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Tena koutou katoa. Mihi nui ki a koutou.

Thank you for the invitation to speak today.

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In September 2012 New Zealand is at a crossroads. We have an opportunity to make choices that can dramatically improve the lives of thousands of vulnerable children. We can choose to invest in our children. We can choose to value our children. Or we can choose not to.

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Recently, the Expert Advisory Group on Solutions to Child Poverty released its draft “Issues and Options Paper on Solutions to Child Poverty”. I convened the group because as a paediatrician working in Hawke’s Bay I was seeing children with infectious diseases that our British registrars thought only occurred in third world countries. Rheumatic fever, tuberculosis, severely infected eczema and assaults on children all occur in New Zealand at staggeringly high rates compared to the rest of the developed world. All of these have their roots firmly planted in child poverty and their noxious vines spread over the health of infants and children like a modern plague.

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Poverty in childhood matters. It means your mother is more likely to smoke and to not eat properly while she’s pregnant. You’re therefore more likely to be born too small or too early. You’re more likely to not attend preschool and to arrive at school not ready to learn. You are more likely to come to school hungry some days, and you don’t learn if you’re hungry. You’re more likely to not have fitting shoes or a coat when it rains, so you get sick and need days off school – which means your parents have to take time off work they can’t afford. You’re more likely to have a baby as a teenager, which in New Zealand usually destines mother and baby to a lifetime of poverty. If you’re poor you are more likely to leave school early and with no qualifications. Starting your adult life on the dole and out of education or training sets you up for a lifetime of low-skilled, low-waged jobs and welfare dependency. And so the cycle repeats.

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This all matters for several reasons. First, it’s just wrong. It’s wrong that children live in poverty, pure and simple. I’m proud that New Zealand is a country where we have one of the lowest proportions of elderly living in poverty. But I am not proud that we have such a high rate of child poverty. In 1986 the rate was 11%. Now it’s 25% - 270,000 children, by the same measure, living in poverty. That is not the country I want to live in and I do not believe this is what my

uncles fought for. New Zealand has had much lower rates of poverty in our past and other countries with similar GDP have lower rates than we do. The child poverty rate is therefore a choice, and we can choose to change it.

Child Poverty is also wrong because it's bad for the economy. The Expert Advisory Group and leading economists estimate that child poverty costs New Zealand around 3% of GDP – that's \$6 billion a year. That's like a global economic crisis every day. We simply can't afford to leave our children in poverty.

Finally, child poverty matters because it puts our future at risk. Our population is ageing. Currently there are five people aged 15-64 per person aged 65 and over. By the time I retire that will have fallen to 2.5 people of working age per retiree. This is an international trend – we're not alone. But here's the catch – the average OECD number of children per couple is 1.6. In New Zealand we have 2.6 children per couple, mostly because Maori and Pacific couples have more children. This could be a huge economic advantage to us in a generation's time – if we invest in our children now. But if we choose not to invest in our children, particularly our Maori and Pacific children, and half of them continue to leave school with no qualifications, the lost productivity and national income will have consequences. We will not be able to maintain the standard of living we enjoy now, let alone improve it. It's not just me saying this, leading economists and the Retirement Commissioner are saying this.

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So I believe we should take an investment approach. If we're already spending \$6 billion a year because of child poverty, let's spend a bit less of that up front now and prevent those costs. This is called an investment approach to child poverty.

The Expert Advisory Group have been conservative. They haven't even said let's spend new money now. They've said let's start by looking hard at where we spend money now and re-allocate some of that where it will do the most good. Generally, this is in the first five years of life.

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There are several things government is doing already that do good and should continue. I'm pleased government is changing the immunization target from 2 years to 8 months. On-time immunization is the best protection for young children against vaccine preventable diseases like whooping cough. I think it's great government has set a goal to increase the proportion of Maori and Pacific children attending early childhood education. This will particularly mean increasing access to ECE in South Auckland, where the fewest children attend.

Government has also committed to reduce acute rheumatic fever. For some high-prevalence schools this will mean bringing in throat swabbing programmes like the Say Ahh Programme we pioneered in Flaxmere. In other areas it will mean taking a serious look at household crowding. They have committed to reduce the number of children with serious assaults, increase the numbers of Maori and Pacific leaving school with qualifications and going on to post-secondary study. All good. And we're all waiting with bated breath to see what's in the White Paper on Vulnerable Children.

The Expert Advisory Group believe there is more that we can do however.

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To start with, they believe we need to increase the incomes of families with the youngest children. Working for Families and Paid Parental Leave have helped families with children where at least one parent works. But the component parts of Working for families, like the In Work Tax Credit and Family Tax Credit, are not targeted well to reduce child poverty where it matters most, which is in young children. For example, the FTC pays more for older children, and less, the more children you have. The EAG have recommended taking these payments and re-targeting them to families with more and younger children.

In time, they believe we should review all these payments and create a new Child Payment. This should be a universal payment, that pays the most to children in the first year. This helps parents who want to stay home with their newborn baby to do so, which is good for attachment, breastfeeding and ensuring those children receive their preventive health checks. As children get older and parents are able to return to work part-time the payments reduces. By the time children are at school the Payment would switch to being targeted to those who still need it.

The EAG say that work is the best route out of poverty. But to help parents off a benefit into work they have to trust that the childcare their child is going to is the best possible. We therefore have to invest in early childhood education and care, and will probably have to target that assistance to parents who most need it.

There are strong arguments for a universal Child Payment. National Superannuation is an effective tool for reducing poverty among the elderly because it is a universal payment – everyone gets it. Targeted payments are often poorly taken up by the most vulnerable because they don't have the skills or the confidence to apply for the benefit. Universal payments are also cheap to administer. They give us a database of all children, so we know where they are and can link families to preventive health care. We might worry that wealthy parents will get it too, but let's get real here – how many parents of newborns are wealthy? On current data half

of children spend at least some time in poverty in New Zealand at some time, and the time when this is most likely is when they're very young.

You're probably getting the idea that we will have to make some difficult choices here. If we are to target our limited resources to the children who will benefit most there will be people who miss out. This is the test of us as a society - are we prepared to give up some things so the most vulnerable among us can have what they need?

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We desperately need to improve the quality and supply of social housing. New Zealand has one of the lowest proportions of social housing in the OECD at just 6% of the total, compared with 18% in the UK and 34% in the Netherlands. Of all children living in poverty, 70% are in rented accommodation; 20% in Housing New Zealand houses and 50% in private rentals.

Private rental houses in New Zealand are in woeful shape. Several hundred thousand are uninsulated, cold and damp. The children in these houses get sick and can't study. And, for this resource which has such a dramatic impact on our national health, we have no plan! The EAG says that housing should be added to the National Infrastructure Plan. This is the plan that oversees huge resource commitments like roads and airports. Our single biggest national resource is not our roads, it's our housing stock. If we invest in new and improved housing for our most vulnerable the evidence for improved health and educational outcomes is unequivocal, and this investment keeps on paying for generations.

The plan will need to include regulation for rental housing – the current regulations haven't been updated since 1947. Currently, good landlords who insulate and heat their homes are penalized because they can't recoup these costs and there is little competitive advantage to them. The EAG believes we should level the playing field by bringing in a Warrant of Fitness for houses and this should be steadily racked up, as we have for our vehicles. The cost of improvements can be offset, for example by accelerating depreciation, so the cost isn't simply handed on to tenants.

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In Health, it is still too easy for a woman to miss out on antenatal care, particularly for Maori and Pacific women. Our system isn't easy to access and many book late or not at all. They often have a short stay in hospital, miss out on postnatal care, aren't handed on to GPs or well child and their babies miss out on preventive care. The next time we see them is often on the children's ward.

The EAG think we could do better for our most vulnerable newborns. First, access to antenatal care needs to be made a priority for local DHB maternity quality plans. We need to monitor the proportion of women who book late or deliver unbooked, by ethnicity, and have a local plan to reduce this.

Then, we need to make sure that every baby is connected to a GP, a well child provider and on the National Immunisation Register, before they leave hospital. This would work best as an “opt-off” system, that is, it’s automatic unless you sign a form saying you don’t want it.

In time, we need to move to a single database across all providers or ensure that details like the current address and cellphone are automatically and easily shared between health and social service systems, so the most vulnerable and transient children don’t miss out on care just because they’ve moved.

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There are many other things we can do to improve the lives of our most vulnerable children. Low decile schools can become community hubs where health and social services are delivered from. We know this greatly reduces roll turnover because it improves the connectedness of families to the school.

I’ve heard a lot of opinion about feeding children in schools. The common themes I hear are that we’ll “create dependency”, and feeding children is a parent’s job. I guess I see it more simply. The reason a child comes to school hungry doesn’t matter to the child and it shouldn’t matter to us. Whatever the reason, they aren’t going to learn and we should just feed them. Kids Can have worked out that you can feed a child healthy food at school for a dollar a day. You need to do it in partnership with the school because schools have different cultures. And you can feed children at school without creating dependency or stigmatizing the child. If they’ve come to school hungry three days in a row, the school social worker should pay the parents a visit and find out what’s going on. There are many, many reasons parents don’t feed their kids. Some are as simple as being too busy and some are as complex as mental illness or violence. You can’t fix the problem of the hungry kid without knowing the underlying reason and it takes time for the parents to trust the social worker enough to tell them the real reasons.

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There is a role for business here too. Some businesses prioritise engagement with their workforces better than others. A good place is to simply ask what they can do to make the work place more family friendly and work with the workforce to achieve their aspirations. In some areas, businesses have created more family-friendly work environments by getting together

with other businesses to encourage early childhood education and after school care providers to come into their area.

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So yes, we are at a cross roads in our history. We have the chance to change our country so it is once again a great place to be a child. But the lesson of history is that change requires sacrifice and effort.

So I would ask you this. What are you prepared to give up so that our most vulnerable children can have their basic needs met? And how will you let our politicians know this?

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No reira e hoa ma tena koutou, tena koutou, tena koutou katoa. Kia tou aku aroha ki ringa ia a tatou.