



21 January 2004

S04.03

## **Submission to the Finance and Expenditure Committee on the Budget Policy Statement 2004**

### **Introduction**

NCWNZ is an umbrella organisation representing 42 nationally organised societies. It has 33 branches throughout the country attended by representatives of those societies and some 150 other societies. The Council's function is to serve women, the family and the community at local, national and international levels through research, study, discussion and action.

Due to the timing of this consultation, this response has been prepared by some members of the Economics Standing Committee.

### **General Comments**

The National Council of Women of New Zealand (NCWNZ) applauds the intentions stated in the 2004 Budget Policy Statement (BPS) which sets out the overarching fiscal parameters that will guide Budget 2004 and outlines the Government's policy focus.

It is good to see that the Government recognises the struggle that low- and middle- income families have to cope with on a daily basis and we look forward to reading the details of the plans for relieving such stress on the families, albeit sadly not until mid 2004.

On 24 November 2003, NCWNZ wrote to Dr Cullen (copy of letter attached), asking him to recognise now the increasing disenfranchisement of low- and middle- income families, offering the following suggestions:

*Given that the budget will not be set until mid 2004 and given also the inevitable time delays between the announcement and implementation of new initiatives, NCWNZ asks that urgent consideration be given to improving the quality of life for low and middle income families before Christmas. We suggest two simple decisions, implemented now, would mitigate against increasing social and financial stress, and at the same time benefit society as a whole in both measurable and immeasurable ways. These two decisions are:*

- 1. to ensure that all family support payments are linked to the Consumer Price Index, and*
- 2. extend the Child Tax Credits to all low income families, irrespective of the source of that income.*

Dr Cullen replied, saying inter alia, *You can be sure that the government is taking into account the sorts of ideas you put forward in your letter. These issues are complex and require thorough analysis. It would be unwise to introduce changes right now that might subsequently be shown to be less effective than other options for change.*

NCWNZ thanks Dr Cullen for his reply and of course accepts it as being fiscally prudent. We look forward to seeing the planned policy changes put in place in mid 2004, changes that will make a real practical difference to families.





But our concern remains for the here and now. In fact the cycle of stresses is at its peak at this time of the year, with the pressures during the school holidays and the high costs of getting back to school with clothing, particularly shoes, school stationery, uniforms, school fees and for some, school camps; All these costs closely following the stress of Christmas.

The Budget Policy Statement confirms that the Government will *“proceed with these policies, incorporating slightly more expenditure than previously signalled because the overall fiscal position and outlook are better than forecast ...”*

NCWNZ submits that mid 2004 is a long way off for families under stress. Although we accept that fiscally it is an appropriate process to follow, we are still concerned for the families experiencing the poverty trap of their current situation. The Government has acknowledged there is a need, by proposing changes in the next budget. NCWNZ would like to suggest that as a show of good faith the Government has the ability to acknowledge their concern now, at the expensive time of the year, by extending a one-off grant of fifty dollars per child to those on Family Support. Ideally we would like to see such an offer extend universally to all children but we acknowledge the reality of the financial implications of such an extensive proposal.

Administratively the systems are already in place for Family Support so such a grant need only be a data entry for it to be accomplished. If such a payment means a delay of a month for the planned permanent changes to recoup earlier spending, then we would be of the opinion that that would be a small sacrifice to make to receive some relief now.

NCWNZ also wishes to raise another issue from the BPS, which states on page 2, that the Future Directions Package will *“significantly increase direct support and incentives to move from welfare benefits into paid employment...”* While we see this as a positive move, particularly for the long term unemployed and single beneficiaries, we are concerned about the message that implies that only those in paid employment are successful people.

NCWNZ asks that sole parents who choose to stay at home to be there for their children should not be pressured into feeling either inferior or like bludgers on the state. Parenthood as a status needs to be affirmed as having value. These are the people who are home when their children get home, to hear the news of the day, and are available to assist at schools, in sports teams and other community voluntary activities. Their importance in any community must never be undervalued.

Current NCWNZ policy set in 1976, *‘urges the Government to give priority in policy and action to alleviating the financial and social inequalities which confront the family where a parent, usually the mother, must, wishes or chooses to remain at home to care for her children (or other dependents).’*

More recent policy set in 2001 states that *‘NCWNZ ask the Government to ensure that all new legislation affecting children uphold the best interests of the child and to update existing legislation where necessary’.*

Such an attitude puts the child at the centre of policy decisions, a philosophy which is reflected in the work and protocols of both the Commissioner for the Family and the Commissioner for Children as well as the United Nations Convention on the Rights of the Child (UNCROC) to which New Zealand is a signatory. We therefore suggest that the current financial policy decisions complement this philosophy.



**Conclusion**

In summary, NCWNZ supports the objective of a social dividend for low- and middle- income families. We hope the detail of the proposed programme when enacted, will produce very real benefits to all families, including those families whose sole parent chooses to stay at home. We respectfully suggest that our plea for a one-off grant now to those families on Family Support would be ease considerably the financial stress of this unique time of the year.

Thank you for your consideration of our comments.

Beryl Anderson  
**National President**

Margaret Cook  
**Board Member**