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Michael Fletcher

DEVELOPMENTS IN SOCIAL LEGISLATION AND POLICY IN NEW ZEALAND

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Max Planck Institute for Social Law and Social Policy
Amalienstraße 33, D-80799 Munich, Germany
Tel.: +49 (0)89 38602-0 · Fax: +49 (0)89 38602-490
E-mail: info@mpisoc.mpg.de
http://www.mpisoc.mpg.de

CONTENT OVERVIEW

LIST OF ABBREVIATIONS

ACC	Accident Compensation Corporation
CRC	Committee on the Rights of the Child
CPI	Consumer Price Index
CSO	Child Sex Offender
GDP	Gross Domestic Product
GFC	Global Financial Crisis
HLFS	Household Labour Force Survey
HSE	Household Economic Survey
HSE Act	Health and Safety in Employment Act
HSWA	Health and Safety at Work Act
ISDS	Investor-State Dispute Settlement
IWTC	In-work Tax Credit
MFTC	Minimum Family Tax Credit
MP	Member of Parliament
NZCA	New Zealand Court of Appeal
NZ$	New Zealand Dollar
OECD	Organisation for Economic Co-operation and Development
pa	per annum
PCBU	Persons Conducting a Business or Undertaking
PPL	Paid Parental Leave
PTC	Parental Tax Credit
pw	per week
SCV	Special Category Visa
TPPA	Trans Pacific Partnership Agreement
WFF	Working for Families

INTRODUCTION

For most of the year, 2016, was 'business as usual' for the New Zealand Government and its social policy programme. The National Party has now been in power for eight years and 2016 is the middle year of the three-year cycle before the election scheduled for 23 September 2017. The Government therefore used the year to make progress on and consolidate its existing policy initiatives ahead of the bigger announcements and spending commitments that are typical of an election year. The surprise of the year came in December when the Prime Minister, John Key, announced that he was stepping down and would not seek re-election in 2017.

Last year I reported that the Government had responded to the Syrian crisis by announcing an intake of 750 refugees from Syria. This was to comprise 150 as part of the annual refugee quota of 750 plus a one-off additional intake of 600. New Zealand officials are currently in Beirut undertaking the selection process and in February the first group of Syrian refugees arrived in Auckland. Although the intake was widely welcomed, there has been a groundswell of support for a 'double the quota' campaign to raise New Zealand's annual quota to 1,500. The current quota has not been increased for 29 years despite considerable population growth in that time. The Labour and Green parties, and the small centrist United Future party, have committed to the 1,500 quota. In June, the Government announced that the quota would be increased from the 2018/19 fiscal year but only to 1,000. By comparison, Australia's quota for that year will be 18,750 – proportionately several times greater than New Zealand's.

On 14 November, a 7.8 magnitude earthquake struck just north of the South Island coastal town of Kaikōura. The earthquake, which was unrelated to the 2010 and 2011 Christchurch earthquakes, caused considerable damage to Kaikōura and surrounding towns and blocked the main road and rail routes down the East coast of the South Island. It also caused damage to a number of buildings in Wellington, including the Statistics New Zealand building where a floor collapsed. Fortunately the quake occurred in the middle of the night, reducing the injury toll, although two people were killed. The Government introduced a number of temporary assistance policies, especially to help the tourism and whale-watching businesses based out of Kaikōura. Latest estimates are that the costs from lost output and infrastructure repairs will be in the order of NZ$ 500 million.

Looking ahead, social policies – especially around housing, poverty, tax and welfare – are clearly going to be central issues in the 2017 election. The two largest parties, National and Labour, have differentiated themselves with National favouring tax cuts and housing development infrastructure spending and Labour focusing more on poverty, welfare, health and education spending. At this stage, it looks likely that both parties would need the support of the centrist New Zealand First party to form a government. New Zealand First leader, Winston Peters, is – as expected – refusing to commit to one side or the other until after the vote.

As well as updating specific social law and policy changes, this year's report focuses on two major Government initiatives that are long-running and likely to have significant implications for social policy and service delivery in the future. These are the Government's so-called 'social investment approach', and the reform of child protection and social work services previously delivered through the Child, Youth and Family Service.

1. CURRENT SITUATION OVERVIEW

This section summarises the political, economic and social situation prevailing in 2015. New social policy and legislative initiatives are discussed in Section 3.

1.1. The Political Situation

Politically, the big event of the year came in December with the unexpected resignation of the Prime Minister, John Key. Mr Key's popularity had remained high throughout his tenure, and his Party was well ahead of the Opposition in political polling. It appeared quite plausible that he would achieve an almost-unheard-of fourth term of office in the 2017 election. The decision to step down therefore caught almost everyone - including his own Ministers - by surprise.

In retrospect, the decision is perhaps not that extraordinary. Mr Key (now Sir John) was an unusual politician in New Zealand terms. He was brought up in modest circumstances by his widowed mother, before becoming very wealthy at a relatively young age working in the finance sector, eventually as head of global foreign exchange for Merrill Lynch in New York. He entered Parliament in 2002, becoming leader of the National Party just four years later and Prime Minister following National's win in the 2008 election. His Prime Ministership was characterised more by his pragmatism – coupled with a relaxed, confident and capable managerial style – than by any deeply held ideological views or reformist agenda. In this respect, his explanation makes sense that he simply didn't feel he could commit the time and effort to another term as Prime Minister and that he wanted to spend more time with his wife and family. He was not the type of politician who will keep fighting for the things he or she believes in until defeated at the polls or over-thrown by colleagues. He had achieved his goal of becoming Prime Minister (and a very successful one, at that), and he was happy to move on.

It is too soon for a full assessment of Mr Key's legacy, however, in the social policy area the major reforms – harsher welfare administration, the 'social investment approach' to social policy, and reform of child protection and social work services – were all driven by other Ministers, most notably Key's Finance Minister, Bill English.

The National Party caucus selected Bill English as new leader and Prime Minister, and Social Development Minister, Paula Bennett, as his Deputy. In the resulting Cabinet reshuffle, rising-star Amy Adams was given the roles of Minister for Social Housing and the newly created role of Minister Responsible for Social Investment. Anne Tolley took on the important social policy roles of Minister for Social Development and Minister for Children; while Judith Collins became Minister for Revenue, which includes responsibility for Child Support and the Working for Families tax credits.

Ahead of the candidate selection processes for the 2017 election, 14 Ministers and MPs have announced their intention not to seek re-nomination. These included four current Ministers and two ex-Ministers as well as previous Labour Party leaders, David Shearer and David Cunliffe. Two Green Party MPs have signalled their intentions to retire. The only by-election precipitated by these announcements was in the safe Labour seat of Mt Albert caused by David Shearer's early departure from Parliament to take up the prestigious, if difficult, role as head of the United Nations' peace-keeping mission in Southern Sudan.

1.2. Economic and Fiscal Conditions

The Reserve Bank of New Zealand (2017) reported that Gross Domestic Product grew by 2.7 percent in the year to December 2016, less than the 3.5 percent growth rate it had expected. It viewed some of the weakness as temporary, due to factors such as poor weather conditions affecting the dairy sector. They do however also point to capacity constraints and a rising number of firms reporting labour shortages. Although lower than expectations, GDP growth was, nonetheless, stronger than the two percent recorded in 2015. The Treasury is forecasting higher GDP growth over the next two years with a peak of 3.8 percent in the 2019 year.

Migration continued to be unusually high, with a net increase of 60,300 people during 2016, contributing to a 2.7 percent growth in the working-age population.[1] The current high net migration, which began in 2012/13, is the result of large upturn in new arrivals (both new migrants and returning New Zealanders) and a downturn in departures. For the first time in at least 20 years, the net flow between New Zealand and Australia turned slightly positive, where it usually averages an annual outflow of 15,000 people. The impact of migration on housing is discussed in the next section.

Employment grew strongly during 2016, reflecting strong domestic consumer demand and building activity. In the December quarter 2016, the total number of people employed was 74,000, or 5.9 percent, higher than in the same quarter in 2015. The employment rate, measured as the proportion of the population aged 15 years and older, also rose, reaching a historically high 72.4 percent. Rising labour force participation meant that the unemployment rate did not fall, remaining at 4.8 percent at year's end. Of more concern is the fact that the 'underutilisation rate', Statistics New Zealand's broader measure of those unemployed, wanting work or wanting additional hours, remained at 10.2 percent, only 0.3 percentage points below its December 2015 level.

Consumer price inflation continued to be low throughout 2016. The Reserve Bank reduced the Overnight Cash Rate (OCR) three times during the year (having also done so twice in 2015) so that from November, the OCR was at its lowest ever rate of 1.75 percent. By December the CPI had lifted slightly to an annual rate of 1.3 percent bringing it back within the 1 to 3 percent target range for the first time since 2014.

Despite increases in spending, a strong tax take has meant that the Government's own books are in good shape. Treasury reported a total Crown 'operating balance before gains and losses' (OBEGAL) of NZ$ 1.8 billion for the 2016 year with forecasts of a rising OBEGAL out to 2021 (New Zealand Treasury, 2017). This surplus leaves plenty of scope for both Government and Opposition parties to promise new spending initiatives in the forthcoming election year.

1.3. Social Conditions

Social indicators continued to be mixed during the 2016 year. Welfare recipient numbers were lower overall, and there was a modest increase in median real household incomes; but there was little improvement in poverty and some indications of rising inequality. A number of public health issues, including suicide and obesity rates, were also of concern.

[1] These figures refer to permanent and long-term migration, not short-term visitors.

As at December 2016, 297,000 people, or 10.3 percent of the population aged 15-64 years, were receiving a main social welfare benefit, slightly fewer than the 301,000 (10.7 percent) recorded in December 2015 (Ministry of Social Development, 2017). There was a 5.0 percent decline in the number of Sole Parent Support (SPS) recipients and a 1.1 percent rise in the numbers receiving Jobseeker Support (JS). Most SPS beneficiaries are sole parents with a youngest child under 14 years; while JS is the benefit generally available to the unemployed, those not able to work due to temporary sickness and sole parents with children aged 14 or over. The decline in the total numbers receiving welfare continues a trend that began in 2011 when 13.0 percent of the working age population was receiving a benefit.

There was little change in poverty rates in data released during 2016. The most authoritative measures of poverty and inequality in New Zealand are the reports published by the Ministry of Social Development (Perry, 2016a, 2016b). These reports showed a slight improvement in poverty using relative income measures and little or no change using 'anchored' (or 'constant value') measures that adjust for price inflation but not changes in median incomes. Over the longer term, there has been a general downward trend in the constant value poverty rate but no improvement in relative poverty. Perry also reports trends in the Material Wellbeing Index (MWI) which is a direct measure of hardship based on survey questions concerning basic items and activities people cannot afford.[2] The MWI shows a similar downward trend but with no improvement in the most recent, 2015 year.

Using the anchored line, after adjusting for housing costs, 16 percent of the population were below the 60 percent threshold, as were 21 percent of children under 18 years. Twenty-six percent of the Māori, and 25 percent of the Pacific, populations were below the same threshold. Eighty percent of those whose main source of income in the previous year was a working age welfare benefit were below that poverty line.

Income inequality showed some signs of increasing in the 2015 data. Both the '90:10 ratio'[3] and the Gini coefficient increased slightly, although it is unclear whether this is a real change or is due to data volatility. The Gini coefficient was 0.35 in the latest 2015 data, above the OECD average.

Housing continued to be a high-profile issue during 2016. As I reported last year, there are two, related, aspects. One is the growing prevalence of homelessness, overcrowding and sub-standard housing; the other is housing affordability, especially in Auckland.

Research by the University of Otago’s Department of Public Health (Amore, 2016) reported that at the time of the 2013 Census 41,000 New Zealanders, or approximately one percent of the population, were 'severely housing deprived' or homeless. This is a 15 percent increase over the 2006 Census, itself a nine percent increase on the 2001 Census. Half of all homeless were aged under 25 years; and a half were working, studying or both. People identifying as Pacific, Māori or Asian were more likely to be homeless than those of other ethnicities.

The number of people on the Ministry of Social Development's Social Housing Register increased during 2016. The register is a waiting list comprising the highest priority people in need of

[2] For example, not having two pairs of shoes, or an annual holiday, or postponing visits to the doctor.
[3] The ratio of the income of an individual at the 90th percentile of the income distribution to that of an individual at the 10th percentile.

accommodation and who have been assessed as eligible for social housing. Over the year to December 2016 the number on the register increased by 1,295 to 4,771 applicants. This figure does not include the spouses and children of applicants.

Housing affordability is also an ongoing issue. In January, the international research firm, Demographia, released a report which ranked Auckland as the fourth-equal least affordable city in the world, with the median house price being 9.7 times the median income. Underlying the problem is the fact that, for the last four to five years, population growth – due in part to immigration – has out-stripped the growth in new accommodation supply. Other New Zealand cities have also experienced price increases, although to a lesser extent than Auckland. The Reserve Bank's loan-to-value ratio restrictions, which increase the deposit most buyers need, appear to be dampening demand, especially among first-home buyers, but will only have a gradual impact on housing affordability.

Obesity is one issue that has come to the fore in recent times. New Zealand has the third highest obesity rate in the OECD (30.7 percent compared to an OECD average of 19 percent[4]) and the Ministry of Health has reported that obesity rates are rising. The problem is particularly acute for the Pacific population (67 percent) and for Māori (47 percent). In late 2015 the Government released a Childhood Obesity Plan, comprising 22 initiatives designed to have a long-term effect on obesity rates. The plan includes interventions aimed at assisting those who are obese as well as broader population-wide health measures. It did not include taxes on sugary drinks as advocated by some health researchers.

The suicide rate has also been attracting growing public concern. While New Zealand's overall suicide rate – 12.3 per 100,000 in 2016 – is near the average for OECD countries, the rate among youths aged 15-19 years old (15.9 per 100,000) is higher than in any other OECD country. The New Zealand Suicide Prevention Strategy 2006-2016 came to an end this year and the Ministry of Health is conducting public consultations for the development of a new strategy from 2017.

2. RELEVANT CASE-LAW DEVELOPMENTS

2.1. The TerraNova Homecare Pay Equity Case

The last two reports (Fletcher, 2015b, 2016) discussed this case in which the Court of Appeal's decision in favour of rest-home workers and their Union had the effect of establishing that the Equal Pay Act 1972 requires consideration of equal pay for work of equal value in addition to equal pay for the same work.[5] Since the TerraNova decision claims have been lodged on behalf of a number of other groups of workers including State social workers and education support workers.

The Government's response to the Court decision was to establish a tripartite working party, the Joint Working Group on Pay Equity Principles, tasked with making recommendations for how pay equity claims should be conducted in future. The Joint Working Group reported in May 2016. It recommended using the current employment relations law framework for addressing pay equity

[4] http://www.stats.govt.nz/browse_for_stats/snapshots-of-nz/nz-social-indicators/Home/Health/obesity.aspx

[5] TERRANOVA HOMES & CARE LTD v SERVICE AND FOOD WORKERS UNION NGA RINGA TOTA INC CA631/2013 [2014] NZCA 516 [28 October 2014]

claims. Specifically, it proposed that any employee could raise a claim which would then be assessed against the criteria that it was work carried out predominantly by women and that there was historic and continuing undervaluation of the work because of gender-based discrimination. If it met those conditions, the affected parties would then bargain over the claim, with recourse to the existing mediation, Employment Relations Authority and Employment Court mechanisms for dispute resolution.

In November the Government accepted the working group recommendations, and also announced its intentions to 'supplement' them with guidance on how to choose appropriate comparator jobs for pay equity claims. A Bill is scheduled for introduction in 2017 to amend the Equal Pay Act 1972 and the Employment Relations Act 2000. Final settlement of the rest-home workers claim also remained unresolved by year's end.

2.2. Ministry of Health v Mrs Spencer

Last year's report covered the long-running action against the Ministry of Health by Mrs Margaret Spencer. Mrs Spencer has cared full-time for her 48 year old son, Paul, who is severely disabled due to Down Syndrome since she and her husband separated in 1990.[6] Since a 2014 Court decision Mrs Spencer has received 29.5 hours payment per week at the minimum wage for personal care and household management services for Paul. This most recent case, under the Human Rights Act concerns her entitlement to retrospective payment covering the period between the introduction of the New Zealand Public Health and Disability Act 2000 and its amendment in 2013.

In July 2016 the Court awarded Mrs Spencer damages totalling NZ$ 207,682. In April 2017 this was amended to NZ$ 233,091 to take account of interest between 2013 and the 2016 decision.[7] The decision was welcomed by the Human Rights Commission which noted the beneficial flow-on effects it would have for the many other families in a similar situation.[8]

3. SOCIAL POLICY AND SOCIAL LAW DEVELOPMENTS DURING 2016

3.1. The 'Social Investment Approach'

The Government uses the term 'social investment approach' to describe a policy strategy first applied in respect of welfare benefits from 2012/13 and now extending more broadly to areas such as social housing and justice policy.[9] The meaning of the term in the New Zealand context remains somewhat unclear (Destremau & Wilson, 2016), however there are definite differences between its use in New Zealand and in Europe. In December 2015, Cabinet agreed the following statement defining the Government's social investment approach:

[6] Both parents cared for him prior to the separation.
[7] The final decision is available at https://www.justice.govt.nz/assets/Documents/Decisions/spencer-v-ministry-of-health-orders-2017-nzhrrt-14.pdf
[8] https://www.hrc.co.nz/news/spencer-v-attorney-general-decision-disabled-new-zealanders-and-their-caregivers-welcomed/
[9] A version of the approach has been used for longer in the Accident Compensation Corporation but not under this name.

> Social Investment puts the needs of people who rely on public services at the centre of decisions on planning, programmes and resourcing, by:
>
> a) Setting clear, measurable goals for helping those people.
>
> b) Using information and technology to better understand the needs of people who rely on social services and what services they are currently receiving.
>
> c) Systematically measuring the effectiveness of services, so we know what works well and for whom, and then feeding these learnings back into the decision-making process.
>
> d) Purchasing results rather than specific inputs, and moving funding to the most effective services irrespective of whether they are provided by government or non-government agencies.
>
> (Social Investment Unit at: https://www.siu.govt.nz/about-us/the-social-investment-unit[10])

This is in contrast to the use of the term in, for example, the European Commission's communication *Towards Social Investment for Growth and Cohesion*[11] or Morel's et al description of the social investment approach in European countries as one that:

> …rests on policies that both invest in human capital development (early childhood education and care, education and lifelong training) and that help to make efficient use of human capital (through policies supporting women's and lone parents' employment, through active labour market policies, but also through specific forms of labour market regulation and social protection institutions that promote flexible security), while fostering greater social inclusion (notably by facilitating access to the labour market for groups that have traditionally been excluded). (Morel, Palier, & Palme, 2011, p. 2)

A central feature of the approach in New Zealand, and one which is now established in the area of social welfare benefits, has been the use of actuarial modelling of future fiscal liability. In the welfare benefits area future fiscal liability is defined as the total predicted future welfare costs of all those who are on welfare or have been on a welfare at some point during the previous year. It is estimated using actuarial methods emanating from the insurance industry using experience data on past welfare costs associated with sub-groups of beneficiaries. The cost is estimated up to age 65 when people leave welfare and become eligible for New Zealand Superannuation. The estimate is time-discounted and expressed in current dollars. Other (public and private) costs and benefits are not considered in the calculation.

This estimate of future fiscal liability is then used to incentivise, and measure the performance of, the welfare agency, Work and Income New Zealand, and contracted providers, as well as to identify high-cost 'segments' of the current welfare population.

[10] The New Zealand Treasury website describes it as being "about improving the lives of New Zealanders by applying rigorous and evidence-based investment practices to social services" (http://www.treasury.govt.nz/statesector/socialinvestment)

[11] See http://ec.europa.eu/social/main.jsp?langId=en&catId=1044&newsId=1807&furtherNews=yes

The approach has been subject to criticism on a number of fronts (Chapple, 2013; Fletcher, 2015a; Rosenberg, 2016). First, policy interventions should be based on full cost-benefit analysis not an actuarial fiscal liability estimate which takes account of only one part of the costs and none of the social benefits. In this respect the system includes no concern for whether individuals' well-being has been improved, only whether fiscal costs have been reduced. Second, the system creates perverse incentives to reduce benefit take-up by people who are entitled to, and need, welfare assistance; and to ignore the quality or appropriateness of job placements of people leaving benefit. Third, it interacts with the harsher welfare administration regime to reinforce an approach that is focused on cost reductions rather than longer-term positive outcomes.

Despite its continued use in welfare, it appears from more recent statements about the social investment approach (such as the Cabinet decision quoted above) that Government may be moving away from the focus on actuarial future fiscal liability modelling. Fiscal liability modelling has been applied in social housing, but officials have been explicit in that context that the estimates will not be used as a target or performance measure. In the Justice sector, a fiscal liability measure is under consideration, but alternatives are also being examined. It is being considered in child protection services (see Section 3.2).

In 2015 the Government established a Social Investment Unit to oversee and co-ordinate social investment activities across the wider sector (see https://siu.govt.nz/). This agency appears to be focusing more on better use of data and on evaluation of services and programmes than on measuring fiscal liability.

Use of detailed administrative and survey data is a positive feature of the approach. In fact this is not intrinsic to any 'social investment approach' but has come about largely through Statistics New Zealand's development and ongoing expansion of its Integrated Data Infrastructure (IDI). The IDI allows researchers and analysts access, under strict confidentiality rules, to anonymised data that can link longitudinal unit-record information sourced from both sample surveys and government administrative records, including tax data. Whatever the future of the 'social investment approach' as a policy initiative, it is certain that this advance will have a considerable influence on the future development of social policy in New Zealand.

3.2. Review of Child Youth and Family Services

In 2015 the Government established the Modernising Child, Youth and Family Expert Panel and charged it with developing a more child-centred operating model for Child, Youth and Family (CYF). The Child, Youth and Family Service is a branch of the Ministry for Social Development and has responsibility for social work and child and youth care and protection services. It has the power to remove children from their families where they are deemed to be at risk of abuse or neglect.

The Expert Panel submitted its final report in December 2016. The report is highly detailed and complex, however, central to its 81 recommendations is the transfer of the existing MSD functions of the Child, Youth and Family Service, Community Investment and various CYF-related policy and legal activities to a new standalone agency. It also recommended a social investment approach and actuarial modelling of future fiscal liability be applied to Child, Youth and Family Services.[12]

Government accepted many of the Panel's recommendations and commenced a large-scale reform programme, involving the establishment of the new agency and the introduction of two Bills. The smaller of these, the Children, Young Persons, and Their Families (Advocacy, Workforce and Age Settings) Amendment Bill passed into law on 12 December 2016. The second Bill, the Children, Young Persons, and Their Families (Oranga Tamariki) Legislation Bill was introduced into the Parliament on 17 December 2016. This latter is an omnibus Bill covering the range of legislative reforms necessary to give effect to the new operating model.

Establishment of the new Ministry began early in 2016 and it is to become operational from 1 April 2017. A Chief Executive, Gráinne Moss, was appointed in August. Mrs Moss was previously Managing Director of Bupa Care Services NZ, a large private sector provider of elder care services. The name 'Ministry of Vulnerable Children' attracted some controversy due to the implied stigmatisation and the suggestion that the Ministry’s service may not be intended to be for the benefit of all children whenever they need them. This concern has been allayed to some extent by the dual use of the alternative Māori name, Oranga Tamariki, which roughly translates as 'the well-being of children'.

The intention is that the new system will be more child-centred and give children and young people a stronger voice in the policy and operations of the new agency. It is also intended that most state care of children with be contracted out, mostly to Māori iwi agencies and non-governmental organisations. At this stage it is not clear what the impacts will be in terms of numbers of children removed from their families of origin but the proposals emphasise earlier intervention and more permanent removals rather than temporary placements to foster care as is common now.

The new agency's website is https://www.mvcot.govt.nz/.

3.3. Welfare Benefits

New Zealand's system of flat-rate, tax-funded welfare benefits has been described in detail in earlier reports (see Fletcher, 2015b). Only relatively minor changes to welfare provisions were announced during 2016, although the Child Hardship Package announced in the 2015 Budget, and discussed in last year's report, took effect on 1 April 2016. This package included a NZ$ 25 per week increase in the after-tax rates of benefit for people with a dependent child or children (see Fletcher, 2016). Aside from this increase, 2016 was unusual in that there was no annual cost of living increase adjustment of benefit rates. This was because, excluding cigarettes and tobacco which are not compensated for, the Consumer Price Index fell very slightly in the year to December 2015. The benefit rates applying from 4 April 2016 are summarised in Table 1.

As part of the same package, work obligations for parents on benefit were extended so that the part-time work-test applied to beneficiaries when their youngest child reached the age of three years, rather than the previous age of five years. The new obligation applied to sole parents and to the spouse of a person on benefit. The definition of part-time work was also increased to work averaging 20 hours per week, instead of 15 hours per week (McKenzie, 2017, p. 727).

[12] The chair of the Expert Panel was Dame Paula Rebstock, who had also chaired the Welfare Working Group which recommended the application of future fiscal liability modelling to welfare expenditure.

The 'Youth Service' programme was also extended to 19 year old parents and young people aged 18 or 19 who are not able to be supported by their family and who are assessed as at significant risk of being long-term beneficiaries. The Youth Service is a contracted-out intensive support service aimed primarily at supporting young people into education or training. It includes an element of compulsory income management.

Table 1: After-tax benefit rates and maximum Accommodation Supplement rates applying from 4 April 2016 to 1 April 2017

Dollars per week	Jobseeker Support or Sole Parent support	Supported Living Payment	Accommodation Supplement (maximum)**			
			Area 1	Area 2	Area 3	Area 4
Single 16-17	165.08*	212.54	145	100	65	45
Single, 18-19, living at home	140.08	262.64	145	100	65	45
Single 20 – 24 years (or 18-19, not at home)	175.10	262.64	145	100	65	45
Single 25 years or over	201.13	262.64	145	100	65	45
Couple, no children (total)	350.20	437.72	160	125	75	55
Couple, with children (total)	375.20	462.72	225	165	120	75
Sole Parent	325.98	370.02	160 (1 child)	125 (1 child)	75 (1 child)	55 (1 child)
			225 (2+ ch.)	165 (2+ ch.)	120 (2+ ch.)	75 (2+ ch.)

* Only available to Youth Payment recipients, not able to be supported by their parents.

** Area 1 covers the high-cost Northern and Central Auckland locations; Area 2 is the rest of Auckland, Wellington, Tauranga, Nelson, Queenstown and some other smaller towns; Area 3 is most other towns and provincial centres; Area 4 is small towns and rural locations.

Comparators: Minimum wage (40 hours per week, adult rate, before tax): NZ$ 610.00.

Average ordinary time earnings (all industries, before tax, seasonally adjusted, Sept 2016 qtr): NZ$ 964.54

3.4. Working for Families (WFF) Family Tax Credits

The structure of the four 'Working for Families' tax credits remained unchanged in 2016, although some rates were increased on 1 April as a result of the Child Hardship Package announced in the 2015 Budget. That package increased the In-Work Tax Credit by NZ$ 12.50 per week to NZ$ 72.50 per week for a family with one to three children plus NZ$ 15.00 per week for each additional child. The Minimum Family Tax Credit was increased by about NZ$ 12.00 per week. Details about WFF can be found at http://www.ird.govt.nz/wff-tax-credits/.

Maximum rates for the tax credits for the 2016-17 year are as follows:

Family tax credit (FTC): per child, available to all parents/carers subject to an income test:

First child, if under 16 years	NZ$ 92.73 per week
First child, if 16-18 years	NZ$ 101.98 per week
Subsequent child, if under 13 years	NZ$ 64.44 per week
Subsequent child, if 13-15 years	NZ$ 73.50 per week
Subsequent child, if 16-18 years	NZ$ 91.25 per week

In-work tax credit (IWTC): per family, available if not receiving a benefit and working at least 20 hours per week (sole parent) or 30 hours per week combined (couple):

One, two or three children in family	NZ$ 72.00 per week
For each additional child in family	NZ$ 15.00 per week additional

Parental tax credit (PTC): per family, a payment in respect of new babies or newly adopted children available to those not receiving Paid Parental Leave and not on a benefit:

First 10 weeks from birth/adoption	NZ$ 220.00 per week

Minimum Family Tax Credit (MFTC): a top-up, abated dollar-for-dollar, designed to ensure low-paid workers meeting the IWTC work-hours tests will not be worse off in work than on benefit:

Tops up after-tax family income to	NZ$ 458.00 per week

The FTC, IWTC and PTC are abated consecutively against income (joint income in the case of couples). In the 2016/17 year the abatement threshold was NZ$ 36,350, before tax, and the abatement rate was 22.5 cents for each dollar of income above that amount.

3.5. Child Support (Child Maintenance)

Last year's report set out in detail the new formula for calculating child support liabilities that was introduced by the Child Support Amendment Act 2013. A number of other amendments in that legislation came into force on 1 April 2016. Specifically:

- The qualifying age for children was reduced from 19 to 18 years.
- Penalty rates for late payments were reduced and the scope for writing off penalties was widened (child support penalty payments are retained by the State).
- Provisions for voluntary automatic deduction from wages of child support liabilities were extended.
- Post-separation re-establishment costs became a ground for administrative review of assessed liability.

Findings from the Inland Revenue evaluation of the Amendment Act changes are not expected until 2018/19.

3.6. Social Housing

During the year, the Government continued with its Social Housing Reform Programme. A central plank of the programme is the sale of State-owned social housing to registered Community Housing Providers (CHPs). CHPs who buy these houses will be required to continue to manage them as social housing for existing tenants and new tenants referred by the Ministry of Social Development.

In August 2016, the first large-scale transfer of social housing was announced. Accessible Properties Ltd agreed to purchase 1,124 social housing units in the North Island city of Tauranga and to manage them as social housing for 25 years. Accessible Properties is a wholly-owned subsidiary of the IHC, New Zealand's largest provider of services to people with intellectual disabilities. The transfer takes effect in April 2017.

Two other sale and transfer processes have not proceeded so well. In May, plans to transfer 350 state houses in the southern-most city, Invercargill, were put on hold after the sole short-listed CHP withdrew from the deal. In November the Government also decided against proceeding with plans to transfer 250 State houses in the lower North Island region of Horowhenua. At the same time, however, it announced its intention to transfer 2,500 social houses in Christchurch. That process is currently ongoing.

Simultaneously housing shortages worsened in Auckland and in May, Te Puea Marae in Māngere, South Auckland opened its facilities to provide emergency accommodation for homeless families.[13] Eventually the Government provided financial assistance to Te Puea Marae. A lack of emergency housing also led the Ministry of Social Development to pay for temporary motel accommodation. In some cases, those being housed in motels were expected to repay the often large accommodation bills.[14]

Modest increases were also made to the Kiwisaver HomeStart grant income thresholds and provisions. The Kiwisaver HomeStart programme allows eligible home-buyers to withdraw most of

[13] A marae is, in the physical sense, a Māori centre that typically includes a meeting house, a central courtyard (the marae proper) and cooking, eating and other buildings. Marae are usually associated with a specific family or tribal group who are the tangata whenua (people of the land/place, hosts) of that marae.

[14] One news report cited two cases of sole mothers expected to repay more than NZ$ 70,000 to Work and Income New Zealand. http://www.newshub.co.nz/home/new-zealand/2016/05/hidden-homeless-living-with-immense-debt.html

their Kiwisaver retirement savings to put towards purchase of a house. Some low- to middle-income savers may also be eligible for a grant of up to NZ$ 5,000.

3.7. Family Court Reforms

In April 2016, the New Zealand Law Foundation announced a NZ$ 400,000 grant for a three-year evaluation of the 2014 Family Court reforms (see Fletcher, 2015b). The research will be conducted by the same team from Otago University that carried out an initial scoping study. It follows concern noted in last year's report, that the reforms are not working as intended and that the intention to reduce the role of lawyers in post-separation decision-making processes is being circumvented.

3.8. Parental Leave

The previously announced decision to extend paid parental leave (PPL) from 16 to 18 weeks came into effect on 1 April 2016. As reported last year a private member's Bill extending PPL to 26 weeks had been drawn from the ballot to be debated in Parliament. The Bill was not supported by Government but came very close to passing: the final vote was 60 in favour and 60 opposed, requiring the Minister of Finance to use his power of veto to over-rule private Bills that have fiscal implications.

The maximum rate for PPL is inflation-adjusted annually and rose 2.1 percent from 1 July 2016 to NZ$ 527.72 per week. The minimum rate for qualifying self-employed people rose to NZ$ 152.50 per week. Parental leave eligibility rules and entitlements are unchanged. A mother must have worked a minimum of 10 hours per week over at least the last six months to qualify at all, and at least 10 hours over the last 12 months to qualify for the full 12 months' job protection. Where both parents qualify the leave can be transferred to the father but the father cannot claim paid parental leave if the mother does not qualify.

3.9. Minimum Wages

Statutory minimum wage rates were increased from 1 April 2016. The Minimum Wages Act requires an annual review of rates, but not that there be any increase. However this is the 16th consecutive annual increase. This year the adult rate was increased by 50 cents to NZ$ 15.25 per hour or NZ$ 610.00 per week for a 40-hour week. The 'Starting Out' and training minimum rates were maintained at 80 percent of the adult rate and rose to NZ$ 12.20 per hour or NZ$ 488 per 40-hour week. The Starting Out rate applies to some groups of 16-19 year olds who have less than 6 months' continuous work experience or who have been on benefit for more than six months. The training minimum wage applies to employees aged 20 years or over who are engaged in recognised industry training as part of their employment agreement.

The Living Wage Aotearoa campaign has continued to make some, albeit slow, progress with additional, mainly non-private sector, employers signing up to pay the living wage. On 1 July 2016 the campaign organisers announced an increase of 55 cents taking the living wage rate to NZ$ 19.80 per hour. The rate is calculated on the basis of what a two-parent family working one and half full-time jobs and with two children need to pay for the necessities of life and participate as an active citizen in the community.

3.10. KiwiSaver

In December the Retirement Commissioner, Diane Maxwell, released a report recommending changes to the KiwiSaver scheme. KiwiSaver is a workplace savings scheme established in 2008, with a minimum employee contribution rate and a compulsory employer contribution of 3 percent each. The scheme is voluntary and employees are automatically enrolled but may choose to opt out.

The recommended changes are relatively minor and are described by the Commission – which views consistency and stability as important for savers – as 'tweaks'. The main changes are to allow savers more flexibility in their choice of contribution rates than the current three choices of three, four or eight percent of income. The Commissioner is also proposing a system where people can elect to have small automatic annual increases in their contributions rates (e.g., a 0.25 or 0.5 percent increase annually up to a cap). They also propose allowing people over the age of 65 to join the scheme.

In a characteristic bid to increase public engagement with an issue regarded by many as boring and arcane, the Commissioner released an interactive animated video called 'Toys talk retirement'. This can be viewed at http://v.wirewax.com/cffcreview2016.

As mentioned in the social housing section above, there were some separate changes to the rules regarding drawing down of KiwiSaver savings for home purchase purposes.

3.11. Public Health

The Minister for Disability Issues, Nicky Wagner, released an updated New Zealand Disability Strategy in November 2016, following a period of public and sector consultations. The vision of the strategy, which covers the period 2016 to 2026, is:

New Zealand is a non-disabling society – a place where disabled people have an equal opportunity to achieve their goals and aspirations, and all of New Zealand works together to make this happen.

The strategy is interesting in that it explicitly follows a 'twin-track' approach, mixing specific and mainstream services. The second guiding approach identified in the document is 'investing our whole lives'. The strategy has eight outcome areas, although targets are yet to be determined for these. The Strategy will require the Minister for Disability Issues to Parliament annually on progress towards the outcome targets. In general the new strategy received a positive response from the disability sector, although the intellectual disability service provider IHC criticised the lack of any move to raise the youth justice age to 18 years.

The strategy is available at http://www.odi.govt.nz/nz-disability-strategy/.

3.12. Accident Compensation (ACC)

ACC is a social insurance scheme that covers all personal injury caused by accident including workers' compensation, motor vehicle accidents and non-work-related accidents. Medical misadventure and mental injury arising from sexual crimes are also covered. ACC cover applies on a universal, no-fault basis and, except in exceptional circumstances, there is no separate right to sue for damages relating to personal injury.

A 10 percent (average) reduction in levy rates was announced in 2016 to apply for the 2017-2019 levy period. The reduction is because of an improvement in ACC's funding position. At the same time, it was also announced that the Workplace Safety Discount scheme for small employers and the self-employed would end. This is because the new Health and Safety at Work Act 2015 puts in place an alternative approach to safety and health in the workplace.

Entitlements under ACC to medical treatment, vocational and social rehabilitation, attendant care and compensation of 80 percent of lost earnings remain unchanged.

4. DEVELOPMENTS RELATING TO INTERNATIONAL SOCIAL SECURITY AGREEMENTS

New Zealand's ten reciprocal social-security agreements were unchanged during 2016. The agreements are with Australia, Canada, Denmark, Greece, Guernsey, Ireland, Jersey, Malta, the Netherlands and the United Kingdom. Pensioners who move back to one of 22 Pacific Islands nations for retirement can continue to receive their New Zealand Superannuation.

4.1. United Nations Committee on the Rights of the Child Report

In October, the United Nations Committee on the Rights of the Child (UNCROC) released its 'Concluding Observations' on New Zealand’s fifth periodic report. The report welcomed many of the developments reported by the New Zealand Government including progress in reducing child mortality, initiatives to improve children’s access to the internet at schools and to enhance children’s online safety, and the development of the child sex offender register.

However, it also expressed concerns in a number of areas. In particular is stated that it was 'deeply concerned about the enduring high prevalence of poverty among children and the effect of deprivation on children's rights to an adequate standard of living and access to adequate housing, with its negative impact on health, survival and development, and education.' The Committee noted that it was 'particularly concerned about the continuing disparities faced by Māori and Pasifika children with regard to the enjoyment of these rights. It is further concerned about the impact of recent welfare and benefit sanctions reforms on children living in benefit-dependent households' (United Nations Committee on the Rights of the Child, 2016, p. 12).

4.2. New Zealanders Living in Australia

The position of New Zealanders living in Australia continues to be a matter of controversy. Since 1973 Australians and New Zealanders have been able to live and work in each other's country although, from 1994, New Zealanders in Australia who were not permanent residents or citizens were required to obtain a 'Special Category Visa' (SCV). In 2000, a two-year residency period was imposed for access to welfare benefits. In New Zealand this applied to the unemployment benefit only; in Australia it included sole parents and widows. Then, in 2001, Australia permanently removed access to some welfare benefits for New Zealanders living in Australia under a Special Category Visa. It also required all SCV holders to obtain permanent residency before being eligible for citizenship. The effect of this was that many New Zealanders, including some who had lived in Australia since childhood, were unable to become permanent resident and citizens as they could not meet the standard points-based residency tests. Without permanent residency they were not entitled to some components of welfare assistance.

As foreshadowed in last year's report, in February 2016 the Australian Government announced a partial relaxation of the rules, with the opening of an 'additional pathway' to permanent residence for New Zealanders. The new pathway means that New Zealanders who arrived between February 2001 and February 2016 can apply for residence if they have earned more than NZ$ 53,000 per annum in Australia for five consecutive years. The earnings figure is based on the earnings requirement for Australia's temporary skilled migration programme. The new pathway takes effect from July 2017. Australian officials estimate that approximately 120,000 to 140,000 New Zealanders may be eligible to apply for permanent residency under the new scheme. In total 650,000 New Zealand citizens live in Australia.

5. RELEVANT ACTS OF PARLIAMENT PASSED DURING 2016

5.1. Child Protection (Child Sex Offender Government Agency Registration) Act 2016

This Act, which came into force in October, establishes a child sex offender (CSO) register. Persons convicted of specified offences and either sentenced to imprisonment or made subject to a registration order by the Court are required to be registered, provide certain information and inform the police of any changes in that information. The register includes details on place of residence, who else is living in the household, place of work, motor vehicles, travel, etc. Registration is for eight or 15 years or for life depending on the severity of the offending.

The register is intended for Police and Department of Corrections staff only and is not open to the public. The Police may share information with third parties in certain circumstances.

The Labour and Green Parties expressed concerns at the cost (NZ$ 146 million) and the lack of evidence that registers are effective in protecting children. The Green party position is summarised by their spokesperson in Logie (2016). Ultimately the legislation was supported by all Parties except the Greens.

An explanation of the CSO register is available on the Police website at http://www.police.govt.nz/about-us/programmes-and-initiatives/child-sex-offender-cso-register.

5.2. Smoke-Free Environments (Tobacco Standardised Packaging) Amendment Act 2016

This Act introduces 'plain packaging' for all cigarettes and tobacco. It was passed in September, having been first introduced four years earlier in 2013 and the new regime will come into effect in the first half of 2018. The changes are part of successive Governments' tobacco control strategy which include a target for New Zealand to be 'tobacco free' by 2025.

The packaging regime follows a similar one already introduced in Australia. Under the regime, all cigarette and tobacco packaging will have large health warnings including images and a common grey/green background colour. No marketing, branding or logos will be permitted other than one brand name and one variant name on the front of each pack. Whether the tobacco companies choose to challenge the legality of the new regulations is likely to depend on the outcome of a similar case they are currently pursuing in Australia.

Details of the new regime are available on the Ministry of Health's website: http://www.health.govt.nz/our-work/preventative-health-wellness/tobacco-control/plain-packaging

The Minister of Finance also announced in the Budget that there would be a further four years of 10 percent annual increases in the tobacco tax. A packet of 20 cigarettes currently costs approximately NZ$ 30.

5.3. Residential Tenancies Amendment Act 2016

This Act includes provisions requiring that, from 1 April 2019, all residential rental properties have under-floor and ceiling insulation. It also requires landlords to ensure each dwelling has working smoke alarms and that all new smoke alarms be life-long models rather than requiring tenants to replace batteries.

The Act also strengthened provisions for government monitoring and enforcement of property standards (although leaves the primary enforcement mechanism in the hands of tenants taking complaints to the Tenancy Tribunal).

5.4. Home and Community Support (Payment for Travel btw Clients) Settlement Act 2016

This Act was the outcome of a long-running union campaign for health workers who provide support to patients living at home to be recompensed for the time spent driving between clients' houses and also a travel-cost payment. The time is paid at the minimum wage and travel costs are based on NZ$ 0.50 per kilometer.

5.5. Compensation for Live Organ Donors Act 2016

This Act provides for income replacement for live organ donors and replaces the limited provisions for some welfare assistance. It provides for up to 12 weeks' compensation during the period of recuperation at a rate of 100 percent of weekly earnings averaged over the previous year. Welfare beneficiaries continue to receive payment at the rate of welfare benefit. The Act comes into effect in December 2017. The Ministry of Health expected approximately 80 to 90 individuals will receive compensation each year.

5.6. Te Ture mō te Reo Māori 2016 (The Māori Language Act 2016)

This Act is a significant change in policies for the development and revitalisation of te reo Māori (the Māori language) in New Zealand. New Zealand has three official languages: English, te reo Māori and New Zealand Sign Language. However, according to the 2013 Census, only 148,000 people (3.7 percent) can speak Māori (defined as being able to hold a conversation about everyday things), and this proportion is lower than in earlier Censuses. Twenty one percent of people who identified in the Census as Māori can speak te reo.

The 2016 Act creates a new independent statutory body, Te Mātāwai, comprising iwi (tribal) and sector representatives, tasked with 'providing leadership on behalf of iwi and Māori in their role as kaitiaki [guardians] of the Māori language.'[15] The policy is based around shared roles between Māori, represented by Te Mātāwai, and the Crown for the development of strategies for revitalising the language and increasing the number of speakers of te reo and their fluency.

[15] https://www.tpk.govt.nz/docs/tpk-te-matawai-qanda2-en.pdf

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Dr. Michael Fletcher
Senior Lecturer
Department of Management
Auckland University of Technology
Private Bag 92006
Auckland 1142, New Zealand
Email: michael.fletcher@aut.ac.nz