

Aide-mémoire



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Cabinet paper

Date: 7 December 2017 **Security Level:** Cabinet Sensitive

For: Hon Carmel Sepuloni, Minister for Social Development

File Reference: REP/17/12/1269

Families Package (Income Tax and Benefits) Bill: Approval for Introduction

Cabinet Committee Cabinet
Please note: this Cabinet paper has not gone through the Cabinet Legislation Committee

Date of meeting Monday, 11 December

Minister Hon Grant Robertson, Minister of Finance

Proposal This Cabinet Paper seeks approval for the introduction of the Families Package (Income Tax and Benefits) Bill (the Bill) to the House on 14 December and seeks agreement that the Bill be passed through all stages and enacted under urgency on 14 December 2017.

We recommend that you **support** the proposal.

Key issues The Bill reflects the policy decisions made on the Families Package to date [CAB-17-MIN-0516 refers], including the recent decision made by you and the Minister of Finance that clients be given the opportunity to opt-out of receiving the Winter Energy Payment indefinitely.

The Ministry of Social Development will deliver the changes to the Accommodation Supplement and Accommodation Benefit (on 1 April) and the Winter Energy Payment, the increases to the Family Tax Credit to main beneficiaries, the new Best Start payment to main beneficiaries and a transitional assistance payment to anyone unintentionally financially disadvantaged by the Package (on 1 July). The implementation of these is complex and inter-related.

The Cabinet Paper also provides a copy of the disclosure statement. It also notes the components of the Families Package that have potential inconsistencies with the New Zealand Bill of Rights Act 1990 (including the Winter Energy Payment potentially discriminating on the basis of employment status).

Our advice

Officials have worked collaboratively on the Bill and consider it reflects all policy decisions made to date on the Families Package.

The disclosure statement and assessment of consistency with the New Zealand Bill of Rights Act 1990 accurately reflects the Ministry of Social Development's assessment of the Bill.

Passing the Bill, in its entirety, under urgency before Christmas will provide the certainty needed for both the Ministry of Social Development and Inland Revenue to rapidly build and test the systems and processes required to deliver this Package. It will also ensure a better experience for families receiving these payments, as there will be more time to develop communication plans, train staff and test systems.

If the components of the Families Package which are scheduled to commence from 1 July 2018 were delayed in order to go through the Finance and Expenditure Select Committee (FEC) early next year, it would pose significant risk to delivery on 1 July 2018.

Note that the Bill also proposes an amendment to fix the Accommodation Supplement boundaries to the 2017 Statistics New Zealand boundaries, to be enacted from the day after the legislation is passed (from 15 December 2017). This fixing of the Accommodation Supplement boundaries needs to be legislated before Statistics New Zealand updates its boundaries on 1 January 2018.

On this basis, we recommend you support the proposal that the Bill be passed through all stages and enacted under urgency on 14 December 2017.

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