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CHiLD POVERTY ACTION GROUP

New child poverty figures in the right direction but little relief in sight for those left behind – CPAG.

Child Poverty Action Group (CPAG) says government figures released today confirm the expected improvements in child poverty from Working for Families (WFF). Extra money in families' pockets makes all the difference, CPAG says.

But CPAG urges the government to look behind the figures. Children in families who do not meet the WFF work hours requirement and/or are on benefits have been left behind. One in five children still remain under the relative poverty line with about 150,000 children in severe and significant hardship.

These families miss out on at least \$60 a week for their children while cuts in their core benefits and hardship provision have largely offset any real improvements from increases in the Family Tax Credit.

"Working for Families is vital as the government's safety net for children, but its designers left a dangerous hole," says CPAG social security spokesperson Assoc-Prof Mike O'Brien. "Many low income parents struggle to provide the necessities of nutrition and a warm environment for their children. The recession is going to expose this hole for more and more low income families whose jobs are lost. They will lose \$60 or more of family assistance just when they need it most.

"Families need more income security rather than less if they are to raise children on budgets stretched to the limit," Assoc-Prof O'Brien says. Instead of tinkering with increasing means-tested, highly stigmatising, special needs grants for food, CPAG urges the government to do two things.

First, give the \$60 to all low income families. This would be a highly focussed way of improving the child poverty figures. Second, instigate a proper review of the benefits system. Changing the names does not get to the heart of the matter which is that the system not longer works in a modern world.

Levels of benefits need to be improved as does people's ability to supplement the benefit with extra earnings. Use of third tier means-tested supplements and high abatement of benefits against joint income at very low levels of earnings locks people into the poverty trap and gives them no means of improving their situation unless they can jump into full-time work.

The report defines poverty as inadequate resources for a minimum acceptable way of life. Poverty among children diminishes their life-long prospects, and only gets more difficult and more expensive to solve the longer it is allowed to continue.

To download the whole report:

<http://www.msd.govt.nz/documents/work-areas/social-research/household-incomes-in-nz-82-07.doc>

Note - CPAG has a legal case now before the Human Rights Review Tribunal challenging the Working for Families discrimination which has resulted in the poorest being excluded from the bulk of the package's income support measures.

The group explains that this exclusion combined with cuts to benefits and hardship assistance have sharply undercut any gains from Working for Families when parents cannot meet a work test.

The case is in recess currently and will wrap up in Wellington from July 14-18.