

CPAG stands behind figures showing \$2.8 billion cuts to Working for Families

14 May 2017

Child Poverty Action Group (CPAG) is standing behind figures it has published which show the Government has cut over \$2.8 billion out of the Working for Families budget since 2010. These figures were disputed by the Finance Minister Steven Joyce in Parliament on 10 May 2017 although no alternative numbers to justify his claim were given.

Associate Professor Susan St John, CPAG economics spokesperson, says the figures proving these cuts are publicly available in government Budget papers so Mr Joyce's claim that the figures are "unlikely to be correct" is hard to work out.

"Budget figures show that in 2009/10 Government spent almost \$3.1 billion at 2017 dollar values on Working for Families. The 2016 Budget promised to spend just \$2.4 billion" Dr St John says.

"We have just re-checked our figures and estimate that the total value of Working for Families cuts since 2010 has in fact been over \$3 billion." says Dr St John.

"By a cynical sleight of hand, Government has deliberately reduced vital assistance for children by subtle adjustments to thresholds and other entitlement rules.

"These cuts have affected families in low-paid, full-time work and are quite contrary to Bill English's claim to want to look

after “hard working” New Zealanders. CPAG says the budget must find around \$700 million extra per annum to restore Working for Families to the 2010 value.

But that just covers ‘working families’. To honour Mr Key’s claims on Election Night 2014 that his Government was concerned about child poverty, CPAG says it is time to stop denying the poorest children access to the full package.

This means an additional \$500m is required.

“It is time for Government to step up. CPAG awaits the 2017 budget with high expectations.” says Dr St John.

ESTIMATES OF CHANGES IN WORKING FOR FAMILIES BUDGETS - 2008 to 2020

Year ending 30 June	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total spend of WFF (\$millions nominal)	2471 ¹	2652 ²	2767 ³	2746 ⁴	2670	2593	2532	2403	2392	2442	2429	2405	2470
CPI March quarters	1044	1075	1097	1146	1164	1174	1192	1193	1200	1226	1242	1266	1293
Value of WFF spend in Mar-17 \$million values	2902	3025	3092	2938	2812	2708	2604	2469	2444	2442	2397	2329	2343
Difference from 2010 figure (\$millions Mar-17)				-155	-280	-385	-488	-623	-649	-650			
Cumulative differences since 2010 (\$millions Mar-17)					-435	-819	-1308	-1930	-2579	-3229			

¹ Budget Economic & Fiscal Update 2009 Table 4.2 p.168

² Budget Economic & Fiscal Update 2012 Table 6.1 p.121

³ Ibid

⁴ This figure and subsequent figures for later years are from Budget Economic & Fiscal Update 2016 Table 6.2p.126