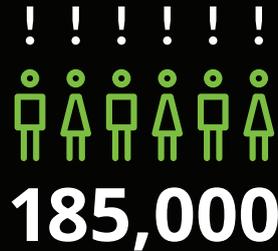


Targeting our enduring challenges



High risk

Children 0-14 with two risk factors are considered high risk



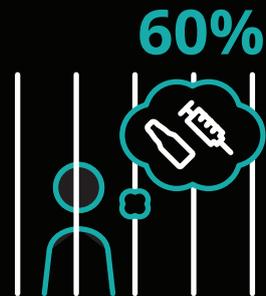
At-risk youth

185,000 children/young people are considered at risk of poor life outcomes



Double the rate

Northland's not in employment, education or training (NEET) rate is nearly double that of the national rate



Substance abuse

Around 60% of people serving community based sentences have substance abuse problems

Why does an investment approach matter?

Current social services do not always address the needs of New Zealanders with poor life outcomes. This can lead to long term negative impacts.

With low cost education, affordable healthcare, and a temperate climate, New Zealand should be the perfect place to live.

However, while most people in New Zealand are flourishing, some children, young people and adults experience alarmingly poor outcomes. Further, we don't always know how effective taxpayers' money is in improving their circumstances.

With the country's dependency ratio forecast to rise – meaning more people over the age of 65 will need to be supported by the working age population – there is a pressing need to ensure all New Zealanders are set up for good life outcomes from their early years, and supported to become productive and healthy adults.

Children at risk

Children and young people with certain risk factors have a higher chance of poor life outcomes. Data on our country's children and young people aged 0-24 years old – as at December 2013 – shows a strong correlation between these risk factors and poor outcomes in adulthood.

For example, risk factors for New Zealand children aged 0-14 identified by the government are:



A finding of abuse or neglect by Child Youth and Family (CYF)



Being mostly supported by benefits since birth



Having a parent with a prison or community sentence



Having a mother with no formal qualifications

Children with two or more risk factors are considered to be at risk. There are just over 121,000 New Zealanders aged 0-14 with two or more risk factors and, in total, around 185,000 children and young people aged 0-24 who are identified as at risk.

Corrections and welfare costs of at-risk children by age 35

0-14 years	Number of identified people	Average cost per person by age 35
0 risk factors	602,577	\$33,132
1 risk factor 	149,226	\$98,819
2 risk factors  	77,817	\$171,136
3 risk factors   	35,715	\$233,810
4 risk factors    	7,845	\$270,762
15-19 years		
Belonging to none of the risk groups	253,023	\$48,725
 Belonging to any of the risk groups	36,516	\$236,754
20-24 years		
Belonging to none of the risk groups	264,111	\$45,527
 Belonging to any of the risk groups	28,095	\$304,705

Source: The Treasury

Compared to their peers, at-risk children are more likely to face bleak futures. Children with two or more risk factors are substantially more likely to leave school with no qualifications, be a main benefit recipient, or serve a community or prison sentence (The Treasury, 2016a).¹

Due to the fact that data becomes richer as a person ages, the definition of at risk also changes for the older group of young people aged 15-24. They are deemed at risk if they belong to one or more risk factors.

Left unaddressed, some of New Zealand's at-risk children and young people could cost taxpayers dearly. But worse still is that the potential of these young people may not be realised. The table above shows how large the average lifetime costs could be of each at-risk 0 to 24-year-old by the time they reach 35.² These figures are not predictions or forecasts; nor are they based on an exhaustive list of risk factors. They cover the potential costs associated with corrections and social welfare services, without any other additional costs that may be incurred.

Looking at a region

Northland is a region with promise. Tourism is growing and it has strong industries such as dairying, marine manufacturing and forestry.

It also has the highest dependency ratio of New Zealand's regions. The Tai Tokerau Northland Economic Action Plan has a number of goals in place to lift the achievement levels of its young people. These include seeking to up the completion rates of NCEA Level 2, increase the number of people with higher qualifications, and decrease the number of young people not in employment, education or training (NEET) (Tai Tokerau Northland Economic Action Plan Advisory Group, 2016).

Northland's NEET rate of 20% is nearly double that of the national rate. For the past decade, the region's NEET rate has persistently languished above the national average. Northland school leavers are more likely than their peers nationally to leave school only achieving NCEA Level 1. Just 12% of Northlanders have a higher qualification, compared to 20% nationally (Martin Jenkins, 2015).

Northland's unemployment rate is also well above the national rate and Northlanders' household incomes are among the lowest in the country (Martin Jenkins, 2015).

All of New Zealand's regions have their strengths and weaknesses and the people who live in them have goals for making their communities better. This is just one example of how social investment could have a regional dimension, and be applied to a particular set of region-specific issues.

¹This report notes that risk indicators do not always lead to poor outcomes. For example, 35% of the 121,400 children aged 0-14, identified as having 2 or more risk indicators, are predicted to experience none of the poor outcomes identified.

²For 0-14s, data was taken from the Treasury's (2016) Characteristics of Children at Risk infographic. For example there are the 77,820 children from ages 0-14 identified as having 2 key risk indicators which are projected to cost the government an average of \$171,100 per person by the time they reach 35. For 15-19s and 20-24s, data was taken from the Treasury's (2016) social investment Insights <https://shinyapps.stats.govt.nz/sii>.

Social investment and adults

We need only look to the corrections system to see what can happen when people are trapped in a cycle of disadvantage. The Department of Corrections has rich information on its prisoners. Around 60% of community-based offenders have substance abuse problems and approximately half of all crimes are committed by people under the influence of drugs and alcohol (Department of Corrections, 2016a). As many as 90% of prisoners have trouble reading and writing and 60% are unemployed before they are arrested (National Party, 2014).

Corrections has six areas of focus to reduce re-offending, including tackling alcohol and drug abuse, more rehabilitation that works and increased education and job skills. By 2017, the Department of Corrections and the wider Justice sector have a goal of reducing re-offending by 25% (Department of Corrections, 2014).

This is a tough job. Re-offending has dropped by around 7% in the past three years. However almost 28% of people who leave prison or start a community sentence will re-offend within a year – around 16,000 people (State Services Commission, 2016). The prison population is also rising, rather than decreasing.

Social investment and population groups

The prison population remains stubbornly and disproportionately made up of Māori – mostly young Māori men (Ministry of Justice, 2013).

This sad fact overshadows the improvements Māori have brought about for their young people. More mokopuna are being immunised than ever before. The rate of educational attainment is growing faster for Māori and Pasifika than those of other ethnic groups. For NCEA Level 2, Māori rates are up from 62% to 72% while Pasifika rates are up from 54% to 79% since 2008 (Parata, 2016). Māori have made great leaps in tertiary education participation too, although participation and completion rates are still lower than those of the total population.

The gains – particularly in education – that Māori have made over recent years shouldn't be belittled. Education combats poverty and gives people a voice in their communities. It helps to overcome self-perpetuating disadvantage.

There is still more to do to ensure the gains young Māori make translate to success in adulthood. Māori voter turnout, for example, was around 7% lower than for non-Māori voters in the 2014 election (Electoral Commission, 2014).

As many as 90% of prisoners have trouble reading and writing

The median income for Māori also lags behind the median for other ethnic groups. The life expectancy for Māori men is 73 years of age – four years fewer than Māori women, and seven years fewer than non-Māori men (Statistics New Zealand, 2015).

New Zealanders are lucky to belong to a country with a long, unbroken democracy, stability, and a quality of life envied by other nations. Everyone should be able to share in the benefits. This means tackling some persistent problems affecting different people throughout the country.

The data above tells us what part of the problem is but that's just the first step. It doesn't solve the problem – data to help the government evaluate 'what works' is quite different.