

Department of the Prime Minister and Cabinet

Child Poverty Reduction Proactive Release June 2018

The document below is a Cabinet minute setting out the levels, and process for intermediate (three-year) child poverty reduction targets. The Child Poverty Reduction Bill sets a framework requiring government to set both long term (ten-year) and intermediate (three-year child poverty reduction targets).

Date: 21 March 2018

Title: Cabinet Social Wellbeing Committee (SWC) Minute - Three-year intermediate targets for child poverty reduction.

No information has been withheld in this document.



Cabinet Social Wellbeing Committee

Minute of Decision

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Three-year Intermediate Targets for Child Poverty Reduction

Portfolio **Child Poverty Reduction**

On 21 March 2018, the Cabinet Social Wellbeing Committee:

- 1 **noted** that the Child Poverty Reduction Bill introduces a framework that requires governments to set out how they will address child poverty, including the setting of ten-year and three-year child poverty reduction targets;
- 2 **noted** that in the speech that the Minister for Child Poverty Reduction (the Minister) gave at the first reading of the Child Poverty Reduction Bill, she invited the Select Committee to consider the appropriate periods to be covered by the intermediate targets;
- 3 **noted** that the 2015/16 and 2016/17 Household Economic Surveys appear to have achieved an unusually low number of sole-parent families, which will disproportionately reduce the reported poverty rates for children;
- 4 **noted** that officials from Statistics NZ and the Ministry of Social Development have advised that both the 2015/16 and 2016/17 Household Economic Surveys are not suitable for the purposes of providing baseline rates for robustly assessing progress to targets, because of the relatively small sample size in those years, and the sampling issue referred to in paragraph 3 above;
- 5 **noted** that the Minister's preferred approach is for both three-year and ten-year targets to have a start year of 2018/19, with estimated 2017/18 rates used as the baseline figures for the targets;
- 6 **agreed** that indicative three-year targets be announced as percentage point reductions in the first instance, and that precise target levels are confirmed once actual 2017/18 rates are available;
- 7 **noted** that the Minister has announced the intended ten-year targets under the Bill, which are as follows:
 - 7.1 reduce the proportion of children in low-income households (using the before-housing-costs measure) from roughly 15 percent of all children to 5 percent;
 - 7.2 reduce the proportion of children in low income households (using the after housing costs measure) from roughly 20 percent to 10 percent;
 - 7.3 reduce the proportion of children in material hardship from between 13 and 15 percent now to 7 percent;

- 8 **agreed** to the following indicative three-year targets for the three primary measures for which data is available:
- 8.1 reduce rates on the before-housing-costs 50 percent moving line measure by six percentage points;
 - 8.2 reduce rates on the after-housing costs 50 percent fixed line measure by four percentage points;
 - 8.3 reduce rates on the standard material hardship measure by three percentage points;
- 9 **noted** that the rates and numbers used in paragraph 7 and 8 above rely on ‘best estimates’ of current rates, and if the actual rates for 2017/18 differ significantly from current estimates, there could be an impact on the target rates that are ultimately set;
- 10 **invited** the Minister to report back to the Cabinet Social Wellbeing Committee by April 2019 on the updated rates for 2017/18, and any proposed changes to the government’s three- and ten-year targets.

Jenny Vickers
Committee Secretary

Present:

Rt Hon Jacinda Ardern
Rt Hon Winston Peters
Hon Kelvin Davis
Hon Grant Robertson
Hon Phil Twyford
Hon Carmel Sepuloni (Chair)
Hon Dr David Clark
Hon Stuart Nash
Hon Iain Lees-Galloway
Hon Jenny Salesa
Hon Ron Mark
Hon Peeni Henare (part of item)
Hon Willie Jackson
Hon Aupito William Sio
Hon Julie Anne Genter
Jan Logie, MP

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Minister for Child Poverty Reduction

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet
Officials Committee for SWC