From: Leon Iusitini s9(2)(a) [redacted]
Sent: Monday, 3 O[redacted]
To: Gail Pacheco s9(2)(a) [redacted]
Subject: Feedback on 'A Fair Chance For All' interim report

Hi Gail,

I've read (parts of) ProdCom's 'A Fair Chance For All' interim report, specifically chapters 3 and 4. I have some feedback on these chapters, included below, and thought it might be easiest if I just send it to you to pass on to the right people.

Feedback on Chapter 3 | Measuring persistent disadvantage in Aotearoa New Zealand:

- The chapter begins by noting that it focuses on intragenerational persistent disadvantage but does include at the end of the chapter a brief section on measuring intergenerational disadvantage. This section (a) looks very much like a glossed-over tack-on and (b) inaccurately references my PhD thesis. It cites Iusitini (2022) as attempting to measure intergenerational disadvantage in the domain of income poor. But that's not what I did. I didn't do any analysis of the 'income poor' or by any poverty threshold.

- The chapter states "Iusitini (2022) found that there is persistence in income levels across generations in Aotearoa New Zealand, both in the low income deciles where persistence ranged from 28%–57% from the parent of the first generation to the child of the next generation, and the high-end deciles where persistence varied from 28%–60%. The values varied based on the method used, the data source, the gender of the parent and the gender of the child". I am unsure what these sentences are referring to. None of my analyses examine income deciles, and the percentages reported do not look familiar to me. I *do* use Christchurch Study data to examine intergenerational mobility across *quintiles* of family income (p. 117 of my thesis). This shows, for example, that 33% of offspring whose parents' family income (averaged over childhood) was in the bottom quintile were themselves in the bottom quintile of family income as an adult. The chances of these offspring moving into the top quintile in adulthood was 13%. Since these quintiles don't correspond to definitions of 'income poor' or poverty thresholds, their relevance to the Inquiry may be limited (but still of interest).

- Similarly, a recent paper by Brown (2022) uses Inland Revenue tax data in the IDI to examine intergenerational mobility across deciles (and quintiles) of income. Intergenerational persistence in the bottom decile was 13%, while the chances of these offspring rising to the top decile (by age 30) was 5%. Belsky et al. (2018, p. 33 of appendix) use Dunedin Study data to examine intergenerational mobility across five quantiles/categories of socioeconomic status and find intergenerational persistence in the bottom SES category of 41%. Again, for both studies, these deciles/quantiles/categories don't necessarily correspond to income poverty.

- In my thesis (p. 72), analysis of New Zealand Longitudinal Census data showed that there was a very strong association between father's and son's incomes when fathers had received a means-tested benefit. Since these fathers and sons had lower-than-average incomes compared to the rest of the fathers and sons in the sample, this association represents intergenerational transmission of disadvantage (but again, not 'disadvantage' as defined in the interim report).

- The section states "Iusitini (2022) used data from the Christchurch Health and Development Study to determine that three-quarters of intergenerational income persistence among children could be explained by their non-cognitive traits (anxiety problems) and cognitive skills (as measured by IQ score at eight to nine years of age, reading ability at age 18 and educational attainment by age 40)". Note that (a) the non-cognitive traits (better described as 'childhood behavioural problems') were anxiety problems *and conduct problems*; (b) educational attainment by age 40 was considered *separately from cognitive skills* (IQ and reading ability) rather than as a component of cognitive skill, and (c) my 'final model' also included occupational attainment at age 40 (see p. 153 of my thesis). This material is potentially better-situated in section 4.4 of chapter 4 on the causes of intergenerational disadvantage.

- Maloney, Pacheco and Maani (2003) and Pacheco and Maloney (2003) examine the intergenerational association in welfare participation (unemployment and DPB benefit receipt) in New Zealand. Crichton et al. (2015) also examine intergenerational linkages in benefit receipt. The findings of these papers may be relevant to the Inquiry. Also potentially of relevance is OECD's (2018, p. 251) results on 'stickiness at the bottom' of the educational attainment distribution, showing that offspring in New Zealand have a 31% chance of low educational attainment (lower secondary or less) if neither of their parents has attained upper secondary qualifications, which is below the OECD average (but their chances of tertiary attainment are the highest in the OECD).

- On page 29, it states "Aotearoa New Zealand currently has limited evidence on the prevalence or extent of intergenerational disadvantage, as no consistent longitudinal administrative or survey data is available". I think this is accurate with respect to the report's definition of persistent disadvantage, but it may be worth briefly summarising here what is known about intergenerational mobility/immobility in New Zealand. On this count, there is a decent summary in a Treasury draft paper (written by Tim Hughes, titled "The Distribution of Advantage in Aotearoa New Zealand - Background Paper for the 2022 Wellbeing Report", recently circulated for feedback but not yet published). Hughes summarises the current 'state of play' with respect to intergenerational income mobility in New Zealand (but doesn't cover mobility with respect to social class, socioeconomic status, educational attainment, or other outcomes).

- In the references on page 146, my thesis is referenced as the "pre-examination version". As it has now been examined and published online (seek link in the first bullet point), can this please be updated?

- I couldn't see any reference to the studies of intragenerational persistence of poverty or low income by Ball and Wilson (2002), Ballantyne et al. (2004), and Carter, Mok and Le (2014) (noting that the latter may be covered better in Carter and Imlach Gunasekara (2012) which *is* cited). There may be good reason for these omissions, but I thought I'd signal it in case these studies have been overlooked and can further inform the report (possibly they are too dated and don't shed any further light than more-recent studies). While not focused on income poverty per se, both Hyslop (2000) and Maloney (2004) examine intragenerational mobility across quantiles of income (individual incomes and family incomes, respectively, thus enabling examination of persistence in the bottom quantiles, even if these don't correspond to poverty thresholds). Also note that Alinaghi et al. (2020) are trying to construct a longitudinal dataset of family incomes in the IDI so that family income dynamics can be studied for the wider population.

<u>Feedback on chapter 4 | Causes of persistent disadvantage:</u>

- On page 47, it states "…there is a lack of detailed life course or longitudinal data in Aotearoa New Zealand…which makes it hard to understand how different factors in a person's life interact to cause disadvantage to persist". As stated, I'm not sure this is true. The Dunedin and Christchurch longitudinal studies have published extensively on a range of outcomes that are synonymous with or closely related to 'persistent disadvantage' as defined in the interim report and which take into account a plethora of family background characteristics. The GUINZ study is now doing the same. I think the chapter neglects the extensive range of findings relevant to persistent disadvantage that have emerged from these studies (acknowledging that the literature is huge). As just one example, Gibb, Fergusson and Horwood (2012) use Christchurch data to examine how family income in childhood affects children's educational, socioeconomic, psychosocial, and health outcomes at age 30, concluding that "in general these findings clearly suggest an intergenerational transmission of educational and economic privilege in which increasing childhood family income was associated with increasing educational and economic privilege even after adjustment for a wide range of childhood, family and related factors". Could the sentence be reworded to be more specific about the data inadequacies that it's lamenting?

- With regard to section 4.4 which focuses on the intergenerational context, Hernandez (2019) finds that parents' educational attainment and divorce status have large impacts (relative to other family background variables) on offspring's NCEA achievement in New Zealand (using IDI data), and Maré and Stillman (2010) find that living with one parent or no biological parents, mother's labour force status, and number of books in the home were all significantly associated with the PISA scores in reading, maths, science, and problem-solving of 15-year-old children in New Zealand.

- Note that a sentence is repeated at the very end of page 51.

Happy to discuss anything further with the authors of the interim report.

Kind regards,

Leon.