

The Treasury

Budget 2021 Information Release

August 2021

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- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
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- [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.

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Treasury Report: Additional analysis around the impact of a benefit rate increase relative to WEAG recommendations

Date:	25 November 2020	Report No:	T2020/3565
		File Number:	SH-3-0-1

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Note the contents of the report, and Refer to the Prime Minister and the Minister for Social Development and Employment.	None

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Laura Browne	Senior Analyst, Welfare and Oranga Tamariki ^[39]	^[35]	✓
Keiran Kennedy	Manager, Welfare and Oranga Tamariki		

Minister's Office actions (if required)

<p>Return the signed report to Treasury.</p> <p>Refer to the Prime Minister and the Minister for Social Development and Employment.</p>

Note any feedback on the quality of the report

Enclosure: No

Treasury Report: Additional analysis around the impact of a benefit rate increase relative to WEAG recommendations

1. We recently provided you with advice showing the impact of a \$25 per adult main benefit rate increase relative to the specific percentage increases that were proposed by the Welfare Expert Advisory Group (WEAG) (T2020/3497 refers).
2. This report provides additional analysis, focusing on families with children, to support any discussions with ministerial colleagues. We understand that the Prime Minister was particularly interested in understanding the combined impact of possible increases to main benefits and the Family Tax Credit.
3. As noted in our previous advice, the WEAG recommendations around main benefit increases were made in the context of broader recommendations for income support. In particular, WEAG recommended substantial increases to the Family Tax Credit, lifting the eldest child rate from \$113 to \$170pw, and the subsequent child rate from \$91 to \$120pw.
4. **Table B** (attached) follows a similar format to Table A in our previous advice (T2020/3497 refers). For each of the four benefit types for families with children, it shows the specific increase recommended by WEAG and progress to date, with and without the WEAG recommendations to changes to the Family Tax Credit. To show the impact of the WEAG recommendations around the subsequent child rate, this analysis includes families with both one and two children.
5. Note, importantly, that the WEAG recommended increases to main benefits and the Family Tax Credit alongside other changes that would impact the incomes of families with children. This includes Child Support pass-on, making Best Start universal for the first three years, a broader set of changes to the Accommodation Supplement, and the introduction of a Living Alone Payment of \$30pw. For the sake of clarity, these other changes have not been included in this analysis in Table B. This is because the impact of these other changes are dependent on the circumstances of particular families and further policy choices.

Recommended Action

We recommend that you:

- a **note** the contents of this report.
- b **refer** this report to the Prime Minister and the Minister for Social Development and Employment.

Refer/not referred.

Keiran Kennedy
Manager, Welfare and Oranga Tamariki

Hon Grant Robertson
Minister of Finance

Table B: Families with Children¹

	Rates when WEAG was released (Feb 19)				Rates from 1 April 2021 – 31 March 2022					
	Actual	WEAG	\$ needed to reach WEAG	% diff from actual rates to WEAG	Forecast Apr 21	Forecast w/\$25 increase	WEAG indexed to Apr 21	\$ needed to reach WEAG, after \$25 increase	\$25 as % increase	% diff from forecast rates to WEAG
Sole Parent Support										
<i>Main benefit only</i>	\$334	\$374	+\$40	+12%	\$378	\$403	\$395	-\$8	+7%	+4%
w/Family Tax Credit (one child)	\$447	\$544	+\$97	+22%	\$491	\$516	\$565	+\$49	+5%	+15%
w/Family Tax Credit (two children)	\$538	\$664	+\$126	+23%	\$582	\$607	\$685	+\$78	+4%	+18%
Supported Living Payment, Sole Parent										
<i>Main benefit only</i>	\$379	\$399	+\$20	+5%	\$425	\$450	\$421	-\$29	+6%	-1%
w/Family Tax Credit (one child)	\$492	\$569	+\$77	+16%	\$538	\$563	\$591	+\$28	+5%	+10%
w/Family Tax Credit (two children)	\$583	\$689	+\$106	+18%	\$629	\$654	\$711	+\$57	+4%	+13%
Jobseeker Support Couple, with Children										
<i>Main benefit only</i>	\$385	\$536	+\$151	+39%	\$431	\$481	\$566	+\$85	+12%	+31%
w/Family Tax Credit (one child)	\$498	\$706	+\$208	+42%	\$544	\$594	\$736	+\$142	+9%	+35%
w/Family Tax Credit (two children)	\$589	\$826	+\$237	+40%	\$635	\$685	\$856	+\$171	+8%	+35%
Supported Living Payment Couple, with Children										
<i>Main benefit only</i>	\$474	\$610	+\$136	+29%	\$526	\$576	\$644	+\$68	+10%	+22%
w/Family Tax Credit (one child)	\$587	\$780	+\$193	+33%	\$639	\$689	\$814	+\$125	+8%	+27%
w/Family Tax Credit (two children)	\$678	\$900	+\$222	+33%	\$730	\$780	\$934	+\$154	+7%	+28%

¹ WEAG recommended increasing the Family Tax Credit alongside increases to main benefits. They recommended that the eldest child rate increase from \$113 to \$170pw and that the subsequent child rate increase from \$91 to \$120pw. For this analysis, we have assumed that the Family Tax Credit would not have increased due to indexation in this time, as per current policy settings. WEAG recommended these changes alongside other changes that would impact the incomes of families with children, including Child Support pass-on, making Best Start universal for the first three years, a broader set of changes to the Accommodation Supplement, and the introduction of a Living Alone Payment of \$30pw. These other changes have not been included in the table above.