

Date: 20 March 2009

SH-3-2-4-6

To: Minister of Finance



## **AIDE MEMOIRE: WORKING FOR FAMILIES INDEXATION – LEGISLATIVE OPTIONS TO REMOVE INDEXATION**

This aide memoire responds to your request on whether removing Working for Families tax credit indexation could be enacted as part of Budget legislation.

### **Legislative Options**

Removing the Working for Families indexation requirement can be delivered through the introduction of a Bill on Budget day. It would require the introduction of a separate Bill (ie not included in the normal Appropriation Bills). Urgency would need to be moved prior to 6pm on Budget Day for introduction and passing of the Bill (see Standing Order 55). This Bill would not be a supply matter (and would need to be expressly declared a matter of confidence to be considered a confidence matter).

If you decided not to legislate on Budget day, other options are:

- include in the May Taxation Bill (but this is a remedial Bill only, and including the WFF changes may not be appropriate – we would not recommend this)
- include in the November Taxation Bill (this may make this Bill more controversial and deflect attention from the primary tax issues being considered)
- introduce a separate Bill later in the year.

### **Widening the Scope to Cover Other Benefit Indexation**

You may also wish to consider widening the scope of the Bill to put into legislation (in this case the Social Security Act) the current practice that main Benefits be increased every year by the CPI (a National Party pre-election commitment). You may also wish to include any other indexation matters (see separate Aide Memoire on *Paid Parental Leave Indexation*).

These could be included in a single omnibus Bill only if the Office of the Clerk accepts that the amendments being made deal with an interrelated topic that can be regarded as implementing a single broad policy [SO259(a)] (or the Business Committee has agreed (by unanimity or near-unanimity see SO75) to the Bill's introduction as an omnibus bill [SO259(c)]).

### **Options**

Please indicate whether you would like officials to proceed on the basis of introducing a Bill on Budget day: **Yes/No**

Please indicate whether you would like to consider widening this Bill to cover:

Putting *into* legislation the indexation of Main Benefits: **Yes/No**

*Removing from* legislation other schemes where you may consider indexation is not desirable: **Yes/No**

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