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# THE HEART OF POVERTY

DEFINING AND MEASURING WHAT IT MEANS TO BE POOR IN NEW ZEALAND • KIERAN MADDEN

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Who is poor? How did they get there, and how has poverty damaged their lives?

We're engaged in a long-term project to develop strategies and policy solutions for those in or at risk of poverty—our families, friends and fellow New Zealanders who are missing out on what most of us take for granted. To do this well, we need a deeper understanding of how poverty definitions, measurements, causes, consequences and solutions all fit together.

For now, we seek better-informed policy for better outcomes—to tackle poverty we need to first understand it. Our thinking has been informed by research from our Issues Paper and the consultation process outlined in the reflections section of this paper. Our recommendations are as follows:

## *Definition and Measurement:*

- *Recommendation 1: Poverty should be defined as a situation where: a person or family lacks the material resources to meet their minimal needs as recognised by most New Zealanders.*

There are many faces to poverty. We've seen heartbreaking images of empty lunchboxes, sick children, and families struggling with sub-standard housing. To respond well we need to know what we are responding to, and for this we need a precise yet easily understood definition that most people find meaningful. Defining poverty as a lack of material resources doesn't mean we think that its causes, consequences and solutions are all about money. Policy needs to tackle these as well as focusing on adequate resources.

- *Recommendation 2: Regularly publish a poverty and deprivation dashboard including income measures, deprivation and outcome indicators.*

It's crucial that we have regular reporting on these broadly agreed upon, benchmark figures. Without ongoing reporting across a variety of indicators, it's impossible to get a clear sense of how poverty is impacting people's lives and how we as a nation are progressing over time. Because poverty is complex, no one measure is sufficient: different measures tell different stories and serve different purposes—this is why we need a dashboard. Headline income measures track overall progress, while multi-dimensional indicators track causes, consequences and risk factors related to poverty, and are much better suited to guiding and informing policy.

- *Recommendation 3: Use consensual budget standards to better identify what most New Zealanders think is a minimal acceptable standard of living and potentially derive an income threshold from this process.*

We need a measure that resonates with, and is easily understood by New Zealanders. Surveys and focus groups should be conducted to create a “basket of goods” that represents the bare necessities required to participate in New Zealand society today. The poverty line could then be set at a level of material resource that is required to meet our minimal needs. This process should include the views of New Zealanders from all walks of life to ensure this measurement has broad appeal.

- *Recommendation 4: Use clustering statistical techniques to target, tailor and evaluate policy by identifying people and families with different combinations of risk factors.*

There's no one-size-fits-all approach to solving a problem this complex, so we need practical, made-to-be-used measures that identify and group people and families with similar combinations of risk factors likely to trap and keep them in poverty. Not all single mothers in poverty are the same for example: assistance that helps a single mother in Auckland with a heavy debt burden, an unstable casual job and few social ties escape poverty will be very different to a single mother in rural New Zealand with a child with chronic health issues, a university degree and strong family support. We want enriched information that enables smarter, more holistic solutions and paints a better picture of what the lived experience of poverty is really like.

### *Institutional Frameworks and Reporting:*

- *Recommendation 5: There should be some legislative requirement that the measures and indicators above are regularly published.*

In order for measurements to be useful and comparable across time, they must be regularly published and updated. Legislation should exist to protect the ongoing integrity of the measures that researchers, policymakers and practitioners depend upon.

- *Recommendation 6: A poverty-specific legislative framework should not be implemented.*

While many persuasive arguments have been made for a "Child Poverty Act" in New Zealand, similar to legislation in the UK, we recommend that there are more flexible and less costly ways to incentivise and coordinate policy action on poverty in New Zealand.

- *Recommendation 7: Extend the Better Public Service targets / Results for New Zealanders framework to include reasonable, time-specific targets aimed at reducing poverty.*

We do think that targets can be effective at signalling government priorities, helping government agencies and non-government organisations work better together while keeping the government more accountable. Extending the current suite of Better Public Service Targets to include thoughtfully and reasonably set targets aimed at reducing poverty and poverty-related outcomes would help achieve these goals. These targets should be paired with policy and assessment strategies to reach them and to make sure they're effective.

### *Data Access and Collection:*

- *Recommendation 8: Further investment is required in better data sources in New Zealand, particularly longitudinal studies like SOFiE, to understand the causes, consequences and dynamics of poverty.*

We can learn a lot from great work done overseas, but New Zealand's unique history, geography, culture and economy means we need to know what's happening here over time. To do that, we need to invest in quality longitudinal research that will provide vital insights into the pathways in to and out of poverty across New Zealand. This information is critical for more effective policies.

- *Recommendation 9: Official datasets should be more easily accessible to researchers.*

Government ministries and agencies have vast amounts of useful data that show the patterns of poverty in the lives of New Zealanders. Their first duty of care must be to safeguard the privacy of their clients, but more can be done to make this information available and less costly to researchers and academics, both within and outside of government.

This set of recommendations on defining and measuring poverty is the first step in our journey towards developing and advocating for policies that give struggling New Zealanders the help they need and deserve. Our next step is to investigate the underlying causes and the damaging consequences of poverty—our findings will be outlined in a report later this year.

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