faced by children however, non-material factors of child poverty remain relevant. Non-material aspects of poverty such as poor health or lack of education must also be addressed. For this reason a number of other measures and indicators of child poverty and wellbeing are included in this Bill for the purpose of providing a more holistic picture of child poverty and how to address it.

Legislate for the implementation of child impact assessments

This Bill further establishes Child Impact Assessments (CIAs) to incorporate an established measure of child poverty into the political decision-making process. CIAs will require the consideration of the impact on children of a wide range of relevant political decisions on children and in particular on the child poverty rate. The aim of these assessments will be to prevent political decisions having unintended negative consequences for children.

The Children’s Commissioner will be responsible for the screening process in determining which decisions should be subject to an impact assessment. This process will identify decisions that would potentially have negative consequences for children. It is anticipated that the decisions that will most benefit from this analysis will not only be ones that directly address “children’s issues” such as education, but those that might have indirect and unintended impacts on children. The Commissioner will further be responsible for developing an assessment framework for both the Commission’s and wider use, for deciding on the appropriate format and process of the Assessment committee/s, and for evaluating and reporting on the extent to which the Assessment process impacts on the performance of political decision making for New Zealand’s children.

Assessments will be addressed to the Minister for Children and that Minister will be responsible for tabling the report in Parliament. The Minister will further be responsible and accountable for the effective implementation of the Child Impact Assessment in relation to the relevant political decision.

Assessment and Evaluation reports will be made available to the public to encourage public scrutiny of decisions affecting children and increase public awareness of children’s issues particularly child poverty.

Overall approach

This Bill is intended to provide a holistic foundation on which to build towards action to eradicate child poverty in Aotearoa.

This Bill extends the functions and responsibilities of the Children's Commissioner and as such we acknowledge the need for further resources to be made available to this office in order that they may effectively implement this legislation.

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 is the commencement clause and provides that the Bill comes into force on the day after the date on which it receives the Royal assent.

Part 1

Preliminary provisions

Clause 3 sets out the purposes of the Bill.

Clause 4 is the Interpretation clause.

Clause 5 provides that the Act binds the Crown.

Part 2

Child poverty reduction

Subpart 1—Child poverty meaning and measures

Clause 6 defines children living in poverty.

Clause 7 defines the official measure of child poverty.

Clause 8 sets out other measures of child poverty.

Subpart 2—Child poverty reduction indicators

Clause 9 provides for Statistics New Zealand to develop a series of child poverty reduction indicators.

Clause 10 requires Statistics New Zealand to collect official statistics on child poverty and to advise the Minister for Children when those statistics are produced.

Subpart 3—Child poverty reduction targets

Clause 11 requires the Minister to set short-term and long-term child poverty reduction targets and to ensure they are published on the Ministry's Internet site.

Subpart 4—Child Poverty Reduction Board

Clause 12 establishes the Child Poverty Reduction Board.

Clause 13 sets out the Board's functions and duties.

Clause 14 sets out the membership of the Board.

Subpart 5—Child impact assessments

Clause 15 lists the functions of the Children’s Commissioner in relation to child impact assessments.

Clause 16 requires the Commissioner to develop a child impact assessment framework and to ensure it is published on the Ministry’s Internet site.

Clause 17 requires the Commissioner to appoint members of an assessment committee and specifies the committee’s functions.

Clause 18 provides for the Commissioner to determine whether a child impact assessment is needed and, if so, to take specified steps .

Clause 19 sets out the Commissioner’s reporting functions in relation to final child impact assessment reports and process evaluation reports.

Clause 20 requires the Minister to present those reports to the House and ensure they are published on the Ministry’s Internet site.

Clause 21 specifies the responsibilities of other Ministers if a child impact assessment report finds that an official decision would have negative impacts on children or child well-being.

Subpart 6—Annual child poverty reporting

Clause 22 provides for annual reporting by the Commissioner to the Minister and by the Minister to the House.

Metiria Turei

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Child Poverty Definition, Measurement, and Assessment Act **2016**.

2 Commencement

This Act comes into force on the day after the date on which it receives the Royal assent.

**Part 1
Preliminary provisions**

3 Purpose

The purposes of this Act are—

- (a) to set a framework to define, measure, and reduce child poverty by—
 - (i) providing a definition of child poverty; and
 - (ii) providing for an official measure of child poverty; and
 - (iii) providing for other measures of child poverty; and
 - (iv) providing for child poverty reduction indicators; and
 - (v) setting targets for child poverty reduction; and
 - (vi) establishing a Child Poverty Reduction Board; and
 - (vii) establishing mechanisms for producing child impact assessments; and
 - (viii) increasing the availability of information to the public on child poverty; and
- (b) to establish a means for ensuring child impact assessments are taken into account by departments and Ministers that may directly or indirectly affect child poverty; and

- (c) to give better effect in New Zealand to the United Nations Convention on the Rights of the Child.

4 Interpretation

In this Act, unless the context otherwise requires,—

AHC means after housing costs

assessment committee means the assessment committee appointed under **section 17**

assessment framework means the assessment framework for child impact assessments developed under **section 16**

BHC means before housing costs

Board means the Child Poverty Reduction Board established under **section 12**

child means a person under the age of 18 years

child impact assessment means an assessment carried out under **section 17**

child poverty reduction indicator means an indicator developed under **section 9**

child poverty reduction target means a target set under **section 11**

children living in poverty has the meaning given to it in **section 6**

Commissioner means the Children's Commissioner continued by section 6 of the Children's Commissioner Act 2003

department means a government department named in Part 1 of Schedule 1 of the Ombudsmen Act 1975 (other than the Parliamentary Counsel Office)

fixed-line measure of income poverty means 60% of the annual median equalized household disposable income, AHC and BHC, according to the reference year adjusted annually for inflation

HES means the household employment survey

household means a group of people who share a private dwelling and normally spend 4 or more nights a week in the household and share consumption of food, or contribute some portion of income towards essentials for living as a group

material deprivation measure means the measure based on an index derived from the questions relating to material wellbeing contained in the HES: a child is regarded as experiencing material deprivation if the household in question has a material well-being index (MWI) score that puts the household in levels 1 or 2 (out of 7)

median household income is the point where half the population is above and half the population is below a stated amount of before-tax (gross) household income

Minister means the Minister for Children and is the Minister of the Crown who, with the authority of the Prime Minister, is for the time being responsible for the administration of this Act

Ministry means the department of State that, with the authority of the Prime Minister, is for the time being responsible for the administration of this Act

official decision means any decision made by—

- (a) a department; or
- (b) a Minister of the Crown in his or her official capacity

official measure of child poverty has the meaning given to it in **section 7**

other measures of child poverty means the measures referred to in **section 8**.

5 Act binds the Crown

This Act binds the Crown.

Part 2

Child poverty reduction

Subpart 1—Child poverty meaning and measures

6 Children living in poverty defined

For the purposes of this Act,—

children living in poverty means all children who experience deprivation of income and the material resources required for them to develop and thrive, enjoy their rights, achieve their full potential, and participate as full and equal members of New Zealand society; and **child poverty** has a corresponding meaning.

7 Official measure of child poverty

- (1) The official measure of child poverty is the number of children living in households that have after tax incomes (from all sources and after housing costs are met) below 60% of the median household income.
- (2) The official measure is a moving-line income measure adjusted annually according to the median income.
- (3) The official measure is to be used—
 - (a) to determine the number of children living in poverty; and
 - (b) to determine the effect of official decisions on child poverty when undertaking child impact assessments.

8 Other measures of child poverty

Other measures of child poverty are—

- (a) the fixed-line measure of income poverty; and
- (b) the material deprivation measure; and
- (c) the 2 severe poverty measures, which are—
 - (i) the combination of the moving-line income measure and the proposed deprivation measure: children in severe poverty are those living in households that fall below both the recommended moving-line income measure and the recommended deprivation measure; and
 - (ii) the ‘poverty gap’, which refers to the dollar gap between the moving-line income measure of poverty and the median income of the poor as a proportion of the moving-line income measure; and
- (d) persistent poverty, measured as those living in households that experience poverty for at least 3 of the previous 4 years, according to the official measure of child poverty or the material deprivation measure referred to in **paragraph (b)**.

Subpart 2—Child poverty reduction indicators

9 Child poverty reduction indicators

Statistics New Zealand must develop a series of child poverty reduction indicators, based on the following areas:

- (a) education;
- (b) health;
- (c) socio-economic factors;
- (d) child quality of life.

10 Monitoring and reporting by Statistics New Zealand

- (1) Statistics New Zealand must collect official statistics on the following:
 - (a) the official measure of child poverty;
 - (b) the other measures of child poverty;
 - (c) the child poverty reduction indicators.
- (2) The Government Statistician must advise the Minister when official statistics in relation to those matters are produced.

Subpart 3—Child poverty reduction targets

11 Targets for child poverty reduction

- (1) The Minister must set child poverty reduction targets for—
 - (a) reducing the proportion of children living in poverty; and

- (b) achieving specified outcomes in relation to the child poverty reduction indicators.
- (2) The targets must include—
 - (a) short-term child poverty reduction targets that are—
 - (i) set initially within 1 year after the date of the commencement of this Act; and
 - (ii) re-set every 3 years after the date of the commencement of this Act; and
 - (b) long-term child poverty reduction targets that are—
 - (i) set initially within 1 year after the date of the commencement of this Act; and
 - (ii) re-set every 10 years after the date of the commencement of this Act.
- (3) The Minister must also, when setting targets under this section—
 - (a) produce an initial strategy document that outlines actions to be undertaken in meeting the targets; and
 - (b) review the strategy document annually.
- (4) The Minister must make all reasonable and genuine endeavours to seek a cross party agreement on all the targets to be set, and the actions to be undertaken in meeting the targets.
- (5) The Minister must ensure that all targets set or re-set, and all strategy documents produced, under this section are published on the Ministry's Internet site as soon as reasonably practicable.

Subpart 4—Child Poverty Reduction Board

12 Child Poverty Reduction Board established

The Child Poverty Reduction Board is established.

13 Functions and duties of Board

The functions and duties of the Board are—

- (a) monitoring the implementation of the short-term and long-term child poverty reduction targets; and
- (b) monitoring whether and to what extent the actions outlined in the strategy document produced under **section 11** are undertaken; and
- (c) reviewing and reporting annually to the Minister as to the progress of child poverty reduction.

14 Membership of Board

The Board consists of the following members:

- (a) the Director-General of Health:
- (b) the Secretary of Education:
- (c) the Secretary of the Treasury:
- (d) the chief executive of the Department of Prime Minister and Cabinet:
- (e) the chief executive of Te Puni Kōkiri:
- (f) the chief executive of the Ministry of Pacific Island Affairs:
- (g) the Government Statistician:
- (h) the Secretary of Justice:
- (i) the Commissioner of Police:
- (j) the Children's Commissioner.

Subpart 5—Child impact assessments

15 Functions of Commissioner in relation to child impact assessments

The functions of the Commissioner in relation to child impact assessments are—

- (a) to develop an approved assessment framework for child impact assessments and promote its use by those making official decisions:
- (b) to establish an assessment committee:
- (c) to screen official decisions, determine which official decisions require a child impact assessment to be completed as part of the decision making process, and refer those decisions to the assessment committee:
- (d) to provide copies of child impact assessments reports and evaluation reports to the Minister:
- (e) to respond to evaluations of the child impact assessment process and recommendations of the assessment committee to amend the assessment framework and process as appropriate.

16 Child impact assessment framework

- (1) The Commissioner must develop an assessment framework for child impact assessments, taking into consideration—
 - (a) that the core function of the assessment framework is to place children's needs at the heart of making official decisions; and
 - (b) the need to assess official decisions on the basis of their impact on child poverty according to both the official measure of child poverty, the other measures of child poverty, and the child poverty reduction indicators; and
 - (c) that the framework should be easy to use and appropriate for wide dissemination as a decision-making and evaluation tool; and

- (d) such other matters as the Commissioner considers relevant.
- (2) When the Commissioner approves an assessment framework, he or she must ensure that it is notified in the *Gazette* and published as soon as reasonably practicable on the Ministry's Internet site.

17 Assessment committee

- (1) The Commissioner must appoint as members of the assessment committee persons who he or she considers suitable.
- (2) The Commissioner must determine the processes and procedures of the assessment committee.
- (3) The functions of the assessment committee are—
 - (a) to carry out child impact assessments in accordance with the assessment framework on those official decisions referred to it by the Commissioner; and
 - (b) to evaluate the effects the child impact assessment process has on official decisions; and
 - (c) to report the committee's findings on child impact assessments and process evaluations to the Commissioner; and
 - (d) to make recommendations to the Commissioner on the improvement of the assessment framework or process.

18 Official decisions that require child impact assessment

- (1) The Commissioner must determine which official decisions require a child impact assessment, having regard to—
 - (a) the need to promote the welfare of children; and
 - (b) the direct, indirect, and unintended effects an official decision may have on child poverty; and
 - (c) the need to raise awareness and understanding of child poverty; and
 - (d) the desirability of maintaining consistency with the United Nations Convention on the Rights of the Child; and
 - (e) such other matters as the Commissioner considers relevant.
- (2) The Commissioner must, as soon as reasonably practicable after determining that an official decision requires a child impact assessment,—
 - (a) notify the determination in writing to the relevant department and its Minister; and
 - (b) refer the matter to the assessment committee; and
 - (c) if the child impact assessment relates to a Bill, require the assessment committee to complete its assessment as soon as practicable after the Bill is introduced into the House of Representatives.

19 Commissioner’s reporting functions

The Commissioner must provide the Minister with a copy of the assessment committee’s final child impact assessment report or process evaluation report as soon as reasonably practicable, and no later than 20 working days after the Commissioner has received the report from the committee.

20 Minister to present and publish assessment committee report

- (1) The Minister must present the assessment committee’s final child impact assessment report or process evaluation report to the House of Representatives—
 - (a) within 10 working days after receiving the report; or
 - (b) if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament.
- (2) The Minister must ensure that the report is published on the Ministry’s Internet site no later than 20 working days after he or she has received the report from the committee.

21 Other Ministerial responsibility

If an assessment committee’s final child impact assessment report determines that an official decision would have negative impacts on children or on child well-being, according to the official measure of child poverty, the other measures of child poverty, or the child poverty reduction indicators, then the Minister responsible for the official decision must—

- (a) produce a written explanation of why such a negative impact is warranted; and
- (b) table the explanation in the House of Representatives no later than 20 working days after the report or evaluation has been tabled in the House.

Subpart 6—Annual child poverty reporting

22 Annual child poverty reporting

- (1) The Commissioner must prepare an annual report on the state of child poverty in New Zealand and present it to the Minister.
- (2) The Minister must table the report in the House of Representatives no later than 20 working days after its receipt.
- (3) The report shall comment on the following:
 - (a) the number of children living in poverty according to the official measure of child poverty;
 - (b) the child poverty rates according to each of the other measures of child poverty, with a clear statement of what each of the measures means;
 - (c) the child poverty reduction indicators;
 - (d) progress or otherwise on the child poverty reduction targets;

- (e) causal factors, including the impacts of legislation or government policy, on the matters referred to in **paragraphs (a) to (d)**.
- (4) If any of the child poverty reduction targets for the year covered by the annual report have not been met, the Minister must provide an explanation to Parliament for this when he or she tables the report.