

Working Paper no.5:

Child Poverty Reduction Targets

Expert Advisory Group on
Solutions to Child Poverty

August 2012

Purpose

1. This paper was prepared to provide the EAG with information about the setting of targets to reduce child poverty and mitigate its effects.
2. This paper has informed the direction and recommendations of the EAG's *Solutions to Child Poverty in New Zealand: Issues and Options Paper for Consultation*. These are preliminary findings, and a final report will be published in December 2012. The findings in this paper do not necessarily represent the individual views of all EAG members.
3. The EAG wish to acknowledge the Secretariat for their work on this paper. The EAG also wishes to thank various external experts for their assistance, including Denise Brown, Dr Tony Burton, Dr Kristie Carter, Bryan Perry and Dr Fiona Imlach Gunasekara. The findings and recommendations in this paper do not necessarily reflect the individual views of these experts or their organisations.

Introduction

4. The Expert Advisory Group (EAG) on Solutions to Child Poverty has been asked by the Children's Commissioner to provide advice on short-term and long-term policies to reduce child poverty in New Zealand and mitigate its effects. In order to fulfil this mandate, it is essential for there to be a clear definition of poverty and precise measures for assessing the level of poverty. Without such measures it is impossible to know what the EAG is seeking to reduce. The EAG has developed a set of recommendations concerning the definition and measurement of poverty, together with recommendations covering child poverty-related indicators (CPRIs). These matters are covered in EAG Working Paper No 1.
5. This Working Paper considers a separate but related set of issues. The focus is on the possible use of targets – as one of a number of policy instruments – for reducing child poverty and mitigating its effects. Among other things, the Paper addresses the following questions:

- Whether there is a case for governments to set targets for reducing child poverty and mitigating its effects.
- If so, on what basis should such targets be set, how often and by whom? Further, what form should any such targets take (e.g. binding or non-binding), to which particular poverty measures and CPRIs should they be applied, and over what specific time periods?
- Should the setting of poverty-reduction targets be voluntary (and thus a matter for each respective government to decide) or a statutory requirement (as for instance in Britain), and if the latter, what should be the provisions of the relevant legislation?
- In the view of the EAG, how ambitious should governments be in seeking to reduce child poverty?

6. The arguments developed in this Paper can be summarised as follow:

- To be successful, any medium-to-long-term strategy to reduce child poverty and mitigate its effects will require leadership, robust and effective policies, and sustained effort. As part of such a strategy, the setting of poverty-reduction targets, as well as targets for a range of CPRIs, is likely to be a useful tool for generating the necessary incentives to sustain governmental action over a significant period of time. This is because targets can serve as helpful instruments for:
 - a. signaling the desired policy direction
 - b. improving the alignment of the relevant policy, operational and funding levers
 - c. enhancing bureaucratic and political accountability.
- The setting of targets is a common practice in many jurisdictions, especially with respect to important policy goals. Moreover, setting targets for reducing child poverty and mitigating its effects would be utterly consistent with recent government policy initiatives in New Zealand in related areas, such as targets for improving outcomes for vulnerable children (see Office of the Deputy Prime Minister, 2012). As the Prime Minister, Rt Hon John Key, has said with respect to educational standards: “If you don't measure, monitor and report on things, I don't think you get progress.” (*DomPost*, 3 July 2012)
- There is a strong case, given the powerful economic, social and ethical reasons for reducing child poverty, for enacting legislation to institutionalise the process for setting targets, monitoring progress and reporting results. Under such legislation, the setting of targets would be

mandatory. Against this, the targets themselves would not be legally binding. The nature and contents of the proposed legislation is discussed in EAG Working Paper No 6.

- All targets should balance ambition with realism. Setting unrealistic or overly ambitious targets is likely to undermine the credibility of the whole process. Setting soft targets may well have the same effect. With this in mind, the EAG is of the view that New Zealand's long-term aspiration should be to ensure that every child can grow up without experiencing severe or persistent poverty. To this end, a strategy should be developed to reduce child poverty progressively over time, with the objective of achieving, and then maintaining, low levels of poverty as measured on the basis of all relevant and available data. The meaning of 'low' should be based on both international and domestic benchmarks. These are specified in this paper. Furthermore, it is our expectation that the progress of Māori and Pasifika children towards these goals should be at least on par with that of other children, and preferably more rapid.
- The specific targets for 2022 proposed by the EAG would be consistent with a reduction in child poverty of at least 30 percent on 2010 rates by 2022 (based on a moving-line income measure, before housing costs) and 40 percent using an after housing costs measure; a reduction in child material deprivation would be at least 40 percent on 2008 rates by 2022; and even more significant reductions in severe and persistent poverty.
- The EAG believes that reducing child poverty in New Zealand to the extent proposed by 2022 is realistic. But it will require a comprehensive, vigorous and cost-effective approach. The setting of targets is about making this happen through challenging, child-focused results for the public sector to achieve within a specified time horizon.

7. This Working Paper contains a series of recommendations consistent with the arguments advanced above.

Target-Setting by Governments: Background Comments

8. Targets can be defined as "quantified or specified results to be achieved over a stated period of time" (Dowell, 2012). They have been widely employed to incentivize the performance of individuals and organizations over many decades, within both the public and private sectors (see, for instance, Carter, et al., 1995).
9. Explicit government-sanctioned targets have been adopted in a plethora of different areas of public policy for many decades, both in New Zealand and elsewhere. This includes monetary policy, fiscal policy, health policy, education

policy, energy policy, environmental policy, and so forth. For instance, in the area of monetary policy, many governments around the world have set explicit inflation targets (see Bernanke and Mishkin, 1997). Likewise, targets have been used as a key policy instrument for improving health care outcomes (see Bevan and Hood, 2006). This has included targets with respect to both organizational performance and the health status of the population.

10. Such targets are usually expressed in precise quantitative terms, and are typically more exacting than 'goals' or 'objectives'. They are invariably time specific (i.e. the target is to be achieved by a certain date, usually a specific year). If and when the desired targets have been achieved, either more ambitious targets are set or policy makers commit to maintaining the existing levels of performance. Which option is chosen will depend on, among other things, the nature of the policy goals, the available resources, and the feasibility, cost-effectiveness and desirability of securing further improvements.
11. Targets can take many different forms and can be applied in a variety of different ways. For instance, they can be legally binding or non-binding (i.e. aspirational); they can be a statutory requirement or a matter for ministerial discretion; they can be relatively easy to achieve or highly ambitious; they can cover a range of outcomes (or a corridor) or be set at a fixed point; their periodicity can vary from short-term to very long-term; and they can incorporate specific milestones or have no such features.
12. Such differences reflect the policy context in question including, for instance, the extent to which governments have control (or would like to have control) over policy outcomes and whether binding targets are merely useful or instead absolutely essential for policy effectiveness. For instance, legally-binding targets have been an important feature of climate change policies in many countries. A good example are the economy-wide 'responsibility' targets for greenhouse gas emissions agreed to by developed countries under the Kyoto Protocol (1997) for the first commitment period (2008-12). Likewise, domestic emissions-trading schemes (or cap-and-trade schemes) typically have a legally-binding cap (or aggregate target). But making targets legally binding does not guarantee that they will be enforced. This is because relevant sanctions may be very difficult to apply. This is especially the case in the international arena (e.g. due to a lack of consensus amongst the major powers).
13. Non-binding, or 'aspirational', targets are much more common than binding targets. The sanctions for non-compliance in such cases are essentially moral

and political – i.e. policy makers face a possible loss of credibility or reduced electoral support if the agreed target is not met.

Recent Initiatives in New Zealand

14. In recent decades the setting of explicit policy targets has become more common, both in New Zealand and elsewhere. In New Zealand, for instance, specific targets have been set over recent years for a number of child-related objectives. Notable here have been targets for immunization rates, with significant progress having been made towards the agreed targets (see EAG Working Paper No 17 on health issues).

15. More recently, in early 2012, the National-led government announced, as part of its 'Better Public Services' reform agenda, that it would develop a series of measurable, medium-term targets across five broad areas of policy:

- reducing long-term welfare dependency
- supporting vulnerable children
- boosting skills and employment
- reducing crime
- improving interaction with government.

16. The specific targets, which were announced in late June 2012, are as follows (see Office of the Deputy Prime Minister, 2012):

- to increase the participation rate in quality early childhood education to 98 percent by 2016, up from the current rate of 94.7 percent
- to increase the proportion of 18-year-olds with NCEA Level 2 to 85 percent by 2017, up from the current rate of around 68 percent; and to increase the proportion of 25-34 year olds with advanced trade qualifications, diplomas and degrees (at level 4 or above)
- to increase infant immunisation rates to achieve and maintain 95 percent coverage of eight-month-olds fully immunised with the scheduled vaccinations by 2017
- to reduce the incidence of rheumatic fever by two-thirds to 1.4 cases per 100,000 people by June 2017
- to halt the 10-year rise in children experiencing physical abuse and reduce current numbers by 5 percent by 2017
- to reduce the rates of total crime, violent crime and youth crime, including:

- a reduction in the crime rate by 15 percent by 2017
 - a reduction in the violent crime rate by 20 percent by 2017
 - a reduction in the youth crime rate by 5 percent by 2017 (interim measure).
 - to reduce prisoner reoffending by 25 percent by 2017 (which will reduce the annual reconviction rate from 30.4 percent to 22.8 percent and the annual re-imprisonment rate from 27.1 percent to 20.3 percent)
 - to reduce the number of people receiving working-age benefits (i.e. those which will become the new Job Seeker Support) for more than 12 months, by 30 percent – from 78,000 to 55,000 by 2017
 - to reduce the business costs of dealing with government by 25 percent by 2017, through a year-on-year reduction in effort required to work with agencies
 - to ensure that by 2017 an average of 70 percent of New Zealanders' most common transactions with government will be completed in a digital environment – up from 24 percent currently.
17. The EAG supports the principle of setting such targets. Without doubt, the objectives, such as better health and educational outcomes and lower crime rates, are worthy. It is to be hoped that the policy initiatives being developed to deliver the desired results will be successful. Moreover, many of the government's new targets are highly relevant to the goals of reducing child poverty and/or mitigating its effects. This includes the targets to: increase the participation rate in quality early childhood education; raise educational attainment levels; increase immunisation rates; reduce the incidence of rheumatic fever; reduce the number of children experiencing physical abuse; and reduce the number of people receiving working-age benefits. Achieving these targets will make a positive difference for many children in low-income households. Further, unless child poverty is addressed directly it may not be possible to meet all the specified targets.
18. From the perspective of the EAG, there is a good case for building on and extending the government's targets to include more explicit goals for reducing child poverty. There is also a case for complementing the current suite of targets with additional targets for specific Child Poverty-Related Indicators (CPRIs), as discussed later in this Working Paper.

The Reasons for Setting Targets

19. There is a substantial literature in a range of disciplinary areas (e.g. performance management, public management, health management, public

policy, etc.) on the use of targets, their respective strengths and weaknesses, and the circumstances under which they are likely to be most effective. Broadly speaking, there are three main reasons for setting explicit policy targets (whether binding or otherwise) (see Table 1):

- **Signalling:** targets give a sense of purpose and direction; they provide an elevation of importance; they challenge and motivate; and they influence or change attitudes and behaviours.
- **Alignment and focus of policy, operational and funding levers:** targets can help align operational activities and budgetary allocations to the agreed priority; they can enhance policy credibility, certainty, and effectiveness; and in some cases they can enable policy enforcement (e.g. via specific quantity caps/limits/quotas or quality standards).
- **Accountability:** targets can enhance accountability (moral, parliamentary, ministerial, bureaucratic, legal, etc.) by specifying roles and obligations, and providing tangible measures for assessing performance or progress towards an agreed goal.

20. The setting of targets in any particular policy area needs to take into account a range of factors including:

- Whether it is technically feasible to set measurable and explicit targets – for instance, are there specific, appropriate and reliable data sources available such that meaningful targets can be established (against explicit benchmarks) and reliably monitored?
- Whether outcomes in the relevant policy domain are within the capacity of governments to influence, at least to some extent
- Whether the setting of targets is likely to enhance policy performance and effectiveness – i.e. will it result in a more determined and efficacious effort to improve outcomes in the relevant policy domain?
- Whether there is a risk that any particular target (or set of targets) will generate goal-displacing behaviour (i.e. encouraging government agencies to focus on those matters covered in the targets at the expense of other matters – which may be equally or more important but for which appropriate data are unavailable)
- Whether there are useful international benchmarks which can be used both for determining the appropriate targets and comparing performance
- How much it will cost to set the targets in question and monitor performance

- How ambitious policy makers wish to be
 - Whether the setting of targets is likely to be politically feasible and whether any targets that are announced are likely to prove durable and politically binding (e.g. will a future government of a different political persuasion feel bound by the targets that were established by a previous government?).
21. There are several other issues of relevance to the setting of targets. These include the question of how many targets it is sensible and realistic to set and over what time periods. For instance, having a large number of separate targets may reduce the focus of policy makers (and implementors) and render the whole exercise less effective. Against this, there may be risks (both political and non-political) in placing too much attention on a very small number of targets. These risks include goal-displacing behaviour.
22. Finally, the mere announcement of targets certainly does not guarantee that they will be achieved. Further, the more ambitious the targets, the less likely it is that they will be met. But this may be no bad thing. Any movement in the right direction, even if small, may well be positive.

The Case for Setting Child Poverty Reduction Targets

23. According to the recent Innocenti Report Card 10 on the measurement of child poverty (UNICEF, 2012, p.18): “It is within the power of every government in the OECD to set realistic targets for reducing relative child poverty and to put in place the policies and the monitoring systems to meet these targets”. In short, governments can reduce child poverty if they so choose; they are not powerless. This is not to suggest that reducing child poverty is simple or inexpensive, but nor is it an impossible dream.
24. Table 1 outlines the key arguments for and against setting specific targets for reducing child poverty in New Zealand. These are organized in accordance with three key reasons identified for setting targets: signalling, alignment and accountability.

Implications

25. The preceding analysis suggests that targets are likely to be a useful tool for helping to ensure sustained activity and progress towards the goals of reducing child poverty and mitigating its effects. Their effectiveness will be greatest when implemented as part of a clear, comprehensive, medium-to-long-term strategy. Further, most of the objections to, and the risks associated with, setting child poverty reduction targets can be mitigated through effective policy design, and do not outweigh the benefits of having such targets.

26. From the foregoing, there are various design issues that need consideration and appropriate responses. For instance:

- in order to minimise any distortion of policy priorities or gaming, any targets need to be relatively comprehensive in nature and not merely focused on one specific aspect of poverty (whether low income or material deprivation, etc.); put differently, a balanced scorecard approach is preferable to focusing on a single target
- in the interests of sound policy signaling, any targets need to cover both the medium term (e.g. 3-5 years) and the long-term (e.g. 10 years or more)
- in the interests of policy credibility, any targets need to balance realism and ambition – neither unduly soft targets nor overly ambitious targets are likely to be prudent.

Recommendation 1

The government should set specific targets to reduce child poverty.

Table 1: Summary of reason for targets

<i>Reason for targets</i>	<i>Arguments for target</i>	<i>Objections and risks</i>
Signalling	<ul style="list-style-type: none"> • Child poverty matters – morally, economically and socially. If targets are to be set with respect to various social policy outcomes (as is increasingly the case, both in New Zealand and elsewhere), child poverty should certainly figure prominently amongst the candidates for target setting. • It is technically feasible to set child poverty reduction targets. As noted elsewhere, child poverty can (and should) be measured. There are a range of well-recognised child poverty measures. The EAG has recommended that five types of child poverty measures should be adopted in New Zealand and reported annually. • The setting of child poverty targets is becoming increasingly common internationally and has been endorsed by governments of both the centre-right and the centre-left. 	<ul style="list-style-type: none"> • There is a risk that targets set for the longer-term (e.g. 10 years or more) by one government will require sustained action by a subsequent government, most likely of different political orientations. Hence, unless the targets in question have cross-party support, they may lack credibility. This objection does not render the notion of child poverty reduction targets invalid but does point to the desirability of: a) having both medium-term and long-term targets; and b) seeking cross-party support for any proposed anti-poverty strategy and related targets.

Table 2: Summary of reason for targets

<i>Reason for targets</i>	<i>Arguments for target</i>	<i>Objections and risks</i>
Alignment and focus of policy, operational activities and funding	<ul style="list-style-type: none"> • Policy effectiveness: governments have a reasonable capacity to influence the rates of child poverty via a range of policy levers. In other words, policy settings, operational focus and the allocation of resources matter and can make a difference to child outcomes. • Impact on outcomes: the setting of child poverty targets is likely to increase the attention given by policy makers (at all levels of government) to the need to improve the wellbeing of children in low-income households. This can be expected to have a positive impact on child outcomes. Without targets, there is likely to be less attention given to the needs of New Zealand's children and in particular the most disadvantaged children • Policy framing and prioritisation: the setting of child poverty targets can help frame policy priorities and influence choices on how the desired outcomes might best be achieved. If there is a clear goal of reducing child poverty (as measured on a fixed-line basis), from say 20 percent to 10 percent over a 10 year period, this will require policy makers to consider whether current policy settings are likely to achieve the target and, if not, what should be done about it. They would also need to evaluate the relative cost-effectiveness of different policy instruments and select those which are most likely to achieve the specified targets at least cost. 	<ul style="list-style-type: none"> • Targets by themselves don't deliver better outcomes. Without a genuine and reasonably durable political commitment to reducing child poverty, evidenced by Ministerial direction to the policy, operations and funding to various agencies, there is little point setting targets. • There is a risk that targets will be set for only some aspects of poverty (e.g. income-based measures) and not for other aspects (e.g. deprivation measures). This could result in a focus on anti-poverty measures solely on income support at the expense of in-kind forms of assistance, and contribute to an unbalanced and less effective approach to poverty alleviation. This can be mitigated by ensuring that a range of targets are included, ideally covering all of the EAG's five proposed measures of child poverty along with targets for some CPRIs, such as immunisation rates, child development levels and housing quality standards. • It might be objected that setting targets for reducing child poverty will focus the attention of policy makers away from other important economic and social objectives. But, as argued in other papers prepared by the EAG, there are very strong economic and social grounds for reducing child poverty and it is hard to identify policy objectives that deserve greater priority. Investing in our nation's children, and especially our least advantaged children, can be strongly defended on a number of grounds. • It might be objected that meeting poverty reduction targets will be costly in fiscal terms. But while some costs are inevitable, any failure to reduce child poverty will also be costly – not merely for the children impacted on, but also for the wider society. There will be fiscal costs involved in the actual process of setting poverty targets and reporting progress against these targets. However, any such costs will be very modest.

Table 3: Summary of reason for targets

<i>Reason for targets</i>	<i>Arguments for target</i>	<i>Objections and risks</i>
Accountability	<ul style="list-style-type: none"> • Setting child poverty targets will increase the degree of political accountability for child outcomes. Such accountability will be enhanced further if the lead responsibility for achieving specific targets is clearly identified. • Setting targets will provide an additional incentive for ongoing monitoring, evaluation and review, and may also enhance the degree of cross-party support for anti-poverty measures. 	<ul style="list-style-type: none"> • There is a risk that governments could set soft targets for reducing child poverty, targets that can readily be achieved with little effort. But this objection carries little force. First, any reduction in child poverty, even if modest, is likely to have desirable consequences. Second, there will be political pressures for governments to set targets that, while achievable, are also relatively ambitious. • Targets may be resisted as any failure to meet the agreed child poverty reduction targets will discredit the government's anti-poverty measures and reduce public support for poverty-reduction efforts. But such objections carry little weight. First, if a government is genuinely committed to reducing child poverty and if its measures are not proving to be effective, then it will be important for the government to review its strategy. It is most unlikely that a failure to achieve the agreed targets will reduce public support for the desired goal. On the contrary, it is likely to increase public concern and commitment. • There is a risk that setting overly ambitious targets could be counter-productive. For instance, setting targets to eliminate or eradicate all forms of child poverty within a relatively short period of time would not be prudent. This is because the total elimination of all forms of child poverty is likely to be beyond the capacity of any government to achieve, certainly within a limited timeframe. Setting such targets is thus likely to diminish the credibility of, and potentially public support for, the proposed strategy.

Types of Child Poverty Reduction Targets

27. While there is a good case for setting child poverty reduction targets, any move in this direction immediately raises a series of issues. In particular, should such targets be mandatory, what form should they take, how often should they be revised, and how ambitious should they be?

Mandatory or voluntary

28. The first issue is whether the task of setting child poverty reduction targets by a government should be a statutory requirement or a matter for ministerial discretion. (This is separate from the issue of whether the targets themselves should be binding.) Thus far, only a few OECD countries have mandatory requirements for targets of this nature. The best example is the United Kingdom which enacted a Child Poverty Act in 2010 (see Dickens, 2011; Waldfogel, 2010). This not merely requires the setting of targets to reduce child poverty (across a range of measures) by 2020, but also makes these targets legally binding.
29. There are two main arguments for enacting legislation to require governments to set child poverty reduction targets:
- it is likely to increase the political salience of the targets; and
 - it is likely to enhance the durability of any anti-poverty strategy since it will not be completely at the whim of a particular government or minister.
30. Legislation serves a number of purposes (see also EAG Working Paper No 6). One of these is to regulate behaviour – including the behaviour of governments. Another is symbolic – to highlight the significance of a particular goal or desired outcome. Both are relevant to the issue of reducing child poverty. Enacting legislation that requires governments to set anti-poverty targets necessarily imposes certain legal obligations on ministers. Setting targets is thus no longer a matter of discretion. This means that ministers must give the matter appropriate attention, and this in turn has implications for the work of officials in the relevant government departments and agencies, and the level of political scrutiny.
31. Since parliaments in New Zealand cannot bind their successors, there would be nothing to stop a future government from repealing the target-setting provisions within the relevant legislation. Hence, a statutory requirement to have child poverty reduction targets does not guarantee a long-term political commitment to such a goal. But that is in the nature of democracy. Having said this, any government which decided to repeal the provisions of the relevant legislation would need to justify its actions. The fact of having to do so – and the potential political costs associated with any such move – is likely to ensure that any initiatives to repeal the relevant provisions are carefully weighed. A similar level of political caution is less likely if the setting of such targets were to be entirely voluntary (as, of course, is currently the case).
32. A possible objection to making it a statutory requirement for governments to set child poverty reduction targets is that the need for such legislation may be short-lived. For

instance, if relatively ambitious targets were set and achieved within a few years, the need for targets would significantly diminish. While such an outcome would clearly be highly desirable, attaining this objective in a short timeframe is probably not realistic. Indeed, given the ‘wicked’ nature of child poverty, the current fiscal constraints and the uncertain global economic outlook, reducing such poverty to low levels is likely to take a considerable period of time and, once achieved, can be expected to remain a challenging task. Accordingly, the need for targets is likely to endure.

33. Ideally, it would be preferable for any legislation requiring the introduction child poverty reduction targets to have cross-party support. This would increase the likelihood of the target-setting process and related anti-poverty initiatives being durable and effective. But cross-party support, while desirable, is not essential.
34. Another issue is under what legislative umbrella any requirement for the setting of targets might be addressed. There are various options in this regard, including a Child Act and a Child Poverty Act. A related issue is which Minister should have the statutory responsibility to set poverty-reduction targets. These matters are addressed in EAG Working Paper No 6.

Recommendation 2

There should be a statutory requirement for governments to set targets to reduce child poverty.

Legally binding or non-binding

35. It is one thing to enact legislation requiring governments to set child poverty reduction targets periodically, it is quite another to set targets in legislation and impose a binding legal duty upon government ministers to meet them, as is the case with the Child Poverty Act 2010 in the United Kingdom. As noted earlier, this Act requires the Secretary of State to achieve specific targets by the end of the financial year, beginning 1 April 2020. If the targets are met by that date, the Secretary of State must also ensure that they continue to be met in subsequent years, or in the event the targets are not met, pass regulations setting a new target date.
36. The case for binding targets is that such targets will carry additional weight, not merely legal but also moral and political. The case against making such targets legally binding is two-fold. First, governments do not have complete or direct control over the level of child poverty (however measured); their influence is partial and indirect. Thus, for instance, a major global economic downturn, such as the recent global financial crisis, is bound to have a negative impact on levels of material deprivation and this impact is, at least in part, beyond a government’s capacity to control. Given these circumstances, the case for binding targets is difficult to sustain. Second, there are no effective legal sanctions available in the event of a government failing to achieve its targets. To the extent that there are any effective sanctions for poor performance, they are political in nature – parliamentary scrutiny, public criticism and electoral damage. Again, in such circumstances, the case for binding targets is weakened. For such reasons, non-binding targets appear to be the preferred approach.

37. At the same time, there is a case for making it a statutory requirement for the government to report periodically to Parliament on its progress towards meeting such targets as have been established. The nature of such reporting is considered later in this Working Paper.

Recommendation 3

The targets set by the government to reduce child poverty should not be legally binding.

The nature of the targets

38. Any statutory requirement for setting poverty reduction targets should embrace each of the measures below. It is recognised that setting targets to reduce the persistence of poverty will require appropriate longitudinal data – which in turn will probably depend upon the development of a new survey. Necessarily, this will take some years to establish.

- i. fixed-line measure
- ii. moving-line measure
- iii. material deprivation measure
- iv. severe poverty measure
- v. poverty persistence measure.

39. There is also a case for setting targets for the CPRIs recommended by the EAG. This matter is discussed later in this Working Paper.

Recommendation 4

The targets set by the government to reduce child poverty should cover all five poverty measures recommended by the EAG. This requirement should be specified in appropriate legislation.

Periodicity and review

40. As noted earlier, there is a strong case for setting targets for several different time periods – a short-term goal (e.g. three years) and a long-term goal (e.g. 10 years). Having short-term targets will ensure that governments give proper attention during each electoral cycle to the issues of child poverty; having long-term targets will help ensure that short-term measures are integrated within a wider, more enduring strategy.
41. There is a good case for requiring the relevant targets to be updated on a regular basis. Exactly how often is open to debate. One option would be to require new targets to be reviewed and, if necessary amended, at least once every three years. Under this approach, every government would be required to set such targets at least once during each parliamentary term. This would not prevent an incoming government from revising the previously announced targets (whether up or down) prior to the mandated date if it so chose.

Recommendation 5

The targets set by the government to reduce child poverty should cover two separate periods: three years and 10 years. This requirement should be specified in appropriate legislation.

Recommendation 6

Both the short-term and long-term targets should be reviewed and, if necessary amended, at least once every three years. This requirement should be specified in appropriate legislation.

Reducing Child Poverty: How Ambitious Should the Objective Be?

42. There are various options with respect to the level of ambition. The most ambitious objective would be to eliminate or eradicate child poverty completely. That is to say, the goal would be to ensure that there are no children living in households where disposable incomes and/or levels of material deprivation fall below certain agreed thresholds. At the other end of the spectrum the objective could be limited to avoiding any increase in child poverty. Between these two poles there are many possible positions. For instance, a relatively unambitious objective might be to reduce child poverty over the medium-to-longer term by, say, 10-20 percent compared with current levels. Somewhere further along the spectrum would be the objective of reducing child poverty to low levels (as measured against various international and domestic benchmarks) and then maintaining these low levels. This latter objective is the preferred approach of the EAG, at least for the next decade.

The elimination (or eradication) of child poverty

43. The goal of eliminating child poverty has been embraced explicitly by a number of OECD governments over the past few decades. For instance, several decades ago the Canadian government declared that it would “seek to eliminate child poverty by the year 2000” (UNICEF, 2012, p.18). But the government failed to establish precisely how poverty should be defined and monitored, and little progress was made towards achieving the goal.
44. Elsewhere, the former British Labour government, for instance, announced plans in the late 1990s to reduce child poverty by 25 percent by 2005, to halve it by 2012 and eradicate it by 2020. The initial focus of the Labour government’s anti-poverty strategy was on reducing relative poverty (i.e. the proportion of children living in households with an equivalised income of less than 60 percent of the contemporary median) (Dickens, 2011). Subsequently, in 2010, the British Parliament enacted legislation (The Child Poverty Act 2010) which provides for a more comprehensive policy framework for poverty reduction across the United Kingdom, including a broader set of targets and the regular monitoring of progress towards meeting these targets. More specifically, the Act imposes a duty on the Secretary of State for Work and Pensions to meet four targets by 2020; these cover not just relative low income, but also absolute low income, a combination of low income and material deprivation, and poverty persistence. It also requires the government to publish a strategy every three years outlining how it will meet these targets and to report annually on progress. Additionally, local authorities are required to fulfil various obligations.

45. While solid progress to reduce child poverty was made by the former Labour government between the late 1990s and 2008, subsequent events (not least the global financial crisis and the need for fiscal constraint) have contributed to a deterioration in child poverty rates (at least on some measures). Moreover, while the Child Poverty Act refers explicitly to ‘setting targets relating to the eradication of child poverty’, the proposed targets for 2020 are not consistent with this objective – certainly if ‘eradication’ is taken to mean the complete removal of child poverty.
46. More importantly, while the idea of eliminating child poverty is undoubtedly morally appealing and a commendable ultimate objective, it does not provide a useful or appropriate benchmark for policy purposes over the near term. Bear in mind that governments lack complete control over the level and distribution of household incomes. Many factors affect such outcomes including global economic trends and developments, the business cycle, changes in asset prices, the structure of wages, tax and welfare policies, family formation and dysfunction, intra-family transfers, and sheer luck (or bad luck). Moreover, governments have only a modest capacity to influence how household incomes are allocated. And in a free society there are clear limits to state paternalism. Hence, the state cannot ensure that no children are ever materially deprived. For such reasons, while there can be no question that governments have the capacity to reduce child poverty (as assessed on various measures), their ability to eliminate or eradicate it is limited. Accordingly, while eliminating child poverty is a worthy aspiration, there is a need for feasible goals to guide our policy actions in the near term.

Reducing child poverty to low levels

47. What, then, might be a realistic and achievable, yet also ambitious, objective for the next decade or so? It is evident from international experience that given favourable economic circumstances and effective policy programmes child poverty can be reduced to low levels (e.g. 5 percent or even less on certain measures). In 2005, the Innocenti Report Card 6 (UNICEF, 2012, p.17) recommended that it should be the objective of all OECD countries to reduce relative child poverty rates (based on 50 percent of the median equivalized disposable household income) to below 10 percent. (On this basis, the New Zealand rate in recent years has been about 11-13 percent; see Appendix 1, Tables F.6 and J.3.) It was also recommended that countries that had already met this target (such as those in Scandinavia) should aim to reduce the rate to 5 percent or lower. This latter objective has only been achieved occasionally by a small number of countries (e.g. Iceland).
48. Additionally, recent comparative data highlights that levels of material deprivation amongst children can be reduced to very low levels (depending on the measure of deprivation employed). For instance, in 2009 eight European countries (i.e. Iceland, Sweden, Norway, Finland, Denmark, the Netherlands, Luxembourg and Ireland) had child material deprivation levels below 5 percent. These data are based on the proportion of children (aged 1 to 16) who lacked two or more of 14 specific items (e.g. three meals a day, an internet connection,

etc.) because the households in which they live could not afford to provide them (UNICEF, 2012, p.2).

49. Currently, on the basis of existing data, child poverty rates in New Zealand are around average levels within the OECD – better on most measures than in countries like Italy, Greece, the US and much of Eastern Europe, but worse than in Scandinavia, Austria, the Netherlands and Switzerland (see Appendix 1; Perry, 2009, 2011, 2012; UNICEF, 2012). Further, based on the limited comparative data available and using the nine item EU deprivation index, levels of child material deprivation in New Zealand appear to be higher in comparative terms than levels of income poverty (Perry, 2009, p.33). For instance, on this measure, 18 percent of children in New Zealand experienced material deprivation. By European standards, this represents a relatively high rate (see Appendix 2, Table D.4, and Figures D.3 and D.4). Sixteen European countries performed better (including Germany, France and the UK), with rates in all the Scandinavian countries 10 percent or less; only Greece, Portugal and the countries of Eastern Europe performed worse. New Zealand's unsatisfactory results for material deprivation no doubt reflect the country's lowish ranking within the OECD with respect to per capita income, together with relatively high levels of income inequality.
50. It is notable, however, that New Zealand has had much lower rates of child poverty (at least on some measures) at earlier times in its history. For instance, as Table F.7 highlights (see Appendix 1), using a moving-line poverty measure – based on 60 percent of the median, after housing costs (AHC) – only 11 percent of children were in poor households in 1986. The equivalent rate in 2011 was around 26 percent. Of course, the fact that the rate several decades ago was less than half recent levels does not mean that reducing child poverty to similar levels will be straightforward or inexpensive. For one thing, there have been far-reaching structural changes in both the global and domestic economy since the mid-1980s and these have had significant impacts on wage relativities, and hence the distribution of market incomes. For another, there have been significant changes in family formation and structure in recent decades with a higher proportion of children now living in sole-parent households. Aside from this, there have been significant changes in relative housing costs, most benefit levels are lower in real terms, and a higher proportion of the working-age population are in receipt of benefits. Accordingly, the task of reducing child poverty to the levels experienced in the early-to-mid 1980s will be challenging. Nevertheless, it should not be regarded as beyond our reach.
51. Bearing these considerations in mind, and noting in particular the importance of minimising severe or protracted poverty in childhood, the EAG proposes that New Zealand should set the following goal: to reduce child poverty progressively over time, with the objective of achieving, and then maintaining, low levels of poverty as measured on the basis of all relevant and available data. Such an approach immediately begs two questions: what does 'low' mean and what is the appropriate timeframe for achieving the goal?

Setting benchmarks for low rates of child poverty

52. It is proposed that the meaning of 'low' should be determined with reference to two specific benchmarks: first, relevant international comparisons of child poverty; and second, previous domestic levels of child poverty. Furthermore, the meaning of 'low' should reflect the specific features of each recommended child poverty measure.
53. The need for both international and domestic benchmarking reflects the fact that relevant and meaningful international comparisons of child poverty rates are only possible for some poverty measures (e.g. rates of material deprivation). In the absence of such limitations, international benchmarking would alone suffice.
54. It is recognised that having two sets of benchmarks – one international and the other domestic – may generate issues as to which should be used when both provide relevant and meaningful comparisons. In such situations, the EAG recommends that the international benchmark be given greater weight. This is because in most cases the international benchmark is likely to be a more demanding standard.

International benchmarks

55. As to appropriate international benchmarks, it seems reasonable to suggest that 'low' implies being amongst those OECD countries with the lowest rates of child poverty. More specifically, the aim should be to achieve child poverty rates within the best performing quarter of the OECD (i.e. the 8-9 countries of the 34 within the OECD with the lowest rates of child poverty).
56. Such an approach, however, poses challenges. First, relevant and comparable data are not available for all five recommended poverty measures. For instance, there is only limited data available on severe poverty measures of the kind recommended by the EAG. Second, even where comparisons are possible, significant caution is required – for a range of methodological reasons. This applies especially to income-based poverty measures, but also to material deprivation measures.
57. More specifically, as discussed in the EAG paper on poverty measurement, many countries assess poverty rates using a before housing costs (BHC) measure, rather than an after housing costs (AHC) measure. Similarly, the OECD generally employs a poverty measure based on 50 percent of median disposable household incomes rather than 60 percent. Given the desirability of ensuring an element of international benchmarking, it will be necessary for New Zealand to set two targets for a moving-line income measure – one using AHC and the other using BHC (see Table 2).
58. On the basis of the available evidence, adopting an international benchmark of the kind recommended by the EAG would imply the need to achieve reductions in child poverty of at least 30 percent on a moving-line measure and over 40 percent on a material deprivation measure (i.e. compared with the most recent New Zealand data).

59. It is recognised that the suggested international benchmark (i.e. of having child poverty rates within the best performing quarter of the OECD) generates neither a single headline figure nor a static set of targets. For one thing, the EAG is recommending that a range of poverty measures be adopted; hence a number of different comparators will need to be applied (i.e. as and when suitable comparative data are available). For another, child poverty rates across the OECD are bound to evolve over time, reflecting changing economic conditions, patterns of income distribution and policy settings. Moreover, rates of child material deprivation may fall (as living standards rise over time) while rates of income poverty (measured on a moving-line basis) remain relatively static (or even deteriorate), depending on a range of policy, distributional, demographic, social and economic factors. The approach to setting targets recommended by the EAG is readily able to accommodate such trends and developments.
60. It might be objected that if child poverty rates fall on average across the OECD then any comparative long-term target of the kind recommended may be harder for New Zealand to meet. Against this, a generalized fall in child poverty rates across advanced industrial democracies is likely to reflect favourable economic circumstances globally; New Zealand can be expected to enjoy the fruits of such circumstances along with other OECD countries. By the same token, any deterioration in global economic conditions is likely to have a negative impact on child poverty rates across much of the OECD.

Domestic benchmarks

61. Setting appropriate domestic benchmarks for determining 'low' rates of child poverty poses a number of challenges. First, long-term (i.e. multi-decadal) data are not available for at least three of the proposed poverty measures (i.e. material deprivation, severe poverty and persistent poverty). Second, only limited recent data are available with respect to severe and persistent poverty. With these caveats in mind, the following points can be made:
- Using a moving-line poverty measure (i.e. based on 60 percent of the median, AHC), the experience of the past three decades suggests that a low rate of child poverty would be no higher than 14-15 percent and probably less (see Table F.7).
 - The appropriate benchmark for a low rate of child poverty using a fixed-line poverty measure (i.e. based on 60 percent of the median, AHC) will depend on the reference year, the period of time that has elapsed since this baseline and the extent of any changes since the reference year in average real disposable incomes. Assuming that average living standards continue to rise over the coming decades, and that the reference year is updated every 10 years (as recommended), an appropriate target for a low rate of child poverty (using a fixed-line measure) would be 10 percent or less towards the latter part of each 10 year period.
 - The absence of long-term (i.e. multi-decadal) New Zealand data on material deprivation or with respect to severe and persistent poverty means that the appropriate domestic benchmarks for these three particular measures are uncertain. The recent research undertaken by Carter and Imlach Gunasekara (2012) and Imlach

Gunasekara and Carter (2012) provides some useful and relevant insights, but their results need to be treated with caution for a variety of methodological reasons (as explained very carefully in their papers). For instance, their analysis is based on gross rather than net incomes. Comparable international data are also lacking with respect to the measures of severe and persistent poverty recommended by the EAG (however, these may appear in the future). Having said this, any targets for severe and persistent poverty will need to be lower than those for the moving-line measure and the material deprivation measure.

62. Given these data limitations and other relevant considerations, any approach to setting targets for reducing child poverty to 'low' levels will need to evolve over time, with the suggested targets being modified (and new targets included) as additional data sources become available and the opportunity for making relevant and meaningful international comparisons increases. Nevertheless, Table 2 outlines some suggested child poverty reduction targets. These illustrate the nature and the magnitude of the policy challenges ahead if the recommendations of the EAG were to be accepted.

Timeframes

63. As recommended earlier, child poverty reduction targets should be set for two specific periods: three years ahead and 10 years ahead. On this basis, possible targets for 2015 and 2022 are outlined in Table 2. Assuming that such targets were to be achieved, the long-term policy objective should be to secure child poverty rates consistent with the recommended international and domestic benchmarks.
64. It is recognised that achieving reductions in child poverty of the magnitude proposed within the suggested timeframes will not be easy. But there is little point setting 'soft' targets.

Implications

65. The proposed long-term objective of achieving child poverty rates within the best performing quarter of OECD countries implies substantial reductions in child poverty (i.e. at least 30 percent and possibly as much as 60 percent, depending on the specific measure).
66. With respect to the recommended targets for 2022, using a moving-line income measure (based on 60 percent of median disposable household incomes, AHC), there were around 270,000 children living in poverty in 2010. The targets proposed in Table 2 would involve reducing this to about 215,000 by 2015 and around 160,000 by 2022 (depending on the total number of children at that point in time). This represents a reduction of about 40 percent by 2022. On a BHC measure, the proposed target would involve a reduction of just over 30 percent by 2022.
67. Likewise, there were about 195,000 children experiencing material deprivation in 2008 (based on one of the available measures) (Perry, 2009). The proposed target would involve reducing this to around 160,000 by 2015 and about 110,000 by 2022. This represents a reduction of close to 40 percent.

68. While it is difficult at present, as discussed above, to set firm targets for reducing severe and persistent poverty, the objective should be to cut the number of children experiencing these types of poverty by a greater amount than the percentage figures noted above. This is because of the damaging impact of severe and/or persistent poverty on child outcomes. The goal, therefore, should be to reduce these rates by at least 50 percent by 2022.

Table 2: Proposed child poverty reduction targets

Targets and measures	Child poverty rates in NZ 2010	International comparisons – top quartile of the OECD around 2010	Medium-term target – 2015	Long-term target – 2022
1. Moving-line income measure (AHC, 60%)	25%		20%	15%
2. Moving-line income measure (BHC, 60%)	20%	13%	17%	13%
3. Fixed-line income measure (AHC, 60%)	22%		15%	10% ¹
4. Material deprivation measure (3+ enforced lacks) ²	18%	10% ³	15%	10%
5. Severe poverty measure (i.e. combined moving line and material deprivation)	7% ⁴		6%	3%
6. Persistent poverty measure (i.e. at least three out of four years below moving line)	12.6% ⁵		10%	5%

Notes

¹ The suggested target of 10 percent is based on a 2017 reference year; if the current 2007 reference year were to be used, a much lower target is likely to be appropriate

² The data in this row are based on the 3+ enforced lacks using a nine-item index and EU (rather than OECD) data from 2007 (see Perry, 2009, p.33).

³ Using a different index (i.e. 2 out of 14 lacks), the relevant figure would be about 5 percent based on 2009 data (UNICEF, 2012, p.2).

⁴ This figure is based on SoFIE data using 60 percent of the median gross household income BHC, where deprivation is defined as three or more lacks on the NZiDep scale. Using two or more lacks, 10 percent of children are in severe poverty (see Imlach Gunasekara and Carter, 2012).

⁵ This figure is based on SoFIE data using 50 percent of the median gross household income BHC. Using 60 percent of the median gross household income BHC, the figure is 20 percent. Neither figure is strictly comparable to the EAG's proposed measure of poverty persistence (which is based on 60 percent of the median disposable household income, AHC), but the 50 percent median is probably closer than the 60 percent median.

69. Any approach to reducing child poverty in New Zealand must also give proper regard to the fact that Māori and Pasifika children experience much higher rates of poverty than Pākehā children. On the basis of SoFIE data, the rates of severe and persistent poverty amongst Māori and Pasifika children are at least double the rates of Pākehā children (see Imlach Gunasekara and Carter, 2012). For instance, consider *severe* poverty, as measured by those living in households with less than 60 percent of the median gross income and also experiencing material deprivation, where the threshold is a lack of three or more items on the NZiDep scale: amongst Māori children the severe poverty rate in 2004-05 was around 13 percent, the Pasifika rate was about 14 percent, while the rate for all other children was around 5 percent. Likewise, *persistent* child poverty amongst Māori (as measured by those in households with less than 60 percent of the median gross income for at least three of four years during 2005-06 to 2008-09) was around 30 percent while the Pasifika rate was about 34 percent. By contrast, the rate for all other children was around 15 percent.
70. These outcomes are a major cause for concern. They raise significant issues of fairness. They are also inconsistent with the spirit and principles of the Treaty of Waitangi. Accordingly, the policy objective should be to accelerate the reduction of child poverty rates amongst Māori and Pasifika children to the rates experienced by the majority of the population. Specific short-to-medium-term targets should be set by the government to reflect this goal.
71. Achieving the objectives enunciated above will require significant changes to current policy settings. The proposed reforms are outlined in other EAG Working Papers.

Recommendation 7

The government should embrace the goal of achieving low rates of child poverty, both by OECD standards and with respect to previous domestic rates. More specifically, the objective should be to ensure that New Zealand reduces child poverty such that by 2022 it has levels of poverty within the best performing quarter of OECD countries (i.e. those countries with the lowest rates of child poverty).

Recommendation 8

The government should set specific targets for each of the five recommended child poverty measures consistent with the long-term goal enunciated in Recommendation 7. Targets should also be set for a moving-line income measure BHC (to enable international comparability).

Recommendation 9

If there are discrepancies between relevant international and domestic benchmarks for low rates of child poverty on any of the proposed poverty measures, preference should be given to the international benchmarks.

Recommendations 10

The targets set for reducing severe and persistent poverty should reflect the more damaging impact of this type of poverty on child outcomes and hence should be appropriately ambitious.

Recommendation 11

Targets should be set to reduce the rates of poverty (using the five proposed measures) experienced by Māori and Pasifika children such that there is parity with other children. This implies an accelerated rate of poverty reduction for these groups.

Child Poverty-Reduction Indicators

72. The EAG is recommending that the government establishes a series of child-poverty-reduction indicators (CPRIs) (see EAG Working Paper No 1 for more detail). Five types of indicators are proposed. These cover the following domains:

- i. Education (e.g. ECE participation, school-readiness, primary/secondary school achievement, truancy, skills training)
- ii. Health (e.g. Well Child/primary care enrolment, immunisation, SUDI, disease rates with a social gradient, teen pregnancy, oral health, mental health)
- iii. Social inclusion (housing mobility in 8-10th decile; number of working family members, whānau-community integration, sole versus shared parenting)
- iv. Disability
- v. Child quality of life (capturing the child's perspective).

73. The majority of these indicators already exist and are readily accessible. Indeed, in some cases specific medium-term targets have already been set by the government (e.g. with respect to ECE participation rates, immunisation rates and some disease rates).

74. However, several are not currently or easily accessible (i.e. some of the social inclusion indicators and child perspectives). A combination of scientific parsimony and pragmatism should guide selection of the initial key indicators for each of these five domains. Specifically, indicators should be chosen to capture large segments of the variance in the outcome of interest (e.g. educational achievement, health). The exact number of indicators should be restricted to those providing incremental predictive validity (i.e. they add something meaningful).

75. There is a good case for setting targets for these types of indicators. As noted above, the government has recently announced targets for: (i) ECE participation; (ii) rates of NCEA level 2 achievement; (iii) infant immunisation by eight-months; (iv) incidence of rheumatic fever; and (v) reduction in antisocial behaviour and criminal statistics. Now targets should be set for all the factors selected to operationalise each domain, as well as for overall composite (aggregated) indices (i.e. scores) that can be easily calculated for each of the five domains.

Recommendation 12

Targets for selected CPRIs should be agreed, building on those recently announced by the Deputy Prime Minister. The specific targets need to reflect the balance between realism and aspiration espoused throughout this report.

Reporting Progress

76. Regular reporting of progress is essential for transparency and accountability. There are various possible reporting frameworks – in terms of statutory requirements, frequency, contents, and so forth.
77. The British Child Poverty Act 2010 requires the Secretary of State for Work and Income to publish a strategy for reducing child poverty and annually report to Parliament on progress towards meeting the objectives specified in the strategy. The required contents of these strategies and annual reports are specified in the Act, albeit at a high level. A broadly similar framework could be adopted in New Zealand. A separate EAG Working Paper outlines the possible contents of a Child Poverty Act (or related statute).
78. In the meantime, a good case can be made for making it a statutory requirement for the government to report annually on its performance with respect to the proposed targets, both for the five recommended poverty measures and the related CPRIs. Each report should specify, amongst other things:
- the most recent data on child poverty rates (with respect to the five recommended poverty measures)
 - the most recent data with respect to the recommended CPRIs
 - the government's medium-term and long-term targets with respect to child poverty rates and CPRIs
 - whether progress is being made towards meeting the specified targets and, if not, what measures the government plans to take to ensure that the targets will be met.
79. It should be noted that there will be inevitable lags in reporting results. For instance, data collection takes time; as does analysing the data and preparing reports. Additionally, in surveys involving questions on household income respondents are asked to indicate what their incomes were during the previous financial year, not the current financial year. Every attempt should be made to ensure that delays in reporting are kept to a minimum (i.e. reporting should normally occur within one year of when household incomes are measured). Such delays need to be taken into account in the proposed reporting framework (and any related performance management system) for child poverty.
80. The responsibility for producing such reports should lie, at least in the current institutional context, with the Minister for Social Development. In this regard, the lead chief executive (under the 'Better Public Services' framework) would be the Chief Executive of the Ministry of Social Development.

Recommendation 13

There should be a statutory requirement for the government to report annually to Parliament on progress towards meeting the designated child poverty-reduction targets and related CPRIs. The responsibility for such reports should lie with the Minister for Social Development.

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Appendix 1: Tables and Figures from Perry (2012)

Table F.3
Percentage of whole population below selected thresholds (BHC)

Threshold type	→ Constant value		Relative to contemporary median		Population (million)
HES year	60% 1998 median	60% 2007 median	50% contemp median	60% contemp median	
1982	12	-	7	14	3.03
1984	13	-	7	14	3.06
1986	14	-	6	13	3.07
1988	12	-	5	13	3.11
1990	14	-	5	13	3.15
1992	24	-	8	15	3.23
1994	26	-	7	15	3.32
1996	20	-	8	14	3.43
1998	16	-	7	16	3.54
2001	16	27	8	18	3.80
2004	13	25	10	21	3.96
2007	11	18	10	18	4.13
2009	7	14	9	18	4.21
2010	8	14	9	18	4.26
2011	8	14	9	17	4.31

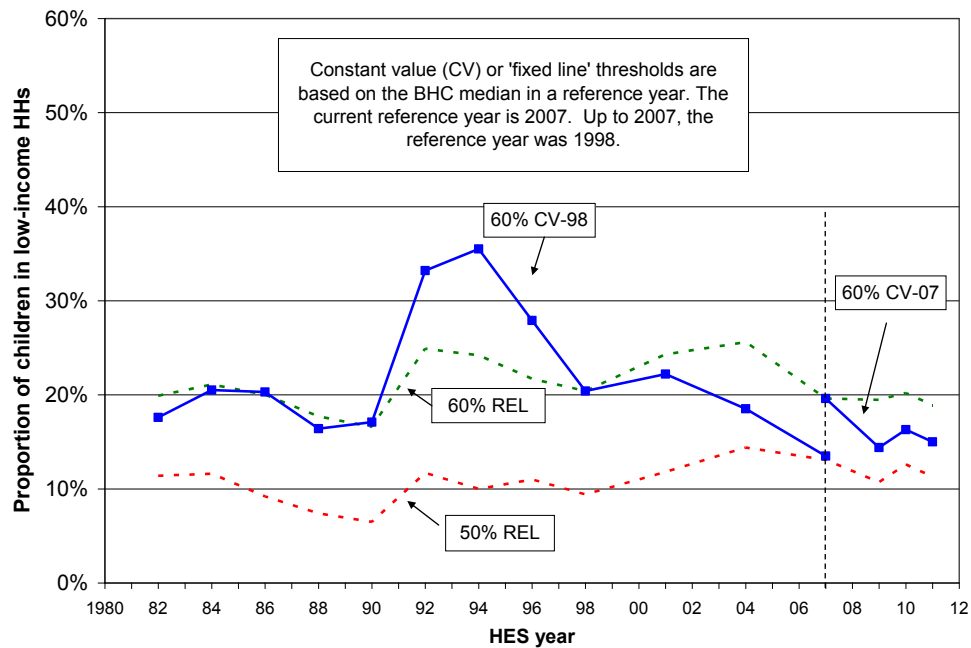
Note: In real terms, the BHC median in 1998 was close to what it was in 1982. There is therefore a good case for using 1998 as the reference year for producing 'fixed line' poverty rates back to 1982, as well as for the more traditional application from 1998 forwards to later years. By 2007 the median was 16% up on 1998 and by 2009 26%. This large change led to the reference year being changed to 2007. Reporting on poverty figures back to 1982 using 2007 as the reference year tells us what proportion were 'poor' back then relative to a standard set in 2007. While this is interesting, it has no value for giving a fair and useful picture of the extent of hardship 'back then' relative to the standards prevailing at the time. 2007 CV figures are therefore not given for earlier years. 1998 CV figures are given for 2007 and later to provide comparison for a few years. The intention is to draw a line on this series after the 2011 HES. As the poverty figures in Table F.3 show, the value of the CV-98 threshold had in 2009 and 2010 dropped below 50% of the contemporary median.

Table F.5
Numbers of poor children in New Zealand
(i.e. the number of children in households with incomes below the selected thresholds)

	BHC	AHC		
	BHC 'moving line' 60%	AHC 'moving line' 50%	AHC 'moving line' 60%	AHC 'fixed line' 60% (07 ref)
2001	250,000	215,000	310,000	380,000
2004	270,000	200,000	290,000	320,000
2007	210,000	170,000	240,000	240,000
2009	210,000	190,000	270,000	230,000
2010	215,000	170,000	270,000	230,000
2011	200,000	170,000	270,000	230,000

Proportion of dependent children below selected thresholds (BHC)

Figure F.3
Proportion of children below selected thresholds (BHC):
fixed line (CV) and moving line (REL) approaches compared



Proportion of dependent children below selected thresholds (AHC)

Figure F.4
Proportion of children below selected thresholds (AHC):
fixed line (CV) and moving line (REL) approaches compared

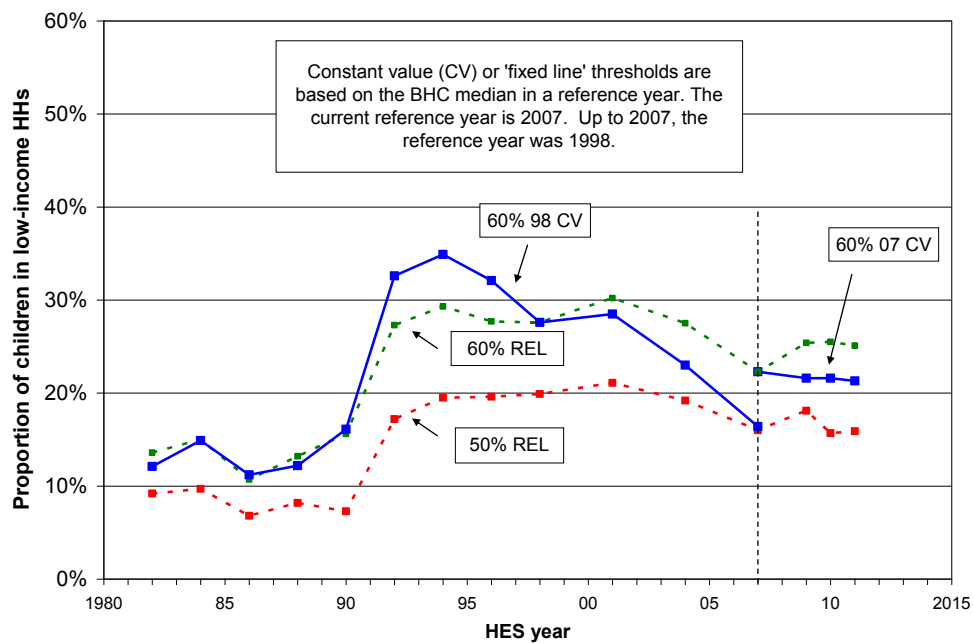


Table F.6
Percentage of children below selected thresholds (BHC)

<i>Threshold type</i>	<i>→ Constant value</i>		<i>Relative to contemporary median</i>		<i>Total children (thousands)</i>
<i>HES year</i>	<i>60% 1998 median</i>	<i>60% 2007 median</i>	<i>50% contemp median</i>	<i>60% contemp median</i>	
1982	18	-	11	20	940
1984	21	-	12	21	925
1986	20	-	9	20	895
1988	16	-	7	18	885
1990	17	-	7	17	875
1992	33	-	12	25	875
1994	36	-	10	24	910
1996	28	-	11	22	940
1998	20	-	9	20	950
2001	22	35	12	24	1020
2004	19	30	14	26	1040
2007	13	20	13	20	1065
2009	9	14	11	19	1070
2010	10	16	13	20	1065
2011	10	15	11	19	1067

Note: In real terms, the BHC median in 1998 was close to what it was in 1982. There is therefore a good case for using 1998 as the reference year for producing ‘fixed line’ poverty rates back to 1982, as well as for the more traditional application from 1998 forwards to later years. By 2007 the median was 16% up on 1998 and by 2009 26%. This large change led to the reference year being changed to 2007. Reporting on poverty figures back to 1982 using 2007 as the reference year tells us what proportion were ‘poor’ back then relative to a standard set in 2007. While this is interesting, it has no value for giving a fair and useful picture of the extent of hardship ‘back then’ relative to the standards prevailing at the time. 2007 CV figures are therefore not given for earlier years. 1998 CV figures are given for 2007 and later to provide comparison for a few years. The intention is to draw a line on this series after the 2011 HES. As the poverty figures in Table F.6 show, the value of the CV-98 threshold had in 2009 and 2010 dropped below 50% of the contemporary median.

Table F.7
Percentage of children below selected thresholds (AHC)

Threshold type	→ Constant value		Relative to contemporary median		Total children (thousands)
HES year	60% 1998 median	60% 2007 median	50% contemp median	60% contemp median	
1982	12	-	9	14	940
1984	15	-	10	15	925
1986	11	-	7	11	895
1988	12	-	8	13	885
1990	16	-	7	16	875
1992	33	-	17	27	875
1994	35	-	20	29	910
1996	32	-	20	28	940
1998	28	-	20	28	950
2001	29	37	21	30	1020
2004	23	31	19	28	1040
2007	16	22	16	22	1065
2009	17	22	18	25	1070
2010	13	22	16	26	1065
2011	14	21	16	25	1067

Note: AHC thresholds are calculated by deducting 25% from the corresponding BHC threshold as an allowance for housing costs. Each household's AHC income is then assessed against the chosen threshold.

See the note under Table F.6 for information on the choice of reference year (1998 or 2007) for the CV figures.

Figure F.8
Ratio of 50% poverty rate to 60% poverty rate using 1998 CV thresholds (BHC), dependent children

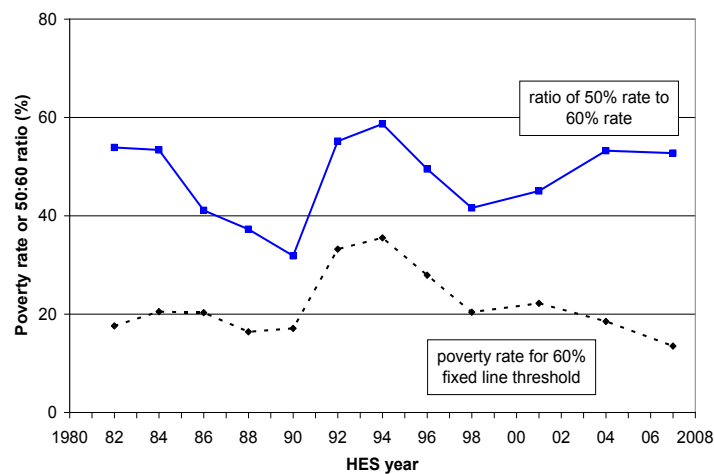


Table G.2
Proportion of all individuals in low-income households by age, 60% CV threshold (AHC)

	Reference year = 1998											Reference year = 2007			
	1984	1986	1988	1990	1992	1994	1996	1998	2001	2004	2007	2007	2009	2010	2011
0-17	15	11	12	16	32	35	32	27	28	23	16	22	22	21	21
18-24	5	5	6	8	17	20	18	16	21	22	17	22	14	15	21
25-44	10	8	10	12	23	23	21	18	18	17	13	18	15	15	15
45-64	5	5	6	6	12	15	13	12	14	13	11	15	13	12	14
65+	2	4	5	6	6	8	8	9	7	7	8	14	9	7	7
TOTAL	9	8	9	11	21	23	21	18	19	17	13	18	15	15	16

Table G.6
Individuals in low-income households by household and family type
60% AHC CV

Proportions below the threshold

	Reference year = 1998											Ref year = 2007			
	84	86	88	90	92	94	96	98	01	04	07	07	09	10	11
In all households															
Single 65+	3	9	12	13	10	13	11	14	9	14	12	22	15	11	12
Couple 65+	1	2	2	3	4	5	6	5	8	3	6	9	5	5	6
Single under 65	10	10	12	15	30	30	29	22	28	27	30	36	30	28	35
Couple under 65	5	4	6	7	11	12	11	10	9	12	11	13	9	9	13
Sole parent with children	27	22	15	25	69	72	74	62	70	55	47	57	50	51	52
Two parent with children	12	9	12	12	25	26	21	19	19	16	9	14	13	15	13
Other family HHs with children	10	7	3	12	14	16	21	16	13	16	18	21	11	11	14
Other family HHs, adults only <65	2	2	2	4	5	6	5	6	6	12	6	9	11	10	9
Non-family HHs	3	2	7	4	14	22	15	20	24	24	15	16	11	10	14
Total population	9	8	9	11	21	23	21	18	19	17	13	18	15	15	16
In households with dependent children															
Total	13	10	11	14	29	31	29	24	25	20	15	21	18	19	19
- with 1 child	7	7	8	8	26	25	25	19	18	16	17	22	14	17	19
- with 2 children	12	9	9	13	25	28	29	27	26	16	11	15	16	17	14
- with 3 or more children	17	13	15	21	36	39	32	27	30	28	19	26	26	25	25
In families (EFUs) with dependent children															
SP families overall	-	-	13	22	57	62	63	52	61	42	40	49	43	42	44
- living on their own	-	-	17	29	79	76	77	68	76	56	49	59	56	57	58
- within wider HHs	-	-	4	9	18	24	31	22	23	20	25	30	18	15	21
2P families	-	-	11	13	24	26	22	19	19	16	9	14	13	15	12
Those aged under 65, by main source of household income															
Market	7	6	7	9	12	14	14	12	13	12	8	11	10	9	9
Income-tested benefit	33	28	26	24	64	66	65	61	62	56	54	73	75	63	65
All in households under 65	10	8	9	12	23	25	23	19	20	18	14	19	16	16	17

Notes: 1 '01' means the 2000-01 HES year, and so on.

- 2 Around one in three sole-parent families (EFUs) live in wider households with others. Note that individuals in the EFU analysis in Table G.6 retain the equivalised income of their household of origin for this analysis on the grounds that those in the wider households share to a reasonable degree in the benefits of the wider households and the economies of scale.

Table G.7
Individuals in low-income households by household type
60% AHC CV

Composition of those below the threshold, by household type
 (add down columns for 100%)

	86	88	90	92	94	96	98	01	04	07	07	09	10	11	Popln in '11'
Single 65+	4	5	5	2	2	2	3	2	3	3	4	4	3	3	4
Couple 65+	2	1	1	1	1	2	2	3	1	3	4	3	3	3	8
Single under 65	5	6	6	6	6	6	5	7	8	11	9	9	9	11	5
Couple under 65	7	9	7	6	7	7	8	6	9	10	9	7	7	11	13
Sole-parent with children	14	11	16	24	22	28	25	26	19	25	22	27	24	25	8
Two-parent with children	56	60	51	48	50	43	41	41	35	26	31	32	38	30	37
Other fam HHs with ch	9	3	7	6	5	7	8	6	10	11	9	6	5	6	7
Other fam HHs, adults only	<1	2	4	3	3	2	4	3	9	5	7	8	7	6	9
Non-family HHs	2	5	3	3	4	3	5	6	5	6	5	4	4	6	6
Total population	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Figure H.1
Proportion of children in low-income households by age (AHC, fixed line)

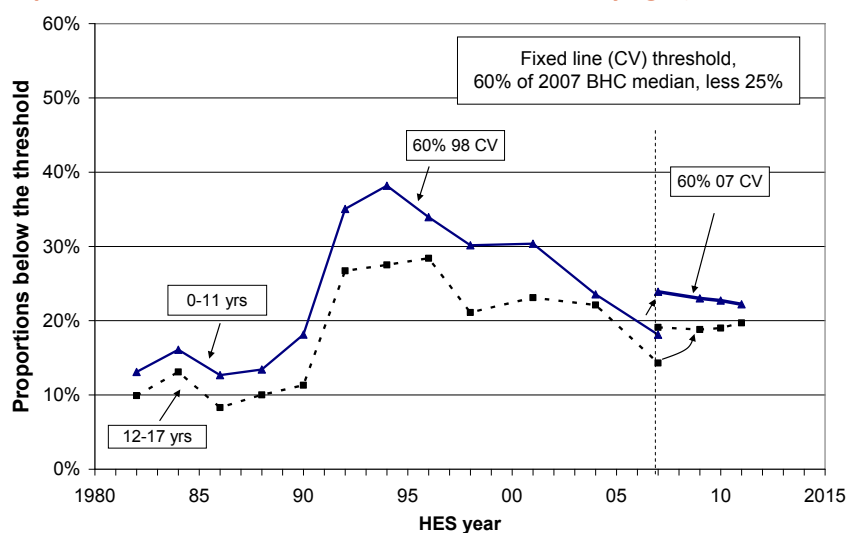


Table H.2

A. Proportion of children in low-income households by age, 60% CV threshold (AHC)

	<i>Reference year = 1998</i>											<i>Reference year = 2007</i>			
	1984	1986	1988	1990	1992	1994	1996	1998	2001	2004	2007	2007	2009	2010	2011
0-6	15	13	14	18	36	39	34	31	31	23	20	25	22	22	21
7-11	17	12	13	19	33	38	33	29	29	25	16	22	25	24	24
12-17	13	8	10	11	27	28	28	21	23	22	14	19	19	19	20
0-17	15	11	12	16	32	35	32	27	28	23	16	22	22	22	21

B. Proportion of children in low-income households by age, 60% REL threshold (AHC)

	1982	1984	1986	1988	1990	1992	1994	1996	1998	2001	2004	2007	2009	2010	2011
0-6	15	16	12	15	17	30	32	30	31	33	26	25	26	26	26
7-11	15	17	12	14	18	28	32	28	29	32	30	22	28	28	28
12-17	10	12	8	10	11	23	23	25	21	24	26	19	23	22	22
0-17	14	15	11	13	16	27	29	28	28	30	28	22	25	25	25

C. Proportion of children in low-income households by age, 50% REL threshold (AHC)

	1982	1984	1986	1988	1990	1992	1994	1996	1998	2001	2004	2007	2009	2010	2011
0-6	10	10	7	9	8	19	22	22	21	24	19	20	18	16	16
7-11	10	10	7	8	8	18	21	19	21	21	21	15	22	17	18
12-17	7	9	6	7	5	15	16	17	16	17	19	13	15	15	15
0-17	9	10	7	8	7	17	20	20	20	21	19	16	18	16	16

Table H.3
Children in low-income households by household and family type:
60% AHC CV

A. Proportions of children below the threshold, by household and family type

	Reference year = 1998											Ref year = 2007			
Year	84	86	88	90	92	94	96	98	01	04	07	07	09	10	11
By household type															
Children in SP HHs	31	24	17	28	74	76	77	65	74	56	49	59	54	53	56
Children in 2P HHs	13	10	13	14	27	29	23	20	21	17	9	14	14	16	13
Children in other fam HHs	14	9	4	15	15	17	23	21	16	20	18	22	11	9	16
By family type (n1)															
Children in SP families	-	-	14	24	60	65	65	55	64	44	42	51	46	42	46
- in SP families on own	-	-	18	31	80	78	78	70	77	57	49	61	57	57	60
- within wider HHs	-	-	4	7	20	26	32	23	25	21	25	32	19	14	22
Children in 2P families	-	-	12	14	25	28	23	20	20	18	9	14	14	16	12
By # of children in HH															
1 or 2 children	11	9	10	12	29	30	31	27	26	18	14	19	18	18	18
3 or more children	19	14	15	22	38	41	34	29	32	30	20	28	28	27	28
By work status of adults (all HHs with children)															
- Self-employed	11	8	16	8	17	21	20	12	21	21	6	12	17	20	17
- One or more FT	12	10	10	14	17	20	19	17	17	14	8	11	11	10	9
- None FT	34	23	18	26	73	75	74	66	72	58	49	63	64	53	61
- Workless	38	25	18	25	78	77	78	71	77	60	58	71	74	59	65
By work status of adults (two parent HHs)															
- Both full-time	11	11	9	7	12	10	18	8	6	7	3	5	7	6	8
- One FT, one PT	9	8	7	7	10	11	11	9	19	8	6	11	6	12	4
- One FT, one workless	15	9	16	23	27	32	23	28	24	28	9	12	19	16	11
All children, all HHs	15	11	12	16	33	35	32	28	29	23	16	22	22	22	21

B. Composition of children below the threshold, by household and family type

Year	84	86	88	90	92	94	96	98	01	04	07	07	09	10	11
Children by household type															
Children in SP HHs	19	21	18	27	36	34	42	40	40	35	38	43	49	41	49
Children in 2P HHs	71	68	79	65	59	61	50	51	53	52	48	45	44	54	42
Children in other fam HHs	11	11	4	8	6	4	7	9	6	13	14	12	6	5	8
Children by family type (n1)															
Children in SP families	-	-	19	29	39	37	45	44	44	39	56	50	52	44	57
- in SP families on own	-	-	18	26	34	33	39	38	40	33	44	39	45	39	47
- within wider HHs	-	-	2	3	4	4	6	6	4	7	13	11	7	5	10
Children in 2P families	-	-	81	71	61	64	55	56	56	60	44	50	48	56	43
By work status of adults (all HHs)															
- Self-employed	10	9	14	4	4	5	6	5	8	7	4	6	10	10	9
- One or more FT	56	62	61	57	34	36	39	40	42	45	32	33	36	29	26
- None FT	34	29	26	38	62	59	56	55	50	49	65	61	55	59	65
- PT only	3	2	5	6	6	10	9	11	12	12	13	13	11	14	12
- Workless	31	27	21	32	56	49	47	44	38	37	52	48	44	45	53
All children	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Notes: 1 Family here is 'economic family unit' (see Section A for definition).

2 For each panel in Table H.4 (B) each column adds to 100%.

Figure H.5
Proportion of poor children who live in 'workless' households (AHC 60%, fixed line)

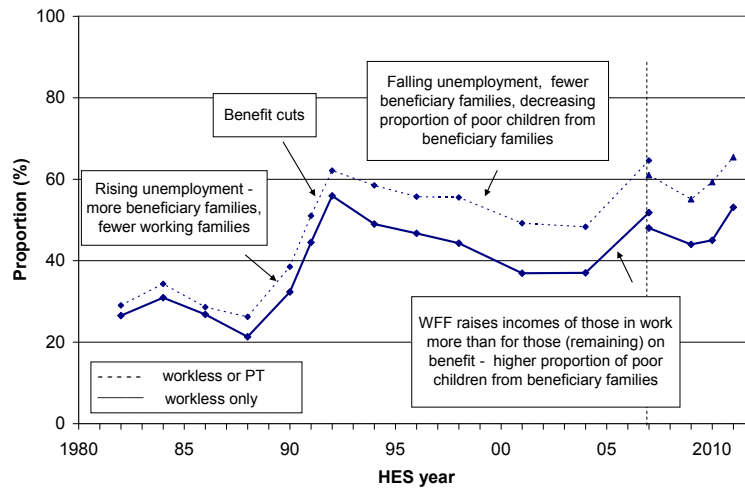


Figure H.6
Proportion of poor children who live in 'working' households (AHC 60%, fixed line)

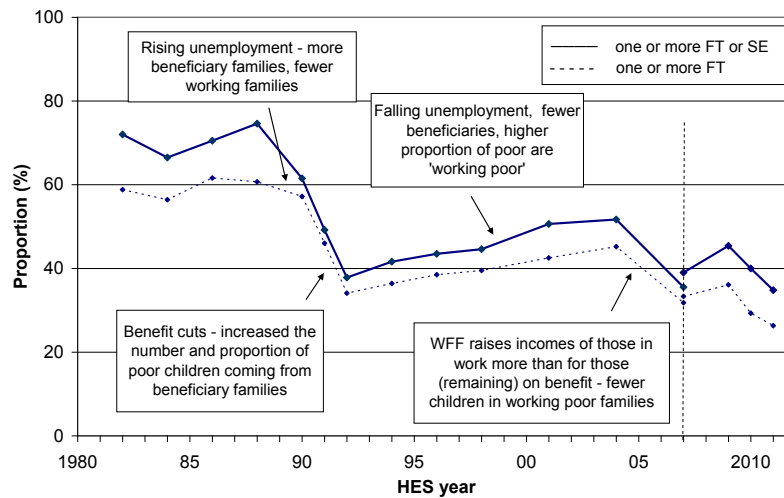


Table J.1
Population poverty rates (%) in the OECD-34, c 2008-09:
50% of median threshold (BHC)

Mexico	21	Poland	10
Israel	20	Ireland	10
Chile	19	Belgium	9
United States	17	Germany	9
Turkey	17	Switzerland	9
Japan	16	Sweden	8
Korea	15	Finland	8
Australia	15	Norway	8
Estonia	14	Slovenia	8
Spain	14	France	7
Portugal	14	Luxembourg	7
Greece	13	Netherlands	7
Italy	11	Austria	7
Canada	11	Slovak Republic	7
United Kingdom	11	Iceland	7
New Zealand	11	Hungary	6
		Denmark	6
OECD median	11	Czech Republic	5

Source: OECD (2011b), Table EQ2.1

Table J.2
Population poverty rates (%) in selected European countries, Canada, the US, Mexico and
Australia c 2010:
60% of median threshold (BHC)

Turkey 2004	26	EU -27	16
Mexico 2004*	25	EU-15	16
United States 2004 *	24	Belgium	15
Latvia	21	Switzerland	15
Spain	21	Luxembourg	15
Lithuania	20	France	14
Greece	20	Denmark	13
Australia 2003 *	20	Finland	13
Canada 2004 *	20	Sweden	13
Italy	18	Slovenia	13
Portugal	18	Austria	12
Poland	18	Hungary	12
New Zealand 2010	17	Slovakia	12
United Kingdom	17	Norway	11
Estonia	16	Netherlands	10
Germany	16	Iceland	10
Ireland	16	Czech Republic	9

Sources: Most of the data in the table is drawn directly from the Eurostat statistical database for 'Living Conditions and Social Protection', accessed on 22 May 2012. The rates for Canada, the US, Mexico and Australia are drawn from the LIS Key Figures database at www.lisproject.org/key-figures/key-figures.htm accessed on 20 June 2011.

Table J.3
Child poverty rates (%) in the OECD-34, mid to late 2000s:
50% of median threshold (BHC)

Israel	27	Slovak Republic	11
Mexico	26	Czech Republic	10
Turkey	25	Korea	10
United States	22	Belgium	10
Poland	22	Netherlands	10
Chile	21	United Kingdom	10
Spain	17	Switzerland	9
Portugal	17	Iceland	8
Ireland	16	Germany	8
Italy	15	France	8
Canada	15	Slovenia	8
Japan	14	Hungary	7
Greece	13	Sweden	7
Estonia	12	Austria	6
Luxembourg	12	Norway	6
New Zealand (2008-09)	12	Finland	4
Australia	12	Denmark	4
OECD median	12		

Source: OECD (2011a), Table 5.1 and Figure 5.1.

Table J.4
Child poverty rates (%) in selected European countries, Canada, the US, Mexico and
Australia c 2010:
60% of median threshold (BHC)

Turkey 2006	36	Hungary	20
Mexico 2004	30	New Zealand 2010	19
United States 2004	29	Slovak Republic	19
Latvia	27	Belgium	18
Spain	26	France	18
Canada 2004	25	Germany	18
Italy	25	Switzerland	18
Lithuania	23	Estonia	17
Greece	23	Netherlands	14
Poland	23	Austria	14
Portugal	22	Czech Republic	14
Australia 2003	22	Sweden	13
Luxembourg	21	Slovenia	13
EU-27	21	Iceland	13
EU-15	20	Norway	12
Ireland	20	Finland	11
United Kingdom	20	Denmark	11

Sources: Most of the data in the table is drawn directly from the Eurostat statistical database for 'Living Conditions and Social Protection', accessed on 22 May 2012. The rates for Canada, the US, Mexico and Australia are drawn from the LIS Key Figures database at www.lisproject.org/key-figures/key-figures.htm accessed on 20 June 2011.

Table J.5
International comparisons of the proportion of children living in workless households (%):
EU and New Zealand figures are for 2009

United Kingdom	17	France	9
Ireland	16	Slovakia	8
Hungary	16	Poland	8
New Zealand	16	Italy	8
Estonia	12	Czech Republic	8
Belgium	12	Netherlands	5
Lithuania	11	Austria	5
Latvia	11	Finland	4
Germany	10	Denmark	3
EU-27	10	Greece	4
Spain	10	Luxembourg	4

Sources: Non New Zealand data downloaded from 'The Poverty Site' (UK), www.poverty.org.uk, on 29 July 2012. Eurostat data.

Table K.1
Composition of the indices used in this report

Item description	Endorsements		Index composition			
	'Have'	EL	ELSI-SF	FRILS	DEP	MWI
Ownership (have, don't have and enforced lack)	%	%				
1 Phone	99	<1	✓	✓	✓	-
2 Washing machine	98	1	✓	-	-	-
3 Two pairs of shoes in a good condition and suitable for you daily activities	92	5	✓	✓	✓	✓
4 Ability to keep main rooms adequately warm	91	7	✓	✓	✓	-
5 Suitable clothes for important or special occasions	90	7	✓	✓	-	✓
6 Home computer	83	7	✓	✓	-	-
7 Contents insurance	76	12	✓	✓	✓	✓
A meal with meat, fish or chicken (or veg equiv) at least each 2nd day	93		-	-	-	✓
A good bed			-	-	-	✓
Social participation (do, don't do and enforced lack)						
8 Presents for family/friends on special occasions	91	6	✓	✓	✓	✓
9 Space for family to stay the night	84	7	✓	✓	-	-
10 Family/friends over for a meal at least once each few months	81	5	✓	✓	✓	-
11 Visit hairdresser at least once every three months	62	12	✓	-	-	-
12 Holiday away from home at least once every year	62	24	✓	✓	✓	✓
13 Night out for entertainment or socialising at least once a fortnight	49	18	✓	-	-	-
14 Overseas holiday at least once every three years	42	39	✓	✓	-	✓
Economising (not at all, a little, a lot) – to keep down costs to help in paying for (other) basic items						
15 Not picked up a prescription	88	4	✓	✓	✓	-
16 Stayed in bed to keep warm	81	7	✓	-	-	-
17 Postponed a visit to the doctor	72	11	✓	✓	✓	✓
18 Gone without or cut back on fresh fruit and vegetables	66	10	✓	✓	✓	✓
19 Continued wearing worn out clothes	49	18	✓	-	-	✓
20 Spent less on hobbies or other special interests than you would like	49	21	✓	✓	-	✓
21 Do without or cut back on trips to the shops or other local places	46	15	✓	✓	-	✓
22 Put off buying new clothes as long as possible	33	30	✓	✓	✓	-
Buy cheaper cuts of meat or bought less meat than you would like	39	27	-	-	-	✓
Put up with feeling cold	64	10	-	-	-	✓
Postpone or put off visits to the dentist	54	26	-	-	-	✓
Delay replacing or repairing broken or damaged appliances	65	12	-	-	-	✓
Global self-ratings						
23 Adequacy of income to cover basics of accommodation, food, clothing, etc	n/a	n/a	✓	-	-	-
24 Material standard of living	n/a	n/a	✓	-	-	-
25 Satisfaction with material standard of living	n/a	n/a	✓	-	-	-
Freedoms/Restrictions						
When buying, or thinking about buying, clothes or shoes for yourself, how much do you usually feel limited by the money available? (4 point response from 'not limited ... very limited')	n/a	n/a	-	-	-	✓
\$300 spot purchase for an 'extra' – how restricted? (5 point response from 'not restricted ... couldn't purchase')	n/a	n/a	-	-	-	✓
\$500 unexpected unavoidable expense on an essential – can you pay in a month without borrowing? (yes/no)	81 (yes)	19 (no)	-	-	-	✓
Financial strain						
Behind on utilities in last 12 months? (not at all, once, more than once)	n/a	11	-	-	-	✓
Behind on car registration, wof or insurance in last 12 months?	n/a	9	-	-	-	✓
Housing problems (no problem, minor problem, major problem)						
Dampness or mould	n/a	12	-	-	-	✓
Heating or keeping it warm in winter	n/a	17	-	-	-	✓

- 1 EL = 'enforced lack' (= 'do not have/do because of the cost' or 'economise a lot' to keep costs down for other basics)
- 2 Have = 'have or do' for ownership and social participation items, and economise 'not at all' for the economising items.

- 3 The 'Endorsement' figures are from the 2008 Living Standards survey.
- 4 Indented items are the new ones for the MWI – they are not in ELSI-SF, although three of them are in the full ELSI.
- 5 Starting with HES 2012-13, all 24 MWI items plus 5 others are in the HES, replacing the 25 ELSI short-form items.

Figure K.4
Rising material hardship for children and older one-person households, 2007 to 2011 (ELSI)

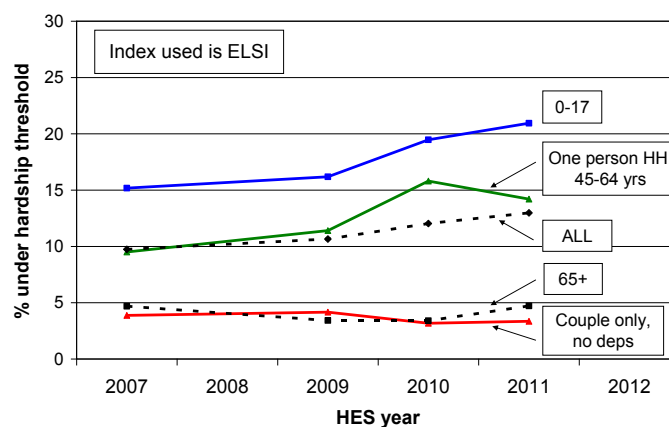


Figure K.5
Rising material hardship for children and older one-person households, 2007 to 2011 (FRILS)

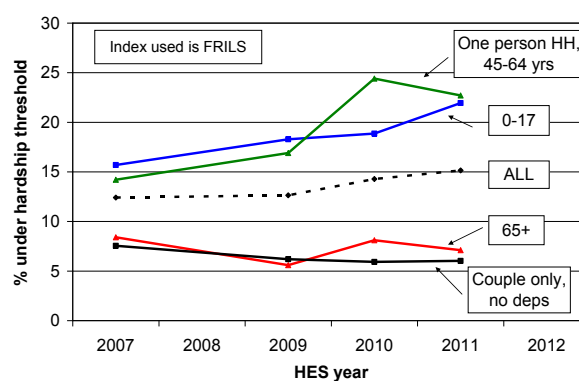


Table L.8
Current and chronic low-income rates

	current (%)	chronic (%)
60% of gross median		
whole population	26	21
children (0-17 yrs in w1)	29	24
Maori	36	32
50% of gross median		
whole population	15	11
children(0-11 yrs in w1)	19	15

Table 6.1

The day-to-day experience of children in low-income households compared with that of their better-off peers: proportions of financial stress and hardship items by AHC income decile (%), LSS 2008

<i>Population household income decile (AHC) ➔</i>	1	2	3	4	5 - 6	7 - 8	9 - 10	
<i>Proportion of children in each population decile ➔</i>	13%	13%	7%	13%	22%	19%	14%	100%
	<i>Low income</i>		<i>Just above usual pov lines</i>	<i>Middle income</i>		<i>Above avg income</i>	<i>High income</i>	<i>All children</i>
Could not pay an unexpected expense of \$500 within a month without borrowing	58	52	34	16	15	5	2	25
Parent(s) borrowed money from family or friends to meet everyday living costs [more than once in the last year]	42	44	27	11	12	6	2	19
Household received help in the form of food, clothes or money from a welfare/community organisation such as a church or foodbank [more than once in last year]	20	20	9	3	3	2	1	8 (>once) 14 (once or more)
Parent(s) reported EL of a meal with meat, fish or chicken at least each second day	10	5	2	2	2	0	0	3
Dampness or mould is a major problem	32	30	23	13	17	9	9	17
EL for keeping the main rooms of the house adequately warm	16	18	9	12	7	2	2	9
EL of home computer	30	25	22	16	7	4	4	8
Child(ren) went without music, dance, art, swimming, or other special interest lessons because of the cost [a lot]	20	14	15	6	7	2	1	9
Do not have a separate bed for each child	23	13	11	7	6	2	1	8
Do not have enough bedrooms so that children over 10 of the opposite sex are not sharing a room	30	27	15	16	16	7	5	17
Visits by parent(s) to the doctor for themselves postponed [a lot] to keep down costs	27	29	22	12	12	10	4	16
Postponed child visits to the doctor to keep down costs [a lot]	3	7	3	5	0	0	0	2

Note: Three types of survey questions lie behind the information reported in Table 6.1:

- Enforced lacks (EL) – the respondent reported wanting the item but not doing / having it because of the cost
- Economising behaviour – respondent reported restricting consumption of a particular item [a lot] to keep costs down to help with the purchase of other basic items.
- Do not have an item or have a major problem with a specific item.

Appendix 2: Material from Perry (2009, pp.33-35)

Comparisons for children (aged 0-17 years)

New Zealand children have a material hardship rate of 18% on the EU measure. This ranks New Zealand at the 'low' (ie more deprived) end of the old EU for hardship rates for children, the same as Italy (18%), but better than Greece (20%). The New Zealand hardship rate for children is higher than that for the UK (15%) and Ireland (14%), and well behind countries like Norway (6%), the Netherlands (6%) and Sweden (7%). See **Figure D.3** and **Table D.4**.

Figure D.3
Deprivation rates (% with 3+ enforced lacks) using the 9 item index (EU-1), those aged 0-17
EU-25 - MT + NO + IS +NZ (EU 2007, NZ 2008)

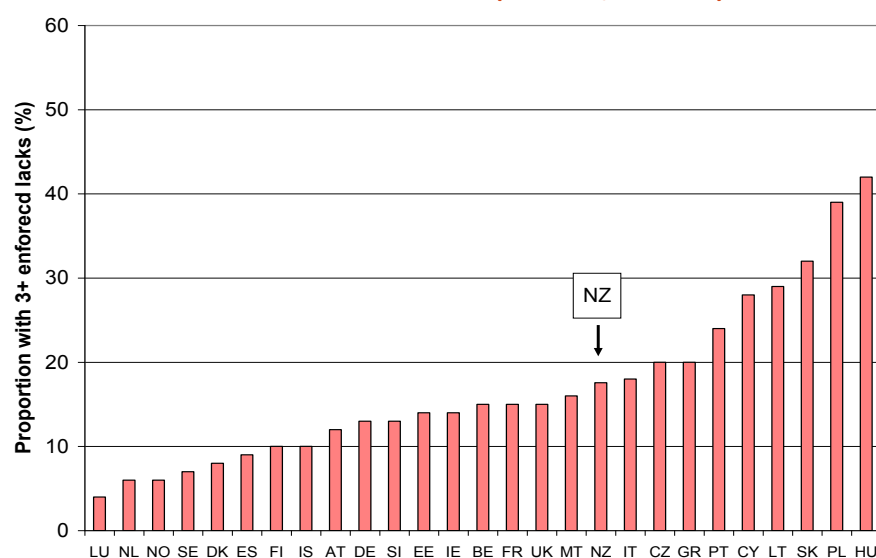


Table D.4
Deprivation rates (% with 3+ enforced lacks) using the 9 item index (EU-1), those aged 0-17
EU-25 - MT + NO + IS +NZ (EU 2007, NZ 2008)

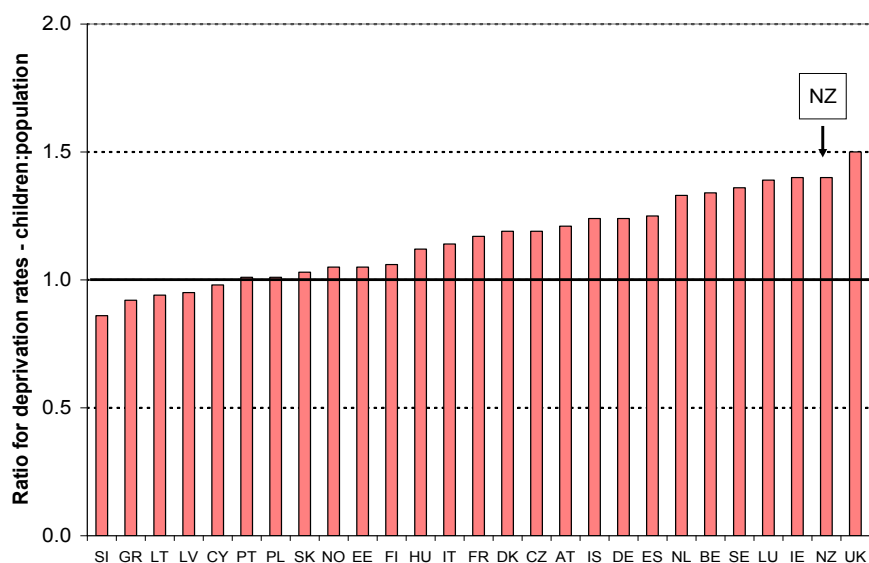
		% with 3+			% with 3+
Luxembourg	LU	4	Belgium	BE	15
Norway	NO	6	France	FR	15
Netherlands	NL	6	New Zealand	NZ	18
Sweden	SE	7	Italy	IT	18
Denmark	DK	8	Czech Republic	CZ	20
Spain	ES	9	Greece	GR	20
Iceland	IS	10	Portugal	PT	24
Finland	FI	10	Cyprus	CY	28
Austria	AT	12	Lithuania	LT	29
Germany	DE	13	Slovakia	SK	32
Slovenia	SI	13	Poland	PL	39
Ireland	IE	14	Hungary	HU	42
Estonia	EE	14	Latvia	LV	43
United Kingdom	UK	15			

Another aspect to be considered in assessing how children in New Zealand are faring relative to their counterparts in other countries is to compare the child deprivation rate with that for the population as a whole. The ratio of these two figures is called the risk ratio, as discussed earlier (p16).

Figure D.4 shows that for most countries the risk ratio is greater than 1.0, meaning that for most countries children are over-represented in hardship figures (the median is 1.2).

The child hardship risk ratio for New Zealand is 1.4, the same as for Ireland. This is higher than for any of the European countries in the comparison, except for the UK (1.5).

Figure D.4
Deprivation rates for children relative to overall population deprivation rate
(% with 3+ enforced lacks on the 9 item EU-1 index)
EU-25 - MT + NO + IS + NZ (EU 2007, NZ 2008)

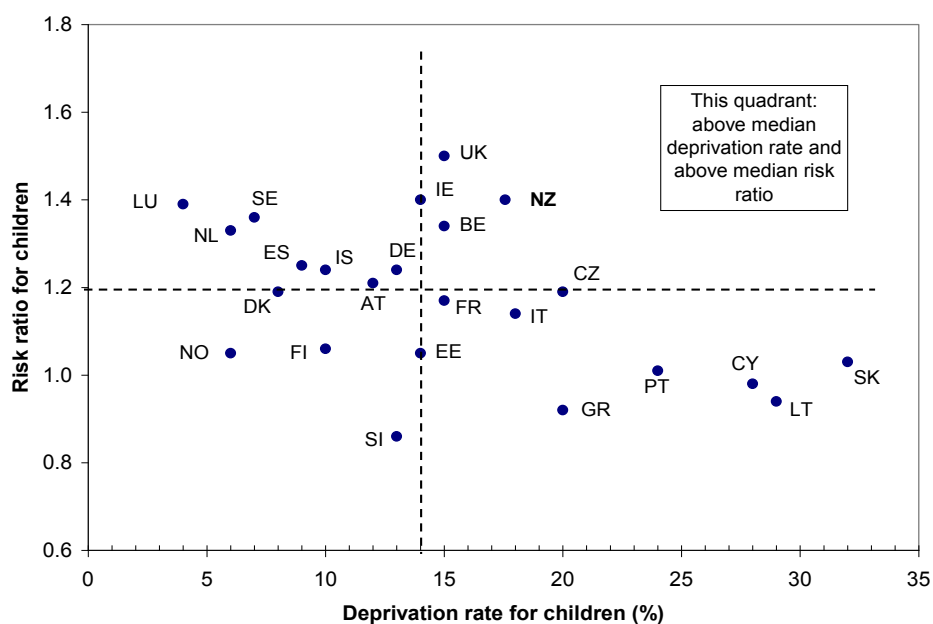


The risk ratio for children in New Zealand is similar whether using DEP (1.5) or EU-1 (1.4). Both aspects – the actual deprivation rates and the risk ratios – are important for assessing differences across countries. **Figure D.5** combines information from Figures D.3 and D.4 on the one graph.

The countries in the bottom left quadrant (Norway, Denmark, Finland and Slovenia) have below median child deprivation rates and below median risk ratios for children.

In contrast, countries in the top right quadrant (Belgium, the UK and New Zealand) have both above median child deprivation rates and above median risk ratios.

Figure D.5
Deprivation rates for children relative to overall population deprivation rate (% with 3+ enforced EU-25 - MT + NO + IS +NZ (EU 2007, NZ 2008)



Note: Latvia, Hungary and Poland have been omitted in Figure D.5 to make the graph more manageable. They belong in the lower right quadrant, well out to the right (deprivation rates of 39%+).