



**Hon Grant Robertson**

Minister of Finance

PRESS RELEASE

19 May 2022

## **Cost of living package eases impact on households – 2.1 million Kiwis to get new targeted payment**

- Fuel Excise Duty and Road User Charges cut to be extended for two months
- Half price public transport extended for a further two months
- New temporary cost of living payment for people earning up to \$70,000 who are not eligible to receive the Winter Energy Payment
- Estimated 2.1 million New Zealanders eligible for approximately \$27 per week per person. This will be paid in three monthly instalments from August 1
- 26,500 more insulation and heating retrofits for low-income homeowners
- Urgent Budget night legislation introduced to remove barriers to new retailers entering the grocery market, and help bring prices down

A Budget 2022 cost of living package will help New Zealanders through the peak of the global inflation storm, with an estimated 2.1 million people aged 18 and over eligible for an extra \$27 per week over a three month period.

“We will extend the cut to fuel excise duty and road user charges, and also keep public transport at half-price for the next two months to provide further support in the face of high global oil prices.

“While that happens, Inland Revenue will set up a targeted cost of living payment,” Grant Robertson said.

The temporary cost of living payment is estimated to cost \$814 million and the extension of the FED and RUC cut \$235 million.

“Budget 2022 is being delivered against the backdrop of a global inflation spike, with existing supply chain pressures being exacerbated by pressure on oil prices from the war in Ukraine. This will pass but we need to protect New Zealanders from the immediate impact.

“This Budget package expands on the significant measures taken to date to support New Zealanders through the global inflation spike. We moved quickly in March reduce fuel prices. More relief came in April with increases to benefits, student allowances, Working for Families and Superannuation. The Winter Energy Payment also kicked in on May 1, with additional support for more than one million New Zealanders. But it is clear that a wider group of New Zealanders need targeted support.

“The Treasury suggests inflation will have more of an immediate impact on low and middle income households than on higher income households. That’s why this payment focuses on low and middle income earners who are not eligible for the Winter Energy Payment.

“The cost of living payment has been calculated as being half the amount of the Winter Energy Payment a couple would receive over the winter which is \$350” Grant Robertson said.

The payment equates to approximately \$27 per week over August, September and October. It will be paid in monthly instalments beginning August 1. The payment will be the subject of Budget night legislation.

“The ongoing global energy crisis continues to impact on Kiwi households and businesses. Therefore, we’re extending our transport support package, including half price public transport fares, to help New Zealanders get where they need to go,” Transport Minister Michael Wood said.

“The package also provides support to the road transport sector, which plays a vital role in supplying food and other essential goods across the country.

“We’ve listened closely to the concerns of the sector and by extending reductions to fuel excise duty and road user charges, we are reducing the fuel burden on these organisations, and in doing so keeping the cost of food and essential goods lower,” Michael Wood said.

“Making it cheaper and easier to catch a bus or a train is also a critical part of our climate response. Through the Climate Emergency Response Fund we are funding the Community Connect scheme that provides permanent half price public transport for community service card holders starting from mid-September.

“That means about one million Kiwis will have access to cheaper transport which also helps us meet our climate change targets.” Climate Change Minister James Shaw said.

### **Warmer Kiwi Homes extension**

The Warmer Kiwi Homes programme, which is part of the cooperation agreement with the Green Party, will now run for an extra year until the end of June 2024 to provide an extra 26,500 insulation and heating retrofits, helping to lower power bills for households.

The \$73 million extension of the programme will ensure more low-income homeowners can access grants to cut energy bills and reduce emissions.

“Without adequate heating and insulation, we know that people are living in cold, damp, unhealthy homes. This extension will provide an extra 26,500 insulation and heating retrofits, helping tens of thousands of New Zealanders improve their health by heating homes properly, without increasing their power bill,” Energy Minister Megan Woods said.

“This funding extension provides certainty for service providers so they can plan for the future and continue to support jobs and the local economy. Funding this from our Climate Emergency Response Fund recognises that warm, dry and safe homes are important for families, important for the climate and important for the economy,” Climate Change Minister James Shaw said.

Budget 2022 will also provide \$16 million over four years to support the delivery of community-based renewable energy projects, expanding the existing Māori and Public Housing Renewable Energy Fund.

The projects will support access to secure, renewable and more affordable energy, with a focus on small-scale projects in low-income communities.

### **Response to supermarket study**

The Government is also tackling the root causes of higher grocery bills by introducing urgent legislation to stop supermarkets from blocking competitors from accessing land to open new stores.

The Commerce Commission’s findings indicate that restrictive covenants over land are a major barrier to supermarkets accessing new sites, so we’re banning these covenants from being used to stop competition. Legislation will be introduced on Budget night to make this happen.

The Government is looking at how a Code of Conduct between major retailers and suppliers could be developed, and what role a dedicated regulator for the grocery sector could play.

A formal response to the Commerce Commission’s report is due out in the coming days.

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