Child poverty, tax and family incomes

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Outline and objectives

- Understand the socio-economic context for families in NZ--- *Our Children our Choice: Incomes*
  - Relatively high rates of poverty and hardship
    - Nature of work
    - Nature of the welfare system
    - Nature of the tax system
    - Nature of support for children

- Intersection of the rights of the child with social legislation
  - Do we have policy that reflects the best interests of the child?
  - If not, what is the role of the legal profession?
  - Reflections on engagement to procure social justice

- Does our view of family/relationships fit in the 21st century? *The complexities of ‘relationship’ in the welfare system and the consequences for children*
2014
Child Poverty Monitor
Tracking progress on reducing child poverty in New Zealand

260,000 KIWI KIDS IN POVERTY

180,000 KIWI KIDS GO WITHOUT WHAT THEY NEED

10% OF KIWI KIDS ARE AT THE HARDEST END OF POVERTY*

3 OUT OF 5 CHILDREN LIVING IN POVERTY LIVE THIS WAY FOR MANY YEARS

*this is based on the most recent available data from 2012

VISIT WWW.CHILDPOVERTY.CO.NZ FOR MORE INFORMATION AND TO READ THE FULL REPORT
Hardship concentrated on the young (Perry 2009)

“They are without a doubt … experiencing serious hardship and unacceptably severe restrictions on their living conditions for citizens in a developed nation like New Zealand.”
Over the years, many hundreds of reports on children’s rights have been conducted, but many are missing from the public record.
22nd May

The Latest: Children & the Early Years

INVITE: ELECTION 2014 DISCUSSION SERIES

Our Children, Our Choice: Priorities for Policy Discussion Series

Part 1: Health - Thursday 1 May 5.30-7pm, St Johns in the City

SAVE THE DATE: NATIONWIDE POST BUDGET BREAKFASTS 16 MAY

Nationwide Budget Breakfast Series:
Friday 22nd May

In five main centres: Whangarei, Auckland, Wellington, Dunedin & Christchurch
Many New Zealand Children are in crisis

Symptoms
• Child abuse
• 3rd world diseases
• Hunger
• Homelessness
• Transience
• Obesity

“vulnerable children in complex families”

Do we treat the symptoms? Blame the victims? Find ways to criminalise them? Send them to prison? Or find the systemic causes in policy settings.
Thousands of kiwi kids live in poverty.

For $15 a month you can give them the basics.

Join online now at www.kidscan.org.nz
Documentary on child poverty

state of NZ children
Foodbanks: one barometer of distress

Estimate to June 2013

Auckland City Mission
INCREDIibly HIGH INCIDENCE OF 3rd WORLD DISEASE

Health statistics for NZ children shocking- Professor Innes Asher

Child health Statistics go horribly wrong from early 1990s

Eg Rates of child pneumonia 5 times higher than comparable countries

Repeated or severe pneumonia can lead to Bronchiectasis.
Severe Bx-

A. Bilateral extensive bronchiectasis
Adults with Bx

- Often too tired and sick to work
- Only income is the sickness benefit
- Leads to respiratory failure, and premature death in young adults (20-40 yr old)

Serious skin infection - impetigo and cellulitis
Causes of child poverty are multiple

eg poor quality housing: housing crisis

But family incomes are critical too and poor policy is a cause of much child poverty
Understanding the causes: Family incomes

Labour market
---casualised/low pay

Welfare system
--Highly targeted
--Stigmatising
--conditional

Tax system
-- high taxes on low incomes

Financial support for children
---neglected
---badly designed
Deliberate policy to reduce relativity of benefits to general living standards
1991 Budget
Serious Skin Infection Admissions 0-14 yrs

Serious Skin Infection Admissions 15-24 yrs

Source: (New Zealand Child and Youth Epidemiology Service, 2007)
Proportion of children below selected thresholds (AHC): fixed line (CV) and moving line (REL) approaches compared (Perry 2013)

Constant value (CV) or 'fixed line' thresholds are based on the BHC median in a reference year. The current reference year is 2007. Up to 2007, the reference year was 1998.
The old resisted their medicine in 1991.

Today just 3-4% of those over 65 live in significant and serious hardship compared to 17% of children.
Children getting seriously ill through poverty, say doctors

Debts

Families huddling to beat winter cold

Women hardest hit by slump, new poll shows

Strategies for survival

Families miss out on food

Is Foodbank enough?

Benefit cuts

Tenants could be 'forced' out

Early 1990s media
From 1990s policy focus has put paid work at centre

- Child unfriendly work hours. Child unfriendly local environment.
- Children's rights and needs - invisible in legislation.
- New baby support for working parents only, child payments reflect work of parents.
- Paid work only solution to child poverty.
- Work related child tax credits exclude many poor children.
- Sanctions for not working. Low benefits, high abatement to encourage full-time work.
1991-2013: policies drive outcomes

Policy driven by mantras eg “paid work is the best source of wellbeing”

Work will set you free?

Incentives for parents are more important than the welfare of children
It is no wonder that we do not value the work that is done in our homes, because we dismiss it and give it no economic value at all. That is disgusting. To divide children into those whose parents are good parents because they work and children who are bad because their parents do not is absolutely disgusting.

1996 Hansard  Annette King MP
Labour was outraged

“a simplistic tangle of bigotry and ignorance … barely disguised attack on beneficiaries … mean spirited, ill thought through and punitive … unholy product of National’s deeply held view that everyone on a benefit is a bludger and Treasury’s new right agenda … based on highly questionable incentive arguments
But, ten years later

- Labour took the child tax credit and made it far worse
- Called it the In Work Tax Credit
  - Part of weekly assistance paid to mother
  - Requirement of “off benefit”
  - Required number of hours
    - 20 sole parent
    - 30 couple

Part of the badly designed Working for Families
2005-7 WFF was a great boost to (some) family incomes
• A per child per week payment paid to the caregiver for the children
  – the Family Tax Credit
  – In Work Tax Credit
• Supposed to
  – Reduce Child Poverty AND
  – Make work pay
Impact on poverty?
Child Poverty Rate fell but…

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

MSD 2012
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

$2.25B due the CTC  1996-2006
$3.75 B due to IWTC  2006-2015

$6 Billion and rising
Can children look to the law to protect them from income poverty?

**UNCROC** ratified 1993

Children have specific human rights that recognise their special need for protection, including income adequacy.
Challenging policy: The HR framework?

Article 26 of the UNCROC, recognising the right of children to social security and the corresponding obligation of the government to implement measures necessary to achieve full realisation of that right.

Article 3.1 of the UNCROC, recognising the best interests of the child to be given primary consideration.
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
The Human Rights Review Tribunal 2008
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 Tribunal 2008: para 192)
Appeal Court of Appeal 2013

Discrimination upheld ie 230,000 children are harmed

But ......
The decision: The Court of Appeal found...

... the IWTC part of Working for Families paid to the mother in a so called ‘working’ family was discriminatory and caused material harm to the beneficiary families who were excluded.

However the Court decided the harm to over 200,000 of NZ’s poorest children was justified.
What is government doing?

• Rt Hon JOHN KEY (Prime Minister): Yes, and I think all New Zealanders would like to see child poverty levels lower. That is why the Government is investing hundreds of millions of dollars in helping people to get off welfare benefits and into work, because full-time paid work is the best way of lifting children out of poverty.

12th Feb 2014 question time
Punitive welfare reforms
Sanctions:
Where are the children?

One injustice unchallenged leads to another and another.
Bill English and the 2015 budget

• ‘Significant measures to address child poverty not on the agenda: “the ability to afford large-scale programmes just isn’t there”’

• Budget will focus on 1.04% of children with complex needed who live in complex families…. 