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Child Poverty Action Group

Budget submission

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Executive summary

1. Reconsider the In Work Payment and treat every child as deserving of support.

The money allocated to the IWP could be divided between a simple increase in Family Support of \$20 per child, including the 230,000 children dependent on benefit income, and a small flat rate “in work payment” for all low income earners such as in the UK. This would provide real financial help to New Zealand's poorest families, and provide the security and certainty so notably lacking with the IWP. The gain would be a return to the important principle of treating all children the same, a principle that served New Zealand so well for many years, and played such an important part in reducing the marginalisation experienced by children from low-income families.

2. Reconsider the Temporary Additional Support Regulations and ensure that supplementary assistance is fair, effective and adequate.

It is anticipated that replacing the Special Benefit with TAS will generate \$91 million in savings. In pursuit of these savings TAS further undermines the financial security of New Zealand's poorest families. To be eligible for TAS families must not only have low incomes, they are allowed only minimal cash savings to meet any emergency or one-off expenses that may arise. For the children in these families prospect of any hand up from the state agencies put in place to assist them is rapidly receding. These children risk being further marginalised, even as the government continues to run surpluses.

3. Recognise that parenting is work in its own right and provides an important social benefit.

Present social policies put a great deal of emphasis on getting parents – particularly young women – into the workforce. Driving this is the desire to boost GDP by increasing labour force participation, and a belief that in all cases work is the best route out of poverty. CPAG is concerned that working is increasingly seen in policy as the primary role for parents, regardless of their circumstances. Raising children needs to be recognised as a valid contribution to society in its own right. While this activity does not earn a market income, and is not measurable in terms of GDP, it provides a social benefit, both now and into the future.

4. Provide free primary health care for under-18s, at all hours

Research – including research by the Ministry of Health – has shown a clear link between socio-economic disadvantage and negative effects on children's health. These negative effects can have lasting impacts. They reduce children's ability to participate in

schooling and learn, affecting future work capability. Moreover, they can cause lasting disability, further reducing future productivity. If we expect to improve population health and long-term economic productivity then we must improve the health of our children. Given the substantial body of evidence linking low socio-economic status to poor health, CPAG urges that the free healthcare presently available to under-sixes be extended to all children under eighteen, and include after-hours care. Universal treatment avoids the problems that have plagued targeted assistance such as the Community Services Card and resulted in many children not being able to access primary healthcare in a timely manner.

5. Ensure free, good quality breakfasts for children in decile one and two schools

There is a substantial body of research linking poor diet with poor health and learning difficulties. In New Zealand, research by the Department of Health has shown 40.5% of households can only sometimes afford to eat properly. Backing up the general picture of food insecurity painted by the Department is data from foodbanks showing increasing dependence on foodbanks by sole parent families in particular. CPAG urges that quality breakfasts be made available free to students in decile one and two schools. They should be available to all students in within these schools. Hungry children do not learn, and are an indictment on our economic and social policies.

6. Abolish NCEA fees.

NCEA fees are a significant barrier for students. While there are exemptions for families on benefits, it cannot be assumed that poor families are necessarily on a benefit. There is ample evidence of a large pool of working poor in New Zealand for whom even the reduced fees are a burden. CPAG urges NCEA fees be abolished altogether, and that the costs incurred by the NZQA administering NCEA be absorbed as part of the cost of making education accessible for all children.

7. Allocate Special Education Grants on the basis of actual number of special needs children enrolled.

CPAG supports the Quality Public Education Coalition position on Special Education, in particular extending On-going and Reviewable Resourcing Scheme (ORRS) funding to 2% of the school age population as originally proposed, and allocating Special Education Grants to schools based on the actual number of children with special needs enrolled. The government's own figures show children with moderate to high needs are seven times more prevalent in schools in low income communities compared to those in high income communities. Instead of a 7:1 funding ratio between these schools however, the ratio is 2:1. Funding should be redirected so it goes to where the children actually attend school.

8. Abandon development of proposals for Income splitting

Income splitting has been promoted as a means of ensuring the taxation system takes into account the costs of raising a family. While CPAG endorses the principle of recognising the costs involved in raising children, we question whether income splitting is a suitable means of doing this. Income splitting provides the greatest benefit to middle- and upper-income earners. Yet it is low-income earners whose children are most at risk of inadequate healthcare and food insecurity. In addition, we note that Treasury has estimated that income splitting would cost in the order of \$500 million per year. This is a significant sum of money, and it is unlikely this could be achieved without cutting services in other areas. CPAG cannot endorse income splitting as a means of assisting families with children, however well-intentioned this proposal may be.

Introduction

Child Poverty Action Group (CPAG) advocates for better policies for children. The opportunity in this briefing is taken to make a submission to the new government in time for the 2006 budget. We would welcome meeting with Ministers and spokespersons of all political parties to further discuss these issues.

In this briefing we have highlighted what we believe are the most pressing issues facing New Zealand's children at this time. In particular we have drawn attention to the issues facing low-income families, specifically inadequate levels of income support and food insecurity. Closely related to these are the health inequalities suffered by low-income children, inequalities that manifest themselves in high rates of hospitalisation for preventable diseases – in some cases the highest in the OECD.

New Zealand's changing population structure will necessitate that we have a healthy productive workforce in the future, a fact acknowledged often in government reports. This will require access to quality education for all children, not just those whose parents are financially secure. We have therefore taken the opportunity to highlight some barriers to education that exist at present and suggest how they can be eliminated.

Finally, we have considered proposals for income-splitting as a means to assist families with children. Our analysis and conclusions complete this briefing.

Social Development

CPAG welcomes many aspects of the Working for Families package and acknowledges that it will significantly improve the position of many working families in real terms, after years of neglect. Measured child poverty in some low-income working families is likely to fall markedly as a result of the very generous extension to Working for Families announced pre-election. Nevertheless, the very poorest children have been largely ignored, both in the original package and in the extension to it. Thus the relative gap has been amplified and with it the real possibility of further social exclusion and larger costs to be borne by society and the children themselves.

(i) Child Tax Credit/In Work Payment

In 1996 the Child Tax Credit was introduced as part of changes to Family Support. This is a targeted \$15 per week per child payment that is available only to families receiving no other state support, including ACC. The stated purpose of this was to reward those in work. The policy ignores the fact that many people raising children while receiving state support are doing so because they have few, if any, other options. Separated parents, invalids and sickness beneficiaries and an ever-increasing number of elderly raising

grandchildren are all denied this extra assistance. The CTC has resulted in the children of these caregivers slipping further behind, getting further into debt and frequently relying on foodbanks to make ends meet.

On 1 April 2006 the CTC will be replaced by the In-Work-Payment (IWP), a key component of Working for Families. We have a number of reservations about the IWP, with a major concern being that it continues the discrimination built into the CTC. While it is the intention of the Ministry to roll over existing CTC payments, some of those falling under the IWP regime will be worse off as a result of the changes.

In contrast to the discrimination of the CTC, the IWP will be available to superannuitants *providing they meet the work requirements*. While CPAG endorses this improvement, it appears that will have little practical benefit. It is difficult to imagine a pensioner being able to meet the work requirements.

Perversely, in view of its stated purpose as a work incentive, neither the CTC or IWP are available to the childless. For them the disincentive of high benefit abatement rates continues to apply as they attempt to come off benefits, and when they do come off benefits they are not entitled to “work incentives”. Nor does it offer any incentive for parents to take up work in situations where the work requirements are not met, subject as this extra income would be to normal abatement rates.

CPAG remains concerned about the effects on children in the event of a parent/parents losing a job and the IWP as well. Losing a job is always stressful, more so if it results in a sudden and severe loss of income, in this case \$60 per week or more of IWP. While regaining the IWP may provide an incentive to find employment, the nature of employment in New Zealand is that redundancies often occur *en masse* in locations where alternative employment opportunities are limited. Recent examples include factory closures in the South Island, as well as the loss of forestry-related jobs in the central North Island and Northland. As a tool to encourage people into the workforce, the IWP is both deeply flawed and inequitable.

CPAG is also concerned about the degree of complexity of such a highly targeted payment regime. The more criteria that need to be monitored, such as income and number of hours worked, the greater the likelihood of error. This exposes people to the risk of being required to repay overpayments. Repayments are difficult for families on low incomes, and are a key reason take-up rates for existing targeted services such as the community services card are low.¹ Moreover, complexity makes it more likely that many families will not receive their entitlements.

Our final concern regards where the burden of the discrimination built into the CTC and IWP falls. A child tax credit should be focused on the needs of all children, not the household’s source of income. Accordingly, we urge the government to reconsider the In

¹ Low take-up of benefits and services has been acknowledged as a problem by the Ministry of Social Development. See Statement of Intent 2003.

Work Payment, and treat every child as deserving of support. The money allocated to the IWP could be divided between a simple increase in Family Support of \$20 per child, including the 230,000 children dependent on benefit income, and a small flat rate “in work payment” for all low income earners such as in the UK. This would provide real financial help to New Zealand’s poorest families, and provide the security and certainty so notably lacking with the IWP. The gain would be a return to the important principle of treating all children the same for Family Support, a principle that served New Zealand so well for many years, and played such an important part in reducing the marginalisation experienced by children from low-income families. The provision of the small “in work payment” that abates before Family Support and is unrelated to the number of children would more closely achieve the government’s work objectives.

(ii) Special Benefit

From 1 April 2006 the Special Benefit will be replaced by Temporary Additional Support (TAS). While those currently receiving a Special Benefit will retain that level of benefit for as long as required, our concern is for those coming onto a Special Benefit under the new regulations. While the Ministry of Social Development has been at pains to assure beneficiaries and advocacy groups that no-one would be “worse off” as a result of the changes, under regulations that came into force on 12 December 2005 the amount that may be claimed under the Special Benefit is reduced, and is now time limited.

In calculating the allowable costs a loading of \$20.44 is deducted from accommodation costs – that is, applicants must find the first \$20.44 of deficit out of their own pockets. Overall, the maximum claimable is the lesser of the difference between the applicant’s disposable income and standard costs, and 30% of the applicant’s net core benefit. The upper limit is 30% of the net benefit, so in most cases applicants will receive less than what they do under the present system. There is a payment available where disability costs exceed the maximum payable disability allowance, although this is only 30% of the difference.

Other features of the Regulations are deeply concerning. Under the present regime Work and Income staff have some discretion as to whether a Special Benefit is granted, and the amount. The new Regulations are very prescriptive, and staff will no longer be able to assist clients, no matter how great their need. TAS is also time limited. This is a major retrograde step, and has occurred with no public discussion. The limit is the lesser of 13 weeks or a shorter period if the Department determines the deficiency will be reduced to nil in that time. For families that face ongoing costs, for example medical costs, this time limit will result in real hardship.

The Special Benefit is not only income tested, it is asset tested as well. It is not available to single applicants with as little as \$821 in cash assets, \$1,078 for a sole parent with one child, \$1,158 for other sole parents regardless of the number of children, and \$1,368 for a couple with or without children. It is unclear if cash assets includes superannuation

savings, some of which can be readily cashed up. In any event families who face a sudden expense – fixing a vehicle, finding bond for accommodation or medical expenses – will need to borrow, probably from a second-tier money lender at an exorbitant rate of interest. This risks pushing poor families further into a black hole of debt from which it becomes more and more difficult to escape.

When WFF was announced the government noted that it would generate \$91 million in savings through changes to the Special Benefit. It is now clear that those savings are being made at the expense of New Zealand's poorest families. In pursuit of these savings TAS further undermines the financial security of poor families (bearing in mind that the Special Benefit and TAS are also available to non-beneficiaries). Families must not only have low incomes, they are allowed only minimal cash savings to meet any emergency or one-off expenses that may arise. For the children in these families prospect of any hand up from the state agencies put in place to assist them is rapidly receding. These children risk being further marginalised, even as the government continues to run surpluses.

(iii) Working parents

Present social policies put a great deal of emphasis on getting parents – particularly young women – into the workforce. Driving this is the desire to boost GDP by increasing labour force participation, and a belief that in all cases work is the best route out of poverty. While both of these assertions are arguable, it is apparent that the IWP has been designed with them in mind. CPAG has serious concerns that children are at risk as parents – particularly sole parents – are encouraged into the workforce with relatively little support.

For sole parents the main barriers to work include access to childcare, the requirements of sick or disabled children, and transport. While childcare subsidies are available in some circumstances, the transaction costs involved in getting these are significant. There is a large body of anecdotal evidence to suggest that not only do many people who are eligible for subsidies not apply for them, but that subsidies cover only a portion of the real costs of childcare. Hence, childcare often remains unaffordable for those on low incomes and/or in part-time work.

Low wages and a shortage of secure full-time jobs often mean that two or more jobs must be worked in order to earn an adequate income. Up to 30% of children in low decile south Auckland schools report having a parent or parents working two or more jobs. This is likely to increase if the IWP has the intended effect of getting more parents into work. This may not be of concern where there is a parent at home to provide childcare, but for sole parents in practice this means children are left unattended after school and during school holidays. Alternatively, they use casual arrangements involving care by relatives and elder siblings. Such arrangements are often vague and uncertain, and provide no assurance for the working parent or the child. These arrangements also

impact on the schooling of older siblings left to care for their younger brothers and sisters. There can be no equality of opportunity under these circumstances.

Research shows that many parents prefer to work if and when suitable work is available. This can be seen from the number of sole parents who have left welfare as the jobs market has improved in recent years. However, CPAG is concerned that working is increasingly seen in policy as the primary role for parents, regardless of their circumstances. Raising children needs to be recognised as a valid contribution to society in its own right. While this activity does not earn a market income, and is not measurable in terms of GDP, it provides a social benefit, both now and into the future. Monetary incentives introduced in other developed countries such as Australia and the EU demonstrate the recognition of both falling birth rates and the need for far more generous child support for all families with children.

Free health care to under 18s

Research - including research by the Ministry of Health – has shown a clear link between socio-economic disadvantage and negative effects on children’s health.² This research supports a large body of international data showing poorer children are more likely to suffer from a range of health problems including motor vehicle accidents, child pedestrian injuries, fire deaths, death from congenital conditions, SIDS and cancer. These negative effects can have lasting impacts. They reduce children’s ability to participate in schooling and learn, affecting future work capability. Secondly, they can cause lasting disability, further reducing future productivity. If we expect to improve population health and long-term economic productivity then we must improve the health of our children.

The largest contributors to health inequalities in New Zealand childhood mortality rates are non-road traffic accidents and “other”. The category “other” includes infectious diseases, asthma and respiratory deaths. A child from a low-income household has a 1.87 times higher risk of dying from a non-road traffic injury than a child from a high income household. For “other” causes of death a child from a low-income household has a 1.81 times higher risk of dying than a child from a high income household. Overall a child from a low-income household has a 1.44 times higher risk of dying than a child from a wealthy household.

Bronchiolitis and skin infections are both examples of “other”. Both are related to poor housing, overcrowding, poor nutrition and poor access to health services, and as such are indicators of poverty in childhood. NZ hospitalisation rates for bronchiolitis in children

² Shaw C, Blakely T, Crampton P, Atkinson J *The contribution of causes of death to socioeconomic inequalities in child mortality: New Zealand 1981-1999* Vol 118 No 1227 NZMJ 16 Dec 2005. URL: www.nzma.org.nz/journal/118-1227/1779/

aged under one year have risen steadily in recent years, although more recent data suggests that they may be beginning to taper off. However death rates have remained relatively static at 1-2 deaths per year during the past 10 years. Infants in the lowest Decile³ (Decile 10) have a 4.5 times higher risk of being admitted to hospital for bronchiolitis than children from the highest Decile (Decile 1). Maori infants have a 3.2 times increased risk and Pacific infants a 5 times increased risk of being admitted to hospital. Similarly, hospitalisation rates for serious skin infections have risen progressively for the last 15 years. Children from Decile 10 families are 3.7 times more likely to require hospitalisation for skin infections. Maori children have a 2.8 times increased risk and Pacific children a 4.4 times increased risk of hospitalisation.

Overall, New Zealand has the highest rates of preventable disease in children of almost any developed country. Meningococcal meningitis has been the most public of these diseases. The most important risk factor for meningococcal meningitis is overcrowding. Overcrowding is common in areas such as South Auckland where low incomes and high housing costs mean there are often several families in one house, or mothers with children living in caravans and garages. While CPAG applauds efforts to vaccinate against meningococcal disease, and is pleased that the incidence of this disease is diminishing, more must be done to address the root causes of this and other preventable diseases of poverty.

Immunisation coverage is a marker of the accessibility and acceptability of primary health care services for children. New Zealand has one of the lowest immunisation rates of any Pacific nation, and while NZ immunisation rates have shown improvement lately, they are still below Ministry of Health targets. Of particular concern is the low immunisation coverage of Maori children.

The major barrier for these children is access to primary healthcare services. While the introduction of PHOs has improved accessibility for many children in low-decile areas, as has free healthcare for children under six, there remain huge gaps, particularly in after-hours care. For some children, PHOs have resulted in reduced medical costs, but implementation has been patchy and has not made healthcare cheaper in all cases. According to the Ministry of Health, for some children enrolled in PHOs the cost of doctors' visits has actually increased. Barriers to primary healthcare continue to be reflected in admissions to hospital for preventable diseases.

Given the by now substantial body of evidence linking low socio-economic status to poor health, and the potential long-term costs of childhood illness, CPAG urges that the free healthcare presently available to under-sixes be extended to all children under eighteen, and include after-hours care. Universal treatment avoids the problems that have plagued targeted assistance such as the Community Services Card.

³ Note health deciles are the opposite to education deciles, with Decile 10 being the poorest.

Investing in children's health is an investment in the future.⁴ At present children make up 25% of the population but receive approximately 15% of health funding. The deaths of poor children are not inevitable. They are the result of policies that deny poor children access to adequate housing and nutrition, and expose them to risk factors such as smoking, environmental hazards and social hazards. Policies across all levels of government need to be evaluated carefully to assess their impacts on the inequalities that lead to higher rates of death for children from poor backgrounds.

Food in schools

"Kids can't learn without kai in their stomach for the morning".⁵

There is a substantial body of research linking poor diet with poor health and learning difficulties. Conversely, research in the US has found an improved diet, including decent nutritious breakfasts, is associated with better school attendance and performance.

In New Zealand, research by the Department of Health has shown 40.5% of households can only sometimes afford to eat properly. Backing up the general picture of food insecurity painted by the Department is data from foodbanks in areas as diverse as Invercargill and Auckland's North Shore showing increasing dependence on foodbanks by sole parent families in particular. Principals from South Auckland schools also report that up to 30% of their students are turning up to school without having had breakfast. A report by the Manukau City Council found that schools in their area were delivering approximately 500 meals per day to students. Manukau City Council has ceased funding school breakfasts, and a private trust fund, Resources to Schools Charitable Trust, has also ceased delivering up to 1300 meals per day to schools. Nor does the Manukau DHB fund food in schools, yet there is a clear need for food in these and other low-decile New Zealand schools. While official agencies are ignoring this need, many schools are funding food for their students from their own budgets or asking community groups and parents to fill the gaps.

Paradoxically food insecurity is associated with a higher risk of obesity, which in turn greatly increases the risk of diabetes. In New Zealand, as in other developed countries, obesity is associated with low income and poverty. This is because as incomes fall people tend to substitute poor-quality but energy-dense foods for more nutritious and less fattening foods. Bad food is cheap, and for those on low incomes today's calorific intake is the priority, not tomorrow's health problems. There is also evidence that providing food in schools reduces the risk of obesity in students, especially female students.

⁴ See Belli, P., Bustreo, F., & Preker, A. (2005). Investing in children's health: What are the economic benefits?. *Bulletin of the World Health Organisation*, October 2005, 83 (10). 777-784.

⁵ Phil Palfry, Principal Manurewa East

While DHBs are targeting diabetes and other obesity-related diseases it would seem to make economic sense to fund school breakfasts to enable students to learn, and to avoid obesity-related diseases in later life. CPAG urges that quality breakfasts be made available free to students in decile one and two schools. They should be available to all students in within these schools. Hungry children are an indictment on the economic and social policies of the last twenty years. They do not develop into the economically viable units government agencies assure us we need, instead they stand to cost us many dollars in years to come.

Education

(i) NCEA

Students enrolled in NCEA are required to pay fees in order to gain their qualifications. On 5 November 2005 the Minister of Education announced a significant reduction in NCEA fees, and a flat fee structure for NCEA. Fees are now \$75 per student plus \$75 for each scholarship subject over three entered. A reduced hardship fee is available for beneficiaries and those falling within the income range required for a Community Services Card. According to the Minister, the fee reduction was possible because of efficiencies made by NZQA.

NCEA fees are a significant barrier for students. While there are exemptions for families on benefits, it cannot be assumed that poor families are necessarily on a benefit. There is ample evidence of a large pool of working poor in New Zealand for whom even the reduced fees are a burden. We are also concerned that the reduced fees apply to those who are eligible for a Community Services Card. According to the Ministry of Social Development, uptake for the Card is low. It is not altogether clear why this is the case, but it is possible that the same barriers will apply to those faced with NCEA fees.

Significant reductions in NCEA fees and improved collection are applauded by CPAG. However, if no fees were charged the financial barrier they present would be reduced for the poorest families, and the incentive to gain qualifications increased. It would also ease the administrative load on schools and teachers

It is incongruous that fees for New Zealand's nationally recognised qualification, as obtained in state schools, are set on what appears to be a cost-recovery basis. CPAG urges NCEA fees be abolished altogether, and that the costs incurred by the NZQA administering NCEA be absorbed as part of the cost of making education accessible for all children.

(ii) Special education

CPAG supports the Quality Public Education Coalition position on Special Education, in particular extending On-going and Reviewable Resourcing Scheme (ORRS) funding to

2% of the school age population as originally proposed, and allocating Special Education Grants to schools based on the actual number of children with special needs enrolled. Schools are already required under education regulations to identify the number of children with special education needs so the allocation could be made simply and at minimal cost. These two policy changes would make a big difference for children with special education needs.

With regard to a recent report on ORRS and SEG funding for children with high and very high needs, ERO found that while many schools are using their special education resources well, 27% of schools had significant weaknesses in managing their ORRS funds while for SEG there was variable performance and a wide range of problems were identified.

The government's own figures show children with moderate to high needs are seven times more prevalent in schools in low income communities compared to those in high income communities. Instead of a 7:1 funding ratio between these schools however, the ratio is 2:1. With current funding arrangements, schools which are most welcoming and supportive of children with special needs are being set up to fail through lack of funds. Other schools have a disproportionately high level of funding through discouraging such enrolments because they don't fit the "image" the school wants to project in the community, with Cambridge High School being the most celebrated example. Schools that actively discourage special needs children should not have the benefit of receiving funds targeted to them. Rather, funding should be directed to where the children actually attend school.

Income splitting

Income splitting has been promoted as a means of ensuring the taxation system takes into account the costs of raising a family. Under such a proposal the income of families would be split evenly between earners, thereby lowering the marginal tax rate on income and leaving households with greater disposable income.

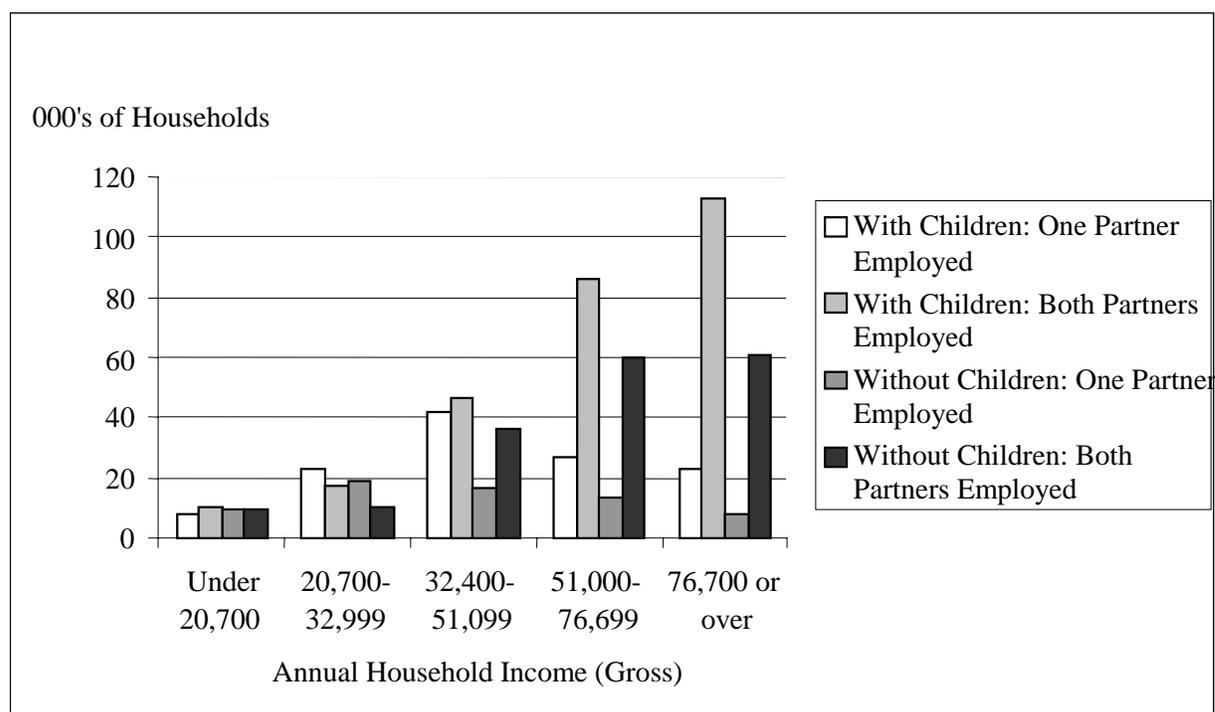
While CPAG endorses the principle of recognising the costs involved in raising children, we question whether income splitting is a suitable means of doing this.

Our first concern is with vertical equity. A family with a sole earner making \$25,000 per annum would receive an additional \$570 per annum under this policy, assuming income was split evenly. This is something in the order of \$11 per week. However, a family where the sole earner earns \$75,000 stands to gain an extra \$5,910 per annum, or about \$113 per week. This discrepancy increases as incomes increase. Thus, income splitting provides the greatest benefit to middle- and upper-income earners. Yet it is low-income earners whose children are most at risk of inadequate healthcare and food insecurity.

More generally, income splitting does not benefit sole parents, including separated and widowed parents, or families where parents earn approximately equal income. Nor does it make provision for such eventualities – a significant gap given New Zealand’s incidence of relationship breakdown. In other words, because families with children and a sole earner are a small proportion of total families it excludes most families (See Figure 1).

While income splitting is ostensibly about recognizing the costs of raising children, when we consider the range of family structures affected it can be interpreted as a reward for conforming to some arbitrarily determined norm.

Figure 1: Annual Household Income of Selected Family Types 2000/01



Source: Household Economic Survey, Statistics New Zealand (2001)

With respect to the allocation of tax benefit from income splitting, there are only two options. The first is that it is retained by the income earner. In this case there is no guarantee that it will go to those who are supposed to benefit from the policy, namely caregivers and children. The other option is that it goes directly to the caregiver. This opens up a raft of legal complexities. For instance, what is the basis of the payment? Is there an implied contract, and if so what are the obligations of the respective parties, and what happens in the event of non-performance? Or is it simply an income transfer for no consideration? In this situation, what pressures are likely to be put onto the transferee? It would be naïve to suggest there would be none in every case. Ultimately, this cannot be helpful for good relations within families.

In addition, we note that Treasury has estimated that income splitting would cost in the order of \$500 million per year. This is a significant sum of money, and it is unlikely this could be achieved without cutting services in other areas. It appears on the figures to be a transfer to the already better-off at the expense of funding cuts to services for the less well-off.

For these reasons CPAG cannot endorse income splitting as a means of assisting families with children, however well-intentioned this proposal may be.

PRIORITIES FOR ACTION ON CHILD POVERTY 2006

CPAG is the leading charity campaigning for the abolition of poverty among children in Aotearoa New Zealand and for improving the lives of low-income families. CPAG believes the existence of child poverty is due to policy neglect and can be eliminated.

1. Acknowledge, measure and monitor child poverty, which affects at least one in five children

CPAG resource: *Cut Price Kids: Does the Working for Families Budget work for children?*

2. Increase Family Support so all children in low-income families receive additional support through Working for Families

CPAG resources: *Cut Price Kids: Does the Working for Families Budget work for children?* Submissions to Human Rights Review Tribunal as part of a case brought by CPAG alleging CTC/IWP discriminates against children on the basis of parental employment status.

3. Free primary health care for under-18s, at all hours

CPAG resource: *After hours care costs survey 2005.*

4. Provision of affordable, accessible and healthy housing for all low income New Zealanders

CPAG resources: *Room for Improvement: Current NZ housing policies and their implications for our children.* CPAG submission on NZ Housing Strategy.

5. Free, good quality breakfasts for children in decile one and two schools

CPAG resource: *Hard to Swallow: Foodbanks in NZ*

6. Support legislation for a realistic minimum wage for raising a family today: at least \$12 per hour.

7. Children are entitled to adequate financial support, regardless of the source of their parent's income

CPAG resource: *Workfare: Not fair for kids?*

8. Abolish NCEA fees: free, quality public education for all.

All Child Poverty Action Group resources are available free from our website www.cpag.org.nz/resources or on request from the CPAG admin office admin@cpag.org.nz