

Moving Targets

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“Unless we understand HOW numbers are put together, and WHAT they mean, we run the RISK of seeing problems where there are NONE, of MISSING urgent and addressable NEEDS, of being OUTRAGED by fantasies while OVERLOOKING real horrors, and of recommending policies that are FUNDAMENTALLY misconceived.”

The Great Escape
2015 Nobel Laureate Angus Deaton

Wise targets critical for our social progress

The theme of the 2016 State of the Nation report is ‘moving targets’. We see this as a dual metaphor.

On the one hand, it is an allusion to the way in which some government agencies appear to be using targets and the numbers behind them in a less than straightforward and reliable manner. This practice has many subtle and ingenious approaches—ranging from changing the definitions behind indicators so results appear better, to inventing new numbers like pseudo-service level indicators that are difficult to verify and have no point of reference, to simply changing reporting formats in the name of improving accountability without any improvement in the reliability of the information provided. All of these approaches have recently slipped into the reporting practices of some government agencies.¹ While the targets may not change with such practices, the meaning behind them can. This can cause us to slip into a ‘movable feast’ mentality, where we find any reason to celebrate success or progress even though we have lost our sense of the purpose behind it all.

To some extent, our State of the Nation reports have contributed to these recent practices. When The Salvation Army's Social Policy and Parliamentary Unit conceived of these annual reports in late 2007, we were intentional about the use of a range of social and economic indicators to measure social progress or at least to spur public debate about such progress. There is now a close alignment between indicators reported in State of the Nation reports and the Government's better public services targets, with five of the 10 targets covered in this and previous reports. Given the political capital the Government has invested into

these result areas and targets, there is huge pressure on public sector managers to come up with favourable results. And come up with favourable results they do, as indicated in the latest results reported by the State Services Commission.² The problem is the people and agencies responsible for the results are also largely responsible for the analysis and reporting of them.

Identifying social problems and setting targets or objectives to guide New Zealand on a path that avoids gross inequities, and advances quality of life depends on accurate and objective statistical collection and analysis. These targets must be relevant to the aspirations New Zealanders have for the future and sufficiently compelling to motivate their energies and imaginations.

In our 2015 State of the Nation report, The Salvation Army called for more transparency around how results and outcomes from public services were accounted for. The subsequent response from Government has been quite disingenuous.

When asked in Parliament about the prospect of having the Better Public Services target results scrutinised by the Office of the Auditor General, the Associate Finance Minister said, ‘We do better than that; we get them scrutinised by the New Zealand public. We transparently put them out for them to be analysed by New Zealanders.’³ It is unrealistic to expect the New Zealand public to critically examine the often flimsy information offered by officials to determine the integrity and accuracy of data on such specialist fields as child abuse or early childhood education (ECE) enrolment.

When asked a similar question about transparency in ‘delivering better public services for New Zealanders’, the Deputy Prime Minister referred to risk analysis on welfare dependency undertaken by Treasury.⁴ Few people would claim that risk analysis ever makes things clearer, but such analysis is not the same thing as tangible results verified by a party that does not have a vested interest in reporting good news stories.

In his 2013 book *The Great Escape*, 2015 Nobel Laureate Angus Deaton said, ‘Unless we understand how numbers are put together, and what they mean, we run the risk of seeing problems where there are none, of missing urgent and addressable needs, of being outraged by fantasies while overlooking real horrors, and of recommending policies that are fundamentally misconceived.’⁵ Open government depends critically on the availability of comprehensive and comprehensible, relevant and reliable information. Regrettably, there are emerging signs that this is not always the case with information being published by some government agencies. This means the targets against which we might measure performance and progress become tenuous and can be moved to suit whichever argument is politically expedient.

The other side of the dual metaphor of moving targets signals the need to periodically revise targets. The reason for such revision should not be political expediency, but rather the need to acknowledge progress or changing priorities so that targets remain relevant and challenging. Changing targets should not be about focusing on the next favourite political

hobby horse or scapegoat. Rather, new targets should remain relevant to our priorities for social wellbeing so we avoid the risk of ‘pursing policies that are fundamentally misconceived’, as Deaton has warned. For instance, the Government's focus on children's health and safety and on education in their Better Public Services target provide a sound conceptual model for how social progress might be achieved. However, the details of which specific targets to use must not be set in stone, and the Government has already acknowledged the need for revised targets three to five years into the programme.

A good example in terms of new targets is that of ECE. When the first State of the Nation report was released in 2008, the Labour-led Government of the time had rapidly expanded the availability of ECE subsidies through its 20-hours free programme. This expansion almost doubled the cost of ECE subsidies in four years and was partially justified on the basis that access to ECE would close educational gaps between children from low-income and middle-income families.⁶ There was substantial empirical evidence to support this as an organising idea.⁷ The reality, though, was that most of the value of this expenditure went to middle-class families simply because there were few ECE centres in low-income neighbourhoods and suburbs. Large gaps in access to ECE between middle and low-income communities, and in particular between Māori and non-Māori families, persisted. Previous State of the Nation reports drew attention to these inequities. To its credit, the present Government has rapidly expanded the provision of ECE centres in low-income communities and the results are noted in this

report. It seems likely that the Better Public Services target of having 95% of pre-schoolers enrolled in ECE will be met through this initiative.

The problem is that the target—and indeed, the State of the Nation reports' advocacy—have focused on quantity rather than quality. Quality in some ECE centres is now emerging as an issue, although the overall extent of this problem has not yet been well documented.⁸ The ultimate test of the effectiveness of the \$1 billion expansion in ECE subsidies over the past decade is whether or not the cognitive ability and school readiness of the poorest 20% of new entrants have improved. These outcomes should be the focus of ECE targets, rather than quantity or quality measures, but such targets are difficult to quantify and measure.

The Better Public Services targets are a commendable effort at focusing on tangible results from the public sector and a good way of popularising the idea that public services should contribute to social progress and address inequality. But this may eventually be seen as political or bureaucratic chicanery if there is no independence in how results are accounted for, and if targets become redundant because they are no longer relevant to the emerging concerns of the time. The absence of a target or two around housing is one such example.

This, the ninth State of the Nation report, continues The Salvation Army's efforts to raise questions around our social progress as a nation and highlight both good and bad aspects of New Zealand's social and economic conditions.

The indicators we offer have not altered fundamentally, although some of the measures used to illustrate them have changed, partly in response to changes in the format of information offered by government agencies. We hope the change to an online delivery format this year will provide the information from this report to a wider audience.

- Two examples of these practices are cited in this report. These are Child, Youth and Family's decision to downgrade the importance of emotional abuse and neglect of children as forms of child abuse worth investigating and changes in reporting of crime statistics in the name of transparency, which leave large gaps in the information provided. A further example is the Department of Correction's recent move to stop reporting on the number of prisoners it is accommodating, and instead report on internally-generated prison performance measures—see http://www.corrections.govt.nz/resources/prison_performance_tables.html
- See State Services Commission's website at <http://www.ssc.govt.nz/better-public-services>
- Hansard (debates) for 30 April 2015 at <http://www.parliament.nz/en-nz/pb/debates/debates>
- Hansard (debates) for 9 December 2015 at <http://www.parliament.nz/en-nz/pb/debates/debates>
- Deaton, A. (2013) *The Great Escape: Health, Wealth, and the Origins of Inequality*. Princeton University Press, p.16.
- Budget expenditure tables report spending on ECE operating subsidies rising from \$408 million in the 2003/04 financial year to \$807 million in 2007/08 and \$1.58 billion by 2014/15.
- See, for example, Mitchell, L. Wylie, C. and Carr, M. (2008) *Outcomes of Early Childhood Education: Literature Review*, New Zealand Council for Educational Research, available at http://www.nzcer.org.nz/system/files/885_Outcomes.pdf
- See Kirsty Johnston's articles on ECE quality in the *New Zealand Herald* on 20/04/15, 07/10/15 and 20/10/15, and 2012 reports to the Minister of Education from the Early Childhood Sector Advisory Groups on ECE sector quality, available at <https://assets.documentcloud.org/documents/1994969/ece-sector-advisory.pdf>

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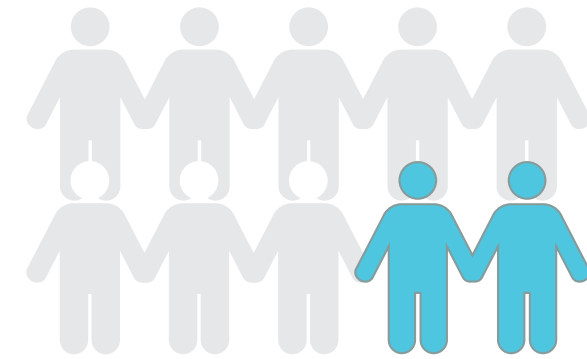
Full report available for viewing or download from

www.salvationarmy.org.nz/MovingTargets

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OUR CHILDREN



222,000 New Zealand children (21% of under 17-year-olds) live in income poverty.

This number has changed little since 2010, despite the economy growing by over 12% in last five years.

CHILDREN AT RISK CHILDREN AND VIOLENCE

The number of confirmed cases of child abuse or neglect has fallen by almost 22% over the past five years to 16,472 although this decline is due to Child Youth and Family changing its definitions. Recorded violent offences against children have not fallen over this period.

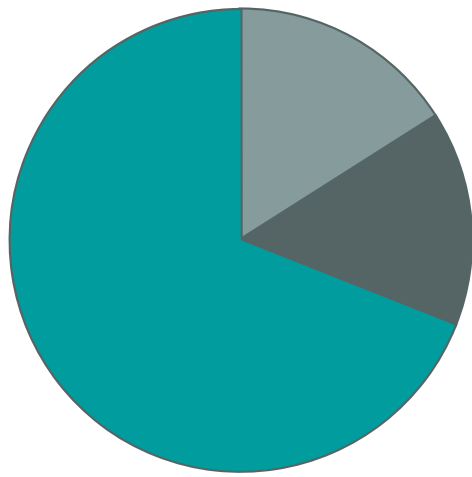
EDUCATIONAL ACHIEVEMENT TEENAGE PREGNANCY

Although University Entrance (UE) pass rates fell between 2013 and 2014 (due to higher standards being applied), the fall was largest for students from the poorest communities.

Teenage pregnancy rates fell to the lowest level on record at 31 pregnancies for every 1000 women aged 15 to 19 years.

INDICATOR	2010	2014	2015
Number of children living below poverty line (50% of median income after housing costs)	213,000	222,000	Not available
Number of notifications for possible child abuse or neglect	124,921	146,657	150,905
Number of substantiated cases of child abuse or neglect	21,025	19,623	16,472
Court proceedings against 14- to 16-year-olds	4239	2226	1,926
Children enrolled in early childhood education	188,953	200,002	Not available
UE pass rates: Decile 1, 2 and 3 schools	16.2%	16.8%	Not available
UE pass rates: Decile 8, 9 and 10 schools	57.2%	59.9%	Not available
Number of infant deaths	330	268	251
Pregnancy rate amongst 15 to 19-year-olds (pregnancies/1,000)	51	31	Not available

CRIME & PUNISHMENT



According to the 2014 NZ Crime and Safety Survey, only 31% of crime is reported to Police.

Of that, just 47% is recorded as an offence—in other words, recorded crime is less than 15% of actual crime. For assaults, just 6% of offences are recorded.



SENTENCING AND IMPRISONMENT RECIDIVISM

The average prisoner population during 2014/15 reached an all-time high of 8,732—slightly more than 2010/11.

The Māori rate of imprisonment remains 3.5 times that of the entire population and seven times that of non-Māori. At the end of 2014, Māori made up almost 56% of the prisoner population, despite making up less than 16% of the population.

There was a small fall in rates of re-offending by released prisoners from 2010 to 2014, but these rates have begun to rise again. The 12 month re-imprisonment rate for released prisoners rose from 25.9% in 2013/14 to 28.1% in 2014/15.

INDICATOR	2010	2014	2015
Total charges prosecuted against adults (excl. traffic offences)	270,611	171,174	166,107
Number of people convicted	98,502	70,314	66,002
Number of people sent to prison	9118	7151	7176
Average number of people in prison	8478	8460	8732
Number of new starts for non-custodial community-based sentences	62,146	49,121	46,463
Imprisonment rate for total population (prisoners per 100,000 population)	195	189	192
Imprisonment rate for Maori population (prisoners per 100,000 population)	697	674	693
Percentage of released prisoners re-imprisoned within 12 months of release	28.4%	25.9%	28.1%

WORK & INCOMES



Of 3.5 million New Zealanders aged over 18, 1 million receive Government income support.

(300,000 receive a working age benefit, while 700,000 receive New Zealand Superannuation or Veteran's Pension.)

EMPLOYMENT UNEMPLOYMENT INCOMES

208,000 jobs were created between 2010 and 2015, but only 20,000 last year.

Unemployment has changed little over the past five years. At the end of 2010, 156,000 people were officially unemployed, compared with 133,000 at the end of 2015.

Average weekly wages for employees rose 10% in inflation-adjusted terms between 2010 and 2015 (\$89 per week), to stand at \$973 at the end of 2015.

INDICATOR	2010	2014	2015
Number of people in work	2.16 million	2.34 million	2.37 million
Number of people officially unemployed	156,000	142,000	133,000
Number people of on working age benefits	352,700	309,100	301,300
Number of people receiving NZ Superannuation or Veteran's Pension	571,100	674,000	700,600
Average weekly wage for employees (at Dec-15 \$ values)	\$884	\$945	\$973
Per-capita GDP (at Sept-15 \$ values)	\$50,100	\$53,300	\$53,500
Number of people working for minimum wage	36,300	109,000	115,100
Number of food parcels provided by The Salvation Army	51,800	55,250	55,100

SOCIAL HAZARDS



Consumption of alcohol declined gradually over the past five years.

In 2010, an average 10.2 litres of pure alcohol was available for consumption for every person over the drinking age of 18. By 2015, this availability had fallen to 9.3 litres.

9.3 LITRES OF ALCOHOL PER PERSON 18+

ALCOHOL ILLICIT DRUGS GAMBLING

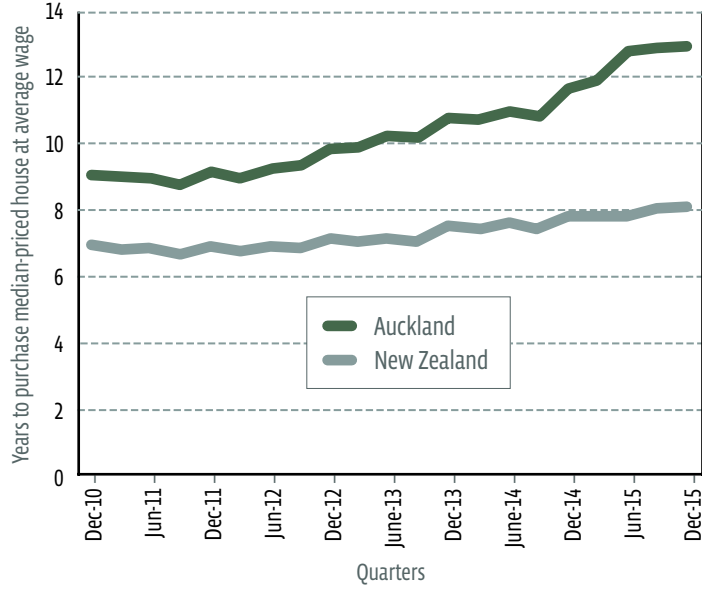
The proportion of road accidents causing injury where alcohol or drugs were a contributing cause has remained constant at 13% since 2010.

The number of convictions for illicit drug offences has fallen nearly 40% since 2010, although those found using such drugs report the same availability of drugs on the street.

The number of Class 4 non-casino gaming machines continues to fall, although these numbers appear to be stabilising—during 2015 the number of such machines fell by just 370.

INDICATOR	2010	2014	2015
Availability of pure alcohol for consumption (litres for every person over 18 years)	10.2	9.6	9.3
Drink/drug-driving convictions for every 10,000 roadside tests	95	70	70
Proportion of injury road accidents caused by drugs or alcohol	13%	13%	13%
Convictions for illicit drug offences	15,500	9340	9356
Number of Class 4 non-casino gaming machines	18,601	16,814	16,440
New clients using problem gambling services	10,498	9,235	9,575
Average gambling spend for people over 18 years (at Jun-15 \$ values)	\$650	\$620	\$605

HOUSING



House prices continue to rise faster than wages and salaries.

By Dec 2015, it cost 13 years of the average wage/salary to purchase a median-priced house in Auckland, compared with 8 years across NZ (incl. Auckland). Both levels are unprecedented.

HOUSING AVAILABILITY HOUSING AFFORDABILITY HOUSEHOLD & HOUSING DEBT

27,132 consents for new dwellings were granted in 2015, of which 9,251 (34%) were in Auckland. However, Auckland accounted for 37% of NZ's population growth.

Rents continue to rise faster than wages and salaries. During 2015 in Auckland, it took the equivalent of an extra 45 mins of pay to cover the rent on a modest two-bedroom house. Across all of NZ, it took an extra 0.3 hour of pay.

Average household debt rose 4% in real terms during 2015 to \$134,800, of which \$113,500 was housing-related debt and \$21,300 was consumer or credit card debt.

INDICATOR	2010	2014	2015
Years of ave. wage/salary required to purchase median value house—NZ	6.9	7.8	8.0
Years of ave. wage/salary required to purchase median value house—Auck	9.0	11.7	12.9
Hours of services sector wage to pay rent on 2 bedroom flat—NZ	12.6	13.2	13.5
Hours of services sector wage to pay rent on 2 bedroom flat—Auckland	17.2	18.9	19.6
Additional population for every new dwelling consented—NZ	2.7 people	3.0 people	3.3 people
Additional population for every new dwelling consented—Auckland	4.9 people	4.9 people	3.7 people
Household debt as proportion of GDP	94%	90%	93%
Household debt as proportion of disposable household income	152%	152%	152%