

The Treasury

Families Package Information Release

Release Document

March 2018

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- [1] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials;
- [2] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions;
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Treasury Report: Consolidated distributional impacts of the Families Package

Date:	5 December 2017	Report No:	T2017/2797
		File Number:	SH-13-5-2-4

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	<p>Note that this report provides Ministers with consolidated information on the impact of the Families Package on two metrics:</p> <ul style="list-style-type: none"> a) average gain per week for families with children, and b) the projected reduction in the number of children living in low-income households <p>Refer this report to Families Package Joint Ministers</p>	8 December 2017

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
[2]	[4]	N/A (mob)	
		N/A (mob)	✓
Andrew Hunter	Manager - Analytics & Insights	N/A (mob)	

Actions for the Minister's Office Staff (if required)

Return the signed report to Treasury.
Refer this report to Families Package Joint Ministers.

Note any feedback on the quality of the report

Enclosure: No

Analysis in this report is affected by a coding error

Treasury Report: Consolidated distributional impacts of the Families Package

Purpose of Report

1. This report provides you with consolidated information about the projected impacts of the Families Package. It sets two updated metrics side by side for ease of reference: the average weekly gain for families with children and the projected reduction of children in low-income households.
2. This report presents updated figures for the average weekly gain for families with children (see Annex 1). This metric was used in the Cabinet paper [CAB-17-MIN-0516 refers], but those figures are now out of date and should be replaced by the figures in this report. Ministers have already seen the updated figures on low-income households with children (T2017/2749 refers), but we have included them in this report for completeness.
3. Officials are updating the Families Package communications materials with these figures.

Updates to the Treasury model

Updated modelling to assess the impact of the Families Package against current settings

4. On Monday 4 December, you received a report updating the projected impacts of the Families Package (T2017/2749 refers). This was driven by a change to the base case the Treasury used to model the impact of the Package.
5. This update allowed the Treasury to compare the Families Package to current settings, as opposed to the version of the model used for the Cabinet paper (which compared the Families Package to legislated settings) [CAB-17-MIN-0516 refers].
6. The previous report presented Ministers with updated projections for the number of children in low-income households relative to current settings. This report updates and consolidates the distributional measures used in the Cabinet paper because the Treasury improved the modelling.

Additional modelling to ensure that impact metrics for the Families Package are 'like for like'

7. Given the process underway with your office to finalise communications materials, the Treasury was concerned that using comparisons of impact metrics modelled using different methods could cause confusion.
8. To ensure that all impact metrics can be used side by side, the Treasury has updated the distributional impacts of the Families Package relative to the previous Government's Family Incomes Package.
9. This report provides Ministers with these updated figures, and also reproduces the number of children in low-income households used in T2017/2749 to ensure that the most recent distributional figures are collated in one place.

Updated projection of average weekly gain

10. The Treasury has updated its projection of the average weekly gain from the Families Package relative to the previous Government's Family Incomes Package. We are now able to model the average gain per week for families with children from two different points of comparison. The new data tables are in Annex 1.

Average gain per week compared to current settings

11. Annex 1 reproduces (with no changes) the average weekly gain for families with children compared to current settings (i.e. settings as at today). In tax year 2019, 385,000 families with children will receive an average gain per week of \$65.70. This means that they will receive, on average, \$65.70 more per week from the Families Package than they would if current settings continued.
12. By the end of tax year 2021, 384,000 families with children will receive, on average, \$75.44 more per week than they would if current settings were to continue unchanged.

Average gain per week compared to Budget 2017 settings

13. The second comparison shows the average gain per week under the Families Package compared to that under the previous Government's Family Incomes Package. In tax year 2019, 367,000 families with children will receive on average \$26.27 more from the Families Package than they would have received from the Family Incomes Package.
14. By the end of tax year 2021, 364,000 families with children will receive, on average, \$39.26 more per week under the Families Package than they would have received under the previous Government's Family Incomes Package.

Data in Annexes 2 and 3

15. For completeness, the tables in Annex 2 show the average weekly gains and losses per week for families without children.
16. Annex 3 reproduces (with no changes) the tables used in T2017/2749 so that Ministers have this information in one place. That report noted some important caveats about the use of this analysis. These include:
 - a The numbers are highly dependent on the underlying survey data, modelling assumptions and economic conditions, and are therefore subject to change;
 - b These numbers are modelled projections, not forecasts; and
 - c As described in T2017/2749 these numbers are different to the values used in MSD's annual Household Incomes Report and are therefore not comparable.

Next Steps

17. Officials will review the press releases and other communications materials to ensure that they are consistent with these updated projections.

Recommended Action

We recommend that you:

- a **note** that this report provides Ministers with consolidated information on the impact of the Families Package on two metrics:
 - a) average gain per week for families with children, and
 - b) the projected reduction in the number of children living in low-income households
- b **refer** this report to the Ministers forming the governance of the Families Package (Housing and Urban Development, Social Development, Revenue, and Children).

Yes/No.

Andrew Hunter
Manager, Analytics & Insights

Hon Grant Robertson
Minister of Finance

Families Package - Families with Children

Tax Year 2019									
Family Taxable Income Decile	Compared to Settings Pre-Budget 2017 (Current Settings)				Compared to Budget 2017 Settings (Family Incomes Package)				
	Minimum Family Taxable Income in Range ¹	Number of Families ¹	Families Gaining	Average gain per week for Families that gain	Families Gaining	Average gain per week for Families that gain	Families losing	Average loss per week for families that lose	
1	*	61,000	61,000	\$ 65.84	61,000	\$ 26.81	*	*	
2	\$ 20,000	60,000	60,000	\$ 84.03	60,000	\$ 30.04	*	*	
3	\$ 24,000	61,000	60,000	\$ 70.33	58,000	\$ 15.30	*	*	
4	\$ 39,000	61,000	61,000	\$ 69.30	61,000	\$ 34.15	*	*	
5	\$ 59,000	61,000	57,000	\$ 59.97	57,000	\$ 28.23	*	*	
6	\$ 76,000	61,000	44,000	\$ 54.68	40,000	\$ 24.76	21,000	\$ (18.01)	
7	\$ 93,000	61,000	23,000	\$ 41.69	16,000	\$ 18.82	45,000	\$ (21.37)	
8	\$ 113,000	61,000	10,000	\$ 47.46	8,000	\$ 22.94	52,000	\$ (28.37)	
9	\$ 141,000	61,000	4,000	\$ 47.60	*	*	58,000	\$ (33.27)	
10	\$ 185,000	61,000	*	*	*	*	58,000	\$ (34.02)	
ALL	*	608,000	385,000	\$ 65.70	367,000	\$ 26.27	241,000	\$ (28.25)	
Tax Year 2020									
Family Taxable Income Decile	Compared to Settings Pre-Budget 2017 (Current Settings)				Compared to Budget 2017 Settings (Family Incomes Package)				
	Minimum Family Taxable Income in Range ¹	Number of Families ¹	Families Gaining	Average gain per week for Families that gain	Families Gaining	Average gain per week for Families that gain	Families losing	Average loss per week for families that lose	
1	*	65,000	65,000	\$ 70.39	63,000	\$ 35.97	*	*	
2	\$ 20,000	59,000	59,000	\$ 79.23	59,000	\$ 32.63	*	*	
3	\$ 25,000	61,000	61,000	\$ 67.66	60,000	\$ 20.89	*	*	
4	\$ 41,000	62,000	62,000	\$ 74.08	62,000	\$ 41.31	*	*	
5	\$ 62,000	61,000	59,000	\$ 69.53	57,000	\$ 37.42	4,000	\$ (14.65)	
6	\$ 78,000	61,000	44,000	\$ 57.50	41,000	\$ 25.86	21,000	\$ (18.20)	
7	\$ 96,000	62,000	21,000	\$ 40.31	13,000	\$ 16.84	48,000	\$ (22.36)	
8	\$ 117,000	61,000	9,000	\$ 52.73	7,000	\$ 26.77	55,000	\$ (28.62)	
9	\$ 144,000	61,000	4,000	\$ 46.83	*	*	59,000	\$ (33.87)	
10	\$ 190,000	61,000	*	*	*	*	59,000	\$ (34.19)	
ALL	*	614,000	385,000	\$ 68.04	368,000	\$ 31.94	246,000	\$ (28.68)	
Tax Year 2021									
Family Taxable Income Decile	Compared to Settings Pre-Budget 2017 (Current Settings)				Compared to Budget 2017 Settings (Family Incomes Package)				
	Minimum Family Taxable Income in Range ¹	Number of Families ¹	Families Gaining	Average gain per week for Families that gain	Families Gaining	Average gain per week for Families that gain	Families losing	Average loss per week for families that lose	
1	*	65,000	65,000	\$ 78.24	63,000	\$ 43.21	*	*	
2	\$ 21,000	60,000	60,000	\$ 93.42	62,000	\$ 42.71	*	*	
3	\$ 26,000	62,000	62,000	\$ 74.77	61,000	\$ 27.67	*	*	
4	\$ 42,000	62,000	62,000	\$ 81.17	62,000	\$ 48.18	*	*	
5	\$ 64,000	62,000	59,000	\$ 75.44	54,000	\$ 46.29	8,000	\$ (11.00)	
6	\$ 81,000	62,000	44,000	\$ 54.10	38,000	\$ 26.92	24,000	\$ (18.21)	
7	\$ 99,000	62,000	16,000	\$ 44.28	10,000	\$ 19.85	52,000	\$ (23.40)	
8	\$ 121,000	62,000	9,000	\$ 62.46	8,000	\$ 34.70	54,000	\$ (29.75)	
9	\$ 149,000	62,000	*	*	*	*	59,000	\$ (34.18)	
10	\$ 198,000	62,000	*	*	*	*	59,000	\$ (34.36)	
ALL	*	620,000	384,000	\$ 75.44	364,000	\$ 39.26	257,000	\$ (28.74)	

Access to the Household Economic Survey data was provided by Statistics New Zealand under conditions designed to give effect to the security and confidentiality provisions of the Statistics Act 1975. The results presented here are the work of Treasury, not Statistics New Zealand.

*Suppressed for confidentiality, values must have more than 3000 counts (weighted) and 10 or more sample units

¹ The minimum income in range and numbers of families in each decile are with respect to the current settings, the values for Budget 2017 settings are comparable but not identical.

Families Package - Families without Children

Tax Year 2019									
Family Taxable Income Decile	Compared to Settings Pre-Budget 2017 (Current Settings)				Compared to Budget 2017 Settings (Family Incomes Package)				
	Minimum Family Taxable Income in Range ²	Number of Families ²	Families Gaining	Average gain per week for Families that gain	Families Gaining	Average gain per week for Families that gain	Families losing	Average loss per week for families that lose	
1	*	185,000	*	*	*	*	*	*	*
2	\$ 7,000	185,000	95,000	\$ 15.26	95,000	\$ 8.79	18,000	\$ (2.05)	
3	\$ 17,000	185,000	136,000	\$ 11.91	64,000	\$ 3.30	120,000	\$ (2.78)	
4	\$ 25,000	184,000	82,000	\$ 12.87	25,000	\$ 3.75	160,000	\$ (1.12)	
5	\$ 36,000	185,000	103,000	\$ 13.81	9,000	\$ 1.71	176,000	\$ (1.55)	
6	\$ 42,000	185,000	47,000	\$ 13.97	8,000	\$ 3.47	177,000	\$ (8.96)	
7	\$ 53,000	184,000	47,000	\$ 14.12	3,000	\$ 2.58	181,000	\$ (15.65)	
8	\$ 71,000	185,000	34,000	\$ 12.42	*	*	184,000	\$ (17.50)	
9	\$ 97,000	185,000	39,000	\$ 12.84	*	*	184,000	\$ (24.89)	
10	\$ 133,000	184,000	40,000	\$ 13.05	*	*	184,000	\$ (31.24)	
ALL	*	1,845,000	626,000	\$ 13.46	205,000	\$ 5.82	1,384,000	\$ (13.59)	
Tax Year 2020									
Family Taxable Income Decile	Compared to Settings Pre-Budget 2017 (Current Settings)				Compared to Budget 2017 Settings (Family Incomes Package)				
	Minimum Family Taxable Income in Range ²	Number of Families ²	Families Gaining	Average gain per week for Families that gain	Families Gaining	Average gain per week for Families that gain	Families losing	Average loss per week for families that lose	
1	*	188,000	*	*	*	*	*	*	*
2	\$ 7,000	187,000	94,000	\$ 15.54	93,000	\$ 8.71	28,000	\$ (2.98)	
3	\$ 18,000	187,000	142,000	\$ 11.82	139,000	\$ 1.61	48,000	\$ (6.49)	
4	\$ 26,000	188,000	83,000	\$ 13.15	70,000	\$ 1.36	117,000	\$ (1.31)	
5	\$ 37,000	187,000	102,000	\$ 13.68	14,000	\$ 1.33	174,000	\$ (1.65)	
6	\$ 44,000	188,000	49,000	\$ 13.82	14,000	\$ 2.15	174,000	\$ (11.51)	
7	\$ 55,000	188,000	47,000	\$ 13.99	*	*	185,000	\$ (15.86)	
8	\$ 74,000	187,000	36,000	\$ 12.27	*	*	187,000	\$ (17.84)	
9	\$ 101,000	188,000	42,000	\$ 12.86	*	*	188,000	\$ (25.47)	
10	\$ 137,000	187,000	41,000	\$ 13.06	*	*	187,000	\$ (31.41)	
ALL	*	1,875,000	638,000	\$ 13.44	333,000	\$ 3.58	1,288,000	\$ (15.35)	
Tax Year 2021									
Family Taxable Income Decile	Compared to Settings Pre-Budget 2017 (Current Settings)				Compared to Budget 2017 Settings (Family Incomes Package)				
	Minimum Family Taxable Income in Range ²	Number of Families ²	Families Gaining	Average gain per week for Families that gain	Families Gaining	Average gain per week for Families that gain	Families losing	Average loss per week for families that lose	
1	*	191,000	*	*	*	*	*	*	*
2	\$ 7,000	190,000	95,000	\$ 15.88	94,000	\$ 8.68	34,000	\$ (3.87)	
3	\$ 19,000	190,000	147,000	\$ 11.70	64,000	\$ 3.34	126,000	\$ (2.40)	
4	\$ 27,000	191,000	90,000	\$ 13.77	27,000	\$ 4.07	163,000	\$ (0.95)	
5	\$ 38,000	190,000	95,000	\$ 13.53	7,000	\$ 1.87	183,000	\$ (2.00)	
6	\$ 46,000	190,000	49,000	\$ 14.10	11,000	\$ 2.93	179,000	\$ (13.64)	
7	\$ 57,000	191,000	48,000	\$ 13.30	*	*	188,000	\$ (15.86)	
8	\$ 76,000	190,000	38,000	\$ 12.12	*	*	189,000	\$ (18.27)	
9	\$ 104,000	191,000	42,000	\$ 12.98	*	*	191,000	\$ (26.23)	
10	\$ 143,000	189,000	45,000	\$ 13.13	*	*	189,000	\$ (31.41)	
ALL	*	1,902,000	652,000	\$ 13.51	206,000	\$ 5.80	1,444,000	\$ (14.41)	

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² The minimum income in range and numbers of families in each decile are with respect to the current settings, the values for Budget 2017 settings are comparable but not identical.

Annex 3 – Projected reduction in the number of children in low-income households (reproduced from T2017/2749)

Table 1 Projected reduction in number of children in low-income households under the **Families Package**

Tax Year	50% of Median Equivalised BHC Income				60% of Median Equivalised BHC Income			
	Children in Poverty				Children in Poverty			
	Status Quo	Reform	Reduction	Reduction (%)	Status Quo	Reform	Reduction	Reduction (%)
2016	157,000				265,000			
2019	161,000	90,000	71,000	44%	273,000	217,000	56,000	20%
2020	164,000	92,000	72,000	44%	286,000	225,000	61,000	21%
2021	181,000	93,000	88,000	48%	303,000	229,000	74,000	24%

Table 2 Projected reduction in number of children in low-income households under the Budget 2017 **Family Incomes Package**

Tax Year	50% of Median Equivalised BHC Income				60% of Median Equivalised BHC Income			
	Children in Poverty				Children in Poverty			
	Status Quo	Reform	Reduction	Reduction (%)	Status Quo	Reform	Reduction	Reduction (%)
2016	157,000				265,000			
2019	161,000	106,000	55,000	34%	273,000	239,000	34,000	12%
2020	164,000	119,000	45,000	28%	286,000	253,000	33,000	11%
2021	181,000	132,000	49,000	27%	303,000	266,000	37,000	12%