

New Zealand policies towards sole parents in international perspective

Welfare Working Group Forum

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(www.oecd.org/els/social/family)

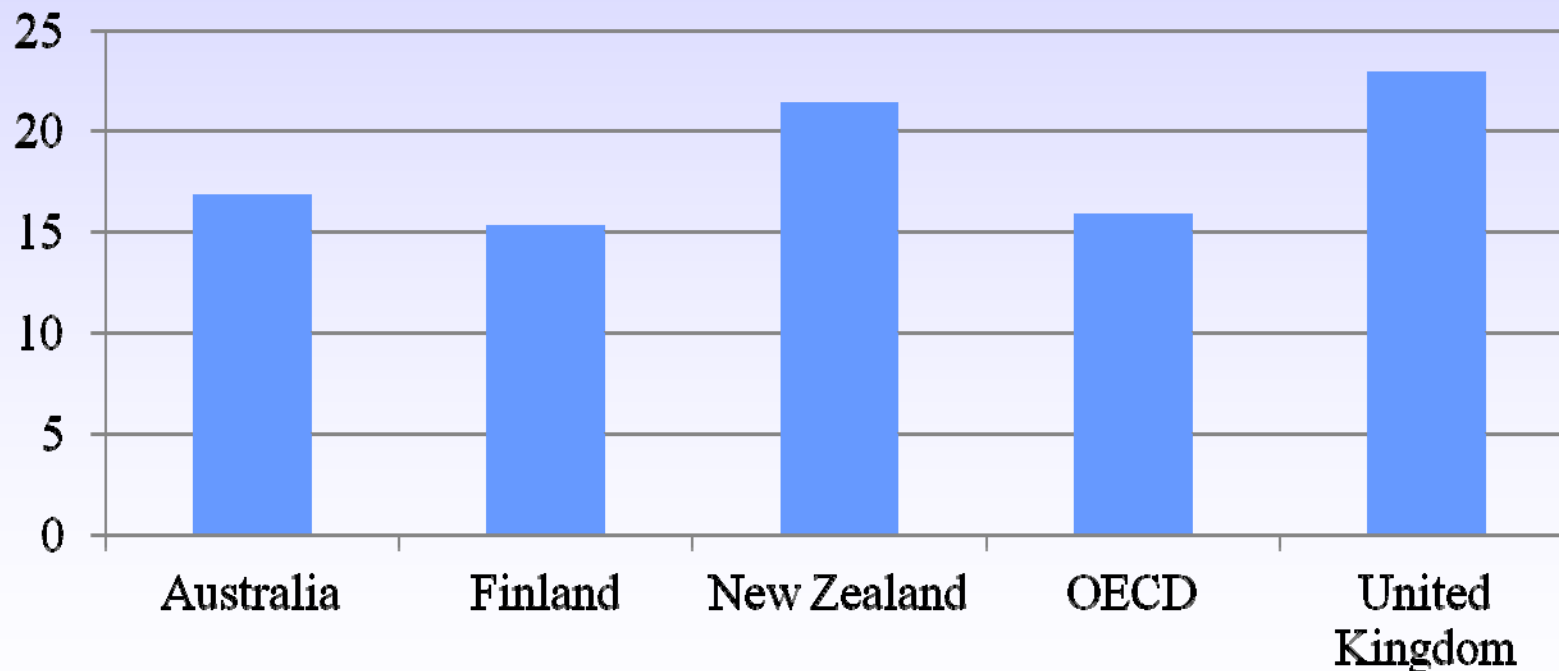


The issues at hand

- Benefit dependency among sole parent families in New Zealand cause concern, including effects on:
 - Public budgets,
 - Labour supply, and
 - Child well-being and development.
- Categorical income-support in New Zealand. How do outcomes compare to systems which;
 - Involve work-tests for all parents, AND,
 - Comprehensive work/family supports?

New Zealand has a relatively high proportion of children living in sole parent families...

Proportion of children living in sole-parent families: mid-2000s - Australia and New Zealand; early 2000s for Finland and the United Kingdom

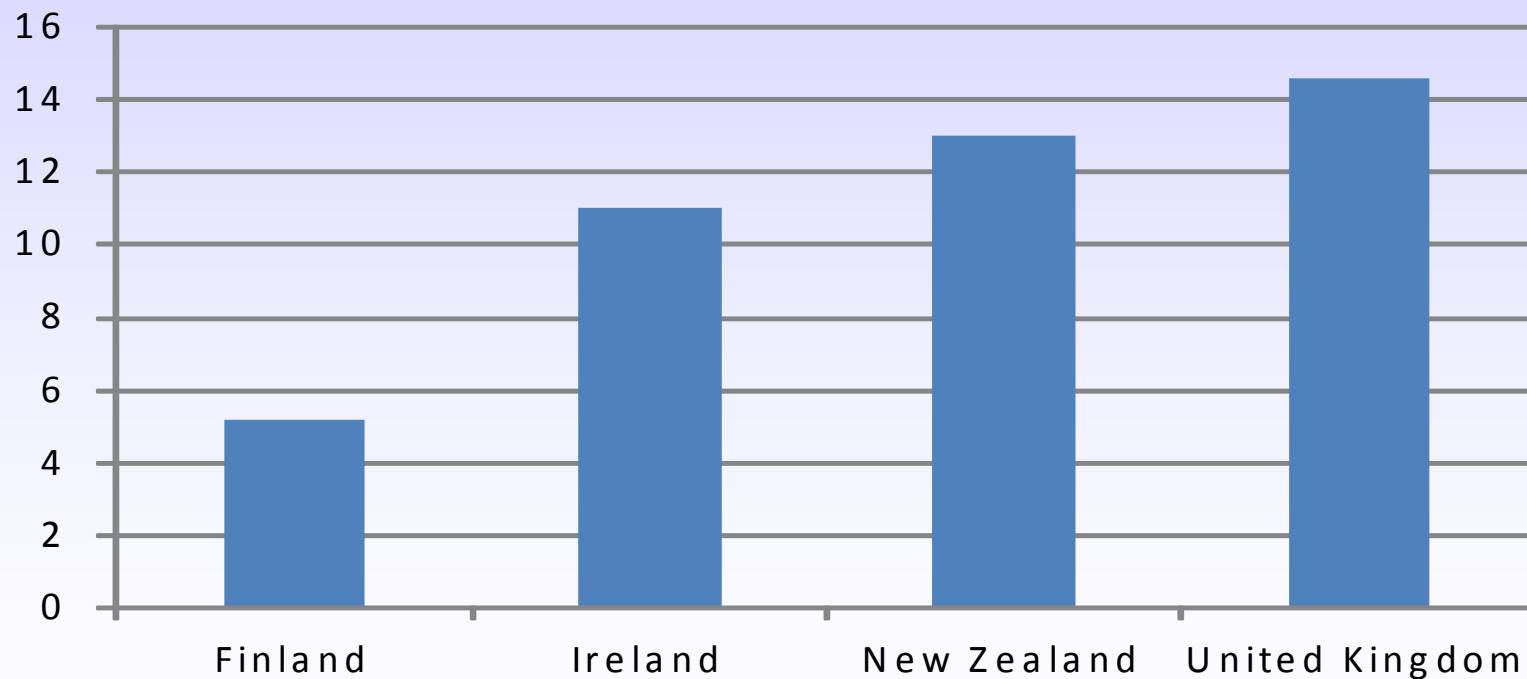


Source: OECD Family database.; www.oecd.org/els/social/family/database



Compared to Finland (and other Nordic countries) child poverty rates are high in Anglophone countries...

Child poverty rates, 2007/8

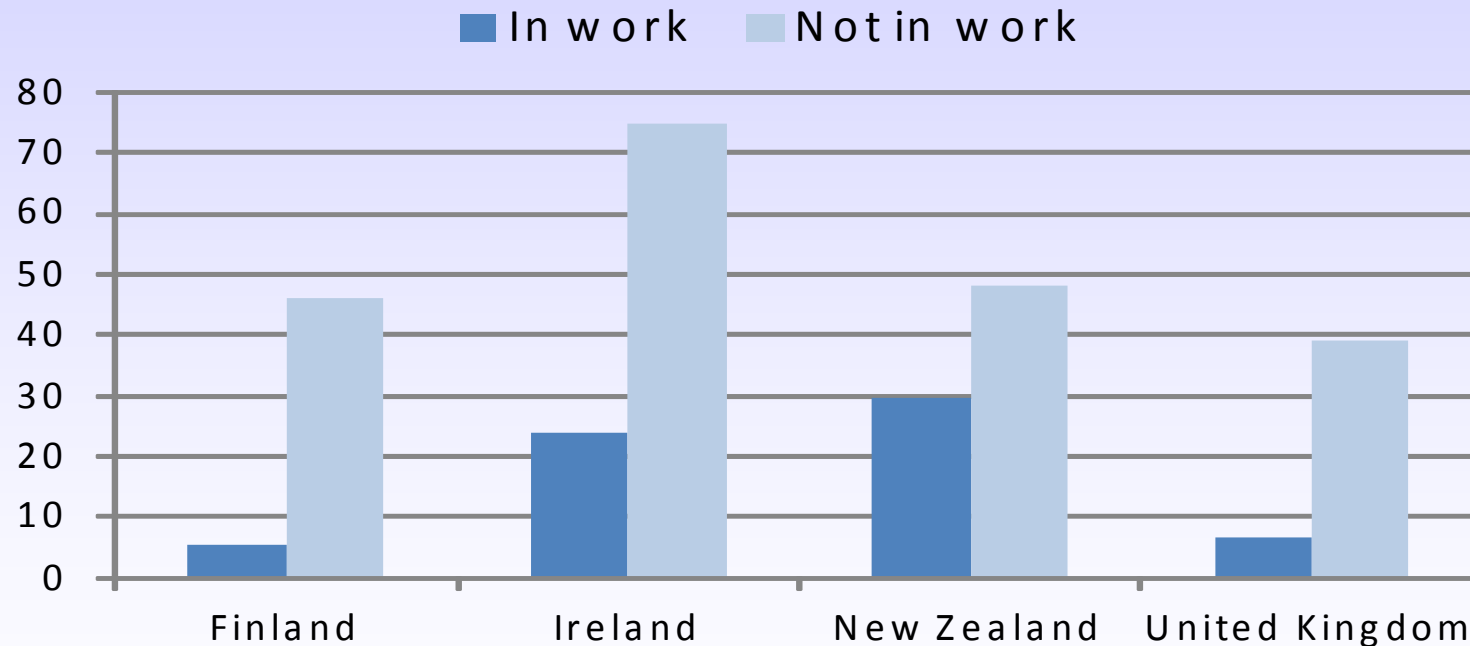


Poverty benchmarked against 50% of median income of the population. Source; EU-SILC and Statistics New Zealand



...and non-working sole-parent families face elevated poverty risks

Poverty rates for sole parent families, mid 2000s

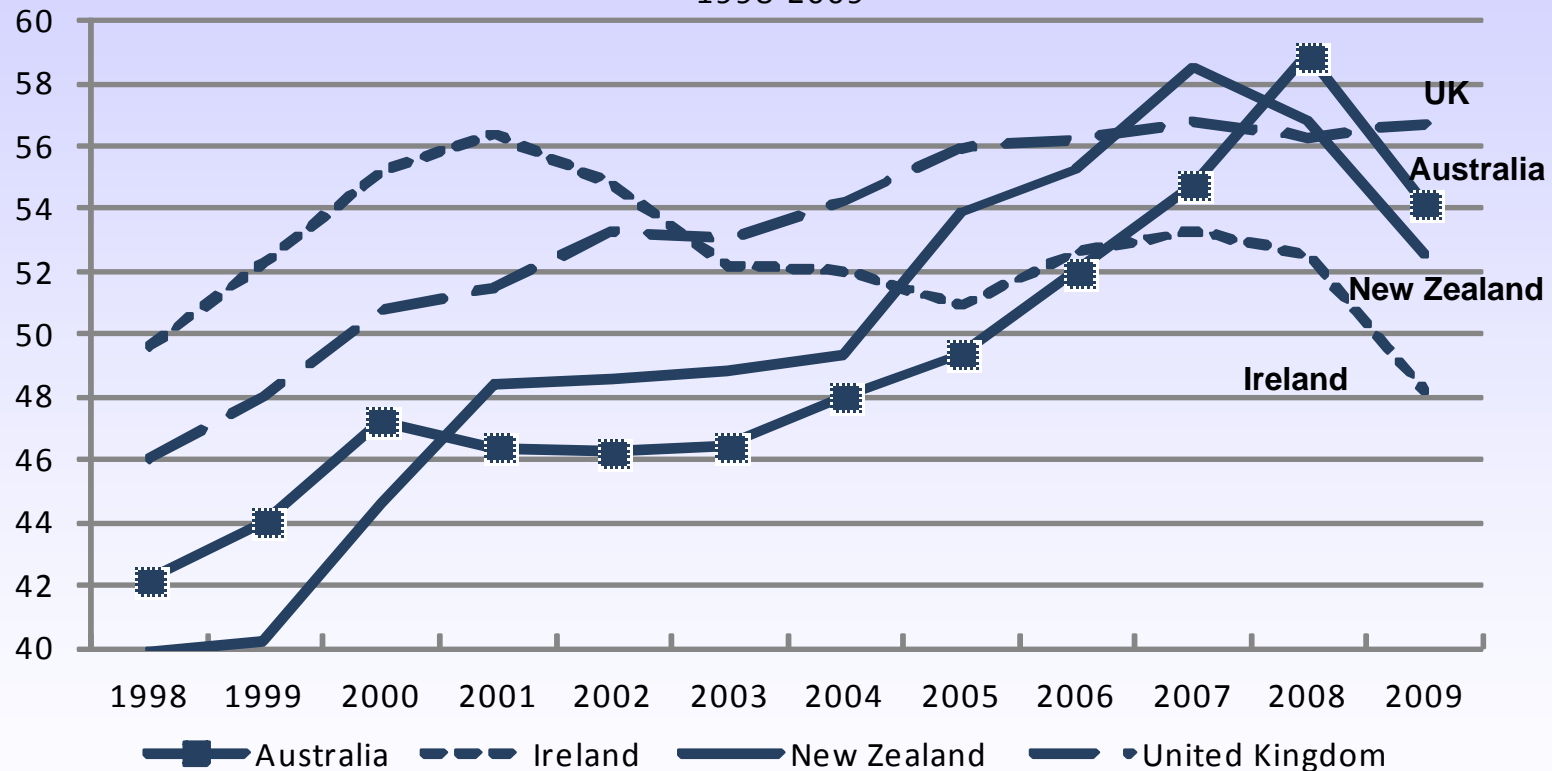


Poverty benchmarked against 50% of median income of the population. Source; OECD (2008), Growing Unequal? www.oecd.org/els/social/inequality

Sole parent employment rates in New Zealand went up with economic growth...

Employment rate of sole parents with dependent children

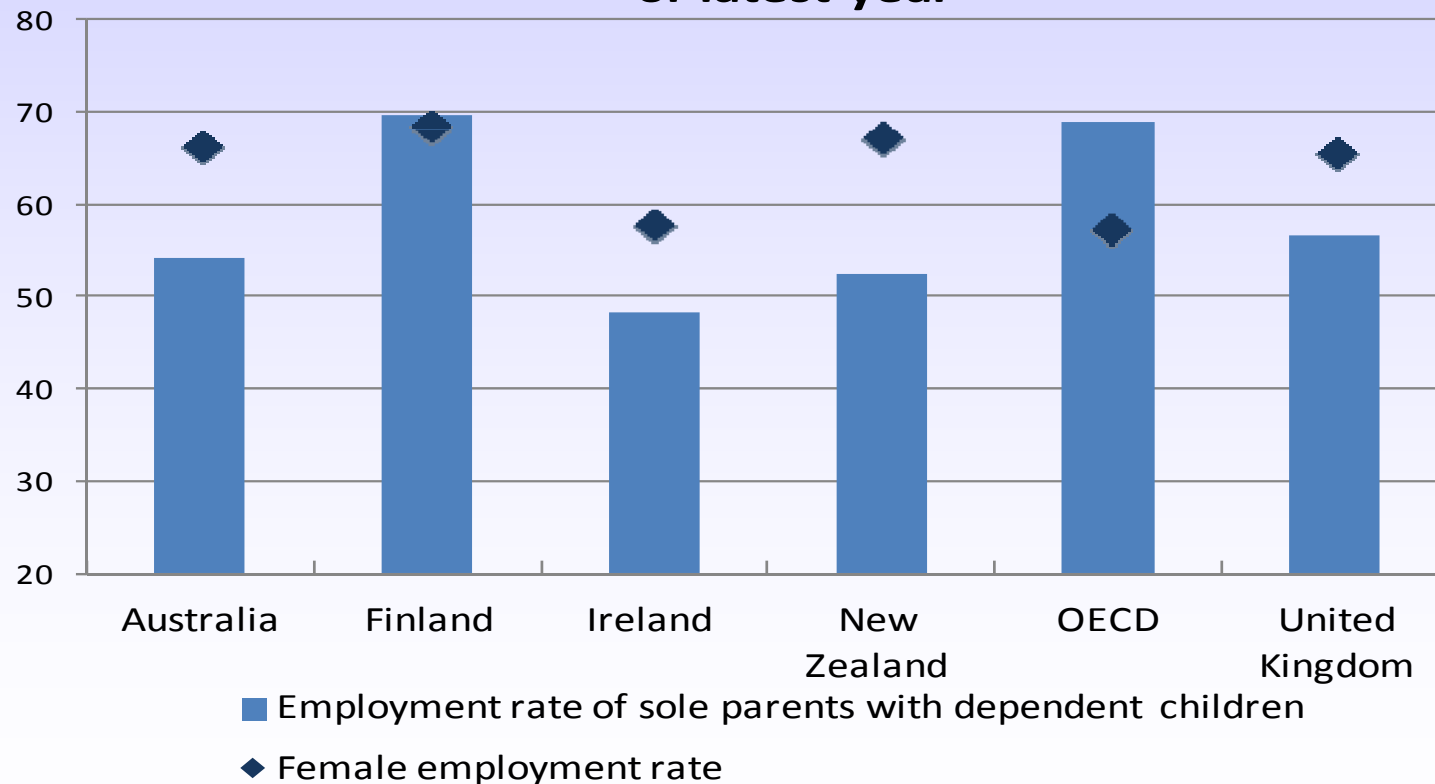
1998-2009



Employment rates for sole parents with dependent children (<15).
Sources: national statistical agencies.

...but remain below sole parent and female employment rates in Finland and many other OECD country...

Employment rates of women and sole parents, 2009 or latest year



Source: OECD Family database (www.oecd.org/els/socail/family/database) and OECD Employment Outlook. (www.oecd.org/els/employment).



In Finland all parents are work-tested, and in Australia and the UK the test is introduced earlier than before

Age of youngest child at which (sole) parents are "work-tested" for income support (not including paid parental leave and child allowances)

	2005	2010
	<i>Age of youngest child</i>	
Australia	16	7
Finland	All parents are "work-tested" regardless of partnership status or age of the child	
Ireland	18	18
New Zealand	18	18
United Kingdom	16	10 (7 from October)

Policy reform should strengthen mutual obligations ...

- Make existing DPB-clients job ready
- Avoid new clients becoming benefit dependent
- This will require additional budgets:
 - ✓ Invest in employment supports
 - ✓ Invest in good quality childcare

Child Support policies could be looked at to further help reduce poverty among children in sole parent families

- To provide non-resident parents with incentives to pay, ensure that some of the “first dollar paid” goes to children rather than the state.
- Better account for cost of children, both in terms of outlays and opportunity costs
- Better account for shared care arrangements

Concluding remarks

- Working for Families has strengthened financial returns to work for families
- DPB benefit design has contributed to relatively low employment participation and high poverty risk for sole parents and their children
- Policy need to invest in employment and good quality childcare supports so it can approach all families and children similarly, regardless of family status
- Consider efficiency of other relevant social policy measures, including child support arrangements.

Thank you for your attention!

