



Proactive Release

The following documents have been proactively released by the Department of the Prime Minister and Cabinet (DPMC), and the Child Wellbeing and Poverty Reduction Group (CWPRG) on behalf of Hon Jan Tinetti, Minister for Child Poverty Reduction:

Proactive Release: Briefing: Draft Child Poverty Related Indicators report and finalising changes to the housing affordability indicator

The following documents have been included in this release:

- **Title of paper:** Briefing: Draft Child Poverty Related Indicators report and finalising changes to the housing affordability indicator (DPMC-2022/23-1464)
- **Title of paper:** Draft Child Poverty Related Indicators report 2023

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant section of the Act that would apply has been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to redaction codes:

- S9(2)(a) protect the privacy of natural persons, including that of deceased natural persons;
- S9(2)(g)(i) maintain the effective conduct of public affairs through the free and frank expression of opinions.



Coversheet

Briefing: Draft Child Poverty Related Indicators report and finalising changes to the Housing Affordability indicator

Date:	4/05/2023	Report No:	DPMC-2022/23-1464
		Security Level:	IN CONFIDENCE
		Priority level:	Routine

		Action sought	Deadline
Hon Jan Tinetti Minister for Child Poverty Reduction		agree to recs	10/05/2023

Name	Position	Telephone	1 st Contact
Hannah Kerr	Director, Child Wellbeing and Poverty Reduction Group	s9(2)(a)	✓
Hugh Webb	Principal Analyst	s9(2)(a)	

Minister's Office

Status:

Signed

Withdrawn

Comment for agency

Attachments: Yes

Briefing

Draft Child Poverty Related Indicators report and finalising changes to the Housing Affordability indicator

To: Hon Jan Tinetti, Minister for Child Poverty Reduction			
Date	4/05/2023	Security Level	IN CONFIDENCE

Purpose

1. This report seeks your initial feedback on the draft Child Poverty Related Indicators (CPRI) report and confirmation of the Gazette notice seeking to change the current Housing Affordability Indicator, as agreed by the previous Minister for Child Poverty Reduction.

Recommendations


We recommend you:

1. **note** the indicative timeline (at **Attachment A**) setting out the proposed approach to consulting on and finalising the 2023 CPRI report
2. **agree** to provide initial feedback on the draft CPRI report (at **Attachment B**) by 10 May, noting that the report still has some placeholders (pending stakeholder feedback) and is yet to undergo final formatting and editing before we seek your final review and agreement to publish in June YES NO
3. **agree** to the Gazette notice (at **Attachment C**) outlining the change to the Housing Affordability CPRI agreed to by the previous Minister for Child Poverty Reduction YES NO
4. **agree** to proactively release this report, as well as the report on the Review of the CPRIs (prepared in July 2022, at **Attachment D**), and a briefing from November to the previous Minister for Child Poverty Reduction on finalising changes to the CPRIs, subject to any appropriate withholding of information that would be justified under the Official Information Act 1982. YES NO

s9(2)(a)

Hannah Kerr
Director, Child Wellbeing and Poverty Reduction Group

4/05/2023



Hon Jan Tinetti
Minister for Child Poverty Reduction

06 / 05 / 2023

Background

2. The Child Poverty Reduction Act 2018 (the Act) requires that one or more Child Poverty Related Indicators (CPRIs) be established, relating to the causes, consequences or correlates of child poverty.
3. The previous Minister for Child Poverty Reduction agreed in 2018 to establish five CPRIs: Housing Affordability; Housing Quality; Food Insecurity; Regular School Attendance; and Potentially Avoidable Hospitalisations.
4. The Act requires you, as the Minister for Child Poverty Reduction, to prepare a CPRI monitoring report for a financial year, within the next financial year.
5. The Act also requires that the CPRIs be reviewed every three years and the last review was completed in July 2022 (see **Attachment D**).

The CPRI report is an important opportunity to tell a broader story about the impacts of poverty on children's wellbeing

6. The Act provides flexibility about the design of the indicators and the function of CPRI reporting. Through the 2022 review of the CPRIs, the previous Minister for Child Poverty Reduction confirmed that a key function of the current set of CPRIs is to tell a wider story about the experience of poverty for New Zealand children, beyond what can be conveyed through the main child poverty measures.

s9(2)(g)(i)

8. The current CPRIs help address this by showing how poverty impacts the day-to-day lives of New Zealand children in an understandable way. They also help frame the central role of child poverty reduction in achieving the wider outcomes set out in the Child and Youth Wellbeing Strategy.

We're seeking your initial feedback on the first draft of the 2023 CPRI report, before we consult with non-Government stakeholders

9. We've prepared a draft CPRI report for 2023, covering the 2021/22 financial year, at **Attachment B**.
10. We're seeking your initial feedback on the draft high-level content set out in the report, ahead of consulting with external stakeholders. While the drafting of the written content is largely complete, and the key figures are included, there are placeholders in some sections, diagrams still being prepared, and figures will need to be reformatted. We will finalise the formatting and editing after we've consulted on the document and incorporated any changes.
11. Mostly the report follows the approach and structure from previous years. There is a chapter for each of the CPRIs:
 - defining the indicator
 - explaining why it's relevant to child poverty and how it's measured (including key limitations in the data)
 - providing updated data from 2021/22 showing the latest headline estimate for the indicator, as well as key trends and demographic breakdowns, and references to other recent research or evidence to contextualise the findings

- summarising the policy actions and initiatives the Government has introduced since 2017/18 to address issues relevant to the indicator, as well as planned initiatives from 2022/23 onwards.
12. There is an appendix summarising the key data sources and their strengths and limitations, including the impacts of COVID-19 on data collection, and a summary overview chapter setting out the headline trends and findings, including the year-on-year change for each indicator and the indicative longer-term trends.
13. As well as including the latest data, some new features in this year's report include:
- a new chapter that briefly sets out the latest child poverty rates and trends as background context for interpreting the changes in the CPRIs. This includes an appendix highlighting longer term trend data about child poverty rates by ethnicity
 - quotes at the start of each chapter, drawn from a variety of different published sources, that seek to highlight lived experience (where possible from a child's perspective) relevant to each CPRI
 - an in-depth explanation and rationale for the proposed changes to the Housing Affordability CPRI (as discussed in paragraph 27 to 32 of this report).

We are currently seeking initial feedback from relevant agencies on the draft report

14. An indicative timeline for consultation and production of the report is provided at **Attachment A**.
15. We're currently seeking general feedback on the draft report from population agencies and various social-sector policy agencies. We'll also seek more specific feedback from relevant agencies for each of the following content areas:
- Child Poverty: Ministry of Social Development (MSD), Stats NZ, the Treasury
 - Housing Affordability: MSD, Housing and Urban Development (HUD), Stats NZ
 - Housing Quality: HUD, Stats NZ, Ministry of Business Innovation and Employment
 - Food insecurity: MSD, Ministry of Health
 - Regular School Attendance: Ministry of Education
 - Potentially Avoidable Hospitalisations: Ministry of Health.

s9(2)(g)(i)

[Redacted]

[Redacted]

[Redacted]

18. We are seeking your feedback on the draft report by 10 May. If you have substantive feedback, this timeframe will allow us to signal this to agencies during the engagement period.

Consultation with external stakeholders and Ministers

19. As we have done for the Child and Youth Wellbeing Strategy Annual Report, we will provide a version of the draft report to selected external stakeholders.

20. These stakeholders will include Pou Tangata, the Child Poverty Action Group, the Salvation Army, the Office of the Children's Commissioner and Christian's Against Poverty.
21. The aim of this engagement is to provide an opportunity for a more diverse range of voices to support the interpretation of the evidence, in line with recommendations from the 2022 review of the Child and Youth Wellbeing Strategy.
22. This engagement will help ensure our CPRI reporting is more robust and nuanced and will help to develop a shared view about the progress that is being made, as well as areas for improvement.
23. There is no requirement under the Act to consult on the CPRI report with children's Ministers (unlike the Child and Youth Wellbeing Strategy Annual Report). However we recommend sharing an updated draft of the report, incorporating agency feedback and Budget 23 initiatives, with Child and Youth Wellbeing Strategy Ministers, and any other Ministers as appropriate, after 19 May.

The report will be published before the 30 June statutory deadline

24. In the final stage of finalising the report we will consider and incorporate as appropriate any feedback from external stakeholders. We will then seek any final comment from agencies before seeking your review and approval of the final report in early June.
25. We will aim to publish the report around mid-June, noting that the Act requires that the report must be prepared by 30 June at the latest.
26. After the report is finalised, the Act also requires you to present a copy of the report to the House of Representatives. There is an opportunity to do this in the last two weeks of June.

We seek your agreement to the Gazette notice seeking to change the Housing Affordability CPRI

27. A key recommendation of the review in 2022, agreed to by the previous Minister for Child Poverty Reduction, was to change the current Housing Affordability indicator.
28. The Housing Affordability indicator currently measures the proportion of children living in households spending more than 30% of their equivalised disposable income on housing costs. The review recommended that this indicator should be changed to focus on children in low-income households (the bottom 40% of the income distribution), in line with international best practice.
29. We have prepared a Gazette notice (at **Attachment C**) for your approval, setting out this change.
30. Under the Act (section 38(2)(b)) the earliest this change could be implemented is for inclusion in the CPRI report published in 2024 for the 2022/23 financial year. This would require the change to the CPRIs to be gazetted by 30 June this year.
31. We consider this year's CPRI report to provide a good opportunity to explain this proposed change in a clear and transparent way. We also propose pro-actively releasing the 2022 review of the CPRIs, and previous advice about changes to the CPRIs, at the same time as the CPRI report is released.
32. The Act requires you to present this change to the CPRIs to the House of Representatives. You may wish to do this at the same time as you present the CPRI report in the last two weeks of June.

Te Tiriti o Waitangi considerations

33. The CPRI report forms an important part of the suite of child poverty reporting that provides insights into the wellbeing outcomes being achieved by and for tamariki Māori.
34. The obligations of the Crown implied by Article Three of te Tiriti are particularly relevant to the reporting included in the CPRI report. One of the key aims of the report is to provide accurate and timely information about the inequitable distribution of child poverty, and child poverty related outcomes, for tamariki Māori. A key strength of the information is that it includes data and information on trends, including discussion about whether disparities are narrowing over time.
35. We see this as a very important resource for supporting decision makers at all levels of Government and beyond to understand and prioritise where we need to invest to achieve more equitable outcomes for Māori.
36. We also intend to discuss the draft report with Pou Tangata to seek feedback on the way that the information in the report is presented. We're aware that more work is needed to develop more strengths-based measures and measures that reflect a te ao Māori world view. In the interim we want to ensure that our reporting of outcomes for Māori is mana-enhancing and provides insights to support action to address systemic inequities.

Next steps

37. We'd welcome the opportunity to discuss any of the matters included in this cover report, such as the background to the CPRIs, statutory reporting requirements, the 2022 review of the CPRIs, the draft report we have prepared, or the change to the Housing Affordability CPRI agreed to by the previous Minister.
38. Once we have received your feedback on the draft report, and feedback from policy and population agencies, we will then proceed with our consultation with external stakeholders, before seeking your final agreement to publication.

Attachments:	Title	Security classification
Attachment A:	Indicative timeline for preparing the 2023 CPRI report	IN CONFIDENCE
Attachment B:	Draft 2023 Child Poverty Related Indicators Report	IN CONFIDENCE
Attachment C	Draft Gazette notice to change the Housing Affordability CPRI for your approval	IN CONFIDENCE
Attachment D	Briefing to previous Minister for Child Poverty Reduction – 2022 Review of the Child Poverty Related Indicators	IN CONFIDENCE

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Attachment A: Indicative timeline for preparing the 2023 CPRI report

Phase	Actions	Date
Initial consultation	<ul style="list-style-type: none">- Initial draft to Minister for Child Poverty Reduction for review and feedback- Agreement to Gazette notice for change to Housing Affordability CPRI- Option to meet to discuss the report if needed	4/5 – 10/5
	<ul style="list-style-type: none">- Feedback from policy agencies and population agencies- Feedback from data owners	4/5 – 17/5
	<ul style="list-style-type: none">- Meeting with Pou Tangata to discuss the report, ahead of a draft report being provided	12/5
	<ul style="list-style-type: none">- Incorporation of Budget 2023 initiatives as appropriate to “policy actions and initiatives” sections	18/5
External, non-Government consultation and Ministerial consultation	<ul style="list-style-type: none">- Share draft report (in confidence) with CPAG, Salvation Army, Office of the Children’s Commissioner, Christians Against Poverty, Pou Tangata	19/5 – 31/5
	<ul style="list-style-type: none">- Consultation on updated draft report with Child and Youth Wellbeing Strategy Ministers, and other Ministers as appropriate	19/5-31/5
Finalisation	<ul style="list-style-type: none">- Final agency consultation	1/6 – 5/6
	<ul style="list-style-type: none">- Final report to Minister for Child Poverty Reduction for review/ approval to publish	8/6
	<ul style="list-style-type: none">- Publish:<ul style="list-style-type: none">o CPRI reporto Gazette change to Housing Affordability indicator- Proactively release advice relating to CPRI’s since July 2022	Mid-June
	<ul style="list-style-type: none">- Minister for Child Poverty Reduction to present CPRI report to parliament and changes to Housing Affordability indicator	From 20 June



CHILD
POVERTY
RELATED
INDICATORS
REPORT
2023

New Zealand Government

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OVERVIEW OF THE CHILD POVERTY RELATED INDICATORS

The Government is committed to making New Zealand the best place in the world to be a child or young person. A key part of achieving this vision is to deliver on our ten-year targets to more than halve rates of child poverty in New Zealand by 2027/28, as set out in the [Child Poverty Reduction Act 2018 \(the Act\)](#).

As we approach the half-way point on our journey towards the ten-year targets, it's important to take stock of what's been achieved so far. On the three primary measures under the Act, compared to the baseline year of 2017/18, there are now:

- 77,000 fewer children in poverty on the after-housing costs primary measure
- 45,600 fewer children in poverty on the before housing cost primary measure, and
- 28,700 fewer children in poverty on the material hardship primary measure.

While recognising the positive progress that has been made, we also know there is much more work ahead, particularly as global cost of living pressures place increasing stress on household budgets. That's why as a Government we are more committed than ever to continuing to reduce child poverty and investing in the future wellbeing of our children.

The Child Poverty Related Indicators tell us about the wider impacts of poverty on the lives of children

Reducing child poverty helps improve the day-to-day lives of children and their families and whānau. The Child Poverty Related Indicators (CPRIs) set out in this report help tell this wider story. The CPRIs speak to the broader causes and consequences of poverty, beyond the more focused income and material hardship measures of child poverty. The five current CPRIs are:

- **Housing affordability** – the percentage of children and young people (ages 0-17 years) living in households spending more than 30 percent of their disposable income on housing.
- **Housing quality** – the percentage of children and young people (ages 0-17 years) living in households with a major problem with dampness or mould.
- **Food insecurity** – the percentage of children (ages 0-14 years) living in households reporting food runs out often or sometimes.
- **Regular school attendance** – the percentage of children and young people (ages 6-16 years) who are regularly attending school.
- **Potentially avoidable hospitalisations** – the rate of children (ages 0-14 years) hospitalised for potentially avoidable illnesses.

This is the fourth year that the CPRIs have been reported on, as required by the Act. These CPRIs are also used as indicators for three of the six outcome areas in the Child and Youth Wellbeing Strategy (the Strategy). The Strategy indicators tell a more comprehensive story about child and youth wellbeing in New Zealand. The annual report on progress against the Strategy's outcomes can be found on the [Child and Youth Wellbeing website](#).

COVID-19 has had a significant direct impact on a number of the CPRIs as well as causing disruptions to data collection

The latest data included in this CPRI report is from July 2021 to June 2022. This year's reporting has been impacted by the COVID-19 pandemic in several ways. The sample size of two of the key surveys (Stats NZ's Household Economic Survey (HES); and the New Zealand Health Survey) on which three of the CPRIs are based was much smaller than in previous years. This means that rates on these indicators are measured with less precision than in previous years, and so we're less likely to see statistically significant year-on-year changes.







The key findings and trends from 2021/22 data include:

- Rates of children living in unaffordable housing are unchanged, continuing the stable trend observed over at least the past decade. Rates of children in lower income households (quintile 1 and 2) experiencing unaffordable housing are significantly lower than in 2017/18.
- Rates of children living in poor quality housing were unchanged in 2021/22, following a steady decline in rates since 2017/18. Disparities in rates of Pacific children living in poor quality housing have significantly narrowed over time, although rates are still significantly higher for Pacific children and tamariki Māori.
- The proportion of children experiencing food insecurity continues to trend downwards. There has been a large and statistically significant drop in food insecurity rates since 2019/20 for all children. While rates are reducing across all ethnicities, tamariki Māori and Pacific children continue to face substantially greater barriers to food security.
- Rates of regular school attendance decreased sharply in term 2 2022, driven in part by an increase in justifiable absences due to illness associated with the increase in COVID-19 cases in the first half of 2022.
- Rates of potentially avoidable hospitalisations have been stable over the past three years after a sharp decline in 2019/20.

Review of the CPRIs: the indicators are working well, but the current housing affordability indicator will be changed to focus on children in low-income households

The Act requires that the CPRIs be reviewed every three years. The first review of the CPRIs was completed in August 2022 and found that overall the current CPRIs are working well. A key change recommended as part of the CPRI review is that the current Housing Affordability indicator should be more focused on children in low income (quintile 1 and quintile 2) households. The Government has agreed to this change, which will come into effect in the data reported in 2024 for 2022/23. The reason for this change is explained in more detail in the chapter on housing affordability.

INDICATORS AT A GLANCE

Child Poverty Related Indicator	Change since previous year*	Indicative longer-term trend†
Housing affordability	<i>no change</i>	<i>no change</i>
Housing quality	<i>no change</i>	
Food insecurity		
Regular school attendance		
Potentially avoidable hospitalisations	<i>no change</i>	

* For data based on sample surveys (housing affordability, housing quality, and food insecurity) only changes between years that are statistically significantly different are noted in the table above. See Annex 1 for further detail on interpreting changes over time.

† Longer term trends over **at least four years** are shown - even though differences between successive years may not be statistically significant.

KEY INITIATIVES AT A GLANCE

(DIAGRAMS TO COME)

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Trends in child poverty help put the CPRI results in context

Child poverty is one important underlying determinant of all the CPRIs

A key theme in this report is that the CPRIs – housing affordability, housing quality, food insecurity, school attendance and potentially avoidable hospitalisations – cannot be properly understood in isolation from each other or from child poverty itself. Poverty can negatively impact all of the CPRI outcomes because when money is severely limited, families can be forced to choose which of the basics they must go without. Cutting back on food or housing can also have knock-on impacts on the other CPRI outcome domains, like health and education, over the short and longer term.

This doesn't mean that reducing poverty is a silver bullet. While poverty plays a key role, a host of other factors – from individual vulnerabilities to global pandemics – will also shape the trends we see on each of the indicators. Nevertheless, understanding trends in child poverty rates provides important context for assessing and monitoring progress on the CPRIs.

(Insert diagram showing the relationship between child poverty and CPRIs)

Measuring child poverty

Poverty is multi-dimensional: it can vary in depth and persistence and can be measured in different ways. The Act reflects this, and aligns with international best practice, by establishing a “multi-measurement framework” to capture the different dimensions of poverty. There are currently nine measures which must be independently reported on annually by Stats NZ, including three primary and six secondary measures. Together these indicators provide a balanced and focused set of indicators that provides a more comprehensive view of child poverty in New Zealand¹.

The three primary measures are set out in the table below.

BHC50:	the number of children in households with incomes much lower (50%) than the median household income in a given year.
AHC50:	the number of children in households with incomes much lower (50%) than a typical 2018 household, after deducting housing costs, and adjusting for inflation.
Material Hardship:	a lack of six or more out of the 17 items in the material deprivation index (DEP-17), which include things like having two pairs of shoes in good condition and not putting off doctor visits due to a lack of money.

Data for these indicators come from Stats NZ's Household Economic Survey and reflect the household's circumstances in the 12 months prior to when they were interviewed. Interviewing for the 2021/22 data collection occurred between 1 July 2021 and 30 June 2022, but was subject to significant disruptions caused by the Delta and Omicron COVID-19 outbreaks. These disruptions meant that the overall sample size achieved in 2021/22 was much smaller (8,900 households) than the 20,000 households as designed. Consequently, the sample errors, particularly for sub-populations, are larger than in previous years and so we are less likely to see statistically significant

year on year changes in the data. Also, income poverty rates for 2020/21 were substantially revised and re-released to take into account the availability of more up-to-date data. This led to a 1.3ppt and 0.6ppt reduction on previously reported rates for AHC50 and BHC50 respectively in 2020/21.

The Act requires Governments to set 3-year (intermediate) and 10-year targets

The Act requires current and future Governments to set 3-year intermediate and 10-year targets. The baseline year for the first set of 10-year targets is 2017/18. The Government's goal is to at least halve child poverty within 10 years, in line with the Sustainable Development Goals. The baseline child poverty rates, first intermediate targets, second intermediate targets, 10-year targets and most recently reported rates are set out in the table below.

Two out of three of the first intermediate targets (in 2020/21) were met: AHC50 and material hardship. The most recently reported rates for 2021/22 are for the first year of the second intermediate target period. The Government Statistician will assess compliance with the second intermediate targets based on the rates reported for 2023/24.

	Baseline year (2017/18)	First intermediate target rates (2020/21)	Most recently measured rates (2021/22)	Second intermediate target rates 2023/24	10-year targets (2027/28)
BHC50:	16.5%	10.5%	12.0%	10%	5%
AHC50:	22.8%	18.8%	15.4%	15%	10%
Material Hardship:	13.3%	10.3%	10.3%	9%	6%

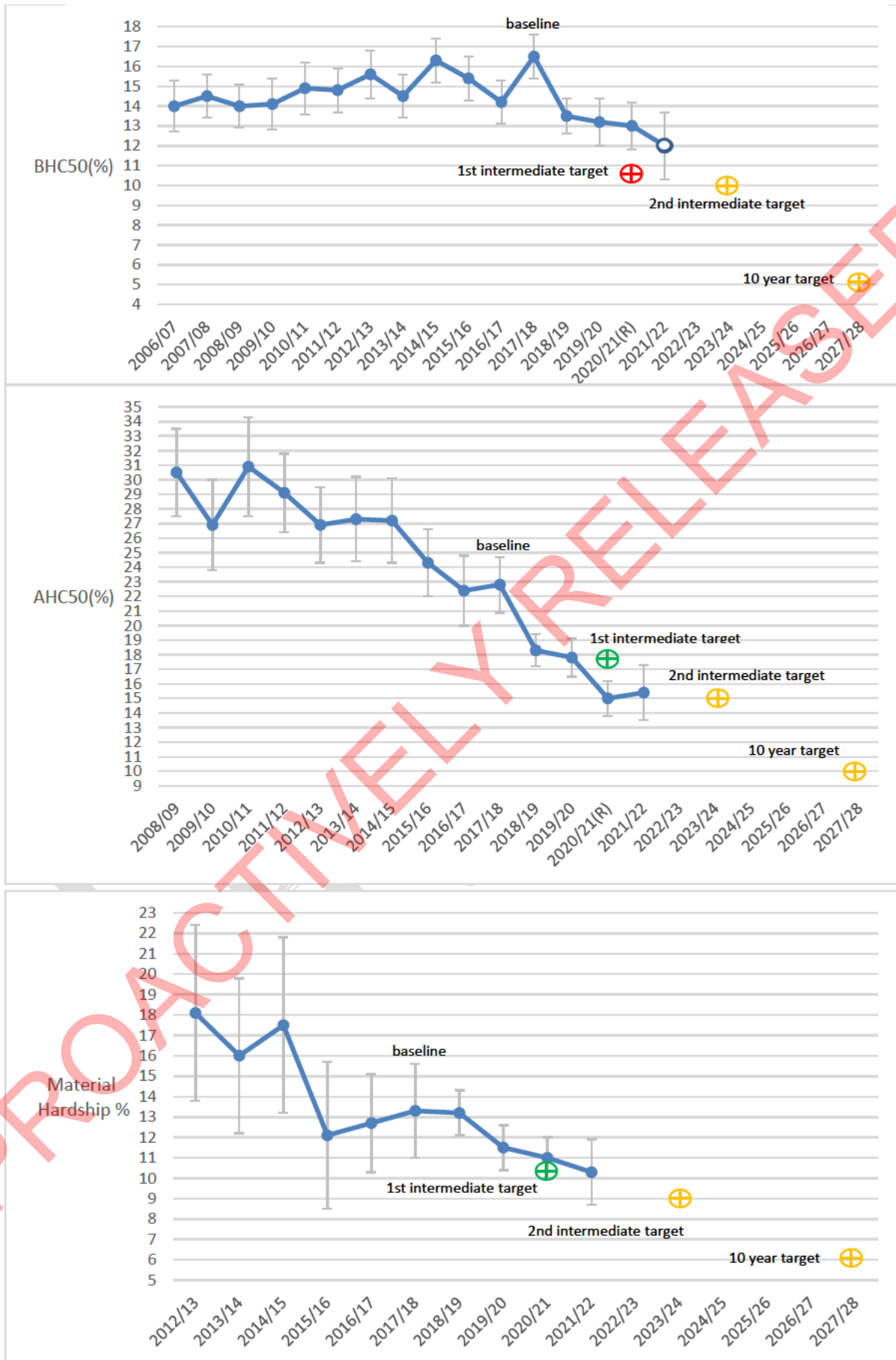
Eight out of nine measures have shown a statistically significant reduction since 2017/18

The most recently released child poverty rates for 2021/22 show that eight out of nine measures, including all three primary measures, have statistically significantly reduced since the 2017/18 baseline year (see Annex 2).

As shown in Figures xx, rates on the primary measures over the past two years are now lower than they have been over the past 10 to 15 years for which comparable data is available. Compared to the 2017/18 baseline year there are now:

- 77,000 fewer children in poverty on the after-housing costs primary measure
- 45,600 fewer children in poverty on the before housing cost measure, and
- 28,700 fewer children in poverty on the material hardship measure.

Figure xx: Proportion of children in poverty on the three primary measures over time
 (NOTE FIGURES TO BE REFORMATTED)

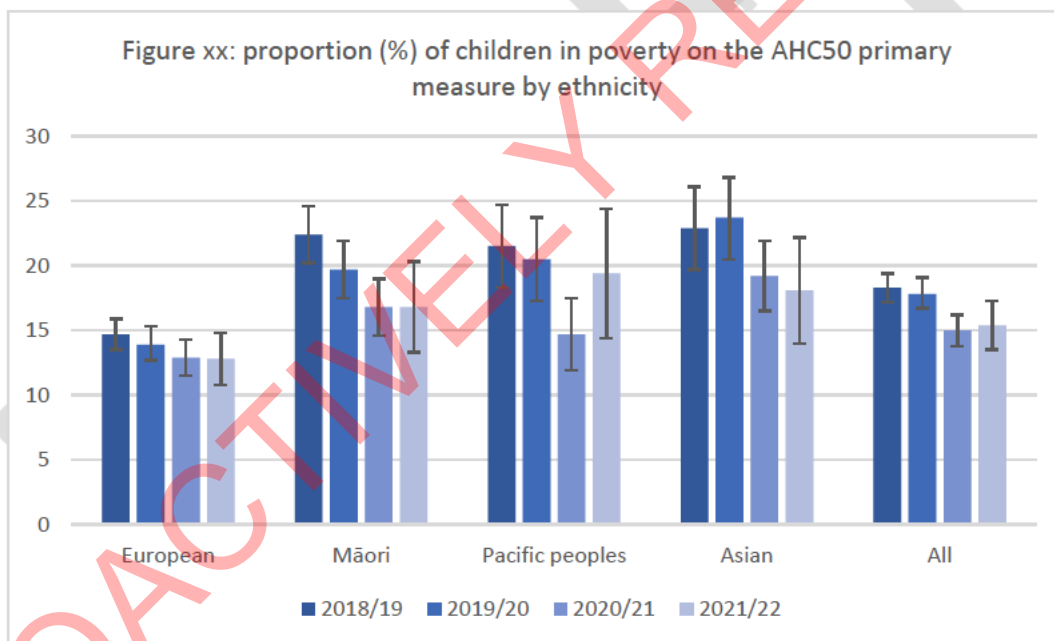


Child poverty rates are generally trending down for priority groups, but some significant disparities persist, particularly on the material hardship measure

Reliable data to assess year-on-year changes in child poverty rates for selected priority sub-populations is only available since 2018/19 (for breakdowns by ethnicity) and since 2019/20 (for breakdowns by disability). This more recent data, however, is still subject to much higher sample errors than for the population overall (particularly in 2021/22). This makes it difficult to accurately assess trends over the shorter term. There isn't enough precision in the data to set targets for priority populations. Longer-term trends in child poverty rates by ethnicity are discussed in MSD's Child Poverty Report, and summarised in Annex 3 of this report.

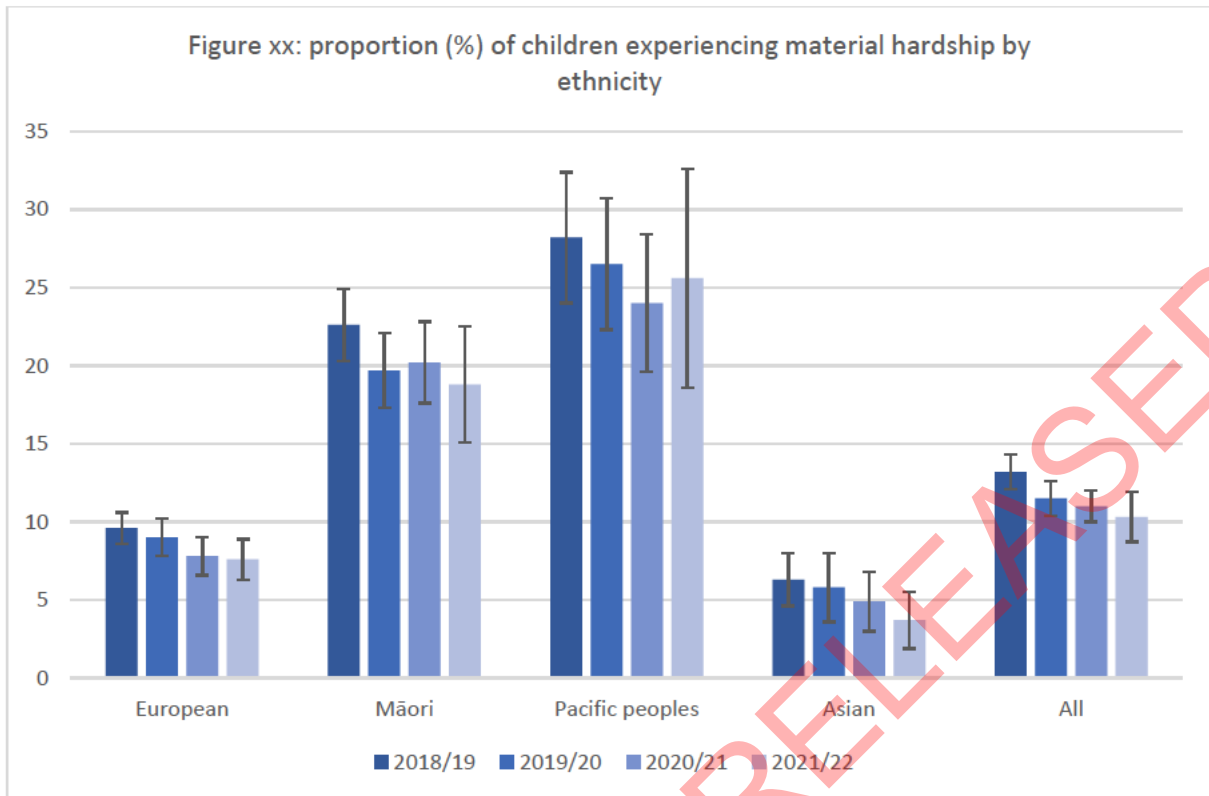
Disparities by ethnicity are narrowing on the AHC50 primary measure

As shown in Figure xx, rates of poverty on the AHC50 measure have significantly reduced for all children, including statistically significant reductions compared to 2018/19 for tamariki Māori (in 2020/21 and 2021/22) and Pacific children (in 2020/21, but not 2021/22). Rates for tamariki Māori and Pacific children on this measure are now comparable with rates observed for New Zealand children overall, consistent with the long-term narrowing of disparities in child poverty rates on this indicator.



But large disparities by ethnicity persist on the material hardship measure and show no signs of narrowing

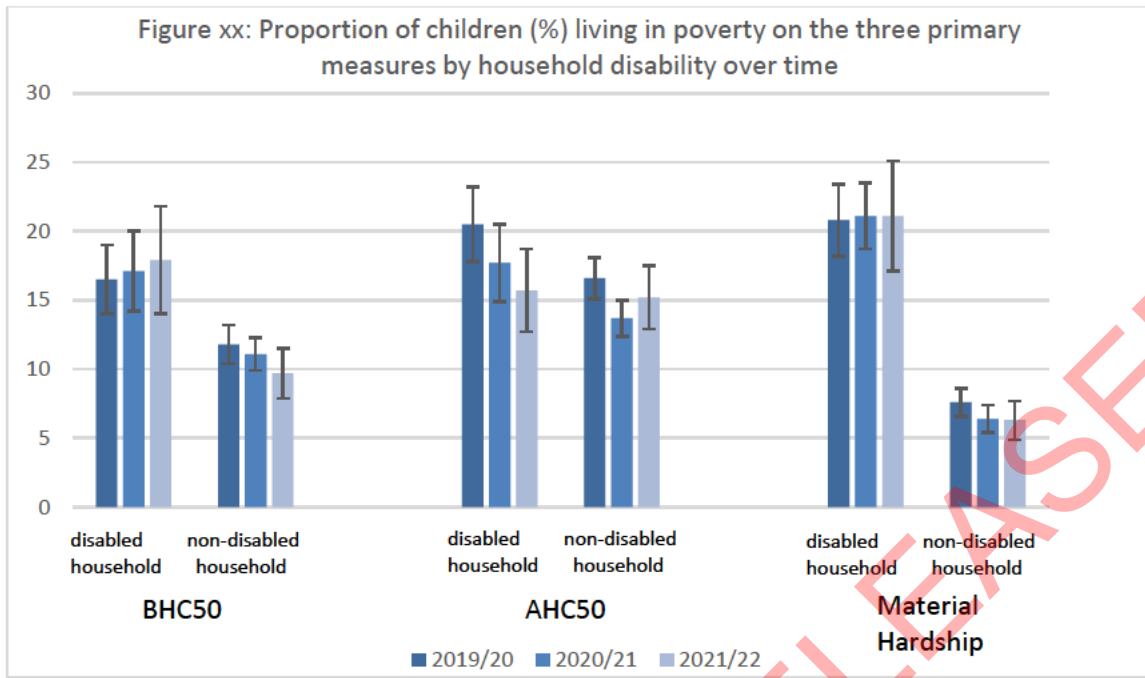
Poverty rates on the material hardship primary measure by ethnicity show a distinctly different pattern to that seen for AHC50 income poverty. Rates in 2021/22 are statistically significantly lower on average for all children compared to 2018/19. But there continue to be large and statistically significant disparities in rates for tamariki Māori and Pacific children. Rates are broadly trending down for all groups, but (unlike AHC50) there's not yet any indication the gap between these groups and New Zealand children overall is narrowing.



Rates on the BHC50 primary measure tend to be somewhat higher for tamariki Māori and Pacific children compared to New Zealand European children, with no clear evidence of narrowing.

Disparities for children living in a disabled household are narrowing on the AHC50 primary measure, but there continue to be significant disparities on BHC50 and material hardship

Rates for disabled children and children living in a disabled household again show a similar pattern: an apparent narrowing in rates on the AHC50 primary measure but persistently higher rates on the material hardship and BHC50 poverty measures (as shown in Figure xx). This is an important population to monitor given that a little over half (56%) of all children in material hardship live in a household impacted by disability.



The Child Poverty Budget Report provides the best estimate of current and future child income poverty rates

The best estimate of child poverty rates now and into the future, based on the latest economic forecasts, are set out in the Child Poverty Budget Report produced by the Treasury. The latest estimates indicate that (INSERT BRIEF SUMMARY OF FORECASTS WHEN RELEASED ON 18 MAY).

PROACTIVELY RELEASED

To reduce child poverty, we have:

- Introduced the \$5.5 billion Families Package, increasing the incomes of 330,000 families with children (more than half of all families) in the first year of the package. The package included increases to the Family Tax Credit and the Working for Families (WFF) abatement threshold; a new Best Start Tax Credit; an increase to paid parental leave from 18 to 26 weeks; a new Winter Energy Payment; and increases to the Accommodation Supplement.
- Delivered successive increases to main benefit rates, including indexing main benefits to align with net average wage growth, rather than inflation; permanently increasing main benefits by \$25 per week on 1 April 2020; delivering further increases in Budget 2021 and 2022 to bring benefit rates at 1 April 2022 in line with a key recommendation of the Welfare Expert Advisory Group.
- Increasing Family Tax Credit rates, over and above the routine inflation adjustment, from 1 April 2022 and delivered a one-off \$350 cost-of-living payment in 2022 to low- and middle- income households.
- Delivered, through the initiatives outlined above, increases to weekly incomes after housing costs in 2022 that were, on average, 43% higher in real terms than in 2018 for people supported by a main benefit, as shown in Figure xx below.

Figure xx: Percentage change in AHC and BHC, equivalised “total incomes” for people on main benefit (including all family types), compared to the Consumer Price Index (CPI)².



- Delivered successive increases to the minimum wage, substantial investments to boost employment outcomes, more affordable housing and addressing cost of living pressures.

From 2022/23 and onwards, we:

- Have increased the Childcare Assistance income thresholds to support more low and middle-income families to afford the costs of caring for children.
- Further increased the minimum wage rate, in line with cost of living increases, to \$22.70 per hour in April 2023
- (UPDATE TO REFLECT BUDGET 2023 INITIATIVES)

HOUSING AFFORDABILITY

“My dad cannot find work...we’re struggling to pay rent, utility bills, rumours are that the landlord will sell the property so I’m stressed that we will have another place to live or end up on the streets as Auckland rental prices are too steep and only mum is working...Sometimes I cannot concentrate on my school work thinking about these things and makes me really sad, lonely, heartbroken and hard to focus on the good things in life.” – Asian male, aged 13–15 years, Auckland[‡]

What it means and why it matters

Housing affordability is about whether households have high housing costs relative to their disposable income. Housing costs are the biggest single category of household expenditure and so housing unaffordability is often associated with significant financial stress for low to middle income families.

How it relates to child poverty and wider wellbeing outcomes

Children living in unaffordable housing are disproportionately from poor households. Unaffordable housing means these households can face difficult trade-offs because there’s not enough money to cover other basic needs such as healthy food, heating, clothing, and transport costs.⁴ The financial stress of unaffordable housing on parents can also negatively impact parental mental health and health behaviours, which can in turn influence children’s health and developmental outcomes.

There are often no easy choices for low-income families living in unaffordable housing. Moving to more affordable housing, if it’s available, can incur other costs for families: higher heating bills, poor quality housing and risks of damp and mould, higher transport expenses, or overcrowding. Living in a crowded house greatly increases the risk of transmission and experience of communicable diseases and respiratory infection, particularly for younger children.⁵ Overcrowded housing can also mean less personal space, making it harder for children to study and play and increasing the risks of relationship stress between family members.⁶

How we currently measure progress

Housing affordability can be measured in a number of ways[‡].

The current CPRI for housing affordability is based on a commonly used approach and measures the proportion of children (aged 0-17) living in households spending more than 30% of their equivalised disposable income on housing costs. It is calculated using a ratio of gross housing costs (rates, dwelling insurance, mortgage and rent) to household disposable income (which takes into account taxes and transfer payments), and after adjusting for household size. We also report on the proportion of households spending more than 40% and 50% of their disposable income on housing costs. These are referred to here as the 30%, 40% and 50% housing affordability thresholds.

Data for this indicator come from the Household Economic Survey and reflect the household’s circumstances in the 12 months prior to when they were interviewed. Interviewing for the 2021/22 data collection occurred between 1 July 2021 and 30 June 2022, but was subject to significant disruptions caused by the Delta and Omicron COVID-19 outbreaks. As noted previously, the sample

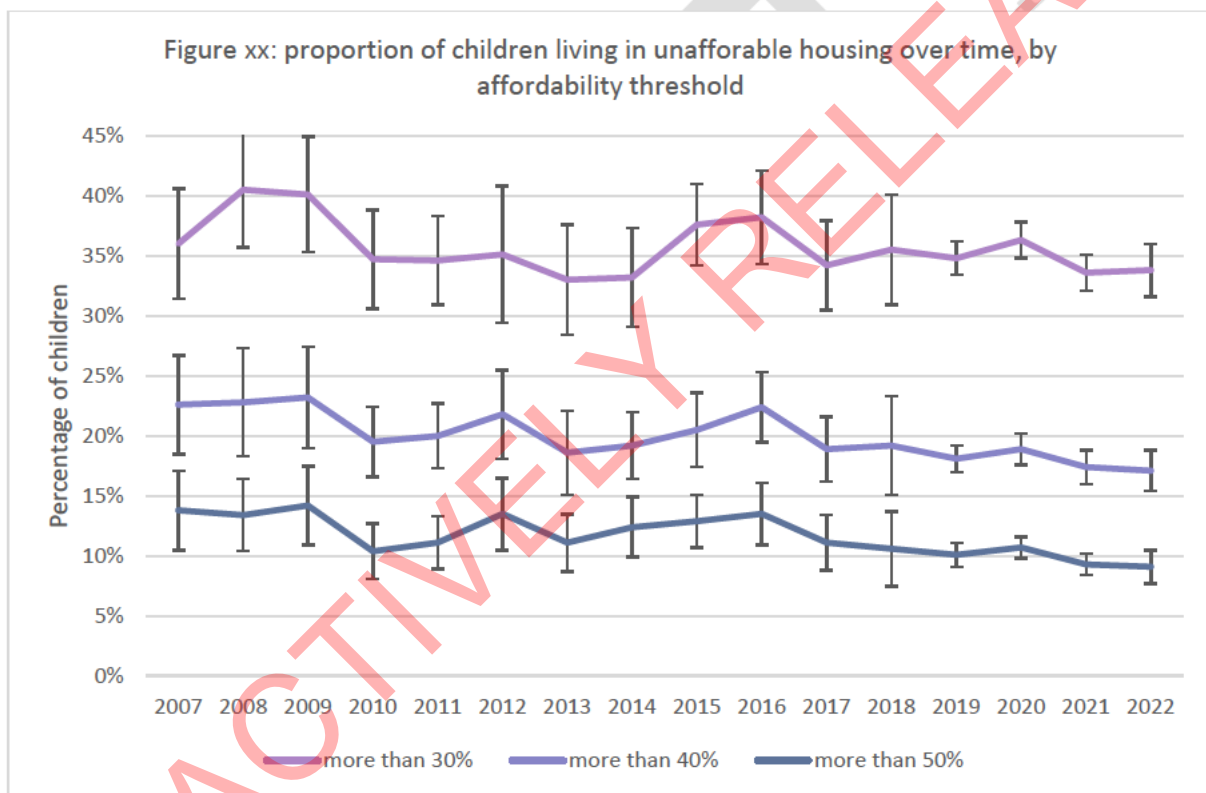
[‡] The Ministry of Housing and Urban Development launched the “Change In Housing Affordability Indicator” dashboard in November 2022. The dashboard provides up-to-date data on trends in various housing affordability indicators, including changes in average rental prices and median incomes.

size in 2021/22 was much smaller (8,900 households, rather than 20,000 households as designed) and so sample errors are larger than in previous years.

Housing affordability is also an indicator included in the “Have what they need” outcome under the Child and Youth Wellbeing Strategy.

The proportion of children in unaffordable housing continues to be unchanged

In 2021/22, 34% of children and young people (ages 0 – 17 years) lived in households spending more than 30% of their disposable income on housing. As shown in Figure xx, there has been no significant change in the proportion of children living in unaffordable housing between 2021/22 and 2019/20 on either the 30%, 40%, or 50% housing affordability thresholds. Over the longer term, housing affordability has been broadly unchanged since 2007. There’s some evidence that the proportion of households spending more than 40% or 50% of their income on housing costs is a little lower over the past three years compared to the long-run average.



Source: Household Economic Survey 2021/22, Stats NZ

A new housing affordability CPRI from 2023/24 will focus on children in poorer households, using the “30/40” indicator

A key recommendation of the statutory review of the CPRI completed in 2022 is to change the current housing affordability CPRI to focus on children in poorer households. This change addresses a key limitation of the current housing affordability CPRI: that it includes households on high incomes for whom spending 30% (or even 40 or 50%) of disposable income on housing is very unlikely to place that household under significant financial stress.

A standard way of avoiding this problem is to look at the so-called “30/40” indicator⁵. The 30/40 indicator looks at the number of children living in households in the bottom 40% of the income distribution (ie income quintile 1 and income quintile 2) spending more than 30% of their income on housing costs. This measure is a much better headline measure of “unaffordable” housing because it excludes those households for whom their residual income, after deducting housing costs, will be well above typical after-housing-cost poverty lines.

Figure xx shows the 30/40 indicator over time and how this compares with the current housing affordability CPRI (using the 30% housing affordability threshold) as well as the proportion of children living in poverty on the after-housing-cost primary income poverty measure (AHC50 fixed). This shows that the 30/40 indicator correlates much more closely to the after-housing-cost income poverty measure, compared to the 30% housing affordability indicator that is currently used.



One limitation of the 30/40 indicator is that it’s based on a smaller sub-set of children. This means the sample errors will be larger (reflected by the larger confidence intervals shown in Figure 2) and so we’re less likely to see statistically significant year-on-year change.

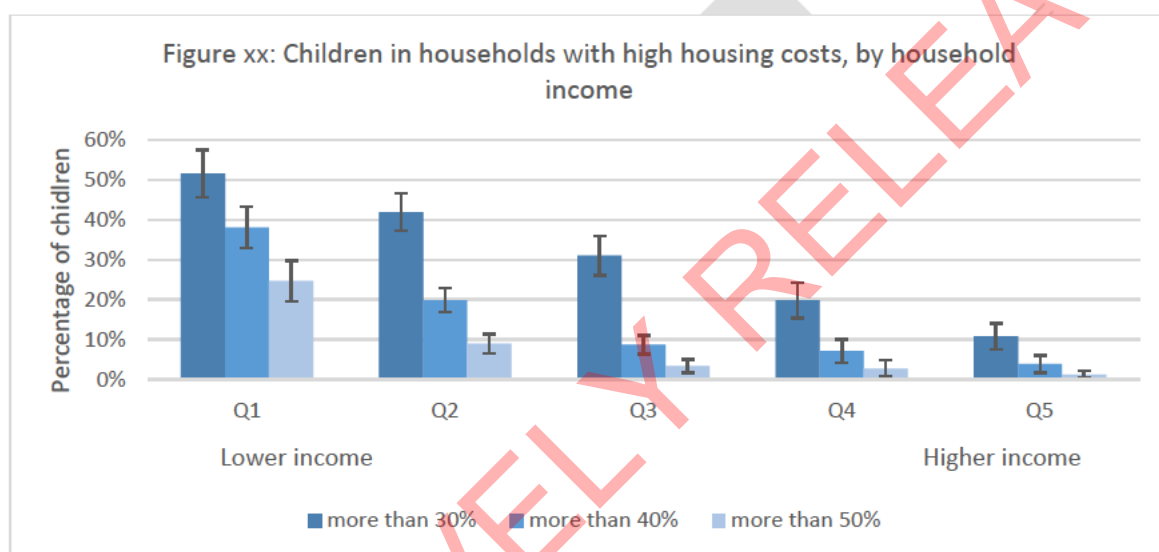
The proportion of children in lower income (quintile 1 and quintile 2) households living in unaffordable housing is statistically significantly lower on average over the past three years compared to the long run average from 2007-2018.

⁵ The advantages of the 30:40 indicator are discussed more fully in work by the Australian Housing and Urban Research Institute (2019), see: <https://www.ahuri.edu.au/research/brief/understanding-3040-indicator-housing-affordability-stress#>

The Government has agreed to change the current housing affordability CPRI to the 30/40 indicator. This change will not come into effect until 2022/23 (which will be reported in the first half of the 2024 calendar year). However we will report the 30/40 indicator, alongside various other breakdowns and thresholds, as part of the routine reporting included in this chapter in next year's report.

Low-income households are more likely to live in unaffordable housing

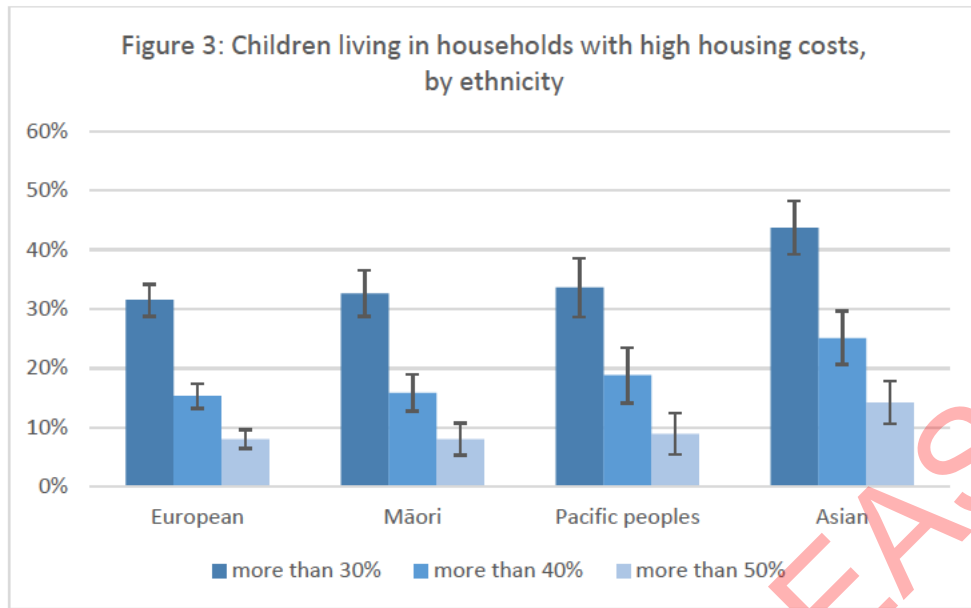
The higher rates on the 30/40 indicator compared to the 30% housing unaffordability threshold (for all income groups) show that children in low-income households are more likely to live in unaffordable housing. We can also see this when we look at rates of housing unaffordability at different thresholds within each income quintile, as shown in Figure xx. For example, around half of children in the poorest (quintile 1) households spend more than 30% of their income on housing costs, compared to just one in ten children living in the wealthiest (quintile 5) households.



Source: Household Economic Survey 2021/22, Statistics NZ

Rates of children in unaffordable housing generally do not significantly differ for tamariki Māori and Pacific children

As shown in Figure 3, and consistent with previous years, there are generally no statistically significant differences between rates of European, Māori, or Pacific children living in unaffordable housing (at the 30%, 40% or 50% thresholds). Rates of Asian children living in unaffordable housing (at the 30% threshold) are statistically significantly higher than for New Zealand children overall.



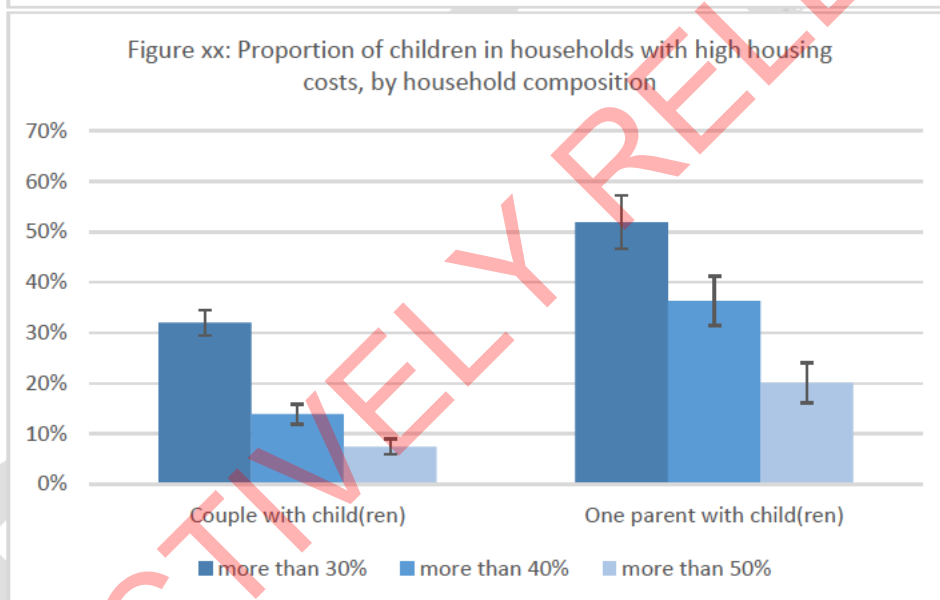
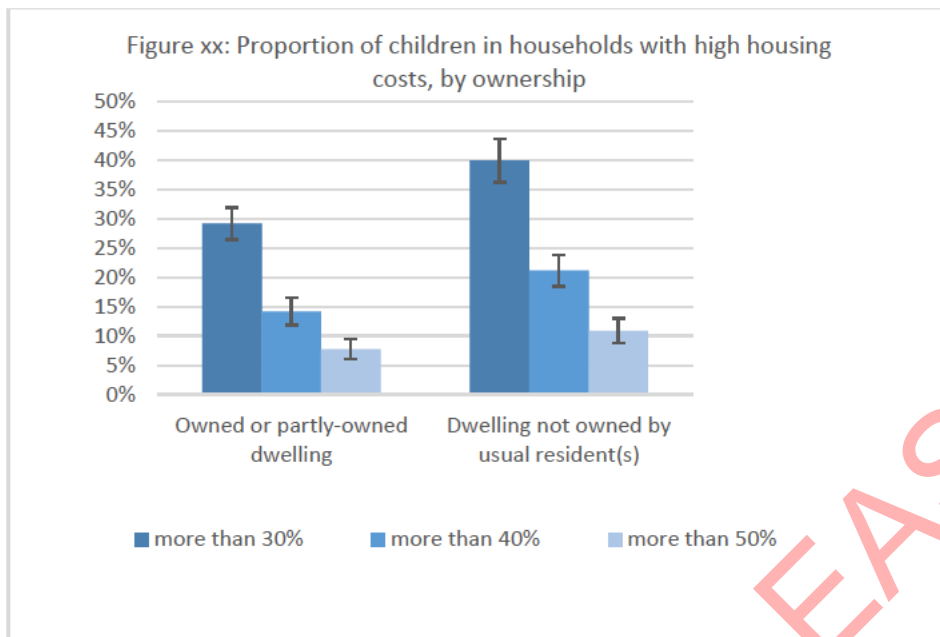
Source: Household Economic Survey 2021/22, Statistics NZ

Twenty-nine percent of disabled children, and 27% of children in households with a disabled person, live in households spending more than 30% of their income on housing.

Rates of children in unaffordable housing are higher for households renting and single parents

As reported in previous years, rates of children in unaffordable housing living in owner occupied housing are statistically significantly lower than for children in rentals at the 30%, and 40% unaffordability thresholds (as shown in Figure xx). Similarly, rates of children in unaffordable housing (at the 30%,40%, and 50% thresholds) are higher for children in single parent households compared to children in households headed by a couple (as shown in Figure xx).

PROACTIVELY RELEASED



Source: Household Economic Survey 2021/22, Statistics NZ

Unaffordable housing for children residing in non-private dwellings

Data from the Household Economic Survey does not include an estimated 5,540 children (approximately 0.5% of all children) in New Zealand living in non-private dwellings (eg motels, refuges and other emergency housing)⁷. This is a similar order of magnitude to Ministry of Social Development data indicating that in June 2022 there were approximately 4,155 children in emergency housing. For some of these families, unaffordable housing leading to eviction may be among the reasons why they are in emergency housing in the first place. However, while living in emergency housing itself, families are required to pay a maximum of only 25% of their income on housing (ie below the 30% housing affordability threshold).

To improve housing affordability, we have:

Boosted the supply of affordable housing options

- *Introduced the Urban Growth Agenda to remove barriers to the supply of land and infrastructure and make room for cities to grow up and out.*
- *Increased the supply of public housing by over 10,125 public homes over 5 years, to bring the total number of public housing places in New Zealand to 76,271 by June 2022.*

Supported people to secure and sustain their housing.

- *Delivered 5,520 transitional housing places over five years to June 2022.*
- *Made \$400 million available through the Progressive Home Ownership Fund to support more New Zealanders into home ownership by increasing support for shared equity and rent-to-buy schemes.*
- *Piloted a rapid-rehousing approach to support individuals and whānau into permanent housing.*
- *Reduced the deposit required for a First Home Grant and Loan to five percent, making it easier for first home buyers to get a deposit together.*
- *Invested in the Māori Housing Network to provide additional papakāinga (Māori collectively owned homes), housing repairs, and capability building programmes.*
- *Supported Pacific households into home ownership, including delivering financial capability programmes to over 3,000 Pacific people, developing feasibility studies and business cases for development of communally owned land.*

Strengthened financial supports to people in need

- *Introduced a comprehensive package of child poverty reduction investments (outlined on p. x) including increases to the Accommodation Supplement as part of the Families Package, delivering an average increase from \$71 to \$98 a week.*

2022/23 and onwards, we:

- *Have established the \$350 million Affordable Housing Fund to support the development of affordable homes for low-to-moderate income people and whānau, to rent or buy.*
- *(Update with initiatives from Budget 23)*

HOUSING QUALITY

(QUOTE TO COME)

What it means and why it matters

Housing quality is about living in a warm, dry home that's free of significant mould and damp. It's important because warm dry housing means children are more likely to be healthy, with fewer respiratory illnesses and infections.⁸

Approximately 14,400 children are hospitalised every year from preventable, respiratory related hospitalisations from diseases like asthma, pneumonia and bronchiolitis, with hospitalisation rates peaking in winter.⁹ Young children are particularly vulnerable to the effects of poor housing as they spend proportionally more time indoors. Children and infants are also more susceptible to indoor air pollutants, as their immune systems are still maturing.¹⁰

How it relates to child poverty and wider wellbeing outcomes

There are direct and indirect links between poor quality housing and poverty. A lack of income is a key barrier to accessing quality housing. Many families also face difficult trade-offs between housing quality, housing costs and finding housing that's the right size and right location to access employment, child-care and education. Housing quality is often one of the first things that lower-income families may need to compromise on.¹¹ Low quality housing can also lead to further pressure on the household budget, as extra costs are incurred to keep cold houses warm, as well as the costs of medical treatment, child-care and loss of employment income owing to sickness caused by poor quality housing. Children in poor quality housing are also at greater risk of getting sick and missing school.¹²

How we measure progress

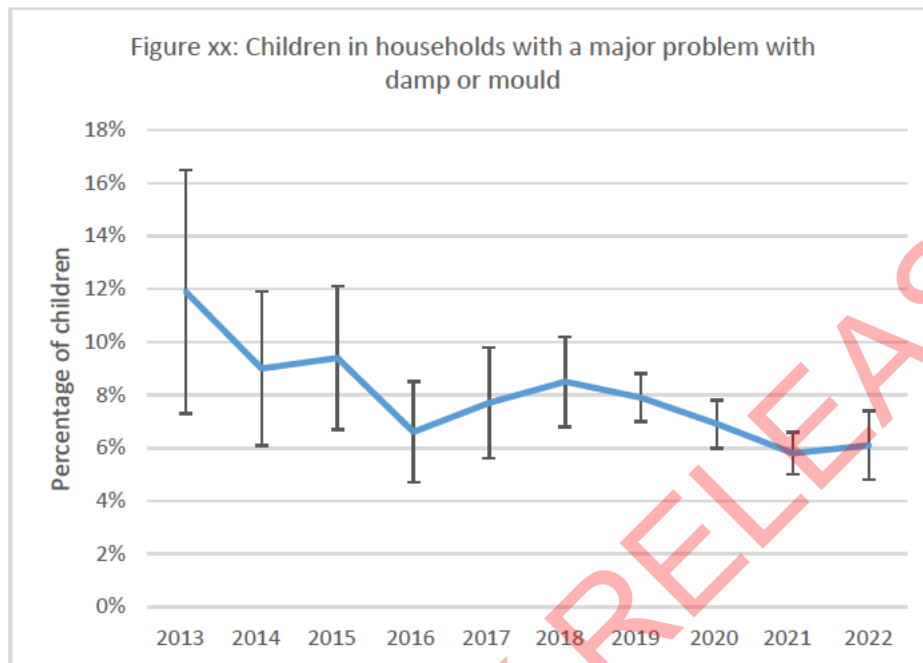
The CPRI for housing quality is the percentage of children (ages 0-17) living in households with a major* problem with dampness or mould over the past 12 months.

This indicator is used for the outcome area 'children and young people have what they need' in the Child and Youth Wellbeing Strategy.

Data for this indicator come from the Household Economic Survey and the most recent data is based on July 2021 to June 2022.

* Respondents to the Household Economic Survey are asked whether their house has a 'major' problem with damp or mould; a 'minor' problem with damp or mould; or 'no problem' with damp or mould.

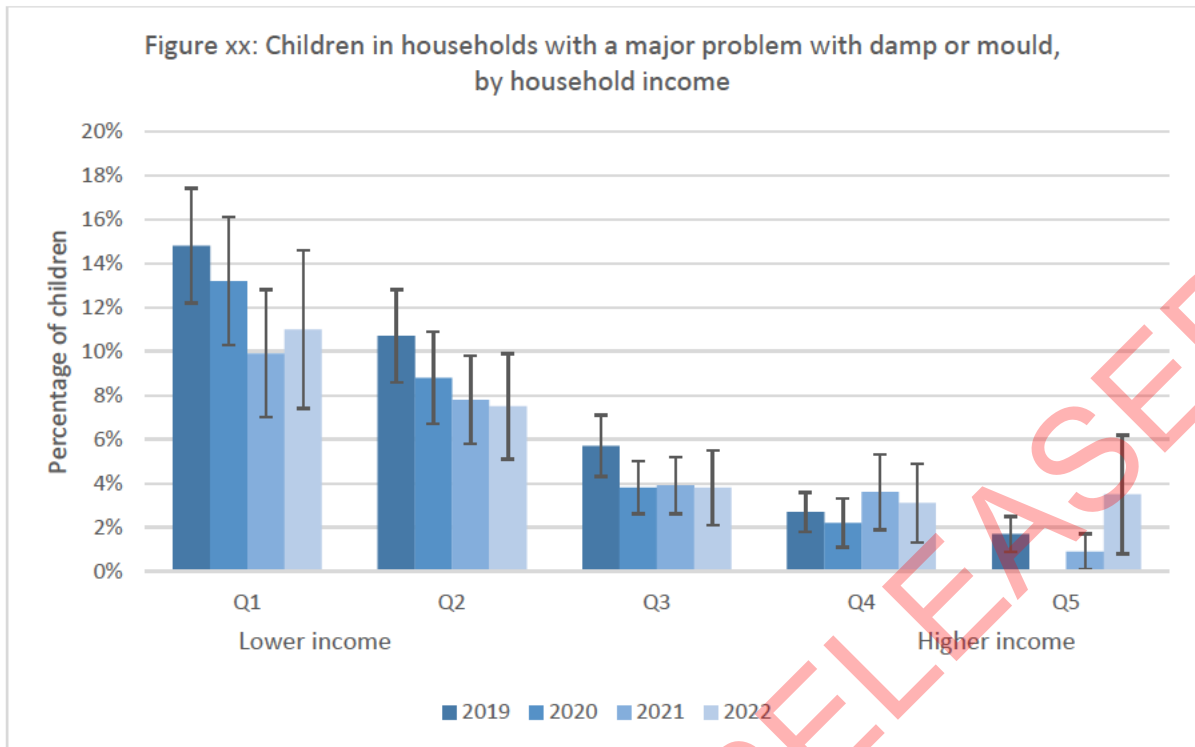
The number of children living in poor quality housing has trended down since 2017/18
In 2021/22, 6% of children (aged 0-17) lived in households reporting a major problem with dampness or mould. Rates in 2021/22 are unchanged from the previous year, following a downward trend on this indicator since 2018.



Source: Household Economic Survey 2021/22, Stats NZ

Children from low-income households are more likely to live in poor quality housing

As reported in previous years, there is a marked income gradient in rates of poor housing quality. Children in low income (quintile 1) households are about three times more likely to experience poor quality housing compared to children in high income (quintile five) households. However, there are some signs this disparity experienced by low income (quintile 1 and quintile 2 households) may be narrowing, as shown in Figure xx.

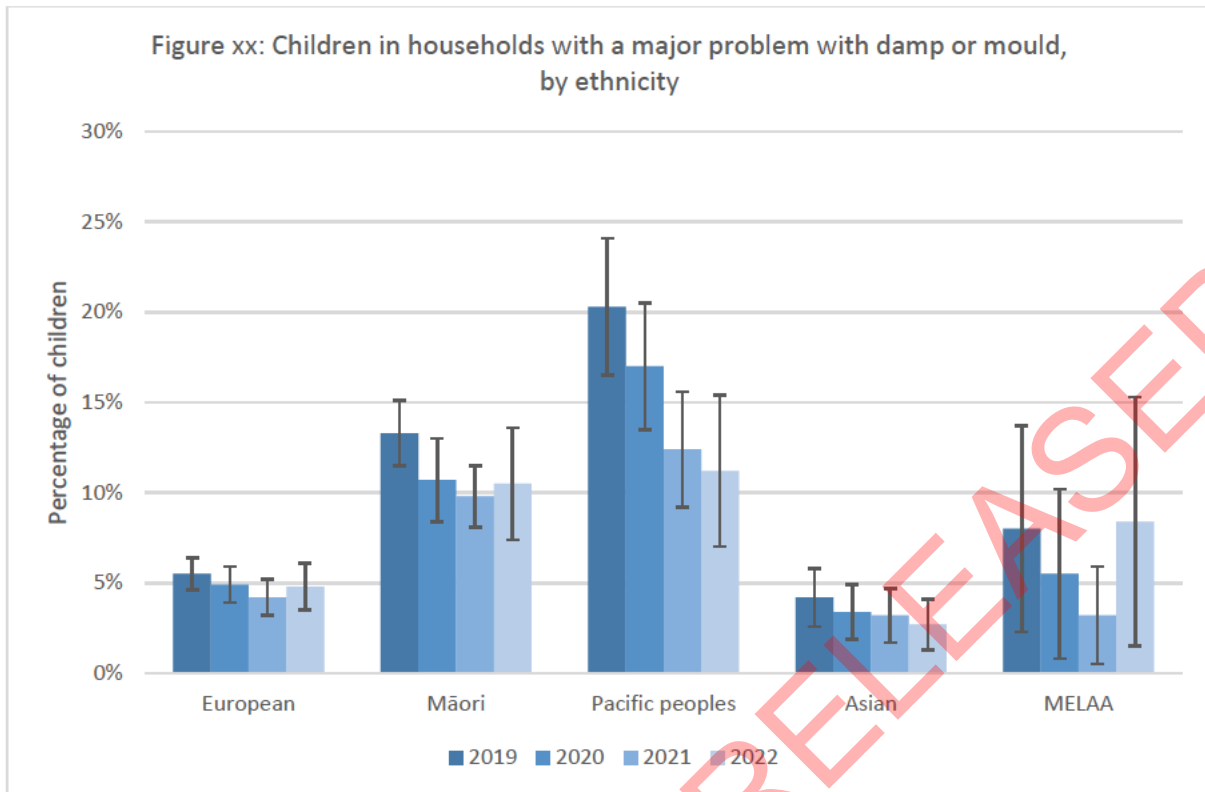


Source: Household Economic Survey 2021/22, Stats NZ

Māori and Pacific children face greater barriers to living in quality housing, but disparities for Pacific children appear to be narrowing

Māori and Pacific children face greater barriers to living in quality housing. As shown in Figure xx, 11% of Māori children and the same proportion of Pacific children live in households reporting a major problem with dampness or mould compared to 6% of New Zealand children overall. However there is clear evidence that disparities are narrowing for Pacific children with rates in 2022 statistically significantly lower than in 2019 (the earliest year for which we have robust year-on-year data).

** Annual equivalised household income quintile.



Source: Household Economic Survey 2020/21, Stats NZ

Other risk factors: rates are higher for children in households impacted by disability, non-owner occupied households, and single parent households

A number of other groups face greater barriers to accessing quality housing. Rates of children living in poor quality housing in 2022 were higher for disabled children (9.2%, +/- 3.2ppt), children living in households with at least one disabled person (10.3%, +/- 2.5ppt), children living with sole parents (10.9%, +/-2.5ppt) compared to couples with children (3.9%, +/-0.8ppt), and children in non-owner occupied (11.3%, +/- 2.6ppt) compared to children in owner occupied housing (2.4%, +/-1ppt).

Evaluating the impacts of interventions to improve housing quality

Over the past year a number of evaluations of initiatives designed to help improve housing quality while reducing energy costs have been published. A cost benefit analysis of the Warmer Kiwi Homes initiative ¹³, for example, showed that the installation of a heat pump through the programme resulted in living air temperatures being warmer by around 1.1°C during winter compared to comparable households that did not receive the intervention. And winter electricity use fell in a house fitted with a heat pump by an average of 16% compared to a house without a heat pump.

To improve housing quality, we have:

- *Improved the quality of housing and conditions for renters by implementing the Healthy Homes Guarantee Act 2017 and setting the Healthy Homes Standards. The Standards set minimum requirements for heating, insulation, ventilation, moisture and drainage, and draught stopping in residential rental properties.*
- *Introduced the Warmer Kiwi Homes programme that offers grants to cover 90% of the cost of ceiling and underfloor insulation. The programme also provides capped grants for heat pumps, wood burners and pellet burners. Government-funded grants are topped up wherever possible by funding from community organisations. Homeowners with a Community Services Card and those living in a lower-income area may qualify for a grant under this programme.*
- *Introduced the Winter Energy Payment, as part of the Families Package, to help those on a main benefit, receiving Superannuation or a Veteran's Pension with the cost of heating their homes over winter. In response to COVID, this was doubled in 2020 to support beneficiaries and superannuitants to remain safe and well at home.*
- *Invested in the Māori Housing Network Repair Programme, which has delivered critical repairs to nearly 1,500 Māori homes across Aotearoa New Zealand and delivered DIY workshops to whānau-led community projects.*

2022/23 and onwards, we:

- *(Additional initiatives announced through Budget 2023)*
- *Extended funding for the Warmer Kiwi Homes programme providing subsidies of up to 80% for insulation and heat pumps through to June 2023*
- *Are partnering with Māori through Māori and Iwi Housing Innovation (MAIHI) to support the implementation of the Homelessness Action Plan, repairing and maintaining homes, building papakāinga and establishing the Iwi Māori pathway for progressive home ownership.*
- *Supporting energy efficiency, including through new mandatory Energy Efficiency Certificates to support homeowners to reduce their power and energy costs.*
- *Continuing to implement the recommendations following the Electricity Price Review, with a particular focus on alleviating energy hardship.*

FOOD INSECURITY

“The cost of vegetables is high. You know when they say, ‘eat healthy’ but then you go shopping and broccoli is \$3 for one.” Whānau (case study)

“I was very broke and struggling to feed my kids. My power was cut off all the time and I was evicted from my house. I felt bad I couldn’t provide for my kids.” Whānau (case study)

What it means and why it matters

Food insecurity means not having reliable access to sufficient safe and nutritious food to lead a healthy and productive life and meet cultural needs.¹⁴

Household food insecurity has been associated with a wide range of child health and development problems from infancy through to adolescence, including child obesity,¹⁵ poor academic performance, and developmental and behavioural problems.¹⁶

How it relates to child poverty and wider wellbeing outcomes

There’s a strong relationship between food insecurity, material hardship and low income. Food is the second highest category of household expenditure for low income (quintile 1) households, making up an average of 21% of household expenditure. When disposable income is limited, quality and quantity of food is often compromised.¹⁷

Food insecurity also contributes to family stress and can contribute to caregivers feeling anxious about their ability to provide food or stigmatised for relying on charity or emergency assistance to feed their family. Although caregivers often shield children from the severity of the household’s food insecurity by moderating their own food consumption, the increased stress on them and their families and whānau can also impact on parental mental health and parent-child relationships.¹⁸

Food also plays a critically important social and cultural role for many. The process of gathering, preparing and sharing meals is a way for families and whānau to spend quality time together, express manaakitanga, and celebrate important milestones. For food-insecure households these critically important opportunities to connect with others through food can be very limited.

How we measure progress

The indicator for food security is the percentage of children (aged 0-14^{††}) living in households reporting that food runs out often or sometimes in the past year, drawing on data from the New Zealand Health Survey. There is a gap in the time series for this data as this question was removed from the Health Survey in 2016/17 and reinstated in 2019/20. The Health Survey was also disrupted due to COVID-19 in 2019/20, 2020/21 and 2021/22 ^{‡‡}. The sample errors on the data in 2021/22 are also higher than in previous years. Further detail about the impacts of COVID-19 on the New Zealand Health Survey data is outlined in the technical annex.

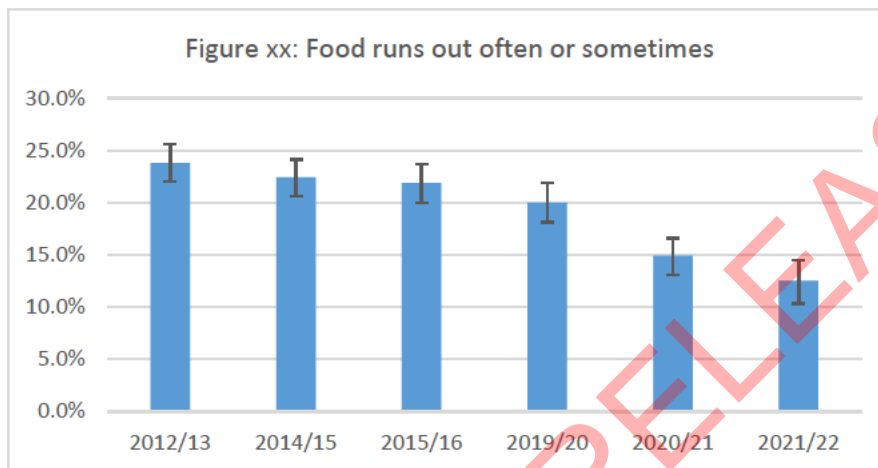
This food security indicator is included in the outcome area ‘children and young people have what they need’ in the Child and Youth Wellbeing Strategy published in April 2023.

^{††} The data reported here includes children aged 0 to 14 years and 11 months and is described in previous reports and Gazetted as children aged 0-15.

^{‡‡} See [Methodology Report 2019/20: New Zealand Health Survey and Methodology Report 2020/21: New Zealand Health Survey for more details about the impacts of COVID-19 on data collection in these years.](#)

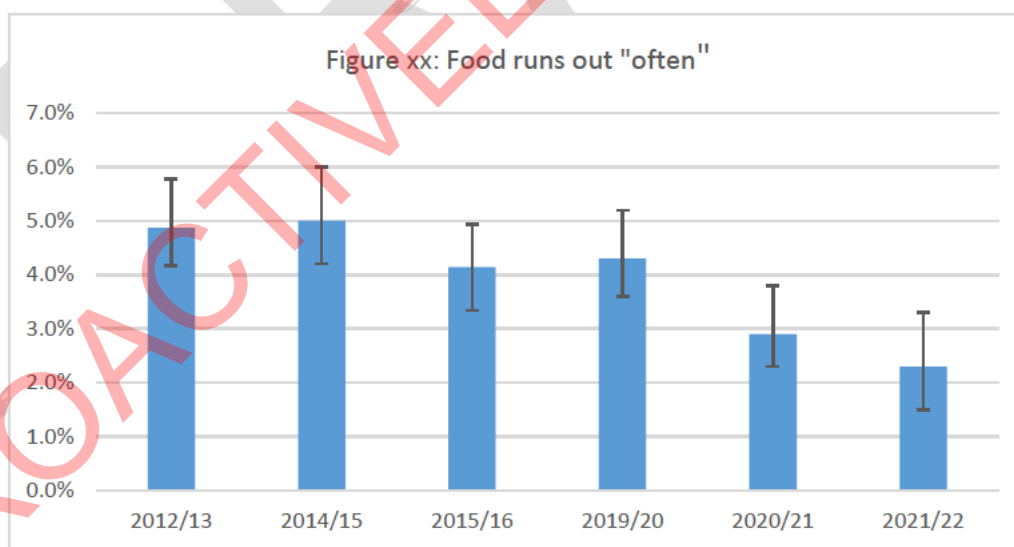
Food insecurity has improved substantially over the past two years

In 2021/22, 13% of children (120,000 children) lived in households experiencing food insecurity. This is a marginally^{§§} statistically significant reduction compared to rates in 2020/21 (15%) and a large and statistically significant reduction compared to rates in 2019/20 (20%). Rates in 2021/22 are about half the rates observed in 2012/13 and about 38% lower (equivalent to 7 percentage points) than in 2019/20.



Source: NZ Health Survey, Ministry of Health

In 2021/22, around 2% of children (22,000 children) experienced severe food insecurity (food runs out “often”), as shown in Figure xx. This is again a large and statistically significant reduction compared to the rates reported in 2019/20 (4%).



^{§§} The Ministry of Health provides p-values for assessing the statistical significance of differences between survey years, using age-standardised results. The p-value assessing the significance of the difference in food insecurity was 0.06, slightly above the conventional threshold for assessing statistical significance of $p < .05$. This is commonly reported as a “marginally significant” result.

Source: NZ Health Survey, Ministry of Health

Children in more socio-economically deprived neighbourhoods are more likely to experience food insecurity, but rates have come down substantially across all areas

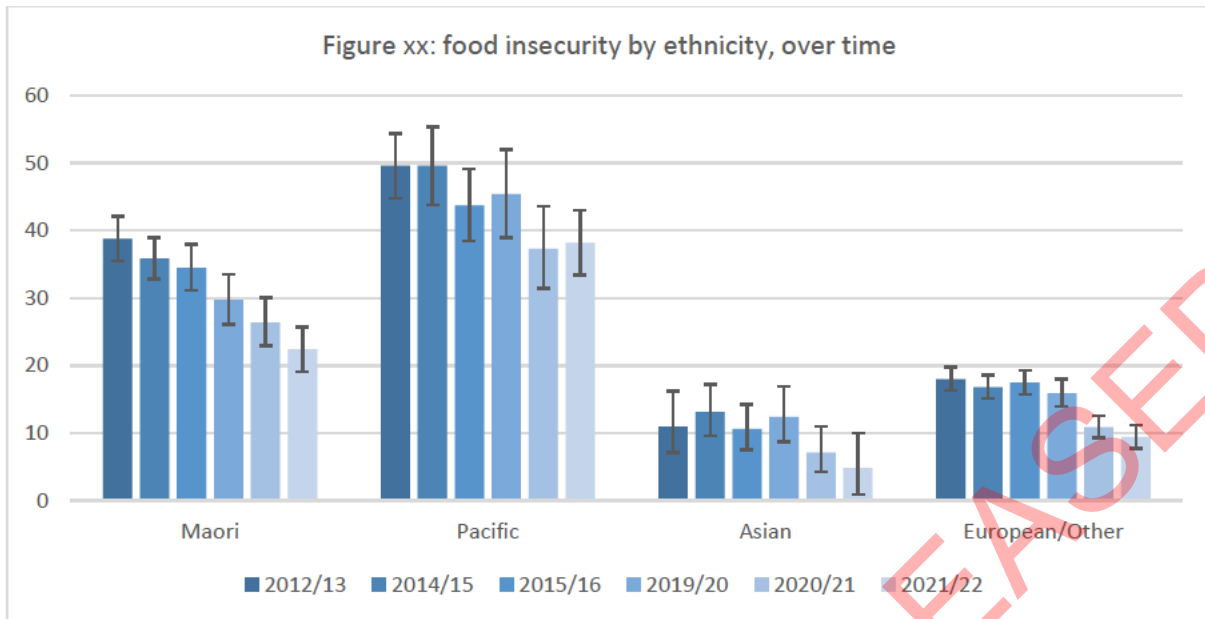
In 2021/22, an estimated 27% of children from the households in the *most* deprived areas (NZ Deprivation Index Quintile 5) lived in households experiencing food running out sometimes or often in the past year, compared to 4% of children in households in the *least* deprived neighbourhoods (NZ Deprivation Index Quintile 1). Across all deprivation quintiles rates of food insecurity have reduced at a similar rate.



Source: NZ Health Survey, Ministry of Health

Some groups of children face much greater barriers to food security, but rates are improving across all ethnic groups over the past decade

In 2021/22, 38% of Pacific children lived in food insecure households. Even taking into account the large sample error these rates are substantially higher than the rates for tamariki Māori (22%). Rates for Māori and Pacific children are statistically significantly higher than for Asian children (5%), and “European/other” children (9%). Rates appear to be trending down for most population groups over time. Rates for tamariki Māori are statistically significantly lower than in 2019/20.



Source: NZ Health Survey, Ministry of Health.

Some other indicators of food insecurity show a similar trend

The overall improvement on the food insecurity CPRI is consistent with similar changes observed on a related indicator captured in the New Zealand Health Survey: the proportion of children aged 0-14 living in households where parents reported that they “often or sometimes... eat less because of a lack of money”. There was a statistically significant decrease on this indicator from 18% in 2019/20 to 13% in 2021/22.

... but rates of food bank usage have been unchanged

One other commonly used indicator of food insecurity is food bank usage. In 2021/22, New Zealand Health Survey data showed that around 11% of children aged 0-14 lived in households that reported using food grants or food banks due to a lack of money “often or sometimes” in the past year, and 2% lived in households reporting they used food banks “often”. Food bank usage rates are broadly comparable to rates observed on a similar (but slightly differently worded) indicator used in the Household Economic Survey showing that around 10% of 0-17 year olds lived in households that used food banks “at least once”, based on an average over 2018/19 to 2020/21. Interestingly, rates of food bank or food grant usage as measured in the New Zealand Health Survey have not changed over the past decade or so, despite this indicator historically being correlated with food insecurity¹⁹. The apparent “decoupling” of these indicators may reflect the changing nature of food bank and food grant usage and distribution observed over the COVID-19 period, as discussed below.

Caution needed when comparing survey measures of food bank usage and administrative data on numbers accessing food grants and parcels

Data reported by the Salvation Army shows a very large increase in the number of food parcels delivered nationally in 2020, followed by a steady decline to just above pre-pandemic levels in 2022²⁰. A broadly similar pattern is reported by other food bank providers and is also shown in Ministry of Social Development (MSD) data on the number of Special Needs Grants (SNGs) for food administered between June 2018 and June 2022²¹.

While these administrative data on the number of food parcels delivered (from non-Government providers) or MSD food SNGs provide important and unique insights, they cannot be straightforwardly equated with survey measures of food bank usage or food insecurity.

One key difference is that survey measures of food bank usage are based on the number of unique households accessing grants or parcels, whereas administrative data on food bank usage typically assesses the total *number* of grants or food parcels delivered. These are not the same thing. Research by MSD shows how food SNGs increased markedly in the early stage of the pandemic, but this was driven in large part by a change in the number of grants per person, rather than the number of unique households accessing grants.

A further issue is that food bank and food grant usage, particularly over the course of the pandemic, can be driven by a range of factors unrelated to financial hardship. For example, many households faced difficulties accessing food in the context of lockdowns and there was also increased visibility and proactive outreach of food bank support following the \$47 million of Government funding provided for food banks around this period. It is also not clear to what extent increases in usage were experienced more by certain demographic groups (eg households with children) making it difficult to compare directly with rates of children experiencing food insecurity.

Increases to the cost of living and the outlook for food insecurity

The data reported in the New Zealand Health Survey reflect the circumstances of households over the 12 months prior to interviews undertaken between July 2021 and the end of June 2022. Over this time Stats NZ data showed that the cost of living for low income (quintile 1) households increased by 6.5% and the consumer food price index increased by 7.5%.

The rate of increase in the cost of living, and food prices generally, has increased further since June 2022 and this will undoubtedly continue to put upward pressure on household budgets and rates of food insecurity. At the same time, indexation of minimum wage rates, main benefit rates and working for families will help offset these pressures. One indication of possible future trends in food insecurity rates is provided through the child poverty projections produced by the Treasury as part of the 2023 Child Poverty Report. The most recent projections, based on the latest economic forecasts, indicate that rates of child poverty on the After Housing Cost income poverty measure (which takes into account cost of living increases) will [complete after 18 May Budget release]/

To improve food security, we have:

- *Introduced a comprehensive package of income support initiatives (outlined in more detail on p xx), including the \$5.8 billion Families Package, increases to Working for Families, and successive increases to main benefit rates.*
- *Continued the roll out of the Ka Ora, Ka Ako programme delivering free and healthy lunches in schools. The programme was introduced at the beginning of Term 1 2020 in 31 schools facing greater socioeconomic barriers in the Bay of Plenty/Waiariki and Hawke's Bay/Tairāwhiti, delivering lunch to around 7,000 students every day. As at August 2022 over 63 million lunches had been served across 950 schools to more than 220, 000 learners.*
- *Undertaken an independent evaluation of the free and health school lunch programme in February 2022.*
- *Continued funding support for the provision of food in schools through the KickStart Breakfast and KidsCan Food for Kids programmes.*
- *Invested \$47 million over three years to create the Food Secure Communities programme to provide support for community food providers who are distributing food to people and whānau experiencing food insecurity.*
- *Invested \$38m in Auckland-based social sector services, including support for foodbanks, food rescue and community food organisations, in response to the Delta outbreak*
Increased funding for marae and Whānau Ora to support communities in response to COVID-19.

2022/23 and onwards, we are:

- *Providing funding through the Food Secure Communities Implementation Fund for communities to implement or scale up sustainable initiatives which will increase access to affordable and healthy kai within low-income communities and/or enable Māori to exercise tino rangatiratanga over food systems that feed and nourish whānau. In doing so, this helps reduce the dependency on foodbanks and food hardship grants.*
- *Continuing to work with the New Zealand Food Network to distribute bulk surplus and donated food from national food producers, growers, and wholesalers through to food rescue and foodbanks around New Zealand.*

REGULAR SCHOOL ATTENDANCE

“A number are picking up paid work, working through the night – when it comes to coming to school – too tired; across Year 12 also. Kids are saying I need to work because my family needs the money – used to be because they want extra money.” Teacher

“(They miss school) Because they have to look after their brothers and sisters.” Learner

What it means and why it matters

Regular school attendance is about whether children are attending school for at least 90% of the term. It is critical for student achievement and wellbeing. New Zealand research shows a strong relationship between regular attendance during Year 10 and achievement in senior secondary school, with each additional absence predicting a consistent reduction in the number of NCEA credits a learner attains.²²

How it relates to child poverty and wider wellbeing outcomes

The causes of school attendance are complex, encompassing learner, family, school, community and economic factors. Poverty and disadvantage can be one significant barrier to regular school attendance. Some children and young people may stay at home to look after younger siblings while parents and caregivers work, or work themselves to supplement family incomes. Survey research undertaken by the Education Review Office between June and August 2022 found about 7% of parents reported they were likely or very likely to not send their child to school if their child works a paid job²³.

Other families face particular challenges to maintaining regular attendance due to insecure housing and regularly moving to different areas, and illnesses associated with disadvantage (including those attributable to poor housing quality, overcrowding, and lack of access to primary health services). Lack of money to pay for school uniforms, period products, sports gear, lunches, devices, or travel to school can also make regular attendance a challenge.^{24, 25}

School attendance also impacts and is impacted by other aspects of subjective wellbeing. Research shows links between missing school and mental and physical health, bullying, a diminished sense of belonging, and lower levels of motivation. Students who report skipping no days of school consistently report the best wellbeing outcomes.²⁶

How we measure progress

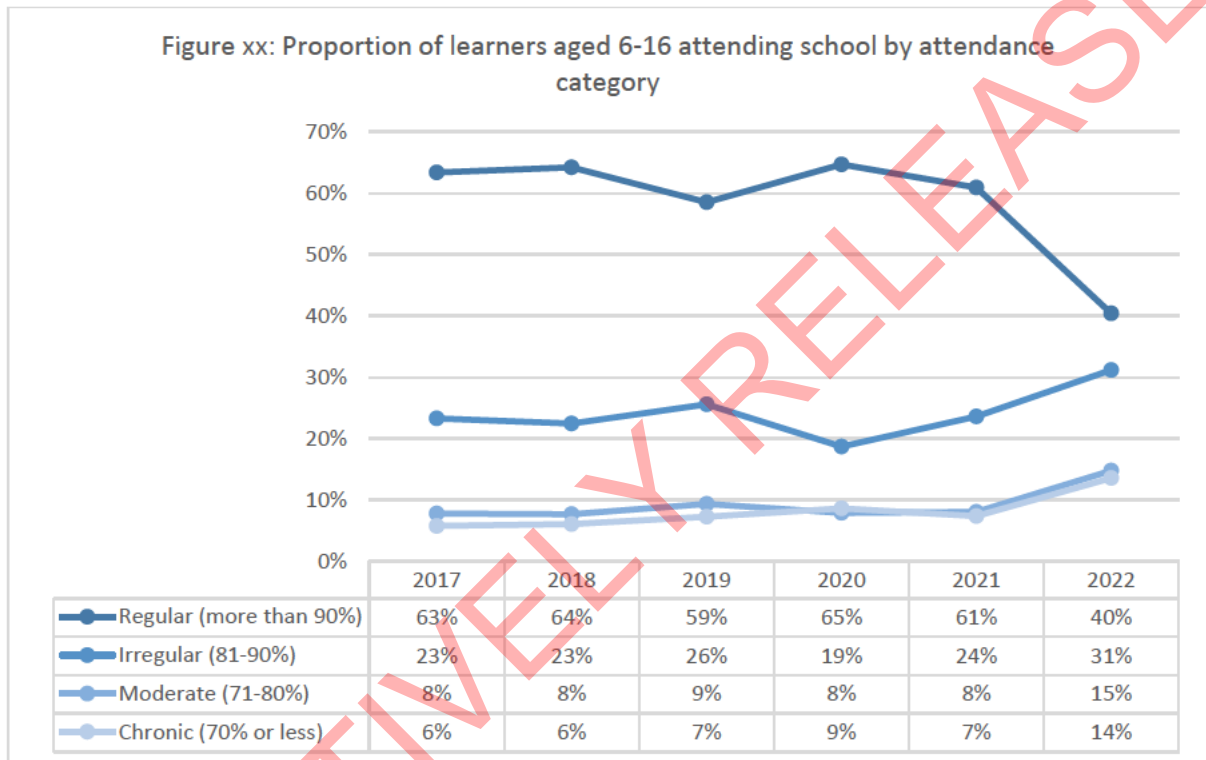
The CPRI for regular attendance is the percentage of children and young people (ages 6-16) who are regularly attending school, based on the School Attendance survey. Students are classified as regularly attending school if they have attended more than 90% of Term 2, where time is measured in half-days. Students are otherwise classified into ‘irregular’ attendance (attended 81-90% of the time), ‘moderate’ attendance (71-80% of the time), and ‘chronically absent’ (less than 70%) brackets. Absences include those classified as “justified” (eg illness) as well as “unjustified” (eg truancy).

The data covers attendance for all of Term 2.

This indicator is used for the outcome area ‘children and young people are learning and developing’ in the Child and Youth Wellbeing Strategy.

Rates of regular school attendance in Term 2 2022 were significantly impacted by COVID-19

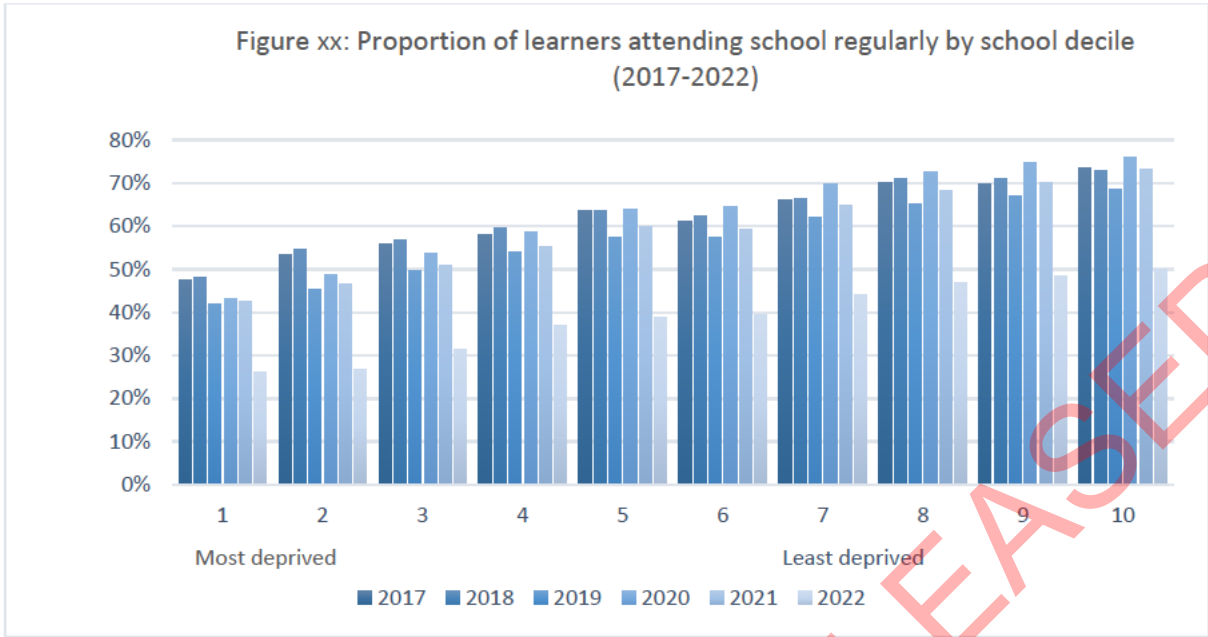
In 2022, 40% of learners (ages 6-16) attended school regularly in term 2. This compares with regular attendance rates of 61% achieved in 2021, 65% in 2020, and 59% in 2019 – as shown in Figure xx. This large decrease observed in 2022 was largely driven by an increase in “justified absences”. The proportion of term time missed due to these absences increased from 7% in 2021 to 10% in 2022. Within this category, the biggest increase was attributable to an increase in “short-term illness or medical reasons”²⁷. This period of low attendance rates followed the sharp rise in COVID-19 cases from mid-March that continued to be high throughout Term 2 2022, causing high levels of absences. Attendance rates in Term 2 2022 were also impacted by higher levels of typical winter illness.



Source: Attendance Survey, Ministry of Education

Socio-economic disparities in regular attendance rates continue

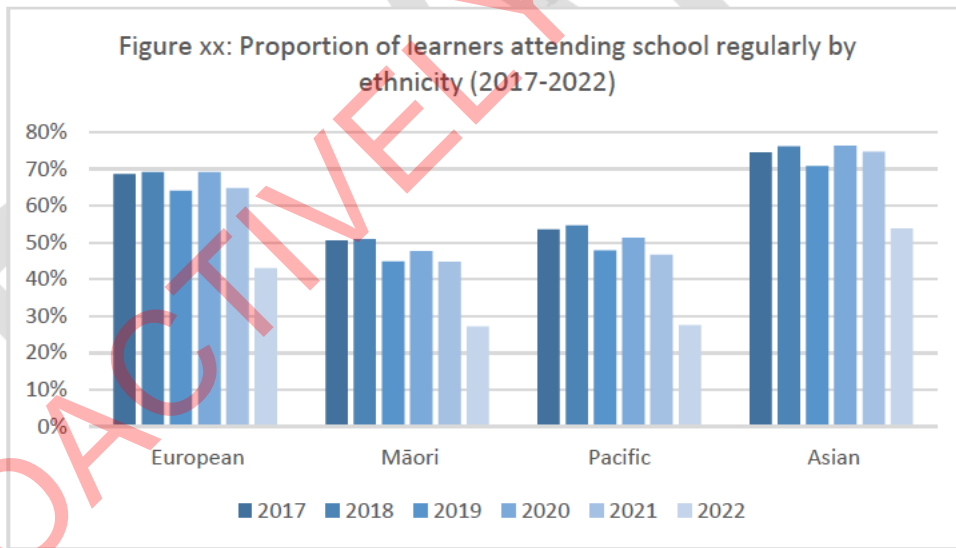
Learners from low decile schools (that draw their students from lower socio-economic areas) continue to face greater barriers to regularly attending school. Before COVID-19 there was already a marked social gradient in attendance rates, with rates below 50% in decile 1 schools and higher than 70% in decile 10 schools. This disparity has tended to widen since COVID-19, although the sharp drop observed in 2022 was fairly consistent (as a percentage of rates in 2021) across decile groups, as shown in Figure xx.



Source: Attendance Survey, Ministry of Education

Ākonga Māori and Pacific learners face greater barriers to regular attendance

In 2022, 27% of ākonga Māori children and 28% of Pacific learners aged 6-16 attended school regularly, compared with the overall average of 40% across all students. As shown in Figure xx, ākonga Māori and Pacific learners face greater barriers to regular attendance.

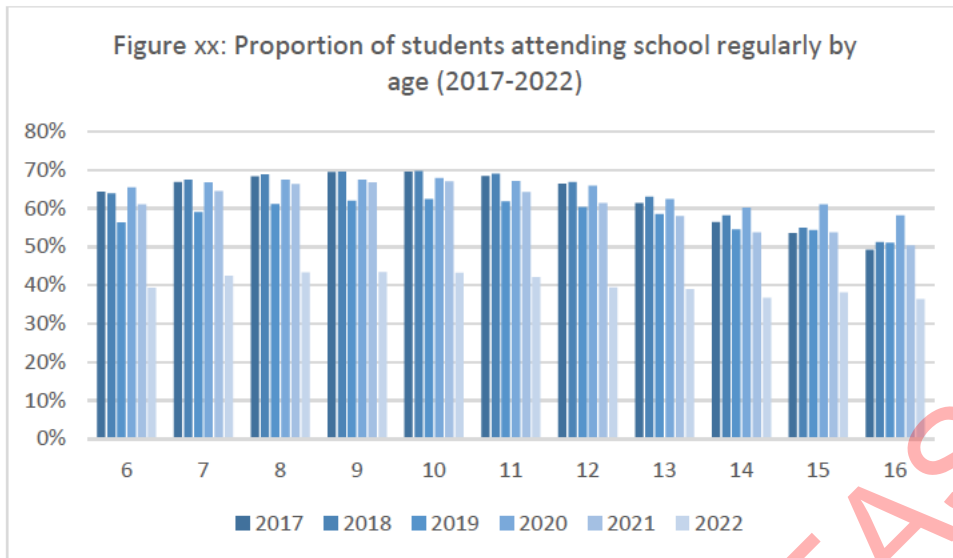


Source: Attendance Survey, Ministry of Education

The reduction in regular attendance rates observed in 2022 (as a proportion of rates in 2021) was greater for ākonga Māori and Pacific learners, indicating that these groups were disproportionately impacted by the disruptions that all learners experienced in 2022.

Rates of regular attendance decreased more for primary school learners

Regular attendance usually peaks at around the ages of 9-11, before dropping off as students get older, as shown in Figure xx. The decrease in regular attendance observed in 2022, as a proportion of attendance rates in 2021, was slightly higher for primary school learners compared to secondary school learners.



Source: Attendance Survey, Ministry of Education

PROACTIVELY RELEASED

To improve regular attendance, we have:

- *(updated list from Ministry of Education)*

2022/23 and onwards, we:

- *(updated list from Ministry of Education)*

PROACTIVELY RELEASED

POTENTIALLY AVOIDABLE HOSPITALISATIONS

“(my daughter) picked up a really bad cold and we ended up in hospital for one or two nights just because she couldn't breathe properly.” (mum of 2-year-old, living in a caravan)²⁸

What it means and why it matters

Potentially avoidable hospitalisations (PAH) include illnesses and injuries that can be prevented through more effective primary health care services, or broader public health and social policy interventions that target the underlying determinants of health.

Potentially avoidable hospitalisations include respiratory conditions, gastroenteritis, skin infections, tooth decay, vaccine preventable illnesses, and physical injuries. Many of these conditions can lead to later adult health problems, such as chronic lung disease, cardiovascular disease, mental illness, dental decay, and shortened life expectancy.²⁹

How it relates to child poverty and wider wellbeing outcomes

For some children in New Zealand, low income can be a barrier to accessing primary health care to treat illnesses and receive vaccinations.³⁰ This can include the cost and time of travelling to a health centre, or the difficulties faced by parents in taking time away from work to attend appointments with their children. Low income also acts as a barrier to accessing better quality housing and a healthy diet, both of which are strongly related to health outcomes.³¹

How we measure progress

This indicator looks at the rate of children ages 0-14 years* hospitalised for potentially avoidable illnesses and injuries, based on data collected by the Ministry of Health. Data for this indicator includes hospitalisation as a result of intentional and unintentional injuries, which are part of the Ministry of Health's official definition of potentially avoidable hospitalisations.

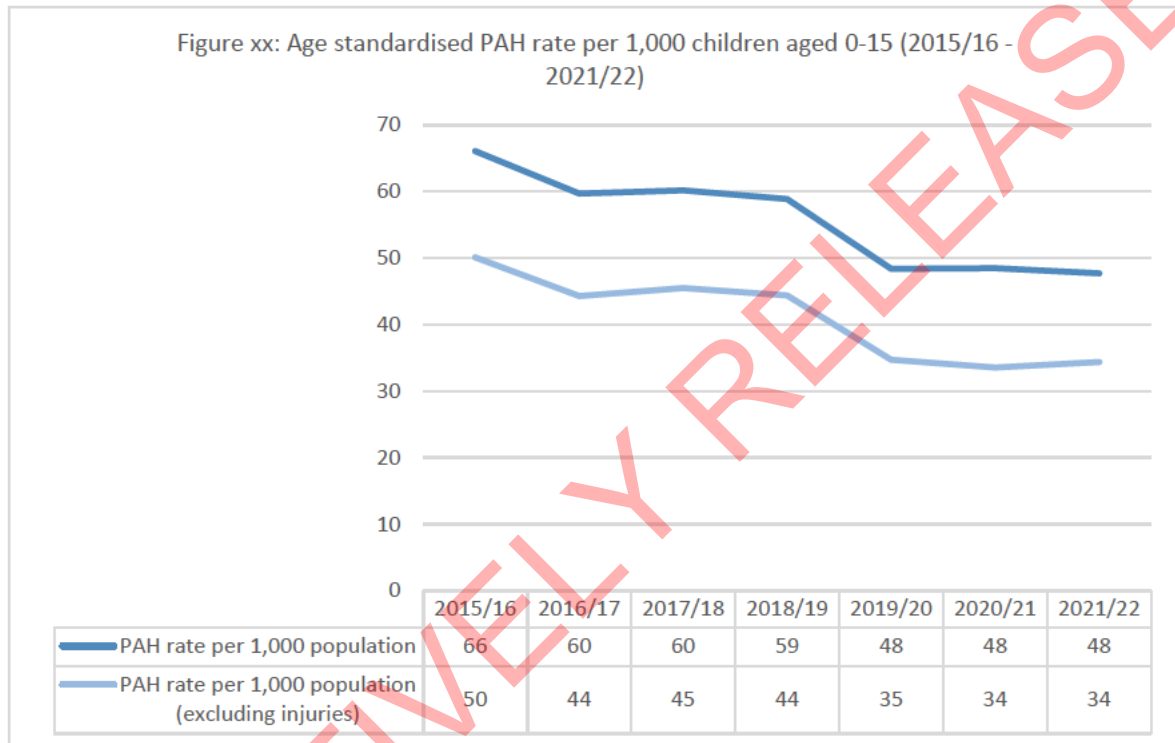
This data covers hospital events from July 2021 to June 2022, and so reflects rates of avoidable hospitalisation for children during the COVID-19 pandemic. Although essential health services remained open at all Alert Levels, there were a number of reasons that people may not have accessed services, including uncertainty about what was an essential health need, restricted transport options, and fear of being infected with COVID-19.

This indicator is used for the outcome area 'children and young people are happy and healthy' in the Child and Youth Wellbeing Strategy, as seen in the annual report on progress published alongside this report.

* The data reported here includes children aged 0 to 14 years and 11 months and is described in previous reports and Gazetted as children aged 0-15. All PAH rates presented are age standardised.

Rates of potentially avoidable hospitalisations have been unchanged over the past three years
 In 2021/22, the rate of potentially avoidable hospitalisations was 48 per 1,000 children (ages 0-14). The rate of potentially avoidable hospitalisations hasn't changed over the past three years since the marked decrease observed in 2018/19, as shown in Figure xx.

Over the seven years to 2021/22, rates of potentially avoidable hospitalisations have decreased from 66 potentially avoidable hospitalisations per 1,000 children aged 0-14 in 2015/16 to 48 in 2021/22. This trend is the same when looking at rates for illnesses only (excluding injuries), where rates per 1,000 children aged 0-14 decreased from 50 in 2015/16 to 34 in 2021/22.

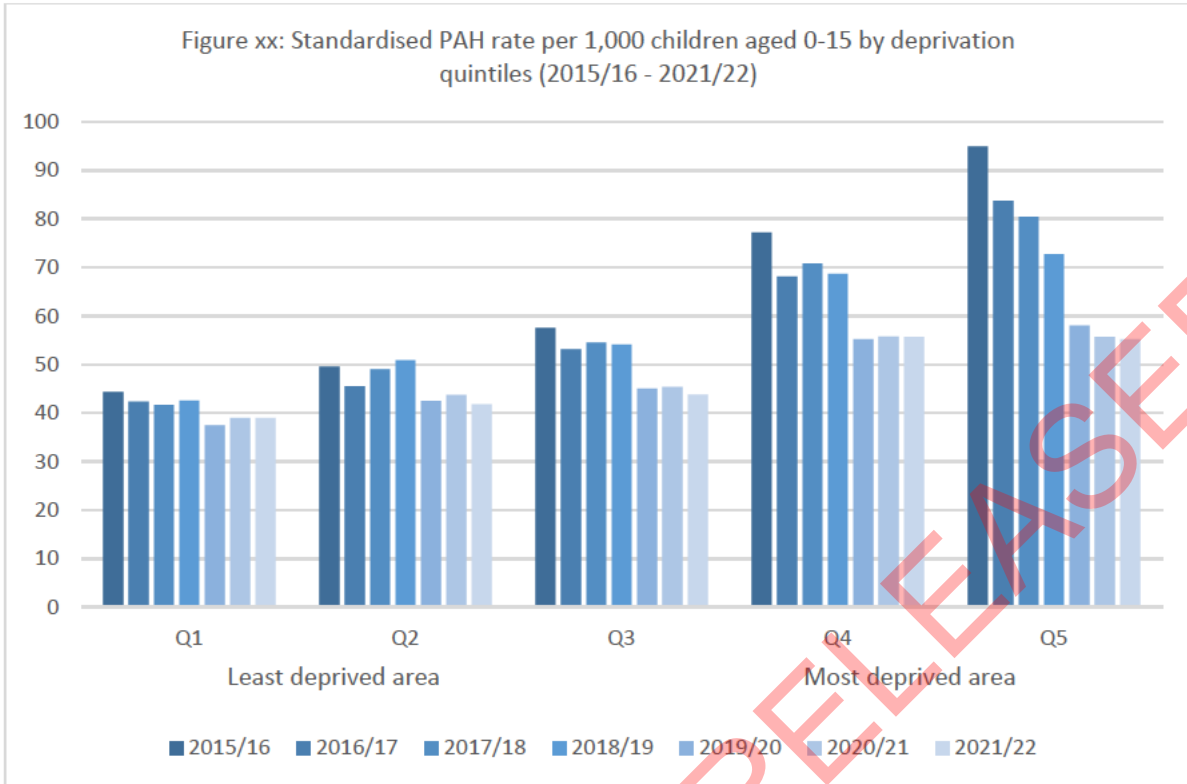


Source: National Minimum Dataset, Ministry of Health

The marked decrease in potentially avoidable hospitalisations after 2018/19 has been widely attributed to the impact of COVID-19 lockdowns³². In 2021/22, there was an increase in admissions for respiratory conditions compared to 2020/21 consistent with the lifting of COVID-19 protection measures. This increase was offset by decreases in admissions for other reasons.

Children living in areas of high deprivation have higher rates of potentially avoidable hospitalisations

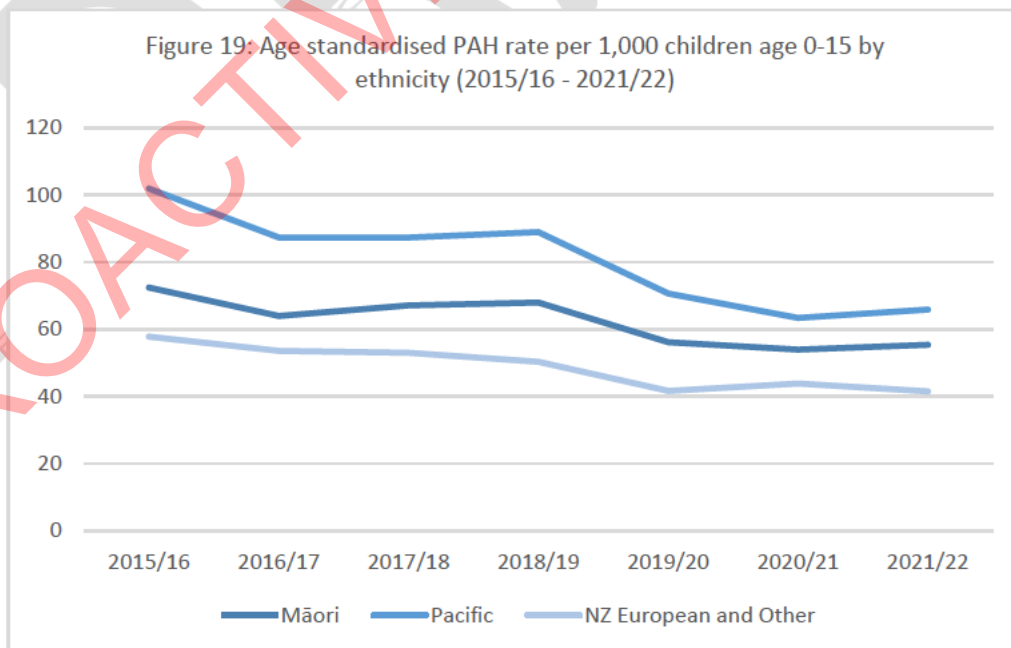
Rates of potentially avoidable hospitalisations are higher among children living in more deprived areas (particularly deprivation quintile 4 and quintile 5). Disparities in the rates for the most deprived areas declined sharply between 2015/16 – 2019/20 and have been broadly unchanged since then.



Source: National Minimum Dataset, Ministry of Health

Disparities in potentially avoidable hospitalisations are narrowing for Pacific children

In 2021/22, rates of potentially avoidable hospitalisations for Pacific children aged 0-14 were 65 per 1,000 children; and 54 per 1,000 Māori children. This compares with 45 per 1,000 children of European and Other ethnic backgrounds. As shown in Figure 19, disparities in rates for Pacific children have narrowed over the past seven years.

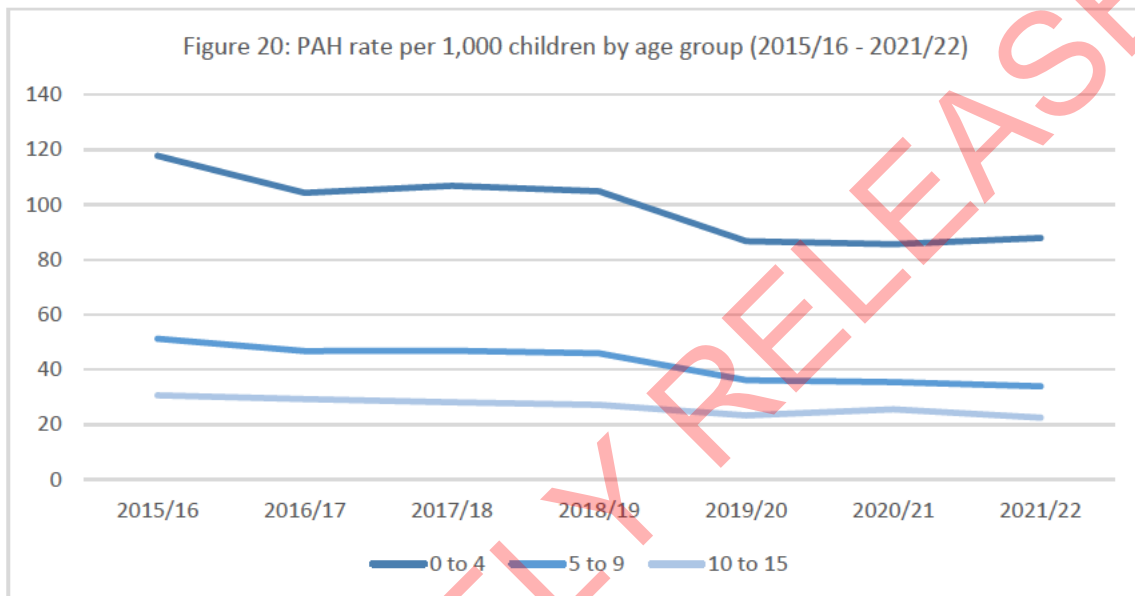


*** Socioeconomic areas identified using NZDep13 quintiles

Source: National Minimum Dataset, Ministry of Health

Other key observations

Rates of potentially avoidable hospitalisations are highest among younger children. In 2021/22 the rate of potentially avoidable hospitalisations for children aged 0-4 was 88 per 1,000 children, compared with 34 per 1,000 children aged 5-9 and 23 per 1,000 children aged 10-14. Younger children are particularly vulnerable to unhealthy environments (e.g. low-quality housing) due to their still-developing immune systems. Research by the University of Canterbury indicates that up to a third of all hospitalisations for children under five could be avoided with good access to quality housing, health services, and fluoridated drinking water.³³



Source: National Minimum Dataset, Ministry of Health

In 2021/22 respiratory conditions overtook unintentional injury as the leading cause of potentially avoidable hospitalisations among children aged 0-15, at a rate of 14 per 1000. Unintentional injury was a close second-ranked cause of potentially avoidable hospitalisations in 2021/22 at a rate of 13 per 1000.

To reduce potentially avoidable hospitalisations, we have:

- *Extended free and low-cost doctors' visits for children under the age of 14 enrolled with a GP, reaching 56,000 more young people.*
- *Lowered the cost of visiting a doctor or nurse for adults with a Community Services Card, and their dependants aged 14 to 17 years, who are enrolled with a GP.*
- *Expanded and enhanced school-based health services to reach over 96,170 students across 300 schools.*
- *Provided free toothbrushes and fluoride toothpaste to children and families.*
- *Rolled out healthy active learning initiatives – including a physical activity workforce to support schools, kura and communities; developed and distributed health and physical education curriculum resources for schools. Tapuwaekura developed and being delivered to provide a kaupapa Māori approach to healthy and active learning. The initiative expanded from 8 to 14 regions across Aotearoa from January 2022, and will grow from supporting 300 schools to 800 schools and kura.*
- *Boosted funding for Whānau Ora to support the health and wellbeing of whānau and communities.*
- *Expanded the Ministry of Health's Health Homes Initiative to improve the quality of housing to prevent childhood hospitalisations.*
- *Funded an additional 20 mobile dental clinics to improve access to dental services for children and young people.*
- *Expanded Mana Ake to provide mental health and wellbeing support for children in primary school years to five more regions.*
- *Established a Suicide Prevention Action Plan including a national hui of suicide prevention forces; continued community funding for targeted suicide prevention for Māori and Pacific and youth; enhanced information services for whānau and suicide reporting guidelines for media; provided additional postvention services in DHBs.*
- *Consulted on a proposal to reduce speed limits to make streets outside schools safer.*

2022/23 and onwards, we are:

- TBC

ANNEX ONE: FURTHER DETAILS ON DATA, INCLUDING SOURCES AND METHODS

(TO BE FURTHER UPDATED)

Interpreting change over time

The Child Poverty Related Indicators are based on data from a variety of survey and administrative datasets, each of which has particular features and limitations, and this needs to be kept in mind when interpreting any changes in the indicators over time.

Particular caution is needed when interpreting small, year-to-year changes in estimates from sample surveys. Any differences over time in the indicators based on the Household Economic Survey (which is used to estimate the housing affordability and housing quality indicators) and the New Zealand Health Survey (used to estimate the food insecurity indicator) are subject to sample error. Sample error arises because the indicators are estimated with some uncertainty around the true indicator rate, because a sample, rather than the whole population, is surveyed. Sample error quantifies this uncertainty and is used to define a range, termed the 'confidence interval' within which we can be 95% confident the true rate falls (assuming the sample is randomly selected from the population). Figures within the report based on sample survey data include 95% confidence intervals. Where relevant, the report also notes whether any changes between years are statistically significant. Non-significant changes are reported as either no change or within sample error. It should be noted that this does not take account of various sources of non-sampling error such as non-response bias.

It should be noted that, all else being equal, sample errors increase as sample size decreases. This means that sample survey estimates for smaller sub-populations will be less precise and so it may be more difficult to detect statistically significant changes over time for these groups. Similarly, estimates from the Household Economic Survey from before 2017/18 were based on a smaller overall sample size and so the sample errors around annual estimates tend to be larger.

In some cases it may be appropriate to report an indicative trend increase or trend decrease over a longer term period (a minimum of three, and ideally more, successive years). A decreasing trend may be observed even though there is no statistically significant difference in estimates between any successive years.

School attendance data and data on potentially avoidable hospitalisations are not based on sample surveys and so it is not necessary or appropriate to take into account sample error when assessing changes over time. However, these data sources may be subject to a range of other non-sampling errors and bias that may need to be taken into account when interpreting the results.

Reported changes over time, in any of the indicators, do not imply anything about causation. Any changes, whether statistically significant or not, may be attributable to a range of factors including: wider changes to the economy, environment or society; policy changes; or methodological issues.

COVID-19

COVID-19 arrived in New Zealand in 2020, resulting in an initial nationwide lockdown in March 2020 followed by a number of shorter regional and national lockdowns as well as ongoing economic and social challenges up until June 2022, including the Delta and Omicron outbreaks. Table 1 summarises the reporting periods for each of the indicators used for 2020/21 reporting.

The pandemic disrupted the collection of the Household Economic Survey (from which the housing affordability and quality indicators are derived) and New Zealand Health Survey (from which the food insecurity indicator is derived). Both surveys were suspended in March 2020, instead of continuing until the end of June 2020 as originally planned. The 2019/20 data therefore serves as a pre-COVID baseline for these indicators.

As with the Household Economic Survey for the year ended June 2020, the pandemic impacted Stats NZ's ability to conduct face-to-face interviews in respondents' homes for parts of the year to the end of June 2021. Consequently, the sample size was reduced to just over 16,000 households from the initially planned 20,000 households. This is consistent with what was achieved in year ended June 2020 when interviewing ceased in March 2020. The reduced sample size means the sampling errors on these statistics are slightly higher than in previous years. Stats NZ analysed the data to check for any impact of this change in interview pattern, but no discernible impact was noted, and are therefore confident that the data is fit for purpose.

In 2020/21, New Zealand Health Survey data collection was delayed and so the reference period covers September 2020 to August 2021. The main impact of this disruption is that the overall sample size was significantly smaller in 2019/20 (9699 adult respondents) and 2020/21 (9709 adult respondents) compared to the target sample size of 14,000 adults. Because of the smaller overall sample size, the sampling error is larger and the estimates are less precise than in previous years. There was no evidence of seasonal bias affecting the comparability of the 2019/20 and 2020/21 results with previous years.

School attendance data usually covers attendance for all of Term 2. Due to the first nationwide lockdown, the data for 2020 only covers the last 7 weeks of Term 2 when students physically attended schools.

{PLACEHOLDER – UPDATED INFORMATION ON COVID-19 IMPACTS IN 2022}

Table 1: Details on indicator data sources and reporting timeframes

CPRI	Data source	Data for 2021/2022 is based on:	Frequency of reporting
Housing affordability	Household Economic Survey 2021/22 (Stats NZ)	annual household incomes data and experiences for households interviewed from July-2021 to June 2022, for the period 12 months prior to interview	Annually
Housing quality			
Food insecurity	NZ Health Survey 2021/22 (Ministry of Health)	experiences for households interviewed from September 2020 to August 2021 for the period 12 months prior to interview.	Annually
Regular school attendance	Attendance Survey 2022 (Ministry of Education)	attendance monitored over the course of Term 2 2022.	Annually
Potentially avoidable hospitalisations	National Minimum Dataset 2021/22	the National Minimum Dataset for Hospital Inpatient Events where date of	Annually

	(Ministry of Health)	discharge is between 1 July 2021 and 30 June 2022.	
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Approach to reporting on data by socioeconomic group

We have reported on each indicator by socioeconomic status. We have used different measures of socioeconomic status across the indicators, reflecting the availability of data from different sources:

Annual household income quintiles (used for the housing affordability and housing quality indicators): Though it is recognised that socioeconomic disadvantage usually reflects a broader range of factors than income, household income is used as a proxy for socioeconomic status in this report. Income groups are quintiles (to the nearest hundred dollars) of household equivalised disposable income. Equivalised income is a measure of household income that takes account of the differences in a household's size and composition. Quintiles are formed by dividing the total population of households into 5 groups of equal size, based on their equivalised disposable income.

NZDep quintiles (used for the food security and potentially avoidable hospitalisations indicators): NZDep is an index of socioeconomic deprivation based on Census data relating to income, home ownership, employment, qualifications, family structure, housing, access to transport and communications. It provides a deprivation score for each geographical area in New Zealand. This report uses NZDep quintiles, where quintile 1 represents the 20 percent of small areas with the lowest levels of deprivation (the least deprived areas) and quintile 5 represents the 20 percent of small areas with the highest level of deprivation (the most deprived areas).

School deciles (used for the regular school attendance indicator): Deciles are a measure of the socioeconomic position of a school's student community relative to other schools throughout the country. A school's decile is based on the small Census areas where its students live (meshblocks), not on the general area of the school. Deciles are based on five equally weighted socioeconomic indicators for a community (including household income, parent occupation, household crowding, parent qualification and income support receipt). The Ministry of Education's school decile system is used to target funding to help schools overcome any barriers to learning that students from lower socioeconomic communities might face (the lower the school's decile, the more funding it receives).

Ethnicity Information

We have reported on each indicator by ethnic group. Ethnicity is reported slightly differently across the indicators, reflecting the different data sources.

Total Response (used for the housing affordability, housing quality, food security and school attendance indicators): Ethnic groups are reported using the total response method. People are able to identify with more than one ethnic group and are counted once for each group they identify with. Therefore, numbers by ethnic group do not sum to the total population.

Prioritised ethnicity (used for potentially avoidable hospitalisation): Ethnic groups are reported using prioritised ethnicity. People are able to identify with more than one ethnic group, responses are then prioritised to Māori, then Pacific, then Asian, then "Other" ethnicities. A person identified as having more than one ethnicity will only be counted once. Numbers by ethnic group do sum to the total population.

Housing affordability and quality

The data on housing affordability and quality was prepared by Stats NZ based on the Household Economic Survey (HES). HES collects information on household income, savings, and expenditure, as

well as demographic information on individuals and households. For HES 2018/19, changes to the survey including a larger sample size mean the housing affordability and quality indicators can be reported on more accurately by income quintile and ethnicity. In addition to improve data precision, income data is based on administrative data from the IDI, rather than respondents being required to answer this question themselves. Further information on the HES methodological changes can be found [here](#) on the Stats NZ website.

For the housing affordability indicator, the outgoing to income ratios are not mutually exclusive. Households that spend more than 40% of their household disposable income on housing costs will also be included in the more than 30% category.

The data for quintile 1 (lowest income quintile) includes loss from investments or self-employed income, or no income received. Investigation by Stats NZ of the characteristics of the households that make up the group with very low income has shown that many of these households do not have the high deprivation scores we might expect of households with low income. This suggests that either the reported income value is incorrect, these households have access to other economic resources, or that the instance of low or negative income is temporary. This has an impact on the data reported for quintile 1.

Food security

The data on food security is based on a single question asked as part of the New Zealand Health Survey. The question was asked in the years up to 2015/16, but was not asked again until the 2019/20 survey (in the field until end March 2020). The question is one of eight that makes up the food security index, which is a weighted combination of responses to the following questions by the adult respondent, answering often, sometimes or never:

- We cannot afford to eat properly
- Food runs out in our household due to lack of money
- We eat less because of lack of money
- The variety of foods we are able to eat is limited by a lack of money
- We rely on others to provide food and/or money for food, for our household, when we don't have enough money
- We make use of special food grants or food banks when we do not have enough money for food
- I feel stressed because of not having enough money for food
- I feel stressed because I can't provide the food I want for social occasions.

The answers to the questions are used as a basis to determine severe-to-moderate food insecurity, and severe food insecurity, among children in New Zealand households. A 2019 report on household food insecurity among children in New Zealand can be found [here](#) on the Ministry of Health website.

The Ministry of Health's report on 2021/22 Health Survey results can be found [here](#).

Regular attendance

The Ministry of Education reports annually on student attendance, based on data generated during Term 2 of the school year (between the end of April and beginning of July). It is a voluntary survey run across primary and secondary schools. Regular attendance is defined as students attending school for more than 90% of available half days.

The Ministry of Education's attendance data does not report on student attendance by age. The Attendance Survey covers all students (aged 5 to 18+) from participating schools, and the data is presented by student year levels. This CPRI specifically looks at the attendance rates of students ages 6 to 16, whereby age is determined by joining attendance data with the National Student Index. Through doing so, we note minor differences to the Ministry of Education's published results. These have an immaterial impact on overall results and trends (+/- 1%).

The Ministry of Education's report on 2021 attendance for all students can be found [here](#).

Potentially avoidable hospitalisations

The Ministry of Health does not directly collect data on potentially avoidable hospitalisations. Data for this indicator uses the National Minimum Dataset (Hospital Inpatient Events) and a specific methodology developed from academic literature and discussions with experts.

The methodology report for the calculation of potentially avoidable hospitalisations has been published by the Ministry of Health (Ministry of Health. Indicator of potentially avoidable hospitalisations for the Child and Youth Wellbeing Strategy: A brief report on methodology. Wellington: Ministry of Health. 2020).

PROACTIVELY RELEASED

ANNEX TWO: Overview of child poverty rates for each of the primary measures of child poverty

(insert table with change over time for all child poverty measures)

PROACTIVELY RELEASED

ANNEX THREE: Longer term trends in child poverty rates by ethnicity

MSD's [Child Poverty Report](#) provides the best available data on longer term trends in child poverty rates by ethnicity³⁴. Because Household Economic Survey data prior to 2018/19 was based on a much smaller sample size, MSD estimates are based on a rolling average over three years, to smooth out volatility in the data³⁵. As shown in Figure xx, this data shows that looking at child poverty trends on an AHC50 fixed- line measure (using half the median income in 2007 as the baseline year) disparities in child poverty rates by ethnicity have narrowed dramatically. Average rates on this measure peaked over the three years to 2012 (following the Global Financial Crisis), with rates of 33% for Māori, 35% for Pacific, and 16% for European New Zealand children. But this gap narrowed to near equivalence (over the three years to 2021) for Māori (10%), Pacific (8%), and New Zealand European (7%) children. Over this period rates reduced for Māori by more than two thirds, by nearly four fifths for Pacific, and a little over halved for New Zealand European children.

(Insert figure based on Figure G.6 from Perry (2022))

Long term trends on the DEP-17 material hardship measure are not available by ethnicity. However, data on a closely correlated material hardship measure, the material wellbeing index, show a slightly different pattern to what we see for AHC50, as shown in Figure yy. Over the three years to 2012 rates on this measure were again much higher for Māori (36%) and Pacific (47%) compared to New Zealand European children (14%). In the three years to 2021, rates had nearly halved for all groups, including Māori (20%), Pacific (24%) and New Zealand European (8%). However, unlike the AHC50 measure, there was no evidence that disparities narrowed over this period.

(Insert figure based on F.8 from Perry (2022))

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²⁷ Ministry of Education. *Students and ākonga attendance Term 2 2022*. Available online: [Term-2-2022-Attendance-Indicator.pdf \(educationcounts.govt.nz\)](https://www.educationcounts.govt.nz/term-2-2022-attendance-indicator.pdf)

²⁸ Chisholm, Elinor, Sarah Bierre, Cheryl Davies, and Philippa Howden-Chapman. "That house was a home': Qualitative evidence from New Zealand on the connections between rental housing eviction and poor health outcomes." *Health Promotion Journal of Australia* 33, no. 3 (2022): 861-868.

²⁹ Ministry of Health. *Health and Independence Report 2017: The Director General of Health's Annual Report on the State of Public Health*. Wellington: Ministry of Health. 2018. Available online: <https://www.health.govt.nz/about-ministry/corporate-publications/health-and-independence-reports>

³⁰ Bidwell, S. *Improving access to primary health care for children and youth*. Christchurch: Canterbury DHB. 2013. Available online: <https://www.cph.co.nz/wp-content/uploads/accessprimarycarechildrenyouth.pdf>

³¹ Braveman, P. et al. *How does housing affect health?* Princeton: Robert Wood Johnson Foundation. 2011. Available online: <https://www.rwjf.org/en/library/research/2011/05/housing-and-health.html>

³² Huang, Q.S., Wood, T., Jelley, L. et al. Impact of the COVID-19 nonpharmaceutical interventions on influenza and other respiratory viral infections in New Zealand. *Nat Commun* 12, 1001 (2021). <https://doi.org/10.1038/s41467-021-21157-9>

³³ *Ibid.*

³⁴ Perry, B. 2022. *Child Poverty in New Zealand*. See figures F.8 and G.6. Available online: <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/child-poverty-in-nz/2022-child-poverty-report.pdf>

³⁵ *Ibid.*

PROACTIVELY RELEASED

Attachment C: Draft Gazette notice of CPRI changes for approval

Notification of Change of Child Poverty Related Indicators Identified Under the Child Poverty Reduction Act 2018

In accordance with sections 38(2)(b) and 39 of the Child Poverty Reduction Act 2018 (“Act”), the Minister for Child Poverty Reduction gives notice of changes to the Child Poverty Related Indicators identified for monitoring reports from the 2023 Financial Year. The identified Child Poverty Related Indicators, as changed, are:

housing affordability – as measured by the percentage of children and young people (ages 0-17) living in households in the bottom 40 percent of the income distribution who spend more than 30 percent of their equivalised disposable income on housing.

Dated at Wellington this xxth day of June 2023.

Hon JAN TINETTI, Minister for Child Poverty Reduction.

**The Child Poverty Related Indicators are available on the DPMC website:
www.dpmc.govt.nz.**



Briefing

REVIEW OF CHILD POVERTY RELATED INDICATORS

To: Rt Hon Jacinda Ardern, Minister for Child Poverty Reduction			
Date	14/07/2022	Priority	Routine
Deadline	19/07/2022	Briefing Number	DPMC-2021/22-2489

Purpose


This report develops a framework for reviewing the Child Poverty Related Indicators (CPRIs) and applies this framework to review the current set of CPRIs. The review fulfils the legislative requirement, under Section 42 of the Child Poverty Reduction Act 2018 (the Act), to undertake a review of the CPRIs every three years.

Recommendations

1. **Agree** to discuss the findings of this review and the review framework. YES / NO
2. **Agree** to confirm that the main function of the current set of CPRIs and reporting is to provide insight into the lived experience of poverty for New Zealand children, beyond what can be conveyed through the main child poverty measures. YES / NO
3. **Agree** to change the current housing affordability measure to focus on the number of children living in households in the bottom 40% of the income distribution that spend more than 30% of their household equivalised disposable income on housing costs. YES / NO
4. **Agree** to undertake further work with the aim of ensuring that the age ranges for the CPRI measures are appropriate, subject to the availability of data. YES / NO
5. **Agree** to forward this report to the Child and Youth Wellbeing Strategy Ministerial Group for discussion at their meeting on 26 July 2022. YES / NO

Clare Ward
Executive Director
Child Wellbeing and Poverty
Reduction

14 July 2022



(Rt) Hon Jacinda Ardern
Minister for Child Poverty Reduction

19/7/22

Contact for telephone discussion if required:

Name	Position	Telephone		1st contact
Clare Ward	Executive Director, Child Wellbeing and Poverty Reduction Group	DDI s9(2)(a)	Mobile s9(2)(a)	✓
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Minister's office comments:

- Noted
- Seen
- Approved
- Needs change
- Withdrawn
- Not seen by Minister
- Overtaken by events
- Referred to

REVIEW OF THE CHILD POVERTY RELATED INDICATORS

Executive Summary

1. Under the Act, you are required to review the CPRIs every three years. The first review needs to be completed by the end of August 2022. The nature and scope of the review is not prescribed under the Act and so it is important this first review sets a sound precedent.

A framework for reviewing the CPRIs

2. We therefore propose a CPRI review framework (set out at **Attachment A**) to provide a systematic way of assessing whether a given set of CPRIs is fit for purpose and that can help inform the current and future reviews.
3. The framework sets out four overarching review questions:
 - a) What is the main function we want a particular set of CPRIs, and associated reporting, to serve (noting there is flexibility under the Act to define this and for this to change over time)?
 - b) Are the indicators aligned with this function?
 - c) Are the measures and data underpinning the indicators high quality?
 - d) Does the annual CPRI reporting provide insights that align with the function?
4. The framework also sets out several considerations against each of these questions as well as some overarching design principles.

Review of the current CPRIs

5. Although not always explicitly stated, we believe the main function of the current set of CPRIs is to tell a broader story about the impacts of poverty on children's wellbeing outcomes, beyond what can be conveyed through the primary child poverty measures.
6. This rationale is fundamentally sound. As part of our consultation for the Review, a number of stakeholders commented that although the current headline child poverty measures are technically rigorous, they can be hard to understand. Some also perceive a disconnect between the current measures and what they see children and families experiencing on the ground. The current CPRIs help bridge this gap by telling us about the sorts of wider changes we should expect to see in children's lives if we really are making progress. This approach also helps ensure the child poverty workstream is embedded within the wider child and youth wellbeing strategy.
7. We recommend you explicitly confirm this is the main function you would like the CPRIs to serve. This would help clarify expectations. Some non-Government stakeholders were supportive of the current CPRIs but sought to broaden them out to include a wide range of causes of child poverty with the aim of driving strategic policy. There is merit in this alternative function but we consider this is outweighed by the value of showing the impacts of poverty on children's lives. A more technical, policy-focused set of indicators on the drivers of child poverty would be better suited to an alternative reporting mechanism, and

this could be considered as part of the wider review of the child and youth wellbeing strategy and the proposed child poverty plan.

8. In combination, the five indicators – housing affordability, housing quality, food insecurity, school attendance, and potentially avoidable hospitalisations – tell us a lot about children's experience of poverty in New Zealand and align well with the proposed function of the current CPRI. We have explored a range of possible alternative indicators but we don't recommend any changes to the current indicator set at this stage.
9. The quality of the measures and data underpinning the current indicators was generally very good. All of the measures are based on data from large, annual, high quality random sample surveys or comprehensive administrative datasets.
10. We do recommend some refinements to the current measures. The current housing affordability measure – which measures the number of children living in households spending more than 30% of their income on housing costs – should be changed to focus on the bottom two quintiles of the income distribution. This will help ensure that only those households at risk of poverty are included in this measure. We also recommend further work be done to ensure the age ranges included in the measures are aligned and appropriate, subject to the availability of data.
11. Finally, reporting on the CPRI has evolved to provide useful insights into the experience of poverty that is well received by stakeholders. One challenge is managing the expectation that each year's CPRI reporting will generate novel insights about trends that can often take time to unfold. This underscores the value in the current in-depth approach to reporting. This includes subgroup analysis as well as recent data and research from other sources. This approach helps deepen our understanding of children's experience of poverty, reconcile perceived discrepancies in different data sources, and – over time – assess some of the wider impacts of the government's child poverty reduction policies.

Next steps

12. We would welcome the opportunity to discuss the framework and the findings of the review.
13. If you agree to the recommendations we will report back to you in September with an update on our work on the suitability of the age ranges for the CPRI measures. This advice will also include further details about the process for amending the measures through a notification in the New Zealand Gazette and in time to reflect any changes to the measures in next year's CPRI report.

Purpose

14. This report develops a framework for reviewing the CPRIs and applies this to review the current set of CPRIs. The Act requires you to review the CPRIs every three years.

Background

15. Section 38(1) of the Act requires you as the Minister for Child Poverty Reduction to identify one or more CPRIs related to “any or all of the following areas: income and employment, housing, education and development, health and disability, or any other area or areas”. The Act defines CPRIs broadly to mean a measure that is, or may be, a cause, consequence or correlate of child poverty.
16. In July 2019, Cabinet agreed [SWC-19-MIN-0085] to establish five CPRIs:
 - a) **housing affordability**, as measured by the proportion of children (aged 0-17) living in households spending more than 30 per cent of their equivalised disposable income on housing costs.
 - b) **housing quality**, as measured by the proportion of children (aged 0-17) living in households reporting that they have a major problem with dampness or mould.
 - c) **food insecurity**, as measured by the proportion of children (aged 0-14) living in households that report that food runs out “often or sometimes” over the past 12 months.
 - d) **regular school attendance**, as measured by the percentage of children and young people (ages 6-16) who are regularly attending school.
 - e) **potentially avoidable hospitalisations**, as measured by the rate of children (ages 0-15) hospitalised for potentially avoidable illnesses.
17. Section 44 of the Act also requires a monitoring report to be prepared each financial year relating to every identified indicator. Three CPRI monitoring reports have been published, for the 2018/19, 2019/20 and 2020/21 financial years, providing a good indication of how the measures above have been performing. **Attachment A** provides a summary of the most recent findings.
18. Section 42 of the Act requires that a review of each of the current CPRIs be undertaken before September 2022, and every three years beyond that.

The review framework

19. The Act does not explicitly prescribe the nature and scope of the CPRI review.
20. While this provides for a level of flexibility, it’s important that this first three-yearly review of the CPRIs establishes a sound precedent for informing future reviews. This is especially critical given that, for some indicators, we have only established robust year-on-year data for the past two or three years and so it may take two or more review cycles to fully assess how the indicators are performing over the longer term.
21. We have therefore developed a framework that seeks to systematically assess whether the current CPRIs are fit-for-purpose and that can help inform the approach to future reviews. The framework is based around the following key review questions:

- a) What is the main function we want a particular set of CPRIs, and associated reporting, to serve (noting there is flexibility under the Act to define this and for this to change over time)?
 - b) Are the indicators aligned with this function?
 - c) Are the measures and data underlying the indicators high quality?
 - d) Does the annual CPRI report provide insights that align with the function?
22. Under each of these key questions we have developed a number of design considerations to help assess the current CPRIs and consider alternative options if appropriate.
23. In addition, there are three high-level principles that cut across, and should inform, all of the key review questions:
- a) **form follows function.** The review questions are structured sequentially to reflect this idea. Establishing the function (the “why”) helps determine the indicators (the “what”) which in turn helps determine the measures and reporting (the “how”). There may be constraints on the feasibility and availability of data measures requiring us to discount certain indicators, or reconsider the overarching function and purpose. But we shouldn’t jump too soon to what we *can* currently measure, without first establishing what we ideally *want* to measure and why.
 - b) **continuity.** There is value in maintaining a level of continuity in the purpose, indicators and measures given the importance of the Act in providing ongoing political accountability. Significant, unjustified changes to the CPRIs can undermine the perceived integrity of the wider child poverty measurement regime. This doesn’t mean we should never change course if a CPRI isn’t fit for purpose or if priorities change, but we should avoid making big changes lightly.
 - c) **concision.** There is value in keeping the CPRIs and reporting tight. Trying to get the CPRIs to fulfil multiple purposes can flow through to clutter and compromise in the design of the indicators and measures. Similarly, while no single indicator will ever tell you all, or even most of what, you really need to know about child poverty, too many indicators can become unfocussed, obscuring the things that matter most and ultimately reducing accountability.
24. This review framework is summarised in **Attachment B** and shows the relationship between the key review questions, design considerations, and high-level principles. It should be noted that the design considerations and principles are only a guide: people will have different views about how well the CPRIs align with them, their relative importance, and how best to balance trade-offs between them.
25. In applying this framework, the review draws on a range of sources of data and information, including:
- a) previous CPRI reports
 - b) engagement with selected stakeholders across government and non-government agencies with an interest in child poverty policy, measurement and reporting. This is summarised in **Attachment C**, and discussed throughout this review as relevant.

- c) a review of selected documentation relating to the CPRIs – including feedback provided through select committee submissions during the development of the Act, and previous official advice provided to you about the selection of the CPRIs.

Function of the CPRIs

Design considerations

26. When reviewing the function of the CPRIs some key considerations include:
- a) **alignment with the Act.** The legislation does not prescribe the purpose or function of the CPRIs. However, the purpose should be broadly consistent with the overarching purpose of the Act, set out in Section 3a-c, which is to help achieve a significant and sustained reduction in child poverty in New Zealand by encouraging a focus by government and society on child poverty reduction, facilitating political accountability and requiring transparent reporting on child poverty.
 - b) **alignment with Government priorities.** The purpose and function of the CPRIs should align with the priorities of Government, for example in terms of the approach to progressing the child poverty agenda and the wider Child and Youth Wellbeing Strategy.
 - c) **fit with other reporting.** It is important that the function of the CPRIs, as reflected in the CPRI report, fills a niche within the wider ecosystem of child poverty reporting, including: Stats NZ's child poverty reporting, the Child and Youth Wellbeing Strategy annual report, the Child Poverty Report produced by the Ministry of Social Development, and the Child Poverty Monitor report produced in partnership between the Office of the Children's Commissioner and the University of Otago. We should seek to avoid substantively duplicating the functions that are better served by these other reporting mechanisms.

The main function of the current CPRIs: painting a bigger picture about the impacts of poverty on children and young people's wellbeing

27. In our original advice to you about the selection of the CPRIs we noted that because the legislative requirement is framed flexibly there is a range of approaches to the CPRIs that could be taken [DPMC-2018/19-735 refers].
28. Although not explicitly agreed at the time, we consider the main purpose of the current suite of CPRIs is to provide insight into the lived experience of poverty for New Zealand children, beyond what can be conveyed through the main child poverty measures¹.
29. This rationale for the CPRIs is sound. A number of stakeholders we engaged with as part of the wider review of the Child and Youth Wellbeing Strategy noted that the current Child Poverty measures, while technically rigorous, can be hard to understand. Some advocates also commented they perceive there can be a disconnect between the headline measures and the "lived reality" of child poverty and its impact on, related, child wellbeing outcomes².

¹ This is stated most directly in the 2019/20 CPRI report (p.2) which noted "Taken together, these indicators help tell a broader story about life for children living in poverty in New Zealand... beyond what we can understand from observing trends against the income and material hardship primary and supplementary measures of child poverty"

² St John & Wynd (2022) *Commentary: Improving the child poverty reduction framework*

30. This purpose also aligns well with the overarching purpose of the Act, including “to encourage a focus by government *and society* on child poverty reduction” (emphasis added). This affirms the value of ensuring that society more broadly, and not just government, has a clear understanding of what reducing child poverty really means for children and young people.
31. There is also good alignment with this purpose and the Government’s wider priorities to advance child and youth wellbeing. By framing the CPRIs around the impacts of poverty on children’s lived experience and wellbeing outcomes, the CPRI report serves to help integrate the Government’s child poverty reduction priorities and the wider Child and Youth Wellbeing Strategy.
32. Finally, although the current CPRIs are also all currently reported in the Child and Youth Wellbeing Strategy Annual Report we note that the purpose of this latter report is quite distinct. The annual report aims to provide a comprehensive overview of outcomes achieved for children and young people across all wellbeing domains. By contrast, the distinct value of the CPRI report is in allowing for far more in-depth analysis of wellbeing outcomes through the lens of child poverty.

Possible alternative approaches to the function of the CPRIs

33. Given the rationale for the current CPRIs appears to be sound we do not recommend any fundamental changes to the purpose of the CPRIs (in line with the high-level principle of continuity).
34. However we recommend more explicitly confirming the implicit function of the current CPRIs. In our consultations with non-government child poverty stakeholders, it became clear there were a range of assumptions about this purpose that shaped expectations about the adequacy of the current CPRIs. Although there was support for the value of the CPRIs in speaking to the lived experience of poverty child poverty, there was also an implicit view from some that the CPRIs should comprehensively monitor the short- and long-term causes of child poverty and that the indicator set should therefore be expanded and the frequency of reporting increased.
35. As part of the review we considered these alternative approaches focusing on the causes of child poverty. These approaches were also discussed in our earlier advice to you [DPMC-2018/19-735 refers].
36. We see some merit in framing the CPRIs around the causes of poverty with the aim of informing child poverty policy strategy. This approach could include a range of indicators capturing the determinants of income (e.g. total benefit incomes, number of children in jobless households, minimum wage rates), housing costs (e.g. children living in social housing, rental expenditure, accommodation supplement take-up), and material hardship (e.g. household living price index for low-income households, energy poverty, debt to government).
37. An alternative approach again would be to look at some of the long-term, intergenerational, but potentially modifiable determinants of poverty and socio-economic disadvantage: for example, child educational attainment, parental qualifications, long-term parental joblessness, parental ill-health and disability.
38. However, on balance, we think the rationale for focusing on the wider impacts of child poverty on the lives of children outweighs the benefits of an indicator set focused on causes. We think a bigger priority is to ensure that stakeholders, and the wider public,

have a clear understanding of the real-world impacts of poverty on children's lives and how this is changing over time as a result of Government's policies. By contrast, one of the main limitations of an approach focusing on causes is that it's likely to require a much larger number of more technical indicators. Given the legislative time constraints on reporting the CPRIs, there would be less opportunity for analysing and contextualising the results and providing insights. We also note that the quality, frequency and timeliness of many of the indicators relating to the causes of poverty are not well suited to being CPRIs.

39. We do think there is value in further work looking at the feasibility of a more technical dashboard for informing child poverty strategy, separately from the CPRIs. This could be further explored through the wider review of the Child and Youth Wellbeing Strategy and as part of the child poverty plan.

Alignment of the indicator set with the function

Indicator set design principles: relevance, coherence, balance

40. Having confirmed the purpose of the CPRIs is to provide insight into the lived experience of child poverty in New Zealand, it is important to assess whether the current indicators are the right ones to show this. In doing so, it's important to remember that the indicators and measures are related but distinct: the indicators are the high-level constructs we are interested in, and the measures are the tools that more or less accurately reflect them. The quality of the measures will be discussed in the next section.
41. In assessing the fitness-for-purpose of the suite of indicators, some key design considerations include:
- a) **poverty relevance.** There should be evidence linking the indicators with child poverty – as either a cause, consequence or correlate.
 - b) **coherence.** The indicators should ideally be selected to ensure they fit together in a logical way that paints a bigger picture about some aspect of child poverty.
 - c) **balance.** The suite of indicators should provide a fair and balanced account of the state of some aspect of child poverty and how this is changing over time.
42. In addition to these specific design considerations relevant to the selection of indicators, the overarching principle of concision is especially important when considering the total number of indicators. Too many indicators not only risks a loss of focus, it also risks non-compliance with the CPRI reporting timeframes required under the Act. The legislation requires that each indicator needs to be reported on "as soon as practicable" after Stats NZ's annual child poverty data report and within the next financial year (Section 44). The more indicators there are, the greater the chance that one or more indicators is delayed or unavailable - thereby risking the quality of reporting or compliance with statutory reporting timelines.

The current suite of CPRIs helps reveal some of the trade-offs that can shape the wellbeing outcomes of children in poverty

43. Overall, the five current indicators each provide unique insights about important aspects of poverty's impact on children's lives. In combination, they also provide a balanced picture that reveals some of the trade-offs poor families face.

44. Housing is rightly a prominent focus of two of the five CPRIs (i.e. housing affordability and housing quality). Housing is the stage where so many of poverty's impacts on children play out. Children's physical³ and mental wellbeing⁴, their ability to play and learn, their connections with family and whānau, their access to resources, their sense of place and identity are all intimately connected to a home's location, configuration, security, stability, quality and amenity⁵.
45. But these housing characteristics all come at a price. Housing costs make up the largest single item of expenditure and this needs to be weighed against other demands on the household budget. It is this fundamental tension between household income and housing costs that is reflected in the housing affordability CPRI.
46. Housing affordability only provides part of the picture though. Households can try to push down expenditure on housing only to find that, like a bubble in a carpet, these savings "pop up" as costs in other areas. Housing quality is a good example of one of these trade-offs. Cheaper, poorer quality housing can come at the cost of higher heating bills, the risk of mould and damp, chronic respiratory problems (especially in very young children), worse mental health, and absences from school and work that further entrenches poverty and disadvantage – in both the short and longer term. This in turn points to the value of the currently included indicators of potentially avoidable hospitalisations (many of which are respiratory conditions) and school attendance: highlighting the direct and indirect impacts of poverty on children's lives.
47. Food insecurity rounds out the indicator set by providing insights into a very tangible consequence of poverty for children. Food is the second largest item of household expenditure and can be more readily economised on week-to-week compared to relatively fixed costs like rent and utilities. This in turn can have flow-on consequences for children's wellbeing across multiple domains, including physical⁶ and mental health⁷, and education⁸.

Coherence and balance

48. As well as being clearly relevant to child poverty, there is also a coherence and balance to the indicator set. Three of the indicators – housing affordability, housing quality, and household food insecurity – capture core aspects of poverty that we know cluster together tightly and will substantially affect children's day-to-day lives. The other two – potentially avoidable hospitalisations and school attendance – while less central to the core phenomenon of poverty, are indicators that much more directly reflect objective outcomes experienced by children that are secondary outcomes of the three core indicators.
49. A potential criticism of these indicators, given the proposed function of the CPRIs, is that these measures are not balanced out with indicators that *directly* reflect a child's first-person perspective of what it's like to be poor. Ideally, we would want to include such an

³ Keall et al. (2013) A measure for quantifying the impact of housing quality on respiratory health: a cross-sectional study. *Environmental health : a global access science source* 11:33,069X-11-33.

⁴ Coley et al. (2013) Relations between housing characteristics and the well-being of low income children and adolescents. *Developmental psychology* 49:1775.

⁵ For a review see: Clair (2019) *Housing: an Under-explored influence on children's well-being and becoming*. *Child Indicators Research*. 12, 609-626

⁶ Thomas et al. (2019) Food insecurity and child health. *Pediatrics*. 144: (4): e20190397

⁷ Carter et al. (2010) The association of food security with psychological distress in New Zealand and any gender differences. *Social Science and Medicine*. 9: 1463-1471

⁸ Shankar et al. (2017) Association of Food Insecurity with Children's Behavioral, Emotional, and Academic Outcomes: A Systematic Review. *Journal of Developmental & Behavioral Pediatrics*. 38: 135-150

indicator alongside the current, more objective indicators (e.g. measures about whether children perceive that they have missed out on experiences due to a lack of money).

50. Unfortunately, no such data currently exists and nor could an annual, high-quality measure of this indicator be readily produced in the foreseeable future. The closest alternative would be the child specific indicators that are routinely reported in MSD's Child Poverty Report. s9(2)(g)(i) [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

Other indicators considered

51. We also considered a variety of other indicators, including the specific suggestions proposed by stakeholders.
52. This included indicators capturing selected short-term causes and correlates of poverty, such as: household debt, benefit take up, rental expenditure, receipt of supplementary payments through MSD and food bank usage. These proposals would not align well with the main function of the current CPRIs and some would fit better in a dashboard designed to provide a more comprehensive picture of these causes. Further work to assess the data quality and frequency issues with these indicators would also be needed.
53. Various consequences of poverty for households were also considered as possible additional CPRIs, including: overcrowding, more objective measures of housing quality, energy hardship, difficulties affording transport, and foodbank usage. While there is some merit in these indicators, it's not clear they substantively add to the current indicator set. Again, potential measures of these indicators are also subject to significant data quality issues.

Overall assessment

54. On balance, we think the five current CPRIs are sound. In combination, they tell us a lot about children's experiences of poverty and we don't think any could be omitted without diminishing the balance and coherence of the indicator set. A strong case could be made for including a more subjective indicator, from a child's perspective, about the impacts of poverty on their life. This would be worth considering as part of any future child wellbeing data investments, but we are not in a position to recommend this in the immediate future.

Data quality of the current measures underlying the measures

Data quality design considerations: accuracy, timeliness and interpretability

55. It is essential that the individual measures and underlying data underpinning each indicator are high quality. CPRIs with significant data quality issues are not only potentially

misleading, they also jeopardise the integrity and credibility of the wider child poverty measurement regime set out under the Act.

56. In developing the design considerations for this review question, we have therefore adapted a widely used⁹ data quality framework to consider whether each individual measure is:
- relevant.** The content, coverage, and focus of the data should be relevant to the indicator we are seeking to measure and the overarching purpose.
 - accurate.** The data underlying each measure needs to be technically sound and correctly describe what it was designed to measure. Data based on survey measures in particular should ideally be based on large representative samples of the population, with an adequate sample size to measure indicators with sufficient precision (i.e. small sample error) and allow for breakdowns by key sub-populations.
 - timely.** Data for the indicators needs to be collected at least annually, with reporting within the next financial year to meet the statutory reporting time frames within the Act.
 - consistent.** The measures should be consistent over time.

The current CPRIs largely perform well against these data quality criteria

57. A more detailed assessment of the data quality of the current CPRI measures is provided at **Attachment D**.
58. By and large, we consider the measures are technically sound. All of the measures are based on measures derived from high-quality, random sample surveys or well-established administrative datasets, and all of the indicators are based on data that can be routinely reported on within the timeframes required under the Act.

We recommend that further work be undertaken to ensure the age ranges are appropriate and relevant

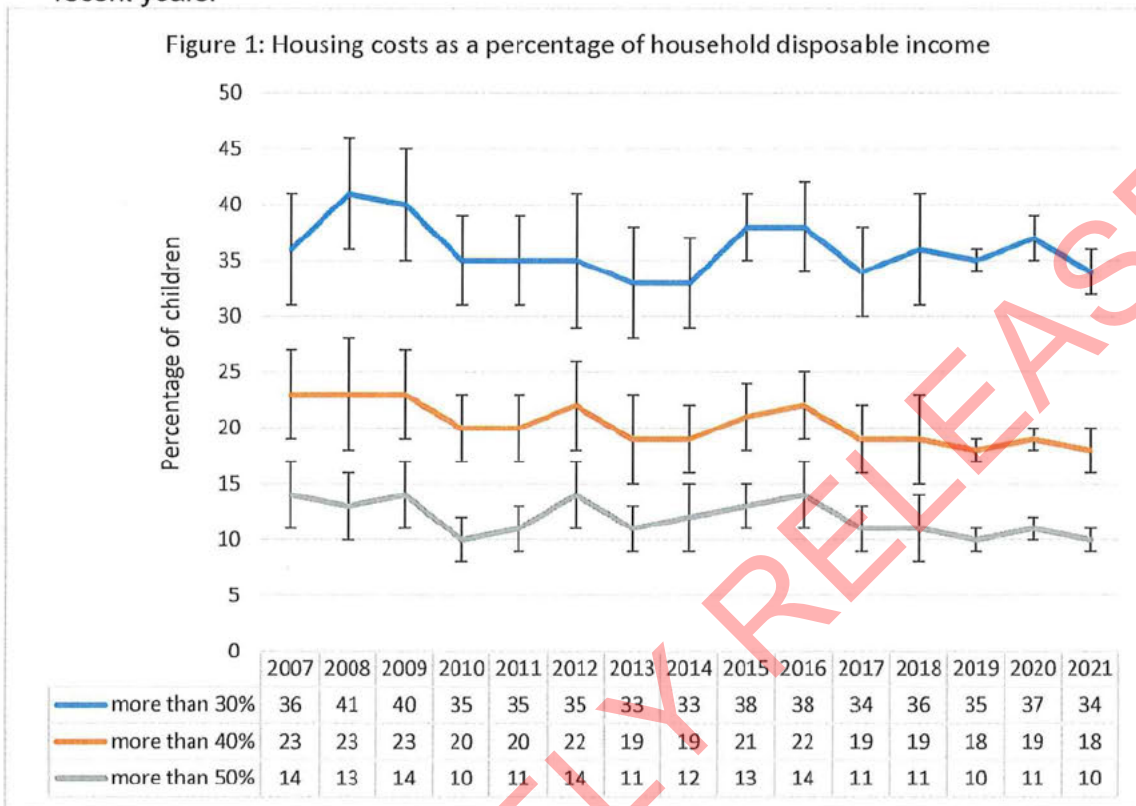
59. Across the indicators, perhaps the most common limitation is that three out of five of the measures do not cover the full age range of children (i.e. food insecurity: 0-14 years; school attendance: 6-16; potentially avoidable hospitalisations: 0-15).
60. In the case of school attendance, this misalignment partly reflects the applicability of the measure (although there is available data covering children aged 17 years old that could be included). In other cases, for example the measure of potentially avoidable hospitalisations, it may be more appropriate to focus this measure more tightly on children on younger ages - where the links between child poverty and potentially avoidable hospitalisations is strongest.
61. We therefore recommend that further work be done to ensure the age ranges for each measure is relevant and aligned where appropriate, taking into account the availability of data.

Lack of change in the housing affordability measure

62. One further area of specific concern is that, since at least 2007, there has been no statistically significant change in the housing affordability measure, nor any evidence of

⁹ See OECD (2011), *Quality Framework for OECD Statistical Activities*

change when looking at the corresponding measures using a 40 per cent and 50 per cent housing cost “outgoing to income” ratio (OTI) (see Figure 1). This is at odds with a widespread public perception that housing affordability has substantially worsened in recent years.



63. This apparent anomaly likely reflects a number of factors:

- a) housing affordability, as measured by high housing cost outgoings to incomes, has worsened, but this has occurred over a much longer time-period than is commonly appreciated. The proportion of all households (excluding superannuitant households) spending more than 30% on housing increased from about 14% in 1990 to about 30% in the late 2000s, and has been relatively stable since¹⁰.
- b) public perceptions of housing affordability in recent years tend to conflate a number of distinct aspects of affordability, including:
 - i) house prices, which have increased by around 30% on average between 2019/20 and 2020/21
 - ii) rents, which have increased by 5.4% between 2019/20 and 2020/21
 - iii) housing costs overall, which have increased by 2.5% between 2019/20 and 2020/21. It should be noted that this relatively low figure reflects how the majority of households across the whole population are owner/occupied (either with or without a mortgage) and, up until recently, interest rates and mortgage costs have been at historically very low levels.

¹⁰ See Table C.3 in Perry (2018): *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2017*

iv) median household disposable incomes, which have increased by approximately 5.5% since 2019/20 and 2020/21 – largely keeping pace with housing cost increases.

c) prior to 2018/19, the Household Economic Survey relied on a much smaller sample size, with a sample error in any given year on the housing affordability measure of around 5 ppt. Since the sample size has increased, the sample error has decreased to around 1.5ppt and so we have sufficient precision in our estimates to sensitively detect much smaller changes in housing affordability. However, with only three years of data since this more precise data has become available, it may be too soon to say if we are seeing significant changes in the data.

64. Overall, this evidence suggests the lack of change in housing affordability on this measure largely reflects how income growth *on average* has more-or-less kept pace with housing cost growth in recent years.

We recommend replacing the current housing affordability CPRI with a “30/40” housing affordability measure

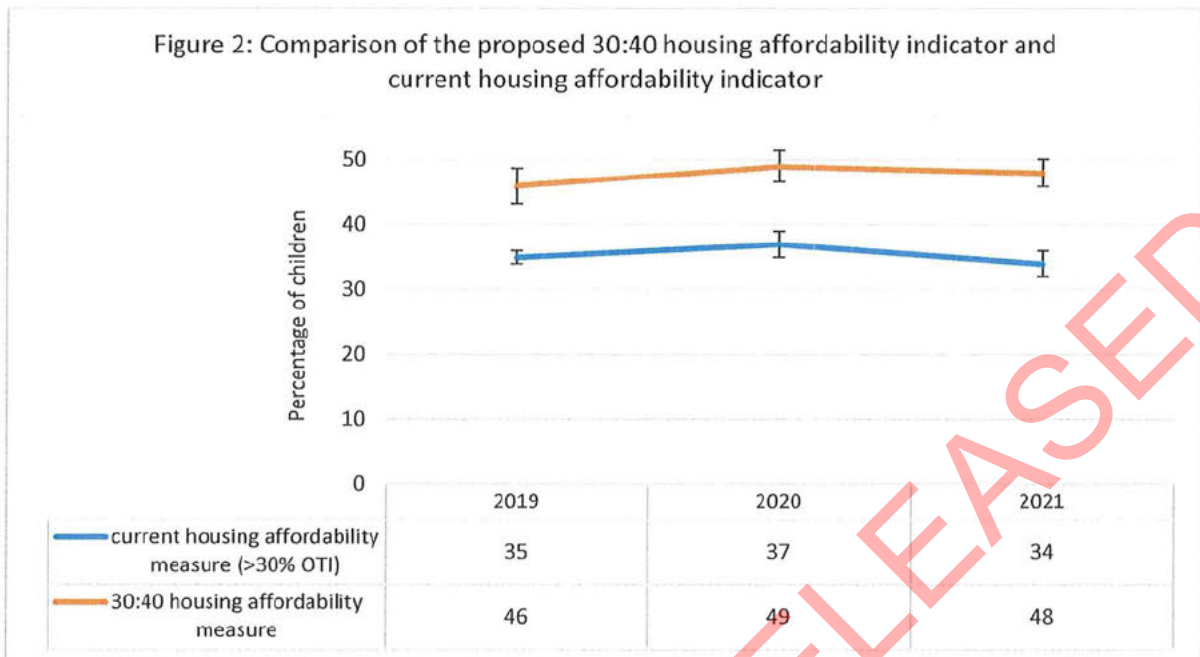
65. A much more significant issue with the current housing affordability measure is that it is less relevant because it is not focussed on children in low-income households.

66. The existing measure is based on the proportion of children living in households spending greater than 30% of their equivalised disposable household income on housing costs. This measurement definition means that households with high incomes - who could comfortably spend more than 30% of their income on housing costs – will be classified as living in “unaffordable housing” despite having after-housing-cost incomes that are well above the median.

67. A standard way of addressing this issue is to instead use a so called “30/40” housing affordability indicator¹¹. This measure focuses on the number of children in households with housing costs greater than 30% of their equivalised disposable income but only for households in the bottom 40% of the income distribution.

68. Figure 2 shows the impact of shifting to a 30/40 housing affordability indicator, relative to the existing measure.

¹¹ Rowley & Ong (2012)



- 69. A key advantage of this measure is that it focuses much more tightly on those children in households at risk of poverty and is therefore a more relevant measure of housing affordability.
- 70. Interestingly, the data suggests there is no evidence of any change since 2018 on this indicator either. As well as reflecting the issues highlighted in para 47, it should be noted that this indicator will be subject to a larger sampling error (see Figure 1). This will mean that it is more difficult to sensitively detect year-on-year changes in housing affordability compared to what is possible with a larger sample size, encompassing all income quintiles. This loss of precision in favour of a more interpretable measure seems worth it given that it is more important to be able to reflect longer term trends of a more meaningful measure than to precisely estimate small, year-on-year changes.
- 71. A further potential criticism of the 30/40 indicator is that, although it is a significant improvement on the current housing affordability measure, it is still an arbitrary benchmark that does not reflect the different depths of housing affordability and is insensitive to significant shifts in housing affordability above the threshold. For example, the measure will be unaffected if a particular household changes from spending 31% to 39% of their income on housing costs.
- 72. While recognising these issues, we note that there are no obviously preferable and feasible alternatives, and these limitations can be at least partly addressed in other ways. For example, routinely reporting the corresponding figures for the 40% and 50% OTIs ensures there is good visibility of the more severe end of housing stress.
- 73. We therefore recommend that the current housing affordability measure be changed to the 30/40 measure.

CPRI reporting

CPRI reporting design considerations

74. The extent to which the CPRI are fit-for-purpose cannot be considered in isolation from how they are reported.
75. Four key design considerations to inform this review of the reporting, include:
- a) **alignment with legislated reporting requirements.** The key legislative constraint here is that a report needs to include data on every identified indicator for the financial year (Section 45), and must be prepared "as soon as is reasonably practicable, and in any case within the next financial year".
 - b) **context.** CPRI reporting needs to provide the context needed to interpret the data appropriately, including an understanding of the strengths and limitations of the measures.
 - c) **depth.** Reporting should ideally provide deeper analysis of variation in the CPRI by key socio-demographic characteristics as well as evidence from other, relevant measures, data sources and research – subject to the wider constraint of concision.
 - d) **insight.** Reporting needs to provide insights that speak to the purpose of the CPRI. This should take into account the latest data and trends for each CPRI, as well as contextual information and other evidence.

CPRI reporting is fit for purpose – but there are limits on our ability to provide novel insights based on most recent CPRI data in a given year

76. There have been three CPRI reports so far, covering data for the 2018/19, 2019/20 and 2020/21 financial years. The 2018/19 and 2019/20 reports were not required under the Act, but were prepared with the aim of providing a "template" for future reporting. The 2020/21 report was the first time that the CPRI were required to be reported. This report was delivered in April 2022, within the statutory reporting timeframes.
77. CPRI reporting includes good coverage of some of the technical strengths and limitations of the measures. The 2019/20 and 2020/21 reports included a technical annex that provided more in-depth information about the data sources and methods. For the 2020/21 report this included discussion of the impacts of Covid-19 on data collection and the quality of the measures in that year.
78. One of the key challenges with annual CPRI reporting is that there is an implicit expectation that each year's data will reveal new insights for each indicator, despite the fact that meaningful trends can take years to unfold.
79. This points to one of the main strengths of the current reporting going beyond the CPRI measures themselves to include various breakdowns for key demographic groups, and analysis of other, recent research and data related to the CPRI.
80. This approach provides more scope for generating new insights, including exploring any discrepancies between the CPRI and relevant data from other sources. For example, analysis of the food insecurity CPRI includes discussion of recent data on Ministry of Social Development food Special Needs Grants and qualitative information about changes in food parcel receipt from food bank providers. This includes discussion of the


strengths and limitations of these different data sources that may explain differences in key trends. The insights from this comparative analysis are important for bridging the perceived “gap” between official government data and what some providers report they are seeing on the ground.

Summary, recommendations and next steps

81. Overall, we consider the current CPRIs, and the reporting of them through the CPRI report, are broadly fit for purpose, subject to some refinements.
82. This broad conclusion assumes the main function of the current CPRIs is to provide a broader picture of the impacts of poverty on children’s lives. Again, we think the rationale for this approach is sound, and see value in maintaining continuity. Alternatively, you may instead want to use this review of the CPRIs, and the wider review of the Child and Youth Wellbeing Strategy, as an opportunity to more fundamentally re-imagine the function of the CPRIs and our approach to measurement and reporting.
83. We therefore recommend you confirm if the function we have assumed throughout much of this review aligns with your vision and priorities.
84. Subject to your agreement to this, we have two further recommendations. First, we recommend the current housing affordability measure is changed to focus on children in households in the bottom 40% of the income distribution. Second, we recommend further work be done to ensure the age ranges reflected in the measures are aligned and appropriate, subject to the availability of data.
85. If you agree to these recommendations, then we will prepare further advice in September – updating you on our work on the age ranges and providing advice on making changes to the CPRIs through the New Zealand Government Gazette in accordance with Sections 39-40 of the Act.
86. We would also welcome the opportunity to discuss the findings of this review and the proposed review framework.






Attachments:	
Attachment A:	CPRI review framework
Attachment B:	Summary of most recently reported CPRIs from 2020/21
Attachment C:	Summary of feedback from non-government stakeholders
Attachment D:	Summary of strengths and limitations of the measures and data

ATTACHMENT A: CPRI REVIEW FRAMEWORK

High Level Principles	Review Questions	Design Considerations
<ul style="list-style-type: none">• form follows function• continuity• concision 	What is the main function we want a particular set of CPRIs, and associated reporting, to serve?	<ul style="list-style-type: none">• alignment with the Act• alignment with Government priorities• fit with other child poverty reporting functions
	Are the indicators aligned with this function?	<ul style="list-style-type: none">• relevance to child poverty• coherence• balance
	Are the measures and data underlying each of the indicators high quality?	<ul style="list-style-type: none">• relevance to the indicator• accuracy• timeliness• consistency
	Does annual CPRI reporting provide insights that align with the function?	<ul style="list-style-type: none">• alignment with legislated reporting requirements• context• depth• insight

ATTACHMENT B: SUMMARY OF MOST RECENTLY REPORTED FINDINGS

Indicators at a glance

Child Poverty Related Indicator	Change since previous year ^a	Indicative longer-term trend ^b	Measures
Housing affordability 	-	-	<ul style="list-style-type: none"> 34% of children (aged 0-17) lived in unaffordable housing in 2020/21 (i.e. in households spending more than 30% of their disposable income on housing). 29% of Māori children and 27% of Pacific children lived in unaffordable housing 33% of children with disabilities, and 32% of children living in households with a disabled person, lived in unaffordable housing
Housing quality 	-	↗	<ul style="list-style-type: none"> 6% of children (aged 0-17) lived in households with a major problem with dampness or mould in 2020/21. 10% of Māori children and 12% of Pacific children lived in households with a major problem with dampness or mould 10% of children with disabilities, and 10% of children living in households with a disabled family member, lived in housing with a major problem with dampness or mould
Food insecurity 	↓	↓	<ul style="list-style-type: none"> 15% of children (aged 0-14) lived in households reporting that food runs out sometimes or often in 2020/21. 26% of Māori children and 37% of Pacific children live in households reporting that food runs out sometimes or often
Regular school attendance 	↓	↓	<ul style="list-style-type: none"> 61% of students (aged 6-16) regularly attended school in 2021 Regular school attendance was lower for Māori and Pacific students: 45% and 47%, respectively.
Potentially avoidable hospitalisations 	-	↘	<ul style="list-style-type: none"> 49 per 1000 children (aged 0-14) experienced potentially avoidable hospitalisations in 2020/21. Potentially avoidable hospitalisations were more common among Māori and Pacific children at 54 and 65 per 1000 children respectively.

● = improving ● = no change ● = worsening

ATTACHMENT C:

Summary of feedback from non-Government Stakeholders

Stakeholder	Summary of feedback
Maxim Institute	<ul style="list-style-type: none">• overall indicators and reporting are providing useful insights• main purpose should be to capture the key causes of child poverty over the short and longer term – but agrees there is value in painting a richer picture of the lived experience of poverty, beyond what is provided by the main child poverty measures alone
Child Poverty Action Group	<ul style="list-style-type: none">• The current group of five indicators is useful in identifying critical areas which impact on child poverty and reflect changes and potential changes in the nature and extent of child poverty.• Data is only available with a lag – and so doesn't capture contemporary realities• CPRIs could be extended and enhanced to build a more comprehensive picture and to indicate areas of possible effective action to reduce poverty.• These include:<ul style="list-style-type: none">○ Benefit take up, time on benefit, children in benefit households○ Changes in supplementary payments and TAS from MSD○ Qualitative data on foodbank usage○ Household occupancy and rental expenditure○ NCEA completion○ Report of neglect to Oranga Tamariki○ Information on debt and arrears○ Potentially avoidable hospitalisations• Data should be more finely disaggregated by ages and stages• Should be more of a focus on impacts of poverty on infants
Salvation Army	<ul style="list-style-type: none">• CPRIs are “pretty good”• Data often not timely enough – good to provide more ‘real-time’ insights• It would be useful to have indicators that cover a wider range of the causes of poverty, including measures based on a minimum income standard

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ATTACHMENT D:

Summary of strengths and limitations of the measures and data

Indicator	Measure (Data source)	Key data quality strengths	Key data quality limitations
Housing affordability	percentage of children (aged 0-17) living in households spending more than 30 per cent of their equivalised disposable income on housing costs. (Household Economic Survey)	<ul style="list-style-type: none">technically robust: large, representative sample survey	<ul style="list-style-type: none">relevance – not focused on children at risk of povertydoes not reflect variation in depth of severe housing unaffordability
Housing quality	percentage of children (aged 0-17) living in households reporting that they have a major problem with dampness or mould. (Household Economic Survey)	<ul style="list-style-type: none">as above	<ul style="list-style-type: none">subjective measure of housing quality likely less reliable/ valid than independent/ expert assessmentdoes not capture all aspects of housing quality and partly determined by non-housing quality related factors (e.g. climate, crowding, behavioural factors)
Food insecurity	percentage of children aged 0-14 living in households that report that food runs out "often or sometimes" over the past 12 months. (New Zealand Health Survey)	<ul style="list-style-type: none">technically robust: large, representative sample survey	<ul style="list-style-type: none">limited to children aged 0-14breakdowns available NZDEP quintiles only, not household incomemay not accurately reflect children's experience of food insecurity – e.g. because parents prioritise ensuring children have access to food.
Regular school attendance	percentage of children and young people (ages 0-16) who are regularly attending school (School Attendance Survey)	<ul style="list-style-type: none">excellent survey coverage allows for detailed breakdowns by subgroups and sensitive measurement of change over timetechnically robust	<ul style="list-style-type: none">breakdowns by school decile only, not household incomereflects school attendance rates of students based on data generated for Term 2 of the school year – not the whole year
Potentially avoidable hospitalisations	as measured by the rate of children (ages 0-15) hospitalised for potentially avoidable illnesses. (administrative data)	<ul style="list-style-type: none">administrative data provides excellent coverage	<ul style="list-style-type: none">breakdowns available by NZDEP quintiles only, not household income

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