

The Treasury

Budget 2017 Information Release

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[40]	Not in scope	

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) and section 18 of the Official Information Act.

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Date: 21 December 2016

To: Minister of Finance (Hon Steven Joyce)

Deadline: None

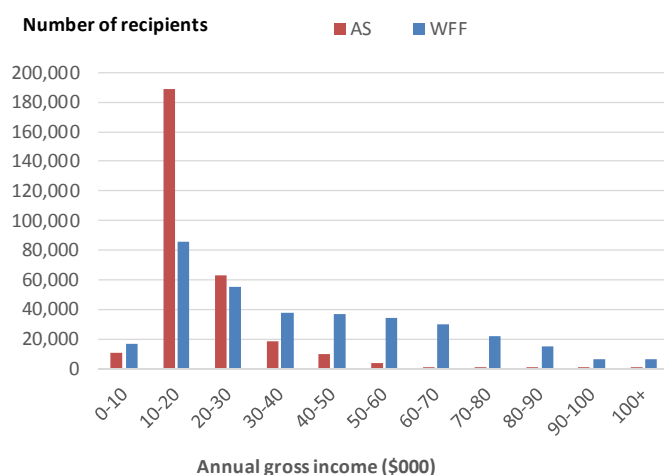
Aide Memoire: Who receives Accommodation Supplement and Working for Families?

This note provides distributional information on recipients of the Accommodation Supplement (AS) and Working for Families (WFF), as you requested at a chew session on 15 December.

Key points

- AS is received by 290,000 households, and WFF is received by 350,000 households.
- AS recipients are mainly at the lower end of the income distribution with almost two-thirds of recipients having an annual gross taxable income between \$10,000 and \$20,000 (Figure 1). In contrast, 54% of WFF recipients have an annual gross income above \$30,000.
- Most AS households are single adults or sole parents, beneficiaries and working age. Uptake of AS by non-beneficiary households is low, likely associated with these households having no relationship with MSD.
- The regional distribution of recipients is broadly reflective of the total population, with some variation due to demographic and economic characteristics of each region. While Auckland accounts for 31% of AS recipients, it accounts for 44% of AS expenditure. This reflects a higher average AS payment to recipients in Auckland than in other regions.

Figure 1: Number of households receiving AS and WFF



Source: MSD, IRD, Treasury

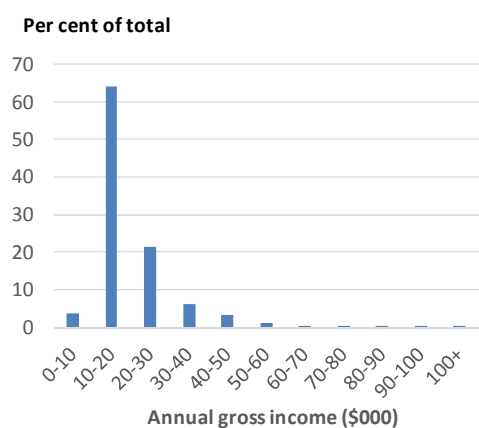
Accommodation Supplement

AS is received by around 290,000 households with an annual fiscal cost of \$1.2 billion (2015/16).

The income distribution of AS recipients is in Figure 2 and average weekly payment by income band is in Figure 3.¹ The income measure is gross taxable income (including income from main benefits). Most AS recipients (64%) have an annual gross income between \$10,000 and \$20,000. The average weekly payment is \$71 per week.

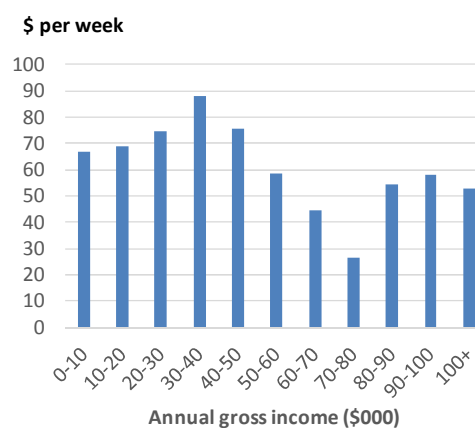
Most AS recipient households are single without children (55%) or sole parents (30%) and most receive a working-age benefit (68%). Only a small proportion of non-beneficiary households receive AS (around 4%). It is likely that take-up of AS among non-beneficiaries is low, in part due to non-beneficiaries not having a relationship with MSD. Most AS recipients are of working age (87% are aged below 65) with 12% of recipients also receiving NZ Super.²

Figure 2: AS recipients by income band



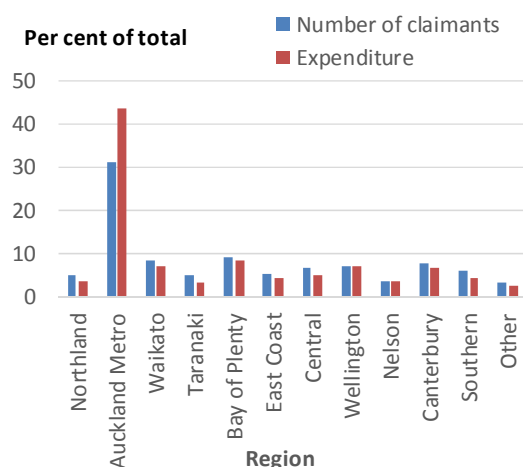
Source: MSD, Treasury

Figure 3: Average AS payment by income band



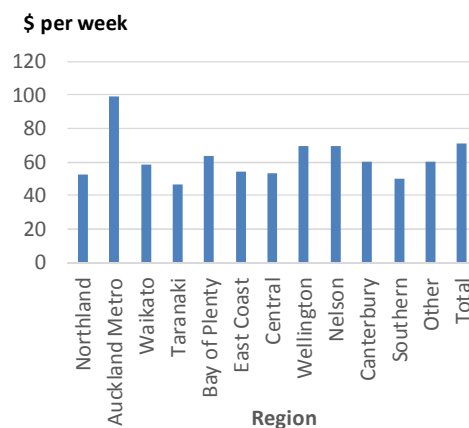
Source: MSD, Treasury

Figure 4: AS recipients by region



Source: MSD, Treasury

Figure 5: Average AS payment by region



Source: MSD, Treasury

¹ Based on analysis of recipients as at December 2016.

² Based on 2015 data.

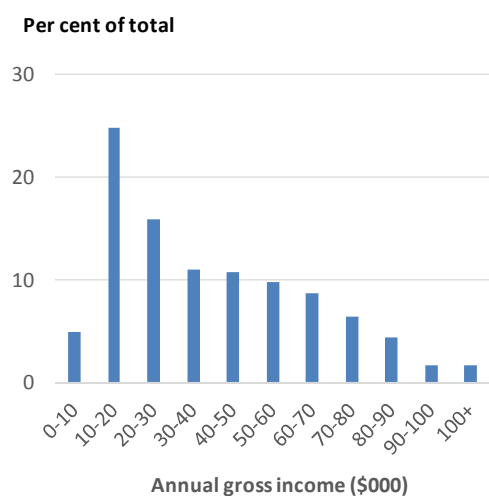
The regional distribution of AS recipients and expenditure is in Figure 4.³ Auckland accounts for 31% of AS recipients, but accounts for 44% of expenditure. This reflects a higher average payment to Auckland recipients (\$99 per week) compared with the national average (\$71 per week), as shown in Figure 5. The regional distribution of recipients is broadly reflective of the total population, with some variation due to demographic and economic characteristics of each region. For example, Bay of Plenty has a higher proportion of recipients (9.3%) than people in the total population (6.3%).

Working for Families

Working for Families assistance is received by around 350,000 households with an annual fiscal cost of \$2.3 billion (2015/16).

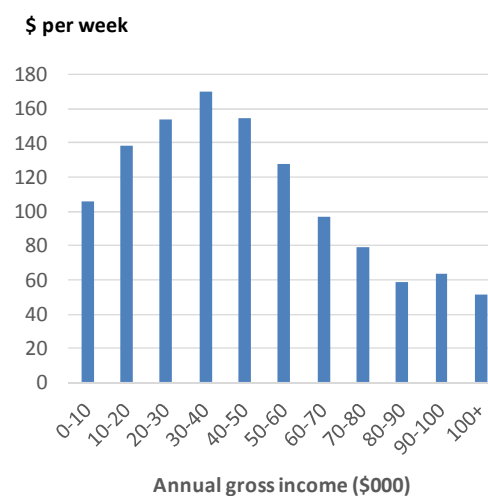
The income distribution of WFF recipients is in Figure 6 and average weekly payment by income band is in Figure 7.⁴ The income measure is gross taxable income (including income from main benefits). WFF is received by households across the income distribution with 46% of recipients having an annual income below \$30,000, 31% having an income between \$30,000 and \$60,000, and 23% having an income above \$60,000. The average level of WFF assistance is \$130 per week, although there is considerable variation across the income distribution.

Figure 6: WFF recipients by income band



Source: IRD, Treasury

Figure 7: Average WFF assistance by income band



Source: IRD, Treasury

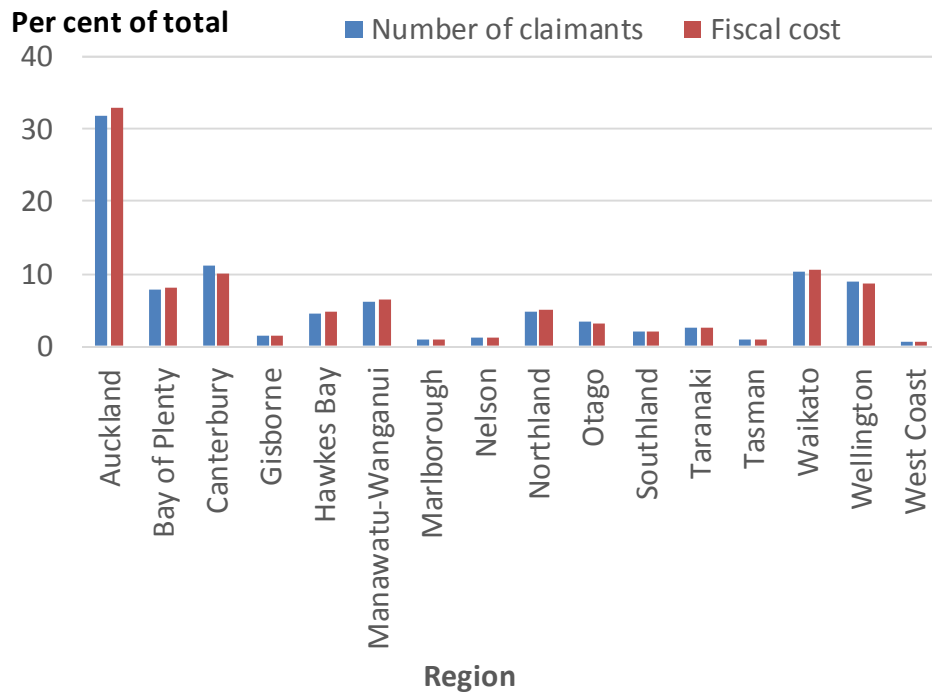
The regional distribution of WFF recipients is in Figure 8.⁵ The distribution of recipients and fiscal cost is broadly similar across regions. The distribution is broadly reflective of the overall population, but some regions have somewhat more or less recipients than their share of the total population. Auckland accounts for 32% of WFF recipients and 33% of the fiscal cost (compared with 34% of the total population).

³ Regions are defined by MSD for administrative purposes.

⁴ Based on analysis for the 2014-15 tax year.

⁵ Regions are based on Inland Revenue's address data and are not the same as the regions used for the AS analysis.

Figure 8: WFF recipients and fiscal cost by region



Source: IRD, Treasury

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