



29 May 2024

Tēnā koe

Official Information Act request

Thank you for your email of 4 April 2024, requesting advice the Ministry prepared since 27 November 2023.

I have considered your request under the Official Information Act 1982 (the Act). Please find my decision on your request set out below. For the sake of clarity, I will respond to your request in parts.

- 1. Copies of all documents, advice or reports the Ministry have prepared on a new category for the Social Housing Register, since 27 November 2023.*

Please note that the following documents in scope of your request have been refused under section 18(d) of the Act, on the basis that they are to be proactively released soon:

- HUD2023-003317, REP/23/12/907: Establishing a Priority One category for Emergency Housing clients on the Housing Register
 - HUD2023-003430 - REP/24/1/046: Cover briefing for cabinet paper: Establishing a Priority One category for Emergency Housing clients on the Housing Register
 - HUD2024-003619 - REP/24/1/066: Establishing a Priority One category for Emergency Housing clients on the Housing Register – cabinet paper for consultation.
- 2. Copies of all documents, advice or reports the Ministry have prepared on ending the use of emergency motel accommodation, since 27 November 2023.*

Please find the following document attached in scope of your request:

- 17. REP/24/3/284 - Planned Engagement Approach on Emergency Housing Gateway Changes

Some information is withheld under section 9(2)(f)(iv) of the Act to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials. The release of this

information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

Some information is withheld under section 9(2)(g)(i) of the Act to protect the effective conduct of public affairs through the free and frank expression of opinions. I believe the greater public interest is in the ability of individuals to express opinions in the course of their duty.

Please note that the following documents in scope of your request have been refused under section 18(d) of the Act, on the basis that they are to be proactively released soon:

- HUD2024-003594: Cabinet paper supporting material: Initial steps to end the large-scale use of Emergency Housing
- HUD2024-003807: Initial steps to end the large-scale use of Emergency Housing - cabinet paper for consultation
- HUD2024-003988, REP/24/3/188 - Revised cabinet paper and supporting material: Initial steps to end the large-scale use of Emergency Housing

Please also note the following report has been identified as within the subject matter of this aspect of your request, but as it was written after your request was made, falls outside of the timeframe of your request and has not been included in this response. Please let me know if you would like a copy of this document:

- REP/24/4/300: Tightening the Gateway into Emergency Housing

3. *Copies of all documents, advice or reports the Ministry have prepared on amending the Accommodation Supplement boundaries, since 27 November 2023*

The following documents are in scope of your request:

- *13. REP/23/12/940: Advice on responding to the Petitions Committee recommendation to rezone Accommodation Supplement eligibility for Queenstown Residents*
- *14. REP/24/2/167: Draft Cabinet Paper and Government Response to the Report of the Petitions Committee on the Petition of Andrew Wilson: Rezone Accommodation Supplement Eligibility for Queenstown Residents*
- *15. REP/24/3/211: Updated draft Cabinet paper: Government Response to the Report of the Petitions Committee on the Petition of Andrew Wilson, Rezone Accommodation Supplement Eligibility for Queenstown Residents*
- *16. REP/24/3/241: Talking points: Government Response to the Report of the Petitions Committee on the Petition of Andrew Wilson*

These documents have been withheld in full under section 9(2)(g)(i) of the Act to protect the effective conduct of public affairs through the free and frank expression of opinions. I believe the greater public interest is in the ability of individuals to express opinions in the course of their duty.

However, some information relating to the Government Response to the Report of the Petitions Committee on the Petition of Andrew Wilson has been proactively released on our website, which I believe satisfies the public interest in this matter: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/information-releases/cabinet-papers/2024/government-response-to-the-report-of-the-petitions-committee-on-the-petition-of-andrew-wilson-rezone-accommodation-supplement-eligibility-for-queenst.html>.

Please note that the following document has been withheld in full also under section 9(2)(f)(iv) of the Act:

- REP/24/01/041: Options for further advice on Accommodation Supplement

4. *Copies of all documents, advice or reports the Ministry have prepared regarding the Annual General Adjustment, since 27 November 2023.*

Please find the following documents attached in scope of your request:

- 01. REP/24/2/146: Aide-memoire - Annual General Adjustment 2024
- 02. REP/24/2/147: 2024 Annual General Adjustment Amendments to Ministerial Directions and Welfare Programmes
- 04. REP/24/2/109: 2024 Annual General Adjustment to Rates and Thresholds for Social Assistance
- 05. REP/24/2/109: Appendix - CPI General Adjustment Model
- 06. REP/23/11/891: Indexing main benefits to inflation
- 07. REP/23/11/891: Appendix 1: Summary of the Annual General Adjustment process
- 08. REP/23/11/891: Appendix 2: Forecast main benefit rates (PREFU)
- 09. REP/23/12/950: Aide Memoire for Mini Budget - indexing and personal income tax
- 10. REP/23/12/950: Appendix 1: Appropriation impacts provided by MSD to the Treasury to inform the Mini Budget Cabinet paper
- 12. REP/24/2/094: Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill

Some information is withheld under section 9(2)(f)(iv) of the Act to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

Please note the Appendix in REP/24/2/147 is withheld under section 9(2)(h) of the Act in order to maintain legal professional privilege. The greater public interest is in ensuring that government agencies can continue to obtain confidential legal advice.

You can find the final version of the Instrument amending Ministerial Directions and Welfare Programmes 2024 at this link:

<https://www.msd.govt.nz/about-msd-and-our-work/about-msd/legislation/notice-of-change/2024/instrument-amending-ministerial-directions-and-welfare-programmes-2024.html>.

- 11. REP/24/1/040: Indexing main benefits to inflation: Consultation on Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill

Please find a link to the Departmental Disclosure Statements website, which discusses the information contained in draft in the appendix of the above report: <https://disclosure.legislation.govt.nz/bill/government/2024/14/>. This draft information has been withheld under section 9(2)(g)(i) of the Act to protect the effective conduct of public affairs through the free and frank expression of opinions. I believe the greater public interest is in the ability of individuals to express opinions in the course of their duty.

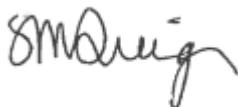
Some information is withheld under section 9(2)(h) of the Act in order to maintain legal professional privilege. The greater public interest is in ensuring that government agencies can continue to obtain confidential legal advice.

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with my decision on your request, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

pp. 

Magnus O'Neill
General Manager
Ministerial and Executive Services

Report



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

Date: 28 November 2023

**Security
Level:**

BUDGET SENSITIVE

To: Hon Louise Upston, Minister for Social Development and
Employment

Indexing main benefits to inflation

Purpose of the report

- 1 This report seeks your decision on indexing main benefits to inflation and discusses two options.

Executive summary

- 2 The Coalition Government has committed to indexing main benefits to inflation (upwards movement in the Consumers Price Index (CPI)) for the Annual General Adjustment (AGA) on 1 April 2024. This would change the current legislative requirement to index main benefits to net average wage growth.
- 3 Stats NZ will release CPI data on 24 January 2024 and wage data on 7 February 2024. The Ministry of Social Development (MSD) will use these figures to determine the amount by which main benefits and other assistance are increased for the 2024 AGA.
- 4 Current forecasts indicate that inflation will be higher than net average wage growth for the 2024 AGA, meaning that if main benefits are indexed to inflation from 1 April 2024, there will be an initial cost of \$36.049 million for fiscal years 2023/24 and 2024/25 and savings of \$669.527 million over the forecast period. By comparison, indexing main benefits to inflation from the 2025 AGA will incur no initial cost and will achieve \$925.019 million in savings over the forecast period. Both savings estimates are significantly lower than what was included in your fiscal plan (\$2,042 million). We understand that the Treasury has advised the Minister of Finance of these savings estimates.

- 5 Compared to net average wage growth, indexing main benefits to inflation will result in:
- savings over the forecast period
 - the value of main benefit rates being maintained relative to the cost of living
 - lower main benefit rates in the long-term
 - slower progress in achieving child poverty targets as set by the Child Poverty Reduction Act 2018
 - main benefit rates increasing at a rate that is not aligned with growth in employment income and New Zealand Superannuation.
- 6 Officials have developed two options to achieve the Government's commitment. These options balance the commitment to a 2024 implementation, and maximising savings over the forecast period:
- **Option 1: index main benefits to inflation from 1 April 2024 via an urgent legislative process, with savings of \$669.527 million over the forecast period.** This option prioritises a 2024 implementation but incurs an initial cost and a legislative amendment would have to be passed under urgency to meet 2024 AGA deadlines.
 - **Option 2: index main benefits to inflation from 1 April 2025 via a truncated legislative process in 2024, with savings of \$925.019 million over the forecast period.** This option delays the implementation date but maximises the potential savings and avoids passing legislation under urgency.
- 7 Officials considered alternative approaches to achieving the commitment but decided not to propose them as options as they do not provide certainty for an annual adjustment mechanism or ensure savings through the Mini Budget process. Officials also considered that Option 1 or 2 could broadly achieve the outcomes of these approaches.
- 8 Officials are available to discuss this advice. Based on your decision, MSD will work with the Treasury on any implications for the Mini Budget process, including the process and timing for seeking Cabinet agreement to your preferred option.

Recommended actions

It is recommended that you:

- 1 **note** that the current forecast indicates inflation will be higher than net average wage growth for the 2024 Annual General Adjustment (AGA)

2 **indicate** whether you want to progress one of the following options in the Mini Budget process

EITHER:

2.1 **Option 1:** index main benefits to inflation from 1 April 2024 via an urgent legislative process, with savings of \$669.527 million over the forecast period

AGREE / DISAGREE

OR

2.2 **Option 2:** index main benefits to inflation from 1 April 2025 via a truncated legislative process in 2024, with savings of \$925.019 million over the forecast period

AGREE / DISAGREE

3 **note** that based on your decisions, the Ministry of Social Development will work with the Treasury on any implications for the Mini Budget process, including the process and timing for seeking Cabinet agreement to your preferred option

4 **agree** to forward this advice to the Minister of Finance

AGREE / DISAGREE

5 **agree** to forward this advice to other Ministers involved in the AGA process (Housing, Tertiary Education and Skills, Health, Veterans, and Children).

AGREE / DISAGREE

Simon MacPherson
Deputy Chief Executive
Policy

Date

Hon Louise Upston
Minister for Social Development and
Employment

Date

The Government has committed to indexing main benefits to inflation from 1 April 2024

- 9 The Government has committed to indexing main benefits to inflation (upwards movement in the Consumers Price Index (CPI)) from the 1 April 2024 Annual General Adjustment (AGA). An overview of the AGA process is attached at Appendix 1.
- 10 For the purposes of this paper:
- **inflation** refers to any percentage movement upward in the CPI for the December quarter, compared with the December quarter of the preceding year
 - **CPI** means the Consumers Price Index (all groups) published by Stats NZ
 - **average ordinary time weekly earnings** means average ordinary time weekly earnings (per full-time equivalent) as determined by the Quarterly Employment Survey produced by Stats NZ (after the deduction of standard tax, and ACC earner levies, payable as at 1 April of the following year, on those earnings)
 - **net average wage growth** refers to any percentage movement upwards in net average ordinary time weekly earnings for the December quarter, compared with the December quarter of the preceding year
 - **main benefits** means types of assistance listed in section 452A (Orders in Council: mandatory annual average weekly earnings adjustment of rates of main benefits) of the Social Security Act 2018,¹ which are listed in paragraph 13 of this report.

The Social Security Act 2018 currently requires main benefits to be adjusted by net average wage growth

- 11 There is a long historical precedence for the indexation of main benefits. From 1989 to 2010, main benefits were adjusted by Cabinet agreement each year (except in 1991) without any legislative requirement. In 2010, the Government legislated for annual adjustments of main benefits to inflation.
- 12 The rationale for the legislative requirement was to provide certainty of annual adjustments and a legislative assurance that main benefit rates would not decrease. Despite having different indexation regimes, an additional reason for legislating annual benefit adjustments was to align practice with New Zealand Superannuation (NZS) in providing a legislative requirement for

¹ This definition is different to the statutory definition of 'main benefits' in schedule 2 of the Social Security Act. 'Main benefits' is used differently in this paper to capture the types of assistance that would be impacted by changing the current requirement to index by net average wage growth in section 452A of the Social Security Act.

indexation [SOC (10) 13 refers].² Annual adjustments of NZS rates have been required in legislation since 1993.

- 13 Since 2020, legislation has required main benefits to be indexed to net average wage growth. Section 452A of the Social Security Act requires that the following types of assistance must be adjusted by net average wage growth on 1 April each year:
- Jobseeker Support
 - Sole Parent Support
 - Supported Living Payment
 - Youth Payment and Young Parent Payment
 - Grandparented rates of Widows' Benefit and Domestic Purposes Benefit
 - Blind Subsidy threshold
 - Housekeeper's Allowance.
- 14 Section 452A only allows for an adjustment on 1 April that does not reduce the rate payable. This means that main benefit rates cannot be decreased via the AGA, even if average ordinary time weekly earnings reduce over the relevant period.
- 15 Section 453 of the Social Security Act lists items of assistance that must be indexed to percentage movements in the CPI on 1 April each year. To legislate for main benefits to be indexed to inflation, section 452A must be repealed and main benefits would be inserted into section 453. This requires a primary legislative amendment.

There are flow-on considerations for other types of assistance

- 16 There are other types of assistance that are consequentially impacted by changes to how main benefits are indexed. The fiscal impacts can range from minor to significant, and largely depend on the size of the recipient cohort and the amount payable. The following list (non-exhaustive) demonstrates some of the types of assistance impacted by changes to main benefit indexation.
- **Accommodation Supplement (AS) abatement thresholds for non-beneficiaries.** These thresholds are linked to the Jobseeker Support abatement regime, meaning any change to Jobseeker Support rates via

² There is a legislative requirement to adjust NZS rates (on 1 April each year) by annual increase in the CPI, and consequently ensure the net weekly amount of NZS payable to a couple is not less than 66 percent, or more than 72.5 percent, of the net average wage (a 'wage band'). the single living alone and single sharing rates must be adjusted to be 65 percent and 60 percent of the net married couple rate respectively.

indexation will impact the point at which non-beneficiary AS begins to abate.

- **Income related rents.** Income related rents for public housing tenants are generally calculated to be 25 percent of the household income. If main benefits are increased at a lower rate when compared to the status quo, a higher rate of Income Related Rent Subsidy will be paid through Vote Housing and Urban Development.
- **Minimum Family Tax Credit (MFTC).** This tax credit provides a financial incentive to ensure low income working families remain better off financially in full-time work than they would be on a main benefit. For the tax credit system to work as intended, the lower limit of the MFTC must increase according to the increase in main benefits to maintain rate relativities and work incentives. Therefore, a lesser increase to main benefits will mean a lesser increase in the MFTC, ultimately resulting in less expenditure over time.

17 Most MSD assistance that will be consequentially impacted by indexing main benefits to inflation has been accounted for in the costings for this paper.³ The impact on the MFTC has not been accounted for in this paper. You and the Minister of Revenue will receive advice separately on the main benefit indexation impacts for the MFTC within wider advice on Working for Families.

Some items are indexed to net average wage growth, separately to the indexation of main benefits

- 18 Income limits for both Childcare and Hardship Assistance⁴ have been indexed to net average wage growth as Cabinet practice since 2021 and 2022, respectively. An amendment to section 452A will not impact the net average wage adjustment of these thresholds on 1 April.
- 19 Childcare and Hardship Assistance is paid to a range of people, including low-income working families. Indexing these income limits to net average wage growth means that eligibility for this assistance is maintained relative to the growth in income of the receiving cohort.
- 20 If you would like to receive advice on changing the indexation settings for Childcare and Hardship Assistance, MSD can provide this in time for the 2025 AGA.

³ The modelling does not include the fiscal impact on Special Needs Grants, Recoverable Assistance Payments for Non-Beneficiaries, or the Emergency Housing contribution.

⁴ Hardship Assistance includes Advance Payments of Benefits, Special Needs Grants, and Recoverable Assistance Payments for Non-Beneficiaries.

Forecasts indicate that inflation will be higher than net average wage growth for the 2024 Annual General Adjustment, but lower over the forecast period...

- 21 Over the long-term, inflation tends to be lower than net average wage growth. Prior to 2021, the last time inflation was higher than wages was following the increase to goods and services tax (GST) in 2010. However, from time-to-time, it is possible for inflation to exceed wage growth. For the AGA in 2022 and 2023, inflation was higher than net average wage growth.
- 22 Stats NZ will release the CPI data on 24 January 2024 and gross wage data on 7 February 2024.⁵ These figures will be used to determine the overall percentage adjustments for the 2024 AGA.
- 23 For main benefit adjustments, MSD calculates a net figure from the gross wage figure released by Stats NZ. The calculation applies the PAYE tax and ACC earner levies to determine net average wage growth. The Treasury uses the gross wages figure when producing periodic fiscal updates and MSD converts this to a net figure for our forecasting models.
- 24 The Treasury's 2023 preliminary Half-Year Economic and Fiscal Update (preliminary HYEFU) indicates that inflation will be higher than net average wage growth for the 2024 AGA. As preliminary HYEFU remains sensitive due to its high level of restriction, it has only been used in modelling the impact of the policy change on the operating balance. We cannot provide you with the CPI and net average wage estimates over the forecast period while preliminary HYEFU remains sensitive.

25 s9(2)(f)(iv)

... meaning an initial cost to government if main benefits are indexed to inflation from 1 April 2024

- 26 The Treasury's preliminary HYEFU shows that indexing main benefits to inflation will incur an initial cost of \$36.049 million for fiscal years 2023/24 and 2024/25 before savings begin to accumulate (Table 2). The initial cost in the first two fiscal years constrains the amount of total savings to \$669.527 million over the forecast period.

⁵ Wage data will be converted to an after-tax figure before growth is calculated.

Table 2: Impact on the operating balance if main benefits are indexed to CPI from 1 April 2024 (preliminary HYEFU 2023)

	\$m – increase / (decrease)					
	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Total impact	14.342	21.707	(118.085)	(243.509)	(343.982)	(669.527)

By comparison, indexing main benefits to inflation from the 1 April 2025 AGA would have no initial cost and achieve greater savings over the forecast period

27 As inflation is forecast to be lower than wage growth by April 2025, officials have modelled an alternative implementation date of 1 April 2025. Indexing main benefits to inflation from 1 April 2025 is not expected to incur an initial cost and would lead to greater savings (\$925.019 million) over the forecast period.

Table 3: Impact on the operating balance if main benefits are indexed to inflation from 1 April 2025 (preliminary HYEFU 2023)

	\$m – increase / (decrease)					
	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Total impact	-	(36.350)	(177.940)	(303.815)	(406.914)	(925.019)

28 The greater savings achieved in Table 3 (compared to Table 2) is because the modelling assumes that main benefits remain adjusted to net average wage growth in 2024. Indexing to net average wage growth in 2024 means main benefits start at a lower level for adjustments from 2025, which ultimately leads to greater savings over the forecast period.

29 Tables 2 and 3 are based on assumptions made for the preliminary HYEFU forecast. These amounts will be revised, based on the final publication of HYEFU and MSD will work with the Treasury to determine implications for the Mini Budget process. The CPI and wage data figures published by Stats NZ in January and February 2024 will determine the actual impact on Crown expenditure for the 2024 AGA.

30 The savings estimates for both Options 1 and 2 are significantly lower than the savings of \$2,042 million included in your fiscal plan. We understand that the Treasury has advised the Minister of Finance of these savings estimates.

Indexing main benefits to inflation will achieve savings and maintain benefit rates relative to the cost of living

- 31 The savings achieved from indexing main benefits to inflation will mean funding will be available to address other Government priorities that support households with a high cost of living s9(2)(f)(iv)
- 32 One of the key purposes of the benefit system is to provide financial assistance to support people when out of work, and to help alleviate hardship. Indexing main benefits to inflation and ensuring beneficiary incomes do not decline in real terms is a key lever to fulfil this purpose.
- 33 CPI indexation would align main benefit adjustments with the current inflation adjustments for Student Allowances, Working for Families Tax Credits, Orphan's Benefit, and Unsupported Child's Benefit. The relativities between these items of assistance and main benefit rates would keep pace with each other.

There will be other implications, including lower main benefit rates in the long-term and slower progress in child poverty reduction

- 34 Adjusting main benefits by inflation means that beneficiary incomes will be lower in the long-term. PREFU modelling estimates a notable difference in rates if main benefits are indexed to inflation, compared to net average wage growth. Although incomes will be maintained in real terms through CPI indexation, it would lead to a growing gap between main benefits and working incomes over the long-term (assuming wages continue to grow over time). A forecast adjustment to main benefit rates, comparing net average wage growth and CPI indexation from 2024 is attached at Appendix 2.
- 35 Officials expect that indexing main benefit rates to inflation (the lower measure when compared to net average wage growth over the forecast period) would result in slower progression toward child poverty targets as set by the Child Poverty Reduction Act 2018. The impact of changing indexation methods on child poverty rates is likely to be modest at first but will increase over time. When main benefits were indexed to wage growth in 2020, modelling estimated that around 5,000 fewer children would be below the BHC50 poverty thresholds by the last year in the forecast period (at that time).⁶

⁶ Before Housing Costs 50 percent moving line: measures the number and percentage of children living in households with less than 50 percent of the median equivalised disposable income before housing costs for the financial year.

Officials have identified two options for indexing main benefits to inflation, which trade off a 2024 implementation timeframe with maximising savings

36 Due to the forecast indicating that CPI will be higher than net average wage growth for the 2024 AGA, an immediate change to indexation settings will result in an initial cost to government. We understand this may not align with your fiscal objectives. Officials have developed two options which balance achieving the Government's commitment and maximising savings.

Option 1: index main benefits to inflation from 1 April 2024

37 This option would reflect the fiscal plan of indexing main benefits to inflation by 2024. The advantage of this approach is that it clearly fulfils the commitment and strongly signals your preference for inflation as an adjustment measure.

38 However, this option will incur a cost estimate of \$36.049 million in the first two fiscal years and result in higher base rates for main benefits for future adjustments (compared to a net average wage growth adjustment in 2024). This would constrain the total savings over the forecast period to total net savings of \$669.527 million.

39 To repeal the current requirement to adjust by net average wage growth and insert main benefits into section 453, Cabinet must agree to amend the Social Security Act under urgency to meet the 2024 AGA timeframes. The legislative amendment must be passed by 8 March 2024 at the latest to meet IT deadlines. However, ideally, the urgent legislative process would be undertaken before the end of 2023 to enable sufficient time to meet the necessary legislative milestones for the 2024 AGA.

40 Should you agree to Option 1, MSD will work with the Treasury and the Parliamentary Counsel Office to meet Mini Budget and legislative timeframes.

Option 2: index main benefits to inflation from 1 April 2025

41 Indexing main benefits to inflation from 2025 allows you to fulfil your commitment a year later than intended. However, compared with Option 1, implementation on 1 April 2025 is expected to achieve greater savings over the forecast period (\$925.019 million) that could be accounted for in the Mini Budget process (subject to Cabinet agreement). This would also maintain legislative capacity for other initiatives that are due to be progressed in the short-term (between now and April 2024).

42 Option 2 also avoids passing legislation under urgency. Although the legislative process would likely be truncated, it still provides for a more fulsome process with a higher amount of public and parliamentary scrutiny.

Alternative approaches to achieving the Government's commitment were considered but officials decided not to propose them as options

43 When developing this advice, officials worked through several other approaches to index main benefits to inflation, which are described below.

44 **Retain the current legislative framework for the 2024 AGA and 'top up' main benefits to inflation. Repeal the legislative framework in time for the 2025 AGA.**

- This approach would have avoided urgent legislation and would have indexed main benefits to inflation from 2024 (like Option 1).
- This approach was discounted as it incurs the same cost as forecast for Option 1 and delaying the primary legislative amendment may not strongly signal the commitment of inflation as a preferred adjustment mechanism.

45 **Pass legislation under urgency to index main benefits to inflation but retain flexibility for when the change commences (2024 or 2025) via Order in Council.**

- This approach would have required main benefits to be indexed to inflation by 2025 at the latest, but the change could commence in 2024 by Order in Council.
- This would signal the commitment to CPI indexation but provide flexibility in determining the commencement date after the release of wage data in early February 2024.
- This approach was discounted as it still required passing legislation under urgency, despite the possibility of 2025 commencement. The forecast indicates that the fiscal outcomes achieved by this approach could ultimately be achieved by Option 2.

46 **Repeal section 452A under urgency, but do not insert a legislative requirement to adjust main benefits to inflation.**

- This approach would involve removing section 452A in time for the 2024 AGA, and the authority for indexing main benefits to inflation would be authorised by Cabinet practice. Depending on the nature of the practice, it could provide savings. It would also allow for flexibility in responding to economic changes (e.g. if CPI was considerably high in a year of fiscal constraint).
- The legislative requirement to adjust main benefits each year is an important part of providing security in maintaining the value of main benefit rates over time and is aligned with the indexing requirement for NZS. A policy change of such significance would desirably be undertaken via a full legislative process to allow for appropriate parliamentary and public scrutiny.

Next steps

- 47 Officials are available to discuss the advice in this paper.
- 48 Based on your decision, MSD will work with the Treasury on implications for the Mini Budget process, including the process and timing to seek Cabinet approval for your preferred option.
- 49 MSD can provide further advice on the process for the legislative amendment, either immediately should you choose Option 1, or in early 2024 should you choose Option 2.

Appendix

- 50 Appendix 1: Summary of the Annual General Adjustment process
- 51 Appendix 2: Forecast main benefit rates (PREFU 2023)

File ref: REP/23/11/891

Author: Katie Tollan, Policy Analyst, Income Support Policy

Responsible manager: Bede Hogan, Manager, Income Support Policy

Released under the Official Information Act 1982



MINISTRY OF SOCIAL DEVELOPMENT

TE MANATŪ WHAKAHIATO ORA

CPI General Adjustment Model

Version: CPI 2024 V24.4
7-Feb-24
Adjustment Date: 1-Apr-2024

Released under the Official Information Act 1982

Ministry of Social Development
CPI General Adjustment Model

Main benefit rates

Table 1 NZ Superannuation / Veteran's Pension

Name	Opening Rates: 01/04/2023			Calculated Rates: 01/04/2024			
	Opening Net Rate (tax at M)	Opening Gross Rate	Opening Net Rate (tax at Sec)	Calculated Net Rate (tax at M)	Tax Bracket	Calculated Gross Rate	Calculated Net Rate (tax at Sec 17.5%)
1.01 Standard Rates							
Single Living Alone	\$ 496.37	\$ 578.67	\$ 477.52	\$ 519.47	2	\$ 606.67	\$ 500.62
Single Sharing	\$ 458.18	\$ 532.43	\$ 439.33	\$ 479.51	2	\$ 558.31	\$ 460.66
Single Living Alone Premium	\$ 38.19	\$ 46.24	\$ 38.19	\$ 39.96		\$ 48.36	\$ 39.96
Married, Civil Union or Defacto Couple (both qualify) each	\$ 381.82	\$ 439.79	\$ 362.97	\$ 399.59	2	\$ 461.41	\$ 380.74
Married, Civil Union or Defacto Couple (both qualify) total	\$ 763.64	\$ 879.58	\$ 725.94	\$ 799.18		\$ 922.82	\$ 761.48
Married, Civil Union or Defacto Couple (NQP included) each	\$ 362.92	\$ 417.04	\$ 344.07	\$ 379.82	2	\$ 437.44	\$ 360.97
Married, Civil Union or Defacto Couple (NQP included) total	\$ 725.84	\$ 834.08	\$ 688.14	\$ 759.64		\$ 874.88	\$ 721.94
1.02 Non Standard Rates							
Married, Civil Union or Defacto Couple (NQP included pre 1/10/91) each	\$ 381.82	\$ 439.79	\$ 362.97	\$ 399.59	2	\$ 461.41	\$ 380.74
Married, Civil Union or Defacto Couple (NQP included pre 1/10/91) total	\$ 763.64	\$ 879.58	\$ 725.94	\$ 799.18		\$ 922.82	\$ 761.48
Partner in rest home	\$ 384.92	\$ 443.59	\$ 366.07	\$ 402.84	2	\$ 465.36	\$ 383.99
Hospital Rate	\$ 52.89	\$ 59.08	\$ 48.76	\$ 55.35	1	\$ 61.75	\$ 51.08
1.04 Personal Allowances for NZS and VP							
Older People Receiving RCS	\$ 52.89	\$ 59.08		\$ 55.35	1	\$ 61.75	
People with Psychiatric or Intellectual Disabilities	\$ 77.08	\$ 86.11		\$ 80.67	1	\$ 90.12	
People with Physical or Sensory Disabilities	\$ 125.24	\$ 139.83		\$ 131.07	1	\$ 146.40	

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Main benefit rates

Table 2 Weekly Benefit Rates

Name	Calculated Rates (wage): 01/04/2023		Calculated Rates: (CPI) 01/04/2024	
	Opening Net Rate	Opening Gross Rate	Calculated Net Rate	Calculated Gross Rate

2.01 Jobseeker Support

Single 18-19 years old - at home	\$ 250.63	\$ 280.95	\$ 262.30	\$ 295.10
Single 18-19 years old - away from home	\$ 294.18	\$ 333.74	\$ 307.87	\$ 350.33
Single 20-24 years old	\$ 294.18	\$ 333.74	\$ 307.87	\$ 350.33
Single 25 years and over	\$ 337.74	\$ 386.54	\$ 353.46	\$ 405.59
Married, Civil Union or Defacto Couple (without children) each	\$ 287.35	\$ 325.46	\$ 300.73	\$ 341.68
Married, Civil Union or Defacto Couple (without children) total	\$ 574.70	\$ 650.92	\$ 601.46	\$ 683.36
Married, Civil Union or Defacto Couple with partner on benefit (with children) each	\$ 303.43	\$ 344.95	\$ 317.55	\$ 362.07
Married, Civil Union or Defacto Couple with partner on benefit (with children) total	\$ 606.86	\$ 689.90	\$ 635.10	\$ 724.14
Married, Civil Union or Defacto Couple with partner not on benefit or with partner receiving NZS or Veteran's Pension (with children) total	\$ 303.43	\$ 344.95	\$ 317.55	\$ 362.07
Sole Parent	\$ 472.79	\$ 550.24	\$ 494.80	\$ 576.91
Special 88M(4) Rate - without children	\$ 287.35	\$ 325.46	\$ 300.73	\$ 341.68
Special 88M(4) Rate - with children	\$ 303.43	\$ 344.95	\$ 317.55	\$ 362.07
Grandparented Widow woman alone and DPB woman alone (granted before 15/7/2013)	\$ 348.59	\$ 399.69	\$ 364.82	\$ 419.36
Student Hardship for 16-17 year olds single without dependent children	\$ 294.18	\$ 333.74	\$ 307.87	\$ 350.33
Student Hardship for 16-17 year olds sole parent	\$ 472.79	\$ 550.24	\$ 494.80	\$ 576.91
Student Hardship for 16-17 year olds Married, Civil Union or Defacto (without children) each	\$ 287.35	\$ 325.46	\$ 300.73	\$ 341.68
Student Hardship for 16-17 year olds Married, Civil Union or Defacto (without children) total	\$ 574.70	\$ 650.92	\$ 601.46	\$ 683.36
Student Hardship for 16-17 year olds Married, Civil Union or Defacto (with children) each	\$ 303.43	\$ 344.95	\$ 317.55	\$ 362.07
Student Hardship for 16-17 year olds Married, Civil Union or Defacto (with children) total	\$ 606.86	\$ 689.90	\$ 635.10	\$ 724.14

Table 2

Name	Calculated Rates (wage): 01/04/2023		Calculated Rates: (CPI) 01/04/2024	
	Opening Net Rate	Opening Gross Rate	Calculated Net Rate	Calculated Gross Rate

2.02 Youth Payment

Single, 16-17 Year old	\$ 294.18	\$ 333.74	\$ 307.87	\$ 350.33
Married, civil union or de facto couple (without children) each	\$ 287.35	\$ 325.46	\$ 300.73	\$ 341.68
Married, civil union or de facto couple (without children) total	\$ 574.70	\$ 650.92	\$ 601.46	\$ 683.36

Young Parent Payment

Sole parent 16-17 year old, living at home or financially supported by parents or guardian (earning less than FTC threshold)	\$ 272.74	\$ 307.75	\$ 285.44	\$ 323.14
Married, civil union or de facto couple both qualify (with children) each	\$ 303.43	\$ 344.95	\$ 317.55	\$ 362.07
Married, civil union or de facto couple both qualify (with children) total	\$ 606.86	\$ 689.90	\$ 635.10	\$ 724.14
Married, Civil Union or Defacto Couple with partner not on benefit (with children) total	\$ 303.43	\$ 344.95	\$ 317.55	\$ 362.07
Sole parent	\$ 472.79	\$ 550.24	\$ 494.80	\$ 576.91

2.03 Not Used**2.04 Supported Living Payment**

Single 16-17 years old	\$ 322.61	\$ 368.20	\$ 337.63	\$ 386.40
Single 18 years and over	\$ 384.92	\$ 443.73	\$ 402.84	\$ 465.45
Married, Civil Union or Defacto Couple (without children) each	\$ 327.02	\$ 373.54	\$ 342.24	\$ 391.99
Married, Civil Union or Defacto Couple (without children) total	\$ 654.04	\$ 747.08	\$ 684.48	\$ 783.98
Married, Civil Union or Defacto Couple partner on benefit (with children) each	\$ 343.10	\$ 393.04	\$ 359.07	\$ 412.39
Married, Civil Union or Defacto Couple partner on benefit (with children) total	\$ 686.20	\$ 786.08	\$ 718.14	\$ 824.78
Married, Civil Union or Defacto Couple with partner not on benefit or with partner receiving NZS or Veteran's Pension (with children) total	\$ 356.23	\$ 408.95	\$ 372.81	\$ 429.05
Sole Parent	\$ 527.58	\$ 616.65	\$ 552.14	\$ 646.42

Table 2

Name	Calculated Rates (wage): 01/04/2023		Calculated Rates: (CPI) 01/04/2024	
	Opening Net Rate	Opening Gross Rate	Calculated Net Rate	Calculated Gross Rate
2.05 Sole Parent Support				
Sole Parent	\$ 472.79	\$ 550.24	\$ 494.80	\$ 576.91
2.06 Grandparented Widow and Domestic Purposes Benefit (granted before 15/7/2013): Paid Overseas				
Woman Alone (Single Adult)	\$ 348.59	\$ 399.69	\$ 364.82	\$ 419.36
Sole Parent	\$ 472.79	\$ 550.24	\$ 494.80	\$ 576.91
2.07 Not Used				
2.08 Orphans and Unsupported Childs Benefit (CPI adjusted)				
14 years old and over	\$ 317.82		\$ 332.61	
10-13 years old	\$ 296.59		\$ 310.40	
5-9 years old	\$ 275.25		\$ 288.06	
Under 5 years old	\$ 273.36		\$ 286.08	

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Student allowances and student loan living costs maximum rates

Table 3 Student Allowance Rates

Name	Opening Rates: 01/04/2023		Calculated Rates: 01/04/2022		
	Opening Net Rate	Opening Gross Rate	Cal ulated Net Rate	Calculated Gross Rate	Gross Rate (Annually)
3.01 Single Students					
Under 24, childless, living in parental home	\$ 257.53	\$ 289.31	\$ 269.52	\$ 303.85	\$ 15,800.20
Under 24, childless, not living in a parental home	\$ 300.18	\$ 341.01	\$ 314.15	\$ 357.94	\$ 18,612.88
Independent Circumstances Allowance	\$ 300.18	\$ 341.01	\$ 314.15	\$ 357.94	\$ 18,612.88
24 or older, childless, living in parental home	\$ 291.64	\$ 330.66	\$ 305.22	\$ 347.12	\$ 18,050.24
24 or older, childless, not living in parental home	\$ 342.82	\$ 392.70	\$ 358.78	\$ 412.04	\$ 21,426.08
Single Student (1+ children)	\$ 483.83	\$ 563.62	\$ 506.35	\$ 590.91	\$ 30,727.32
3.02 Married or partnered student - combined income between \$540.20 to \$1124.98 for week					
Childless - living in the same home as spouse or partner	\$ 179.42	\$ 200.47	\$ 187.77	\$ 209.80	\$ 10,909.60
Childless - not living in the same home as spouse or partner	\$ 224.66	\$ 251.02	\$ 235.12	\$ 262.70	\$ 13,660.40
or partner - either; not enrolled in more than half of a full-time course OR is enrolled in more than half of a full-time course and is eligible for but does not receive, or is not eligible for, a grant	\$ 209.86	\$ 234.48	\$ 219.63	\$ 245.40	\$ 12,760.80
1 or more supported children - not living in the same home as spouse or partner - either; not enrolled in more than half of a full-time course OR is enrolled in more than half of a full-time course and is eligible for but does not receive, or is not eligible for, a grant	\$ 255.11	\$ 286.38	\$ 266.99	\$ 300.78	\$ 15,640.56
1 or more supported children - living in the same home as spouse or partner - enrolled in more than half of a full-time course - receives a grant	\$ 194.66	\$ 217.50	\$ 203.72	\$ 227.62	\$ 11,836.24
1 or more supported children - not living in the same home as spouse or partner - enrolled in more than half of a full-time course - receives a grant	\$ 239.88	\$ 268.02	\$ 251.05	\$ 281.46	\$ 14,635.92

Table 3

Married or partnered student - childless - combined income**3.03 not more than \$540.20 for week**

Spouse or partner enrolled in more than half of a full time course - either; receives grant OR does not receive grant but is eligible - childless

\$	300.18	\$	341.01	\$	314.15	\$	357.94	\$	18,612.88
\$	342.82	\$	392.70	\$	358.78	\$	412.04	\$	21,426.08
\$	600.33	\$	704.83	\$	628.28	\$	738.71	\$	38,412.92

Spouse or partner enrolled in more than half of a full time course - does not receive and is not eligible for grant - childless

Spouse or partner not enrolled in more than half of a full time course - childless

3.04 children - combined income not more than \$540.20 for week

Spouse or partner enrolled in more than half of a full time course - does not receive and is not eligible for a grant - 1 or more supported children

\$	483.83	\$	563.62	\$	506.35	\$	590.91	\$	30,727.32
\$	330.60	\$	377.88	\$	345.99	\$	396.54	\$	20,620.08
\$	315.40	\$	359.46	\$	330.08	\$	377.25	\$	19,617.00
\$	630.78	\$	741.74	\$	660.14	\$	777.33	\$	40,421.16

Spouse or partner enrolled in more than half of a full time course - does not receive, but is eligible for, a grant - 1 or more supported children

Spouse or partner enrolled in more than half of a full time course - receives grant - 1 or more supported children

Spouse or partner not enrolled in more than half of a full time course - 1 or more supported children

3.05 Other Allowances

Accommodation Benefit (varies between regions)

Accommodation Benefit, Sole Parents - Entry Threshold - Rent/Boar
 Accommodation Benefit, Sole Parents - Entry Threshold - Mortgage
 Accommodation Benefit, Sole Parents (1 child) - Cut out - Area 1
 Accommodation Benefit, Sole Parents (2+ children) - Cut out - Area
 Accommodation Benefit, Sole Parents (1 child) - Cut out - Area 2
 Accommodation Benefit, Sole Parents (2+ children) - Cut out - Area
 Accommodation Benefit, Sole Parents (1 child) - Cut out - Area 3
 Accommodation Benefit, Sole Parents (2+ children) - Cut out - Area
 Accommodation Benefit, Sole Parents (1 child) - Cut out - Area 4
 Accommodation Benefit, Sole Parents (2+ children) - Cut out - Area

	Up to \$60.00	Up to \$60.00	
\$	152	\$	160
\$	183	\$	192
\$	1,776	\$	1,807
\$	2,056	\$	2,087
\$	1,456	\$	1,487
\$	1,716	\$	1,747
\$	1,256	\$	1,287
\$	1,476	\$	1,507
\$	1,156	\$	1,187
\$	1,316	\$	1,347

Table 3

	Opening Threshold: 01/04/2023	Calculated Threshold: 01/04/2024
Name	Opening Gross Threshold	Calculated Gross Threshold

3.06 Parental Income Abatement Threshold

Weekly Parental Income	\$ 1,257.13	\$ 1,315.65
Annual Parental Income	\$ 65,370.76	\$ 68,413.80
Weekly Parental Abatement Change point - At Home	\$ 66.26	\$ 114.25
Weekly Parental Abatement Change point - Away from Home	\$ 236.87	\$ 292.74

	Opening Cut-Out Points: 01/04/2023	Calculated Cut-Out Points: 01/04/2024
Name	Opening Gross Annual Cut-Out	Calculated Gross Annual Cut-Out

3.07 Parental Income Cut-Out Point

At Home	\$ 118,936.35	\$ 124,474.45
Away From Home	\$ 127,808.07	\$ 133,756.29

	Opening Threshold: 01/04/2023	Calculated Threshold: 01/04/2024
Name	Opening Gross Threshold	Calculated Gross Threshold

3.08 Personal and Combined Income Thresholds

Weekly Personal Income(abatement threshold)	\$ 258.08	\$ 270.10
Weekly Combined Income Threshold – Dependent Spouse or Partner	\$ 516.16	\$ 540.20
Weekly Combined Income Threshold – Earning Spouse or Partner	\$ 1,074.94	\$ 1,124.98

	Opening Threshold: 01/04/2023	Calculated Threshold: 01/04/2024
Name	Opening Weekly Maximum	Calculated Weekly Maximum

Table 3

3.09 Student Loan Living Cost Weekly Maximum

Student Loan Living Cost Weekly Maximum

\$ 302.32	\$ 316.39
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Name	Opening Threshold: 01/04/2022	Calculated Threshold: 01/04/2024
	Opening Weekly Threshold	Calculated Weekly Threshold

3.10 Student Loan Scheme Deduction

Student Loan Scheme Deduction - Paycycle 1

Student Loan Scheme Deduction - Paycycle 2

Student Loan Scheme Deduction - Paycycle 3

\$ 439.00	\$ 464.00
\$ 439.00	\$ 464.00
\$ 439.00	\$ 464.00

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Miscellaneous rates and payments

Table 4 Supplementary Assistance

Name	Opening Rates: 01/04/2023		Calculated Rates: 01/04/2024	
	Opening Rate		Calculated Rate	
4.01 Child Disability Allowance				
Child Disability Allowance	\$	56.60	\$	59.23
4.02 Training Incentive Allowance Maximum Rate				
Weekly maximum rate	\$	129.71	\$	135.75
Annual maximum rate	\$	5,188.40	\$	5,430.00
4.03 Disability Allowance				
Standard Disability Allowance (Maximum)	\$	75.10	\$	78.60
Special Disability Allowance	\$	46.84	\$	49.02
4.04 Foster Care Allowance (board payments)				
Child 14+ years	\$	317.82	\$	332.61
Child 10-13 years	\$	296.59	\$	310.40
Child 5-9 years	\$	275.25	\$	288.06
Child 0-4 years	\$	273.36	\$	286.08
Family Home	\$	301.00	\$	315.01
4.05 Birthday Allowance OB/UCB				
Child 14+ years	\$	158.91	\$	166.31
Child 10-13 years	\$	148.30	\$	155.20
Child 5-9 years	\$	137.63	\$	144.03
Child 0-4 years	\$	136.68	\$	143.04

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Miscellaneous rates and payments

Table 5 Childcare Subsidy and OSCAR Subsidy Payments

	Opening Rates: 01/04/2023		Calculated Rates: 01/04/2024	
Name	Opening Rate		Calculated Rate	

5.01 Childcare Subsidy

Hourly Rate - Rate 0	\$	6.10	\$	6.38
Hourly Rate - Rate 1	\$	4.86	\$	5.09
Hourly Rate - Rate 2	\$	3.40	\$	3.56
Hourly Rate - Rate 3	\$	1.90	\$	1.99
Maximum Weekly - Rate 0	\$	305.00	\$	319.00
Maximum Weekly - Rate 1	\$	243.00	\$	254.50
Maximum Weekly - Rate 2	\$	170.00	\$	178.00
Maximum Weekly - Rate 3	\$	95.00	\$	99.50

Table 5

	Opening Rates: 01/04/2023	Calculated Rates: 01/04/2024
Name	Opening Rate	Calculated Rate

5.02 OSCAR Subsidy

Hourly Rate - Rate 0	\$ 6.10	\$ 6.38
Hourly Rate - Rate 1	\$ 4.86	\$ 5.09
Hourly Rate - Rate 2	\$ 3.40	\$ 3.56
Hourly Rate - Rate 3	\$ 1.90	\$ 1.99
Maximum Weekly (Term Time) - Rate 0	\$ 122.00	\$ 127.60
Maximum Weekly (Term Time) - Rate 1	\$ 97.20	\$ 101.80
Maximum Weekly (Term Time) - Rate 2	\$ 68.00	\$ 71.20
Maximum Weekly (Term Time) - Rate 3	\$ 38.00	\$ 39.80
Maximum Weekly (Holidays) - Rate 0	\$ 305.00	\$ 319.00
Maximum Weekly (Holidays) - Rate 1	\$ 243.00	\$ 254.50
Maximum Weekly (Holidays) - Rate 2	\$ 170.00	\$ 178.00
Maximum Weekly (Holidays) - Rate 3	\$ 95.00	\$ 99.50

5.03 Guaranteed Childcare Assistance Payment

Hourly Rate	\$ 6.00	\$ 6.38
Maximum Weekly Rate	\$ 300.00	\$ 319.00

Table 5

	Opening Rates: 01/04/2023		Calculated Rates: 01/04/2024	
Name	Opening Rate		Calculated Rate	

5.04 CCS and OSCAR Thresholds

Rate 0 - 1 child	\$	1,009.00	\$	1,062.00
Rate 0 - 2 children	\$	1,160.00	\$	1,221.00
Rate 0 - 3+ children	\$	1,299.00	\$	1,368.00
Rate 1 - 1 child	\$	1,837.00	\$	1,934.00
Rate 1 - 2 children	\$	2,113.00	\$	2,225.00
Rate 1 - 3+ children	\$	2,358.00	\$	2,482.00
Rate 2 - 1 child	\$	1,990.00	\$	2,095.00
Rate 2 - 2 children	\$	2,281.00	\$	2,401.00
Rate 2 - 3+ children	\$	2,557.00	\$	2,692.00
Rate 3 - 1 child	\$	2,144.00	\$	2,257.00
Rate 3 - 2 children	\$	2,450.00	\$	2,579.00
Rate 3 - 3+ children	\$	2,756.00	\$	2,902.00

5.05 Flexible Childcare Assistance

Weekly Base Rate	\$	25.00	\$	32.01
Weekly Rate - 1 Child	\$	50.00	\$	64.02
Weekly Rate - 2 Children	\$	75.00	\$	96.03
Weekly Rate - 3 Children	\$	100.00	\$	128.04
Weekly Rate - 4 Children	\$	125.00	\$	160.05
Weekly Rate - 5+ Children	\$	150.00	\$	192.06

Ministry of Social Development
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Miscellaneous rates and payments

Table 6 Maximum Weekly Amounts of Seasonal Work Assistance Payments

	Opening Rates: 27/11/2020	Calculated Rates: 01/04/2024
Total period of work missed (per week)	Opening Rate	Calculated Rate

6.01 Maximum weekly amounts of Seasonal Work Assistance payments

8 hours or less	\$ 146.00	\$ 153.00
More than 8 and not more than 16 hours	\$ 292.00	\$ 306.00
More than 16 and not more than 24 hours	\$ 438.00	\$ 459.00
More than 24 and not more than 32 hours	\$ 584.00	\$ 612.00
More than 32 hours	\$ 730.00	\$ 765.00
Limit of payment	\$ 2,482.00	\$ 2,601.00

Ministry of Social Development
 CPI General Adjustment Model

Miscellaneous rates and payments

Table 7 New Employment Transition Grant

Name	Opening Rates: 01/04/2023		Calculated Rates: 01/04/2024	
	Opening Rate		Calculated Rate	
7.01 Category				
Daily Rate	\$	86.00	\$	90.50
Maximum Payment	\$	860.00	\$	905.00

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Miscellaneous rates and payments

Table 8 Non-Taxable Annual Rates

Name	Opening Rates: 01/04/2023		Calculated Rates: 01/04/2024	
	Opening Rate		Calculated Rate	
8.01 Clothing Allowance				
Annual Amount	\$	331.73	\$	347.17
8.02 Funeral Grants				
Maximum Amount	\$	2,445.37	\$	2,559.20
8.03 Payment on Death of a Veteran or Veteran's Spouse, Civil union or Defacto Partner				
World War One Veteran	\$	17,866.20	\$	18,698.76
Other Veterans	\$	7,085.77	\$	7,415.97
Veteran's Spouse, Civil union or Defacto Partner	\$	5,403.11	\$	5,654.89
8.04 Blind Subsidy (Maximum Allowable Gross Annual Earnings)				
Married, Civil union or Defacto Partner	\$	27,430.97	\$	28,707.89
Single Supplement	\$	3,550.64	\$	3,715.92
8.05 Blind Subsidy (Maximum Allowable Gross Weekly Earnings)				
Married, Civil union or Defacto Partner	\$	527.52	\$	552.07
Single Supplement	\$	68.28	\$	71.46

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 9 Other Taxable Rates

Name	Opening Rates: 01/04/2023		Calculated Rates: 01/04/2024	
	Opening Net Rate	Opening Gross Rate	Calculated Net Rate	Calculated Gross Rate
9.01 Housekeeper's Allowance				
Maximum Amount	\$ 287.35	\$ 325.46	\$ 300.73	\$ 341.68
9.02 Personal Allowances				
Older People Receiving RCS	\$ 52.89	\$ 59.09	\$ 55.35	\$ 61.84
People with Psychiatric or Intellectual Disabilities	\$ 77.08	\$ 86.12	\$ 80.67	\$ 90.13
People with Physical or Sensory Disabilities	\$ 125.24	\$ 139.93	\$ 131.07	\$ 146.45
9.03 Hospital Rate				
Hospital Rate	\$ 52.89	\$ 59.09	\$ 55.35	\$ 61.84

Ministry of Social Development
CPI General Adjustment Model

Benefit cut-out points, limits and thresholds

Table 10 NZ Superannuation / Veteran's Pensions and Weekly Benefit Rates

Name	Cut-Out Points: 01/04/2023		Calculated Cut-Out Points: 01/04/2024		
	Opening Gross Weekly Cut-Out	Opening Gross Annual Cut-Out	Net Weekly Benefit Rate	Calculated Gross Weekly Cut-Out	Calculated Gross Annual Cut-Out
10.01 Jobseeker Support					
Single 18-19 years old - at home	\$ 519.00		\$ 262.30	\$ 535.00	
Single 18-19 years old - away from home	\$ 581.00		\$ 307.87	\$ 600.00	
Single 20-24 years old	\$ 581.00		\$ 307.87	\$ 600.00	
Single 25 years and over	\$ 643.00		\$ 353.46	\$ 665.00	
Person who is Married, Civil Union or Defacto	\$ 981.00		\$ 300.73	\$ 1,020.00	
Married, Civil Union or Defacto Couple (without children)	\$ 981.00		\$ 601.46	\$ 1,020.00	
Married, Civil Union or Defacto Couple partner on benefit (with children)	\$ 1,027.00		\$ 635.10	\$ 1,068.00	
Married, Civil Union or Defacto person with partner not on benefit or with partner receiving NZS or Veteran's Pension (with children)	\$ 1,027.00		\$ 317.55	\$ 1,068.00	
Sole Parent	\$ 887.00		\$ 494.80	\$ 919.00	
Non-beneficiary Sole Parent	\$ 836.00		\$ 494.80	\$ 867.00	
Special 88M(4) Rate - without children	\$ 981.00		\$ 300.73	\$ 1,020.00	
Special 88M(4) Rate - with children	\$ 1,027.00		\$ 317.55	\$ 1,068.00	
Grandparented Widow woman alone and DPB woman alone (granted before 15/7/2013)	\$ 710.00	\$ 36,890.00	\$ 364.82	\$ 733.00	\$ 38,096.00

10.02 Not Used

10.03 Not Used

Table 10

Name	Cut-Out Points: 01/04/2023		Calculated Cut-Out Points: 01/04/2024		
	Opening Gross Weekly Cut-Out	Opening Gross Annual Cut-Out	Net Weekly Benefit Rate	Calculated Gross Weekly Cut-Out	Calculated Gross Annual Cut-Out
10.04 Supported Living Payment					
Single 16-17 years	\$ 673.00	\$ 34,960.00	\$ 337.63	\$ 694.00	\$ 36,076.00
Single 18 years and over	\$ 762.00	\$ 39,589.00	\$ 402.84	\$ 787.00	\$ 40,920.00
Married, Civil Union or Defacto Couple (without children)	\$ 1,146.00	\$ 59,581.00	\$ 684.48	\$ 1,190.00	\$ 61,842.00
Married, Civil Union or Defacto Couple partner on benefit (with children)	\$ 1,192.00	\$ 61,970.00	\$ 718.14	\$ 1,238.00	\$ 64,342.00
Married, Civil Union or Defacto person with partner not on benefit or with partner receiving NZS or Veteran's Pension (with children)	\$ 1,230.00	\$ 63,920.00	\$ 372.81	\$ 1,277.00	\$ 66,384.00
Sole Parent	\$ 966.00	\$ 50,186.00	\$ 552.14	\$ 1,001.00	\$ 52,011.00
10.05 Sole Parent Support					
Sole Parent	\$ 887.00	\$ 46,116.00	\$ 494.80	\$ 919.00	\$ 47,751.00
10.06 Grandparented Widow and Domestic Purposes Benefit (granted before 15/7/2013): Paid Overseas					
Woman Alone (Single Adult)	\$ 710.00	\$ 36,890.00	\$ 364.82	\$ 733.00	\$ 38,096.00
Sole Parent	\$ 887.00	\$ 46,116.00	\$ 494.80	\$ 919.00	\$ 47,751.00
10.07 Not Used					
Name	Cut-Out Points: 01/04/2023		Calculated Cut-Out Points: 01/04/2024		
	Opening Gross Weekly Cut-Out	Opening Gross Annual Cut-Out	Gross Weekly Benefit Rate	Calculated Weekly Gross Cut-Out	Calculated Annual Cut-Out
10.08 NZ Super/Veteran's Pension					
NQS Included (after 1/10/91)	\$ 1,352.00	\$ 70,281.00	\$ 874.88	\$ 1,410.00	\$ 73,312.00
NQS Included (pre to 1/10/91)	\$ 1,417.00	\$ 73,661.00	\$ 922.82	\$ 1,479.00	\$ 76,873.00

Table 10

Name	Cut-Out Points: 01/04/2023		Calculated Cut-Out Points: 01/04/2024	
	Opening Gross Personal Income Threshold	Opening Gross Weekly Cut-Out	Calculated Gross Personal Income Threshold	Calculated Weekly Gross Cut-Out

10.09 Youth Payment

Single, 16-17 Year old
 Married, civil union or de facto couple (without children) total

\$ 258.08	\$ 308.08	\$ 270.10	\$ 320.10
\$ 258.08	\$ 358.08	\$ 270.10	\$ 370.10

Young Parent Payment

Sole parent 16-17 year old, living at home or financially supported by parents or guardian (earning less than FTC threshold)
 Married, civil union or de facto couple (with children) total
 Sole parent

\$ 258.08	\$ 308.08	\$ 270.10	\$ 320.10
\$ 258.08	\$ 358.08	\$ 270.10	\$ 370.10
\$ 258.08	\$ 308.08	\$ 270.10	\$ 320.10

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Benefit cut-out points, limits and thresholds

Table 11 Income Limits for Disability Allowance

Name	Opening Limits: 01/04/2023	Calculated Limits: 01/04/202
	Opening Gross Weekly Threshold	Calculated Gross Weekly Threshold
11.01 Circumstance		
Single person aged 16 or 17 years without dependent children	\$ 631.50	\$ 660.90
Any other single person without dependent children	\$ 786.69	\$ 823.31
Person who is Married, Civil Union or Defacto with or without dependent children	\$ 1,171.42	\$ 1,225.95
Sole parent with 1 dependent child	\$ 880.73	\$ 921.73
Any other sole parent	\$ 927.94	\$ 971.14

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Benefit cut-out points, limits and thresholds

Table 12 Accommodation Supplement Entry Thresholds

Name	Opening Thresholds: 01/04/2023		Calculated Rates 01/04/2024		New Thresholds: 01/04/2024	
	Rent/Board 25%	Mortgage 30%	Calculated Net Benefit Rate	Net Benefit Rate with First Child Family Tax Credit (where applicable)	Rent/Board 25%	Mortgage 30%
12.01 Jobseeker Support Without Children						
Single 18-19 years at home	\$ 84.00	\$ 101.00	\$ 262.30	\$ 262.30	\$ 88.00	\$ 106.00
Single 18-19 years away from home	\$ 84.00	\$ 101.00	\$ 307.87	\$ 307.87	\$ 88.00	\$ 106.00
Single 20-24 years	\$ 84.00	\$ 101.00	\$ 307.87	\$ 307.87	\$ 88.00	\$ 106.00
Single 25 years and over	\$ 84.00	\$ 101.00	\$ 353.46	\$ 353.46	\$ 88.00	\$ 106.00
Married, Civil Union or Defacto Couple	\$ 144.00	\$ 172.00	\$ 601.46	\$ 601.46	\$ 150.00	\$ 180.00
Grandparented Widow woman alone and DPB woman alone (granted before 15/7/2013)	\$ 87.00	\$ 105.00	\$ 364.82	\$ 364.82	\$ 91.00	\$ 109.00
12.02 Jobseeker Support With Children						
Sole Parent	\$ 152.00	\$ 183.00	\$ 494.80	\$ 639.49	\$ 160.00	\$ 192.00
Married, Civil Union or Defacto Couple	\$ 186.00	\$ 223.00	\$ 635.10	\$ 779.79	\$ 195.00	\$ 234.00
Married, Civil Union or Defacto Couple, with non-qualified partner (with children)	\$ 186.00	\$ 223.00	\$ 635.10	\$ 779.79	\$ 195.00	\$ 234.00
12.03 Youth Payment Without Children						
Single, 16-17 Year old	\$ 84.00	\$ 101.00	\$ 307.87	\$ 307.87	\$ 88.00	\$ 106.00
Married, civil union or de facto couple (without children) total	\$ 144.00	\$ 172.00	\$ 601.46	\$ 601.46	\$ 150.00	\$ 180.00
Young Parent Payment With Children						
Sole parent 16-17 year old, living at home or financially supported by parents or guardian (earning less than FTC threshold)	\$ 102.00	\$ 123.00	\$ 285.44	\$ 430.13	\$ 108.00	\$ 129.00
Married, civil union or de facto couple (with children) total	\$ 186.00	\$ 223.00	\$ 635.10	\$ 779.79	\$ 195.00	\$ 234.00
Married, Civil Union or Defacto Couple, with non-qualified partner (with children)	\$ 186.00	\$ 223.00	\$ 635.10	\$ 779.79	\$ 195.00	\$ 234.00
Sole parent	\$ 152.00	\$ 183.00	\$ 494.80	\$ 639.49	\$ 160.00	\$ 192.00

Table 12

Name	Opening Thresholds: 01/04/2023		Calculated Rates: 01/04/2024		New Thresholds: 01/04/2024	
	Rent/Board 25%	Mortgage 30%	Calculated Net Benefit Rate	Net Benefit Rate with First Child Family Tax Credit (where applicable)	Rent/Board 25%	Mortgage 30%

12.04 Not Used**12.06 Not Used****12.07 Sole Parent Support**

Sole Parent

\$	152.00	\$	183.00	\$	494.80	\$	639.49	\$	160.00	\$	192.00
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12.08 Not Used**12.09 Not Used****12.10 Support Living Payments Without Children**

Single 16-17 years

Single 18 years and over

Married, Civil Union or Defacto Couple

\$	96.00	\$	115.00	\$	337.63	\$	337.63	\$	101.00	\$	121.00
\$	96.00	\$	115.00	\$	402.84	\$	402.84	\$	101.00	\$	121.00
\$	164.00	\$	196.00	\$	684.48	\$	684.48	\$	171.00	\$	205.00

12.11 Supported Living Payments With Children

Sole Parent

Married, Civil Union or Defacto Couple

Married, Civil Union or Defacto Couple, with non-qualified partner

\$	166.00	\$	199.00	\$	552.14	\$	696.83	\$	174.00	\$	209.00
\$	206.00	\$	247.00	\$	718.14	\$	862.83	\$	216.00	\$	259.00
\$	206.00	\$	247.00	\$	718.14	\$	862.83	\$	216.00	\$	259.00

12.12 NZ Super/Veterans Pension Without Children

Single Living Alone

Single Sharing

Married, Civil Union or Defacto Couple (both qualify)

Married, Civil Union or Defacto Couple (NQS included)

\$	124.00	\$	149.00	\$	519.47	\$	519.47	\$	130.00	\$	156.00
\$	115.00	\$	137.00	\$	479.51	\$	479.51	\$	120.00	\$	144.00
\$	191.00	\$	229.00	\$	799.18	\$	799.18	\$	200.00	\$	240.00
\$	181.00	\$	218.00	\$	759.64	\$	759.64	\$	190.00	\$	228.00

12.13 NZ Super/Veterans Pension With Children

Single Living Alone (1 child)

Single Living Alone (2+ children)

Single Sharing (1 child)

Single Sharing (2+ children)

Married, Civil Union or Defacto Couple (1 child)

Married, Civil Union or Defacto Couple (2+ children)

Married, Civil Union or Defacto Couple (NQS included) (1 child)

Married, Civil Union or Defacto Couple (NQS included) (2+ children)

\$	158.00	\$	190.00	\$	519.47	\$	664.16	\$	166.00	\$	199.00
\$	158.00	\$	190.00	\$	519.47	\$	664.16	\$	166.00	\$	199.00
\$	149.00	\$	179.00	\$	479.51	\$	624.20	\$	156.00	\$	187.00
\$	149.00	\$	179.00	\$	479.51	\$	624.20	\$	156.00	\$	187.00
\$	225.00	\$	270.00	\$	799.18	\$	943.87	\$	236.00	\$	283.00
\$	225.00	\$	270.00	\$	799.18	\$	943.87	\$	236.00	\$	283.00
\$	216.00	\$	259.00	\$	759.64	\$	904.33	\$	226.00	\$	271.00
\$	216.00	\$	259.00	\$	759.64	\$	904.33	\$	226.00	\$	271.00

Benefit cut-out points, limits and thresholds

Table 13 Accommodation Supplement Entry Thresholds for Married, Civil Union or Defacto Couples Being Paid Different Half Benefit Rates

Name	Opening Thresholds: 01/04/2023				Calculated Rates: 01/04/2024					New Thresholds: 01/04/2024			
	Without Children		With Children		Without Children		With Children			Without Children		With Children	
	Rent/Boar d 25%	Mortgage 30%	Rent/Boar d 25%	Mortgage 30%	First Calculated Net Benefit Rate	Second Calculated Net Benefit Rate	First Calculated Net Benefit Rate	Second Calculated Net Benefit Rate	First Child Family Tax Credit	Rent/Boar d 25%	Mortgage 30%	Rent/Boar d 25%	Mortgage 30%

13.01 Not Used

13.02 NZS/VP and Supported Living Payment

NZS/VP and SLP
SLP and NZS/VP

\$ 177.00	\$ 213.00	\$ 219.00	\$ 262.00	\$ 399.59	\$ 342.24	\$ 399.59	\$ 372.81	\$ 144.69	\$ 185.00	\$ 223.00	\$ 229.00	\$ 275.00
\$ 177.00	\$ 213.00	\$ 219.00	\$ 262.00	\$ 342.24	\$ 399.59	\$ 372.81	\$ 399.59	\$ 144.69	\$ 185.00	\$ 223.00	\$ 229.00	\$ 275.00

13.03 NZS/VP, Jobseeker Support or Non-Beneficiary

NZS/VP and JS/Non-Beneficiary
JS/Non-Beneficiary and NZS/VP

\$ 167.00	\$ 201.00	\$ 206.00	\$ 247.00	\$ 399.59	\$ 300.73	\$ 399.59	\$ 317.55	\$ 144.69	\$ 175.00	\$ 210.00	\$ 215.00	\$ 259.00
\$ 167.00	\$ 201.00	\$ 206.00	\$ 247.00	\$ 300.73	\$ 399.59	\$ 317.55	\$ 399.59	\$ 144.69	\$ 175.00	\$ 210.00	\$ 215.00	\$ 259.00

13.04 Not Used

13.05 Not Used

13.06 Supported Living Payment and Jobseeker Support or Non-Beneficiary

SLP and JS/Non-Beneficiary
JS/Non-Beneficiary and SLP

\$ 154.00	\$ 184.00	\$ 196.00	\$ 235.00	\$ 342.24	\$ 300.73	\$ 359.07	\$ 317.55	\$ 144.69	\$ 161.00	\$ 193.00	\$ 205.00	\$ 246.00
\$ 154.00	\$ 184.00	\$ 196.00	\$ 235.00	\$ 300.73	\$ 342.24	\$ 317.55	\$ 359.07	\$ 144.69	\$ 161.00	\$ 193.00	\$ 205.00	\$ 246.00

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Benefit cut-out points, limits and thresholds

Table 14 Accommodation Supplement Entry Thresholds - Married, Civil Union or Defacto Partner at home whose partner is in subsidised long term residential care

Name	Opening Thresholds: 01/04/2023		Calculated Rates: 01/04/2024		New Thresholds: 01/04/2024	
	Rent/Board 25%	Mortgage 30%	Calculated Net Benefit Rate	Net Benefit Rate with First Child Family Tax Credit (where applicable)	Rent/Board 25%	Mortgage 30%
14.01 Jobseeker Support						
Without children	\$ 84.00	\$ 101.00	\$ 353.46	\$ 353.46	\$ 88.00	\$ 106.00
1 or more children	\$ 152.00	\$ 183.00	\$ 494.80	\$ 639.49	\$ 160.00	\$ 192.00
14.02 Supported Living Payment						
Without children	\$ 96.00	\$ 115.00	\$ 402.84	\$ 402.84	\$ 101.00	\$ 121.00
1 or more children	\$ 166.00	\$ 199.00	\$ 552.14	\$ 696.83	\$ 174.00	\$ 209.00
14.03 NZ Super/Veterans						
Living Alone (without children)	\$ 124.00	\$ 149.00	\$ 519.47	\$ 519.47	\$ 130.00	\$ 156.00
Living Alone (1 child)	\$ 158.00	\$ 190.00	\$ 519.47	\$ 664.16	\$ 166.00	\$ 199.00
Living Alone (2+ children)	\$ 158.00	\$ 190.00	\$ 519.47	\$ 664.16	\$ 166.00	\$ 199.00
Sharing (without children)	\$ 115.00	\$ 137.00	\$ 479.51	\$ 479.51	\$ 120.00	\$ 144.00
Sharing (1 child)	\$ 149.00	\$ 179.00	\$ 479.51	\$ 624.20	\$ 156.00	\$ 187.00
Sharing (2+ children)	\$ 149.00	\$ 179.00	\$ 479.51	\$ 624.20	\$ 156.00	\$ 187.00

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Benefit cut-out points, limits and thresholds

Table 15 Accommodation Supplement Cut-Out Points for Non-Beneficiaries

Name	Opening Cutouts: 01/04/2022				Calculated Cutouts: 01/04/2024	
	Opening Per Week	Opening Per Year	Maximum Entitlement	Income Threshold	Calculated Per Week	Calculated Per Year
15.01 Area One						
Single 18-19 years old - at home	\$ 1,303.00	\$ 67,756.00	\$ 165.00	\$ 665.00	\$ 1,325.00	\$ 68,900.00
Single 18-19 years old - away from home	\$ 1,303.00	\$ 67,756.00	\$ 165.00	\$ 665.00	\$ 1,325.00	\$ 68,900.00
Single 20-24 years old	\$ 1,303.00	\$ 67,756.00	\$ 165.00	\$ 665.00	\$ 1,325.00	\$ 68,900.00
Single 25 years and over	\$ 1,303.00	\$ 67,756.00	\$ 165.00	\$ 665.00	\$ 1,325.00	\$ 68,900.00
Married, Civil Union or Defacto Couple (without children) total	\$ 1,921.00	\$ 99,892.00	\$ 235.00	\$ 1,020.00	\$ 1,960.00	\$ 101,920.00
Sole Parent (1 child)	\$ 1,776.00	\$ 92,352.00	\$ 235.00	\$ 867.00	\$ 1,807.00	\$ 93,964.00
Sole Parent (2+ children)	\$ 2,050.00	\$ 106,912.00	\$ 305.00	\$ 867.00	\$ 2,087.00	\$ 108,524.00
Married, Civil Union or Defacto Couple (with children) total	\$ 2,247.00	\$ 116,844.00	\$ 305.00	\$ 1,068.00	\$ 2,288.00	\$ 118,976.00
15.02 Area Two						
Single 18-19 years old - at home	\$ 1,063.00	\$ 55,276.00	\$ 105.00	\$ 665.00	\$ 1,085.00	\$ 56,420.00
Single 18-19 years old - away from home	\$ 1,063.00	\$ 55,276.00	\$ 105.00	\$ 665.00	\$ 1,085.00	\$ 56,420.00
Single 20-24 years old	\$ 1,063.00	\$ 55,276.00	\$ 105.00	\$ 665.00	\$ 1,085.00	\$ 56,420.00
Single 25 years and over	\$ 1,063.00	\$ 55,276.00	\$ 105.00	\$ 665.00	\$ 1,085.00	\$ 56,420.00
Married, Civil Union or Defacto Couple (without children) total	\$ 1,601.00	\$ 83,252.00	\$ 155.00	\$ 1,020.00	\$ 1,640.00	\$ 85,280.00
Sole Parent (1 child)	\$ 1,456.00	\$ 75,712.00	\$ 155.00	\$ 867.00	\$ 1,487.00	\$ 77,324.00
Sole Parent (2+ children)	\$ 1,716.00	\$ 89,232.00	\$ 220.00	\$ 867.00	\$ 1,747.00	\$ 90,844.00
Married, Civil Union or Defacto Couple (with children) total	\$ 1,907.00	\$ 99,164.00	\$ 220.00	\$ 1,068.00	\$ 1,948.00	\$ 101,296.00

Table 15

Name	Opening Cutouts: 01/04/202				Calculated Cutouts: 01/04/2024	
	Opening Per Week	Opening Per Year	Maximum Entitlement	Income Threshold	Calculated Per Week	Calculated Per Year
15.03 Area Three						
Single 18-19 years old - at home	\$ 963.00	\$ 50,076.00	\$ 80.00	\$ 665.00	\$ 985.00	\$ 51,220.00
Single 18-19 years old - away from home	\$ 963.00	\$ 50,076.00	\$ 80.00	\$ 665.00	\$ 985.00	\$ 51,220.00
Single 20-24 years old	\$ 963.00	\$ 50,076.00	\$ 80.00	\$ 665.00	\$ 985.00	\$ 51,220.00
Single 25 years and over	\$ 963.00	\$ 50,076.00	\$ 80.00	\$ 665.00	\$ 985.00	\$ 51,220.00
Married, Civil Union or Defacto Couple (without children) total	\$ 1,401.00	\$ 72,852.00	\$ 105.00	\$ 1,020.00	\$ 1,440.00	\$ 74,880.00
Sole Parent (1 child)	\$ 1,256.00	\$ 65,312.00	\$ 105.00	\$ 867.00	\$ 1,287.00	\$ 66,924.00
Sole Parent (2+ children)	\$ 1,476.00	\$ 76,752.00	\$ 160.00	\$ 867.00	\$ 1,507.00	\$ 78,364.00
Married, Civil Union or Defacto Couple (with children) total	\$ 1,667.00	\$ 86,684.00	\$ 160.00	\$ 1,068.00	\$ 1,708.00	\$ 88,816.00
15.04 Area Four						
Single 18-19 years old - at home	\$ 923.00	\$ 47,996.00	\$ 70.00	\$ 665.00	\$ 945.00	\$ 49,140.00
Single 18-19 years old - away from home	\$ 923.00	\$ 47,996.00	\$ 70.00	\$ 665.00	\$ 945.00	\$ 49,140.00
Single 20-24 years old	\$ 923.00	\$ 47,996.00	\$ 70.00	\$ 665.00	\$ 945.00	\$ 49,140.00
Single 25 years and over	\$ 923.00	\$ 47,996.00	\$ 70.00	\$ 665.00	\$ 945.00	\$ 49,140.00
Married, Civil Union or Defacto Couple (without children) total	\$ 1,301.00	\$ 67,652.00	\$ 80.00	\$ 1,020.00	\$ 1,340.00	\$ 69,680.00
Sole Parent (1 child)	\$ 1,156.00	\$ 60,112.00	\$ 80.00	\$ 867.00	\$ 1,187.00	\$ 61,724.00
Sole Parent (2+ children)	\$ 1,316.00	\$ 68,432.00	\$ 120.00	\$ 867.00	\$ 1,347.00	\$ 70,044.00
Married, Civil Union or Defacto Couple (with children) total	\$ 1,507.00	\$ 78,364.00	\$ 120.00	\$ 1,068.00	\$ 1,548.00	\$ 80,496.00

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Benefit cut-out points, limits and thresholds

Table 16 Accommodation Supplement Non-Beneficiary Abatement Thresholds

Name	Opening Rates: 01/04/2023		Calculated Rates: 01/04/2020	
	Opening Gross Rate		Calculated Gross Rate	
16.01 Non-beneficiary				
Single 18-19 years old - at home	\$	643.00	\$	665.00
Single 18-19 years old - away from home	\$	643.00	\$	665.00
Single 20-24 years old	\$	643.00	\$	665.00
Single 25 years and over	\$	643.00	\$	665.00
Married, Civil Union or Defacto Couple (without children) total	\$	981.00	\$	1,020.00
Married, Civil Union or Defacto Couple (with children) total	\$	1,027.00	\$	1,068.00
Sole Parent	\$	836.00	\$	867.00

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Miscellaneous rates and payments

Table 17 Income Exemption - Home Base Care

Name	Opening Rates: 01/04/2021		Calculated Rates: 01/04/2022	
	Opening Rate		Calculated Rate	
17.01 Per Child Per Hour				
Base Rate	\$	4.17	\$	4.36

Released under the Official Information Act 1982

Ministry of Social Development
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Special benefit assessment standard costs

Table 18 Special Benefit Standard Costs - For those Without Children ONLY

Name	Opening Std. Cost: 01/04/2022		Calculated Rates: 01/04/2024	
	Opening Std. Cost		Calculated Net Benefit Rate	Calculated Std. Cost
18.01 Jobseeker Support and Non-Beneficiaries Without Children				
Single 18-19 years at home	\$ 109.29		\$ 262.30	\$ 114.38
Single 18-19 years away from home	\$ 109.29		\$ 307.87	\$ 114.38
Single 20-24 years	\$ 109.29		\$ 307.87	\$ 114.38
Single 25 years and over	\$ 152.34		\$ 353.46	\$ 159.43
Married, Civil Union or Defacto Couple	\$ 285.84		\$ 601.46	\$ 299.15
Grandparented Widow woman alone and DPB woman alone (granted before 15/7/2013)	\$ 161.03		\$ 364.82	\$ 168.53
18.03 Not Used				
18.04 Not Used				
18.05 Not Used				
18.06 Not Used				
18.07 Emergency Benefit				
16-17 years at home	\$ 109.29		\$ 262.30	\$ 114.38
18.08 Supported Living Payments Without Children				
Single 16-17 years	\$ 145.63		\$ 337.63	\$ 152.41
Single 18 years and over	\$ 206.68		\$ 402.84	\$ 216.30
Married, Civil Union or Defacto Couple	\$ 377.05		\$ 684.48	\$ 394.60
18.09 Supported Living Payments (Caring for a patient requiring care) without children				
Single 16-17 years	\$ 145.63		\$ 337.63	\$ 152.41
Single 18 years and over	\$ 206.68		\$ 402.84	\$ 216.30
Half Married, Civil Union or Defacto Couple	\$ 161.03		\$ 342.24	\$ 168.53
18.10 NZ Super/Veterans Without Children				

Table 18

Name	Opening Std. Cost: 01/04/2021	Calculated Rates: 01/04/2024	
	Opening Std. Cost	Calculated Net Benefit Rate	Calculated Std. Cost
Single Living Alone	\$ 206.98	\$ 519.47	\$ 216.61
Single Sharing	\$ 206.98	\$ 479.51	\$ 216.61
Married, Civil Union or Defacto Couple	\$ 377.62	\$ 799.18	\$ 395.20

Released under the Official Information Act 1982

Ministry of Social Development
CPI General Adjustment Model

Special benefit assessment standard costs

Table 19 Special Benefit Standard Costs - For Those Without Children ONLY Being Paid Differ

	Opening Std. Cost: 01/04/2023	Calculated Rates: 01/04/2024
Name	Opening Std. Cost	Calculated Std. Cost

19.01 Combination

NZ Super and Jobseeker Support	\$ 240.80	\$ 252.01
NZ Super and Supported Living Payment	\$ 347.36	\$ 363.53
Supported Living Payment and Jobseeker Support	\$ 270.50	\$ 283.09

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Benefit cut-out points, limits and thresholds

Table 20 Community Services Card Income Thresholds

Name	Opening Thresholds: 01/04/2023		Calculated Thresholds: 01/04/2024	
	Opening Threshold	Increase	Calculated Threshold	
20.01 Circumstance (other than NZS)				
Single in shared accommodation	\$ 31,705.00	\$ 1,476.00	\$ 33,181.00	
Single living alone	\$ 33,646.00	\$ 1,567.00	\$ 35,213.00	
Married, Civil Union or Defacto Couple (without children)	\$ 50,313.00	\$ 2,343.00	\$ 52,656.00	
2-person family	\$ 61,455.00	\$ 2,861.00	\$ 64,316.00	
3-person family	\$ 75,645.00	\$ 3,522.00	\$ 79,167.00	
4-person family	\$ 87,269.00	\$ 4,063.00	\$ 91,332.00	
5-person family	\$ 98,687.00	\$ 4,594.00	\$ 103,281.00	
6-person family	\$ 111,255.00	\$ 5,179.00	\$ 116,434.00	
Each additional person above 6 people	\$ 11,277.00	\$ 525.00	\$ 11,802.00	
20.02 New Zealand Superannuation - Circumstance				
Single in shared accommodation	\$ 33,713.00	\$ 1,570.00	\$ 35,283.00	
Single living alone	\$ 35,861.00	\$ 1,670.00	\$ 37,531.00	
Married, Civil Union or Defacto Couple (without children)	\$ 53,821.00	\$ 2,506.00	\$ 56,327.00	
2-person family	\$ 61,455.00	\$ 2,861.00	\$ 64,316.00	
3-person family	\$ 75,645.00	\$ 3,522.00	\$ 79,167.00	
4-person family	\$ 87,269.00	\$ 4,063.00	\$ 91,332.00	
5-person family	\$ 98,687.00	\$ 4,594.00	\$ 103,281.00	
6-person family	\$ 111,255.00	\$ 5,179.00	\$ 116,434.00	
Each additional person above 6 people	\$ 11,277.00	\$ 525.00	\$ 11,802.00	

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Miscellaneous rates and payments

Table 21 Civil Defence Scheme

Name	Opening Rates: 01/04/2021		Calculated Rates: 01/04/2024	
	Opening Payment		Calculated Payment	
21.01 Evacuees Billeted				
Single (under 25 years)	\$	220.64	\$	230.90
Single (25+)	\$	253.31	\$	265.10
Married, Civil Union or Defacto Couple (without children)	\$	431.03	\$	451.10
Married, Civil Union or Defacto Couple (with children)	\$	455.15	\$	476.33
Sole Parent	\$	354.59	\$	371.10
21.02 Evacuees Not Billeted				
Single (under 25 years)	\$	294.18	\$	307.87
Single (25+)	\$	337.74	\$	353.46
Married, Civil Union or Defacto Couple (without children)	\$	574.70	\$	601.46
Married, Civil Union or Defacto Couple (with children)	\$	606.86	\$	635.10
Sole Parent	\$	472.79	\$	494.80

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Benefit cut-out points, limits and thresholds

Table 22 Income Limits for Advance Payments of Benefits, Special Needs Grants, Recoverable Assistance Payments, Funeral Grants, Seasonal Work Assistance, Course Participation Assistance, Transition to Work Grant, Community Costs Programme and Flexible Funding Programme

Name	Opening Limits: 01/04/2023	Calculated Limits: 01/04/202
	Opening Gross Weekly Income Limit	Calculated Gross Weekly Income Limit
Seasonal Work Assistance, Course Participation Assistance, Transition to Work Grant, Community Costs Programme, Flexible Funding Programme (with child rates only),		
22.01 Emergency Housing-SNG		
Single person aged 16 or 17 years without dependent children	\$ 584.36	\$ 611.56
Single person aged 18+ years without dependent children	\$ 671.59	\$ 702.85
Person who is Married, Civil Union or Defacto with or without dependent children	\$ 975.49	\$ 1,020.90
Sole parent with 1 dependent child	\$ 814.95	\$ 852.89
Any other sole parent	\$ 858.59	\$ 898.56
Opening Limits: 01/04/2023		
Calculated Limits: 01/04/202		
22.02 Recoverable Assistance Payments Annual Limits		
Single person aged 16 or 17 years without dependent children	\$ 40,763.32	\$ 42,915.60
Single person aged 18+ years without dependent children	\$ 46,848.36	\$ 49,322.00
Person who is Married, Civil Union or Defacto with or without dependent children	\$ 68,047.20	\$ 71,639.88
Sole parent with 1 dependent child	\$ 56,849.00	\$ 59,850.44
Any other sole parent	\$ 59,893.60	\$ 63,055.72

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Benefit cut-out points, limits and thresholds

Table 23 Cash Asset Limits for Special Benefit, Advance Payment of Benefits, Special Needs Grants, Recoverable Assistance Payments, Seasonal Work Assistance Programme, New Employment Transition Grant Programme, Funeral Grants (cash assets exemption), Temporary Additional Support, Course Participation Assistance, Transition to Work Grant, Student Allowance Transfer Grant Programme, Community Costs Programme, Flexible Funding Programme

Name	Opening Limits: 01/04/2022		Calculated Limits: 01/04/20	
	Opening Asset Limits		Calculated Asset Limits	
23.01 Special Benefit, Advance Payment of Benefit, Special Needs Grants (including Emergency Housing SNGs), Recoverable Community Costs Programme, Course Participation Assistance, Transition to Work Grant and Flexible Funding Program				
Single person without dependent children and Sole Parents	\$	1,279.35	\$	1,338.90
	\$	2,131.73	\$	2,230.96
23.02 Seasonal Work Assistance Programme, New Employment Transition Grant Programme, and Student Allowance Transfer Grant Programme				
Single person without dependent children	\$	1,279.35	\$	1,338.90
dependent children	\$	2,131.73	\$	2,230.96
Sole parent with 1 dependent child	\$	1,679.84	\$	1,758.04
Any other sole parent	\$	1,804.47	\$	1,888.47
23.03 Funeral Grants (cash assets exemption)				
dependent children and Sole Parents (Does not include Single	\$	2,131.73	\$	2,230.96

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 24 Care Supplement Rates

Name	Opening Supplements: 01/04/2023	Calculated Supplements: 01/04/2024		
	Opening Care Supplement	Foster Care Board Payment	Orphan's or Unsupported Child's Benefit	Calculated Care Supplement
### Age Bracket				
Child aged 14 years or older	\$ -	\$ 332.61	\$ 332.61	\$ -
Child aged 10 to 13 years	\$ -	\$ 310.40	\$ 310.40	\$ -
Child aged 5 to 9 years	\$ -	\$ 288.06	\$ 288.06	\$ -
Child aged 0 to 4 years	\$ -	\$ 286.08	\$ 286.08	\$ -

Note: Care Supplement no longer payable from 1 April 2009

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 25 Maximum Weekly Rates of Special Assistance to the Rural Sector

Name	Opening Assistance: 01/04/2022		Calculated Assistance: 01/04/2022	
	Opening Rural Assistance	Jobseeker Support	Calculated Rural Assistance	
25.01 Circumstance				
Single 18-19 Years, at home	\$ 250.63	\$ 262.30	\$ 262.30	
Single 18-19 Years, away from home	\$ 294.18	\$ 307.87	\$ 307.87	
Single 20-24 Years	\$ 294.18	\$ 307.87	\$ 307.87	
Single 25+ Years	\$ 337.74	\$ 353.46	\$ 353.46	
Married, Civil Union or Defacto Couple (without children) total	\$ 574.70	\$ 601.46	\$ 601.46	
Married, Civil Union or Defacto Couple (with children) total	\$ 606.86	\$ 635.10	\$ 635.10	
Sole Parent	\$ 472.79	\$ 494.80	\$ 494.80	

Table 25

Name	Opening Assistance: 01/04/2023		Calculated Assistance: 01/04/2023		Statutory Reference
	Opening Rural Assistance	Jobseeker Support	Calculated Rural Assistance	Calculated Jobseeker Support	
Name	Cut-Out Points: 01/04/2023		Calculated Cut-Out Points: 01/04/2024		Income Test
	Opening Gross Weekly Cut-Out	Opening Gross Annual Cut-Out	Net Weekly Benefit Rate	Calculated Gross Weekly Cut-Out Calculated Gross Annual Cut-Out	

25.02 Circumstance

Single 18-19 Years, at home	\$	411.00	\$	262.30	\$	423.00	6
Single 18-19 Years, away from home	\$	455.00	\$	307.87	\$	468.00	6
Single 20-24 Years	\$	455.00	\$	307.87	\$	468.00	6
Single 25+ Years	\$	498.00	\$	353.46	\$	514.00	6
Married, Civil Union or Defacto Couple (without children) total	\$	735.00	\$	601.46	\$	762.00	6
Married, Civil Union or Defacto Couple (with children) total	\$	767.00	\$	635.10	\$	796.00	6
Sole Parent	\$	633.00	\$	494.80	\$	655.00	6

Ministry of Social Development
CPI General Adjustment Model

Benefit cut-out points, limits and thresholds

Table 26 Additional Income Limits Making it Advantageous to Exclude NQS/NQP

	NZS Rates: 01/04/2024	Calculated Income: 01/04/2024
26.01 Couples with NQS/NQP included on or after 1 October 1991		
Annual NZS rate for couple with NQS/NQP included on or after 1.10.91 (gross)	\$ 45,493.76	
Annual NZS rate for Person who is Married, Civil Union or Defacto (gross)	\$ 23,993.32	
Difference	\$ 21,500.44	
Minimum additional income that is advantageous to exclude the NQS/NQP (gross)		\$ 39,034.91
26.02 Couples with NQS/NQP included before 1 October 1991		
Annual NZS rate for couple with NQS/NQP included before 1.10.91 (gross)	\$ 47,986.64	
Annual NZS rate for Person who is Married, Civil Union or Defacto (gross)	\$ 23,993.32	
Difference	\$ 23,993.32	
Minimum additional income that is advantageous to exclude the NQS/NQP (gross)		\$ 42,596.17

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 27 Social Rehabilitation Assistance Programme

Name	Opening Payments: 01/04/2022		Calculated Payments: 01/04/2024		
	Opening Payment		Maximum rate of Disability Allowance	Maximum rate of Accommodation Supplement (single person)	Calculated Payment
27.01 Area					
Area One	\$ 260.10	\$	78.60	\$ 165.00	\$ 263.60
Area Two	\$ 200.10	\$	78.60	\$ 105.00	\$ 203.60
Area Three	\$ 175.10	\$	78.60	\$ 80.00	\$ 178.60
Area Four	\$ 165.10	\$	78.60	\$ 70.00	\$ 168.60

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 28 Income Support For Live Organ Donors

Name	Opening Rates: 01/04/2023		Calculated Rates: 01/04/2024	
	Opening Payment		Calculated Payment	
28.01 Excluding Childcare Costs				
Single 18-19 years old - at home				
Single 18-19 years old - away from home				
Single 20-24 years old				
Single 25 years and over				
Married, Civil Union or Defacto Couple (without children) each				
Married, Civil Union or Defacto Couple (without children) total				
Married, Civil Union or Defacto Couple (with children) each				
Married, Civil Union or Defacto Couple (with children) total				
Sole Parent				
28.02 Childcare Assistance				
Each child under the age of 14 years				

Released under the Official Information Act 1982

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 29 Family Tax Credit and Accommodation Supplement Maxima

	Opening Rates: 01/04/2023	Calculated Rates: 01/04/2024
Name	Opening Rate	Calculated Rate

29.01 Family Tax Credit Rates

First or only child: 0 - 15 years	\$ 136.94	\$ 144.30
First or only child: 16 years or older	\$ 136.94	\$ 144.30
Second or subsequent child: 0 - 12 years	\$ 111.58	\$ 117.56
Second or subsequent child: 13 - 15 years	\$ 111.58	\$ 117.56
Second or subsequent child: 16 years or older	\$ 111.58	\$ 117.56

Accommodation Supplement Maxima: 01/04/2024

29.02 Accommodation Supplement Maxima

Area 1

1 person household	\$ 165.00
2 person household	\$ 235.00
3+ person household	\$ 305.00

Area 2

1 person household	\$ 105.00
2 person household	\$ 155.00
3+ person household	\$ 220.00

Area 3

1 person household	\$ 80.00
2 person household	\$ 105.00
3+ person household	\$ 160.00

Area 4

1 person household	\$ 70.00
2 person household	\$ 80.00
3+ person household	\$ 120.00

	Opening Rates: 01/04/2023	Calculated Rates: 01/04/2024
Name	Opening Rate	Calculated Rate

29.03 Best Start Tax Credit

Best Start Tax Credit	\$ 69.85	\$ 73.61
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Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 30 Temporary Additional Support

Name	Opening Rates: 01/04/2021		Calculated Rates: 01/04/2022	
	Opening Rate		Calculated Rate	
30.01 Essential Household Item				
Dining suite	\$	36.44	\$	38.14
Beds (including mattresses)	\$	36.44	\$	38.14
Combined fridge-freezer, or fridge, or 1 freezer, or fridge & freezer	\$	28.83	\$	30.17
Lounge suite	\$	36.44	\$	38.14
Stove	\$	28.83	\$	30.17
Television set	\$	27.31	\$	28.58
Vehicle repayment	\$	77.93	\$	81.56
Portable heaters	\$	19.72	\$	20.64
Washing machine	\$	28.83	\$	30.17
Laundry/laundrette Costs	\$	28.83	\$	30.17
Dryer	\$	28.83	\$	30.17
Accommodation loading	\$	30.94	\$	32.38

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 31 Civil Defence Accommodation Costs

Name	Opening Maximum Rate: 01/04/2022		Calculated Rates: 01/04/2024	
	Opening Weekly Maximum Rate	Opening Daily Maximum Rate	Calculated Weekly Maximum Rate	Calculated Daily Maximum Rate

31.01 Evacuee in Billeted Accommodation

Single Adult	\$ 224.00	\$ 32.00	\$ 241.00	\$ 34.43
Married, Civil Union or Defacto Couple (with or without children)	\$ 375.00	\$ 53.57	\$ 408.00	\$ 58.29
Child	\$ 112.00	\$ 16.00	\$ 120.50	\$ 17.21

[Based on average board costs reported by Accommodation Supplement recipients]

31.02 Evacuee in Tourist Accommodation

Single Adult	\$ 1,227.00	\$ 175.29	\$ 1,280.00	\$ 182.86
Married, Civil Union or Defacto Couple (without children)	\$ 1,294.00	\$ 184.86	\$ 1,350.00	\$ 192.86
Married, Civil Union or Defacto Couple or Sole Parent (with children)	\$ 1,525.00	\$ 217.86	\$ 1,591.00	\$ 227.29

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 32 Home Help Programme

Name	Opening Maximum Rate: 01/04/2021		Calculated Rates: 01/04/2024	
	Maximum Hourly Gross Rate		Maximum Hourly Gross Rate	

32.01 Home Help Programme

Home Helper (Excluding Holiday Pay)	\$	23.90	\$	24.37
Home Helper (Including Holiday Pay)	\$	25.81	\$	26.32

Released under the Official Information Act 1982

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 33 FAMILY START AND EARLY START (Childcare Assistance), [aka Early Learni

Name	Opening Rates: 01/04/2023		Calculated Rates: 01/04/2024	
	Opening Rate		Calculated Rate	
33.01 Early Learning Payment				
Maximum payment rate for each child	\$	9.09	\$	9.51
Maximum weekly payment (20 hours)				
for each aged 18 months to 36 months	\$	181.80	\$	190.20

Released under the Official Information Act 1982

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 34 Maximum Weekly Rates of Employment Transition Assistance

	Opening Rates: 01/04/2023	Calculated Rates: 01/04/2024
Name	Opening Rate	Calculated Rate
34.01 Maximum Weekly Rates of Employment Transition Assistance		
Single 16-17 years old	\$ 322.61	\$ 337.63
Single 18 years and over	\$ 384.92	\$ 402.84
Married, Civil Union or Defacto Couple (without children) each	\$ 327.02	\$ 342.24
Married, Civil Union or Defacto Couple (without children) total	\$ 654.04	\$ 684.48
Married, Civil Union or Defacto Couple (with children) each	\$ 343.10	\$ 359.07
Married, Civil Union or Defacto Couple (with children) total	\$ 686.20	\$ 718.14
Sole Parent	\$ 527.58	\$ 552.14

Ministry of Social Development
CPI General Adjustment Model

Benefit cut-out points, limits and thresholds

Table 35 Accommodation Supplement Income Limits for NZ Superannuation/Veterans pension

Name	Opening Limits: 01/04/2023	Calculated Limits: 01/04/2024
	Opening Gross Weekly Threshold	Calculated Gross Weekly Threshold
35.01 Circumstance		
Single person	\$ 671.59	\$ 702.85
Married, civil union or defacto couple (with or without children)	\$ 975.49	\$ 1,020.90
Sole parent with 1 dependent child	\$ 814.95	\$ 852.89
Sole parent with 2 or more dependent children	\$ 858.59	\$ 898.56

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 36 Residential Care Subsidy

Name	Opening Rate: 01/07/2023		Calculated Rates: 01/07/2023	
	Opening Unrounded Rate	Opening Rounded Rate	Calculated Rounded Rate	

36.01 Residential Care Subsidy Income-from-Assets Exemption

Rate 1	\$ 1,187.727896	\$ 1,188.00	\$ 1,188.00	\$ 1,188.00
Rate 2	\$ 2,375.455792	\$ 2,376.00	\$ 2,376.00	\$ 2,376.00
Rate 3	\$ 3,563.183689	\$ 3,564.00	\$ 3,564.00	\$ 3,564.00

36.02 Residential Care Subsidy Thresholds

Threshold A	\$ 273,627.410368	\$ 273,628	\$ 273,628	\$ 273,628
Threshold B	\$ 149,844.223292	\$ 149,845	\$ 149,845	\$ 149,845

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 37 Average Regional Rents Information For Special Transfer Allowance

Name	Opening Rate: 01/04/2023		Calculated Rates: 01/04/2024	
	Opening 1 Bedroom Rent	Opening 2 Bedroom Rent	1 Bedroom Rent	2 Bedroom Rent

37.01 Average Regional Rents

Auckland Region	\$ 409.00	\$ 509.00	\$ 426.00	\$ 535.00
Wellington Region	\$ 377.00	\$ 487.00	\$ 430.00	\$ 548.00
Rest of New Zealand	\$ 306.00	\$ 396.00	\$ 329.00	\$ 426.00

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 38 Work Bonus

Name	Rate	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8
38.01 Sole Parent Support		1	2	3	4	5	6	7	8
Sole Parent Support	\$ 494.80	\$ 494.80	\$ 394.80	\$ 294.80	\$ 194.80	\$ 94.80	\$ -	\$ -	\$ -
38.02 Supported Living Payment									
Single 16-17 Years	\$ 337.63	\$ 337.63	\$ 237.63	\$ 137.63	\$ 37.63	\$ -	\$ -	\$ -	\$ -
Single, 18 Years	\$ 402.84	\$ 402.84	\$ 302.84	\$ 202.84	\$ 102.84	\$ -	\$ -	\$ -	\$ -
Sole Parent	\$ 552.14	\$ 552.14	\$ 452.14	\$ 352.14	\$ 252.14	\$ 152.14	\$ 52.14	\$ -	\$ -
Married, civil union or de facto couple (without children) Total	\$ 684.48	\$ 684.48	\$ 584.8	\$ 484.48	\$ 384.48	\$ 284.48	\$ 184.48	\$ 84.48	\$ -
Married, civil union or de facto couple (without children) Each	\$ 342.24	\$ 342.24	\$ 292.24	\$ 242.24	\$ 192.24	\$ 142.24	\$ 92.24	\$ 42.24	\$ -
Married, civil union or de facto couple (with children) Total	\$ 718.14	\$ 718.14	\$ 618.14	\$ 518.14	\$ 418.14	\$ 318.14	\$ 218.14	\$ 118.14	\$ 18.14
Married, civil union or de facto couple (with children) Each	\$ 359.07	\$ 359.07	\$ 309.07	\$ 259.07	\$ 209.07	\$ 159.07	\$ 109.07	\$ 59.07	\$ 9.07

Ministry of Social Development
CPI General Adjustment Model

Miscellaneous rates and payments

Table 39 Clothing Allowance for Unsupported Child's Benefit and/or Orphans Benefit

Name	Opening Rate: 01/04/2023		Calculated Rates: 01/04/2024	
	Clothing rate (weekly)	Clothing rate (4-weekly)	Clothing rate (weekly)	Clothing rate (4-weekly)

39.01 Age of child

0-4 years	\$ 23.92	\$ 95.68	\$ 25.03	\$ 100.12
5-9 years	\$ 27.13	\$ 108.52	\$ 28.39	\$ 113.56
10-13 years	\$ 33.50	\$ 134.00	\$ 35.06	\$ 140.24
14+ years	\$ 40.19	\$ 160.76	\$ 42.06	\$ 168.24

Report



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

Date: 9 February 2024 **Security Level:** IN CONFIDENCE

To: Hon Nicola Willis, Minister of Finance
Hon Chris Bishop, Minister of Housing
Hon Dr Shane Reti, Minister of Health
Hon Louise Upston, Minister for Social Development and Employment
Hon Penny Simmonds, Minister for Tertiary Education and Skills
Hon Chris Penk, Minister for Veterans
Hon Karen Chhour, Minister for Children

2024 Annual General Adjustment to Rates and Thresholds for Social Assistance

Purpose of the report

- 1 This report seeks your agreement to the following increases from 1 April 2024:
 - rates of main benefits by upwards movement in the Consumers Price Index of 4.66 percent
 - rates of New Zealand Superannuation and Veteran's Pension by increases in the Consumers Price Index of 4.66 percent, which would set the net married couple rate of New Zealand Superannuation at 67.02 percent of the net average wage
 - other rates and thresholds of assistance by upwards movement in the Consumers Price Index for all groups of 4.66 percent or net average wage growth of 5.28 percent.

Executive summary

- 1 The Annual General Adjustment (AGA) changes the rate of payment, abatement threshold (the income above which a payment is reduced), or entry threshold (income and asset levels that determine whether a person is entitled to assistance). These adjustments may reflect a legislative requirement, Cabinet decision, long-standing practice, or combination of each of these. Adjustments are made to various rates and thresholds, including:
 - benefits, including main benefits, hospital rates, and payments for those caring for a child whose parents are unable to provide support
 - New Zealand Superannuation and Veteran's Pension
 - Student Allowances and Student Loans
 - some supplementary assistance (for example Childcare Assistance and Accommodation Supplement)
 - Community Services Card.
- 2 In 2002, Cabinet delegated the authority for approving AGA adjustments to the Minister of Finance and the Ministers responsible for New Zealand Superannuation, Veteran's Pension, social security benefits and allowances, the Community Services Card, and Student Allowances [CAB Min (02) 7/1A refers].
- 3 This paper seeks your agreement to increase these rates and thresholds from 1 April 2024. Decisions are required by 12 February 2024 to ensure changes can be implemented by 1 April 2024.
- 4 Regulatory changes will be required in the Education, Social Development and Employment, Children, and Health portfolios to give effect to these increases. Officials recommend that the Minister for Social Development and Employment present a paper to Cabinet on behalf of the Minister of Tertiary Education and Skills, Minister of Health, and Minister for Children on 26 February 2024.

How the rates will be adjusted

- 5 As agreed by Cabinet in December 2023, main benefits will be indexed to the upwards movement in the Consumers Price Index (CPI), rather than net average wage growth [CAB-23-MIN-0490 refers]. Cabinet also agreed to consequentially increase the threshold of the Minimum Family Tax Credit, in line with the upwards movement in the CPI. The Bill to enable this policy change will be considered by Cabinet on Monday, 12 February 2024 and will be passed under urgency the same week.

- 6 The net rates of New Zealand Superannuation and Veteran's Pension will be increased by 4.66 percent (the increase in the CPI), which will set the net married couple rate at 67.02 percent of the net average wage.¹
- 7 The increase in the CPI is used to ensure that rates and thresholds do not have their real value reduced over time.² As agreed by Cabinet, the CPI increase to be used for the 2024 AGA is CPI 'All Groups' (i.e., headline CPI). The increase in the CPI figure for the year ending 31 December 2023 is 4.66 percent.
- 8 The design of the social security system includes a number of links between the rates and thresholds for certain types of assistance. This means that changes to rates or thresholds for some forms of assistance, whether based on upwards movement in the net average wage and/or the CPI, will also flow through to an increase in the rates or thresholds for other types of assistance.

Changes to Flexible Childcare Assistance and Guaranteed Childcare Assistance Payment

- 9 Changes to the rates of Flexible Childcare Assistance and the Guaranteed Childcare Assistance Payment were agreed via Budget 2023 including:
 - increasing the Guaranteed Childcare Assistance Payment to align with the highest rate of the Childcare Subsidy
 - a one-off increase to Flexible Childcare Assistance rates equivalent to cumulative CPI adjustments from 2014
 - indexing both payments to CPI on 1 April each year, starting from the 2024 AGA.
- 10 These decisions were reconfirmed by the Minister for Social Development and Employment in December 2023. Other than agreement to rate changes via the AGA, no further decisions on these changes are required by joint Ministers.

Financial implications for Government and clients from 1 April 2024

- 1 The AGA adjustment to Vote Social Development increases expenditure by an estimated \$1,295.4 million (net of tax, compared to no AGA adjustment), representing the 12 months from April 2024 to March 2025. Most of this

¹ There is a legislative requirement to adjust the net weekly couple rate of New Zealand Superannuation by increases in CPI, and then further adjust this rate to ensure it is not less than 66 percent, or more than 72.5 percent, of the net average wage. A further adjustment will not be required in the 2024 AGA, as the CPI adjustment by 4.66 percent will see this rate exceed the 66 percent minimum requirement.

² Exceptions to this include income thresholds for Childcare Assistance and hardship assistance, which will be indexed to upwards movement in the net average wage [CAB-21-MIN-0116 and CAB-22-SUB-0129 refers].

expenditure is due to the legislatively required adjustments to New Zealand Superannuation spending and income tested benefit spending. The estimates will be adjusted as part of the Budget 2024 forecast round, along with the effects of updated CPI and wage forecasts from the Treasury.

- 2 The combination of CPI and net average wage growth impacts means that the fiscal costs over the next five years are expected to be \$337.2 million lower than expected expenditure based on the forecast in the Half-Year Economic and Fiscal Update (HYEFU) CPI assumption of 5.13 percent.³
- 3 Based on current figures, about 1.4 million clients⁴ are expected to receive increased financial assistance as a result of the 2024 AGA, with a small number likely to receive less support due to intended flow-on impacts to targeted support. For example, people may see a reduction in their Accommodation Supplement because their main benefit increased through the AGA.

Recommended actions

It is recommended that you:

- 1 **approve** new rates for main benefits, benefits paid to long-term hospital patients, Orphan's Benefit, Unsupported Child's Benefit, Foster Care Allowance Minimum Rates of Payment for Board and Lodgings, Student Allowances and Student Loan Living Costs, to take effect from 1 April 2024, based on the Consumers Price Index increase of 4.66 percent, as set out in the Appendix

Agree / Disagree Agree / Disagree Agree / Disagree Agree / Disagree

Hon Nicola Willis Hon Chris Bishop Hon Dr Shane Reti Hon Louise Upston

Agree / Disagree Agree / Disagree Agree / Disagree

Hon Penny Simmonds Hon Chris Penk Hon Karen Chhour

³ Noting that the HYEFU 2023 assumed main benefits would be indexed to net average wage growth, as per the policy at the time – the expenditure comparison is against HYEFU after replacing the wage assumptions with CPI assumptions.

⁴ Depending on the type of assistance, the individual client count may include more than one recipient. For example, married rates of Jobseeker Support.

- 2 **approve** new rates of New Zealand Superannuation and Veteran’s Pension to take effect from 1 April 2024, based on the Consumers Price Index increase of 4.66 percent, as set out in the Appendix

Agree / Disagree Agree / Disagree Agree / Disagree Agree / Disagree

Hon Nicola Willis Hon Chris Bishop Hon Dr Shane Reti Hon Louise Upston

Agree / Disagree Agree / Disagree Agree / Disagree

Hon Penny Simmonds Hon Chris Penk Hon Karen Chhour

- 3 **note** that, following Cabinet agreement in Budget 2023, the following changes will also be progressed through the 2024 AGA (covered by recommendation 4 below):

3.1 increasing the Guaranteed Childcare Assistance Payment to align with the highest rate of Childcare Subsidy

3.2 a one-off increase to rates of Flexible Childcare Assistance equivalent to cumulative CPI adjustments from 2014

3.3 annual indexation of both payments to the CPI from 1 April 2024 onwards

- 4 **approve** new rates for Guaranteed Childcare Assistance Payment and Flexible Childcare Assistance to take effect from 1 April 2024, based on the CPI increase of 4.66 percent and additional policy increases noted in recommendation 3, as set out in the Appendix

Agree / Disagree Agree / Disagree Agree / Disagree Agree / Disagree

Hon Nicola Willis Hon Chris Bishop Hon Dr Shane Reti Hon Louise Upston

Agree / Disagree Agree / Disagree Agree / Disagree

Hon Penny Simmonds Hon Chris Penk Hon Karen Chhour

- 5 **approve** new rates and thresholds for supplementary assistance, including Temporary Additional Support, to take effect from 1 April 2024, based on a CPI increase of 4.66 percent, as set out in the Appendix

Agree / Disagree Agree / Disagree Agree / Disagree Agree / Disagree

Hon Nicola Willis Hon Chris Bishop Hon Dr Shane Reti Hon Louise Upston

Agree / Disagree Agree / Disagree Agree / Disagree

Hon Penny Hon Chris Penk Hon Karen Chhour
Simmonds

- 6 **approve** new thresholds for Childcare Assistance and Hardship Assistance, to take effect from 1 April 2024, based on a net average wage growth increase of 5.28 percent, as set out in the Appendix

Agree / Disagree Agree / Disagree Agree / Disagree Agree / Disagree

Hon Nicola Willis Hon Chris Bishop Hon Dr Shane Reti Hon Louise Upston

Agree / Disagree Agree / Disagree Agree / Disagree

Hon Penny Hon Chris Penk Hon Karen Chhour
Simmonds

Recommendations 7-10 are for the Minister for Social Development and Employment, Minister for Children, Minister of Tertiary Education and Skills, and Minister of Health only

- 7 **note** that a Cabinet paper seeking approval to submit the required regulatory changes and Orders in Council to give effect to these changes will be provided for submission to the Cabinet Office on 15 February 2024 for consideration by the Cabinet Legislation Committee on 22 February 2024 and Cabinet and the Executive Council on 26 February 2024

- 8 **note** that this Cabinet paper will mainly affect the Social Development and Employment, Children, and Tertiary Education portfolios, with minor changes affecting the Health portfolio due to the Residential Care and Disability Support Services Regulations and the Health Entitlement Cards Regulations (the regulations for the Community Services Card)

9 **agree** that the Minister for Social Development and Employment will present this paper on behalf of the Minister for Children, Minister for Tertiary Education and Skills and Minister of Health

Agree / Disagree Agree / Disagree Agree / Disagree Agree / Disagree

Hon Dr Shane Reti Hon Louise Upston Hon Penny Simmonds Hon Karen Chhour

10 **note** that the Treasury, Ministry of Housing and Urban Development, Ministry of Health, Ministry of Education, Oranga Tamariki, Veterans' Affairs New Zealand and Inland Revenue have been consulted and support these recommendations

For the Minister for Social Development and Employment only

- 11 **agree** to forward a copy of this report to Hon Simon Watts, Minister of Revenue for his information.

Agree / Disagree

Hon Louise Upston

Simon MacPherson
Deputy Chief Executive, Policy
Ministry of Social Development

Date

**Hon Nicola
Willis**

Minister of
Finance

**Hon Chris
Bishop**

Minister of
Housing

**Hon Dr Shane
Reti**

Minister of
Health

**Hon Louise
Upston**

Minister for Social
Development and
Employment

Date

Date

Date

Date

**Hon Penny
Simmonds**

Minister for
Tertiary
Education and
Skills

**Hon Chris
Penk**

Minister for
Veterans

**Hon Karen
Chhour**

Minister for
Children

Date

Date

Date

Various rates and thresholds are adjusted each year as part of the Annual General Adjustment (AGA)

- 4 The Annual General Adjustment (AGA) changes the rate of payment, abatement threshold (the income above which a payment is reduced), or entry threshold (income and asset levels that determine whether a person is entitled to assistance).
- 5 These adjustments may reflect a legislative requirement, Cabinet decision, long-standing practice or a combination of each of these.
- 6 The adjustments have occurred every year since the early 1990s.⁵
- 7 The AGA is carried out in two stages and the decisions for each stage are made separately.
- 8 The decisions sought in this report cover most forms of assistance and are to take effect from 1 April 2024,⁶ including:
 - benefits, including main benefits, hospital rates, and payments for those caring for a child whose parents are unable to provide support
 - New Zealand Superannuation and Veteran's Pension
 - Student Allowances and Student Loans
 - some supplementary assistance, e.g., hardship assistance income limits
 - Community Services Card.
- 9 Decisions for the second stage, which covers the Residential Care Subsidy and takes effect from 1 July 2024, will be progressed later.

Decisions are required across multiple Portfolios due to the range of rates and thresholds in scope for the AGA

- 10 In 2002, Cabinet delegated the authority for approving AGA adjustments to the Minister of Finance and the Ministers responsible for New Zealand Superannuation, Veteran's Pension, social security benefits and allowances, the Community Services Card, and Student Allowances [CAB Min (02) 7/1A refers].
- 11 Consequently, officials seek your agreement to increase rates and thresholds from 1 April 2024.
- 12 Ministers need to make decisions outlined in this paper by 12 February 2024 in order to increase rates and thresholds on 1 April 2024.

⁵ In 2016, the CPI was negative. Most rates and thresholds were not adjusted. Typically, the legislation provides that 1 April adjustments cannot reduce the rate payable.

⁶ All references to 'from 1 April', include on and from 1 April 2024.

- 13 The reason for such a tight response timeframe is due to the timing of the release of wage data for the year ending December 2023 (released on 7 February 2024) and needing to meet Cabinet timeframes in accordance with the 28-day rule.⁷ Minister responses by 12 February 2024 will allow any rates that require Orders in Council or regulations to be amended to go to the Cabinet Legislation Committee (LEG) on 22 February 2024 ahead of Cabinet and Executive Council on 26 February 2024. This is the only opportunity to seek Cabinet approval that would allow enough time to fulfil the 28-day rule for notifying regulatory amendments in the New Zealand Gazette.
- 14 The regulatory changes that are part of the AGA will mainly affect the Social Development and Employment portfolio, as well as the Education portfolio and Children portfolio, with minor changes to the Health portfolio due to the Residential Care and Disability Support Services Regulations and the Health Entitlement Cards Regulations (for the Community Services Card).
- 15 Officials recommend that only the Minister for Social Development and Employment present the Cabinet paper and instruments to the Cabinet Legislation Committee (LEG). This is because the AGA process works on a tight timeframe and having one Minister take the paper and instruments to LEG, Cabinet, and the Executive Council will streamline the process.

Adjustments are mostly based on increases in the Consumers Price Index (CPI) or net average wage growth

- 16 Most types of assistance are indexed to the CPI and/or the net average wage, although a small number of adjustments are based on a Cabinet decision for specified changes.
- 17 This section gives an overview of the CPI and the net average wage and identifies applicable values that have been used for the 2024 AGA.

Consumers Price Index (CPI)

- 18 The CPI is a measure of inflation for New Zealand households, as it shows changes in the price of a fixed range of goods and services over time. Adjustments made using the CPI are based on the CPI (all groups) as published by Statistics New Zealand (Stats NZ).
- 19 The AGA uses the percentage upwards movement for this definition of the CPI, when comparing the CPI for the quarter ended 31 December (of the year prior to the AGA) against the same quarter of the preceding year.

⁷ It is a general requirement of Cabinet that secondary legislation made by Order in Council must not come into force until at least 28 days after it has been notified in the New Zealand Gazette. The 28-day rule reflects the principle that the law should be publicly available and capable of being ascertained before it comes into force.

- 20 In the context of the 2024 AGA and this report, this means we have used the upwards movement in the CPI for the year ending 31 December 2023, and any references to the CPI can be taken to mean 4.66 percent.⁸

Net average wage growth

- 21 The net average wage is defined as the ordinary time weekly earnings per full-time equivalent employee (less standard tax and ACC levies) that is published by Stats NZ.
- 22 The net average wage may be used in one of two ways for the AGA:
- the net average wage, as a dollar value, that is released by Stats NZ prior to 1 March in the year of adjustment; or
 - the upwards movement in the net average wage, as a percentage, when comparing the net average wage that is released by Stats NZ prior to 1 March in the year of adjustment against the same quarter of the preceding year.
- 23 In the context of the 2024 AGA and this report, this means we have used the net average wage data released on 7 February 2024 that covers the year ending 31 December 2023 and:
- references to the net average wage means \$1,192.40, and
 - references to the upwards movement in the net average wage means 5.28 percent.⁹

Benefit adjustments

Main benefits

- 24 Main benefits¹⁰ are weekly benefits paid to people who are:
- currently unemployed (Jobseeker Support)
 - unable to work due to sickness, disability, or caring responsibilities (Supported Living Payment and Sole Parent Support)
 - young people whose parents are unable to support them (Youth Payment)

⁸ This is the rounded percentage; the calculations of the increases are based on the unrounded percentage figure of 4.6550291 percent.

⁹ This is the rounded percentage; the calculations of the increases are based on the unrounded percentage figure of 5.2798870 percent.

¹⁰ Main benefits that are increased through the AGA are those defined in Schedule 2 of the Social Security Act 2018, and includes grandparented benefits such as the Domestic Purposes Benefit and the Widow's Benefit, per section 452A of the Social Security Act 2018 (note that section 452A will be repealed and the definitions incorporated within section 453, as described in following paragraphs).

- young parents aged 16–19 who are in need of financial assistance (Young Parent Payment).
- 25 In December 2023, Cabinet agreed to adjust main benefit rates and other assistance each year by increases in the CPI [CAB-23-MIN-0490 refers].¹¹ Cabinet is due to consider the Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill to enact this change on Monday, 12 February 2024, with legislation being passed under urgency on Tuesday, 13 February 2024. Once passed, section 453 of the Social Security Act 2018 will require main benefits to adjust by increases in the CPI on 1 April each year. This means main benefits will increase by 4.66 percent for the 2024 AGA.
- 26 Cabinet also agreed to consequentially increase the threshold of the Minimum Family Tax Credit (MFTC). The MFTC increases alongside main benefit indexation as the current approach to calculating the MFTC ensures sole parents are better off working and receiving the MFTC than they would be receiving a benefit on an annual basis [CAB-21-MIN-0116.33 refers]. The MFTC threshold increase will be included in the same Bill that will change the method of main benefit adjustment to increases in the CPI. It will take effect on 1 April 2024.

Hospital rates

- 27 Legislation requires that weekly benefits paid to people who are long-term hospital patients are adjusted by the CPI.

Caring for a child whose parents are unable to provide support

- 28 Legislation requires that the Foster Care Allowance Minimum Rates of Payment for Board and Lodgings, and Orphan's Benefit and Unsupported Child's Benefit (OB/UCB) are adjusted by the CPI. The rates of Foster Care Allowance are set by the Chief Executive of Oranga Tamariki under section 363 of the Oranga Tamariki Act 1989, but the board and lodgings component of the Foster Care Allowance is required to be adjusted by Order in Council every year to reflect changes to the CPI.¹²
- 29 The Birthday, Holiday and Clothing allowances that are paid with OB/UCB are also adjusted by increases in the CPI.

¹¹ The assistance in scope of the section 453 CPI adjustment (which was previously in section 452A and adjusted by net average wage growth) is: Jobseeker Support (including Housekeeper Allowance), Sole Parent Support, Supported Living Payment (including clause 2, maximum income for 25 percent blind subsidy), Youth Payment and Young Parent Payment (excluding incentive payments) and grandparented rates of Widows' Benefit and Domestic Purposes Benefit.

¹² The Foster Care Allowance base rate is maintained at the same rate as the OB/UCB and these rates will remain equivalent from 1 April 2024. Under the Oranga Tamariki Act 1989, this will be done administratively through Oranga Tamariki internal processes. No additional legislative change is therefore required apart from the CPI adjustment described above.

Changes to rates of Flexible Childcare Assistance and the Guaranteed Childcare Assistance Payment being progressed through the 2024 AGA

30 The following changes were agreed by Cabinet via Budget 2023, with implementation through the 2024 AGA:

- increasing the Guaranteed Childcare Assistance Payment to align with the highest rate of the Childcare Subsidy – this payment is available to young parents to support them with the costs of childcare, providing support for a cohort of young people to remain in education or training
- a one-off increase to Flexible Childcare Assistance rates equivalent to cumulative CPI adjustments from 2014 – this payment supports parents with the cost of informal childcare when formal care is not available
- indexation of both payments to CPI on 1 April each year, starting from AGA 2024.

31 The Minister for Social Development and Employment reconfirmed this decision in December 2023 [REP/23/12/964]. Beyond the AGA rate update, there are no further decisions required from joint Ministers for this change. The Minister for Social Development and Employment will receive secondary legislation for approval once joint Ministers have approved the rates taking effect from 1 April 2024.

New Zealand Superannuation and Veteran's Pension adjustments

32 There is a legislative requirement to adjust the rates of New Zealand Superannuation and Veteran's Pension with effect from 1 April each year.¹³

33 The legislation also sets out a process that must be followed for adjusting the rates:

- the net weekly rates must be adjusted on 1 April each year in line with any annual percentage increase in the CPI for the year ending the previous 31 December
- the net weekly amount payable to a married/civil union/de facto couple must not be less than 66 percent, or more than 72.5 percent, of the net average wage
- the single living alone and single sharing rates must be adjusted to be 65 percent and 60 percent of the net married couple rate respectively.

34 Following the CPI increase of 4.66 percent, the net weekly amount of New Zealand Superannuation and Veteran's Pension for each person of a couple from 1 April 2024 would increase by \$17.77 to \$399.59 per week. The

¹³ Some rates of New Zealand Superannuation and Veteran's Pension are adjusted using discretionary provisions.

payment of \$799.18 to the couple would be 67.02 percent of the net average wage (\$1,192.40).

- 35 Therefore, a further adjustment will not be included in the 2024 AGA, as the CPI adjustment will result in these rates exceeding the minimum 66 percent requirement this year.
- 36 The single living alone and single sharing rates will be set at 65 percent and 60 percent of this figure respectively.

Student Allowances and Loans adjustments

- 37 Support for living costs while studying is provided through:
- Student Allowances – this payment is a weekly grant for living costs for full-time students from low or middle-income households
 - the Student Loan Scheme (living costs component) – full-time students can access a living costs component that is paid weekly which is available to students who do not qualify for Student Allowance, or as a top-up if they do not receive a rate of Student Allowance that is equal to or more than the maximum living costs amount.
- 38 Legislation passed in 2010 provides that rates of Student Allowances must be adjusted for upward movement in the CPI on 1 April each year.
- 39 Student loan living costs have been CPI adjusted since 1 April 2009 [CAB Min (08) 14/1(46) refers].
- 40 The parental income threshold and personal and combined income thresholds are CPI adjusted each year by legislation.
- 41 The Student Allowance personal and combined income thresholds, as well as the parental income threshold (the point above which parental income reduces the amount of Student Allowance received by students under the age of 24) have been CPI adjusted since 1 April 2019.

Remedial amendment to regulation 5 of the Student Allowance Regulations

- 42 During the AGA process, officials identified an editorial error in regulation 5 of the Student Allowance Regulations. Current wording in regulation 5(1) stipulates that parental income reassessments are only based on the parental income threshold for students living away from their parental home. As per the policy intent, this provision should distinctly reference the income thresholds for students living both in their parental home and away from their parental home.
- 43 As the parental income limits for both 'at home' and 'away from home' Student Allowances are the same (\$1,315.65 per week from 1 April 2024), there has been no impact. However, officials consider it appropriate to use the AGA as an opportunity to remedy the error. Correcting the regulation will mean that any potential future changes to the two thresholds are not

restricted by an unintentional omission in the legislation. This correction is minor and policy neutral.

Supplementary assistance adjustments

- 44 The term 'supplementary assistance' refers to a wide range of different payments that are provided for particular costs and are extended to those with greatest need (subject to meeting eligibility criteria). These payments are often received by beneficiaries, superannuitants and veteran pensioners, but are also paid to some people who do not receive main benefits (e.g., working people on low-to-middle incomes who may receive Accommodation Supplement and Childcare Assistance).

Most supplementary assistance is CPI adjusted

- 45 Approximately 40 items of supplementary assistance are, by long-standing practice, subject to annual adjustments by CPI, with increases to Childcare Assistance, Disability Allowance, and Child Disability Allowance making up most of the cost of Supplementary Assistance in Vote Social Development.
- 46 This CPI adjustment ensures that rates and thresholds do not have their real value reduced over time. A CPI adjustment has occurred every year since the early 1990s. Adjustments may include the rate of assistance and/or income and asset-testing thresholds.

Home Help

- 47 Home Help is a payment that provides financial assistance to people who require temporary part-time help to complete tasks such as laundry, housework and food preparation. This could be because of a multiple birth or because a person requires other domestic support.
- 48 The rate payable for Home Help is raised in line with the percentage increase in the minimum wage, in accordance with a Cabinet decision made in 2005 [CAB Min (05) 13/7(53) refers]. It is paid via Vote Social Development. Increasing the Home Help rate in line with increases in the minimum wage ensures that the programme continues to provide enough assistance to pay wages for Home Help workers.
- 49 Cabinet approved an increase to the Minimum Wage of 2.0 percent in January 2024 (from \$22.70 to \$23.15 per hour from 1 April 2024) [CAB-24-MIN-0016 refers]. Therefore, the new Home Help rate will be \$26.32 per hour (including holiday pay) from 1 April 2024 (up from \$25.81).

Childcare Assistance income thresholds

- 50 Childcare Assistance income thresholds have been indexed annually by net average wage growth since 1 April 2022 under Cabinet agreement. This will continue to apply for the 2024 AGA.

Hardship assistance income limits

- 51 Income limits for Special Needs Grants, Recoverable Assistance Payments, and Advance Payments of Benefit ('hardship assistance') have been indexed to net average wage growth since 1 April 2023 (previously these were indexed to CPI on 1 April each year) [CAB-22-SUB-0129 refers]. This will continue to apply for the 2024 AGA.
- 52 Income limits for Emergency Housing Special Needs Grants, Transition to Work Grants, Course Participation Assistance, Seasonal Work Assistance and Funeral Grants, Community Costs Programme, and Flexible Funding Programme (with child rates) are indexed to CPI.

Some supplementary assistance is not adjusted

- 53 Not all forms of assistance are adjusted each year. The list below outlines some of the rates and thresholds that are not indexed:
- Accommodation Supplement (AS) cash asset levels (last adjusted in 1988)
 - Accommodation Benefit
 - AS maximum rates
 - payment limits for various hardship costs
 - Emergency Benefit/Hardship Benefits cash asset levels (last adjusted in 1991)
 - Away from Home Allowance
 - Participation Allowance
 - Some payments associated with Youth Payment and Young Parent Payment, e.g., the \$10 incentive payment (for education, parenting and budgeting obligations)
 - the School and Year Start Up Payment and Establishment Grant payments for Orphan's Benefit and Unsupported Child's Benefit carers
 - rates of the Winter Energy Payment.
- 54 No decisions have been made to include adjustments to these rates in the AGA and no funding has been allocated to these in the Half-Year Economic and Fiscal Update (HYEFU). Any increase to these items would require Cabinet approval and new funding.

Community Services Card adjustments

- 55 The Community Services Card (CSC) is available to low-to-middle income earners to enable them and their families to access subsidised health services.
- 56 Raising the income thresholds ensures that people on low-to-middle incomes retain their eligibility for the subsidies provided by the CSC.

- 57 Increasing income thresholds in line with the 1 April 2024 CPI adjustment is not expected to impact significantly on the overall number of people eligible for the CSC. Some people who are currently over the threshold may become eligible for the CSC from 1 April 2024. Those most likely to qualify will be earners on lower incomes.

There are a number of consequential adjustments that also need to be made as part of the AGA

- 58 The design of the social security system includes a number of links between the rates and thresholds for different types of assistance. This means that changes to rates or thresholds for some forms of assistance will change the rates or thresholds for other types of assistance.
- 59 One example is the income threshold at which people stop receiving main benefits (the 'cut-out point') is the same value as the income threshold at which people have their Accommodation Supplement (AS) abated. This threshold is set at the cut-out point for Jobseeker Support. This ensures that people with earned income equivalent to Jobseeker Support receive the same amount of AS as those who receive Jobseeker Support.
- 60 Examples of rates and thresholds that will be adjusted as part of the AGA include:
- AS entry thresholds
 - AS income abatement thresholds for non-beneficiaries
 - AS income limits for New Zealand Superannuation and Veteran's Pension
 - Income limits for Emergency Housing Special Needs Grants, Transition to Work Grants, Course Participation Assistance, Seasonal Work Assistance and Funeral Grants, Community Costs Programme and Flexible Funding Programme (with child rates), and for some Housing Support Products such as bond grants and rent arrears assistance
 - Maximum Social Rehabilitation Assistance Payments (based on the maximum Disability Allowance rate)
 - Maximum rate of Employment Transition Assistance (equivalent to single Supported Living Payment rate)
 - Special Assistance to the Rural Sector (equivalent to Jobseeker Support rate)
 - Student Allowance Transfer Grant (equivalent to the relevant benefit payment).

The AGA amounts to a lower-than-forecast increase in expenditure

- 61 Cabinet agreed to index main benefits by inflation resulting in an operating balance impact of \$669.527m from 2023/24 to 2027/28 [CAB-23-MIN-

0490 refers]. The savings arising from this decision is excluded from the financial analysis in tables 1 and 2 because it was a policy change costing and does not reflect the impact of the AGA.

- 62 As agreed through the Mini-Budget last year, savings from the change to the indexation of main benefits impact Budget allowances (calculated based on the most up-to-date costings available at the time of the decision, which were themselves based on the HYEFU preliminary forecasts). The difference between forecast CPI and the actual CPI figure used for the 2024 AGA will not affect the Budget 2024 operating allowance. The impact of using the actual CPI figure will be incorporated in the forecast update for the Budget Economic and Fiscal Update 2024.
- 63 Changes to forecast expenditure in Benefit or Related Expenditure appropriations are not managed against allowances, unless otherwise agreed. Consistent with the established fiscal management approach, the fiscal impact of policy decisions is managed against Budget allowances unless Ministers agree otherwise. Accordingly, when Cabinet agreed to the change to the indexation of main benefits, Cabinet also agreed that the savings (as estimated at the time) from the change would be managed against the Budget 2024 allowance. Any difference between the allowance impact and the updated estimate flow through as a forecast change, impacting fiscal indicators (e.g. the operating balance and net debt).
- 64 The combination of CPI and wage impacts means that the fiscal costs over the next five years are expected to be lower than forecast in the HYEFU.¹⁴
- 65 It is important to note that the HYEFU projected benefit expenditure on the assumption that main benefits would continue to be indexed to net average wage growth. However, main benefits will be adjusted according to the increase in the CPI for the year ending December 2023. Therefore, the assumptions underpinning HYEFU projections for benefit expenditure and actual expenditure differ.
- 66 Instead, Table 1 below indicates the difference in expenditure, comparing an alternative HYEFU projection which has been remodelled by MSD to assume that main benefits are indexed to the forecast CPI (5.13 percent), with actual CPI adjustment (4.66 percent).

Table 1: Net of Tax Impact of the AGA (comparing actual CPI vs forecast CPI) on benefit expenditure (\$ million)

¹⁴ The CPI (All Groups) increase was forecast to be 5.13 percent at HYEFU, compared to the actual CPI (All Groups) increase of 4.66 percent. Of note is that HYEFU 23 was based on net wage growth (instead of CPI) under section 453A of the Social Security Act 2018. This assumed a 4.74% wage based increase. The average wage was forecast to be \$1,546.57 at HYEFU, compared to the actual average wage of \$1,556.16.

	2023/24	2024/25	2025/26	2026/27	2027/28	Five Year Totals
NZ Superannuation and Veteran's Pension	(\$22.2)	(\$83.8)	(\$63.8)	-	-	(\$169.8)
Income Tested Benefits and Student Allowances	(\$10.7)	(\$40.1)	(\$41.1)	(\$41.5)	(\$42.0)	(\$175.4)
Supplementary Allowances and Grants	\$0.8	\$3.1	\$2.0	\$1.5	\$0.7	\$8.1
Total Net Fiscal Cost (Vote Social Development)¹⁵	(\$32.1)	(\$120.8)	(\$103.0)	(\$40.0)	(\$41.3)	(\$337.2)

67 While Table 1 above shows the expected impact on forecasts, Table 2 shows the full 12-month expected expenditure due to the AGA itself (that is, compared to no AGA, and including the wage commitment for New Zealand Superannuation and Veteran's Pension).

68 The AGA adjustment to Vote Social Development increases expenditure by an estimated \$1,295.4 million, representing the 12 months from April 2024 to March 2025 (Table 2). Most of this expenditure is due to the legislatively required adjustments to New Zealand Superannuation spending and income tested benefit spending. The estimates will be adjusted as part of the Budget 2024 forecast round, along with the effects of updated CPI and wage forecasts from the Treasury.

¹⁵ Due to rounding, the yearly fiscal totals may not add up to the five-year totals.

Table 2: Expected expenditure due to the AGA (\$ millions, net of tax) over the next 12 months: 1 April 2024 to 31 March 2025

	12 months expenditure (\$ millions)
NZ Superannuation and Veteran's Pension	
CPI impact	\$892.8
Wage commitment impact	\$0.0
Income Tested Benefits and Student Allowances	\$425.7
Supplementary Allowances and Grants¹⁶	(\$23.2)
Total Expenditure (for Vote Social Development benefits)¹⁷	\$1,295.4

There will be flow-on effects for particular groups arising from the AGA

69 Based on current figures, about 1.4 million clients¹⁸ are expected to receive increased financial assistance as a result of the AGA. This includes approximately:

- 903,300 people receiving New Zealand Superannuation and Veteran's Pension
- 378,700 working-age beneficiaries
- 45,000 students receiving Student Allowance
- 72,000 people receiving supplementary assistance only.

70 As at 1 April 2024, the Sole Parent Support rate will be \$494.80 per week in the hand (an increase of 4.655 percent from \$472.79 per week) while the single Jobseeker Support rate for those over 25 will be \$353.46 per week (an increase of 4.654 percent from \$337.74 per week) and a married couple on Jobseeker Support with children will be \$635.10 per week (an increase of 4.653 percent from \$606.86 per week).

¹⁶ Savings from Supplementary Allowances and Grants are caused by a person's income increasing, and consequentially their supplementary assistance payments (e.g., Accommodation Supplement) reducing, as per the policy design.

¹⁷ Note that numbers in the table may not add exactly due to rounding.

¹⁸ Excluding New Zealand Superannuation, Veteran's Pension, and Youth Payment, the individual client count will include more than one recipient for couple rates of benefit. For example, couple rates of Jobseeker Support.

People receiving Temporary Additional Support or Special Benefit

- 71 Temporary Additional Support and Special Benefit are both temporary payments, made to top up a person's weekly income to meet essential costs. These payments can reduce when main benefits are increased. However, it is expected that people receiving these payments will still generally receive an increase in their income following the CPI adjustment to main benefits.

Beneficiaries receiving Accommodation Supplement

- 72 Increasing main benefit rates will slightly reduce the amount of Accommodation Supplement that many beneficiaries receive. In all cases the reduction in Accommodation Supplement will be significantly smaller than the increase in the rate of main benefit, leaving beneficiaries better off overall.
- 73 This is an effect of the design of Accommodation Supplement, which requires people to contribute a percentage of their benefit to accommodation costs (25 percent for renters and boarders and 30 percent for those paying mortgages). When a person receives an increase in benefit, a portion is tagged toward accommodation costs. As a result of this, the amount of Accommodation Supplement they receive slightly reduces. This effect only applies to beneficiaries that are not receiving the maximum rate of Accommodation Supplement.

Non-beneficiaries receiving Accommodation Supplement

- 74 Increasing entry thresholds will mean that some non-beneficiaries will receive less financial assistance overall. In some cases, any reduction resulting from an increase in the entry threshold will be offset by the increase in the income threshold, which reduces abatement. The rise in the cut-out point will also allow some currently ineligible non-beneficiaries to become eligible for small amounts of Accommodation Supplement.
- 75 This higher entry threshold is the intended design of the system, where people are expected to contribute a minimum proportion of their income to their housing costs before they are eligible for extra financial support. This also reflects an implicit assumption that the incomes of those in work are likely to increase each year, so families are likely to be better off overall after any wage increases.

Income-Related Rents and Income-Related Rent Subsidy

- 76 Many beneficiaries live in social housing properties and pay Income-Related Rents. Increasing the rates of benefit that beneficiaries receive may increase the amount of Income-Related Rent paid. Rent is charged at 25

percent of a tenant's net income up to a certain threshold.¹⁹ For income above this threshold, rent is charged at 50 percent of the additional net income up until the market rental rate is reached.

- 77 Income-Related Rents are reviewed annually on the anniversary of the commencement of their tenancy or their previous review and increases require a period of notice. Adjustments to beneficiaries' income made because of the AGA will not affect a tenant's rent until the annual rent review or a change in circumstances (whichever occurs first).
- 78 Any increase in rent will be more than offset by the increase in their New Zealand Superannuation or main benefit income so that beneficiaries will be better off overall.

Emergency Housing Special Needs Grant contributions

- 79 Increasing the benefit rates that clients receive may increase the amount of Emergency Housing contribution paid from their next Emergency Housing Special Needs Grant, granted on or after 1 April 2024. Any increase in contribution amount will be more than offset by the increase in their New Zealand Superannuation or main benefit income so that they will be better off overall.

Regulatory changes are required for the AGA

- 80 To give effect to the AGA changes being implemented on 1 April 2024, Orders in Council and amendment regulations are required for rates of main benefits and allowances, hospital rates, Student Allowances, New Zealand Superannuation, Orphan's Benefit, Unsupported Child's Benefit, supplementary assistance, and the Community Services Card. A Cabinet paper will be provided for submission to the Cabinet Office by 15 February 2024 for consideration by Cabinet Legislative Committee (LEG) on 22 February 2024 and Cabinet and the Executive Council on 26 February 2024.
- 81 Welfare Programmes and Ministerial Directions that contain rates and thresholds that are adjusted as part of the AGA also require amending. These will be provided separately to the Minister for Social Development and Employment by 22 February 2024 for approval by 26 February 2024.

¹⁹ For single tenants without children, the threshold is equivalent to the net New Zealand Superannuation Living Alone rate; for sole parents and married couples, the threshold is equivalent to the net New Zealand Superannuation Married couple rate.

Consultation

82 The Treasury, Ministry of Housing and Urban Development, Ministry of Health, Ministry of Education, Veterans' Affairs New Zealand, Oranga Tamariki and Inland Revenue have been consulted on the AGA and all agencies agree with the recommendations in this report.

File ref: REP/24/2/109

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Appendix

CPI General Adjustment Model (Version 24.4)

Report



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Date: 21 February 2024

Security Level: IN CONFIDENCE

To: Hon Louise Upston, Minister for Social Development and Employment

2024 Annual General Adjustment Amendments to Ministerial Directions and Welfare Programmes

REP/24/2/147

Purpose of the report

- 1 This report seeks your approval to amend two Ministerial Directions and nine Welfare Programmes, through signature of the attached Instrument, to give effect to decisions made as part of the 2024 Annual General Adjustment (AGA).

Recommended actions


It is recommended that you:

- 1 **note** that you and the Ministers responsible for the Finance, Housing, Health, Tertiary Education and Skills, Veterans, and Children portfolios have approved new rates of payments including New Zealand Superannuation, benefits, Student Allowances, Foster Care Allowance, and new rates and thresholds for allowances and supplementary assistance [REP 24/2/109 refers]
- 2 **note** the adjustments to most forms of assistance will be given effect by Orders in Council and Amendment Regulations which will come into force on 1 April 2024, subject to Cabinet and Executive Council confirmation on 26 February 2024
- 3 **note** that the amendments to Ministerial Directions and Welfare Programmes need to be approved by you

- 4 **approve** and sign the attached Instrument amending Ministerial Directions and Welfare Programmes 2024 by 27 February 2024, so that officials have time to arrange publication in the New Zealand Gazette by 3 March 2024, before the Instrument comes into force on 1 April 2024

APPROVED / NOT APPROVED

- 5 **direct** your office to arrange for copies of the Instrument amending Ministerial Directions and Welfare Programmes 2024 to be tabled in the House of Representatives, as required by section 114 of the Legislation Act 2019
- 6 **note** that officials will arrange for publication of the Instrument amending Ministerial Directions and Welfare Programmes 2024 in the New Zealand Gazette and on the Ministry of Social Development's external website at the earliest opportunity, as required by section 74 of the Legislation Act 2019.



Bede Hogan
Policy Manager
Income Support Policy

21 / 02 / 2024

Date

Hon Louise Upston
Minister for Social Development and
Employment

Date

Background

- 2 Rates and thresholds for most forms of social assistance are being adjusted from 1 April 2024, in a process known as the Annual General Adjustment (AGA).
- 3 As part of the 2024 AGA, joint Ministers have agreed to increase:
 - main benefit rates in line with upwards movement in the Consumers Price Index (CPI) of 4.66 percent
 - rates of New Zealand Superannuation and Veteran's Pension in line with upwards movement in the CPI, which will set the net amount of New Zealand Superannuation for a couple who both qualify at 67.02 percent of the net average wage
 - the hourly rate of the Home Help Programme by 1.98 percent, in line with the increase in the adult minimum wage rate from \$22.70 to \$23.15 per hour
 - income thresholds for hardship and childcare assistance, in line with the 5.28 percent movement in the net average wage
 - most other forms of assistance, in line with movement in the CPI [REP/24/2/109 refers].

A range of regulatory changes are required to give effect to the AGA

- 4 The adjustments to most forms of assistance will be given effect by Orders in Council and Amendment Regulations, which will come into force on 1 April 2024.
- 5 Cabinet and the Executive Council are due to consider the Orders in Council and Amendment Regulations on Monday 26 February 2024.
- 6 Some Ministry of Social Development (MSD) assistance is provided through Ministerial Directions and Welfare Programmes. These need to be amended through a separate process to give effect to the adjustments. You have the authority to approve amendments to these Ministerial Directions and Welfare Programmes.
- 7 Once signed, the attached Instrument amending Ministerial Directions and Welfare Programmes 2024 (the Instrument), will give effect to the agreed adjustments and come into force from 1 April 2024.
- 8 Through Budget 2023, and reconfirmed by you in December 2023, there are other policy changes being progressed alongside the AGA:
 - the Guaranteed Childcare Assistance Payment (GCAP) will increase to align with the highest rate of the Childcare Subsidy
 - Flexible Childcare Assistance (FCA) rates will increase by an amount equivalent to cumulative inflation adjustments from 2014

- GCAP and FCA rates will be annually indexed to inflation, starting from the 2024 AGA.

9 You have already agreed to and approved the amendments for FCA [REP/24/2/090 refers]. However, the amendments required for GCAP need to be progressed via the attached Instrument.

Overview of all regulatory changes

10 The following table summarises the regulatory changes that are included in the attached Instrument. These changes will come into effect from 1 April 2024:

Table 1: Overview of regulatory changes included in the Instrument

Direction/ Programme	Intention of assistance	What you are approving
Direction in relation to Special Benefit	Provides grand-parented assistance to clients who were receiving Special Benefit prior to 1 April 2006, and who continue to be entitled.	A 4.66 percent increase in the standard costs used in the assessment for Special Benefit for recipients without dependent children, consistent with the CPI increase.
Direction on Advance Payments of Instalments of Benefit	Provides advance payments of instalments of a main benefit, Orphan's Benefit, Unsupported Child's Benefit, New Zealand Superannuation, or Veteran's Pension to meet immediate needs.	A 5.28 percent increase in the income limits, consistent with net average wage growth.
Family Start and Early Start (Childcare Assistance) Programme	Provides childcare assistance to families who are enrolled in selected Family Start or Early Start programmes.	A 4.66 percent increase in the maximum hourly rate of assistance, consistent with the CPI increase.
Guaranteed Childcare Assistance Payment Programme	Provides financial assistance towards the costs of early childhood education to help: <ul style="list-style-type: none"> - young parents receiving Young Parent Payments, or who are the spouses or partners of specified beneficiaries, to comply with their youth activity obligations; and - young parents who are not beneficiaries to return to, or remain in, courses of secondary instruction. 	An increase aligning with the highest rate payable for Childcare Subsidy, and CPI adjustment of that rate.

Direction/ Programme	Intention of assistance	What you are approving
New Employment Transition Grant Programme	Provides payments for parents who have left the benefit system to enter into employment, but: <ul style="list-style-type: none"> - have a period where they are unable to work because of sickness or a dependent child's sickness and paid sick leave is unavailable to the parent, or - because of a breakdown in childcare arrangements when paid sick leave or annual leave is unavailable to the parent to care for the child. 	A 4.66 percent increase in the daily rate and maximum amount payable, consistent with the CPI increase.
Seasonal Work Assistance Programme	Provides non-taxable assistance to clients who have moved from receiving a benefit to seasonal employment and due to adverse weather conditions are unable to work and consequently lose income.	A 4.66 percent increase in the weekly rates and maximum annual amount paid, consistent with the CPI increase.
Home Help Programme	Provides financial assistance to clients who require temporary part-time help to complete tasks normally performed in their homes.	A 1.98 percent increase to the hourly rate that may be paid to a home helper, in line with the increase in the adult minimum wage rate effective from 1 April 2024.
Special Transfer Allowance Programme 2000	Provides financial assistance to clients who were recipients of a Tenure Protection Allowance who ceased to be eligible for that allowance as Housing New Zealand Limited sold the premises where they were tenants to private landlords.	An increase in the Average Regional Rentals listed in the Schedule.
Training Incentive Allowance Programme	Provides financial assistance to eligible people receiving specified qualifying benefits to enable them to undertake education or training courses to increase their skills for employment and improve their employment outcomes in the future.	A 4.66 percent increase in the daily rate and maximum amount payable, consistent with the CPI increase.
Special Needs Grants Programme	Provides non-taxable recoverable or non-recoverable financial assistance for clients to meet immediate and essential needs.	A 5.28 percent increase in the income limits, consistent with net average wage growth.

Direction/ Programme	Intention of assistance	What you are approving
Recoverable Assistance Programme	Provides recoverable financial assistance to non-beneficiaries on equivalent low incomes for essential and immediate needs, complementary to the advance payments of instalments of benefit available to beneficiaries under the Act.	A 5.28 percent increase in the income limits, consistent with net average wage growth.

The 2024 AGA is exempt from the requirement to provide a Regulatory Impact Statement

- 11 A Regulatory Impact Statement is generally required for Welfare Programme and Ministerial Direction amendments, as they are considered secondary legislation.
- 12 The Treasury's Regulatory Impact Analysis team has determined that the 2024 AGA is exempt from the requirement to provide a Regulatory Impact Statement. As Cabinet has delegated the authority to approve rate changes to joint Ministers (as required under legislation, convention, or previous Cabinet agreement), the impact analysis requirements do not apply.

Next steps

- 13 We seek your approval of, and signature to, the Instrument by 27 February 2024 in order to meet the 28-day rule. Officials will arrange for the Instrument to be notified in the New Zealand Gazette once signed.
- 14 A copy of the Instrument will be published on MSD's external website, as required by section 74 of the Legislation Act 2019 and section 101 of the Social Security Act 2018 as soon as practicable.
- 15 Upon your direction, your office can arrange for the Instrument to be tabled in the House of Representatives as required by section 114 of the Legislation Act 2019.
- 16 The updated Ministerial Directions and Welfare Programmes will be made available on MSD's external website as soon as practicable. This aligns with the usual processes for publishing changes to secondary legislation on the external website.

Appendix

Instrument amending Ministerial Directions and Welfare Programmes

Author: Katie Tollan, Policy Analyst, Income Support Policy

Responsible manager: Bede Hogan, Policy Manager, Income Support Policy

Aide-mémoire



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Cabinet paper

Date: 19 February 2024 **Security Level:** Cabinet Sensitive

For: Hon Louise Upston, Minister for Social Development and
Employment

File REP/24/2/146

Reference:

Annual General Adjustment 2024

**Cabinet
Committee**

Cabinet Legislation Committee

Date of meeting

22 February 2024

Proposal

The paper seeks approval to submit to the Executive Council two Orders in Council and four Amendment Regulations to give effect to the 2024 Annual General Adjustment (AGA).

Talking points

- On 1 April main benefit levels, and most other forms of supplementary assistance rates and thresholds, are increasing by the 4.66 percent inflation rate for the year ending December 2023.
- The Bill enabling the inflation adjustment for main benefits is due to be passed this week and will ensure that these rates rise in accordance with the cost of living, rather than the previous measure of net average wage growth.
- New Zealand Superannuation rates will increase by inflation, which puts the couple rate at 67.02 percent of the net average wage, meaning no additional wage adjustment is required.

- The regulatory changes in this Cabinet paper will give effect to the rates and threshold adjustments for 1 April 2024.

Impacts on Crown expenditure

The 2024 AGA amounts to a lower-than-forecast increase in expenditure, mostly due to the Government’s decision to index main benefits to inflation, rather than net wage growth. The impact of using the actual CPI figure will be incorporated in the forecast update for the Budget Economic and Fiscal Update 2024.

The Ministry of Social Development expects the cost of increasing benefit rates will be around \$1,295.4 million between 1 April 2024 and 31 March 2025. The majority of this expenditure is the result of increases to New Zealand Superannuation (\$892.8 million) and income-tested benefits and Student Allowances (\$425.7 million).

AGA impacts for clients

About 1.4 million clients are expected to receive increased financial assistance as a result of the AGA. This includes approximately:

- 903,300 people receiving New Zealand Superannuation and Veteran’s Pension
- 378,700 working-age beneficiaries
- 45,000 students receiving Student Allowance
- 72,000 people receiving supplementary assistance only.

For example, on 1 April 2024 the net rate of Sole Parent Support will increase by \$22.01, from \$472.79 to \$494.80.

A single person, over 25, receiving Jobseeker Support will have a net increase of \$15.72 per week, from \$337.74 to \$353.46.

A couple with children receiving Jobseeker Support will see their net benefit rate increase by \$28.24, from \$606.86 to \$635.10 per week.

The net weekly couple amount of New Zealand Superannuation will increase by \$35.54, from \$763.64 to \$799.18.

Other policy changes being progressed

The AGA is also progressing changes for two childcare payments – the Guaranteed Childcare Assistance Payment and Flexible Childcare Assistance.

**through the
AGA**

- The Guaranteed Childcare Assistance Payment will increase to align with the highest rate of the Childcare Subsidy. This payment is available to young parents to support them with the costs of childcare while in education or training.
- Flexible Childcare Assistance rates will increase by an amount equivalent to cumulative inflation adjustments from 2014. This payment supports parents with the cost of informal childcare when formal care is not available.
- Both payments will be annually indexed to inflation, starting from the 2024 AGA.

MSD estimates that the increase to the Guaranteed Childcare Assistance Payment (from a maximum payment of \$300 to a maximum payment of \$319 per week) will support the costs of childcare for 150 children of young parents / caregivers in April 2024.

Around 540 families are expected to be supported by the changes to Flexible Childcare Assistance in the 2024/25 year. For a family with two children, their payment will increase from \$75 to \$96.03 per week from 1 April 2024.

Indexing these payments to inflation will ensure that they keep pace with annual movements in inflation and retain their real value over time.

**Orders in
Council and
Amendment
Regulations
need to be
submitted to
the Executive
Council to give
effect to the
AGA**

This paper seeks approval to submit six Orders in Council and Amendment Regulations (outlined in Appendix One) to the Executive Council to give effect to the above changes.

While these Orders in Council and Amendment Regulations have minor impacts on the Children, Tertiary Education and Skills, and Health portfolios, the bulk of the regulatory changes fall under the Social Development portfolio. The Minister for Children, the Minister of Tertiary Education and Skills, and the Minister of Health have agreed for you to present this Cabinet paper on their behalf [REP/24/2/109 refers].

Author: Katie Tollan, Policy Analyst, Income Support Policy

Responsible manager: Bede Hogan, Policy Manager, Income Support Policy

Appendix 1: 2024 Annual General Adjustment – Ministerial responsibility for changes required

Legislation	Overview of changes	Minister Responsible
Social Security (Rates of Benefits and Allowances) Order 2024	Updates rates and thresholds for main benefits and New Zealand Superannuation and various supplementary payments including the thresholds for Disability Allowance.	Minister for Social Development and Employment
Social Security Amendment Regulations 2024	Increases the rate of a funeral grant. Increases the rates and thresholds for Childcare and Out of School Care and Recreation Subsidy. Increases payments to an educator for providing a home-based education and care service to a child. Increases allowable cost limits for Temporary Additional Support.	
Student Allowances Amendment Regulations 2024	Increases rates and thresholds for Student Allowances and adjusts the abatement regime for students who are single, under 24 years of age and without children.	Minister of Tertiary Education and Skills
Oranga Tamariki (Minimum Rates of Payment for Board and Lodgings) Order 2024	Increases the Foster Care Allowance Minimum Rates of Payment for Board and Lodgings.	Minister for Children
Health Entitlement Cards Amendment Regulations 2024	Increases the thresholds for the Community Services Card.	Minister of Health
Residential Care and Disability Support Services Amendment Regulations 2024 (part 1)	Adjusts the annual clothing and personal allowances payable under the Residential Care and Disability Support Services Regulations 2018.	



Report

Date: 27 March 2024

Security Level: IN CONFIDENCE

To: Hon Tama Potaka, Associate Minister of Housing (Social Housing)

CC: Hon Chris Bishop, Minister of Housing

Hon Louise Upston, Minister for Social Development and Employment

File Reference: REP/24/3/284

Planned Engagement Approach on Emergency Housing Gateway Changes

Purpose of the report

1. This report is to inform you of our planned external engagements that will cover proposed changes to the eligibility criteria (gateway changes) for Emergency Housing Special Needs Grants (EH SNG).

Recommendations

It is recommended that you:

- 1 **note** our external engagement plan on the upcoming EH SNG tightening the gateway changes
- 2 **note** that a summary of feedback received from this engagement, and how we reflected this feedback in our policy proposals, will be provided to you as part of our report on EH SNG gateway changes (due on 18 April 2024)
- 3 **agree** to forward the report to the other Ministers with delegated decision-making on EH SNG gateway changes, Hon Louise Upston and Hon Chris Bishop.

AGREE / DISAGREE

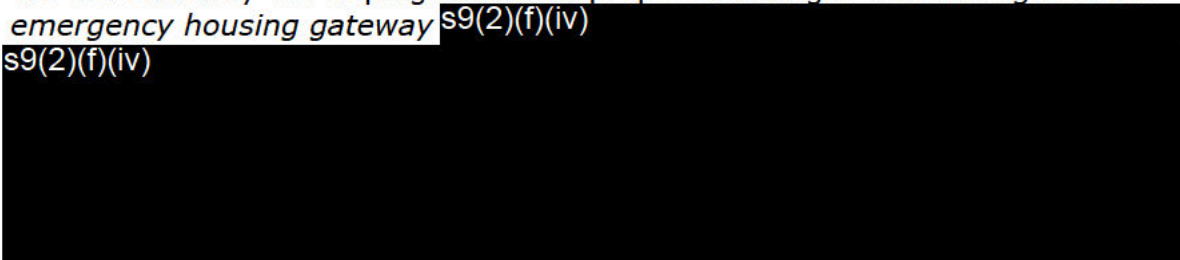
Hayley Hamilton
General Manager
Housing, Employment, and Climate Change Policy

Date

Hon Tama Potaka
Associate Minister of Housing (Social Housing)

Date

Context

1. We are currently developing advice on proposed changes that will *tighten the emergency housing gateway* s9(2)(f)(iv)
s9(2)(f)(iv)

2. Given timeline constraints, we will be targeting engagement to stakeholders that have close pre-existing relationships with the Ministry of Social Development (MSD).
3. Hearing the insights of these stakeholders will support the robustness of our advice by helping us:
 - assess the potential impact proposed changes would have on different groups involved in operating emergency and/or social housing
 - develop the detailed policy settings needed for smooth implementation of the proposed changes
 - maintain whanaungatanga | relationships with key stakeholders, and
 - socialise proposed changes with key stakeholders.
4. A summary of feedback received from this engagement, and any advice on policy changes, will be included in the upcoming report due to you on 18 April 2024.

External stakeholders

5. While we have already consulted on the proposed changes with the Ministry of Housing and Urban Development | Te Tūāpapa Kura Kāinga (HUD) and Kāinga Ora, we now plan to undertake targeted engagement with other government agencies, reference groups, and key trusted stakeholders.

Government agencies

6. We will consult with the following agencies (Table 1) due to their connection to the emergency/temporary/social housing pipeline or their connection to disproportionately affected population groups.

Table 1. Agencies identified for consultation:

The New Zealand Treasury Te Tai Ōhanga	Oranga Tamariki Ministry for Children	Ministry of Justice Te Tāhū o te Ture The Police Ngā Pirihimana
Department of Corrections Ara Poutama Aotearoa	Manatū Hauora Ministry of Health	Te Whatu Ora Health New Zealand
Department of the Prime Minister and Cabinet Te Tari O Te Pirimia Me Te Komiti Matua	Te Puni Kōkiri Ministry of Māori Development	Ministry for Pacific Peoples Te Manatū mō ngā Iwi o te Moana-nui-ā-Kiwa
Whaikaha Ministry of Disabled People	Office for Seniors Te Tari Kaumātua	Ministry for Ethnic Communities Te Tari Mātāwaka

MSD reference groups and key trusted stakeholders

7. We will also be engaging with MSD Reference Groups and key trusted stakeholders. While wider engagement with population advocacy groups and community housing providers was considered, given the limited time available, we plan to keep engagement targeted to the following groups:
 - 7.1. Housing Reference Group
 - 7.2. MSD Māori Reference Group
 - 7.3. MSD Pacific Reference Group
 - 7.4. National Beneficiary Advocacy Groups

Approach to engagement

8. Engagement with these groups will occur either through standalone online meetings or as an agenda item added to standing meetings. The specific content and messaging of each engagement will be tailored to the connection each group has with emergency housing and the EH SNG.

Key messaging and how we will be framing it

9. Key messaging on our engagement will discuss:
 - the Government's overall goal
 - current problems with the EH SNG
 - the original intent of the EH SNG
 - changes to EH SNG uptake over time and costs, and
 - what policy/practise changes we are proposing to tighten EH SNG eligibility (the gateway).

Government's goal

10. The Government will be using a range of levers to respond to growing housing need. A key goal of these changes is to reduce the large-scale use of emergency housing motels as a main response to addressing homelessness.

Problems with the EH SNG gateway

11. Emergency housing motels have increasingly been used as a main response to homelessness and they are not a suitable place for people to live for long periods of time. Tightening the emergency housing gateway will help ensure EH SNG is targeted to those in genuine need who have exhausted all other options.

Example

"Whilst emergency housing can effectively support a person/whānau for a short time when they are experiencing crisis, it is not a suitable place for people to be living in for long periods of time. It is also a relatively expensive intervention compared to other forms of temporary accommodation."

Intent of EH SNG

12. The Government has described the intent of EH SNG as a method to help those with an urgent housing need, where other housing options were not available.

Example

"The original intent of EH SNGs was for a last resort grant to support vulnerable people pay for emergency accommodation stays that are rare, brief, and non-reoccurring."
"The grant would help fund accommodation (such as motels) for up to seven days, giving small reprieve and place to sleep whilst suitable accommodation is sought."

Changes to EH SNG Uptake and Cost

13. The number of EH SNGs issued, and the average duration of receiving a grant, has increased over time.

Example

"EH SNGs were used as a main response to accommodate vulnerable people experiencing homelessness due to the COVID-19 level four lockdowns, the lack of private and longer-term social housing, and the widening gap between income and housing costs."

"The number and average duration of EH-SNGs steadily increased after introduction, with a sharp spike when EH-SNGs were used as a part of our COVID19 response, peaking in November 2021. Whilst the number of EH-SNGs and motels have steadily reduced since the November 2021, the proportion of households with stays longer than six months has continued growing over time."

Proposed Policy Changes

s9(2)(f)(iv)

Types of questions

15. Engagement would primarily focus on socialising and communicating proposed changes. However, to ensure that discussions stay on topic and that feedback/insights directly relate to and inform this work, we will use questions to structure the sessions:
16. Questions will be adapted to target audiences where relevant and are as follows:
 - 16.1. What benefits will these changes have for people who access EH SNG?
 - 16.2. What impacts will these changes have for people who access EH SNG?
 - 16.3. What risks do you foresee in implementing these changes?
17. For those with input into the operation of EH SNG, we may ask for recommendations on the proposed policy settings to help ensure changes have smooth implementation and achieve a reduction in the number and duration of emergency housing grants.

Information we will share:

18. To show the problems with EH SNG and the justification for tightening the gateway, we plan to share graphs/tables that detail the increased number and duration of grants that has occurred from 2016 to the present (Feb 2024).
19. Workshops would use engagement materials that present key messaging, context, and supporting information within high level A3s or slides.

Potential risks and mitigations

20. External engagement introduces some risks we need to manage, including that:
 - 20.1. Proposed policy changes may not be well received by some stakeholders and be criticised, s9(2)(g)(i) [REDACTED] We will mitigate this risk by giving the broader context to changes and clearly laying out the Government's goals. Consultation gives an opportunity to socialise the changes, meaning we can listen and respond to any criticisms early.
 - 20.2. We may receive some criticism for inadequate external consultation, especially from Māori, who have previously raised in the Housing Policy and Services Kaupapa Inquiry (Wai 2750) that there was insufficient engagement from MSD when developing the EH SNG programme. We will mitigate this risk by drawing on what stakeholders, including Māori, have already told government through previous engagements, including the Emergency Housing System Review, and through Wai 2750.
21. Overall, we believe these risks can be adequately managed. The benefit of external consultations and the risks of not engaging in external consultation justifies engagement.

Timeline

22. We will be sending engagement materials to external groups from 2 April 2024 and engaging in workshops/meetings from 4 April – 11 April 2024. This should give a sufficient window to properly incorporate feedback into the report due to you on 18 April 2024.

Author: Kam Salt, Graduate Policy Analyst, Housing Policy
Responsible manager: Alex McKenzie, Manager, Housing Policy

Aide-mémoire



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Cabinet paper

Date: 8 February 2024 **Security Level:** Cabinet Sensitive
For: Hon Louise Upston, Minister for Social Development and Employment
File Reference: REP/24/2/094

Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill

Cabinet Committee Cabinet

Date of meeting Monday 12 February

Proposal The paper seeks Cabinet agreement to introduce the Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill to the House, and for it to be passed under urgency.

Talking Points This Bill implements the Coalition Government's commitment to index main benefits to inflation for the Annual General Adjustment of benefit rates on 1 April 2024.

I am seeking Cabinet agreement to introduce the Bill to the House, which amends the Social Security Act 2018 and the Income Tax Act 2007, under urgency.

Changing the yearly indexation of main benefits to any rises in inflation will ensure that the rates of payment remain aligned to any increases in the cost of living, while also achieving savings over the forecast period.

Amendments to the Income Tax Act 2007 are required to ensure that the Minimum Family Tax Credit threshold remains aligned to main benefit rates.

Passing the legislation under urgency this week is required to ensure that rates of main benefit are indexed to inflation, not net average wage growth on 1 April 2024, and so that Inland Revenue are able to provide accurate notices of entitlement to Working for Families customers which takes place in February each year.

Content of the Bill

The Bill is an omnibus bill that amends the Social Security Act 2018 to index main benefits to inflation, and consequentially amends the Income Tax Act 2007 to implement an increase in the Minimum Family Tax Credit threshold.

The Bill amends the Social Security Act 2018 to repeal section 452A, and instead include benefits that are currently indexed to net average wage growth by this section in those that are indexed to increases in the Consumers Price Index in section 453.

It also repeals section 453(3) of the Social Security Act 2018, which no longer has any legal effect. This section specified a requirement for the years 2018 to 2021 that the Consumers Price Index to be calculated less cigarettes and tobacco products, to ensure that increases in the tobacco excise tax were not included. As this period has passed, this section no longer applies.

The Bill also includes an amendment to the Income Tax Act 2007 to ensure that the Minimum Family Tax Credit threshold remains aligned to increases in the rate of main benefits, in line with Cabinet policy.

The intention of this policy is to ensure sole parent families are better off financially in full-time work and receiving the Minimum Family Tax Credit than they would be on a main benefit on an annual basis.

Why does the Bill need to be passed under urgency this week

To enable the distribution of notices of entitlement to Working for Families customers by 20 February 2024 the Minimum Family Tax Credit amount needs to be enacted by that date.

This is because the Commissioner of Inland Revenue can not legally inform Working for Families customers of their entitlements when tax credit amounts still require a law change.

To delay sending out these notices will come at an additional administrative cost for Inland Revenue, mainly due to increased customers inquiring about next tax years entitlement.

In addition, the timing of issuing these notices gives customers four weeks to review their details and notify Inland Revenue of any required changes prior to 1 April.

This timing also ensures customers that receive the Minimum Family Tax Credit know what their entitlements are going to be, can plan their household budget, and get paid the right entitlement, avoiding debt.

Impacts on rates payable

Following the passing of the Bill, and the indexation of main benefits to inflation on 1 April 2024, rates of main benefits will be slightly lower than if they were indexed to net average wage growth. This is

from 1 April 2024

because the rate of inflation for the year to December 2023 is 4.66%, and net average wage growth is 5.28%.

For example:

- The rate of Jobseeker Support Single, 25+ years will be \$353.46 per week under indexation to inflation, as compared to \$355.57 under indexation to net average wage growth, a difference of -\$2.11.
- The rate of Sole Parent Support will be \$494.80 per week under indexation to inflation, as compared to \$497.75 under indexation to net average wage growth, a difference of -\$2.95.

It is expected that this will result in slower progression toward child poverty targets as set by the Child Poverty Reduction Act 2018, with this impact being modest in the short-term and increasing over time.

Expected fiscal impacts of the Bill

The intention of the Bill is to ensure that main benefit rates keep pace with increases in the cost of living, while also achieving savings of \$669.527 million over the forecast period ending financial year 2027/2028.

This savings projection used preliminary HYEFU 2023 forecast rates of inflation and net average wage growth. Following this projection, actual rates have been released that will be used for the 1 April 2024 adjustment, with the rate of inflation for the year to December 2023 being 4.66%, and net average wage growth being 5.28%.

The savings projections used forecast inflation that was expected to be higher than net average wage growth for the 1 April 2024 adjustment. This would have created an initial cost for this proposal in the first year, which will no longer be the case.

We now expect that savings will be achieved over the full five years. The update to the forecast will be treated as a forecast change part of the Budget 2024 forecast round, along with the effects of updated CPI and wage forecasts from the Treasury.

Author: Jack Flude, Senior Policy Analyst, Income Support Policy

Responsible manager: Bede Hogan, Policy Manager, Income Support Policy

Report



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA



Date: 18 January 2024

Security Level: IN CONFIDENCE

To: Hon Louise Upston, Minister for Social Development and Employment

Indexing main benefits to inflation: Consultation on Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill

REP/24/1/040

Purpose of the report

- 1 This report seeks your agreement to:
 - 1.1 commence Ministerial consultation (and cross-party consultation if required) on the attached package of documents to progress the amendment to the Social Security Act 2018 and the Income Tax Act 2007 to enable main benefits to be indexed to Consumers Price Index (CPI) from 1 April 2024:
 - 1.1.1 draft Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill (the draft Bill)
 - 1.1.2 draft Cabinet paper seeking Cabinet agreement for the introduction of the Bill including a draft Supplementary Analysis Report
 - 1.1.3 draft Departmental Disclosure Statement.

Recommended actions

It is recommended that you:

- 1 **agree** to undertake Ministerial consultation (and cross-party consultation if required) on the Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill, draft Cabinet paper, draft Supplementary Analysis Report and draft Departmental Disclosure Statement

Agree / Disagree

- 2 **note** that the timeframe to progress this work will be tight. Officials are proposing:
- 2.1 the Cabinet paper will be provided straight to Cabinet on the 12 February 2024
 - 2.2 the Bill to be progressed under urgency in the period over 13 February 2024 to 15 February 2024
 - 2.3 the Governor General will give Royal Assent on 20 February 2024 for implementation on 1 April 2024
- 3 **refer** a copy of this report to the Minister of Revenue for their information.

Referred / Not Referred



Simon MacPherson
Deputy Chief Executive Policy
Ministry of Social Development

18 . 1 . 24

Date



Hon Louise Upston
Minister for Social Development and
Employment

20240121

Date

Background

- 2 In December 2023, Cabinet agreed through the mini budget to amend the Social Security Act 2018 to adjust the indexation of the rates of main benefits (defined as those currently listed in section 452A of the Social Security Act 2018) to inflation from 1 April 2024, based on the annual percentage movement upwards in the Consumers Price Index (CPI) for the previous year [CAB-23-MIN-0490 refers].

The Parliamentary Counsel Office has drafted the Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill

- 3 Officials have been working with the Parliamentary Counsel Office (PCO) to progress drafting of the required legislation to give effect to Cabinet's decision.
- 4 The attached draft Bill makes amendments to the Social Security Act 2018 to index main benefits to inflation. It also makes related amendments to the Income Tax Act 2007 to adjust the Minimum Family Tax Credit (MFTC) in line with the changes to benefit rates, in accordance with Cabinet policy. Note that this a draft Bill and may undergo further change before it is signed out by PCO.
- 5 The MFTC change is included in the Bill as the policy intent behind the MFTC threshold is to ensure that low income working families are better off financially in full-time work and receiving MFTC than they would be on a main benefit on an annual basis [CAB-21-MIN-0116.33 refers].
- 6 As such, Cabinet has agreed that the annual amount of the MFTC is to increase from \$34,217 to \$35,360 (after tax) for the tax year beginning 1 April 2024, in acknowledgement of the upcoming change to the indexation of main benefits [CAB-23-MIN-0490 refers].
- 7 A draft Cabinet paper is also attached that seeks Cabinet agreement for the introduction of the Bill including a draft Supplementary Analysis Report and draft Departmental Disclosure Statement.
- 8 Treasury advised to complete a Supplementary Analysis Report in place of a Regulatory Impact Analysis. The Supplementary Analysis Report was done as Cabinet had agreed to a policy decision before this was completed. The Supplementary Analysis Report analyses the impacts, risks, and other elements of the Government's chosen way forward for the legislative proposal.

Timeline of work

- 9 This work has tight timeframes to meet the IT drop dead date for the 2024 Annual General Adjustment (AGA) on the 8 March 2024 and Inland Revenue

will need legislation enacted by 20 February 2024 in order to send out accurate notices of entitlement to Working for Families customers. This allows the customer four weeks to review their details and notify Inland Revenue of any required changes prior to 1 April 2024 when the new rates take effect.

- 10 Officials have been working with your office on possible timing and have proposed the dates below based on the following assumptions:
 - 10.1 That the benefit indexation and the Minimum Family Tax Credit amendments will be passed together under an omnibus Bill. The Office of the Clerk has agreed to this approach.
 - 10.2 Due to Waitangi Day, there are no Cabinet committees during the week of 5 – 9 February, so the paper and Bill goes straight to Cabinet.
 - 10.3 There will be 8 working days of concurrent Ministerial, Agency and cross-party consultation on the Cabinet paper.
 - 10.4 That the amendment will be passed under urgency through all stages on the sitting days 13, 14 or 15 February 2024.
 - 10.5 The Governor General will give Royal Assent on 20 February 2024, at the latest.

Table 1. Proposed key dates of process to pass this Bill into legislation under urgency.

Action	Date
Subject to your approval, Ministerial, Agency and Cross-party consultation + BORA vetting starts.	Wednesday 24 January 2024 – Friday 2 February 2024
Paper provided to Ministers office for lodging	Wednesday 7 February 2024
Paper to be lodged for Cabinet Consideration	Thursday 8 February 2024
Cabinet considers paper	Monday 12 February 2024
Subject to Cabinet approval, Bill introduced to the House and Legislation passed under urgency	Tuesday 13 February 2024 – Thursday 15 February 2024
Royal Assent	Tuesday 20 February 2024

Next Steps

- 11 We are seeking your agreement to commence ministerial consultation (and cross-party consultation if required) on the Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill, draft Cabinet paper, draft Supplementary Analysis Report and draft Departmental Disclosure Statement.

Appendix

- 12 Draft Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill
- 13 Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill: Approval for Introduction and Supplementary Analysis Report: Indexing Main Benefits to Inflation
- 14 Draft Departmental Disclosure Statement

Author: Millie Jennings, Graduate Policy Analyst, Income Support Policy

Responsible manager: Bede Hogan, Policy Manager, Income Support Policy

Appendix one: appropriation impacts provided by MSD to the Treasury to inform the Mini Budget Cabinet paper

2

Indexation financial recommendations

1. **agree** to decrease spending over the forecast period to provide for the impacts of the policy decisions relating to the 1 April 2024 changes, with the following impacts on the operating balance and net debt:

	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance and Net Debt Impact	14.342	22.007	(119.385)	(246.209)	(347.182)
Net Debt Impact Only	-	-	-	-	-
No Impact	3.227	5.580	(25.165)	(53.218)	(75.017)
Total	17.569	27 587	(144.550)	(299.427)	(422.199)

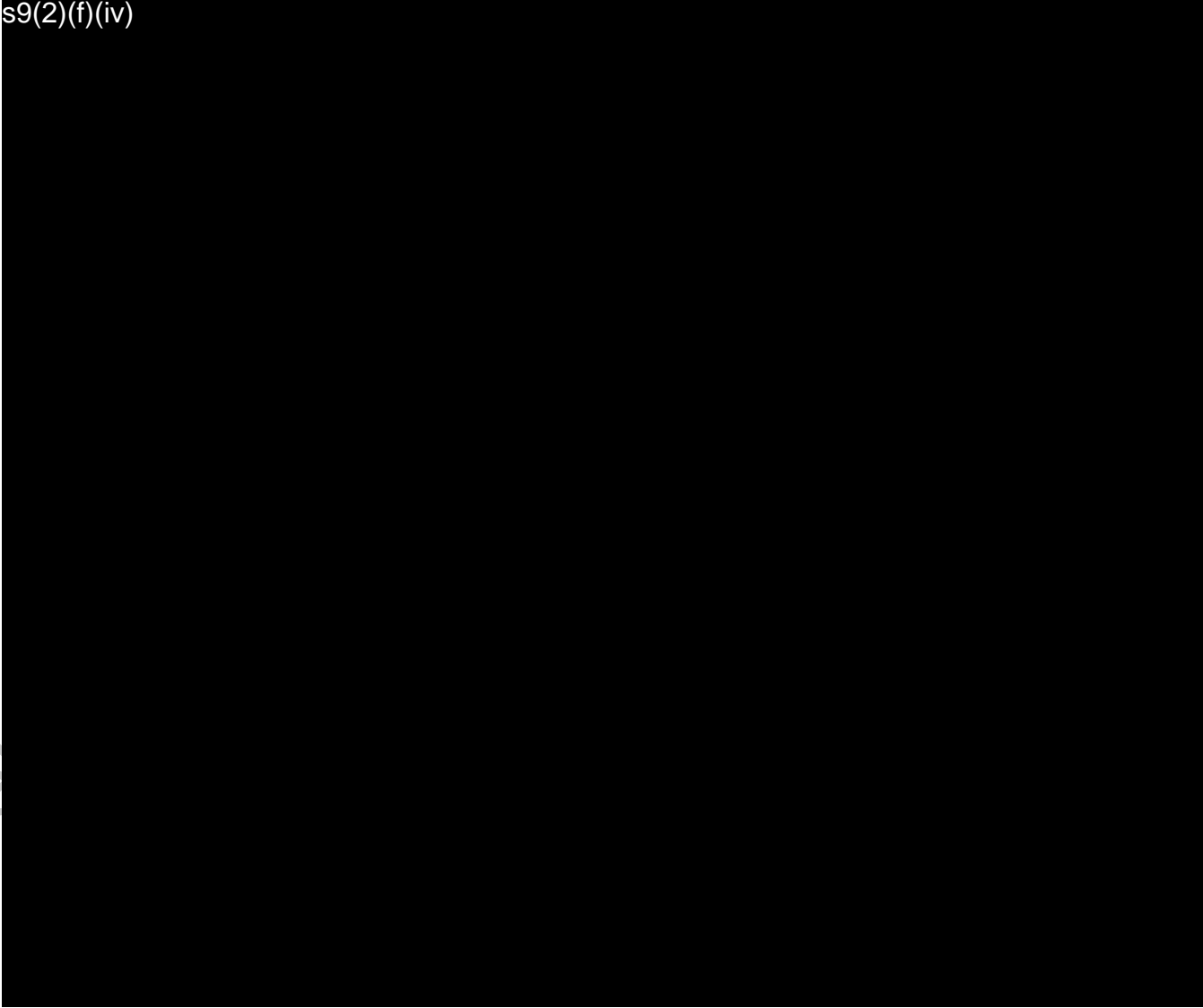
2. **approve** the following changes to appropriations to give effect to the policy decisions relating to the 1 April 2024 changes:

	\$m – increase/(decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
Vote Social Development					
Minister for Social Development and Employment					
Benefits or Related Expenses:					
Childcare Assistance	-	-	0.001	-	-
Disability Assistance	-	-	-	(0.003)	0.001
Hardship Assistance	(0.106)	(0.203)	0.574	0.008	(1.717)
Jobseeker Support and Emergency Benefit	8.707	15.382	(68.624)	(143.935)	(201.500)
Sole Parent Support	4.622	7.911	(35.639)	(75.446)	(106.325)
Supported Living Payment	5.232	8.790	(40.171)	(85.714)	(121.920)
Winter Energy Payment	-	(0.008)	(0.041)	(0.086)	(0.118)
Youth Payment and Young Parent payment	0.142	0.260	(1.162)	(2.558)	(3.716)
Minister of Housing					
Benefits or Related Expenses:					
Accommodation Assistance	(1.010)	(3.213)	0.886	4.846	6.010

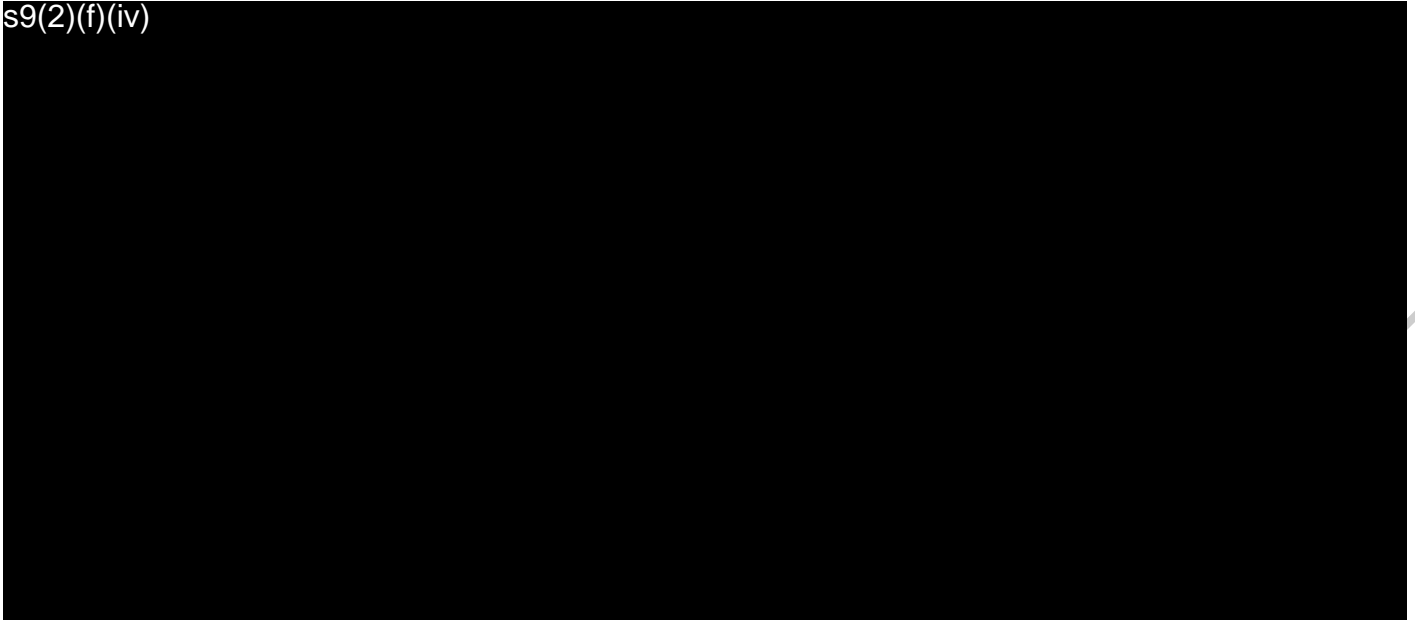
Vote Housing and Urban Development					
Minister of Housing					
Multi-Category Expenses and Capital Expenditure					
Public Housing MCA					
Non-Departmental Output Expense					
Purchase of Public Housing Provision	(0.018)	(1.632)	0.926	6.161	10.286
Vote Revenue					
Minister of Revenue					
Benefits or Related Expenses:					
Minimum Family Tax Credit PLA	-	0.300	(1.300)	(2.700)	(3.200)
Total Operating	17.569	27.587	(144.550)	(299.427)	(422.199)

3. **agree** that the proposed changes to appropriations for 2023/24 above be included in the 2023/24 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply

s9(2)(f)(iv)



s9(2)(f)(iv)



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Aide-mémoire



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Cabinet paper

Date: 8 December 2023 **Security Level:** Budget Sensitive
For: Hon Louise Upston, Minister for Social Development and Employment
File Reference: REP/23/12/950

Mini Budget Cabinet paper

Date of meeting	11 December 2023
Minister	Hon Nicola Willis, Minister of Finance
Proposal	Cabinet is considering proposals for the Mini Budget, including indexing main benefits to inflation from 1 April 2024 s9(2)(f)(iv) s9(2)(f)(iv)
Context	<p>MSD has not been provided with the Mini Budget Cabinet paper, but to inform it, we have provided the Treasury with:</p> <ul style="list-style-type: none"> wording, costings, and policy and fiscal recommendations for indexing main benefits to inflation on 1 April 2024; <p>s9(2)(f)(iv)</p> <p>MSD understands that the paper seeks Cabinet agreement to instruct the Parliamentary Counsel Office (PCO) to draft amendments to the Social Security Act 2018 to index main benefits to inflation from 1 April 2024. This will be a final decision.</p> <p>s9(2)(f)(iv)</p> <p>The costings for both proposals are attached at Appendix one.</p>
Indexing main benefits to inflation and consequential impacts on	<p><i>Child poverty</i></p> <p>MSD understands that child poverty impacts will not be included in the Cabinet paper. However, preliminary modelling (based on preliminary Half Year Economic and Fiscal Update data) shows that indexing main benefits to inflation leads to an estimated increase in</p>

the Minimum Family Tax Credit

the number of children in poverty under the AHC50 and BHC50 poverty measures within the forecast period, in the absence of other changes.

This is compared to the status quo of indexing main benefits to wage growth. By tax year 2028, there would be an estimated increase of 7,000 (+/- 4,000) children under the AHC50 poverty measure, and an estimated increase of 7,000 (+/-6,000) children under the BHC50 poverty measure (noting that the latter figure is a broad range)

Consequential impacts to the Minimum Family Tax Credit

We expect the paper will make note of the consequential impact to the Minimum Family Tax Credit (MFTC) because the lower limit of MFTC must increase according to main benefit rate increases to ensure the financial incentive to be in work rather than on benefit is maintained.

Recommendations provided to the Treasury

The policy recommendations provided to the Treasury sought Cabinet agreement to:

- index main benefits to inflation from 1 April 2024;
- ensure that if CPI is negative, the rates of main benefits will not reduce, which retains status quo;
- increase the annual amount of MFTC from \$34,216 to \$35,360 (after tax) for the tax year beginning 1 April 2024;
- invite you and the Minister of Revenue to issue drafting instructions to PCO to give effect to the policy decisions above.

Financial impacts

The financial recommendations included the total fiscal impact of the policy change for Vote Social Development, Vote Housing and Urban Development (Income Related Rent Subsidy) and Vote Revenue (MFTC).

The total fiscal impact is estimated to be \$821.020 million in savings from 2023/24 to 2027/28. The \$821.020 million in savings is offset by a reduction in tax revenue to Inland Revenue, meaning an impact of \$676.427 million in savings from the total Crown operating balance.¹

¹ The total Crown operating balance impact is slightly higher in the Cabinet paper, compared to our earlier report. This is due to an additional \$6.9 million in savings from lower expenditure on the MFTC in Vote Revenue.


Tax impacts are included when making changes to main benefit appropriations because MSD pays tax on behalf of beneficiaries, but the fiscal impact is the figure net of tax (rather than the gross appropriation figure).

Implementation and legislative amendment

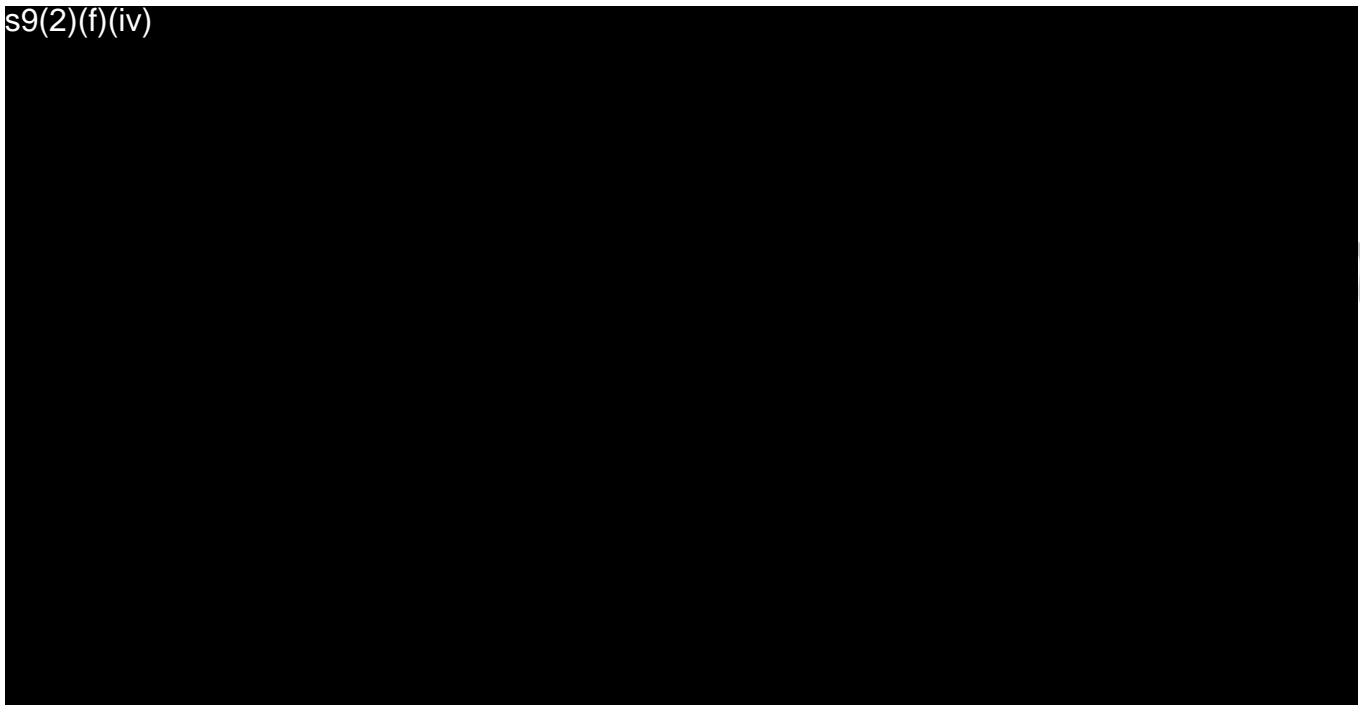
As noted in our advice on 28 November 2023, implementing this policy in time for 1 April 2024 will involve passing legislation under urgency by 8 March 2024 (to meet IT deadlines) [REP/23/11/891 refers]. MSD has prepared drafting instructions to instruct PCO as soon as possible once Cabinet confirms its agreement.

Subject to Cabinet agreement, we will determine necessary timeframes to pass the amendment. Timeframes will be able to be finalised upon publication of Cabinet and House sitting calendars for 2024.

s9(2)(f)(iv)



s9(2)(f)(iv)



Author: Katie Tollan, Policy Analyst, Income Support Policy

Responsible manager: Bede Hogan, Policy Manager, Income Support Policy

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Appendix 2: Forecast main benefit rates (PREFU)

Note: estimates are based on the Treasury's Pre-election Economic and Fiscal Update. The fiscal impacts of indexing main benefits to inflation (paragraphs 24-27) are based on preliminary Half Year Economic Fiscal Update modelling.

	April 2023	Index	April 2024	April 2025	April 2026	April 2027
Jobseeker Support Single, 25+ years	\$337.74	Wages	\$353.87	\$370.12	\$384.41	\$397.11
		CPI	\$354.08	\$364.22	\$372.39	\$380.17
Jobseeker Support Married, civil union or de facto couple without children (Total)	\$574.70	Wages	\$602.14	\$629.78	\$654.08	\$675.70
		CPI	\$602.50	\$619.74	\$633.64	\$646.88
Jobseeker Support Married, civil union or de facto couple with children (Total)	\$606.86	Wages	\$635.84	\$665.04	\$690.72	\$713.54
		CPI	\$636.22	\$654.44	\$669.12	\$683.10
Sole Parent Support	\$472.79	Wages	\$495.37	\$518.12	\$538.12	\$555.90
		CPI	\$495.66	\$509.85	\$521.29	\$532.18
Supported Living Payment Single, 18+ years	\$384.92	Wages	\$403.30	\$421.82	\$438.10	\$452.58
		CPI	\$403.54	\$415.09	\$424.40	\$433.26
Supported Living Payment Married, civil union or de facto couple without children (Total)	\$654.04	Wages	\$685.28	\$716.74	\$744.40	\$769.00
		CPI	\$685.68	\$705.30	\$721.12	\$736.18
Supported Living Payment Married, civil union or de facto couple with children (Total)	\$686.20	Wages	\$718.98	\$752.00	\$781.02	\$806.84
		CPI	\$719.40	\$740.00	\$756.60	\$772.40

Appendix 1: Summary of the Annual General Adjustment process

The Annual General Adjustment (AGA) occurs on 1 April every year

- 1 The AGA involves an adjustment to benefit rates and thresholds on 1 April every year. The AGA ensures that social assistance payments retain value over time.
- 2 Under the Social Security Act 2018, main benefits must be increased by the upwards movement in the net average wage each year.
- 3 The Social Security Act also requires the hospital rates of main benefits, and rates of Orphan's Benefit/Unsupported Child's Benefit to be adjusted by the upwards movement in the Consumers Price Index (CPI) (compared to the upwards movement in the CPI in the same quarter of the preceding year).
- 4 There is also a legislative requirement to adjust the rates of New Zealand Superannuation and Veteran's Pension with effect from 1 April each year, following a prescribed process:
 - the net weekly rates must be adjusted on 1 April each year in line with any annual percentage increase in the CPI for the year ending the previous 31 December
 - the net weekly amount payable to a married/civil union/de facto couple must not be less than 66 percent, or more than 72.5 percent, of the net average wage
 - the single living alone and single sharing rates must be adjusted to be 65 percent and 60 percent of the net married couple rate respectively.
- 5 The Oranga Tamariki Act 1989 requires the Foster Care Allowance (FCA) Minimum Rates of Payment for Board and Lodgings be adjusted by the CPI.
- 6 Further, the Education and Training Act 2020 requires Student Allowances to be adjusted by upward movement in the CPI on 1 April every year.
- 7 Adjustment of other rates, allowances and thresholds is authorised by a Cabinet delegation. This includes Student Loan living costs, Community Services Card income thresholds, and approximately 40 items of supplementary assistance (e.g. Disability Allowance).

The process for updating the rates requires legislative change

- 8 In 2002, Cabinet delegated the authority for approving AGA adjustments to the Minister of Finance and the Ministers responsible for New Zealand Superannuation, Veteran's Pension, social security benefits and allowances, the Community Services Card and Student Allowances [CAB Min (02) 7/1A refers].
- 9 The rates that are adjusted are contained in various Schedules to Acts, Regulations, Ministerial Directions and Welfare Programmes. Any change to rates requires the relevant legislation to be changed.
- 10 The delegated authority from Cabinet provides the policy authority to make the necessary legislative amendments.

The process also requires the involvement of several Ministers

- 11 Alongside the Minister for Social Development and Employment, the other Ministers involved with the AGA are: Finance; Housing; Tertiary Education and Skills; Health; Veterans; and Children. The Minister of Finance is involved because of the financial implications of the AGA, while the other Ministers are involved because of the relevant rates and thresholds that are part of the AGA process as follows:
 - Minister of Housing – Accommodation Supplement (entry thresholds), social housing thresholds and limits
 - Minister for Tertiary Education and Skills – various Student Allowance and Student Loans thresholds and rates
 - Minister of Health – Community Service Card income thresholds and various Residential Care Subsidy related rates
 - Minister for Veterans – Veteran's Pension rates
 - Minister for Children – Foster Care Allowance, Orphan's Benefit, Unsupported Child's Benefit and related payments.

The AGA has fixed dates and a tight timeframe

- 12 Stats NZ will release the CPI figure on 24 January 2024 and average wage data on 7 February 2024.
- 13 The final rates and thresholds adjusted via the AGA must be confirmed by 8 March 2024 to update IT systems and enable payments to be made from 1 April 2024.
- 14 Table 1 outlines the key actions and provisional dates for the 2024 AGA. The dates are subject to confirmation of the Cabinet meeting schedule.

Table 1: Key actions and provisional dates (subject to the confirmation of the Cabinet meeting schedule) for the 2024 AGA

Provisional date	To Whom	Item	Date Required
8 February 2024	All Ministers	Joint report requesting approval of the new rates	9 February 2024 - response required to MSD
13 February 2024	Minister for Social Development and Employment	Final Cabinet Legislation Committee paper for amending rates	Due at Cabinet Office by 10am Thursday 15 February 2024
22 February 2024	Cabinet Legislation Committee	Legislation paper to amend rates is considered	
23 February 2024	Minister for Social Development and Employment	Report on amendments to Welfare Programmes and Ministerial Directions	26 February 2024 - response required to MSD to meet 28-day rule
26 February 2024	Cabinet and Executive Council	Legislation paper to amend rates is approved	
Final date for AGA changes			
8 March 2024		MSD must finalise adjustments for IT systems	