

Report



Date: 24/7/2024 **Security Level:** In Confidence
To: Hon Louise Upston, Minister for Child Poverty Reduction
File Reference: REP/24/7/682

Statutory Review of the Child Poverty Related Indicators

Purpose of the report

- 1 This report:
 - 1.1 provides a statutory review of the Child Poverty Related Indicators (CPRIs) under s42(1) of the Child Poverty Reduction Act 2018 and
 - 1.2 sets out provisional recommendations for a refreshed set of CPRIs for discussion with your colleagues at the Child and Youth Ministers meeting on 1 August.

Executive summary

- 2 There are currently five CPRIs, established by the previous Government, relating to housing affordability, housing quality, food insecurity, school attendance and potentially avoidable hospitalisations. We've reviewed these indicators, summarised at **Appendix 1**, and found that mostly they've performed adequately against the function that the previous Government had intended them to serve, which was to paint a wider picture of the circumstances of children in poverty.
- 3 We note you would like the CPRIs to serve a somewhat different purpose and also want to ensure the indicators have a clear line of sight to relevant Government and Portfolio Target measures. At least two of the current measures (food insecurity and housing quality) don't meet this latter requirement and so should be changed.
- 4 You've previously agreed, based on our initial advice, that the CPRIs should be framed around selected causes of poverty. However, in further discussions with you at the officials meeting on 25 June you noted that you had originally

envisaged the CPRIIs serving as wider indicators of the quality of a child's life that influence a child's future outcomes and life chances.

- 5 Given this, we think the CPRI indicator set may be better framed around factors in childhood that increase the risk of long-term disadvantage experienced in adulthood (including not just poverty, but a cluster of related circumstances like benefit dependence, low educational attainment, joblessness and exclusion).
- 6 We've had initial conversations with agencies, and also with selected science advisors, and identified a set of five CPRIIs that better reflect this function and align with the Government Targets. The provisionally recommended indicator set includes the current housing affordability, potentially avoidable hospitalisations and school attendance CPRIIs and two new indicators: educational achievement and children in benefit dependent households.
- 7 We've prepared a draft A3, at **Attachment A**, setting out these provisionally recommended CPRIIs for you to have an initial conversation with your colleagues at the Child and Youth Ministers meeting planned for 1 August.
- 8 You may also want to discuss with your colleagues the extent to which annual CPRI reporting should aim to drive action and accountability for change for each indicator, or whether CPRI reporting is more about communicating to the public about the wider potential benefits delivered through progress towards the main Government targets.
- 9 Depending on feedback from Ministers, further work would be needed to confirm the details of the specific measures underlying the indicators, particularly for the two, provisionally recommended, education-related CPRIIs (school attendance and educational achievement).
- 10 We note the refresh of the CPRIIs is proceeding concurrently with the refresh of the Strategy (including the Strategy measurement framework). We therefore expect that the provisionally recommended CPRIIs may need to be iteratively adjusted to ensure alignment ahead of seeking final agreement to the refreshed Strategy and CPRIIs through your October Cabinet Paper.

Recommended actions

It is recommended that you:

- 1 **note** this report concludes the statutory review of the current CPRIs
- 2 **agree** to discuss the provisionally recommended CPRIs set out in the A3 at **Attachment A** with Child and Youth Ministers on 1 August

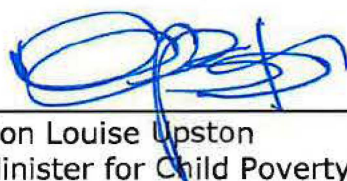
Agree / Disagree



24/07/2024

Hannah Kerr
Director
Child Wellbeing and Poverty Reduction Group

Date



Hon Louise Upston
Minister for Child Poverty Reduction



Date

Background

- 11 The Child Poverty Reduction Act 2018 (the Act) requires you as the Minister for Child Poverty Reduction to identify one or more Child Poverty Related Indicators (CPRI) that must be reported against annually. A CPRI must be a measure that is, or may be, a cause, consequence or correlate of child poverty.
- 12 The Act requires the current CPRI to be reviewed within three years of the most recent review of the Child and Youth Strategy (which was undertaken in July 2022).
- 13 While there's no urgency to review the CPRI, you've previously agreed to a statutory review of the CPRI now [REP/24/6/526 refers], partly to ensure there's a clear public record documenting the rationale for any major changes to the CPRI.
- 14 Reviewing the CPRI now is also a good opportunity to ensure alignment between the indicators and the wider refresh of the Child and Youth Strategy (the Strategy), including the Strategy measurement framework. In our earlier advice [REP/24/6/526 refers] we noted we're proposing to develop a measurement framework with three "tiers", with the CPRI forming a key part of the first tier, as shown in Table 1 below. We expect the final approach to the measurement framework will iteratively evolve as we finalise the Strategy refresh.

Table 1: Three-tiered Strategy measurement framework (subject to revision)

Strategy Function	Monitoring and Reporting Function	Indicator Set
Public communications Tool	Tier 1: Public facing monitoring and Statutory reporting on key indicators	CPRI, plus a small set of other child- and youth- relevant indicators aligned to Government and Portfolio targets and Strategy Priority areas
Strategy and Investment Framework	Tier 2: Ministerial monitoring of key supporting indicators for Strategy	Additional supporting indicators for monitoring Strategy, eg "lead indicators" dashboard
	Tier 3: Routine agency monitoring of a wider set of child and youth outcomes data and trends	Existing administrative and survey datasets relating to a wider range of child and youth outcomes.

This review is based on the framework developed as part of the first statutory review of the CPRIs

- 15 The previous, and first, review of the CPRIs established a framework for assessing whether the CPRIs are fit for purpose. We use this framework (with some minor modifications) to review the current CPRIs and for recommending potential new CPRIs.
- 16 The review framework emphasises that the CPRIs need to be assessed in the context of the intended rationale and function of the CPRI indicator set. This is because the Act doesn't prescribe in any detail the purpose of the CPRIs, and a potentially wide range of indicators satisfy legislative requirements for being a "cause, consequence, or correlate" of child poverty. Confirming the rationale and function of the CPRI indicator set therefore underpins the assessment of whether indicators and measures are "fit-for-purpose".
- 17 The main modification to the previous review framework is that it's outside the scope of the current review to assess reporting arrangements. We consider it's best to review reporting arrangements holistically, after finalising the refresh of the Strategy.

Table 2: CPRI review framework

Overarching Design Principles	Broad review questions	Specific design considerations
<ul style="list-style-type: none"> Form follows function Concision Continuity 	What is the rationale for and function of the CPRIs?	<ul style="list-style-type: none"> Does the proposed function align with the Government's priorities? Does the proposed function align with the purpose of the Child Poverty Reduction Act 2018 and other relevant legislation (eg the Children's Act)?
	Which specific indicators are best aligned with the function and meet legislative requirements?	<ul style="list-style-type: none"> Relevance to child poverty – is the indicator a cause, consequence or correlate of child poverty? Does the indicator align with the function? Coherence and balance – no gaps, no overlaps
	Are the measures and data underlying each of the indicators high quality?	<ul style="list-style-type: none"> Relevance Accuracy Timeliness Consistency

The current set of CPRIs should be refreshed

18 There are currently five CPRIs:

- 18.1 **Housing affordability.** The percentage of children aged 0-17 living in households in the bottom 40% of the income distribution where the household is spending more than 30% of their income on housing costs.
- 18.2 **Housing quality.** The percentage of children aged 0-17 living in households reporting a major problem with dampness or mould.
- 18.3 **Food insecurity.** The percentage of children aged 0-14 living in households reporting they “sometimes” or “often” run out of food.
- 18.4 **School attendance.** The percentage of children aged 6-16 years who are regularly attending school.
- 18.5 **Potentially Avoidable Hospitalisations.** The rate of children aged 0-14 years hospitalised for potentially avoidable illnesses and injuries.

The current CPRIs have mostly performed adequately against their originally intended function

- 19 The current indicators include a mix of causes, consequences and correlates of child poverty. The indicators reflect the function the previous Government intended for the CPRIs to serve which is to tell a broader story about the impacts of poverty on the wellbeing outcomes of children and families, beyond what is conveyed through the often more technical, primary measures of child poverty under the Act¹.
- 20 Mostly, these indicators have served this function adequately, as summarised in **Appendix 1**. The possible exception to this is the housing affordability indicator. The initially established measure for this indicator was the proportion of children living in households spending more than 30% of their income on housing costs. In 2023, following a key recommendation of the first CPI review, this measure was changed to assess the proportion of children living in households in the bottom 40% of the income distribution where the household is spending more than 30% of their income on housing costs (the “30/40” indicator)².

¹ See: <https://www.dpmc.govt.nz/publications/briefing-dpmc-202122-2489-review-child-poverty-related-indicators>

² Note that, by definition, the 30/40 indicator excludes children in households receiving income-related rent subsidy (or similar) because these households only pay a maximum of 25% of their income towards housing costs.

- 21 This change was in some ways an important improvement. The 30/40 indicator avoids the problem of classifying high-income households, that choose to spend a large share of their income on housing costs, as experiencing unaffordable housing. But a limitation of this change is that, because the 30/40 indicator is based on a much smaller sub-population from sample survey data, the resulting sample errors are much larger (about 2-3ppt, compared to 1-2ppt for the previous "more than 30%" indicator). Consequently, the measure is only sensitive enough to detect quite large shifts in housing affordability, particularly when providing breakdowns for smaller population groups.

The current indicator set should be refreshed

- 22 The main reason why the current indicator set should be refreshed is that you've indicated you want the CPRIs to have a clear "line of sight" with relevant Government Target indicators, supporting measures for the Government Targets, or Portfolio Target indicators.
- 23 At least two of the current CPRIs –housing quality and food insecurity – clearly do not align with this approach and so should be changed. We also note that food insecurity can be understood as a "symptom" of material hardship (which is already a Strategy priority and a primary measure under the Act).
- 24 As discussed later in this report, there is scope for the current housing affordability, school attendance and potentially avoidable hospitalisations indicators, possibly with modifications, to serve as suitable CPRIs given their broad alignment with current Government targets and supporting indicators.

Confirming the rationale for, and function of, the refreshed CPRIs

- 25 As the review framework implies, it's critical to confirm the rationale and function you'd like the refreshed CPRIs to serve to help finalise a "fit-for-purpose" indicator set.
- 26 Following our previous advice, you indicated your agreement to focusing the CPRIs on selected causes of poverty. However, in further discussion with you, you indicated that you're still considering the function. We understand you'd like the indicators to:
- 26.1 have a clear line of sight to, and support progress towards, relevant Government Targets, Supporting Measures and Portfolio Targets, without necessarily duplicating these measures
 - 26.2 be streamlined and simple to understand
 - 26.3 be informed by any feedback from Child and Youth Ministers.

- 27 We also note that when the CPRIs were first proposed for inclusion as part of the Act you envisaged that the CPRIs would serve as wider indicators of the quality of a child's life and factors that determine a child's future outcomes and life chances.

The refreshed CPRIs may be better framed around determinants of long-term disadvantage

- 28 Given our further discussions with you we suggest the rationale for and function of the CPRIs may be better framed around monitoring important determinants of long-term disadvantage. This is a somewhat broader concept than the causes of poverty (as measured through indicators of material hardship and income poverty) that you had previously agreed to on the basis of our initial advice [REP/24/6/526 refers].

Disadvantage encompasses a broad set of adverse circumstances that tend to co-occur

- 29 Socio-economic disadvantage is typically defined as a state of observable and demonstrable deprivation compared to the local community or the wider society. Disadvantage is characterised by a cluster of adverse circumstances that tend to co-occur, including not just low income and material hardship (ie poverty), but also low educational attainment, joblessness, poor housing, benefit receipt, and poor health.
- 30 Disadvantage is routinely measured at an area level through indicators like the New Zealand Index of Deprivation (NZDep). And in practice NZDep often serves as a proxy measure for the risk of experiencing poverty given that nearly half of all children in material hardship (46%) live in areas within the most socio-economically deprived quintile of the NZDep distribution.

There are three advantages to this approach

- 31 Framing the CPRIs around the determinants of long-term disadvantage, rather than the long-term causes of poverty, has three main advantages.
- 31.1 The rationale for selecting many of the Government Targets is more clearly aligned with the aim of reducing long-term disadvantage. By contrast, the causal relationship between the Government Target indicators and poverty (narrowly defined in terms of material hardship or income poverty) is in many cases more indirect.
- 31.2 Focusing on the drivers of long-term disadvantage reflects the "life-course model" underpinning the Strategy refresh. As well as supporting progress over the next few years towards the Government Targets, the CPRIs can help make visible the progress that's being achieved to reduce long-term and inter-generational disadvantage.

- 31.3 Framing the CPRIs around socio-economic disadvantage aligns with the requirement under the Children's Act 2014 to establish a Strategy that includes "reducing child poverty and mitigating the impacts of socio-economic disadvantage" (s6(1)(c)).

Confirming the details of the indicator set

- 32 Assuming you're supportive of this approach, we applied the evaluation framework outlined at paragraph 17 to develop a shortlist of provisionally recommended indicators that are potentially suitable and aligned to the Government Targets. The shortlisted indicators are also informed by discussions with agencies and with selected science advisors.
- 33 We also considered and discounted three potential indicators that are aligned with current Government or Portfolio Targets: immunisations (0-24 months), serious offending (10-17 years), and crime victimisation. The rationale for this is summarised at **Appendix 2**.

We've identified five potentially suitable indicators

- 34 We've identified five short-listed indicators that we provisionally recommend for further consideration, at least two of which are current CPRIs:
- 34.1 **Potentially Avoidable Hospitalisations (PAH):** the rate (/1000) of children (age range TBC) experiencing potentially avoidable hospitalisations (PAH). This measure is aligned to Government Target 1 (shorter stays in emergency departments) and is a current CPRI.
- 34.2 **Children in benefit dependent households (CIBDH):** the number of children in families receiving a main benefit. This measure is currently a supporting measure aligned to Government Target 5 (fewer people on Jobseeker benefit).
- 34.3 **School Attendance:** (measure TBC) This indicator is aligned to Government Target 6 (increased school attendance) and is a current CPRI.
- 34.4 **Educational Achievement:** (measure TBC), aligned to Government Target 7 (more year 8 students at curriculum levels)
- 34.5 **Unaffordable Housing:** the percentage of children in low income (bottom 40%) households where the household is paying more than 30% of their income on housing costs. This is aligned to Government Target 8 (fewer people in emergency housing) and is a current CPRI.

- 35 In **Appendix 3** we've summarised evidence showing for each short-listed CPRI³:
- 35.1 that it is, or may be, a cause, consequence or correlate of child poverty (as required under s38(1))
 - 35.2 how the indicator relates to disadvantage over the life course
 - 35.3 any evidence, subject to available data, for disparities in rates for identified populations under the Children's Act (ie Māori and disabled children).
- 36 In preparing the short-listed indicator set we've also considered the overall coherence and balance of the CPRIs. The proposed set of five indicators provides good coverage of the range of factors that have been linked to long-term disadvantage, with no notable gaps or overlaps.
- 37 A possible exception is the risk that including both school attendance and school achievement CPRIs places a disproportionate emphasis on the role of education, leading to a level of imbalance across the indicator set. We consider this is outweighed by the evidence showing the critically important role that educational attainment (which depends on both school attendance and achievement) plays in human capital formation and mitigating the impacts of socio-economic disadvantage.
- 38 We've prepared an A3 at **Attachment A** summarising the strengths and limitations of the short-listed indicators and figures showing how each indicator has varied over time. We recommend you discuss this with your colleagues at the Child and Youth Ministers meeting scheduled for 1 August.

There are some specific considerations for each measure you should be aware of

- 39 In preparing the shortlisted set, and through discussions with colleagues from relevant agencies, we identified a number of specific issues and considerations you should be aware of. We also note that, subject to any feedback from Ministers, we will need to work further with agencies to finalise the details of the specific measures underlying each indicator.

The PAH indicator is not currently a supplementary measure for a Government Target, but Ministry of Health is supportive in principle of this continuing to be a CPRI

- 40 In discussions with officials from the Ministry of Health (MoH) we have confirmed that the PAH indicator aligns well with Government Target 1

(shorter stays in emergency departments) and MoH officials support this continuing to be a CPRI. Although it's not currently listed as a supporting measure to Government Target 1, it is closely related to "ambulatory sensitive hospitalisations" (which is a supporting indicator to this target, but which is only currently broken down for children aged 0-4).

- 41 Further work needs to be done to confirm the most suitable age range. PAH is currently reported for 0-14 year olds, but our preference would be for this to include 0-17 year olds to align better with the definition of children under the Act. We'll need to do further work with MoH colleagues to confirm the best approach.

Reducing CIBDH may need to be balanced against progress towards Government Target 5

- 42 As you know, CIBDH is currently a supporting measure to Government Target 5 (fewer people on Jobseeker benefit). The Jobseeker target is focused on Jobseekers whereas most children in benefit dependent households are in families where the parent receives Sole Parent Support. This will require careful consideration of resource prioritisation over the medium term given that the initial focus is Jobseeker work-ready.
- 43 This relates to a wider question about the relative prioritisation placed on making progress on the specific CPRI measures rather than the high-level Government Targets. This is discussed further in paragraph 52.

Further work would be needed to confirm the details of a possible school attendance or educational achievement CPRI

- 44 Ministry of Education (MoE) officials have indicated they would strongly prefer to test with relevant Ministers their comfort with the high-level indicator set before exploring the specific details of a measure relating to school attendance or educational achievement, in line with Government Target 6 and Government Target 7. At **Attachment A** we have therefore included placeholders for these measures. Subject to any feedback from Ministers we can work with MoE to explore possible options for specific measures related to school attendance and educational achievement (eg focusing the measures on learners in low equity index schools, or looking at chronic non-attendance).

We've explored a few housing-related CPRI options and consider the current Housing Affordability CPRI is preferable, despite its limitations

- 45 There's a strong case for including a housing-related CPRI given the key role housing plays in influencing a range of social outcomes over the short and longer term, including poverty, family violence, health, and employment.
- 46 We've discussed potential options for a housing-related indicator with officials from the Ministry of Housing and Urban Development (HUD), including HUD's

chief science advisor. We have concluded that the supporting measure for Government Target 8 (fewer people in emergency housing), related to families with children in emergency housing, is not ideally suited as a CPRI. A CPRI based around children in emergency housing would focus on a relatively small, but important, cohort of children, some with high and complex needs. However, by itself, this indicator does not adequately reflect how housing need across the housing continuum shapes long-term disadvantage.

- 47 We've briefly explored a few other options, including crowding and housing insecurity, but concluded that the current housing affordability measure is probably most suitable as a CPRI, despite the limitations outlined in paragraphs 20-21. The main issue to be aware of is that while improving housing affordability is important for making sustained progress against Government Target 8, it's likely to be challenging to measurably improve housing affordability over the short to medium term.
- 48 We also note the current wording of the indicator is potentially confusing for the public to understand. We'll do further work with Stats NZ and HUD to see if there may be ways to simplify the reporting to address this issue.

Data quality considerations

- 49 Most of the short-listed indicators are based on high quality administrative data or (in the case of housing affordability) large sample survey datasets that are produced at least annually (as required to meet statutory deadlines for CPRI reporting). As noted previously, a limitation of the housing affordability indicator is that it is subject to a substantial (2-3ppt) sample error. This makes it hard to detect small shifts in housing affordability, particularly for smaller population groups.
- 50 The data underpinning the measures can be disaggregated for Māori (an identified population group for reporting under the Strategy). However, we note that with the exception of the survey-based housing affordability indicator, it's not yet possible to disaggregate the data for disabled children for the other indicators. Developing and implementing an administrative measure of disability across agencies is a priority for Whaikaha – the Ministry of Disabled People and Stats NZ, although this work is in its infancy.
- 51 Although disaggregated reporting of the CPRI is not strictly a requirement under the Act, it is required (subject to data availability) for annual reporting for "identified populations" under the Child and Youth Strategy Annual Report, in accordance with the Children's Act 2014.

We recommend discussing the shortlisted indicators, and their positioning, with Ministers

- 52 In addition to testing the shortlisted indicator set with your colleagues at the Child and Youth Ministers meeting on 1 August, we recommend you also discuss the wider positioning of the CPRIs. A key question is about the extent to which the reporting of the CPRIs serves to:
- 52.1 publicly highlight some potential wider benefits to children's outcomes (reflected in the CPRIs) that may be delivered through making progress towards the Government Targets
 - OR
 - 52.2 drive agency accountability for improving the specific CPRI outcome measures – including potentially considering "sub-targets" against the CPRIs.
- 53 It's important to balance these objectives. There's a risk that over-emphasising agency accountability for improving the specific CPRI measures could compromise the ability for agencies to prioritise, and optimally achieve, the overarching Government Targets.

Next steps

- 54 This report concludes the statutory review of the current CPRIs.
- 55 Subject to any feedback from Child and Youth Ministers we'll work with relevant agencies to finalise the indicator set in August/September ahead of the advice notifying Cabinet Ministers of the refreshed indicator set in October 2024.
- 56 You will receive advice on the Strategy measurement framework in early August, which will reflect the proposed CPRI set and how this will be reflected in the Strategy measurement framework. This will be an iterative process to finalise the CPRIs while ensuring alignment with the Strategy measurement framework.
- 57 We propose that the refreshed indicators be reported, albeit unofficially, for the 2023/24 financial year alongside the current, statutory CPRIs. The refreshed indicator set needs to be gazetted by the end of the financial year ending June 2025, and will be officially reported for that year.

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Appendix 1: summary of strengths and limitations of currently gazetted CPRIs

Current CPRIs	Measure (data source)	Strengths	Limitations
Housing affordability.	The percentage of children aged 0-17 living in households, in the bottom 40% of the income distribution, where the household is spending more than 30% of their income on housing costs. (Household Income and Living Survey)	<ul style="list-style-type: none"> - Important driver of child poverty, with wide-ranging impacts on other social outcomes over short- and long-term - Large, representative survey data set, that can be disaggregated by disability and ethnicity 	<ul style="list-style-type: none"> - Large sample error (2-3ppt), not sensitive to detect smaller shifts in housing affordability, especially for smaller populations (eg Māori, disabled) - Affordable housing supply is critical but there are more limited policy levers to influence in the short to medium term - Significant (~9 month) data lags and measure may be subject to data revisions
Housing quality.	The percentage of children aged 0-17 living in households reporting a major problem with dampness or mould. (Household Income and Living Survey)	<ul style="list-style-type: none"> - Important indicator of risk for respiratory illness/adverse impacts of over-crowding - Large representative survey data set 	<ul style="list-style-type: none"> - Attribution of policy impacts on measure is especially challenging and uncertain – other factors, including climate variability could impact results
Food insecurity.	The percentage of children aged 0-14 living in households reporting they “sometimes” or “often” run out of food. (NZ Health Survey)	<ul style="list-style-type: none"> - Measure based on large, high quality sample survey 	<ul style="list-style-type: none"> - Indicator is largely a “symptom” of material hardship and, depending on intended function of CPRIs, this can be a limitation - Limited to children aged 0-14
School attendance.	The percentage of children aged 6-16 years who are regularly attending school. (School Attendance Survey)	<ul style="list-style-type: none"> - excellent coverage - technically robust 	<ul style="list-style-type: none"> - Breakdowns available by equity index only, not household income
Potentially Avoidable Hospitalisations.	The rate of children aged 0-14 years hospitalised for potentially avoidable illnesses and injuries. (Administrative data)	<ul style="list-style-type: none"> - Administrative data, provides excellent coverage - Covers a wide range of conditions 	<ul style="list-style-type: none"> - Difficulties attributing policy impact - Breakdowns available by NZDEP quintiles, age and ethnicity only (not disability, household income) - Expressed as a rate, not a percentage of children - same child may have more than one hospitalisation

For detailed commentary on the latest rates for each of the current CPRIs, and breakdowns for priority population groups, refer to the Child Poverty Related Indicators Report for the financial year ending [2021/22](#) and [2022/23](#).

Appendix 2: Rationale for discounting immunisation, child and youth offending, and crime victimisation as CPRIs for consideration

We identified three Government or Portfolio target indicators that, while relevant to children, we don't think are suitable for shortlisting as CPRIs: immunisation, youth offending, and violent crime victimisation. We consider these measures are better included as indicators within the Strategy measurement framework.

Immunisation

The Government's improved immunisation Portfolio Target aims to improve the proportion of fully-vaccinated young children (aged 0-24 months). We considered this indicator alongside a potentially avoidable hospitalisation indicator (which is aligned to Government Target 1 – shorter stays in emergency departments). We concluded that a potentially avoidable hospitalisations indicator is the more comprehensive single indicator because it includes a very wide range of conditions and is a better summary indicator of risk of long-term disadvantage.

Child and Youth Offending

There are approximately 1,100 children (aged 10-17) who engage in serious and persistent offending behaviour each year and Government Target 3 aims to reduce this to fewer than 900 by 2029. Reducing this offending behaviour is important given the significant costs to individual victims, offenders and society more broadly. However, at a population level, reducing rates of serious offending will not measurably change long-term rates of socio-economic disadvantage, given that this group represents the circumstances of a very small group of all New Zealand children (<0.1%). We therefore don't recommend this as a CPRI. Ministry of Justice officials agree with our assessment that this is not well-suited as a CPRI.

Violent Crime Victimisation

Government Target 4 aims to reduce the number of people experiencing violent crime. We don't recommend this as a CPRI because it is based on data collected through the New Zealand Crime and Victims Survey which provides very limited coverage of children (ie only those aged 15-17) and would be subject to very large sample error for this narrow age cohort. As with the serious offending indicator, Ministry of Justice officials agree that this is not well suited as a CPRI.

Appendix 3: Brief review of evidence linking shortlisted CPRI to child poverty and long term disadvantage

Shortlisted CPRI	Evidence the indicator is or may be a cause, consequence or correlate of child poverty	Evidence linking indicator to long term socio-economic disadvantage
Potentially Avoidable Hospitalisations	PAH rates and material hardship rates are both substantially higher in areas of high deprivation ⁴ . There is also some direct evidence that income poverty and child hospitalisations are correlated. ⁵	There is international evidence that childhood ill health is significantly associated with lower educational attainment, worse health and lower earnings on average as adults, even after controlling for parental income, education and social status ⁶ . Various measures of child health are also widely used as a key dimension of human capital formation. ⁷
Children in Benefit-Dependent Households	Rates of material hardship are significantly higher for children in main benefit families (~ 40%) compared to rates for children in households whose main source of income is paid work (~7%) ⁸ .	New Zealand and international evidence highlights the risk of inter-generational transmission of welfare receipt. One large New Zealand study found that parental benefit receipt before the age of 5, particularly if persistent, is linked to a higher likelihood for 21-year-olds of: benefit receipt, not achieving NCEA Level 2, and justice system involvement ⁹ .

⁴ See Figure 13 of the <https://www.msd.govt.nz/documents/about-msd-and-our-work/child-youth-wellbeing/reports/child-and-youth-wellbeing-strategy-cpri-annual-report-july-2022-to-june-2023.pdf>

⁵ Shackleton et al. (2021)

⁶ Case et al. (2003)

⁷ Currie & Almond (2011)

⁸ MSD (2022), [Child Poverty Report](#)

⁹ [Chrichton et al. \(2015\)](#).

Shortlisted CPRI	Evidence the indicator is or may be a cause, consequence or correlate of child poverty	Evidence linking indicator to long term socio-economic disadvantage
School Attendance	Rates of school attendance for students with the fewest socioeconomic barriers to achievement (School Equity Index (EQI) Band) have a higher attendance rate (60%) than children facing the most socioeconomic barriers to achievement (<30%) ¹⁰ . We also know that rates of material hardship are twice as high for learners in low EQI band schools, compared to children in high EQI band schools ¹¹ . This evidence suggests that school attendance is likely to be at least correlated with poverty.	Poor attendance increases the risk of poor achievement ¹² , which in turn has impacts on educational attainment and employment sustainability ¹³ . International evidence shows that school attendance, after adjusting for a comprehensive set of confounding variables, is associated with better educational attainment and labour market outcomes later in life ¹⁴ .
Educational Achievement	Rates of learners achieving expected curriculum levels is significantly lower for students in low-decile schools compared to rates for students in high-decile schools. We also know that rates of material hardship are higher in low-decile schools ⁵ , which suggests that that school achievement is likely to be at least correlated with child poverty.	Educational achievement at school is widely used as a key dimension underpinning measures of human capital in New Zealand and internationally ¹⁵ . There is also New Zealand evidence that educational achievement during the school years is positively linked to measures of tertiary achievement in adulthood. ¹⁶ International evidence links measures of educational performance at school with a range of later life outcomes including earnings, justice system involvement, educational attainment, and labour force participation ¹⁷ .
Housing Affordability	Housing costs are the biggest single category of household expenditure and so housing unaffordability is significantly associated with material hardship ¹⁸ .	Housing unaffordability is a key risk factor for experiencing material hardship. Evidence from New Zealand highlights the links between poverty experienced in childhood and socio-economic disadvantage experienced in adulthood, including lower educational attainment, worklessness, and low income ¹⁹ .

¹⁰ See Figure 16 of the [Child and Youth Wellbeing Strategy and CPRI Annual Report](#).

¹¹ Ka Ora, Ka Ako Programme Threshold and its Association with Students in Material Hardship

¹² Webber, A (2020). [What is the relationship between attendance and attainment?](#)

¹³ Education Review Office (2022): [Missing Out: Why Aren't Our Children Going to School](#)

¹⁴ [Drager et al. \(2024\)](#)

¹⁵ [Abraham&Mallat \(2022\)](#)

¹⁶ [Scott \(2008\)](#)

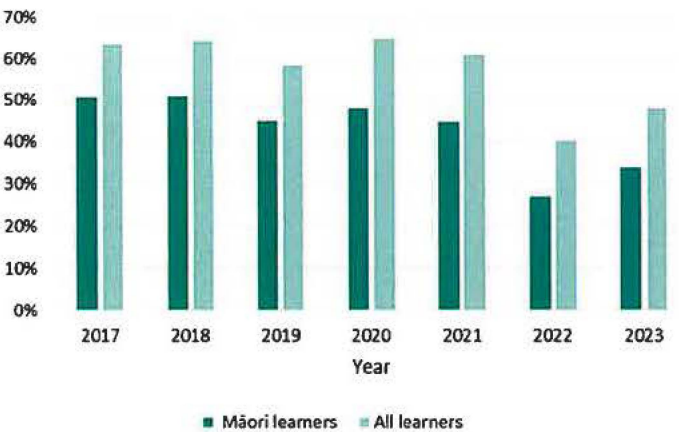
¹⁷ [Kane et al. \(2022\)](#)

¹⁸ [MSD \(2022\)](#), Child Poverty Report

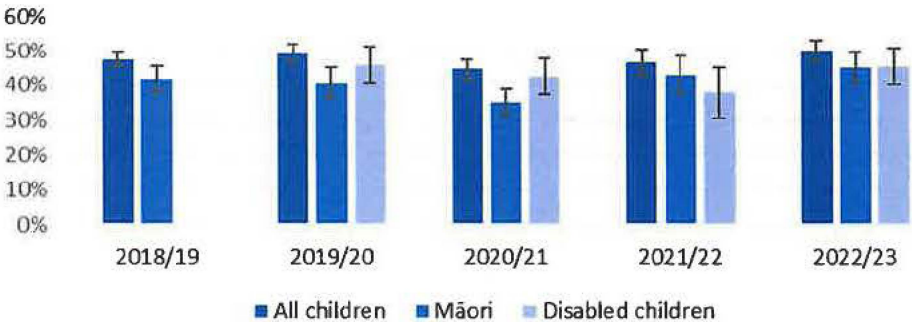
¹⁹ See [Gibb et al. \(2022\)](#); [Maloney, \(2004\)](#); [Boden et al. \(2013\)](#)

Appendix 3 continued: selected CPRIs, disaggregated for Māori and disabled children (subject to available data)

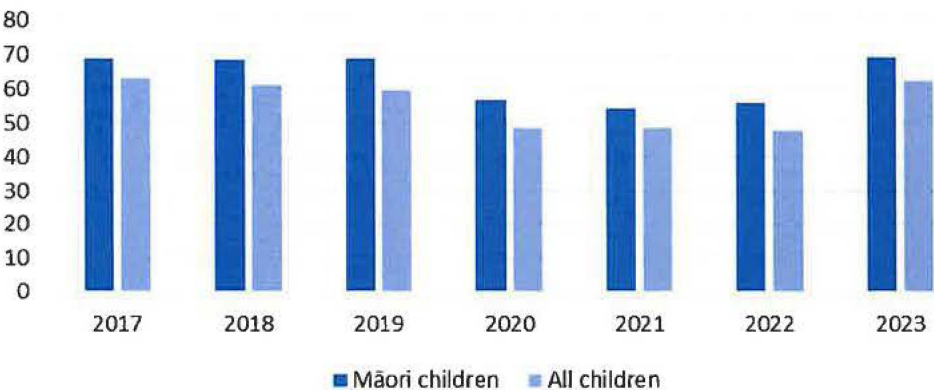
School Attendance: % of learners regularly attending school for Māori and all students



Housing affordability: percent of children within low income households where the household pays more than 30% of income on housing costs, for Māori and disabled children



Potentially avoidable hospitalisations: rate (/1000) children aged 0-14, for Māori and all children



Attachment A: Refresh of the Child Poverty Related Indicators – for discussion with Child and Youth Ministers on 1 August

Refresh of the Child Poverty Related Indicators (CPRIs)

I am refreshing the CPRIs as part of the wider refresh of the Child and Youth Strategy (the Strategy)

There are currently five CPRIs under the Act

Under the Child Poverty Reduction Act 2018 (the Act) I must set one or more CPRIs which are defined as “causes, consequences, or correlates of child poverty”.

The Act requires the CPRIs to be publicly reported on for each financial year, within the following financial year.

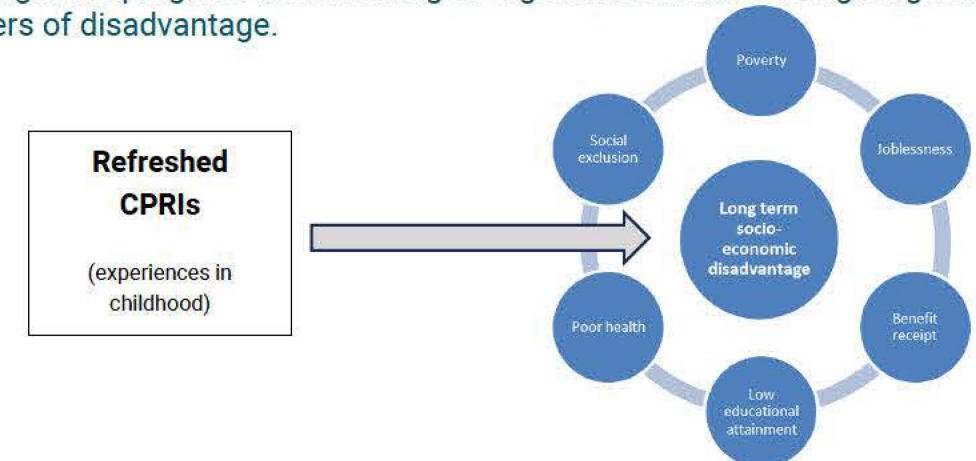
There are currently five CPRIs, established by the previous Government:

- Housing affordability
- Housing quality
- Food insecurity
- School attendance
- Potentially avoidable hospitalisations

My officials have reviewed these indicators on my behalf and identified opportunities to refresh the indicator set to ensure alignment with our priorities as a government.

I want to make sure the refreshed indicators:

- are simple and streamlined
- align with, and support achievement of, relevant Government or Portfolio Targets, without necessarily duplicating government target measures
- reflect key factors affecting children’s future life chances
- highlight the progress we’re making as a government in reducing long-term drivers of disadvantage.



I've identified 5 potential indicators

I've identified five potential indicators for consideration (see overleaf for detail), two of which would be new:

- **Housing affordability (Existing Indicator)**
- **Children in benefit dependent households (New Indicator)**
- **School attendance (measure TBC, Existing Indicator)**
- **Educational achievement (measure TBC, New Indicator)**
- **Potentially avoidable hospitalisations (Existing Indicator)**

I considered, and discounted, a number of Government and Portfolio Target measures that are less suitable as CPRIs, including immunisation for 0-2yos, serious offending, and crime victimisation.

I want the CPRIs to form part of a streamlined, public-facing Strategy measurement framework.

Through the refresh of the Strategy my officials are developing a new and simpler Strategy measurement framework. I expect this will include the CPRIs plus a focussed set of other child and youth-relevant indicators aligned to our Government and Portfolio targets and Strategy priority areas.

Discussion and next steps

Is this broadly the right set of indicators?

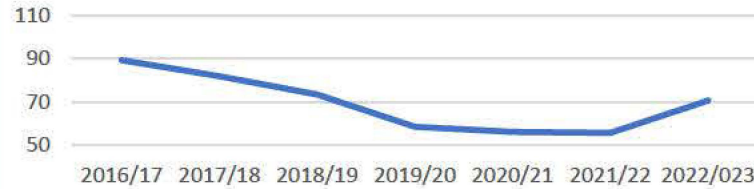
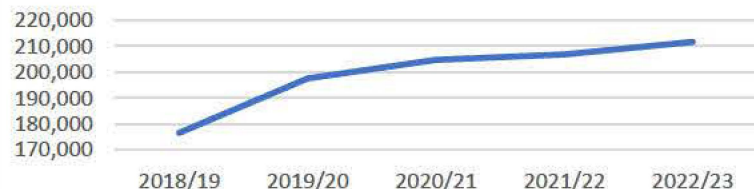

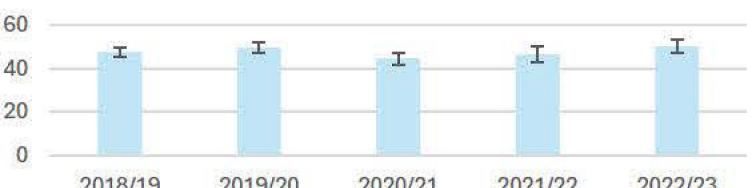
To what extent do we want CPRI reporting to:

- **publicly highlight potential wider benefits** to children’s outcomes (as reflected in the CPRIs) that may result through making progress towards the Government Targets
- vs**
- **drive action** and agency accountability for improving the specific CPRI outcomes measures.

Next steps:

My officials in the Child Wellbeing and Poverty Reduction Group will be working with relevant agencies in the next few weeks to finalise the details of the CPRIs at the same time as finalising the refresh of the Strategy.

I will seek to confirm the finalised set of CPRIs through the October Cabinet paper. The refreshed CPRIs must be gazetted before 30 June 2025 and reported the following year, although I intend to include the refreshed indicators in the next CPRI report that will be published in early 2025.

Possible Indicator for Discussion	Possible definition (details to be confirmed)	Alignment to Government Targets	Discussion: Strengths and potential limitations to consider																
<p>Rate (/1000) of potentially avoidable hospitalisations (0-14yos)</p>  <table><caption>Rate (/1000) of potentially avoidable hospitalisations (0-14yos)</caption><tr><th>Year</th><th>Rate (/1000)</th></tr><tr><td>2016/17</td><td>90</td></tr><tr><td>2017/18</td><td>85</td></tr><tr><td>2018/19</td><td>75</td></tr><tr><td>2019/20</td><td>60</td></tr><tr><td>2020/21</td><td>58</td></tr><tr><td>2021/22</td><td>58</td></tr><tr><td>2022/23</td><td>70</td></tr></table>	Year	Rate (/1000)	2016/17	90	2017/18	85	2018/19	75	2019/20	60	2020/21	58	2021/22	58	2022/23	70	Rate of NZ children (age range to be confirmed) experiencing potentially avoidable hospitalisations (PAH) (National Minimum Dataset)	Government Target 1: shorter stays in emergency department	<ul style="list-style-type: none">PAH rates are an indicator of health outcomes that can potentially be avoided through early healthcare interventions, usually delivered in primary care, as well as social policy interventions, including income support and housing.Impacts of policy can take time to flow through to measured PAH rates – and attribution can be challenging.
Year	Rate (/1000)																		
2016/17	90																		
2017/18	85																		
2018/19	75																		
2019/20	60																		
2020/21	58																		
2021/22	58																		
2022/23	70																		
<p>Number of children in benefit dependent households</p>  <table><caption>Number of children in benefit dependent households</caption><tr><th>Year</th><th>Number</th></tr><tr><td>2018/19</td><td>180,000</td></tr><tr><td>2019/20</td><td>200,000</td></tr><tr><td>2020/21</td><td>205,000</td></tr><tr><td>2021/22</td><td>208,000</td></tr><tr><td>2022/23</td><td>215,000</td></tr></table>	Year	Number	2018/19	180,000	2019/20	200,000	2020/21	205,000	2021/22	208,000	2022/23	215,000	Number of NZ children (0-17) in families receiving a main benefit payment (MSD admin data)	Government Target 5: fewer people on Jobseeker benefit (Children in benefit dependent households is a supporting measure)	<ul style="list-style-type: none">Important risk factor for inter-generational benefit dependency/ joblessness.Economic headwinds over the short to medium term may make progress challenging.Risk of competing priorities needs to be managed – only ~20% of children in main benefit households have parents receiving JSS				
Year	Number																		
2018/19	180,000																		
2019/20	200,000																		
2020/21	205,000																		
2021/22	208,000																		
2022/23	215,000																		
<p>% of children regularly attending school [PLACEHOLDER - measure TBC]</p>  <table><caption>% of children regularly attending school</caption><tr><th>Year</th><th>Percentage</th></tr><tr><td>2016/17</td><td>65%</td></tr><tr><td>2017/18</td><td>65%</td></tr><tr><td>2018/19</td><td>60%</td></tr><tr><td>2019/20</td><td>65%</td></tr><tr><td>2020/21</td><td>60%</td></tr><tr><td>2021/22</td><td>40%</td></tr><tr><td>2022/23</td><td>45%</td></tr></table>	Year	Percentage	2016/17	65%	2017/18	65%	2018/19	60%	2019/20	65%	2020/21	60%	2021/22	40%	2022/23	45%	(detail to be confirmed) Current school attendance CPRI is based on the proportion of children aged 6-16 regularly attending school (>90% attendance)	Government Target 6: increased school attendance	<ul style="list-style-type: none">Regular school attendance, particularly for students from low decile schools, plays a key role in determining educational progress and attainment and this flows through to later life outcomes like employment and earnings.Further work would be needed to determine which specific measure of school attendance is most suitable and supports achievement of Government Target 6.
Year	Percentage																		
2016/17	65%																		
2017/18	65%																		
2018/19	60%																		
2019/20	65%																		
2020/21	60%																		
2021/22	40%																		
2022/23	45%																		
[Educational Progress/ Achievement at School – detail TBC]	(detail to be confirmed)	Government Target 7: more year 8 students at expected curriculum levels	<ul style="list-style-type: none">Educational progress in school is a major determinant of long-term outcomes, including highest educational attainment, employment, and benefit receipt.Further work would be needed to determine what specific measure may be most suitable and supports achievement of Government Target 7.																
<p>% of children within low income households experiencing housing unaffordability</p>  <table><caption>% of children within low income households experiencing housing unaffordability</caption><tr><th>Year</th><th>Percentage</th></tr><tr><td>2018/19</td><td>48%</td></tr><tr><td>2019/20</td><td>50%</td></tr><tr><td>2020/21</td><td>45%</td></tr><tr><td>2021/22</td><td>48%</td></tr><tr><td>2022/23</td><td>50%</td></tr></table>	Year	Percentage	2018/19	48%	2019/20	50%	2020/21	45%	2021/22	48%	2022/23	50%	% of NZ children within the bottom 40% of the income distribution where the household is spending more than 30% of their income on housing costs.	Government Target 8: fewer people in emergency housing.	<ul style="list-style-type: none">Housing is the single biggest cost to families. Unaffordable housing is an important determinant of child poverty over the short and long term and is a key driver of demand for emergency, transitional and social housing.It can be challenging for Government to influence housing affordability over the short to medium term.				
Year	Percentage																		
2018/19	48%																		
2019/20	50%																		
2020/21	45%																		
2021/22	48%																		
2022/23	50%																		