

CHiLD POVERTY ACTION GROUP

www.cpag.org.nz

Media Release 16 December 2008

Redundancy package needs a rethink

Child Poverty Action Group says National's package extending the In-Work Tax Credit to families where earners are made redundant is an admission that families are unable to meet basic costs under the present system.

CPAG says the package will lessen the blow for caregivers who would otherwise find themselves with drastically reduced incomes. Not only are current benefit levels woefully inadequate, but cutting payments for children when the earner loses his or her job makes no sense at all.

According to CPAG spokesperson Susan St John, "CPAG has always argued that the IWTC should be available to all low-income families, including families on benefits. National's proposal is, we believe, a partial endorsement of that view.

"This is a welcome first step, but this package does not go nearly far enough. The In-Work Tax Credit is a payment of at least \$60 a week for children that all low income families need, not just those who meet an arbitrary work test. It is of no assistance to those made redundant prior to the election, and creates a further division between the "deserving" and "undeserving" poor.

"While some families with children under National will get this payment, what of those families who are presently denied the In-Work Tax Credit, and what happens to children after the 16 weeks is up?"

CPAG states that 'in work tax credit' is a confusing misnomer because it is simply part of family assistance. They have called on the government to make it available to all low-income families with children, regardless of whether they are working, or how they lose their jobs. This would be the best anti-child poverty, anti-recessionary spending the government could do.