

Department of the Prime Minister and Cabinet

Child Poverty Reduction Proactive Release March 2018

The document below is one of a suite of documents released by the Department of the Prime Minister and Cabinet (DPMC) that formed the basis of decisions on the Child Poverty Reduction Bill introduced on 31 January 2018.

Some parts of this document 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 sections of the Act that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Date: 6 December 2017

Title: CBC Minute for Legislating to Reduce Child Poverty.

Information withheld with relevant section(s) of the Act:

Recommendations 12 and 40-42
s 9(2)(f)(iv), s 9(2)(g)(i) - under active consideration.



Cabinet Business Committee

Minute of Decision

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Legislating to Drive Action to Reduce Child Poverty

Portfolio Child Poverty Reduction

On 6 December 2017, the Cabinet Business Committee:

A legal framework to encourage action on child poverty

- 1 **noted** that child poverty imposes considerable social and economic cost, and there is robust evidence that growing up in poverty can harm children in multiple, predictable, substantial and often sustained ways;
- 2 **agreed** to legislate for a framework with the overarching purpose of achieving a sustainable and significant reduction in child poverty by encouraging:
 - 2.1 a focus on child poverty across government and society more generally;
 - 2.2 a commitment to action on the part of government;
 - 2.3 political accountability for results against published targets;
 - 2.4 transparency on levels of child poverty in New Zealand;
- 3 **agreed** that under this legislative framework, the government be required to:
 - 3.1 establish longer-term and intermediate child poverty targets for a set of four 'primary measures';
 - 3.2 monitor and report progress towards those targets, as well as for a set of six 'supplementary measures', on a regular basis;
 - 3.3 develop a strategy to improve children's wellbeing and reduce child poverty;

Child poverty measures and reporting

- 4 **agreed** that legislation require the Chief Executive of the Ministry of Social Development (MSD) and the Government Statistician to jointly produce and publish annual reports on child poverty using the measures specified in the Act, utilising the skills and expertise from both agencies;

- 5 **agreed** that, to ensure the robustness and impartiality of this reporting, the legislation:
- 5.1 specify that the Government Statistician has responsibility for deciding what data and statistical methodology is to be used, in consultation with the Chief Executive of MSD, and following best practice statistical principles and protocols;
 - 5.2 include a duty for officials to act independently of Ministers;
- 6 **agreed** that the report described in paragraph 4 must include the following ‘primary’ measures, which will form the basis for targets under the Bill:
- 6.1 a moving line measure reflecting the proportion of children living in households with annual equivalised disposable incomes, before housing costs are deducted, that are below 50 percent of median household disposable incomes;
 - 6.2 a fixed line measure reflecting the proportion of children living in households with annual equivalised disposable incomes, after housing costs are deducted, that are below 50 percent of median household disposable incomes (anchored in a specified year);
 - 6.3 a measure of material hardship reflecting the proportion of children living in households with hardship rates below a standard threshold;
 - 6.4 a measure of poverty persistence reflecting the proportion of children living in households experiencing income-based poverty and/or material hardship, based on at least one of the measures above, over several years;
- 7 **agreed** that the child poverty report described in paragraph 4 must include the following supplementary measures, which will not be subject to target requirements:
- 7.1 a moving line measure reflecting the proportion of children living in households with annual equivalised disposable incomes, before housing costs are deducted, that are below 60 percent of median household disposable incomes;
 - 7.2 a moving line measure reflecting the proportion of children living in households with annual equivalised disposable incomes, after housing costs are deducted, that are below 60 percent of median household disposable incomes;
 - 7.3 a moving line measure reflecting the proportion of children living in households with annual equivalised disposable incomes, after housing costs are deducted, that are below 50 percent of median household disposable incomes;
 - 7.4 a moving line measure reflecting the proportion of children living in households with annual equivalised disposable incomes, after housing costs are deducted, that are below 40 percent of median household disposable incomes;
 - 7.5 a measure reflecting the proportion of children living in households experiencing severe material hardship;
 - 7.6 a measure of severe poverty reflecting the proportion of children living in households with hardship rates below a standard threshold and with annual equivalised disposable incomes, after housing costs are deducted, that are below 60 percent of median household disposable incomes;
- 8 **agreed** that the legislation require that reporting on the poverty persistence measure in paragraph 6.4 begin by 2024, when a suitable measure will be available;

- 9 **agreed** that the child poverty report described in paragraph 4 must include a technical appendix that describes the methodology used for each of the primary and supplementary measures specified in paragraphs 6 and 7;
- 10 **noted** that MSD intends to continue to produce further detailed reporting of a similar nature to the Household Incomes Report;
- 11 **noted** that in order to support the new reporting regime, there is a need to improve the data sets used to measure child poverty, and to develop a new poverty persistence measure;
- 12 s9(2)(f)(iv), s9(2)(g)(i)

Child poverty targets

- 13 **agreed** that the legislation require that the responsible Minister publish longer-term ten year targets for reducing child poverty;
- 14 **agreed** that the legislation require that the responsible Minister publish intermediate three-year targets for reducing child poverty;
- 15 **agreed** that legislation require that the long-term and intermediate targets be set for each of the primary measures specified;
- 16 **agreed** that legislation requires the targets to be set:
- 16.1 within 12 months of the legislation coming into force for the three primary measures for which data is available, namely those measures specified in paragraphs 6.1, 6.2 and 6.3 above;
- 16.2 by 2024 for the persistence measure in paragraph 6.4 above;
- 17 **agreed** that legislation require the responsible Minister to review the intermediate targets for the primary measures of child poverty at least once every three years;
- 18 **agreed** that legislation require the responsible Minister to consider the on-going appropriateness of the ten-year targets for the primary measures of child poverty at least once every three years;
- 19 **agreed** that legislation require the responsible Minister to review the longer-term targets for the primary measures of child poverty at least once every ten years;

Our first long-term targets

- 20 **noted** that the proposed targets align with or exceed the previous government's commitment to the United Nation's Sustainable Development Goals of halving poverty on national measures by 2030;

- 21 **agreed** that the first ten-year targets to be achieved are:
- 21.1 for the before-housing-costs 50 percent moving line measure: 5 percent of all children;
 - 21.2 for the after-housing-costs 50 percent fixed line measure: 10 percent of all children;
 - 21.3 for the material hardship measure: 7 percent of all children;

- 22 **noted** that the Minister for Child Poverty Reduction intends to work to meet the target identified in paragraph 21.1 within the first two terms of government;

Strategy for improving children's wellbeing

- 23 **agreed** to amend Part 1 of the Vulnerable Children Act 2014 to replace the existing provisions for setting Ministerial priorities with new provisions requiring the responsible Minister to publish a strategy for improving children's wellbeing;
- 24 **agreed** that the legislation require the responsible Minister to:
- 24.1 publish the strategy within 12 months of the legislation being passed;
 - 24.2 review the strategy every three years;
- 25 **agreed** that this strategy must:
- 25.1 set out the policies that government has implemented, and those it intends to implement, to improve the wellbeing of children;
 - 25.2 set out the policies that government has implemented, and those it intends to implement, to reduce child poverty and socio-economic disadvantage;
 - 25.3 set out the outcomes that are sought for children in New Zealand and how these outcomes will be measured;
 - 25.4 include an assessment of the likely impact on child poverty of the policies outlined in the strategy, as well as the impact of any expected economic changes;
- 26 **agreed** that the legislation require the responsible Minister to consult with Māori in the development of the strategy;
- 27 **agreed** that the legislation require the responsible Minister to consult with children in the development of the strategy;
- 28 **agreed** that the legislation require the responsible Minister to report annually on progress in achieving the outcomes set out in the strategy;
- 29 **agreed** that the legislation require the reporting in paragraph 28 above include monitoring of disparities between outcomes for children in poverty and socio-economic disadvantage, and outcomes for all children;

- 30 **agreed** to amend the legislation to require, once the child wellbeing strategy is published, that chief executives of children's agencies jointly develop a plan setting out how they will work together to improve the wellbeing of the groups of children currently specified in section 9(2) of the Vulnerable Children Act 2014, namely:
- 30.1 children and young people with early risk factors for future involvement in the statutory care, protection and youth justice systems;
 - 30.2 children and young people receiving assistance, youth justice services, care or transition support services under the Oranga Tamariki Act 1989;
 - 30.3 care-experienced children and young people aged up to 21;
- 31 **agreed** to change the name of the Vulnerable Children Act 2014 to the Children's Act;
- 32 **agreed** to amend the Vulnerable Children Act 2014 to rename the "Vulnerable Children's Plan" an "Oranga Tamariki Action Plan";
- 33 **agreed** that that the legislation require that the Oranga Tamariki Action Plan must set out the steps that chief executives will take to achieve any specific policy priorities, identified in the Ministerial strategy, for children with early risk factors for statutory involvement in services provided by Oranga Tamariki, children and young people whom Oranga Tamariki works with, and care-experienced children up to age 21;
- 34 **agreed** that the Prime Minister may, at her or his discretion, designate separate responsible Ministers for the targets, strategy, and plan;
- 35 **agreed** that the Minister for Child Poverty Reduction and the Minister for Children be jointly responsible for overseeing the development of the wellbeing strategy;
- 36 **invited** the Minister for Child Poverty Reduction and the Minister for Children, in consultation with other relevant Ministers, to report back to Cabinet in December 2017 on the process for developing the child wellbeing strategy;
- 37 **agreed** that the Minister for Children will be responsible for approving the "Oranga Tamariki Action Plan";

Budget day reporting

- 38 **agreed** that the Minister of Finance be required by legislation to present to the House of Representatives immediately after he or she has delivered the Budget, or at any time prior to that time on the same day, information on how the measures contained in that Budget;
- 38.1 contribute to the achievement of the published longer term and intermediate targets;
 - 38.2 are consistent with the strategy required in paragraph 23 above;
- 39 **agreed** that the information presented must include an assessment of:
- 39.1 how Budget measures are consistent with the approach to reducing child poverty outlined in the government's wellbeing strategy;
 - 39.2 as far as possible, an assessment of how Budget measures are expected to impact on primary measures of child poverty;

Financial implications

s9(2)(f)(iv), s9(2)(g)(i)

Further targeted consultation

- 43 **agreed** to further consultation on the policy decisions for the legislation in the paper under CBC-17-SUB-0048, including with Māori representative groups with a demonstrated interest in child poverty, and with non-government organisations representing children's interests;
- 44 **agreed** that this consultation may include the use of relevant extracts of the draft bill;
- 45 **noted** that any significant policy changes proposed from this consultation will be submitted to Cabinet for decisions;

Legislative implications

- 46 **noted** that the proposals contained in the paper under CBC-17-SUB-0048 will require amendments to existing legislation;
- 47 **invited** the Minister for Child Poverty Reduction to issue drafting instructions to the Parliamentary Counsel Office to give effect to the decisions in the paper under CBC-17-SUB-0048;
- 48 **authorised** the Minister for Child Poverty Reduction to make technical and administrative changes required to finalise draft legislation giving effect to the proposals in the paper under CBC-17-SUB-0048, in keeping with the overall policy aims of the proposals, and in consultation with other Ministers as appropriate;
- 49 **noted** that any substantive policy decisions required to finalise draft legislation for inclusion in the Bill will be submitted to Cabinet for decisions;
- 50 **noted** that it is intended that the Bill will be introduced and referred to a select committee;
- 51 **agreed** to include a Child Poverty Bill in the 2018 Legislation Programme with a category 2 priority (to be passed in 2018);

Publicity

- 52 **noted** that the Minister for Child Poverty Reduction intends to make a statement to the media at the post-Cabinet press conference indicating that the government is making progress on the Bill, and are on track to introduce it during the first 100 days in office.

Jenny Vickers
Committee Secretary

Hard-copy distribution: (see over)

Present:

Rt Hon Jacinda Ardern (Chair)
Rt Hon Winston Peters
Hon Kelvin Davis
Hon Grant Robertson
Hon Phil Twyford
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Andrew Little
Hon Carmel Sepuloni
Hon Dr David Clark
Hon David Parker
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Tracey Martin
Hon Damien O'Connor
Hon Ron Mark

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet

Hard-copy distribution:

Minister for Child Poverty Reduction
Minister of Finance
Minister for Social Development
Minister for Children
Minister of Statistics

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