

Call for greater protection for children in tough economic times

10 February 2013

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It is time that the government acted to protect the children in all low-income families who are losing work. These children's needs remain the same, but low-income families will find that their Working for Families tax credits are cut by at least \$60 a week if they no longer meet the work hours requirement.

Child Poverty Action Group (CPAG) has called for greater protection of children as firms continue to close and people lose jobs.

Economics spokesperson Dr Susan St John said the group is very concerned families whose breadwinners are made redundant may also lose a large part of the support they receive to help with the costs of raising their children.

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During the time families spend eking out their redundancy payments before they go on a benefit they are not entitled to the In Work Tax Credit and the IRD will bill the caregiver for any overpayments. In 2008, unemployed families were able to keep this payment for their children for 16 weeks under the Restart programme, but even that small amount of help was phased out in January 2011.

"All children in low income households should be treated the same and to achieve this, the In Work Tax Credit should be added to the Family Tax Credit paid to the caregiver. This would not only protect workers in a difficult employment market but would begin to address the high levels of child poverty of in benefit reliant households. It would also greatly simplify a very complicated system that many families find difficult to access.

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“If the government really wants to protect children it needs to take a serious look at how the tax credits system works to protect children in times of crisis,” said Dr St John.

Additional Information

Under Human Right Legislation, Child Poverty Action has challenged the legality of the payment of the child- focused benefit, misnamed an ‘In Work Tax Credit’. It is paid to the caregiver with one of its main purposes listed as a child poverty alleviation measure, but it excludes 230,000 of the poorest children.

The case will be heard in the Court of Appeal in May 2013.