

Reference: 20220219

4 July 2022



TE TAI ŌHANGA
THE TREASURY

Dear [REDACTED]

Thank you for your Official Information Act request, received on 3 June 2022. You requested the following:

A breakdown of the number of people who are eligible for the new Cost of Living payment broken down by total household net income. If you do not have this data, then an estimate is fine.

Summary of Information

The table below shows the estimated number of households gaining, average gain, and total spend by household equivalised disposable income (HEDI) decile for the Cost-of-Living payment. The average gain is the gain per week over the year (as per standard model outputs), so is the total payment over the year divided by the number of weeks in a year. The breakdowns are by equivalised disposable income (which allows for comparisons across different household types) as is standard for these outputs, not by total household net income (as per the request).

HEDI Decile	Decile Boundary	Households that gain		Households that lose		All households	
		Households	Average gain (per week)	Households	Average loss (per week)	Households	Total spend
1	\$25,200 ± \$200	89k ± 8k	\$12 ± \$1	S	S	189k ± 1k	\$55.5m ± \$5.9m
2	\$28,800 ± \$400	37k ± 5k	\$12 ± \$1	S	S	189k ± 1k	\$24.1m ± \$3.4m
3	\$34,300 ± \$500	92k ± 7k	\$12 ± \$1	S	S	189k ± 1k	\$57.1m ± \$4.3m
4	\$40,700 ± \$600	133k ± 6k	\$12 ± \$1	S	S	189k ± 1k	\$84.5m ± \$5.4m
5	\$48,200 ± \$800	147k ± 5k	\$12 ± \$1	S	S	189k ± 1k	\$88.1m ± \$3.8m
6	\$56,100 ± \$700	155k ± 5k	\$11 ± \$1	S	S	189k ± 1k	\$92.8m ± \$4.4m
7	\$65,800 ± \$900	131k ± 6k	\$12 ± \$1	S	S	189k ± 1k	\$80.8m ± \$4.6m
8	\$77,800 ± \$1,300	126k ± 6k	\$11 ± \$1	S	S	189k ± 1k	\$70.3m ± \$4.4m
9	\$98,300 ± \$2,100	107k ± 7k	\$9 ± \$1	S	S	189k ± 1k	\$52.9m ± \$4.6m
10		72k ± 5k	\$8 ± \$1	S	S	189k ± 1k	\$31.7m ± \$2.5m
All		1,088k ± 14k	\$11 ± \$1	S	S	1,887k ± 1k	\$637.9m ± \$8.5m

* S = Suppressed for confidentiality

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Key caveats that were provided with these results:

- This analysis was carried out using Treasury's micro-simulation model of the tax and welfare system - TAWA. All calculations should be considered as estimations.
- Estimates are for the 2022/2023 tax year using HES 2019/20 augmented using IDI data, inflated and population adjusted with HEYEFU 2021 inflation estimates. Results are sensitive to particular data and EFU inflation estimates, and TAWA routinely updates its data and EFU inflation estimates. This can result in differences when comparing analysis requests.
- The TAWA input data is different to the administrative data that will be used by IR to assess eligibility for the CoL payment, so the total fiscal cost is different.
- These results assume that people's incomes and family situations do not change significantly between tax year 2022 and the payment periods in tax year 2023.
- The TAWA input data does not provide any information to exclude individuals who do not file a tax assessment, who will be excluded when this policy is implemented.
- These results were prepared using HEFU21 forecasts, because at the time they were produced we have not incorporated BEFU22 forecasts into TAWA.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Patrick Nolan
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