

POST-CABINET PRESS CONFERENCE: TUESDAY, 30 JANUARY 2018

Start time: 16.29

PM: Right, welcome everyone. Apologies for the slightly tighter time frame for all of you today by starting slightly later. My hope is that we'll primarily stick to the announcement around the child poverty bill, just because of the constraints I know you'll be facing and the fact that we've had a couple of stand-ups already today. I am happy to run through the agenda for the rest of the week though. Tomorrow, Wednesday, I will be travelling to Greymouth with Minister Little and Minister O'Connor for an announcement relating to Pike River. On that evening, I will, however, be travelling back, in time for the speech, which I've flagged I'll be giving to just simply wrap the 100 days and lay out some very broad priorities for the Government, going forward. On Thursday, we will be announcing more details around the inquiry into State abuse. And then, Thursday night, obviously I'll be travelling—Thursday afternoon, excuse me, I'll be travelling to Waitangi.

The purpose of today though: I would like to focus on the release of the Child Poverty Reduction Bill, which, hopefully, by now everyone has a copy of. I'll just give a broad outline of what we hope to achieve with this bill. As many of you will know, I've often said that child poverty and the well-being of children is something that motivated me to get into politics, and it is one of the things that motivates me as a Prime Minister as well, and one of the reasons I have taken on a child poverty reduction role we created in Government.

Measures of child well-being are broad, but there is no doubt that material hardship and the income that a family lives on is one of the key determinants of child well-being, and the evidence points to that fact. So yes, while there are a range of things this Government will need to do to address child well-being, we will not ignore the role that income plays. What we want to do is get beyond the political back-and-forth around what measures of child poverty are in this country, and, therefore, how we as a Government should be held to account. There is plenty of international evidence now and established wisdom around how you measure income poverty and material deprivation—enough, in fact, that by and large we collect most of the data we need to do the job. That hasn't stopped the political debate.

What I hope to do with the introduction of this bill is finally put an end to that with a raft of measures, which this Government will report on annually, and which this Government will then place targets alongside. We have been very deliberate, though, around whether or not the targets themselves that we will set will be embedded in the legislation. I originally started out with the view that they should be; however, after discussion with those who have lobbied long and hard for this kind of bill to be put in place, their request is that I remove the targets themselves—keep the requirement, but remove our explicit Government targets from the bill. The reason for that: they wanted political consensus. They wanted a bill that would remain beyond political cycles, that any Government could sign up to, because all we were requiring was transparency and accountability. I listened to that view and that is why we have the bill in the form we have today.

Let me run through briefly what it will do. It sets out the primary purpose, which is to focus any Government on the issue of child poverty reduction, ensure political accountability, and require transparency through reporting. It uses four primary measures. The first is low income before housing costs, at 50 percent of the median moving line. Now, this is a measure that's often used by the OECD, so in frequent use internationally. It is also the measure you would have heard numbers around during the election. So when the last Government talked about reducing child poverty by 50,000, it was against this measure that they were talking about.

The second is low income after housing costs. This one is used less frequently internationally, but is incredibly important to a New Zealand environment, where the cost of housing is having such a huge impact on child well-being and families generally. This is the

one that tells us what the housing crisis—the impact it is having on families and therefore something we wanted to be a firm measure.

PM: The next is material hardship. That one goes beyond just income. That's the one that tells us of the 17 questions we put before a family: whether or not they pick up a prescription when they need it, go to the doctor when they need, whether they can heat their home or have adequate meals. If they score in a particular way on that score card, they will fall into the category of material hardship. Again, this is an EU tool, so internationally established. It takes us a little bit beyond straight income measures, because there will be some families who won't fall in strict poverty but will definitely appear in this measure. It gives us a full picture.

The only one where—a new measure that hasn't been canvassed by Social Development routinely before is the final primary measure: it is persistent poverty. That is a measure of how consistently a family remains in poverty once there. Why is that important? That gives us a strong sense of where we should be targeting our policies. Otago University did do a piece of work on this in the past. So it has been done before and it demonstrated to us that most families often will persist in poverty when their children are the youngest. So that gives us a good steer around the kind of things you might want to do around ECE, around sole parent support. It really guides the way that you develop your policy, and so therefore is really important. That's the one that we actually need to develop work on so we can deliver that data. That's why we have slightly different timelines for that measure. Those are the measures that a Government in future must put targets around. There are then a set of supplementary measures that gives us a full picture: exactly what's going on in New Zealand around poverty. We're not requiring Governments to set targets against those but they will be required to report on them.

We've also required that any future Government must set targets across a three-year cycle and a 10-year cycle. That's acknowledging that certain things may be achieved over time, and we want a Government to keep an eye on longer-term targets as well as intermediate ones. The Government Statistician is the one that must produce and publish annual reports. That's because they are independent. They will do so in liaison with the Chief Executive of the Ministry of Social Development. The Public Finance Act will be amended to require the reporting on child poverty, and that will mean that the Budget will take a different flavour, in the sense that alongside all of the other requirements, there will be a progress report on how the Budget will make a material difference to child poverty.

Finally, I absolutely accept the question that's being raised by the Opposition around the bill itself not being the thing that demonstrates how we will reduce child poverty. Absolutely correct; this bill never purported to do that. The way any Government chooses to reduce child poverty, we hope will be contained in the well-being strategy. That's where we talk about how we will reduce child poverty incomes—from an income perspective, but also all of those other measures that aren't about income: what we do to support children in the early years, what we do to support their parents, what we do around their life course generally. And that, again, is required by law.

As I've mentioned, the targets aren't being released today. There are two sets, as I say: the three-year and the 10-year. One set I will be looking to release this week. The other set, I still have a bit of a process to go through but will be released in time for the public to consider the targets alongside the bill when it goes to select committee, so people can have their say. So those will both be out in the very near future.

I want to do them separately, though, because the question of whether you support this bill at the moment has nothing to do with our targets. It's just whether you support the ambition of holding yourself to account in the future around child well-being. Open for questions.

Media: Prime Minister, you said you got into politics to eradicate child poverty. Do you think this bill will do that, will eradicate child poverty?

PM: Oh, look, the bill itself is about holding us to account, and future Governments. I want child poverty to endure beyond me, and this is one way that we can do that. Really, the thing that makes a big difference are the policies we put in place, and so that goes well beyond this bill, but this bill is the foundation for the future work I want every Government to do.

Media: Prime Minister, what's your 10-year target to reduce child poverty?

PM: As I've said, we'll be releasing the targets very, very shortly; one set of which will be this week.

Media: How does this address some of these issues that National has talked about with the social investment approach, like long-term welfare dependency and—

PM: Yeah. Look, the point I would make there is that it demonstrates some of the problems sometimes with those BPS targets. That assumes that the only people who are experiencing poverty in New Zealand are those on benefits. Yes, a large portion are, but actually, from memory, 40 percent are working families. We have income poverty through the working poor. So this is about addressing low incomes and inadequate incomes across the board. It's a much broader approach than the BPS targets ever were

Media: How much do you feel—I mean, you talked about this as being why you came into politics. How much do you feel that these targets will hold you to account if the Government fails to meet them in three years?

PM: Look, absolutely it will, and rightly so. What this bill is saying is that we're not afraid to be held to account. We should set high standards, particularly when it comes to children and child well-being.

Media: Sorry, can I just clarify—which set are you going to release this week, which target?

PM: I don't think I want to ruin the surprise. You won't have to wait long.

Media: Are you going to do the three-year or the 10-year?

PM: Both will be before the select committee consideration, which is obviously very soon, given we're having a first reading shortly—it's being tabled tomorrow. But, look, you'll know within the week whether it's the three or 10 that we'll be releasing first.

Media: But the targets have nothing to do with the bill. Like I just said, I just don't understand why we can't know which targets you're going to release this week.

PM: Just because I like surprises.

Media: Did you consider waiting until after the Treasury has come back with their confirmation of those numbers around how many people would be helped out of poverty?

PM: Oh, look, that question was raised with me, but, no. Ultimately, the projections around the impact of our Families Package doesn't change the fact that we need to set up a mechanism that holds ourselves to account in the future, and says just how ambitious we plan to be. The Families Package—you're right—was the first step towards achieving the future goals we will set for ourselves, so it shouldn't stop us from putting this foundation in place.

Media: The Children's Commissioner was on *The Nation* last year with you, I think—or you were on after him. You agreed to a reduction of 10 percent. Is that still the case?

PM: Yeah, and that was specifically for the material deprivation. But I'm certainly mindful of all of the commitments I've already made, and they will be reflected in the targets that we release.

Media: On the well-being strategy, will that be heavily targeted towards the targets—the people in the target areas that you've got? In other words, will the well-being strategy abandon universality?

PM: No, not at all. In fact, that's one of the reasons that we put this strategy in place in the first place. The last Government was very explicit about wanting to target those children who are at risk of going into State care. Whilst that is an area of work, absolutely, that we need to do, that neglects the huge number of children who will never be at risk of going into State care, who experience deprivation that impacts on the rest of their lives. So, yes, we will still have a Tamariki Ora action plan for those kids in care or transitioning out of care. The well-being strategy is very much about inverting the triangle and saying we reduce the risk of leaving children behind if we continue to use universalism, but we scale it up where appropriate. The idea of proportionate universalism is something, in this area, I feel quite strongly about.

Media: What's the cost going to be of collecting all of this information and putting it together in a way that can be digested?

PM: The transfer of the production of presentable information should be able to be absorbed into baselines. But the collection of the data is something that is going to come at a cost. We need to produce the persistent poverty information, and there's also more we need to do to make sure that the work we already do through the household income survey is really robust. So a bit more of an injection will go into statistics, and we'll be making sure that we're seeking that through the Budget process.

Media: And how do you measure material hardship? Who will be responsible for that one?

PM: The material hardship survey, at the moment, I think is delivered—I believe the scorecard is delivered via MSD. I believe. It might be Stats—I can check that for you.

Media: Just getting back to the question of the universalism. Does this indicate that there is now, therefore, going to be a substantial overhaul of Working for Families?

PM: No. But, if I could give you an example—no, I mean, there is a place for targeting those, of course, on low incomes. That's how we get these figures down. But—

Media: But Working for Families does that.

PM: Yeah, indeed, but in a targeted way. I guess a good example would be the Best Start payment. There's an element of universalism in the first year, and part of the reason for that is because we read the data on those who actually have persistent lower incomes, and they tend to be earlier on in a child's life. So we're combining those two elements, those two approaches.

Media: Is child poverty in New Zealand the worst it's ever been, at the moment?

PM: I think it's fair to say that we haven't seen vast improvements. The two periods of time in New Zealand where we've seen the biggest change to child poverty has been through the period when we saw benefit changes in the '90s and through the period in which we saw Working for Families. That tells us that when a Government makes certain decisions, it can have a big impact. What we need to do is make sure it has a positive impact.

Media: Can you just explain, I guess, for Kiwis who live in Remuera or Merivale or wherever, who don't often see this on the streets and this happening. But 290,000 Kiwi kids living in poverty or hardship—that's a huge number. I guess, can you just explain where they are and what kind of situations they're in?

PM: You know, I think Kiwis have a really good sense of what feels fair and what feels right in a country like New Zealand, and families who don't have enough income—from work included—to put decent food on the table and to ensure their kids have, you know, the right clothes, warm clothes for school, isn't right in a country like New Zealand. And that's the sum of the impacts of people not having enough to get by.

Media: Up to 290,000 Kiwi kids who don't have enough food on their table, don't have clothes on their backs, don't have air or heating, clothes to wear, school shoes to wear to school, that type of thing?

PM: Oh, look, and as I say, yeah, you're right—"up to". And what we want to do is make sure that we have the most accurate picture possible. How many kids there are, how old they are, and what we can do to make sure that we improve the situation. This information will make us better at improving the lot of Kiwi kids and doing our job properly.

Media: You've talked about your Families Package, obviously, being a big factor in lifting children out of poverty. Are you going to do a second version of that in this term?

PM: Well, it certainly will help us if we get a good sense of what the Families Package will achieve in its totality once it's in place—fully in place. We don't have that yet. Those are numbers that Treasury's working on. That will then give us a sense of what more is required. What we'll have to do is, of course, weigh up what we do in that space versus what things, like deprivation, we need to tackle, because that's really direct things like the cost of going to the doctor or prescriptions.

Media: Do you actually—second question on this—but do you actually even have the money to be able to do a second Families Package of that scale? Because, looking at your forecast budgets, there's not a lot of room.

PM: Yeah, and that's because the first package has such a significant impact. It was highly targeted towards the low-income families who needed it most, including those in work who just had inadequate incomes. But the package that we introduced through the Families Package is not the only way to address deprivation; there are other options, and some of them are less costly.

Media: But what if you need, in order to meet your target, of a budget of showing how you'll reduce poverty, you need to spend more money and you don't have it?

PM: As I say, there are multiple ways to do that, and tax credits are just one of them.

Media: Do you want the legacy of your prime ministership to be eradicating child poverty in New Zealand?

PM: Look, if I were able to make a consistent dent in child poverty, that would be a huge improvement on where we are now. But there's a lot of things that this Government wants to achieve. This just happens to be an incredibly personal and important one.

Media: When do you think you're going to have the well-being strategy finished?

PM: We've given ourselves 12 months. I've already started by, in particular, calling together our chief science advisers and saying what I'm really interested is the evidence that we should be utilising all of the existing information that we should be acting on. And I want a life course piece of work—something that really talks about the best way for us to intervene from birth, right through. And we already have some excellent information to steer what that strategy should look like.

Media: So does that mean that there won't be measures in this year's Budget to address child poverty?

PM: Well, we've already—in our mini-Budget we've already indicated the kind of package we want to make a dent. Of course, by the time we reach Budget 2018 we will have a sense of the impact that that had. Look, I'm happy to voluntarily put up the information that we're saying in the future will be required to put in place. This bill, however, won't be in place by Budget 2018. '

Media: What are the other measures that you could use that wouldn't cost so much money to reduce child poverty?

PM: Ah—well those, what I'm referring to there are some of the things that are tagged in the material deprivation—the material hardship scorecard, because those are things that

often can be quite heavily targeted. They're things that do sit around, for instance, access to healthcare, the cost of heating, for instance. So our winter energy payment should, hopefully, make a difference under that score. There are things that demonstrate families are lacking what they need to get by that aren't just about income.

Media: But that's something you could address—

PM: In a targeted way.

Media: —in this Budget, or next Budget?

PM: Well, I'd like to think that some of what we've already done with the Families Package will contribute. I think we should, at least, acknowledge that what we've done already is pretty significant in this area—that it's not everything but it's a lot.

Media: Has Treasury given you any heads-up of what the corrected figure will be to allow you to, sort of, finalise one set of targets?

PM: I didn't want to base the target solely on what we think we can already tick off.

Media: But you were going to be able to do that previously?

PM: It wouldn't have changed the target I'd set. You know, I think, yes, we have a projection of how far we've gotten, but I think it would be wrong simply to say I'll set a target based on what we've already achieved. And now, you know, for surety, we definitely won't be doing that.

Media: Do you have any views on whether Governments, perhaps—setting targets in relation to how much money they're forecast to have and the risk of them being, perhaps, less ambitious than they otherwise might have been?

PM: Well, that's for Governments to be held to account on via our parliamentary process, via the electoral system, and that's, ultimately, you know, what you drive when you're really open about what your ambitions are. It's up to the public to call us out on whether or not (a) we're been ambitious enough or whether or not our priority's right. If they see significant, for instance, Budget surpluses while you continue to have low ambition around child poverty, then they may be likely to raise that.

Media: PM, when you release your targets later in the week, are you going to put in place measures that you're going to do to achieve those, or is that part of the well-being strategy?

PM: Again, I'll refer back to the fact that we have already, with the Families Package, put in place a significant package that will make a difference to these numbers. So I wouldn't want to see that discounted so early on.

Media: The Opposition's already said that there's not much substance in how you would achieve these goals. Would you point to that the Families Package's already—

PM: Oh, indeed I would. But also the fact that this is a framework; it's very deliberate. Had I put in place a piece of legislation that included a requirement around Working for Families or tax credits, I very much doubt I would get cross-party support. That's the political. Those are where the judgments lie. What I wanted to put in place was at least some consensus that this is important enough, that we'll be transparent about what we're doing and how much we're achieving.

Media: Can you just reiterate your view on social investment, and could it play any part in the current child well-being strategy?

PM: Where the evidence suggests—and we've long supported the idea of early intervention, which is one way that you could frame elements of social investment. But, at the same time, I've seen versions of social investment that discount the idea of proportionate universalism and policies that actually will ensure that we don't leave anyone behind. I'll give you an example. If we only invest in children that we predetermine are at risk, then we risk leaving behind the kids that dip in and dip out of vulnerability. A mother,

for instance, who experiences post-natal depression cannot be predicted through their income source, their level of income, or whether or not they're on a benefit. Whereas, if you have an approach via a child well-being strategy that says: look, we want to make sure we've got services that will pick up families no matter what, we're less likely to run the risk of leaving those parents and those children behind.

Media: What happens if you implement policies that increase child poverty? For example, some people argue that tobacco excise is a factor, in terms of hitting low-income families who're spending more on tobacco, and if you raise tobacco excise, what happens then?

PM: Yeah. Well, look, that would play out, ultimately, if that were indeed the case—that would play out in your—I was going to say your stats, but because they tend to take a proportion of the income as a whole. We are looking at things like child impact assessments, so that means that individual decisions we make as a Government, having a think about the impact on families and kids. That's probably the more appropriate place you'd pick up something like that.

Media: What's your view on that? Is the tobacco excise a problem?

PM: I think it has to be weighed up. It's not just about income. Yes, if you increase the excise on cigarettes, that may reduce someone's disposable income, but there are health impacts of second-hand smoke to kids, as well. We have to think about both. We also have to think about the fact that the cost of cigarettes does have an impact on uptake.

Media: The Opposition, they talk up BPS by saying that specific Ministers are responsible, so if a Minister's underperforming you can see it: they're a target. Do you worry that these measures will, because they hold the whole [Inaudible] accountable, they have been lost?

PM: That's interesting, because my view is that the BPS targets were more targeted at the Public Service than they were at Ministers. This is holding a Government to account. We are the ones who are reporting, we are the ones who are driving the well-being strategy. I think it's right that if we set those targets, we should be driving that and be accountable for it, as well.

Media: What are the dangers in moving away from social investment, in terms of taking your eye off the causes of social deprivation? I mean, you do refer to jobs here.

PM: I dispute whether or not we are taking our eye off the causes. I mean, this is not mutually exclusive from wider pieces of work. What we've expressed concern—I mean, show me a Government that doesn't want to increase employment; show me a Government who doesn't want to reduce the number of people who are on an unemployment benefit. What we are mindful of is, if you put specific targets around that, sometimes you create perverse incentives. You put a specific target around, for instance, reducing down the number of people on a main benefit: how do you make sure that you don't stop people from accessing the help they need when they need it, because you've got a target that's driving behaviour. So that's, you know, I would dispute that we're moving away from some of those goals. It's all about how you set a measure and target around what you're generating as a Government.

Media: Has any Government decision been reached yet about the America's Cup village?

PM: I haven't had an update since the weekend from David Parker. Happy to touch base with him but I haven't heard anything new. But, mind you, I haven't asked since Sunday. Thanks, everyone.

End time: 16.56

conclusion of press conference