

# 1000 days to get it right for every child

## *The effectiveness of public investment in New Zealand children*



The shortened version of a report  
prepared by Infometrics Ltd for Every  
Child Counts



He Mana tō ia Tamaiti  
Every Child Counts

He Mano Ra  
1000 Days To Get It Right For Every Child

## He Mana tō ia Tamati/Every Child Counts

He Mana tō ia Tamati/Every Child Counts is a coalition of organisations and individuals formed in 2004 and led by Barnardos, Plunket, Unicef, Save the Children and Te Kahui Mana Ririki.

We believe that a positive, economically sustainable future for New Zealand is only possible if —

- Children are placed at the centre of government policy and planning
- Child poverty is eradicated
- Child maltreatment is reduced
- Every child is given a good start in their early years
- The status of children and of the child-rearing roles of families, whānau, hapū and iwi are increased.

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### Notes:

Cover illustration: OCC/Barnardos Photovoice project 2009 [www.occ.org.nz](http://www.occ.org.nz)

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## Key messages

There are five key messages that emerge from the literature review and economic analysis undertaken by Infometrics Ltd. They are —

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| Key message no. 1 | The first one thousand days of a child's life are critical in determining whether or not that child will be a healthy, mature and productive adult.   |
| Key message no. 2 | The economic cost to the New Zealand economy of poor child outcomes is of the order of 3 percent of GDP (approximately \$6 billion). This includes increased health, welfare, remedial education, crime and justice expenditure and lower productivity.   |
| Key message no. 3 | New Zealand public investment in children is both low and relatively ineffective by international standards.  |
| Key message no. 4 | The Netherlands provides an alternative model of comparatively modest, but highly effective public investment in children.  |
| Key message no. 5 | There is international unanimity that deprivation is a primary risk factor in early childhood resulting in poor outcomes in adulthood. Deprivation includes inadequate family income, poor quality housing, inability to access health services, educational opportunities and reduced social engagement. |
| Key message no.6  | Any solution requires long term action plans not subject to short term electoral cycles and adversarial politics.   |

# 1000 days to get it right for every child

## *The effectiveness of public investment in New Zealand children*

The effectiveness of public investment in New Zealand children underlines the economic cost resulting from inadequate investment in young children. Using a human capital framework, the report documents the economic impacts of poor child outcomes. The focus is solely economic and does not address political, social equity or child rights implications of child outcomes. It is entirely evidence-based and draws upon a wide range of international literature.

Drawing on OECD data, Infometrics find that child outcomes in New Zealand are typically almost twice as bad as outcomes obtained in Denmark, which is the best performing of thirty OECD countries. Greater levels of investment in early-years education, health and poverty reduction are warranted by economic analysis of positive impacts, but are not in themselves sufficient. Firstly, it should be observed that economic growth and prosperity typically improve child outcomes. Secondly, the effectiveness of early childhood policies, programmes and interventions vary considerably from one country to another.

Not only is New Zealand one of the poorest performing countries of the OECD in terms of child outcomes, but its results for every dollar spent is among the least effective. North European countries such as Denmark achieve the best outcomes with the highest rates of per child public spend. The Netherlands achieve a startling result. Although they spend only a fraction per child of the Nordic countries they achieve nearly comparable child outcomes. In other words, their programmes are very effective and much less costly. It needs to be borne in mind, though, that their public expenditure per child is nearly twice that of New Zealand's.

International studies highlight the critical importance and vulnerability of the first years of a child's life. Poor early childhood experiences such as deprivation, inadequate housing, poor parenting, exposure to violence and so forth generate long term social and economic costs including costing the economy between 2 percent and 4 percent of GDP. Multiple studies are cited throughout the report to show the correlation between successful early life experiences (a loving, language rich, consistent and economically secure environment) and higher education, income and health levels. Household income and maternal education are associated with child wellbeing and health. Positive and negative experiences in these areas can become intergenerational and therefore successful interventions can be powerful investments that produce economic multipliers.

International literature is unanimous in giving primacy to deprivation among the risk factors. There is considerable discussion concerning the causative mechanisms, its correlation with poor parenting and its impact at different stages of childhood. The report concludes that not only is deprivation a cause of poor outcomes in adulthood, but it is also a critical indicator of other likely causes such as stressed or inept parenting, family structure and parental employment status. Deprivation causes the greatest damage during the early years of childhood.

The early years are critical due to intense neurological development during those years. It is to these years, therefore, that government policy and public investment needs to be targeted for the best returns. Skills are accumulated early in a child's life, with each level of attainment providing the basis for further growth and development. Early interventions are more successful and have greater payoffs than later interventions. Effective investment in early childhood years will increase the likelihood of productive skills, ultimately increasing individual and economy wide returns while simultaneously reducing calls on the state for benefits and other types of assistance.

An examination of child outcomes (over twenty measures) and investment levels of thirty countries provides striking insights. Infometrics subjects the data to detailed comparative analysis and concludes that New Zealand ranks 28th in terms of child outcomes. They then plot the outcome score against per child public spend for each country. New Zealand spends about US\$14,000 per child, the Netherlands about US\$24,000 and the top spending countries, over US\$50,000. The Netherlands result cries out for further research as they achieve child outcomes comparable to those of the highest spenders.

Regression analysis of the child outcomes for the various countries concludes that concentrating spending on under six year olds would be an effective way of improving child outcomes in New Zealand. A 3 percent increase in expenditure on the under sixes is likely to produce the equivalent of a 10 percent increase in expenditure for all children allocated as at the present.

Policy settings that help reduce childhood poverty include free preschool for children of poor socio-economic status (where tax payers get back a greater measurable return than they invest), welfare benefit approaches that do not discourage people from working and coordinated approaches to support in which children are developed within their own family and community setting.

Given fundamental changes in social structures, the report notes that it is family function, not family form that matters. Children can have their emotional, mental and physical needs met in a range of family settings. In single parent household settings, increasing transfer payments, supporting the parent to engage in substantial employment, and the provision of high quality child care may all be important. Quality child care in this context is about creating whole of life time benefits, not a care service for a working single parent. Improved early childhood education access for Māori and Pasifika and low income families is required. Private under-investment in education must be offset by government policies that subsidise education costs.

It is clear that the highest needs and the highest risk children should have priority access to intensive services. The Prime Minister's Science Advisory Committee 2011 report noted that, "... the evidence is compelling that targeted intensive but costly interventions towards the higher-risk sections of the community has a higher rate of social and economic return". Successful investments are not inexpensive, but additional investments must be in the right things. There is

little research evidence that spending more on older children produces the same returns as for younger children. Nor is it clear that investments in long term single-parent benefits is positively correlated to improved child well being.

There is no single approach to improving child outcomes. Spending and attention across a range of fronts is required. The idea of a wide ranging portfolio of investments to improve outcomes for children may be a useful concept. Knowing what to invest in requires good information, evidence and analysis. Evaluations are likely to be more meaningful where clear targets were set at the time of introducing a new programme.

Other characteristics of an effective public investment portfolio include a minimisation of conflation or conflict of objectives such as that between meeting social need and labour market participation; a balance between income support and service provision; parent education and employment training; parental leave provision; and policies that facilitate and encourage single parent participation in the paid workforce without being punitive. Access to affordable early childhood education is a critical form of public investment leading to positive returns for good child outcomes.