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Landmark legal case challenges discriminatory In-Work Tax Credit

Child Poverty Action Group is bringing a legal case with the Office of Human Rights Proceedings alleging the In-Work Tax Credit discriminates against many of New Zealand's poorest children. The case began June 3rd, 2008.

The In-Work Tax Credit (IWTC, formerly the In-Work Payment) is part of a package of family assistance policies called Working for Families Tax Credits. The IWTC is worth \$60 or more per week but is only paid for children in low-income families where parents are in paid work for a minimum number of hours per week. Children whose parents are on a benefit, or cannot work this number of hours, are not eligible for this payment.

By 2006, the incomes of New Zealand's poorest families had been falling relative to average incomes for many years. In April that year the In-Work Payment was introduced. This extra payment was desperately needed by all children in low-income families, but denied to the poorest children where parents did not work the necessary hours.

Child Poverty Action Group (CPAG) states this policy discriminates against children on the basis of their parents' work status. CPAG argues the discrimination is unacceptable as it leaves approximately 150,000 children in poverty. While there is no question that work is an important source of well-being for families, CPAG believes child benefit payments should not be used as a work incentive.

There are other, much better, ways to make work pay. All children deserve support, no matter where their family's income comes from, and government policies should treat all children from low income families the same. To reduce child poverty rates, family assistance policy should be directed at a child's needs, not used for a different purpose.

CPAG is pleased its case will finally be heard in mid-2008, after struggling since 2002 to bring it to a hearing.

There have so far been three legal decisions, on preliminary issues pursued by the Crown in 2005-06. All have confirmed CPAG's right to bring the case. In the process, they also affirmed the right of similar groups to challenge discrimination in government policy. The main issue of discrimination will now be heard in the June hearing, which is likely to last for some weeks.

Note: The original subject of this case was the Child Tax Credit, introduced in 1996. This policy has now been almost completely replaced by the In-Work Tax Credit. The case challenges both policies.

For case updates visit [http://www.cpag.org.nz/campaigns/Child Tax Credit IWP.html](http://www.cpag.org.nz/campaigns/Child_Tax_Credit_IWP.html)