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**PRESS RELEASE: BOUQUET BUT BEWARE**

Child Poverty Action Group (CPAG) applauds the reduction in child poverty and the improvement in a range of other important data affecting children and families as evidenced in the Social Report 2005 released by the government. However the group points out that there is still a long way to go. The current level of poverty among children (21%) is almost three times that of the elderly (8%) and 50% higher than before the economic reforms, 1988 (14%).

Furthermore, in spite of reduced unemployment and a thriving economy income inequalities have continued to grow. This is detrimental both to people's wellbeing and social cohesion.

Between 1988 and 1996 income inequality increased more than in any other comparable country and although it has plateaued since has continued its upward trend. "New Zealand is still in the bottom half of the OECD for per capita income and income inequality" says Janfrie Wakim, CPAG Director. "There is now a solid body of evidence to show that there is a strong link between poverty rates and inequality. More unequal societies are much more likely to have high rates of poverty."

Since it is well recognised that long-lasting low family income in childhood is associated with negative outcomes, such as low educational attainment and poor health, spending on specific poverty reduction measures in childhood must be a top priority for New Zealand.

Consequently Child Poverty Action Group is alarmed at the prospect of tax cuts which will inevitably result in reductions in essential services, more hardship and rocketing levels of child poverty similar to what happened in the mid 1990's following the benefit cuts in Ruth Richardson's budget of 1991. "New Zealand is just beginning to show some progress in child poverty reduction; let us not lose any gains we are starting to make" Janfrie adds.

CPAG also notes that the report contains no measurement of households' indebtedness. Because costs like accommodation, food, power and transport are increasing, taking out loans simply to provide necessities for children when on a low income is more and more common. CPAG requests the next Social Report include some indication of debt levels, especially by families with young children.

CPAG also calls for all major parties to commit to:

- Halving child poverty by 2010 and to a clear goal of eliminating child poverty by 2015-2020 – much like the UK government's promises and actions of the last five years.
- Extending the Child Tax Credit to all low income families (not just those independent of the state) and removal of all discrimination in child-related payments based on source of parental income.

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