

New Zealand government's promises to combat child poverty exposed

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Statistics released last month point to growing child poverty and deepening social inequality under the Labour-NZ First-Greens coalition government, a right-wing formation installed in October 2017.

During the election campaign, Prime Minister Jacinda Ardern falsely promised to address “issues like child poverty.” The Labour Party highlighted the fact that 40 percent of children in poverty lived in families with working parents. Following the election, New Zealand First leader and Deputy Prime Minister Winston Peters spoke similarly about the need to restore capitalism’s “human face.”

A year and a half later, these pledges, which were echoed by a multitude of liberal commentators and pseudo-left groups, have been exposed as a fraud.

The Ardern government has enforced strict “Budget Responsibility Rules,” keeping major spending at 28 percent of gross domestic product (GDP)—lower than the figure for most budgets delivered by the previous National government. Basic services such as health, education and housing remain severely underfunded, while billions of dollars have been thrown at the military, police and prison system.

Last month, government agency Statistics NZ released a report based on face-to-face surveys completed last year with almost 5,500 households, one-third including dependent children. It used a standard benchmark for poverty—incomes of less than 50 percent of the median income.

The results were revealing. The agency found that 16 percent, or 183,000 children, lived in households with an income that was less than 50 percent of the median equivalised disposable household income, before housing costs were deducted. After housing costs were taken into account, the figure increased to 23 percent, or 254,000 children, in households with income below

50 percent of the median income.

The agency reported that 13 percent of children live in households suffering from material hardship, meaning they missed out on basic necessities, because of their parents’/caregivers’ low wages or welfare benefits, high housing costs and indebtedness.

Victoria University of Wellington academic Michael Fletcher explained in the *Conversation* that these children “don’t have such basic things as two good pairs of shoes. Their families regularly have to cut back on fresh fruit and veggies, put up with feeling cold, and postpone visits to the doctor.”

Small increases to welfare benefits and tax credits for some families in 2017 were largely cancelled out by rising rents, which increased 5.2 percent on average in the 12 months to June 2018.

The statistics showing one quarter of children living in poverty are similar to those derived from the 2013 census, when the National Party was in office. Since then there have been many reports of an economic “recovery” but the benefits have gone entirely to big business at the expense of workers, whose wages have stagnated.

Financial commentator Rod Oram recently wrote that across all industries “operating profits grew by 20.1 percent” to \$13 billion in 2017 compared to 2016. Oram noted that “the rewards of this growth have gone almost exclusively to the owners of the assets, to capital rather than labour.”

Last month it was reported that New Zealand’s stock market has risen almost 300 percent since its low point in 2009.

The ever-increasing social inequality makes a mockery of Ardern’s promise to cut child poverty by half within 10 years. Labour’s Child Poverty Reduction Act 2018, Ardern claimed, would “establish New

Zealand as one of the best performing countries for children.”

In fact, Statistics NZ’s survey almost certainly underestimates the extent of poverty. The agency said it had “lower response rates” from people in “low socio-economic areas,” which meant these layers of the population were “under-represented.” It plans to survey 20,000 homes by June with the results to be published next year.

The old, as well as the young, suffer from entrenched poverty.

A 2017 Material Wellbeing of New Zealand Households report said 40 percent of pensioners have no additional income source. In the last five years, there has been an 80 percent increase in hardship grants for food and housing to retirees who are mired in mortgage debt, or are still renting instead of being mortgage-free. In the first three months of 2019, 472,000 one-off hardship grants were paid out, a figure that has more than doubled since 2014.

While feigning concern for those in poverty, Ardern’s government has rejected even modest reforms. This includes a recommendation this month from its own Welfare Expert Advisory Group for abysmally low welfare benefits to be increased by 47 percent.

The government has also rejected higher taxes on the super-rich and major corporations. Last month it scrapped a proposed capital gains tax on property investors, which had been one of Labour’s major election promises. Tax-free speculation has contributed to a housing bubble and soaring rents for working families.

Tens of thousands of workers, including teachers, healthcare and transport workers, have taken part in strikes and protests against low wages and run-down public services. Labour has relied on the trade union bureaucracy, which works hand-in-glove with the state and big business, to suppress these struggles and impose sellouts, such as the NZ Nurses Organisation’s (NZNO) rotten deal to effectively freeze pay for about 30,000 public hospital workers.

The never-ending attacks on living conditions, however, will bring the working class into ever-more direct conflict with the Labour-led government, which is being exposed ever more openly as a government of big business and the rich.



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