

Revised options for setting the third intermediate child poverty targets

	2017/18 baseline	2022/23 rate (most recent)	Forecast rate in 2026/27	Option 1 – no / low change from current rates	Option 2 – change based on average progress to date from 2018 baseline
BHC50	16.5%	12.6%	~14%		9.5% reduction to date is 3.9ppt round up to 10%
AHC50	22.8%	17.5%	~15%		13.3% reduction to date is 5.3ppt could round down to 13% or up to 14%
Material hardship	13.3%	12.5%	~11% (based on AHC50 noting that material hardship cannot be forecast)		11.7% reduction to date is 0.9ppt could be more ambitious (e.g. 10%)

For Option 1, we need to clarify whether we are referring to:

- no change from the current rate from 2022/23
- or no change from the current forecast rate in 2026/27

If Option 1 is no/low change from 2022/23, this would mean the AHC50 and MH targets could be expected to be achieved (and surpassed) with no additional investment given these measures are forecast to drop by 2026/27 in any case. However, additional effort would be required to maintain BHC50 steady at its current rate, given it is forecast to rise by 2026/27. The Minister will need to consider whether this is consistent with her focus on MH.

If Option 1 is no/low change from the forecast rate in 2026/27, then this would mean the Government would be setting a ‘negative target’ for BHC50 (as the target for BHC50 is higher than the current forecast rate). If the Minister does not want to set a ‘negative target’, she will need to consider whether to change the BHC50 target so it is lower than the 2026/27 forecast rate (e.g. a ‘no change’ target of 12%). However, as above, this would necessitate that efforts be focused on BHC50 to prevent an increase; the Minister would similarly need to consider if this is consistent with her focus on MH.

For Option 2, change based on average progress to date from the 2018 baseline would still require that efforts be focused on BHC50 to not only prevent this from rising (as forecast), but to achieve a reduction consistent with the reduction to date (reduction from 2018 baseline is 3.9ppt).