

Submission on Terms of Reference for Inquiry on breaking the cycle of persistent disadvantage

1. My submission relates to only one aspect of the Commission's proposed work programme and terms of reference.
2. The issue is this: it is important that the Commission considers whether particular interventions to reduce disadvantage have the perverse long-term effect of perpetuating or even increasing the total number of children born into disadvantage.
3. As background facts, we know that:
 - "Families with working parents tend to have far better outcomes than those without work" (p12 consultation paper). This applies regardless of income levels (that is, it is not income or poverty levels as such that are important but whether parents work to support their families).
 - Families with two parents tend to have far better outcomes than single parent families (in practice, usually solo mothers).
 - The only way for women who do not want to work or are unable to work (for example though lack of work skills or addiction) to increase their income is to have children.
 - Benefit/income support payments can be of a similar magnitude as work. For example, a solo mother of four is entitled to around \$1,078 a week (after tax), comprising Sole Parent Support of \$386, Accommodation Supplement of \$305 (maximum, South Auckland) and Family Tax Credits for four children of \$386. These figures do not include the benefit increases in the 2021 Budget.
 - The provision of financial assistance to women/parents tied to the number of children they have provides a financial incentive for women in disadvantage (in particular those who do not want to or cannot work) to have more children. (It contrasts with the financial disincentives to have children faced by higher-income working women in terms of transport and child care costs, missed career opportunities and the like).
 - The fertility rate (number of children) of women of child-bearing age in the lowest socioeconomic deciles is much higher than for women in higher deciles.

- Children born into disadvantage have a high likelihood of staying there (notwithstanding interventions and welfare assistance) as indicated in, for example, the Australian Productivity Commission's analysis (p13 consultation paper). In the New Zealand context we know that children of long-term beneficiary families are very likely to themselves become beneficiaries at an early age.
 - Inter-generational welfare dependence is a chronic problem, and condemns children to persistent disadvantage.
4. So, there is a conundrum: assisting women in disadvantage through payments and assistance tied to the number of children they have, will both:
- Help the woman/parent with the cost of raising children including with providing good care and nutrition and education and the like
 - Provide a material financial incentive to have a larger family (that is, it will likely increase the overall number of children born into disadvantage).
5. This is an issue the Commission should address in my view.
6. The way through, in my view, is to provide an *additional* benefit, available solely by choice, to women on benefits or below an income threshold to use long-acting reversible contraception. This provides women with the option to manage their family size and to gain work skills and work and helps reduce the incentive to have larger families. (As noted above, families with working parents tend to have far better outcomes than those without work).
7. A further option would be to provide child-related assistance which:
- Only directly benefits the child, such as free school lunches and early educational programmes and/or
 - Provides cash benefits which can only be spent on direct child-related costs (including nutritional food, baby supplies and so on).
8. Giving consideration to and addressing these issues should be included in the Commission's terms of reference and work programme.

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