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From Pandemic to Cost-of-Living Crisis: Social Legislation and Policy Developments in New Zealand

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LIST OF ABBREVIATIONS

CPI ---Consumers Price Index

GDP-- Gross Domestic Product

MPISOC---Max Planck Institute for Social Law and Social Policy

NZ$ --New Zealand Dollar

NZCTU --- New Zealand Council of Trade Unions

OCR--Official Cash Rate

OECD ------------------------------------Organization for Economic Cooperation and Development

PM -- Prime Minister

1. INTRODUCTION

The 2022 year was one of considerable change in Aotearoa New Zealand in the social and political environment, if not in terms of actual social law and policy. The year began with restrictions and regional lockdowns still in place to prevent the spread of Covid-19 but by September all lockdowns and mandatory vaccination requirements had been lifted. The rapid spread of the more infectious Omicron variant of the virus quickly put an end to New Zealand's previous elimination-based strategy and the focus shifted progressively to managing the presence of the disease through voluntary measures. At the same time the total death toll from Covid-19 rose from just 51 in January 2022 to 2,331 by the end of the year.

By the year's end, the rapidly rising cost of living had replaced Covid as the number one public concern and the Labour Government was re-thinking its major policy initiatives in light of inflation and also the rising popularity of the centre-right opposition parties. The changing political situation was capped off just after the New Year holiday by Prime Minister Jacinda Ardern's surprise announcement that she had decided to resign from office and to leave Parliament (see Section 2.1).

In February 2022 there was a large-scale protest at Parliament that began as two convoys of vehicles converging on Wellington, one heading south from the north of the North Island, the other coming north from the South Island. On arrival the cars, trucks and vans coalesced into a three-week 'tent-city' occupation of Parliament Grounds and surrounding streets, involving about 3,000 people (Independent Police Conduct Authority, 2023). The protests were primarily a backlash against the mandatory vaccination regulations which had resulted in job losses for some people who didn't want to be vaccinated but also included others who were generally 'anti-vaxx' and, in many cases, anti-Government. A high proportion of those camped at Parliament had come from North Island regions that have high unemployment and high poverty rates. For the most part, the protest was peaceable and calm (albeit rife with various unscientific views about the vaccine[1]), but there were cases of passers-by being harassed or abused, and some violent and misogynistic slogans and placards (and even a symbolic gallows) directed at Members of Parliament and especially Prime Minister Ardern. On 2 March the police forcibly broke up the occupation leading to rioting and violence by some protestors. A number of media commentators claimed that the protest was being manipulated by extremist, foreign-based, ultra-right groups (and some went so far as to claim the protest was akin to the events of 6 January on Capitol Hill in Washington). However, although there was no doubt a small number of such people attempting to exert influence, there is little hard

[1] The author's own office at the University is across the road from Parliament Grounds and the campus grounds became part of the occupation site so I became familiar with the views of a good number of my temporary neighbours.

evidence that they were secretly controlling events and, in fact, the occupation was notable for its leaderlessness.

2. CURRENT POLITICAL, ECONOMIC AND SOCIAL SITUATION

2.1. The Political Situation

Although their popularity had dropped from its 2020 heights, Labour began the year still well ahead of the National Party in the polls. However, by April, National was out-polling Labour and remained slightly ahead for the rest of the year. National's switch to new leader, Christopher Luxon in November 2021 has proven politically successful despite Luxon's inexperience, and throughout 2022 the party developed itself as at least a plausible alternative Government. That said, taking into account Labour and National's likely support parties the balance between the centre-right and the centre-left remained very even throughout the year.

The big political surprise came at the very beginning of 2023 when, after the Christmas-New Year break, Jacinda Ardern announced that she was stepping down as Prime Minister and would leave Parliament altogether in April 2023. 'Will she quit soon?' had been a staple of various media columnists since 2021, but most serious commentators took the view that Ardern would be seen as too important an asset for Labour for her to step down even given the heavy personal toll the last five years' of leadership must have had on her. It is unquestionably correct that Ardern's decision was, to use her own words, partly due to her feeling that 'she no longer had enough gas in the tank'. However, it also appears that the changing political situation and changing public sentiment during 2022 meant that a new style of leadership and a new leadership face might suit Labour better going into the October 2023 general election. The new Prime Minister, Chris Hipkins, and Deputy Leader, Carmel Sepuloni, were quickly elected by the Labour Caucus. Both are experienced Ministers, with Hipkins having had a high public profile as Minister in Charge of the Covid-19 Pandemic Response. Hipkins is seen as more centrist than Ardern, a fact that is likely to have been a consideration in his promotion given Labour's need to attract more of the middle-of-the-road vote in the upcoming general election.

It is too soon for a full assessment of Jacinda Ardern, the Prime Minister. She was notable for her international profile and high global regard for specific projects such as the Christchurch Call, initiated with Emmanuel Macron, to eliminate violent extremist material online, and also more generally for her 'kinder' approach to political leadership. Domestically, she was recognised for these things too, and also for her immense skill and integrity in managing crises. In her five years as leader, she was confronted by the deadly eruption of the Whakaari/White Island volcano, the massacre of 51 people in two mosques in Christchurch, and the Covid pandemic. Policy-wise, her governments' records are somewhat more mixed. Fiscally, Labour and Finance Minister Grant Robertson's approach is best described as orthodox Keynesian. Environmentally, Ardern favoured small, progressive steps (despite calling the climate crisis 'New Zealand's nuclear-free moment'), although her government did pass the future-focused Zero Carbon Act. In terms of social policy, Ardern will be remembered for the Child Poverty Reduction Act 2018, which sets in place a process for officially measuring child poverty and setting government targets, even if her government had only partial success in meeting its own targets. Her government also raised benefit rates considerably (see last year's report, Fletcher 2022), although many on the left argue that in this area, as well as in other areas such as inequality and New Zealand's light taxation of wealth, Ardern did not go far enough and failed to take advantage of Labour's absolute majority in Parliament since the 2020 election.

2.2. Economic and Fiscal Conditions

In common with many countries, economic conditions were less favourable in 2022 compared to the previous year. While Gross Domestic Product (GDP) growth had seen a strong 5.6 percent post-Covid bounce-back in 2021, it grew only 2.4 percent in the year to December 2022 (Statistics New Zealand 2023). Even weaker GDP growth is forecast for 2023. Despite the weaker output growth, the labour market has remained strong during the year. Total employment grew by 1.3 percent and the unemployment rate remained at an historically low 3.4 percent.

The new economic problem that became prominent in 2022 was inflation. Monetary and fiscal policies that had been put in place in 2020 to maintain economic demand and protect employment when the pandemic struck interacted with supply-chain problems and skill shortages to lead to the general measure of price inflation, the Consumers Price Index (CPI) rising to 7.2 percent for the year ending December 2022. In contrast, annual CPI increases had rarely exceeded two percent in the decade up to mid-2021. By the end of 2022, the 'cost of living crisis' had taken centre stage as a political priority, and one which contributed to the Government announcing in December that it would use the Christmas break to undertake a policy 're-prioritisation'.

Last year's report noted that the government's fiscal position, which had moved heavily into deficit because of Covid-19 expenditures, had improved more rapidly that Treasury had earlier predicted. This was the case again in 2022 and in December Treasury reported that they expect the government operating balance to return to surplus in the 2023/24 June year (Treasury, 2022). Net government debt is forecast to peak in the same year at 21.4 percent of GDP, which is a relatively low figure by OECD comparisons.

As had been expected, this fiscal situation allowed the Government to announce substantial new spending in its May Budget. In total the Budget comprised NZ$5.9 billion of new operating expenditure. This included NZ$2.9 billion from its newly established Climate Emergency

Response Fund for initiatives focused largely on reducing carbon dioxide emissions in transport and industry (Robertson, 2022). Social policy budget initiatives are discussed in the relevant sections below.

2.3. Social Conditions

The strong labour market resulted in a continued decrease in the number of people receiving welfare benefits. The total on the main unemployment benefit, Jobseeker Support, fell by 9.5 percent to 170,100 in the year to December 2022. The decrease in the number of beneficiaries across all benefit categories combined was smaller, however, at 3.9 percent, due mostly to an increase in Supported Living Payment recipients. The Supported Living Payment is for people in need of income support and who have a long-term health problem or disability that prevents them working more than 15 hours per week. Despite the decrease in beneficiary numbers over the past two years, the December 2022 total (354,000) is still 12 percent higher than in December 2019 before the pandemic began.

A stand-out feature of 2022 was that it marked the end of the runaway house price boom. From mid-2019 to January 2022 the average house sale price rose by over 50 percent to reach over the NZ$1 million dollar mark ($1,064,000). However, prices fell in almost all parts of the country during 2022 and by December the average price was 11 percent lower at a NZ$945,000. The main driver of this turn-around was monetary policy: from late in 2021 the Reserve Bank of New Zealand began raising interest rates through increases in the Official Cash Rate (OCR).[2] The OCR had been reduced to an historically very low 0.25 percent to help maintain output during the pandemic but a series of increases from October 2021 saw it rose to 4.25 percent by December 2022, with further increases expected.

Despite Government ramping up its State house building programme, the rental market continued to be under pressure in 2022 due to a shortage of suitable accommodation in many locations. This was reflected in further increases in rents during 2022, which rose by 3.8 percent according to Statistics New Zealand's rental stock price index and by 4.5 percent based on the Tenancy Tribunal's data on tenancy bond payments lodged with it. Overall, accommodation costs continue to be a major stress for lower-income families. As an example, the median rent for a three-bedroom house in Māngere, a low-income suburb in South Auckland is $650[3] per week, equivalent to approximately 30 hours' gross pay at the minimum wage.

Statistics New Zealand released its report on child poverty rates for the year to June 2022 in March 2023 (Statistics NZ, 2023). Their data showed that the goal of reducing child poverty had stalled, with no statistically significant changes in any of the three primary measures set

[2] The OCR is the overnight interest rate set by the Reserve Bank. It feeds directly into the private banks' lending rates.

[3] NZ$1 equals 0,57 Euro (as of July 2023).

out in the Child Poverty Reduction Act 2018. Depending on the measure between 10.3 percent and 15.4 percent of children under 18 years old were living in poverty at the time of the survey in the 2021/22 year. A useful detailed presentation of the latest data is available from the Child Poverty Action Group at https://www.cpag.org.nz/statistics/latest-child-poverty-figures (Child Poverty Action Group, 2023).

3. SOCIAL POLICY AND SOCIAL LAW DEVELOPMENTS

Social policy and law changes during 2022 occurred against a backdrop of the unwinding of Covid-related restrictions and employment mandates and the emerging cost-of-living pressures. While the big-ticket items in 2021 were Covid responses and welfare benefit increases, in the 2022 Budget the biggest new government social policy investment was upgrading and reforming the health sector (section 3.8 below). Decarbonising the transport sector, including by improving public transport capacity, was the other large area of new expenditure.

3.1. Social Welfare Benefits and Child Support

Last year, in the 2021 Budget, the Government had announced relatively large increases in core welfare benefit rates. This was in response to the Welfare Expert Advisory Group's report in 2019. Given that these increases were being phased in, with the last tranche of rate rises taking effect on 1 April 2022, it was no great surprise that there were no new increases announced in 2022. As reported last year, in total the Labour Government's changes have raised benefit rates by between 20 percent and 40 percent, depending on benefit category and family type, over the five years since they came to office. While these are undoubtedly substantial increases, they amount to less than the Welfare Expert Advisory Group recommended and remain insufficient to prevent a high proportion of beneficiaries being below the 50-percent-of-median poverty line.

The most significant new change affecting benefits was the abolition of the 100 percent clawback of child support payments made to sole parents who are on a welfare benefit and who have primary care on a dependent child or children. Since the Child Support Act was first introduced in 1991, the law has required anyone who applies for a sole parent rate of benefit to lodge a formal application for child support payments from the dependent child's other parent.[4] All child support payments, up to the total value of the core benefit are then retained by Inland Revenue to offset the costs of the benefit paid. This situation was widely disliked by both paying parents, who regarded it simply as an additional tax on their earnings, and receiving parents, who could not benefit from any support paid by their children's other

[4] Exceptions may apply where, for example, to do so may risk the safety of either the parent or children, and, obviously, the rule does not apply to widows/widowers.

parents. The law was also increasingly out of line with other Anglophone countries such as the United Kingdom, which charges an application fee but then passes on all payments received, and Australia, which passes on all payments but abates the Family Tax Benefit against the child support received.

The Child Support (Pass-on) Amendment Bill, which is still before the House, removes this clawback of child support payments, replacing them with an amendment to the Social Security Act that will mean child support payments received by a person on benefit will be treated the same as earned income for the purposes of calculating benefit abatement. The Bill also removes the requirement for sole parent beneficiaries to apply for child support, meaning they will have the choice to enter a private arrangement with the other parent if they prefer.

The Ministry of Social Development report that the new policy will have a fiscal cost of approximately NZ$110 million annually and will increase the incomes of an estimated 41,500 sole parent families by a median amount of NZ$24 per week.[5] It is also expected to reduce the number of children below the 50-percent-of-median-income poverty line by between 6,000 and 14,000 (MSD, 2022).

Another smaller but important change in the Budget was to widen access for beneficiaries and some low-income families for assistance with essential dental care. Adult dental care is not provided free through New Zealand's health services, except for some limited hospital-based services, and cost is a major access barrier for many low-income adults.

3.2. Working for Families Tax Credits

In November 2021, the Government had announced changes to some of the Working for Families tax credits that came into effect on 1 April 2022. Family Tax Credit, which is the main programme and available on a per-child basis to all families who meet the family-income test, was due for an inflation adjustment on 1 April 2022. Government topped that up to an increase of NZ$15 per week for the eldest child and NZ$13 per week for each subsequent child. The 2022 maximum rates for Family tax credit are now NZ$127 per week for the eldest child and NZ$104 per week for each subsequent child.[6] Also from 1 April 2022, the rate of the Best Start payment, which is an additional payment for children aged under three years was increased by NZ$5 to NZ$65.00 per week. As discussed in last year's report, the cost of these increases was partially offset by a rise in the rate at which tax credits are abated above the set income threshold from 25 percent to 27 percent. The threshold itself (the maximum family income before tax credit entitlements begin to be reduced) was left unchanged at $42,700 per annum.

[5] There are set-up and administrative costs, but it is not clear to this author why the apparent total gain to affected families is only about half the estimated total cost.

[6] To give an indication of the quantum of these payments, the over-25 year-old single rate of Jobseeker Support benefit is $315 per week.

The Government announced in 2022 that there was to be a review of the Working for Families tax credits and, although considerable work has clearly gone on behind the scenes, no public announcements have yet been made and it now appears that changes to Working for Families will form part of Labour's manifesto promises in the October 2023 general election.

3.3. Special 'Cost of Living' Initiatives

As inflationary pressures and mortgage rate increases came to the fore, the Government announced several one-off targeted responses to the rising cost of living facing many low- and middle-income New Zealanders. The first of these was the short-term 'Cost of Living Payment', announced in Budget 2022. This was a payment of NZ$350 per eligible person spread over three monthly instalments in August, September, and October. The eligible population was those earning less than NZ$70,000 per annum[7] and who do not qualify for the Winter Energy Payment (that is, it excluded beneficiaries and New Zealand Superannuation recipients). Treasury estimated the payment would go to about 2.1 million people at a total fiscal cost of approximately NZ$814 million.

The Budget also extended for an additional two months the temporary reduction in fuel excise tax to reduce petrol and diesel costs and the half-price public transport fares scheme. The cost of these policies is estimated to be NZ$235 million and NZ$130 million respectively.

3.4. Social Housing and Accommodation Benefits

There were no changes to either the Accommodation Supplement or the Income-related Rent Subsidy during 2022 other than an adjustment to the entry threshold for the Accommodation Supplement at the time of the annual main benefit increase on 1 April. This relatively small change occurs automatically as the thresholds are set as a percentage of the main benefit rates.

As with the Working for Families tax credits, the Government had announced that the Accommodation Supplement was to be reviewed in 2022 but this too has been deferred, presumably until later in 2023.

Kāinga Ora, the State housing agency, has continued its State-housing building programme, adding a net increase of 1,341 homes to its total stock by the end of the June year 2022 (Kāinga Ora, 2022). This is a smaller increase than the 2,400 built in the previous year. Kāinga Ora's total managed housing stock stood at 69,509 as at 30 June.

Partly because of the increase in available state housing, the Ministry of Social Development's register of people in need of housing assistance finally began to decrease during 2022,

[7] This is equivalent to a little over the median earnings from wages and salaries.

although it remains more than double what it was five years ago. From December 2021 to December 2022 the number on the register fell by 9.4 percent to 23,137.[8]

3.5. Paid Parental Leave

There were no developments in parental leave policy during 2022. The current Government increased the maximum period of paid leave to 26 weeks in 2020 and it appears that this situation is unlikely to change in the near future, as neither main party is signalling any intention to extend it further (or, for that matter, to reduce it).

There was, however, the usual adjustment to the maximum rate of payment which was increased by 6.3 percent to NZ$661.12 before tax. The adjustment reflects increases in nominal wages.

3.6. Minimum Wages

Labour continued its policy of progressively raising the statutory minimum wage, raising the adult rate to NZ$21.20 per hour from 1 April 2022. The youth rate and 'starting out' minimum wage was kept at 80 percent of the adult rate and so increased to NZ$16.96. Because of the unusually low unemployment rate at present, the increase had no discernible negative effect on employment, and attracted little criticism from employers.

Depending on the state of the labour market, the statutory minimum wage plays an important part in New Zealand because union density rates and collectively bargained minimum rates are low outside of the public sector. New Zealand now has the fourth highest real minimum wage among the OECD countries, just below Australia, and slightly above Germany.[9]

3.7. Kiwisaver

The government-managed private retirement savings scheme, Kiwisaver, returned to something closer to a normal year after two Covid-affected years. Investment returns, across all the Kiwisaver providers, amounted to NZ$1.3 billion – much better than the NZ$820 million loss during the first year of Covid in 2020, but far below the exceptional 'bounce-back' gain of NZ$13 billion in 2021 (Financial Markets Authority, 2022).

Almost 3.2 million of New Zealand's 5.1 million people are members of a Kiwisaver scheme and the total funds under management amount to approximately NZ$90 billion. By way of comparison, New Zealand's current GDP is NZ$380 billion.

There were no significant changes to Kiwisaver during 2022. It is worth noting however that there has been a trend away from people choosing to invest in 'conservative' low-yield, low-

[8] https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/housing/housing-register.html
[9] https://stats.oecd.org/index.aspx?DataSetCode=RMW

risk funds towards either 'balanced' or 'growth' portfolios. It is likely that the Government's earlier change to require the default portfolio setting for new members from conservative to balanced is a factor in this.

3.8. Public Health

The major development in public health during 2022 was the commencement of the new government agencies, Te Whatu Ora – Health New Zealand and Te Aka Whai Ora – Māori Health Authority on 1 July. Te Whatu Ora, which was established by the Pae Ora (Healthy Futures) Act 2022 (see section 6.3), replaces the previous public health structure of 20 District Health Boards, that each had their own locally elected health members, but which resulted in a complex and fragmented delivery of services (see last year's report). Te Whatu Ora, working in conjunction with Te Aka Whai Ora, is responsible for all publicly provided or funded hospital, specialist, and community care services as well as oversight of primary care, much of which is either fully or partially subsidised. A structural change of this size and complexity is taking some time to bed in (no pun intended) and, combined with the pressures caused by Covid over the last two years, waiting lists for appointments and for non-emergency 'elective surgery' such as hip and knee replacements have grown so far, even if, as is hoped, the reforms will improve efficiency in the longer run.

Alongside the structural reforms, the Government made large funding commitments for public health in the 2022 Budget. Health received a total of NZ$14.9 billion in new funding over a four-year period, NZ$13.4 billion of which is for operating expenditure and NZ$1.5 billion is capital investment.[10] A large part of this funding was allocated to allowing the new health entities to address cost pressures, including covering the 2021/22 deficits of the old District Hospital Boards as well as expected future cost increases. The capital expenditure is focused mostly on regional hospitals in Northland and in Nelson in the north of the South Island.

Last year I reported on Employment Court cases relating to the Ministry of Health's policy under the Individualised Funding scheme that family carers are deemed by them to be employees of their severely disabled adult children even in situations where the disabled person lacks the capacity to fulfil the role of employer (Fletcher 2022). In the case of Mr Humphreys and his 33-year-old daughter, the Ministry this year appealed the Employment Court's decision in favour of Mr Humphreys and the case went before the Court of Appeal in November 2022 (Hatton, 2022). However, due to one of the judges becoming ill, the last day of the case had to be deferred and was rescheduled for 2023. There has therefore been no decision yet. It is known, though, that the Ministry of Health[11] is accepting the decision that the severely disabled should not be treated as employers in the Individualised Funding

[10] See Ministry of Health: https://www.health.govt.nz/about-ministry/what-we-do/vote-health#:~:text=Budget%202022%20has%20provided%20a,toward%20funding%20the%20health%20system.

[11] Being replaced on these issues by a new agency, Whaikaha, The Ministry for Disability Issues.

scheme. The outstanding issue is that the Ministry wants, if it can, to avoid employment responsibilities for the more than 2,500 people who are caring for a family member who is too severely disabled to manage the Individualised Funding obligations.

3.9. Accident Compensation

The State-owned accident compensation scheme is a compulsory social insurance which covers medical and rehabilitation costs and 80 percent of lost income in respect of all personal injuries wherever and however they occur. The scheme is levy-funded and the central trade-off is that all private court proceedings for personal injury covered by the scheme are banned.[12]

There were no significant changes to Accident Compensation law or policy during 2022, although the earners' levy was increased on 1 April 2022 from NZ$1.39 per NZ$100 earned to NZ$1.46.

3.10. The End of Labour's Social Insurance Proposal?

Lastly, in terms of policy developments, it is worth noting that, in February, Government, the New Zealand Council of Trade Unions (NZCTU), and the New Zealand Employers' Federation put forward a proposal for a compulsory social insurance scheme to cover job loss through displacement (lay-offs, or redundancy) or serious ill-health (Tripartite Unemployment Insurance Working Group, 2022).[13] Despite having the backing of a number of trade unions (mostly those representing better-paid groups of workers), and strong support from Minister of Finance Robertson and Prime Minister Ardern, the scheme was highly controversial for a number of reasons, and was heavily criticised by many commentators and academics (this author included).

The scheme would have represented the most fundamental change to New Zealand's social security system in 50 years, as it would have introduced a two-tier welfare system similar to European dual social insurance/social assistance regimes. However, the detail of the scheme differed somewhat from European unemployment insurance schemes in that it would have had both a high cap on the maximum earnings covered (more than twice median earnings) and a high ratio for replacement of lost earnings (80 percent). These features, combined with the fact that it was to have been layered on top of New Zealand's pre-existing tax-funded welfare system meant that the proposal would have been especially regressive in its financial impacts, favouring high earners considerably more than low-paid workers and beneficiaries. Moreover, critics argued the need to introduce such a reform had not been adequately

[12] S317, Accident Compensation Act, 2001.
[13] Employers Federation support for the idea waivered through the year.

demonstrated, and nor had options to address any identified problems by amending the existing system been properly considered (Bertram, 2022; Chapple, 2022).

In the end, the Government decided in late 2022 not to go ahead with the proposal during this term of office, and new Prime Minister Hipkins formally announced in the New Year that it was being deferred as part of the policy reprioritisation process. It is likely that the very high cost – NZ$3.3 billion per annum – to be funded by additional payroll taxes of 1.39 percent on employees and 1.39 percent on employers was a major factor. Whether the scheme proposal would resurface if Labour wins the 2023 election remains unclear.

4. INTERNATIONAL SOCIAL SECURITY ARRANGEMENTS

There were no new bilateral international social security agreements in 2022. New Zealand continues to have reciprocal agreements with eleven countries, Australia, Canada, Denmark, the Republic of Korea, the Republic of Ireland, Jersey, Guernsey, Greece, Malta, the Netherlands and the United Kingdom. In addition, New Zealand has special portability arrangements which allow recipients of New Zealand Superannuation or the Veteran's Pension to continue to receive those payments if they are residing in any of the Pacific countries (including Papua New Guinea in the west and as far north as the Northern Mariana Islands).

Notably, New Zealand has for many years put less priority on securing bilateral social security agreements than has its neighbour, Australia. Australia has 31 such agreements, including with the majority of EU countries, as well as with the United States.

5. RELEVANT ACTS OF PARLIAMENT PASSED DURING 2022

5.1. Conversion Practices Prohibition Legislation Act

This Act, which received Royal Assent on 18 February, bans conversion practices defined in the legislation as any 'practice, sustained effort or treatment' directed towards an individual with the intention of changing or suppressing their sexual orientation, gender identity, or gender expression (s4). The draft legislation was originally focused solely on conversion practices relating to sexual orientation and was, controversially, extended to include gender identity and expression. While the Act sets out some exceptions for health practitioners, and specifically protects 'expression only' of a belief, some who made submissions on the Bill were concerned that parents (and others) may fall foul of the legislation when responding to gender dysphoria issues facing their children. The bill, however, passed its final reading with only eight votes against it.

5.2. Children and Young People's Commission Act & Oversight of Oranga Tamariki System Act

These Acts, assented to on 29 August, abolished the Parliamentary role of Children's Commissioner (and Office of the Children's Commissioner) and established in its place two other systems. The first is the Children and Young Person's Commission whose role is to promote the rights, interests, and participation of children and young people. The second is the appointment of an independent 'Monitor', who is to be chief executive of the Independent Monitoring Agency of the Oranga Tamariki System (Oranga Tamariki is the Ministry for Children and is responsible, among other things, for care and protection social work services including all children who are made wards of the State).

The effect of the Acts is, therefore, to split the previous Children's Commissioner's functions into two. The Commission has general functions relating to promoting the interests of children, while the new Monitor (and the Office of the Ombudsman) takes on the roles of oversight of Oranga Tamariki and dealing with specific cases. The change was opposed by many in the sector who see it as weakening the previous Children's Commissioner's role of advocating publicly and independently on all matters relating to children's wellbeing.

5.3. Pae Ora (Healthy Futures) Act

This is the legislation discussed in section 3.8 above, which establishes the new agencies Te Whatu Ora – Health New Zealand and Te Whai Aku Ora – Māori Health Authority. The Act lays out the objectives and functions of each agency as well as the intended working relationship between them.

The Act also sets out the roles and functions of the other state agencies related to public health, such as Pharmac, the state pharmaceutical purchasing agency, and the Health Quality and Safety Commission.

An additional key part of the legislation is the establishment of a requirement for governments to publish a Government Policy Statement on Health every three years plus a number of population-group Health Strategies which all health agencies must have regard to.

5.4. Fair Pay Agreements Act

Passed in November, this Act relates to labour market collective bargaining and, as such, is outside the usual scope of the reports on social law and policy. However, given its potential to raise lower-paid workers' incomes, it is worthy of noting here.

The Act puts in place a framework and set of rules for workers to bargain for specific industry- or occupation-wide minimum terms and conditions. In the New Zealand context the change is highly significant for two reasons. First, private sector union coverage is very low (under 10 percent) and almost non-existent in small- to medium-sized enterprises that make up the majority of New Zealand workplaces. Second, since an earlier law change in 1991, there is virtually no provision for multi-employer or industry-wide collective agreements. The basic framework the Act puts in place is that a union can apply to initiate fair pay agreement bargaining if it can demonstrate support for an agreement from 10 percent of the workers who would be covered by it, or 1,000 such workers, whichever is the lesser. If the application is granted, employers are obliged to participate and if an agreement is not reached a binding decision may be made by the Employment Relations Authority. The agreements are intended to only set minimum terms for the sector involved and individual enterprise-level collective agreements would remain on top of those minima.

The background to the Act is the Labour Party's election manifesto commitments in 2017 and 2020 to introduce fair pay agreement bargaining which, unsurprisingly, had very strong support from the NZCTU and unions affiliated to the Labour Party. Equally unsurprisingly, employer groups opposed the legislation. The opposition National Party has said it will repeal the legislation if it wins the 2023 election.

6. CONCLUSION

Although 2022 was not a year of great change in social policy, politically and in terms of the political agenda the situation at the beginning of 2023 was dramatically different from January 2022. Back then, the picture was of a government emerging from the worst of the Covid pandemic, set to push on in its mid-term year with its social and economic policy agenda, and led by a popular, charismatic Prime Minister at the height of her powers. By the end of the year (or January 2023) that Prime Minister had stepped aside, the centre-right and centre-left political groupings were running neck-and-neck and Labour had announced a policy reprioritisation which ditched or deferred major parts of its social (and environmental) policy agenda.

At the heart of this transformation economically is the emergence of inflation and its impacts on the real standard of living of ordinary New Zealanders. Obviously, the impacts of fiscal and monetary policies to support demand during the pandemic are linked to the subsequent rise in inflation globally as well as in New Zealand, but what became clear towards the end of the year was that, while the pandemic itself impeded progressive policy development, a consequent cost-of-living crisis can be just as difficult for a Labour government both fiscally and politically.

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