

Unfinished business for poorest children in New Zealand

10 November 2011

CPAG has filed an application for leave to appeal to the Court of Appeal today against the High Court decision that the Government's In Work Tax Credit was "not unlawful discrimination".

CPAG has consistently argued that the In Work Tax Credit is part of per week child-related family assistance. "The basic needs of low income children do not change when parents' source of income changes" says CPAG spokesperson Susan St John.

CPAG agrees that there should be a gap between work and beneficiary income, but strongly disagrees with creating such a work incentive by denying the children of beneficiaries a significant amount of financial support. This is especially invidious when sole parents simply cannot meet the work requirements for this payment either because of their child responsibilities, or when they lose work because of events beyond their control like the recession, sickness or an earthquake.

At the same time, the In Work Tax Credit is paid high up the income scale where no incentive is needed, while it is denied to 230,000 of the poorest children.

CPAG says there are all kinds of ways to make it more worthwhile to earn extra income without this clumsy discriminatory payment. "We are out of step with Australia on this one. They do not treat children differently because they are in benefit households" says St John.

The In Work Tax Credit is worth at least \$3,000 per family tax free per year. This additional income has been unjustly withheld while it has been desperately needed for the past 6 years to pay for basic child-related costs such as food, power, clothing and education.