

Tackling inequality and child poverty

Main benefit increases

In **Budget 2021**, to tackle inequality and child poverty, we are lifting weekly main benefit rates by between \$32 and \$55 per adult, to bring these rates in line with a key recommendation of the Welfare Expert Advisory Group (WEAG) and provide an additional boost to families with children.

This will be achieved through the following:

- The increases will be implemented in two stages, with an immediate \$20 per adult per week increase on 1 July 2021.
- The second increase will be on 1 April 2022 to lift rates to align with a key recommendation from WEAG. In addition, for families with children, we are increasing main benefit rates by a further \$15 per adult per week in order to continue to make progress towards our child poverty targets.
- We are also helping students by increasing student support by \$25 per week on 1 April 2022.

In total, 109,000 families with children will be, on average, **\$175 per week** better off as a result of changes made by the Government **since late 2017**.

20 May 2021

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in any form before 2:00pm on Thursday 20 May 2021

We are lifting main benefit rates by between \$32 and \$55 per adult

As a result of this investment, weekly main benefit rates will be between \$32 and \$55 per adult higher from 1 April 2022. The increases will be implemented in two stages, with an immediate \$20 per adult per week increase on 1 July 2021.

This builds on our previous actions to lift incomes

Since late 2017, the Government has made a number of changes to increase support to individuals and families in need, including increasing main benefit rates by \$25 per family as part of the initial COVID-19 response and indexing main benefits to average wage growth in Budget 2019.

Weekly main benefit rates will be between \$67 and \$86 per adult higher from 1 April 2022 as a result of changes made by the Government since late 2017.

This is to align with a key recommendation of the WEAG. We are also providing an additional boost to families with children

	Main benefit rates per adult		Main benefit rate increases per adult		Percent increase, all changes since late 2017
	WEAG levels	1 April 2022	Budget 2021 changes	All changes since late 2017	
Sole parents and couples with children ✓					
Sole Parent Support	\$374	\$434	+\$36	+\$79	+22%
Supported Living Payment sole parent	\$399	\$485	+\$36	+\$82	+20%
Jobseeker Support couple with children	\$268	\$283	+\$55	+\$79	+38%
Supported Living Payment couple with children	\$305	\$320	+\$42	+\$68	+27%
<i>Note that in addition, families with children will also have benefited from increases in the Family Tax Credit, the higher rate of the Winter Energy Payment and the Best Start payment</i>					
Individuals and couples without children ✓					
Jobseeker Support single 25 years and over	\$315	\$315	+\$48	+\$86	+38%
Supported Living Payment single 18 years and over	\$359	\$359	+\$32	+\$73	+25%
Jobseeker Support couple without children	\$268	\$268	+\$55	+\$77	+40%
Supported Living Payment couple without children	\$305	\$305	+\$42	+\$67	+28%

These changes, in combination with the Families Package, will make a big difference for families...



109,000 sole parents and couples with children will be, on average, **\$175 per week** better off as a result of changes made by the Government since late 2017.¹

These families are estimated to be better off by an average of **\$40 per week** from the Budget 2021 benefit increases.



263,000 individuals and couples without children will be, on average, **\$88 per week** better off as a result of changes made by the Government since late 2017.

These families are estimated to be better off by an average of **\$42 per week** from the Budget 2021 benefit increases.

...and help us reduce the number of children living in poverty

The increases to main benefits are projected to:



... lift between **12,000 and 28,000 more children** out of poverty on the *before-housing-costs* measure in 2022/23

...lift between **19,000 and 33,000 more children** out of poverty on the *after-housing-costs* measure in 2022/23.



¹ Excluding the Winter Energy Payment, which is paid from 1 May to 1 October.

We are also increasing support for students

On 1 April 2022, student allowances and the student loan living cost entitlement will increase by \$25 per student per week (net). This is estimated to help 120,000 students meet essential living costs.

Student support will be \$79 per student higher from 1 April 2022 as a result of changes made by this Government since late 2017, including the \$50 boost in January 2018.

Alongside this, we have responded to other WEAG recommendations as part of the Welfare Overhaul, including the following:

- we have changed the way main benefits are indexed, to ensure they grow in line with average wages for the first time in New Zealand's history, and have also increased the amount people can earn before their benefit begins to reduce
- some obligations and sanctions that had a disproportionate impact on children have already been removed or are in the process of being removed, such as the sanction on sole parents who do not identify the other parent of their child (Section 192) and the subsequent child policy
- funding for employment services and frontline staff has been increased, Mana in Mahi and Flexi-wage have been expanded, and initiatives such as the Rapid Return to Work Service and the Apprenticeship Boost Scheme have been introduced
- significant investments to address cost pressures in the community sector so NGOs can continue to provide extra support to New Zealanders in need
- the Government will continue to work on addressing other recommendations from WEAG, including through the review of Working for Families tax credits and work on debt to government.



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