

# CHILD POVERTY ACTION GROUP



## **Budget delivers disappointment for children in poverty but CPAG has hope this can be fixed**

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Child Poverty Action Group is both hopeful and disappointed with the Government's Budget 2020.

For many years we have advocated for extra investment in housing, health, environment and education and so we are heartened by the announcements regarding these areas. We are also encouraged by the Government leaving clear opportunities for the future, so despite largely ignoring the needs of children in this budget, they can remedy this through effective and targeted spending measures.

CPAG executive officer Georgie Crow says: "We hope the Government will take up the opportunity it has afforded itself to enable our nation to be the place where every child is able to reach their full potential."

However, this Budget is clearly focussed on responding and recovering from the shockwaves created by the COVID-19 pandemic, with significant investment on protecting jobs, upskilling and retraining, which are very important aspects to protecting families incomes.

Professor Susan St John, CPAG economic spokesperson, says given unemployment is forecast to rise to around 10 per cent, many people will be faced with inadequate welfare payments, resulting in much more child poverty and will also force people into enduring high cost debt from predatory lenders.

"The budget gives little indication of how it will reform our income support systems, despite hardship provision projected to grow 34 per cent to \$622 million by 2024, with equivalent increases expected in recoverable assistance. As families require complex supplementary payments just to survive, and they will have to run down their assets to qualify," she says.

CPAG was expecting the budget to remedy the glaring issues with the In-Work-Tax credit to enable all families on low incomes whether on benefits or not to have the full Working for Families package, which was also recommended by WEAG.

The Government itself states in this budget that the numbers of those in material hardship are expected to rise sharply. This will not only create short term individual issues but also result in long term systemic

issues that will damage not only children and families but also the very fabric of New Zealand society in generations to come.

What is heartening to see are initiatives such as an extension to the Food In Schools programme to 200,000 children. This \$220 million expansion over two years will target students in schools with the highest disadvantage and is expected to create 2,400 jobs in the community. This will make a measurable difference in children's lives, and in their communities, if the programme is well-managed and the food is locally sourced and nutritious and locals are given the opportunity to take up work that might be created.

Professor Innes Asher, a paediatrician and Health spokesperson for CPAG, says it is pleasing the health sector is getting a major funding catch up.

"There is a much needed additional \$3.9 billion support for district health boards and a desperately needed increase for capital investment for DHBs of \$750 million," she says.

"The Supporting Disabled New Zealanders to Live Good Lives initiative with an operating total of \$832.5 million is another step in the right direction. These announcements will enable our health providers to catch up to levels they need to be at, after being underfunded for so long."

Frank Hogan, spokesperson on Housing for CPAG says today's announcement is something CPAG have long called for.

"Living in a good house is central to child wellbeing and so this housing package to create 8,000 additional public or transitional housing places over the next 4 to 5 years is welcome."

In regards to education, Professor Peter O'Connor, CPAG Education spokesperson, says this sector is receiving tightly focussed investment, while not generous, is much needed.

"The budget will enable schools to undertake some investment into buildings, while there is welcome support for older learners, those wanting to do an apprenticeships and for Māori and Pacific learners, plus this is much needed salary boosts to ECE teachers," he says.

"All these measures will benefit children in some way, however we would note not much attention was given to the university sector in this budget, apart from establishing a \$20 million hardship fund in response to the COVID-19 crisis."

Mike O'Brien, CPAG's Social Security spokesperson says there is an important boost to the funding of whanau ora with an additional \$137 million and to funding of services for families experiencing domestic and sexual violence with an additional \$33 million.

"There are clearly going to be extra demands on social services in the next twelve months and beyond; the additional money for community support services will be a boost for those agencies but will need to be monitored if the organisations are going to meet the demands," he says.

Georgie Craws says the budget also gives some cause for optimism.

"As this budget has flagged \$20 billion of unallocated spending, we believe it can be best spent on our children, namely those currently locked into poverty," she says.

"With this allocated spending in mind, we urge the Government to lift benefits to be high enough that supplementary payments are rarely necessary, and penalties for additional earnings are greatly reduced."

CPAG would like to see all married person rates lifted to the single rate, and all benefits given on an individual basis.

"In a world of great uncertainty about employment, the discrimination in Working for Families that denies the full package to the worst-off children in families with benefit income makes no sense," she says.

Finally, CPAG urges the Government to immediately implement policy that allows all low-income families to have the full Working for Families support delivering another \$72.50 a week to the very worst-off children in low-income families to help parents keep their children safe and well at an annual cost of around \$450m.

"These changes will not only enable families and their children to lift themselves back onto their feet following the impact of COVID-19, but will also create a society we can all be proud of," says Georgie Craw.

The full analysis of the Budget 2020 will be available on the CPAG website.