



Our Children Our Choice: Priorities for Policy Auckland Launch

Speech by Susan St John

Associate Professor of Economics at the University of Auckland

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It has been a real privilege to be an editor of OCOC. All the hard work however was done by the main editor Claire Dale who has had months of painstaking work.

This report is an election year follow up to CPAG reports: Left behind (2008), and CPAG Left further behind (2011). Rather than call this Left Even Further Behind, we wanted to make it clear that we each of us is allowing child poverty to happen on our watch. It is **our children, our choice**. As a society we have chosen to look after our older people well, so too we can choose to look after our children.

And...OCOC has a nice ring to it.

We have to think national and act local. Thinking nationally means getting the policy settings right. Acting local means making an individual and community effort to physically help where you can. We need both- if we neglect national policy communities become overwhelmed. In turn we must not neglect local action as government cannot do it all.

CPAG is concerned in this report with national policies- how they are failing us and overwhelming community and local resources such as foodbanks, churches, schools, emergency healthcare and budgeting services. The five parts of this report bring us up to date with the latest policy analysis. CPAG believes that if you get the fundamental policies right, only then can community care and local programmes work effectively.

So much needs to be done, on so many levels. Mike O'Brien and I have written Part 5 which deals with incomes. While housing, health and education are at the heart of children's policies, we must not forget how important it is to have sufficient money to cover the myriad of things families need if they are to participate, belong and nurture their children's potential.

CPAG has been very concerned that we have lost the security of a safety net for the children who need the most protection. We saw that loss of security with the Global Financial Crisis and

Christchurch earthquake, and it is not over yet. Jobs are being lost very rapidly in a changing economy; the economic signs are not good with dairy prices falling, a housing bubble and the very high exchange rate. Life is becoming more insecure for many, not just the poorest.

Benefits are too low. They are adjusted only for prices and have fallen further and further behind because they are not linked to wage growth as is New Zealand Superannuation. Working for Families (WFF) manages to exclude low- and medium-income families that fall on hard times from a significant part of the weekly payment made to the caregiver to need the needs of the family's *children*. People over 65 years will be protected in the next downturn but not children.

WFF is one topic in the chapter on incomes. It is a programme that is far too complicated- the FTC, IWTC, MFTC, PTC abatements and thresholds are not for the faint-hearted. As a programme it is deeply flawed with its focus on paid work above all else, and a half-baked economic argument about the need to incentivise beneficiaries who otherwise would choose to bask in the largess of a state benefit.

WFF is highly discriminatory. Our taxes that are supposed to pay for the relief and prevention of poverty, are failing to protect our poorest children. About 230,000 children live in families that do not get the \$60 a week IWTC simply because they don't work enough paid hours, or they need a benefit of some kind, or they are a student.

So is it time to talk about [tax cuts](#)???? Of course not.

Taking the bottom rate down from 10.5% to 9.5% would cost \$335 million a year and yet give virtually nothing to those on low incomes—someone on \$14,000 would gain \$140 a year - about \$3 a week. If the next rate is also brought down 1 percentage point to 16.5% it would cost \$485m and be of maximum benefit (\$92 a week) for those on an income of \$48,000 and above.

So to cut the bottom two tax rates by 1 percentage point would cost close to \$1 billion. It would not increase benefits by even one dollar; it would give peanuts to very low income and part-time workers, and have almost negligible impact on child poverty. The families that need an income boost the most would not get even the fabled block of cheese. But it would mean National can argue there is nothing left to address the needs of struggling families. John Key has already said this week that they are doing enough for families. His answer to child poverty is 'get a job'.

CPAG argues the best way to help those on the lowest incomes is to join up the In-Work tax Credit with the Family Tax Credit and give Working for Families to all low income children on the same basis. This would cost \$450-600m, depending on what price adjustments you make. This would make a significant difference – not the whole answer but a very important first step. And, at half the cost of Key's illusory tax cuts.

We also talk in the report about the impact of the punitive sanctions. We have little data on these sanctions but they have applied to families with children. There is no accountability or monitoring of who feeds the children when benefits are cut, often by 50%. Our researcher Donna Wynd has been doing some interviews she describes as 'harrowing' on the impact of the welfare system including sanctions.

She says almost everyone she has spoken to has had their benefits cut often for no good reason. People have been sent to jobs with no guaranteed hours, no baseline pay (eg a retainer), and no guaranteed hourly rate of pay. In essence, welfare reform is giving employers an excuse to behave badly.

"People find it very difficult to get supplementary assistance, and people tell me they had their benefits cut and an emergency food grant refused. They are then told there are no appointments available for two weeks."

“A very strong theme talking to parents is a pervasive concern about food - not being able to afford food, and not being able to afford good quality food. This seems to have got worse in the last 12 months. Some families have family to fall back on family- but often there is no family that can assist. Parents also link their children’s illnesses with poor nutrition”

Donna reports parents are overwhelmingly wanting to do the best, they are concerned and motivated- they just don’t have enough money.

It is not too much to ask that NZ puts children at the centre of policy.

Post-election, we want cross party support for an overhaul of all parts of the welfare and tax credit system that affect families with children.