



23 October 2024

Tēnā koe

Official Information Act request

Thank you for your email of 24 September 2024, in which you requested the following report:

- REP/24/6/526 *Confirming the functions of the Child Poverty Related Indicators*

I have considered your request under the Official Information Act 1982 (the Act). Please find the report enclosed with this letter.

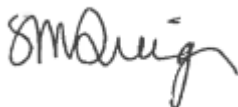
Some information has been withheld under section 9(2)(f)(iv) of the Act to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with my decision on your request, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

pp. 

Magnus O'Neill
General Manager
Ministerial and Executive Services

Report



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Date: 19 June 2024 **Security Level:** In-Confidence
To: Hon Louise Upston, Minister for Child Poverty Reduction
File Reference: REP/24/6/526

Confirming the function of the Child Poverty Related Indicators

Purpose of the report

- 1 This report seeks your agreement that the refresh of the Child Poverty Related Indicators (CPRIs) constitutes a review of the CPRIs in accordance with section 42(1) of the Child Poverty Reduction Act 2018. It also seeks further direction on the broad scoping of the CPRIs in the context of the wider Child and Youth Wellbeing Strategy measurement framework.

Executive summary

- 2 You've indicated you intend to change the CPRIs to align them with the Government Targets [CBC -24-MIN-0056 refers].
- 3 The Child Poverty Reduction Act 2018 (the Act) requires you to review the CPRIs every three years. While the CPRIs can be changed without being formally reviewed, the refresh of the CPRIs can constitute a statutory review and would re-set the timeframe for review so the next review is not required until 2027. We therefore recommend you agree that the refresh of the CPRIs constitutes a review of the CPRIs in accordance with section 42(1) of the Child Poverty Reduction Act 2018.
- 4 Before refreshing the CPRIs, we would like to confirm your vision for their purpose and scope in the context of the wider Strategy. Confirming this will enable us through the statutory review to identify and assess the best set of CPRIs aligned with your preferred function.

5 s9(2)(f)(iv)

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s9(2)(f)(iv)

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12 Following your decision on the advice in this paper, we will provide advice on the recommended set of CPRIs as part of the July advice on the Strategy measurement framework.

13 While you are able to change the CPRIs directly without consulting other Ministers and Cabinet, you have indicated that you intend to report back to Cabinet on the updated CPRIs as part of the refresh of the Strategy. If you wish to test your thinking with your Ministerial colleagues in advance of Cabinet, there is an opportunity to do this at the Child and Youth Ministers meeting, currently scheduled for 1 August 2024. We would welcome the opportunity to discuss this with you at the officials meeting on 27 June.

14 In addition to confirming the public-facing CPRIs and Strategy measures we are in the process of developing a tiered measurement framework that will allow us to provide more tailored monitoring and reporting products for Child and Youth Ministers and supporting cross-agency governance.

Recommended actions

It is recommended that you:

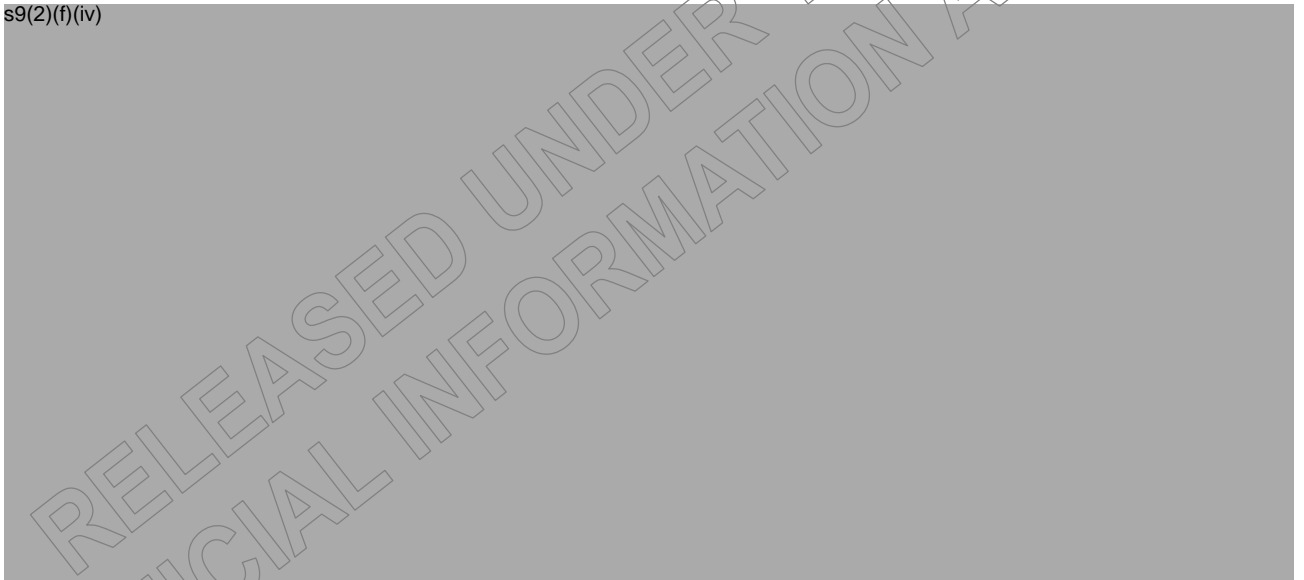
- 1 **agree** that the refresh of the CPRIs constitutes a review of the CPRIs in accordance with section 42(1) of the Child Poverty Reduction Act 2018

Agree/Disagree

- 2 **confirm** your intent to focus the CPRIs on measures that are directly linked to the Government Targets

Agree / Disagree

- 3 s9(2)(f)(iv)



Agree/Disagree

4 **discuss** your preferred approach to scoping the CPRIs and the next steps to progress this at the officials meeting on 27 June 2024.

Agree/Disagree



19/06/24

Hannah Kerr
Director, Child Wellbeing and Poverty
Reduction Group, Policy

Date

Hon Louise Upston, Minister for Child
Poverty Reduction

Date

Background

- 15 You've agreed to refresh the Child and Youth Wellbeing Strategy (the Strategy) measurement framework, including the CPRIs, as part of the refresh of the Strategy [DPMC-2023/24-988 refers]. You've indicated your preference for a streamlined and simplified measurement framework, with the CPRIs serving as key indicators within the framework.
- 16 You've also expressed interest in exploring whether lead indicators for child poverty, particularly material hardship, could give an early signal about expected child poverty rates. We've advised that the CPRIs and material hardship lead indicators be considered in the context of the overall Strategy measurement framework [REP/24/4/374 refers].
- 17 You've indicated to your Cabinet colleagues that you intend to update the CPRIs to align them with the Government Targets and to report back to Cabinet on this as part of the refresh of the Strategy [CBC -24-MIN-0056 refers].

We recommend you agree that the refresh of the CPRIs constitutes a statutory review of the CPRIs

- 18 The Child Poverty Reduction Act 2018 (the Act) requires you to review the CPRIs every three years, in line with the regular review requirements for the Strategy in the Children's Act 2014.¹ The Act does not explicitly prescribe the nature and scope of the CPRi review. For the first review of the CPRIs in 2022, the Child Wellbeing and Poverty Reduction Group (CWPRG) developed a framework to systematically review the CPRIs, taking into account:
 - a. the function the CPRIs are intended to serve
 - b. how well the CPRIs align to the function
 - c. the quality of the data and measures underlying each indicator
 - d. the approach to reporting.
- 19 While the CPRIs can be changed without being formally reviewed, and are not required to be reviewed until 2025, the refresh of the CPRIs can constitute a statutory review and would re-set the timeframe for review so the next review is not required until 2027. We note you would be able to review the CPRIs ahead of the re-set 2027 timeline.

¹ Section 42(1) of the Child Poverty Reduction Act 2018 sets out that the Minister must ensure that each current CPRi is reviewed before the deadline for review of the Child and Youth Wellbeing Strategy.

- 20 The work to formally review the CPRIs is the same as the work we expect to do to refresh them. Formally reviewing the CPRIs now will ensure that the rationale for the proposed changes to the CPRIs is clearly documented and that the CPRIs meet the legislative requirements. Undertaking a review now will also ensure the timing of the statutory reviews of the Strategy and the CPRIs are aligned going forward.² This would support a consistent and coherent approach to the Strategy and the CPRIs.
- 21 We therefore recommend you agree that the refresh of the CPRIs constitutes a review of the CPRIs in accordance with section 42(1) of the Child Poverty Reduction Act 2018.

Before refreshing the CPRIs, we would like to confirm your vision for the scope and purpose of the CPRIs

- 22 Before undertaking a statutory review of the CPRIs we would like to confirm your vision for the purpose and scope of the CPRIs in the context of the wider Strategy. Confirming this will enable us through the statutory review to identify and assess the best set of CPRIs aligned with your preferred function.

s9(2)(f)(iv)

- 23 Under the Act you must set one or more CPRIs, which must be either causes, correlates or consequences of child poverty. This creates an expectation that there is strong evidence of an income poverty, income or socio-economic gradient in the outcomes that are measured via a CPRI.
- 24 In practice this means that a potentially wide range of social outcomes can be used as CPRIs because most social outcomes have a level of socio-economic gradient and can therefore be understood as causes, consequences or correlates of poverty.
- 25 Some social outcomes are *both* causes and consequences, depending on the time frame that is looked at. For example, poor school attendance can be thought of as a long-term cause of poverty, because poor school attendance is a key determinant of educational attainment, which in turn influences future earnings and poverty risk over the life course. Poor school attendance can also be seen as a consequence of poverty, for example if children are unable to attend school due to transport costs or food insecurity, or are missing school to work part time to supplement their household's income.

² Section 42(2)(b) of the Child Poverty Reduction Act 2018 sets the deadline for review of the Strategy as being within three years after the date of completion of the most recent review. The most recent reviews of the Strategy and the CPRIs are 2022.

- 26 Given the potentially wide range of social outcomes that could be CPRI, it is helpful to narrow the scope by defining the rationale and function you would like the CPRI to serve and to ensure there's coherence and alignment with other reporting, particularly the external statutory reporting on the Strategy.

s9(2)(f)(iv)

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37 While, as the Minister for Child Poverty Reduction, you are able to change the CPRIs directly without consulting other Ministers and Cabinet, you have indicated that you intend to report back to Cabinet on the updated CPRIs as part of the refresh of the Strategy. If you wish to test your thinking with your Ministerial colleagues in advance of Cabinet, there is an opportunity to do this at the Child and Youth Ministers meeting, which is currently scheduled for 1 August 2024. We would welcome the opportunity to discuss this with you at the officials meeting on 27 June.

We’re planning to embed the public facing CPRIs and Strategy measures within a tiered monitoring and reporting framework

38 We are developing a framework for future measurement and monitoring incorporating the following inputs:

Table 1: Inputs into the Strategy measurement framework

| | | | |
|-------------------------|-------------------|---|-----------------------|
| Nine Government Targets | Portfolio Targets | Three priority areas for the refreshed Strategy | Six Strategy outcomes |
|-------------------------|-------------------|---|-----------------------|

39 We will ensure the measurement framework:

- a. is simple and streamlined
- b. is tailored to the needs of different audiences, including the public, iwi and hapū Māori, Ministers and agencies
- c. reflects the levels of measurement and monitoring needed to understand if we are on track to achieve priority outcomes
- d. is aligned to Government and portfolio targets, and priority areas for the Strategy
- e. meets the legislative requirements around monitoring and reporting on progress towards the six Strategy outcomes and for particular subpopulations;³ and
- f. uses measures and indicators that are fit for purpose, for example measures where data is readily available.

40 We note you're considering the Strategy as having two functions, as a communications tool for the public and as an investment framework for Government and agencies. We want to reflect these functions in the measurement framework.

41 To serve these different functions, we expect to need to have a tiered measurement framework that reflects different approaches to monitoring and reporting. We've identified three tiers of measurement and/or reporting that can meet these functions:

Table 2: Three-tiered measurement framework outline

| Strategy Function | Monitoring and Reporting Function | Indicator set |
|---------------------|-----------------------------------|--|
| Communications tool | External monitoring and reporting | Base set of Strategy indicators, made up of refreshed CPRI's, other child and youth-relevant |

³ As outlined in the Children's Act 2014, monitoring of the Strategy must include measures that show progress on the Strategy outcomes. These measures must be able to disaggregated by the following groups of children and young people: Māori children and young people, children in poverty and children with socio-economic disadvantage, alongside any other groups identified by the Minister.

| | | |
|--|---|--|
| | | Government and Portfolio Targets, and any further indicators required to enable monitoring of the six Strategy outcomes. |
| Strategy and Investment Framework | Ministerial monitoring of progress on key supporting indicators | Additional set of indicators for three priority areas, including “lead indicators” dashboard for monitoring material hardship, and indicators that reflect the life course approach. |
| | Agency monitoring of progress on additional indicators, as required | Additional set of measures to monitor broader dimensions of wellbeing. |

- 42 The **first tier**, to monitor and report on the Strategy externally, would be a small public-facing set of indicators that would support you to tell the story of what the Government is doing for children and young people. These indicators would be aligned to the wider Government priorities, including the Government Targets, and the six Strategy outcome areas.
- 43 The **second tier** of monitoring would be an additional indicator set you and the Child and Youth Ministers can use to understand whether we are on track to achieve priority outcomes and targets. This would identify additional lead and supporting indicators for the three Strategy priority areas that you would receive regular updates on, to track progress. This would include the lead indicator dashboard you have directed us to develop on material hardship.
- 44 The **third tier** of monitoring would be the internal monitoring of a broader set of indicators that support officials to identify early whether things are getting off track, which allows for wider monitoring.

Next Steps

- 45 We will confirm the outcome of the review of the CPRIs and the recommended set of CPRIs as part of the July advice on the Strategy measurement framework. The targeted consultation on the Strategy refresh will provide us with insights and views on the overall measurement framework, that will also inform our further considerations and refinement of the CPRIs.

Author: Hugh Webb, Principal Analyst, Child Wellbeing and Poverty Reduction Group, Alex Cliffe, Senior Analyst, Child Wellbeing and Poverty Reduction Group

Responsible manager: Hannah Kerr, Director, Child Wellbeing and Poverty Reduction Group, Policy

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