

On our watch.....

A sign of insanity is  
continuing to do the same  
things and expecting a  
different result

# What does CPAG try to do?

- Produce credible research
- Use academics to raise profile of social justice issues
- Contribute to public debate and political pressure for change
- Sometimes activist eg Hikoī for housing– Park-up for homes
- Argue for ‘better’ policies that puts **children’s wellbeing at the centre**- human rights approach

# Best interests of the child at the centre



# From 1990s policy focus has put paid work at centre



2015 Child Hardship Bill continued  
"A relentless focus on paid work"



## Why do we need Working for Families?

- Society must support the young and the old
- We do 'old' very well!
- We don't say- "NZ Superannuation is a subsidy to employers"
- Working for Families is an **investment by society in its future.**



**#FWFF** FIX  
WORKING  
FOR  
FAMILIES

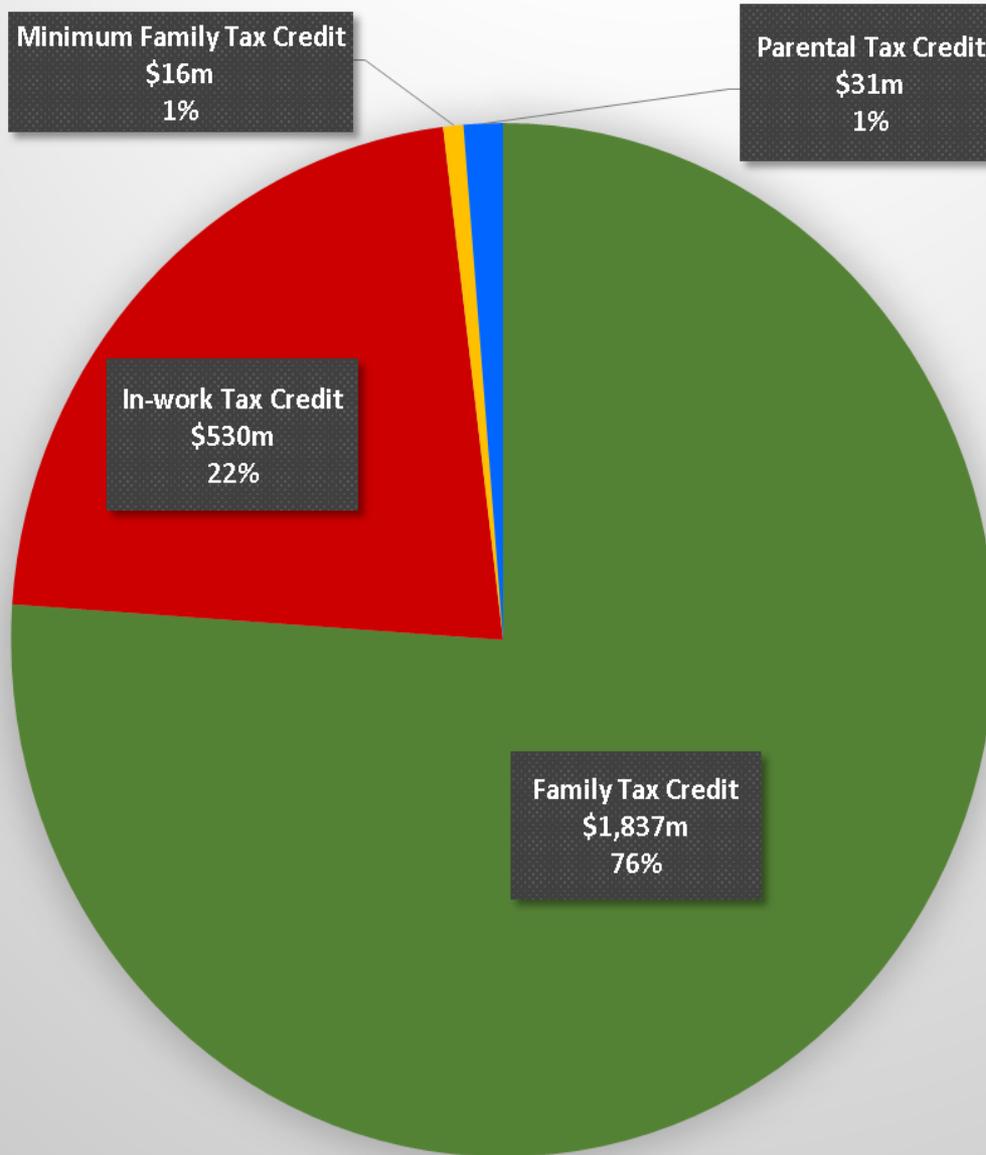
- **Benefits are for adults.**
- **Working for Families is for children.**

**#FWFF** FIX  
WORKING  
FOR  
FAMILIES

## So what is wrong with WFF?



# Components of Working for Families Tax Credits by Cost, 2016



Total WFF  
\$2.4 billion

# 10 years after IWTC came in: 2016

The **In Work Tax Credit** rises to \$72.50 a week

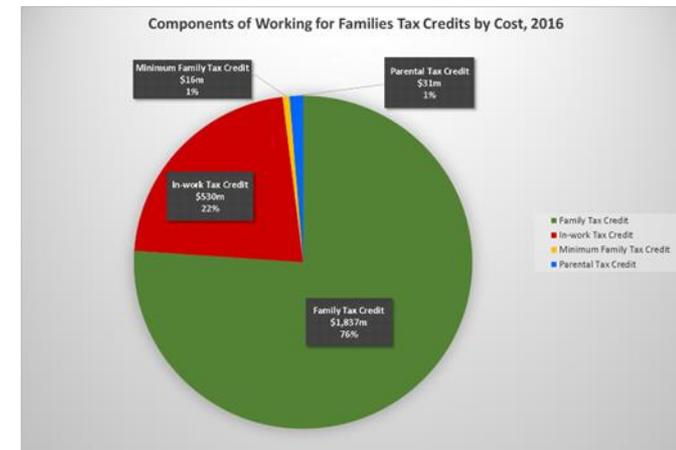
Just an inflation catch-up

**A lot** for the poorest children to miss out on



Only work-based WFF increases

WFF	2016	2020
FTC	1837m	1831m
Other	577m	639m



# Impact on poverty? Child Poverty Rate fell but...

**“WFF had little if any impact on the poverty rates for children in workless households”**

**MSD 2013**

**Who was left out?**

**Why have we not been  
concerned about  
those left out ?**



"And the wolf ate all children but it didn't matter because they were the children of **People not like us**



# What has been the cost to 'non-deserving' families

Since 1996 each year there has been a cumulative loss from poor families' balance sheets

1996-2006    **\$2.25B** due the CTC

2006-2016    **\$5+ B** due to work based child tax credits

**\$7+. Billion and rising**

2016-2026...???

# **The IWTC is an arbitrary payment Who cant have it?**

- Poorest children
- Students even if full time
- Anyone on ACC since before 2006
- Any family on a benefit or NZ Super
- Any one whose hours fall below the minimum
- A separated mother
- Someone surviving on child support
- Sole parent on a part benefit working 20 hours

## **Case studies- IR website**

- Dale is a single parent who works as a teacher aide for 22 hours a week. She's contracted to work for the school from February to December although she doesn't work during the two week term holidays. She's entitled to receive an in-work tax credit from early February until mid-December because she works the required hours and receives income during that period.



# CHiLD POVERTY ACTION GROUP

Dale can't receive an in-work tax credit during the summer holidays because she's not contracted to work for that period.

## **Who can have this 'work incentive'?**

- Those who meet fixed hours and off benefit rules
- Mothers at home
- Those in large high income households.
- Casual workers but only for the weeks they meet the hours
- Mothers on Paid Parental Leave!!

**Where is the child in all of this?**

# CPAG challenge to the design of Working for Families



- **A per child per week payment**
  - the Family Tax Credit
  - In Work Tax Credit
- Supposed to
  - Reduce Child Poverty **AND**
  - Make work pay

# The Human Rights Case CPAG v the Attorney General

**1996 HR complaint rejected**

**2002 CPAG lodged complaint under Part 1A**

**2003 Crown Law objected**

**2005 Case taken on CPAG's behalf by Office of  
Human Rights Proceedings**

**June 2005 – Crown disputes right to take the case**

**Sept 2005 Human Rights Tribunal rules in CPAG's  
favour**

**Oct 2005 Crown Appealed**

**May 2006 Reserved decision dismisses appeal**

**August 2006 goes to Judicial Review.**

**November 2006 CPAG won right to take the case**

**2008**

# **The Human Rights Review Tribunal**



***We are satisfied that the WFF package as a whole, and the eligibility rules for the IWTC in particular, treats families in receipt of an income-tested benefit less favourably than it does families in work, and that as a result families that were and are dependent on the receipt of an income-tested benefit were and are disadvantaged in a real and substantive way. (Human Rights Review Tribunal 2008: para 192)***

# September 2011, Appeal to High Court

The High Court found that the IWTC does discriminate against some beneficiary families, but it is not unlawful as there is a legitimate objective to incentivise beneficiaries into work. Nevertheless it said CPAG's complaint that the government was not doing enough to alleviate child poverty could be justified statistically. The judgment also said that for a so-called developed country, New Zealand has a poor record on child poverty – a social ill with significant adverse social and economic consequences.

# 2012 Appeal in the Court of Appeal

**28<sup>th</sup> 29<sup>th</sup> May 2012**

**Discrimination again  
upheld  
ie 270,000 children  
are harmed  
But found to be  
justified?**



# **CPAG does not appeal to the Supreme Court**

**CPAG takes the fight to political arena**

# The Green's Bill: The Universalisation of the In work tax credit



**Part 1** Treat all low income children the same

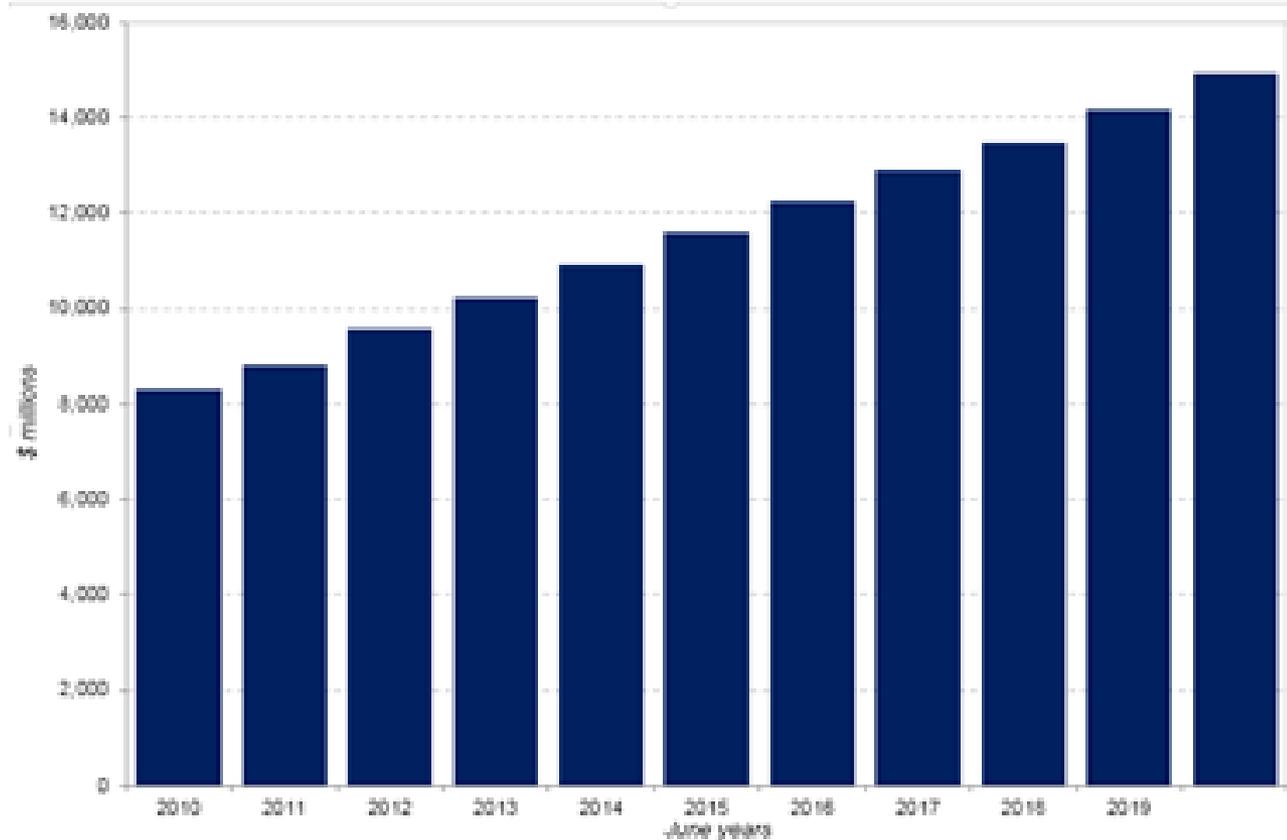
**Join the IWTC to the FTC**

**Part 2** Address the Continuous erosion of WFF for Low income 'working families

# A BAND AID BUDGET

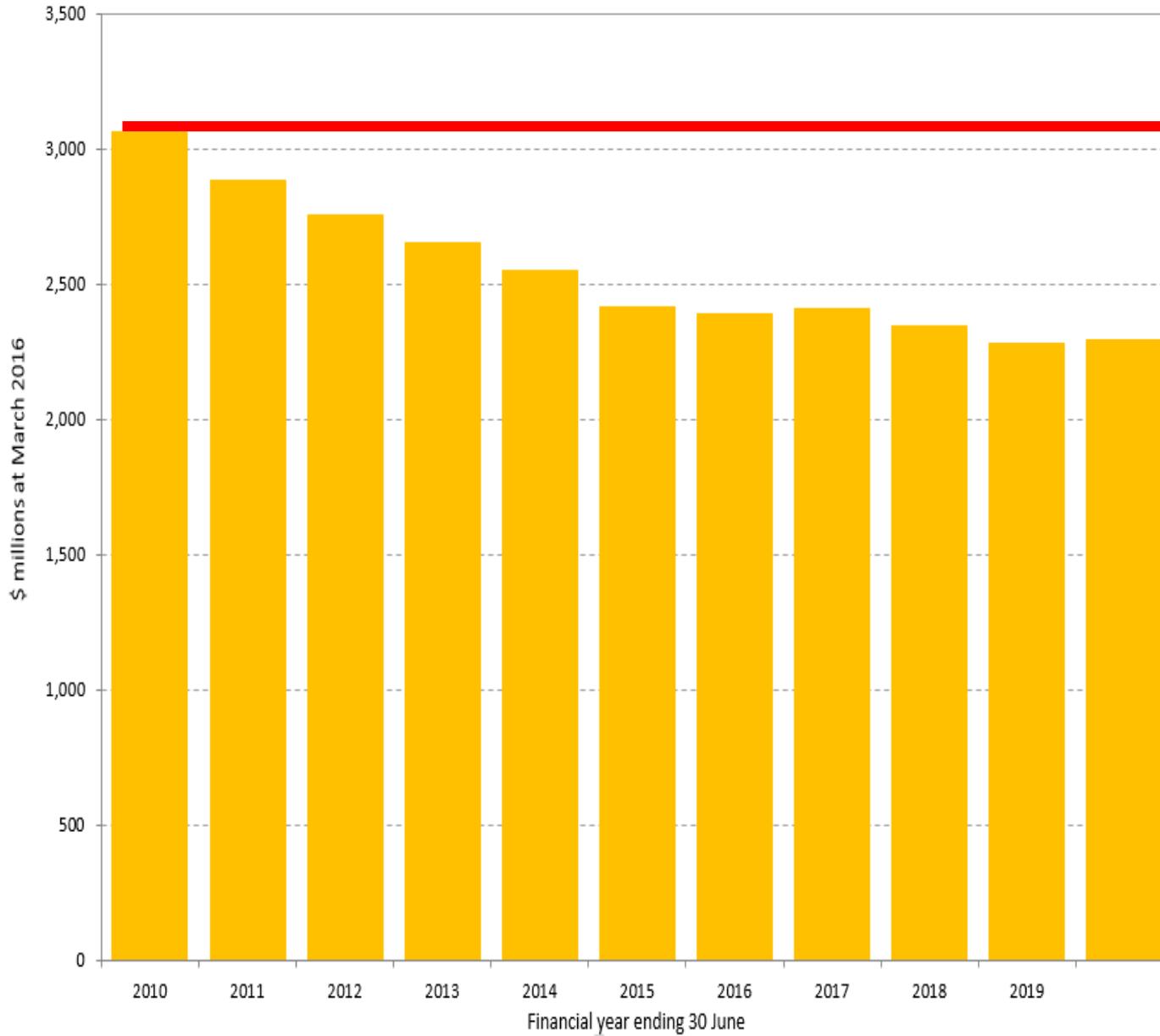
CPAG's analysis of the  
2016 Government budget

## NZ Superannuation



NZ Super payments have increased not only because of demographic change but also because **real rates** of super have increased with wage growth.

# To fix WFF



Need another \$700m pa restore lost value

And \$500m to give all poor children the same

Derived from BEFU 2016

# \$36,350 in 2016 is no fortune

46 hours at minimum wage \$15.25

....An extra \$10,000 means

Tax	1750
acc	145
wff	2250
stud loan	1200
Kiwisaver	300
accommodation supplement	<u>2500</u>
<b>total loss</b>	<b>8,145</b>
disposable income	\$1,855

Possible loss of  
childcare subsidy  
up to \$60 a week

## Part 2 ask

- Full annual indexation of rates
- Full indexation of all threshold from 2005
- Abatement 20%
- Indexation to net wages
- Living wage campaign support FWFF

# Where did CPAG interest in Kathryn's story come from?



The complexities of  
'relationship' in the  
welfare system and  
the consequences  
for children

[See Report here](#)

A Child Poverty Action Group Background Paper  
Susan St John  
Catriona MacLennan  
Hannah Anderson  
Rebecca Fountain

CHILD  
POVERTY  
ACTION  
GROUP

# Relationships in the 21<sup>st</sup> century are complex!

*Happiness in  
marriage is  
entirely a  
matter of  
chance.  
Jane Austen*



# Principle: neutrality

Tax and Basic income is based on

*individual*

BUT



Welfare based on the idea that the couple can live more cheaply than a single person and that ‘married’ people ought to support each other.

# In 2016 MSD justify different rate of NZS

## Couples

*could* be able to enjoy lower accommodation costs than two single people

*could* be able to have their personal household effects on one insurance policy whereas two single people who are sharing accommodation would be more likely to have separate insurance costs totalling a higher amount

***could*** share vehicle expenses, while two single people may be more likely to have their own individual transport and vehicle costs

***could*** generally share meals, while two single people sharing accommodation may not have merged their lives to that extent.

- Jill is a sole a parent she gets SPS \$325
- Jack is her boarder. He gets JS \$210

oops

- “relationships could develop quickly and some people might not be aware of their obligation to tell Work and Income.”  
Minister Tolley.

## Who wants to be 'married'?

- Jill gets SPS \$325
- Jack gets JS \$210
  
- Coupled they get \$187.50 each- \$160 less pw than before
- And have a joint income test of 70% on earned income over \$80
- And may be prosecuted.....

**To help distinguish the nature of a de facto relationship, Work and Income (2014) suggests that the beneficiary ‘thinks about these issues’:**

- You live together at the same address most of the time.
- You live separately but stay overnight at each other’s place a few nights a week.
- You share responsibilities, for example bringing up children (if any).
- You socialise and holiday together.
- You share money, bank accounts or credit cards.
- You share household bills.
- You have a sexual relationship.
- People think of you as a couple.
- You give each other emotional support and companionship.
- Your partner would be willing to support you financially if you couldn’t support yourself.

**Informants are requested to supply detailed information as detailed on the Work and Income website (2014): Information that helps us when you report a suspected fraud. This includes:**

- Do they live with a partner but say they're living alone?
- If you think they do then we'd like to know:
- the full name of their partner and any other names they're known by
- their partner's age and date of birth
- their partner's address
- whether their partner works and who employs them
- why you think that they're a couple
- how long they've been in a relationship
- whether they have had children together
- the names and ages of any children they have.

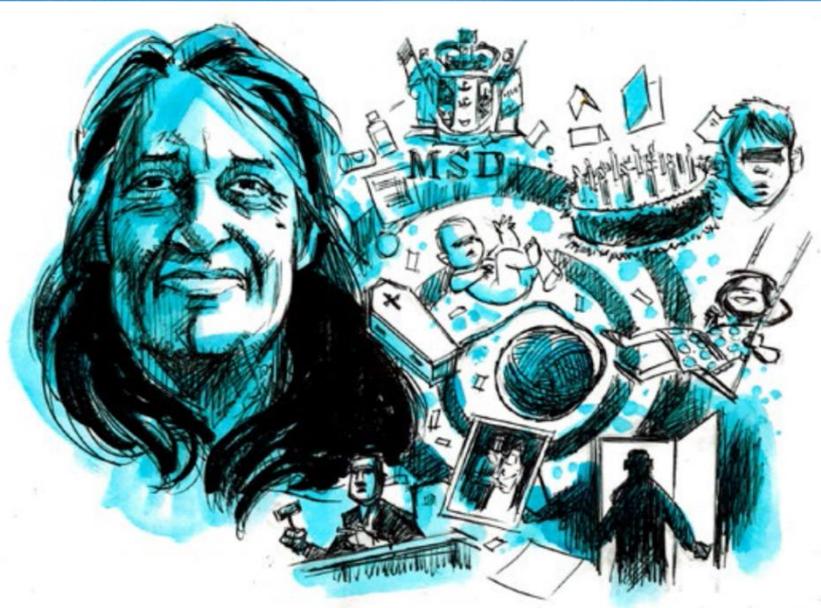
## Website warns

.....some receiving a benefit, Student Hardship or New Zealand Superannuation are in relationships they haven't told us about.

Up until now when an MSD client was found to have dishonestly claimed a single benefit while in a relationship, that client has been solely responsible for paying back the fraud debt.

You and your partner may now be jointly responsible for paying back benefit debt

# CHiLD POVERTY ACTION GROUP



## Kathryn's Story

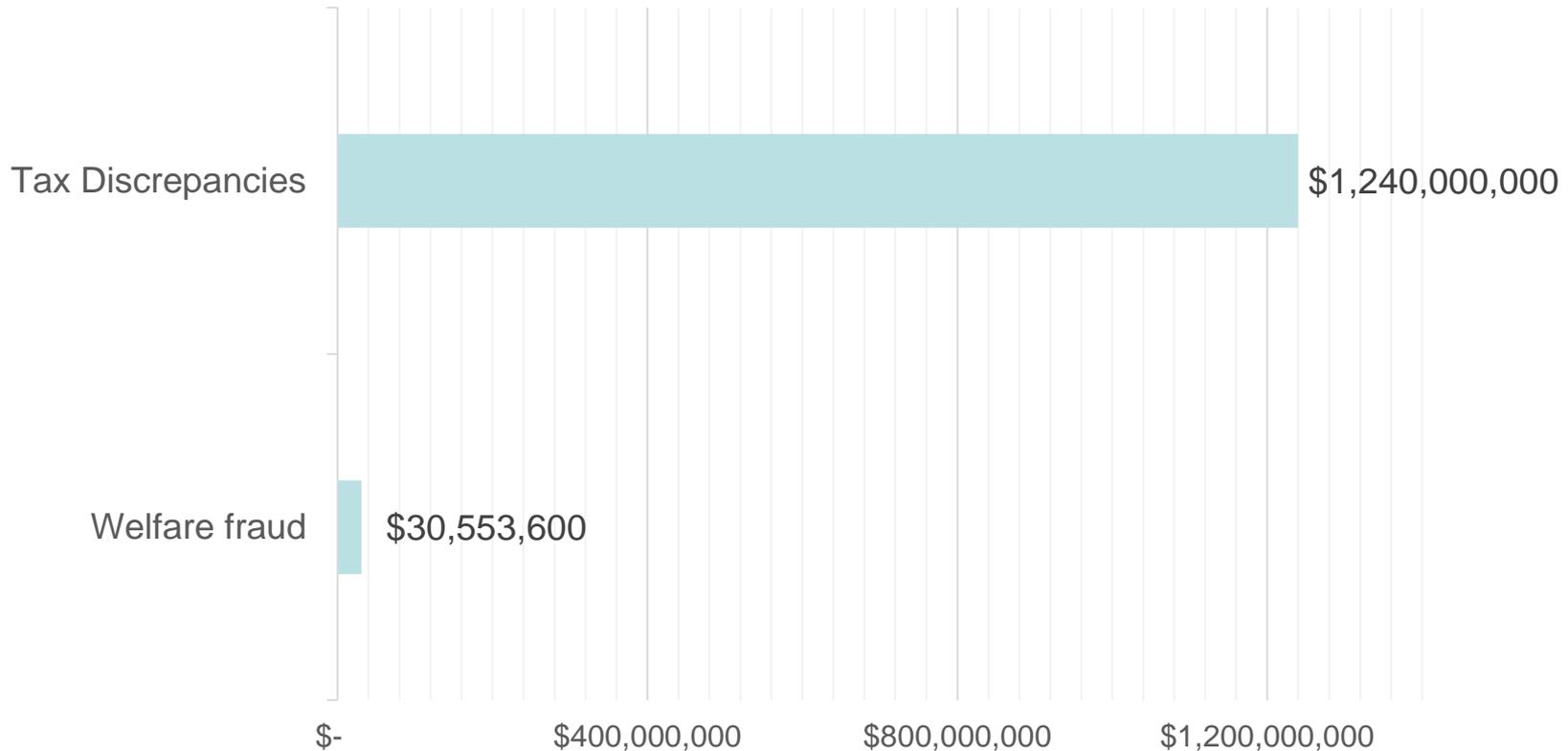
How the Government spent well over \$100,000 and 15 years pursuing a chronically-ill beneficiary mother for a debt she should not have.

By Catriona MacLennan

# **Tax Evasion and Welfare Fraud in New Zealand**

Associate Professor Lisa Marriott  
School of Accounting and Commercial Law,  
Victoria Business School

# The Size of the Issue (NZ\$) 2014



# Difference in treatment of welfare and tax fraud

- Examples courtesy Associate Professor Lisa Marriott
- Tax Judge: *'Your counsel said, well the Inland Revenue is not like a vulnerable person who is a member of a superannuation fund...it is a state enterprise'*
- GST Fraud \$1,400,000

- Judge: *'your career is now devastated. You have given 33 years of selfless service to the law...[your solicitor] submits that you do not have a malicious bone in your body and, if anything, you are too eager to help others'*
- Fraud relating to GST refunds of \$250,000

- Welfare Fraud Judge: *'You have defrauded all of us...this is serious offending. As a principle of sentencing it strikes at the heart of the system put in place by the community, paid for by the taxpayer, to provide sustenance and support for the disadvantaged. You, to coin a modern phrase "ripped the system off". You have to be accountable for that and your conduct denounced and you deterred from acting in this way. A sentence must be imposed that will deter others like minded from acting in this way'.*
- Welfare fraud: Offending of \$30,501.

## Continuing the Conversation ... The fading star of the Rule of Law

12 February 2015 Frances Joychild QC

“Some of the most alarming cases I have dealt with recently come from income-tested beneficiaries. There are increasingly large discretions held by WINZ officials, largely without legal overview by independent lawyers. I have heard regular complaints of benefits being randomly cut off, without notice. And it taking weeks or even months and numerous phone calls or visits to WINZ offices to get them reinstated. Often these cut-offs are the result of a mistake on the part of the WINZ system (e.g. the medical certificate had been delivered on time but had not made it to the file).”

**“Clearly, beneficiaries have no money to employ a lawyer. Most of the problems they encounter are not covered by legal aid. Some are lucky enough to have access to unpaid beneficiary advocates. I suspect a very large number do not. It is extraordinary that, in an area of major legal complexity, wide government discretions and deeply disempowered citizens, the rule of law is at its weakest.”**

## [A Faire suck of the sauce bottle!](#)

By [Susan St John](#) / October 9, 2016 / [Most Recent Blogs](#), [Setting The Agenda](#), [Susan St John](#) / [10 Comments](#)



— It is all very weird in a world where a rugby player can do a real crime with real victims and not even get a conviction because it would hurt his career. Women without means can have their lives ruined because they must be made examples of as warning to others, while the plight of their children can be totally ignored. Fairly disgraceful!