

The Treasury

COVID-19 Information Release

April 2020

This document has been prepared for release by the Treasury.

Context

This paper (alternative options and updated financial recommendations) informed decisions on the Winter Energy Payment [CAB-20-MIN-0108].

Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [29] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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Annex Three: Alternate options to extend the Winter Energy Payment and updated financial recommendations

Summary

This note provides you with updated financial recommendations to table at Cabinet today relating to the Winter Energy Payment for the:

- current proposal; and
- two alternate lower cost options to extend the Winter Energy Payment.

Given the speed under which these proposals have been developed, we have identified issues in the current recommendations. These have been corrected in the attached recs.

	Period	Annual rates	Weekly rates	Cost
Status Quo	1 May – 1 Oct (22 weeks)	\$450 (single) \$700 (couple)	\$20.46 (single) \$31.82 (couple)	-
Current proposal: <i>extend period and increase rates by \$1500</i>	1 May – 31 Dec 2020 (35 weeks)	\$1950 (single) \$2200 (couple)	\$55.71 (single) \$62.86 (couple)	\$1.3 billion
Option 1: <i>extend period at current weekly rate</i>	1 May – 31 Dec 2020 (35 weeks)	\$716 (single) \$1114 (couple)	\$20.46 (single) \$31.82 (couple)	\$292 million
Option 2: <i>extend period and increase rates by \$500</i>	1 May – 31 Dec 2020 (35 weeks)	\$950 (single) \$1200 (couple)	\$27.14 (single) \$34.28 (couple)	\$429 million

Updated recommendations

Current proposal: extend period and increase rates by \$1500

Increases to the Winter Energy Payment

29. agree that the annual rates of payments under the WEP (to be paid in equal instalments) for 2020 will be;
- \$1,950 for single people with no dependent children, paid from 1 May for a period of 35 weeks (up from the current \$450 for 22 weeks from 1 May); and
 - \$2,200 for couples or single people with dependent children, paid from 1 May for 35 weeks (up from the current \$700 for 22 weeks from 1 May)
30. note that changes to the WEP period combined with changes to payment rates requires a change to the Social Security Act 2018 ahead of 1 May 2020;
31. note that the WEP changes proposed in recommendation 37 above will apply in 2020 only and current setting will resume in 2021 and subsequent years;
32. agree to increase spending to provide for costs associated with the policy decisions in recommendations 32 and 37 above, with the following impacts on the operating balance and net core Crown debt:

	\$m - increase/(decrease)					
Vote Social Development	2019/20	2020/21	2021/22	2022/23	2023/24	Outyears
Operating Balance Impact	243.374	1,489.320	489.254	487.167	470.932	470.932
Debt Impact	-	-	-	-	-	-
No Impact	-	81.790	95.223	97.992	95.400	95.400
Total	243.374	1,571.110	584.477	585.160	566.331	566.331

33. approve the following changes to appropriations to give effect to the policy decision in recommendations 32 and 37 above:

	\$m - increase/(decrease)					
Vote Social Development	2019/20	2020/21	2021/22	2022/23	2023/24	Outyears
Minister for Social Development Benefits or Related Expenses:						

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Childcare Assistance	-	(0.262)	(0.360)	(0.576)	(0.567)	(0.567)
Hardship Assistance	-	(4.379)	(3.793)	(2.780)	(1.074)	(1.074)
Jobseeker Support and Emergency Benefit	-	283.616	342.6 69	332.4 41	302.5 70	302.57 0
Sole Parent Support	-	104.778	107.7 47	110.1 75	113.1 98	113.19 8
Supported Living Payment	-	150.507	156.0 49	160.9 51	166.0 77	166.07 7
Winter Energy Payment	243.3 74	1,057.8 07	-	-	-	
Youth Payment and Young Parent payment	-	4.522	4.653	4.835	5.113	5.113
Minister of Housing Benefits or Related Expenses:						
Accommodation Assistance	-	(25.478)	(22.48 8)	(9.88 7)	(18.98 5)	(18.985)
Total Operating	243.3 74	1 571.1 10	584.4 77	585.1 60	566.3 31	566.33 1

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Option 1: extend period at current weekly rate

Increases to the Winter Energy Payment

31. agree that the annual rates of payments under the WEP (to be paid in equal instalments) for 2020 will be;
 - 31.1 \$716 for single people with no dependent children, paid from 1 May for a period of 35 weeks (up from the current \$450 for 22 weeks from 1 May); and
 - 31.2 \$1,114 for couples or single people with dependent children, paid from 1 May for 35 weeks (up from the current \$700 for 22 weeks from 1 May)
32. note that changes to the WEP period combined with changes to payment rates requires a change to the Social Security Act 2018 ahead of 1 May 2020;
33. note that the WEP changes proposed in recommendation 37 above will apply in 2020 only and current setting will resume in 2021 and subsequent years;
34. agree to increase spending to provide for costs associated with the policy decisions in recommendations 32 and 37 above, with the following impacts on the operating balance and net core Crown debt:

	\$m - increase/(decrease)					
Vote Social Development	2019/20	2020/21	2021/22	2022/23	2023/24	Outyears
Operating Balance Impact	-	723.144	489.254	487.167	470.932	470.932
Debt Impact	-	-	-	-	-	-
No Impact	-	81.790	95.223	97.992	95.400	95.400
Total	-	804.934	584.477	585.160	566.331	566.331

35. approve the following changes to appropriations to give effect to the policy decision in recommendations 32 and 37 above:

	\$m - increase/(decrease)					
Vote Social Development	2019/20	2020/21	2021/22	2022/23	2023/24	Outyears
	0	1	2	3	4	s
Minister for Social Development Benefits or Related Expenses:						
Childcare Assistance	-	(0.262)	(0.360)	(0.576)	(0.567)	(0.567)
Hardship Assistance	-	(4.379)	(3.793)	(2.780)	(1.074)	(1.074)
Jobseeker Support and Emergency Benefit	-	283.61	342.66	332.44	302.57	302.570
		6	9	1	0	

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Sole Parent Support	-	104.77 8	107.74 7	110.17 5	113.19 8	113.198
Supported Living Payment	-	150.50 7	156.04 9	160.95 1	166.07 7	166.077
Winter Energy Payment	-	291.63 1	-	-	-	-
Youth Payment and Young Parent payment	-	4.522	4.653	4.835	5.113	5.113
Minister of Housing Benefits or Related Expenses:						
Accommodation Assistance	-	(25.478)	(22.488)	(19.887)	(18.985)	(18.985)
Total Operating	-	804.93 4	584.47 7	585.16 0	66.33 1	566.331

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Option 2: extend period and increase rates by \$500

Increases to the Winter Energy Payment

31. agree that the annual rates of payments under the WEP (to be paid in equal instalments) for 2020 will be;
 - 31.1 \$950 for single people with no dependent children, paid from 1 May for a period of 35 weeks (up from the current \$450 for 22 weeks from 1 May); and
 - 31.2 \$1,200 for couples or single people with dependent children, paid from 1 May for 35 weeks (up from the current \$700 for 22 weeks from 1 May)
32. note that changes to the WEP period combined with changes to payment rates requires a change to the Social Security Act 2018 ahead of 1 May 2020;
33. note that the WEP changes proposed in recommendation 37 above will apply in 2020 only and current setting will resume in 2021 and subsequent years;
34. agree to increase spending to provide for costs associated with the policy decisions in recommendations 32 and 37 above, with the following impacts on the operating balance and net core Crown debt:

	\$m - increase/(decrease)					
Vote Social Development	2019/20	2020/21	2021/22	2022/23	2023/24	Outyears
Operating Balance Impact	33.829	827.022	489.254	487.167	470.932	470.932
Debt Impact	-	-	-	-	-	-
No Impact	-	81.790	95.223	97.992	95.400	95.400
Total	33.829	908.812	584.477	585.160	566.331	566.331

35. approve the following changes to appropriations to give effect to the policy decision in recommendations 32 and 37 above:

	\$m - increase/(decrease)					
Vote Social Development	2019/20	2020/21	2021/22	2022/23	2023/24	Outyears
Minister for Social Development Benefits or Related Expenses:						
Childcare Assistance	-	(0.262)	(0.360)	(0.576)	(0.567)	(0.567)
Hardship Assistance	-	(4.379)	(3.793)	(2.780)	(1.074)	(1.074)
Jobseeker Support and Emergency Benefit	-	283.61	342.66	332.44	302.57	302.57
		6	9	1	0	0

IN-CONFIDENCE

Sole Parent Support	-	104.77 8	107.74 7	110.17 5	113.19 8	113.19 8
Supported Living Payment	-	150.50 7	156.04 9	160.95 1	166.07 7	166.07 7
Winter Energy Payment	33.82 9	395.50 8	-	-	-	-
Youth Payment and Young Parent payment	-	4.522	4.653	4.835	5.113	5.113
Minister of Housing Benefits or Related Expenses:						
Accommodation Assistance	-	(25.47 8)	(22.48 8)	(19.88 7)	(18.98 5)	(18.985)
Total Operating	33.82 9	908.81 2	584.47 7	585.16 0	566.33 1	566.33 1