

The Treasury

Budget 2021 Information Release

August 2021

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Where this is the case, the relevant sections of the Act that would apply have been identified.

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Key to sections of the Act under which information has been withheld:

- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [40] Not in scope
- [42] 18(d) - information is already publicly available or will be publicly available soon.

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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Overview of Main Benefit options for Budget Ministers 4.

Options	Budget 2021 (1 July 21 changes)	Budget 2022 (1 April 22 changes)	Child Poverty in TY2023
Option 1: \$50 increase \$25 increase, then second \$25 increase in April 22	July 21: \$25 per adult increase to main benefits \$537m p.a. in B21	April 22: \$25 per adult increase to main benefits and student support \$607m p.a. in B22	25k ± 6k on AHC50 18k ± 6k on BHC50
Option 2: \$40 increase Initial \$20 increase, then second \$20 increase in April 22		April 22: \$20 per adult increase to main benefits and student support \$490m p.a. in B22	20k ± 6k on AHC50 15k ± 6k on BHC50
Option 3: WEAG_19 Initial \$20 increase, then lift to WEAG rates in April 22	July 21: \$20 per adult increase to main benefits \$432m p.a. in B21	April 22: Lift remaining benefit rates to WEAG_19 (actual) and \$25 per adult increase to student support \$445m p.a. in B22	15k ± 5k on AHC50 11k ± 6k on BHC50
Option 4: WEAG_19 with Child Poverty focus Initial \$20 increase, then lift to WEAG rates in April 22, with an extra \$100m for families with children		April 22: Lift remaining benefit rates to WEAG_19 (actual) and \$25 per adult increase to student support <u>PLUS</u> an additional \$15 per adult increase to main benefits for families with children \$547m p.a. in B22	22k ± 6k on AHC50 15k ± 6k on BHC50

All options

- **Fiscal costs.** The costs assume that the April 2022 increase would be charged as a pre-commitment against the Budget 2022 allowance. Therefore the average cost is calculated based on the Budget 2022 forecast period.
- **Approach taken to Minimum Family Tax Credit.** At this stage, the options have been costed on the basis of the partial alignment option. Costs will be lower if Ministers agree to the “scaled-WEP” option.
- **Approach taken to Student Support.** As per previous decisions, the April 22 main benefit increase includes a commensurate increase to student support. These options also have a capital component (student loans), however this is not charged against allowances.

Options 3 and 4 (WEAG_19 options)

- **WEAG_19 rates.** The WEAG_19 rates are the ‘actual’ rates recommended by WEAG in 2019, excluding any indexation.
- [33]

CAVEAT: Costings and Child Poverty impacts are still in draft and subject to final QA. (1/04/2021)

Options 2, 3 and 4 all increase benefits by \$20 per adult in July 21. The main difference is the scale of increase in April 22, shown in the tables below.

Implications for families without children. Options 3 and 4 (lifting rates to WEAG_19 levels) will provide larger increases for most individuals and couples without children compared to Option 2 (except for SLP single rates).

	Option 2 \$40 increase	Option 3 WEAG_19	Option 4 PLUS CP focus
Single adults			
JS, Single, 25+	\$20	\$28	
SLP, Single, 18+	\$20	\$12	
Couples, without children			
JS, Couple (total)	\$20	\$34	
SLP, Couple (total)	\$20	\$21	
Youth rates			
JS, Single, 18-24yrs	\$20	\$29	
SLP, Single, 16-17yrs	\$20	\$14	

Implications for families with children. Option 2 provides the largest increase for sole parents; this group receives no additional increase in April 22 under Option 3, as these rates already exceed the WEAG_19 levels. Option 4 provides the greatest increase for couples with children.

	Option 2 \$40 increase	Option 3 WEAG_19	Option 4 PLUS CP focus
Sole Parents			
Sole Parent Support	\$20	\$0	\$15
SLP, Sole Parent	\$20	\$0	\$15
Couples, with children			
JS, couple with Children (total)	\$20	\$20	\$35
SLP, couple with Children (total)	\$20	\$7	\$22

^Note the above increases are in addition to the \$20 per adult increase in July 21.

TAWA disclaimer: Access to the data used in this study was provided by Stats NZ under conditions designed to give effect to the security and confidentiality provisions of the Statistics Act 1975. The results presented in this study are the work of the author, not Stats NZ or individual data suppliers.