

# Changing the ten-year child poverty targets and setting the third intermediate targets

The Act requires three-year (intermediate) and ten-year child poverty targets to be set against three current primary measures

Primary Measure	Definition
<b>Material Hardship</b>	The proportion of children living in households scoring 6 or more out of 17 on the DEP-17 material hardship index, includes items like being unable to afford two pairs of shoes.
<b>AHC50</b>	The proportion of children living in households with incomes less than 50% of the median income in 2018, after deducting housing costs and adjusting for inflation.
<b>BHC50</b>	The proportion of children in households with disposable incomes less than 50% of the median income in a given year.

## I've reviewed the current ten-year targets and consider they need to be changed

- The accompanying figures show the current 10-year targets (red diamonds), set by the previous Government. These are due to be achieved in 2027/28.
- Officials have reviewed the current 10-year targets on my behalf and advised they are not practically achievable in this time-frame. The most recent child poverty rates in 2022/23 show that we are well off track to meeting the current 10-year targets.
- This is shown by the solid lines in the accompanying graphs, which track progress from the 2018 baseline year on the 3 primary measures (the shaded areas show the margin of error, and the dashed lines from 2022/23 show the forecast/ estimated outlook for poverty rates to 2026/27).

## I am proposing new targets that reflect current realities and our ambition

- Material hardship is the measure I'm most focused on because it reflects families' actual experiences of whether they have access to the basics. In setting new targets I've also considered the economic outlook (including Treasury forecasts), the positive impacts of reducing child poverty for achieving our priorities as a Government, and the reductions required under the United Nations Sustainable Development Goals.
- My preferred option for setting new ten-year targets is shown with blue diamonds in the accompanying figure. I propose to reduce child poverty rates by 2027/28 to:
  - 9% of children on the material hardship measure
  - 12% of children on the AHC50 measure
  - 12% of children on the BHC50 measure.
- The outlook for the material hardship and AHC50 measures is broadly positive. It is likely, however, that we will still need further investment to achieve the proposed new targets.
- I propose setting third intermediate targets (due to be achieved in 2026/27) to align with the reductions needed to achieve the ten-year targets in the following year.

