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Overall, it is a 'try hard' budget that does want to help squeezed middle income families. But tax cuts just help offset the extra costs already announced.

I note New Zealand is in the grip of a serious recession with a lot of pain in the next year or more. I am alarmed in how little protection our system now offers and how exposed it makes our worst-off children.

The IWTC helps with the costs of children and has been increased by \$25 a week to nearly \$100 a week. The intent is to reward paid work. BUT it will disappear when work is lost. Thus, in this recession when a low income family loses their job they also lose all of the IWTC payment for their children.

The worst-off children are left out. We know that at least 150,000 children are under the lowest poverty line and that at least 64,000 are in severe hardship. Families on benefits even though they may be in part time work get no benefit from the IWTC nor from tax cuts. Their Accommodation Supplement has not been adjusted—they are increasingly in debt and feed by under-resourced foodbanks.

A Child Poverty report is required under the Act, but the 2024 one is very thin. Projections show that the 10 year child poverty reduction targets are a long way from being met. The government appears to be putting their faith in getting parents back to paid work- regardless of their circumstances such as number or age of children or disability issues. There is no acknowledgement of the value of caregiving.

This budget is different to budget 1991- on the surface it appears far less harsh -but the vibes are similar. One of the key differences between now and then is that the balance sheets of low income families are seriously depleted. There is no cushion—fewer own their own homes, many have huge debts to IRD MSD and student loans.

For the squeezed middle in paid work the raising of the \$48,000 tax threshold is very important (\$12 a week) but the government has not recognised the severe poverty traps that this group face. They lose entitlement to WFF by 27 cents for every dollar above a fixed \$42,700; they may also lose 25 cents of Accommodation Supplement, and many have students loans repayable at 12%. When they earn over \$53,000 they can face effective MTR of 69-94%. Yes an extra IWTC of \$25 a week helps, **but Govt has not made their extra work pay.**