

CHiLD POVERTY ACTION GROUP

www.cpag.org.nz

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Child Poverty Action Group is alarmed at a government report showing that in 2008 one in six New Zealand children still lived in a household below the very lowest poverty lines. The Ministry Of Social Development's latest Households Incomes Report * also shows that, after allowing for housing costs, the percentage of children in households with incomes below 60% of the median is 28%.

"The report notes that without Working For Families these figures would have been even higher. Certainly Working for Families successfully redistributed income to working low- and middle-income families and gave them a much-needed boost. But a big component of Working for Families is the In-Work Tax Credit, and the Minister does not appear to understand that while a work incentive might seem like a good idea when the economy is booming, when jobs are lost the impact is punitive. The loss affects the income paid to the caregiver of the children, yet children's needs do not change when the breadwinner loses their job," says CPAG economics spokesperson Dr Susan St John.

"More disturbingly, the report shows that beneficiary families with children who missed out on the In-Work Tax Credit are being left even further behind. These figures will look even worse once they are updated to include the effects of the hundreds of jobs that have vanished since late last year, and the impact of tax cuts, which gave little or nothing to very low income earners and beneficiary families."

The group has also called on the government to raise the benefit earnings threshold from \$80 to \$150. "It is clear from the government's own report that families on benefits continue to experience very high poverty rates. With more and more children becoming dependent on benefit income it is not good enough to say 'we didn't cut benefits'," said Dr St John.

***Household Incomes in New Zealand: Trends in Indicators of Inequality and Hardship 1982 to 2008.** Ministry of Social Development, July 2009

Available: <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/index.html>