

International Women's Day FORUM

Monday 7 March 7.30pm @ Trades Hall, 147 Great North Road, Grey Lynn

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### **Women and child poverty**

There is a clear connection between poverty of women and the poverty of children. Of course many men are in the poverty picture too; as the suicide rate suggests, life is anything but rosy for many young men. But we just can't avoid the fact that poor mothers and child poverty are inescapably tied together. With 29% of all children and 66% of the children of sole parents (who are mainly women) below the poverty line something is terribly wrong.

Women and their children have been disproportionately affected by the relentless beat of the free market drum dictating self-reliance and independence from the state as the primary virtues and persistently down playing women's care-giving role and failing to prioritise the needs of children.

The free market economic models so beloved of male economists, to which New Zealand governments have been so enthusiastically wedded since the late eighties, don't have a place for the work or time involved in reproduction or nurturing children. In the happy free-market family, children appear instantaneously and women can safely be assumed not to need to halt their labour market activities for a nanosecond. The point is that unless we insist on different priorities and different values we are going to continue to get exactly what we see today- which is economics-driven policy based on the belief that paid work is the only source of social value or contribution.

Has the women's movement been sufficiently outraged at the injustice and inequality that has been perpetrated? Women have made many gains on other fronts; now we too can enjoy the stresses of the male model of capitalism - but what about the things that really matter? How much progress have we made toward getting support and recognition from society at large for our paid and unpaid work alike? On International Women's Day I think it is also timely to ask why we as women have allowed poor women and their children to suffer so much in the last 20 years.

I'd like to briefly review the assault on the living standards on our poorest families

By the late 1980s things were not good for children: in 1987, 15% of children were living below the Ministry of Social Development's poverty line, set at 60% median income after housing costs. This line has been shown to represent a minimum standard of living only (but is higher than the one used in the recent UNICEF report).

- ? Then GST was increased to 12.5% in 1989 without any compensation. When benefits cuts followed in 1991 they took back the original compensation built when GST was first introduced in 1986. I remember with the deep shock the smug voice of Jenny Shipley as she announced that struggling sole parents and married couples with children would have a further \$27 a week carved out of their meagre budgets.
- ? Abolition of the universal Family Benefit in 1991 destroyed the idea of a simple secure payment for children that did not change when marital or work circumstances changed. Child poverty rates soared, more than doubling to 35% by 1993. Food banks proliferated, along with third world diseases and overcrowding in substandard housing.
- ? Then came the Social Policy and Tax Reduction Programme in 1996, giving tax cuts to middle and upper New Zealanders and significantly upping Family Support but only for 'deserving' families. Before it was announced, Michael Cullen, then the Opposition Finance spokesperson, said "an initial increase of \$25 for the first child is the minimum necessary to restore the income part of the damage done to poor families in 1991." Of course the package did no such thing. It did raise Family Support by \$20 a child, providing some much needed inflation catch up - but then denied \$15 of this to the 300,000 of the poorest children. This \$15 carve off, known as the Child Tax Credit today, was like Family Support in every respect except it went only to those 'deserving' families who were deemed to be "independent from the state."

What did Michael Cullen have to say about this package? He called it "a simplistic tangle of bigotry and ignorance ... barely disguised attack on beneficiaries ... mean spirited, ill thought through and punitive ... unholy product of National's deeply held

view that everyone on a benefit is a bludger and Treasury's new right agenda ... based on highly questionable incentives arguments."

Hansard is illuminating! What a lot of righteous indignation! From Annette King- "it makes me sick....it isolates beneficiaries from other families- treats them like lepers and worst of all it treats their children differently- what is different about a beneficiary child? Does that child look different when she or he goes to school? Yes, that child probably does look different because of the circumstances of the family—but also the government wants everyone to know that he or she is different."

King goes on to say the CTC is "anti-women, anti-the care giver, anti the children" and so forth. Yet the CTC remains and will be ramped up even further in its new guise as the In Work Payment . Why have women not carried the banner on this one?

Phil Goff wanted to know why this "miserable government does practically nothing for the quarter of a million children who are the most disadvantaged in our community."

"Let us recognise that this package deliberately, cold-bloodedly and calculatedly discriminates against those people who through no fault of their own are not at work."

Michael Cullen ranted still further against the CTC, accusing the government of "using small children as an incentive, a stick, a carrot to force low income New Zealanders into whatever job is going."

"Labour says no way at all – what is worse than saying to one's child 'no, you can't go on a school camp because I can't afford the fees for it'? National is saying that working families can tell their children they can go on the trip and beneficiary families should not be able to say that."

"Labour as a party will make sure that all low to middle income families get the full benefit of the full assistance available." This promise was also part of his party's election campaign in 1996.

All the Opposition speeches are interesting. Jim Anderton makes the critical point—that "the hard-won principle that all children should be treated the same was lost with

the CTC.” I fear women did not appreciate the full significance of this for them and their children’s financial security at the time.

Given all the rhetoric in 1996, one might have expected the CTC to be added to Family Support and given to all children on the same basis as soon as Labour got hold of the purse strings. But, sadly, no... in fact, the saving to government of not paying it to all poor children on the same basis has been a cumulative \$2 billion + since 1996.

So after the crumb of an increase of \$5 a child a week in 1996, families on benefits have had nothing – that is 9 long years of which 5 of them have been under Labour. How much have bread and milk, petrol and power and school fees and all the rest risen in the meantime? What of the inevitable contribution this has made to family debt?

The government retorts ‘what about income-related rents?’ Well, for the 50,000 households able to get state housing they have been a really good thing. But, three times that number of poor families have been left to struggle in the market rental system. And, in effect, by pointing to the positive effect of income-related rents on poverty the government is agreeing with CPAG that improving disposable incomes is vitally important.

That income does matter is convincingly argued by international reports on child poverty, of which the UNICEF one is the latest. The lack of proper regular adjustments to Family Support has been a major contributor to the increase we have seen in both the numbers and severity of child poverty. Like our counterparts in Child Poverty Action Group (CPAG) in the UK, CPAG NZ argues that, along with affordable housing, adequate child-related supplements are an absolutely key factor in preventing child poverty.

Since the 1990s of course there have been other events compounding the erosion of family assistance :

- ? The explosion in housing costs
- ? Student loans and family debt
- ? Casualisation of low wage employment

- ? Social hazards such as drugs and gambling
- ? The increasingly time-fractured nature of family living
- ? Demonisation of the sole mother as the cause of society's ills - the bludger image so disarmingly articulated by the leader of the Opposition.

The latest Social Report 2004 estimates that child poverty sits at around 29% under the 60% after housing costs line, so that about 300,000 children under 18 are in poverty. Despite some improvement by 1998 this is still twice as bad as the bad showing in the late 1980s.

Wednesday last should have been a bombshell. Why was the news that NZ was the fourth worst in the developed world for Child Poverty not splashed across the nation's front pages? Using a 50% pre-housing costs poverty line, the UNICEF report puts our poverty rate for 2000 at 16.3%. Yet the issue quickly died. Thanks to Simon Collins the Herald did a piece but in the Dominion Post there was the tiniest of articles on about the sixth page - which just about sums up how Wellington people view the issue.

Where was the outcry from women's groups? Why is NZ seemingly so complacent about its children? The response from government was predictable: the figures were for 2000 and so were none of their responsibility. The problem was, apparently, the 9 long dark years of National from 1990. The current government were the good guys, introducing income-related rents, raising the minimum wage and now introducing Working for Families.

Unfortunately for the government who wants to make out these figures are out of date, their own estimate of child poverty for March 2005 is 14.7%. So by their own figures the last five years have shown very little improvement despite economic growth.

What we find is that there is a cluster of families stuck on incomes around the 50% poverty line used by UNICEF. In today's dollars the line sits at about \$20,000pa for a couple with one child—that is three people to house feed and clothe—prior to housing costs. For a sole parent with three children the line is \$22,000. But living in a two bedroom house at a typical \$280 a week rental costs \$14,600 annually. It is no wonder that we find that children in families on the DPB are the poorest of the poor.

So what of the future? Does the new Working for Families package solve the problem for poor women and their children? Should women put up with its poor design and be grateful that at last something is happening?

Let's acknowledge that, at last, there is to be a substantial boost to Family Support this April: \$25 for the first child and \$15 for subsequent children. But equally let's not forget the poorest family should have got this boost nine years ago and enjoyed inflation adjustments since then. Over the past two decades, prices have increased about 85% while, for a one child family, support was lifted just 12% in 1996 and there has been nothing for them since.

Some families indeed will get a welcome boost in April, but all is not well with this package. The government has another agenda: they see this as their opportunity to take the first step in a complex benefit restructuring that will introduce a single core benefit and change the way it allocates the hardship provisions now known as the Special Benefit.

In the process, CPAG have estimated that 175,000 of the very poorest of poor children will be affected by this sleight of hand and thus be left behind. The government gives more Family Support with one hand and then takes it much of it back, by removing the part of the core benefit that is paid for children. A sole parent with two children gets \$40 family Support but loses \$21.89 core benefit. So - after all these years of waiting, the most the sole mother gets is \$9.11 per child a week. A couple with one child on a benefit get a miserly \$7.46 a week. No-one can seriously expect that to touch their poverty. The extra Family Support (FS) will now also affect any Special Benefit payment, giving on average a reduction of another \$13.50. While the Accommodation Supplement is also increased for some families, that increase too counts against the entitlement to Special Benefit

But the government says 'no worries, we will make sure that no family is actually worse off.'

Families on benefits get nothing more until 2007 when FS increases \$10 per child - this is good but remember there have been no inflation adjustments for so long and inflation is running hot at 3% per annum.

The Child Tax Credit (CTC) was designed as a labour market tool, without regard for children's interests, to drive an income gap between those on benefits and those in work.

CPAG have since 1996 valiantly tried to fight the discrimination we see in this policy, which penalises some children because of the source of their caregivers' income. A case is being taken to challenge the legality of the CTC by the Office of the Human Rights Proceedings on our behalf.

In the meantime all of our fears have been realised in the 'In Work Payment' that is to replace the CTC in 2006. Far from throwing out the discrimination they raged against in Opposition, this government is about to entrench it. And, rather than lifting the poorest children out of poverty, design flaws in the new policy will only drive them more deeply into it. More generous and more complex support will indeed be available, but only for 'deserving' children of 'working parents'; it will thus of course drive an ever bigger gap between families on any benefit income and those who are in work.

Very badly affected are sole parents who try to work but can't pass the 20 hour a week work test that the In Work Payment requires. In a casualised labour market of part time work and just-in-time employment, women are more exposed than ever before to income jeopardy from the loss of family payments when their work circumstances changes. This looks to be inevitable as our artificially boosted economy comes off the boil.

At the time of Don Brash's Orewa speech a sole parent with four children was put onto Susan Wood's TV programme. She was obviously doing a really good job on a very restricted income with other family help and she explained how she had tried to work part-time and it just did not work out for her family. The Minister of Social Development, Steve Maharey, told her to get a job and then she would get the In Work Payment (IWP).

Was that fair? Leaving aside the issue that sole-parenting of young children is fulltime work, and all the more so in poverty - and leaving aside the fact that the IWP does not come in until 2006, the already conscientious mum would have to work a consistent

20 hours every week to qualify for the IWP —and even then she would not be self supporting: along with the In Work Payment she would also need a top up of the Family Tax Credit. All in the name of pretending she was free of the benefit system. If she faltered - suppose a child was sick, or one of four children had special needs - she would lose both the IWP and the Family Tax Credit top-up. Sneeringly it was implied by the end of the programme that the availability of the DPB had provided an easy way out of her marriage. I felt sick. Just how far have we come from the days when we respected and valued the role of the DPB in recognising the nurturing role of women on their own with young children?

The UK and Australia have both come to the conclusion that generous weekly child payments which do not change with work status are crucial aspects of supporting families out of poverty. My challenge to women on International Women's Day is to insist that the government does not persist in pursuing measures with outcomes that are inferior for women and children, all in the name of work incentives. It is not too late to get some changes to the package that is coming in over the next three years.

If government must reduce core benefits, they might look at doing what they promised in opposition in 1996: extending the CTC to all children so that each child can enjoy a significant boost in April of this year. CPAG has made some suggestions along these lines.

If we don't try we will be guilty of standing by while at least 170,000 of the poorest children continue to suffer the discrimination and stigma of poverty because of a failed ideology about work incentives that Labour in its heart of hearts might not even believe in.

#### Reference

St John, S., & Craig, D. (2004). *Cut Price Kids: Does the 2004 'Working for Families' budget work for children?* Auckland: Child Poverty Action Group.