

# CHiLD POVERTY ACTION GROUP

[www.cpag.org.nz](http://www.cpag.org.nz)

## **- NEWSFLASH -**

### ***Recession highlights gaps in safety net for children***

*6 November 2008*

Recent policy announcements by the Labour and National parties are an admission of the inadequacy of current welfare and child support policies, say children's advocates.

The National Party has promised to extend the Working for Families In-Work Tax Credit (IWTC) and extend the accommodation supplement for up to 16 weeks to families who are made redundant. Labour has offered to temporarily remove the joint income test for up to 13 weeks for selected families when an earner loses their job. The Greens have applauded aspects of both initiatives but, like CPAG, they seek to make the IWTC universal, abolish the compulsory stand-down period after job loss and lift base benefit levels. The Maori Party has announced pre-Christmas \$500 cash for needy families with children and superannuitants.

CPAG welcomes National's implicit admission that the In-Work Tax Credit is a payment to help with the costs of children and not an in work benefit. Protecting children must be the first priority of whichever party wins the election. Extending the IWTC to all low-income families should be the first anti-recessionary, anti poverty option the government takes. Benefits also need to be set at a level that enables families to meet their basic needs, including their housing and food costs.

The sea change signalled by National vindicates the case that CPAG has taken to the Human Rights Review Tribunal, alleging that the In-Work Tax Credit is discriminatory. The case was heard in June this year after 6 years of battling to get it heard. The essence of the discrimination argument was that Working for Families carves off a piece of child-based income support and denies it to those most in need. The criteria for getting it are highly inequitable and archaic in a modern world of flexible work and casual

hours. Families not only need to be off a benefit but also working a set number of hours per week, 20 hours for a sole parent and 30 hours for a couple, to qualify.

The name 'In Work Tax Credit' is totally misleading. It is paid to the principal caregiver to help meet the costs of children, not to the 'worker'. It is conditional on having children; and it is worth more to larger families and is paid right up the income scale, even to some families on over \$100,000 where surely no incentive to remain in work is needed. The consequences are serious, however, as Working for Families has left the social safety net with a glaring hole for children.

Government has been at pains to reform the benefit system so that there is a clear distinction between the core benefit for the adults and additional weekly payment for the children. The problem has been that it has created two classes of children - the "deserving" and the "undeserving". But clearly a child's needs don't reduce when parental circumstances change.

Child Poverty Action Group has welcomed the change in focus by the two main parties to protecting children, but says the reflexive, short-term responses are disturbing examples of policymaking on the hoof. CPAG urges National and Labour to make a commitment to ensuring that children in all low-income families will get the same family assistance regardless of the work status of their parents.

-----