

# CHILDREN RELIANT ON BENEFIT RECIPIENTS

## Introduction

In New Zealand, children who are reliant on benefit recipients are a particularly vulnerable group. During 2008, 63% of all households (including those with and without children) relying on benefits as their main source of income were living below the poverty line (housing adjusted equivalent disposable income <60% median) [1]. This proportion has fluctuated markedly over the past two decades, rising from 24% of benefit dependent households in 1990, to a peak of 66% in 1994 and then gradually falling back again to 54% in 2007 [1], with these fluctuations being attributed to three main factors: cuts in the level in income support during 1991, growth in unemployment (which peaked at 11% in 1991) and escalating housing costs, particularly for those in rental accommodation [2]. Further, benefit dependent children account for the majority of those living in poverty, with ~60% of children living below the poverty line in 2004, relying on Government benefits as their main source of family income [3].

The vulnerability of benefit dependent children was further highlighted by the 2000 Living Standards Survey, which noted that even once the level of family income was taken into account, families whose main source of income was Government benefits were more likely to be living in severe or significant hardship and as a consequence, more likely to buy cheaper cuts of meat, go without fruit and vegetables, put up with feeling cold to save on heating costs, make do without enough bedrooms, have children share a bed, postpone a child's visit to the doctor or dentist, go without a computer or internet access and limit their child's involvement in school trips, sports and extracurricular activities [2]. The 2004 Living Standards Survey suggested that the picture may have worsened between 2000 and 2004, with the proportion of benefit dependent families living in severe or significant hardship increasing from 39% in 2000 to 58% in 2004 [4].

This indicator reviews the number of children aged 0-17 years who were dependent on benefit recipients during April 2000-2009, using information from the Ministry of Social Development's SWIFTT database. While the number of children reliant on benefit recipients does not correlate precisely with the number living below the poverty line (in 2004 they comprised 60% of those in poverty [3]), in the context of New Zealand's rising unemployment rates, they nevertheless reflect a particularly vulnerable group, who may have higher health needs, and as a consequence, may impact increasingly on future health service demand.

### Data Source and Methods

#### Definition

*Children Reliant on a Benefit or a Benefit Recipient by Benefit Type*

#### Data Source

**Numerator:** Number of Children Aged 0-17 years (NZ Level) who were reliant on a Benefit, or Benefit Recipient as recorded in the Ministry of Social Development's SWIFTT database

**Denominator:** NZ Census

**Indicator Category** Ideal B-C

#### Notes on Interpretation

Data was provided by the MSD from their SWIFTT database which records information on recipients of financial assistance through Work and Income for 2000-2009. All figures unless stated otherwise, refer to the number of children who were dependent on a benefit or benefit recipient as at the end of April and provide no information on those receiving assistance at other times of the year.

To be eligible for a benefit, clients must have insufficient income from all sources to support themselves and any dependents and meet the eligibility criteria for benefits. These are:

**Domestic Purposes Benefit – Sole Parent (DPB-SP) and Emergency Maintenance Allowance:** This benefit provides income support for sole parents living with their dependent children under 18 years, who meet an income test and are New Zealand citizens or permanent residents. To be eligible, a parent must be 18 years or older OR have been legally married or in a civil union. A 16 or 17 year old sole parent who has never been married may be eligible to receive an Emergency Maintenance Allowance. This emergency benefit can also be paid to sole parents aged 18 and over who do not meet specific criteria for DPB-SP or other benefits.



**Unemployment Benefits:** Unemployment benefits are available to people who are available for and actively seeking full time work. Clients must be aged 18+ years or 16-17 years and living with a spouse or partner and dependent children. Those receiving unemployment benefits are subject to a full time work test, as are their spouses or partners if they have no dependent children, or if their youngest dependent child is aged 14+ years. Applicants must have continuously lived in New Zealand for 2 years or more. An Unemployment Benefit-Hardship is available to those who do not meet these criteria but who are not successfully able to support themselves through paid employment or by other means.

**Sickness Benefit:** To be eligible for a Sickness Benefit people need to be 18 years of age, or 16-17 years of age and either 27+ weeks pregnant or living with a partner and children they support. They must have had to stop working or reduce their hours because of sickness, injury, pregnancy or disability OR, if unemployed or working part time, find it hard to look for or do full time work for the same reasons. To qualify, a person's (and their partner's) income must be below a certain level and they must have a medical certificate, the first of which can last for only up to 4 weeks. For pregnant women, payments may continue for up to 13 weeks after the birth of their child. At least 2 years' residence is required, though a benefit may be granted in cases of hardship.

**Invalid's Benefit:** To be eligible for an Invalid's Benefit, people need to be 16+ years of age and unable to work 15+ hours a week because of a sickness, injury or disability which is expected to last at least 2 years OR their life expectancy is <2 years and they are unable to regularly work 15+ hours a week OR they are blind with a specified level of visual impairment. A doctor's certificate is required and an applicant must be a New Zealand citizen or permanent resident and have lived in New Zealand for 10 years or more.

**Other Benefits:** In this section, Other Benefits includes DPB Women Alone and Caring for Sick or Infirm, NZ Superannuation, Veterans and Transitional Retirement Benefit, Emergency Benefits and Widows Benefit, Independent Youth Benefit, Unemployment Benefit Training and Unemployment Benefit Training Hardship, Unemployment Benefit Student Hardship, Orphan's Benefit and Unsupported Child's Benefit.

## New Zealand Distribution and Trends

### Total Number of Children Reliant on a Benefit or Benefit Recipient

In New Zealand, the number of children aged 0-17 years who were reliant on a benefit, or benefit recipient, fell from 278,788 in 2000, to 226,195 in 2009. A large proportion of this fall was due to declines in children relying on unemployment benefit recipients, with numbers in this category falling from 49,214 in 2000, to 5,254 in 2008, before increasing again to 11,499 in 2009. Similarly the number of children reliant on DPB recipients fell from 187,685 in 2000, to 157,622 in 2008, before increasing again to 166,513 in 2009 (**Table 1**).

### Proportion of All New Zealand Children Reliant on a Benefit Recipient

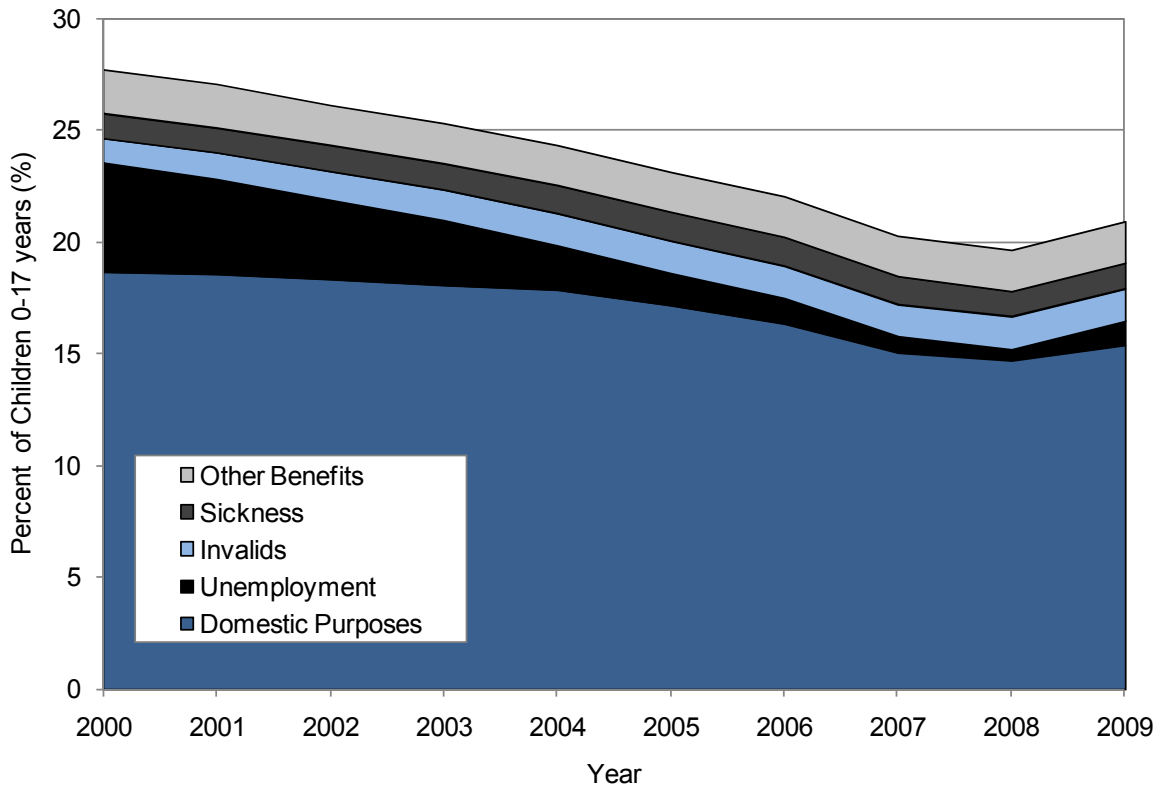
In New Zealand the proportion of children aged 0-17 years who were reliant on a benefit, or benefit recipient, fell from 27.7% in 2000 → 19.6% in 2008, before increasing again to 20.9% in 2009. A large proportion of the initial decline was due to a fall in the number of children reliant on unemployment benefit recipients (4.9% of children in 2000 → to 0.5% in 2008 → to 1.1% in 2009). While the proportion of children reliant on DPB recipients also fell (18.7% of children in 2000 → 14.7% in 2008 → 15.4% in 2009) (**Figure 1**), the rate of decline was much slower than for unemployment benefits, meaning that in relative terms, the proportion of benefit dependent children reliant on DPB recipients actually increased, from 67.3% of benefit dependent children in 2000, to 73.6% in 2009 (**Table 1**).

### Age Distribution

During 2009, the proportion of children reliant on a benefit, or benefit recipient, was highest amongst those 0-2 years of age. Rates then tapered off rapidly, reaching a plateau in middle childhood (6-9 years). After 9 years of age however, rates again declined, reaching their lowest point at 17 years of age (**Figure 2**).

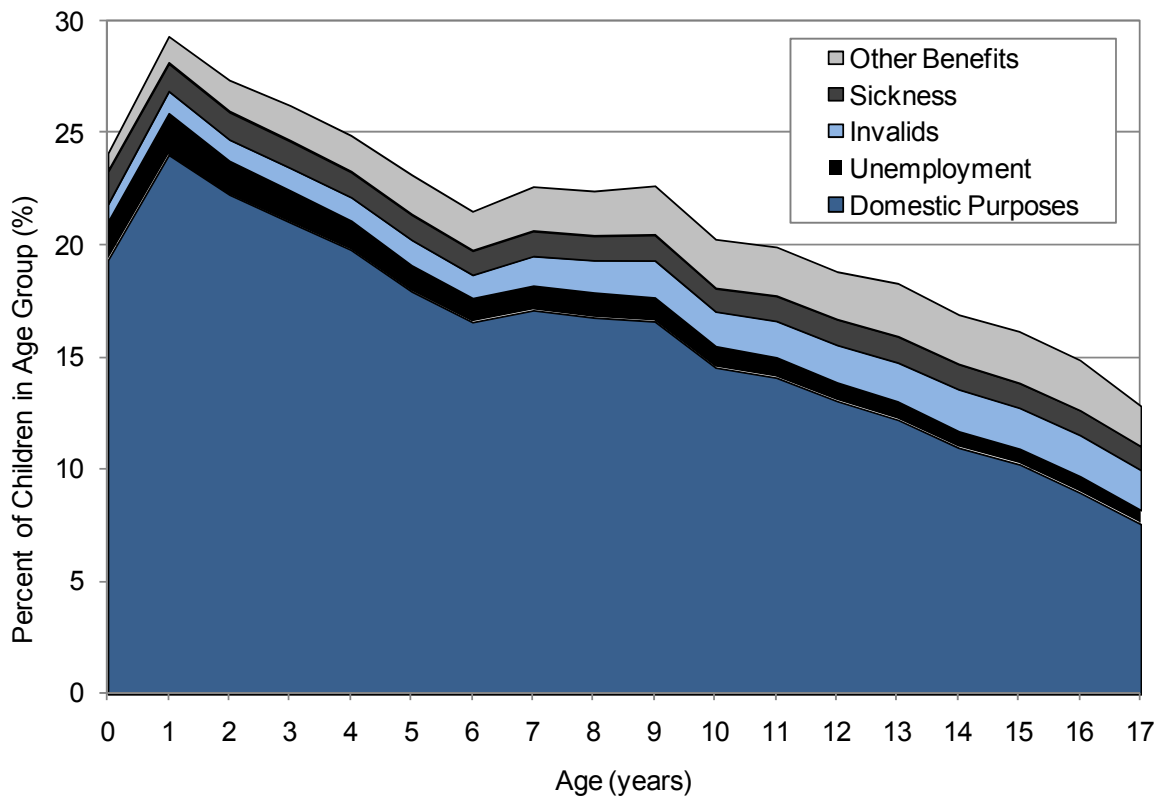


Figure 1. Proportion of All Children Aged 0-17 Years Who Were Reliant on a Benefit Recipient by Benefit Type, New Zealand April 2000-2009



Source: Numerator: Ministry of Social Development; Denominator: Census; For Composition of Other Benefits, see Methods Section; Non Benefit Assistance not included.

Figure 2. Proportion of All Children Aged 0-17 Years Who Were Reliant on a Benefit Recipient by Age and Benefit Type, New Zealand April 2009



Source: Numerator: Ministry of Social Development; Denominator: Census; For Composition of Other Benefits, see Methods Section; Non Benefit Assistance not included.



Table 1. Number of Children Aged 0-17 Years Who Were Reliant on a Benefit Recipient by Benefit Type, New Zealand April 2000-2009

Year	Domestic Purposes		Unemployment		Invalids		Sickness		All Other Benefits		Total
	Number	%*	Number	%*	Number	%*	Number	%*	Number	%*	Number
2000	187,685	67.3	49,214	17.7	11,028	4.0	11,191	4.0	19,670	7.1	278,788
2001	187,334	68.6	42,965	15.7	12,029	4.4	11,160	4.1	19,728	7.2	273,216
2002	186,712	70.2	36,111	13.6	13,110	4.9	11,896	4.5	18,194	6.8	266,023
2003	185,649	71.4	29,825	11.5	14,089	5.4	12,009	4.6	18,418	7.1	259,990
2004	185,087	73.4	20,517	8.1	14,931	5.9	13,040	5.2	18,549	7.4	252,124
2005	179,443	74.2	15,028	6.2	15,083	6.2	13,503	5.6	18,634	7.7	241,691
2006	172,349	74.2	11,977	5.2	15,172	6.5	13,625	5.9	19,172	8.3	232,295
2007	160,010	74.3	7,757	3.6	15,081	7.0	13,368	6.2	19,188	8.9	215,404
2008	157,622	74.9	5,254	2.5	15,777	7.5	11,979	5.7	19,871	9.4	210,503
2009	166,513	73.6	11,499	5.1	15,622	6.9	12,342	5.5	20,219	8.9	226,195

Source: Ministry of Social Development; \*Note: % refers to % of children relying on benefit recipients, rather than % of all children. For Composition of Other Benefits, see Methods Section; Non Benefit Assistance not included.

## Summary

In New Zealand the proportion of children (0-17 years) who were reliant on a benefit, or benefit recipient, fell from 27.7% in 2000 → 19.6% in 2008, before increasing again to 20.9% in 2009. A large proportion of this decline was due to a fall in the number of children reliant on unemployment benefit recipients, although this trend appears to have reversed in the past year. While the proportion reliant on DPB recipients also fell, the rate of decline was much slower than for unemployment benefits, meaning that in relative terms, the proportion of benefit dependent children reliant on DPB recipients actually increased during this period. In the context of the current economic downturn, the large increase in the number of children reliant on unemployment benefit recipients between April 2008 and April 2009 is a cause for concern, as while the number of children reliant on benefit recipients may not correlate precisely with the number living below the poverty line, they do reflect a particularly vulnerable group, with higher health and support needs, and tracking changes in their number over time may be of value in predicting future health service demand.

## References

1. Perry, B., *Household Incomes in New Zealand: Trends in Indicators of Inequality and Hardship 1982 to 2008*. 2009, Ministry of Social Development: Wellington. p. 1-167.
2. Krishnan, V., et al., *Children in Poor Families: Does the Source of Family Income Change the Picture?* *Social Policy Journal of New Zealand*, 2002. **June 2002**(18): p. 118-147.
3. St John, S. and D. Craig, *Cut Price Kids: Does the 2004 "Working for Families" Budget Work for Children?* 2004, Child Poverty Action Group: Auckland. p. 15.
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