

Budget Sensitive

Office of the Minister for Child Poverty Reduction

Cabinet Social Outcomes Committee

Refreshing the Child and Youth Strategy and associated measures

Proposal

- 1 This paper seeks agreement to release our Government's Child and Youth Strategy (the Strategy). It notes my intended changes to the current Child Poverty Related Indicators (CPRIs) and my intention to set a child poverty persistence target in December, once baseline data is available. It also responds to Cabinet's invitation for me to report back with a plan to review child poverty reduction targets and measures [CBC-24-MIN-0056 refers].

Relation to Government Priorities

- 2 Reducing child poverty and material hardship connects to five of the nine Government Targets. Making progress on material hardship will deliver beneficial impacts across a range of outcomes for children and young people and their families. The proposals in this paper also support our Government's wider social and economic policy objectives.

Executive Summary

- 3 The Child Poverty Reduction Act 2018 (the Act) requires governments to set child poverty reduction targets and CPRIs. Part 1 of the Children's Act 2014 requires governments to adopt a Strategy to improve child wellbeing. As Minister for Child Poverty Reduction, I intend to take an integrated approach across these requirements, by:

- 3.1 simplifying how we measure and report on children's outcomes,
- 3.2 clarifying the Government's child poverty reduction priorities, and
- 3.3 refreshing the Strategy so that it reflects our Government's priorities, aligns with our targets and provides a basis for coordinated cross-government action and investment.

- 4 Cabinet has asked me to report back with a plan to review the targets and measures under the Act with the aim of ensuring we prioritise a single, easily understood target measure based on material hardship. I have looked at various options to achieve this, including changing the legislation, and I consider the best approach is to establish material hardship as a Portfolio Target – similar to the Ministry of Health's Health and Mental Health and Addiction targets. This makes clear that our priority as a Government is to reduce the number of children in material hardship.

- 5 To achieve lasting reductions in child poverty rates we must break the long-term cycles of disadvantage and intergenerational benefit dependency. To achieve this, I intend to refresh the CPRIs to focus on five key indicators that are not just correlated with poverty in the here and now, but are also associated with long-term disadvantage over the life course. The five CPRIs I have selected are all closely aligned with the Government Targets that are relevant to children and are designed to drive cross-agency accountability for making a difference to the lives of children.
- 6 I am seeking Cabinet agreement to publish the attached *Child and Youth Strategy* (the Strategy). The Strategy is a public-facing document that communicates our key policies, actions and priorities to deliver better results for children and young people. I also want to use it as a mechanism to better prioritise and coordinate our efforts to address underlying risk and protective factors to support improvements across a range of outcomes. The Strategy does not commit us to any specific new initiatives but will support reprioritisation and evidence-based investment, in line with our social investment approach.
- 7 Finally, I am seeking Cabinet agreement to delegate authority to me, in consultation with the Minister of Finance, to set the three-year and 10-year targets for persistent poverty by December this year, as required by the Act.

Background

- 8 In June 2024, I sought Cabinet agreement to the third intermediate child poverty reduction targets (for the three-year period to 2026/27), as required under the Act. I also noted my intention to update the CPRIs as part of a refresh of the Strategy and undertook to report to Cabinet Social Outcomes Committee later in 2024 [CBC-24-MIN-0056 refers].

I propose establishing a material hardship Portfolio Target as the best way to signal our focus as a Government

- 9 Alongside agreeing the intermediate targets, Cabinet invited me to report back to the Social Outcomes Committee with a plan to review the measures and targets set out under the Act. The aim of this was to identify how best to reduce the complexity of the child poverty measures and targets, and to reflect our Government's priority of reducing material hardship.
- 10 Of the various measures set out in the Act, material hardship is what our Government is most focused on because it is reliable and easy to understand, and is based on families' actual experiences of whether they have access to the basics¹.
- 11 To inform my report-back to Cabinet, I have received advice on a range of options, including changing the Act to make it simpler and more focused on material hardship. This advice highlighted some of the risks of legislative

¹ Material hardship is measured by assessing the number of children living in households scoring 6 or more out of 17 on the "DEP-17" material deprivation index. The index includes survey items assessing whether the household lacks basic essentials, for example, being unable to afford fresh fruit or vegetables.

change to the ongoing collection of comprehensive child poverty data to inform policy and enable international comparisons. I also consider that the considerable time and cost to government of changing the legislation is better spent focusing on lifting more New Zealand children out of material hardship.

- 12 To highlight our Government's focus on reducing material hardship I propose establishing a Portfolio Target based on the Act's material hardship measure (similar to the Ministry of Health's Health and Mental Health and Addiction targets). I propose aligning this new Portfolio Target with the current third intermediate material hardship target under the Act, which has already been agreed to by Cabinet [CBC-24-MIN-0054 refers]. This target aims to lift around 17,000 more children out of material hardship by 2027.
- 13 This focus on material hardship will be further emphasised by establishing 'reducing child material hardship' as one of the three priorities for cross-government work in the Strategy (discussed further in paragraphs 23 to 27 below).

I am committed to tackling the deeper drivers of poverty through a refreshed set of CPRI's, aligned to our Government Targets

- 14 Under the Act I am required to identify and report annually on one or more CPRI's relating to the causes, consequences or correlates of child poverty. I want the CPRI's to be simple and easily understood, closely align with and support achievement of relevant Government Targets, reflect key factors affecting children's future life chances, and highlight the progress we are making as a Government in reducing long-term drivers of disadvantage.
- 15 I intend to establish five indicators that are correlated with poverty and also closely aligned to our priorities, as set out in the table below.

CPRI	CPRI measure	Alignment with Government Target	Status
Children in benefit-dependent households	# children in families receiving a working-age main benefit	Government Target 5	New CPRI
Housing affordability	% of children living in households in the bottom 40% of income distribution, spending more than 30% of household income on housing costs	Government Target 8	Current CPRI
Student attendance	% of students present more than 90% of the term	Government Target 6	Current CPRI
Educational achievement	% of school leavers with at least NCEA Level 2	Government Target 7	New CPRI
Potentially	Rate of children	Government Target 1	Current CPRI ²

avoidable hospitalisations	experiencing potentially avoidable hospitalisations		
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- 16 By establishing these as CPRIs I aim to drive cross-agency accountability for tackling the deeper drivers of disadvantage to achieve reductions in poverty rates over the long term. While the CPRI indicator measures are not targets in themselves, they are aligned to the overarching Government targets. I would therefore expect that relevant agencies are responsible for working together to achieve measurable improvements in the indicators over time, as part of making progress towards achieving the high-level Government Targets with which they are aligned.
- 17 The CPRIs will also form a core part of the Strategy measurement framework, which will be reported to the public annually (paragraph 28 below refers).

I intend to publish a refreshed Child and Youth Strategy

- 18 The Children's Act 2014 requires the adoption of a Strategy to improve the wellbeing of children. The Strategy must identify the outcomes sought for children and young people, indicate the policies that the Government has implemented or intends to implement to achieve these outcomes, and identify how the outcomes will be measured and reported on through the annual report.
- 19 The Strategy provides a key vehicle through which we can communicate what our Government is doing to improve outcomes for children and young people. The current Strategy was adopted in 2019 and reviewed in 2022 with no changes made. It is around 90 pages long and specifies 34 indicators, some of which have multiple measures, for tracking progress across six high-level outcomes.
- 20 I have reviewed the current Strategy and determined that it does not accurately reflect our Government's priorities, nor the policies and initiatives we are implementing. It is also overly long and complicated and has not functioned well as a framework for coordinated action across government. I consider the Strategy needs to be more focused on the things that will make the biggest difference to the life trajectories of children and young people. I propose to publish a much more succinct Strategy, and to adopt a smaller number of priorities and measures that align with our targets and other key determinants of child and youth outcomes.
- 21 I have decided to retain some aspects of the current Strategy. This includes the vision of New Zealand as 'the best place in the world for children and young people'. I do not perceive there to be any benefit to be gained in changing this vision, which is an aspirational statement that all New Zealanders would endorse.

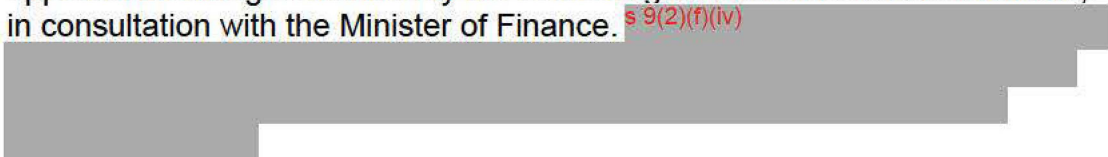
² The measure has been adjusted to cover a greater age range of children, of children aged 0-17 years. The current CPRI measure covers children aged 0-14 years.

- 22 I also propose to retain the six overarching outcomes. These capture the key dimensions of positive child development and wellbeing and are consistent with the outcomes found in similar strategies in other countries. They were developed through extensive consultation, including with children and young people, and continue to be strongly supported by key stakeholders. The outcomes also set the framework for the Oranga Tamariki Action Plan, which is a joint plan for Chief Executives to improve outcomes for populations of interest to Oranga Tamariki.
- 23 As well as providing a high-level description of the targets we have set and the actions we are taking to improve outcomes for children and young people, I propose we use the Strategy to signal our intention to take a coordinated cross-government approach in three priority areas:
- 23.1 supporting children and their families and whānau in the first 2,000 days from conception to age five (the 'First 2,000 Days'),
 - 23.2 reducing child material hardship, and
 - 23.3 preventing harm against children.
- 24 These three priorities are strongly supported by the evidence about the critical risk and protective factors that undermine or support a wide range of outcomes across the life course, including those for which we have set targets.
- 25 Policies and interventions for each priority sit across multiple ministerial portfolios and agency responsibilities. I want to use the Strategy as an investment framework to guide coordinated, evidence-based investments in these areas. § 9(2)(f)(iv)
- 26 I tested and received positive feedback on the three priorities from Ministerial colleagues (through the Child and Youth Ministers Group that I convene and chair), and targeted stakeholder engagement I undertook to inform the refresh of the Strategy. There was also strong support for the life course framing that underpins the Strategy and the three priorities.
- 27 This is a Strategy rather than an action plan, which means it is high-level and direction-setting. Further work will be done to establish detailed work programmes and evaluation plans in each of the priority areas. I have nevertheless identified some specific areas of focus that evidence and advice suggests would benefit from a coordinated cross-government approach.
- 28 The Strategy also identifies the quantitative indicators that will be used to report annually on child and youth outcomes. I have identified fourteen measures that provide a balanced picture of progress across the Strategy's three priorities as well as critical areas of development and wellbeing for all New Zealand children. Where possible, the measures for these indicators

draw on the same data sets as those used to set our Government Targets. They also include the CPRIs (see the table in paragraph 15, above). Strategy measures are intended to focus efforts across agencies and enable the monitoring of improvements over time.

- 29 There are some legislative requirements regarding the content of the Strategy. One of these is that I must have regard to specific child-related and policy-related principles when changing the Strategy. I am proposing to address this requirement by identifying a set of 'investment principles' that reflect the principles in the legislation and the core elements of our social investment approach. These investment principles are not intended to be binding or rigidly applied but to signal what we will consider when making reprioritisation and investment decisions.
- 30 The proposed Strategy priorities, focus areas, investment principles and measurement framework are set out in Appendix 1, as well as in the draft Strategy document in Appendix 2.
- 31 There is a previous Cabinet minute requiring officials to provide 6-monthly reports to the Cabinet Social Wellbeing Committee on implementation of the Strategy (SWC-19-MIN-0085 refers). I propose that the Child and Youth Ministers Group provides oversight of the Strategy, and that this reporting requirement be rescinded.

Statutory requirement to set a persistent poverty target by the end of the year

- 32 As the Minister for Child Poverty Reduction, the Act requires me to establish three-year (2025/26 to 2027/28) and 10-year (2025/26 to 2034/35) persistent poverty targets by 31 December this year.
- 33 Persistent poverty measures look at the number of children in poverty over multiple successive years. The definition developed by Stats NZ uses a measure of income poverty³.
- 34 Stats NZ will be providing baseline time series data by the end of October this year, which will help me to set the targets. I am therefore seeking Cabinet approval for delegated authority to set the targets once this data is available, in consultation with the Minister of Finance. § 9(2)(f)(iv)
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Next Steps

- 35 Subject to Cabinet agreement, I propose to publish the Strategy, and publish the revised CPRIs in the Gazette by 31 December 2024.


³ Stats NZ has recently defined persistent poverty as the number of children in households with less than 60% of the median household equivalised disposable income before housing costs are deducted (relative rate), in the current year and for at least two of the previous three years.

- 36 I am expecting to receive Stats NZ baseline data on persistent child poverty at the end of October this year. Subject to Cabinet's agreement, I will set child poverty persistence targets via notice in the Gazette by 31 December 2024.

Cost-of-living Implications

- 37 The proposals in this paper do not have any cost-of-living implications.

Financial Implications

- 38 The proposals in this paper do not have any financial implications. Cross-government work under the three priorities will be progressed within agency baselines. This work will improve the value we get from current spending by identifying opportunities to reduce duplication, target need, invest in what works, and (over the longer term) reduce the need for costly crisis and remedial services. § 9(2)(f)(iv)
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Legislative Implications

- 39 The proposals in this paper do not have any legislative implications. As noted in paragraphs nine to 13, I have reviewed options for changing the Act and consider our objectives can best be achieved in ways that do not involve legislative change.

Impact Analysis

Regulatory Impact Statement

- 40 The impact analysis requirements do not apply to this paper as no regulatory changes are proposed.

Climate Implications of Policy Assessment

- 41 A Climate Implications of Policy Assessment is not required as no substantial changes to greenhouse gas emissions will result from this proposal.

Population Implications

- 42 Some groups of children and young people experience worse outcomes during childhood and across the life course. This includes children and young people with disabilities, children and young people in households impacted by disability, Māori children and young people, Pacific children and young people, rainbow children and young people, children with experience of the child protection and justice systems, and other groups of interest to Oranga Tamariki. These groups of children are also over-represented amongst those who experience material hardship and socio-economic deprivation. Other demographic factors, such as gender, may also impact on the outcomes children experience.

- 43 I intend that work under the Strategy's will focus on children with greater needs within the three priority areas. This aligns with our social investment approach.

Human Rights

- 44 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. Part 1 of the Children's Act notes that the Strategy supports the government to give effect to its international obligations with respect to children.

Use of External Resources

- 45 No external resources were employed in developing the proposals in this paper.

Consultation

- 46 Targeted consultation with key stakeholders, experts and children and young people was undertaken as part of the refresh of the Strategy. There was some strong support for the vision and six outcomes, and clear endorsement of the three Strategy priorities. I intend to publish a summary of stakeholder views alongside the Strategy. The Children & Young People's Commission - Mana Mokopuna will also release a report on the perspectives of children and young people.
- 47 The following agencies were consulted on this paper: the Accident Compensation Corporation; the Department of Corrections; Health New Zealand; the Ministries of Business, Innovation and Employment, Education, Health, Housing and Urban Development, Justice, Social Development and Youth Development; the Ministries for Disabled Peoples, Ethnic Communities, Pacific Peoples and Women; New Zealand Police; Oranga Tamariki; the Social Investment Agency; Te Puna Aonui; Te Puni Kōkiri; the Treasury; and Stats NZ. The Department of the Prime Minister and Cabinet has been informed.

Communications

- 48 Subject to Cabinet agreement, I intend to publish the Strategy by 31 December 2024. I am currently considering the most appropriate timing and approach to launching the Strategy. Appendix 2 is a near-final draft and I may make minor drafting and editorial amendments prior to its release.
- 49 As legally required, the change to the Strategy will be notified in the Gazette. The release of the Strategy will be accompanied by a press release and I expect my officials will also notify stakeholder organisations with an interest in child material hardship and children's outcomes more generally.
- 50 The persistent poverty targets and changes to the CPRIs must also be notified in the Gazette. I will consider the best way to further communicate the

setting of these targets and indicators to key stakeholders and the wider public.

Proactive Release

- 51 I intend to proactively release this paper and any associated minutes, subject to any redactions as appropriate under the Official Information Act 1982, at the same time as the Strategy is publicly released.

Recommendations

The Minister for Child Poverty Reduction recommends that the Committee:

- 1 **note** that in June 2024, Cabinet invited me to report back to Cabinet Social Outcomes Committee with a plan to review the child poverty reduction targets and measures;
- 2 **note** that I have reviewed options for ensuring the child poverty reduction targets and measures reflect the Government's priority, which is to focus on a single material hardship measure and target. I do not consider that this objective is best achieved by changing the Act;
- 3 **note** my intention to highlight child material hardship as the Government's key measure and target for reducing child poverty, including by establishing this as a Portfolio Target, and including it as a priority in the refreshed Child and Youth Strategy;
- 4 **note** that I advised Cabinet in June 2024 of my intention to update the Child Poverty Related Indicators (CPRIs) as part of the refresh of the Child and Youth Wellbeing Strategy;
- 5 **note** my intention to adopt the following five CPRIs, to better reflect our priorities and align with our Government Targets:
 - 5.1 children in benefit-dependent households,
 - 5.2 housing affordability,
 - 5.3 school attendance,
 - 5.4 educational achievement, and
 - 5.5 potentially avoidable hospitalisations;
- 6 **agree** that agencies should be responsible for working together to achieve measurable improvements in the CPRIs over time, as part of making progress towards relevant Government Targets;
- 7 **note** that I have reviewed the 2019 Child and Youth Wellbeing Strategy and undertaken the consultation that is legally required when changes to the Strategy are made;

- 8 **note** that the attached draft Strategy retains the current vision and outcomes framework, sets out our Government's targets, policies and approach to improving child and youth outcomes, and identifies three priorities for further work to address common underlying drivers of poor outcomes:
- 8.1 supporting children, families, and whānau in the first 2,000 days,
 - 8.2 reducing child material hardship, and
 - 8.3 preventing child harm;
- 9 **agree** to release the attached Child and Youth Strategy, noting that it may be subject to minor drafting and editorial changes prior to publication;
- 10 **agree** to rescind the 2019 Cabinet directive (SWC-19-MIN-0085) for officials to provide 6-monthly reports to the Cabinet Social Wellbeing Committee on implementation of the Strategy;
- 11 **note** that, under the Act, I am required to set three-year (2025/26-2027/28) and 10-year (2025/26 to 2034/35) child poverty persistence targets by 31 December 2024;
- 12 **note** that Stats NZ has recently defined persistent poverty based on an income poverty measure, and will provide me baseline numbers needed to set targets by the end of October 2024;
- 13 **agree** to delegating authority to me, in consultation with the Minister of Finance, to set three-year (2025/26-2027/28) and 10-year (2025/26-2034/35) targets for persistent poverty.

Authorised for lodgement

Hon Louise Upston

Minister for Child Poverty Reduction

Appendix 1

Summary of core elements of the Child and Youth Strategy

Vision: New Zealand is the best place in the world for children and young people					
Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6
Children and young people are loved, safe and nurtured	Children and young people have what they need	Children and young people are happy and healthy	Children and young people are learning and developing	Children and young people are accepted, respected and connected	Children and young people are involved and empowered

Priorities and initial focus areas for cross-government work							
Supporting children and their families and whānau in the first 2,000 days			Reducing child material hardship		Preventing child harm		
Positive parenting practices	Development of cognitive and behavioural skills	Maternal mental health	Additional household costs, including disability costs	Drivers of long-term disadvantage and hardship	Underlying stressors and risk factors	Strengthening protective factors	Effective and responsive early intervention

Investment Principles	
Principles that have regard to requirements set out in the Children's Act 2014	Principles that give effect to the social investment approach
Investment will seek to address disparities in outcomes	Investment decisions are informed by government priorities and strategic context
Investment will seek to prevent and minimise negative outcomes for children and young people	Investment aims to deliver long-term value for money, taking into account wider benefits and costs to government and society
Investment to improve outcomes for children and young people will recognise the importance of family, whānau and community	
Investments will respect and uphold the rights of children in New Zealand law and acknowledge their intrinsic value and inherent dignity	Investment will provide opportunities for decision-making, design and delivery of services and interventions to occur at local and iwi level
Investment decisions will be informed by data and evidence. Where evidence is lacking, consideration will be given to innovative approaches that will improve the evidence base	
Investment will improve outcomes for children and young people who data and evidence identify have the greatest needs and / or are at risk of poor long-term outcomes	
The effectiveness of investments will be monitored and evaluated	

Measurement framework		
Component	CPRI	Alignment to Government or Portfolio Target
Housing affordability: Percentage of all children and young people aged 0-17 living in low-income households spending more than 30% of the household's disposable income on housing	Yes	Aligned to Government Target 8: <i>Fewer People In Emergency Housing</i>
Benefit receipt: Number of children and young people aged 0-17 in households receiving main benefit	Yes	Supporting measure for Government Target 5: <i>Fewer People on the Jobseeker Support Benefit</i>
Avoidable hospitalisations: Rate of potentially avoidable hospitalisations for children and young people aged 0-17	Yes	Aligned to Government Target 1: <i>Shorter Stays In Emergency Departments</i>
School attendance: Percentage of students aged 6-16 who are present more than 90% of the term	Yes	Government Target 6: <i>Increased Student Attendance</i>
School achievement: Percentage of school leavers with at least NCEA level 2 (or equivalent) as their highest level of attainment	Yes	Aligned with Government Target 7: <i>More Students At Expected Curriculum Levels</i>
Material hardship: Percentage and number of children and young people aged 0-17 in households scoring 6 or more on the DEP-17 material deprivation index		Child Poverty Reduction Portfolio Target
Maternity care: Percentage of people enrolled with a primary maternity care provider in the first trimester of pregnancy		
Immunisations: Percentage of children who are fully immunised at 24 months of age		Health Portfolio Target
Child abuse: Number of children and young people aged 0-17 with at least one substantiated finding of abuse in the past 12 months		Aligned to Government Target 4: <i>Reduced violent crime</i>
Parenting: Percentage of children aged 0-14 with parents reporting they are coping well with the demands of raising a child		
Food insecurity: Percentage of children aged 0-14 living in households where food runs out sometimes or often		
Mental health: Percentage of children aged 2-14 who experienced emotional and/or behavioural problems		
Mental health: Percentage of children and young people aged 15-24 who experienced high or very high rates of psychological distress in the last 4 weeks		Aligned to Mental Health Portfolio Targets
Child and youth offending: Rate of offending per 10,000 children and young people aged 10-17		Aligned to Government Target 3: <i>Reduced Child and Youth Offending</i>