

Budget 2021 Initiative Summary

Main Benefit Rate Increase and Complementary Changes

Section 1: Overview

Department to complete	
Lead Minister	Minister for Social Development and Employment
Department	Ministry of Social Development (MSD)
What type of initiative is this?	<input type="checkbox"/> Critical cost pressure <input checked="" type="checkbox"/> <i>Manifesto commitment</i>
Initiative description	<p>This initiative increases all main benefit rates by \$25 net, per week, per adult, from 1st July 2021. This increases support for all families receiving a main benefit and improves income adequacy, ensuring low-income families have more income to meet everyday living costs.</p> <p>It includes two complementary changes, to prevent recipients from being financially disadvantaged from the flow-on effects of a main benefit increase. The first is amending the Temporary Additional Support (TAS) formula for people with high disability costs and changing the disability exception amount to prevent double counting of costs. The second is changing the income definition for Childcare Assistance to exclude other supplementary benefit payments as income.</p> <p>The Minimum Family Tax Credit will need to increase to ensure that sole parents remain financially better off in work than on a main benefit.</p>
Is this a Cross-Vote initiative?	Y
Department contact	Maggie Veskovik, Policy Analyst, Welfare and Income Support Policy, Maggie.Veskovik001@msd.govt.nz , s 9(2)(a) Daniel Frischknecht, Principal Policy Analyst, Daniel.Frischknecht001@msd.govt.nz , s 9(2)(a)
Treasury contact	Keegan Taylor

Total Funding Sought

Department to complete						
Operating funding sought (\$m)	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears	Total
Main benefit increase ¹		\$534.7m	\$530.5m	\$523.0m	\$513.8m	\$2,102.0m
Changes to TAS DA exception		\$2.1m	\$2.2m	\$2.4m	\$2.6m	\$9.2m
Changes to CCA income definition		\$3.8m	\$4.2m	\$4.6m	\$5.2m	\$17.8m
Project delivery ²		\$2.3m	N/A	N/A	N/A	\$2.3m
Minimum Family Tax Credits flow-on		\$8.0m	\$8.0m	\$8.0m	\$8.0m	\$32.0m
Research and Evaluation		\$0.4m	\$0.5m	\$0.2m	\$0.1m	\$1.2m
Total		\$551.3m	\$545.4m	\$538.2m	\$529.7m	\$2,164.6m³

Department to complete											
Capital funding sought (\$m)	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total

¹ These main benefit increase costings account for any savings arising from the flow-on impacts of a main benefit increase to supplementary payments. These flow-on effects to the Accommodation Supplement costings have been itemised in section 5 of this bid.

² These include IT and service delivery project resources.

³ There is a \$0.1m variance between the sum of the horizontal totals (\$2,164.6m) and the sum of the vertical totals (\$2,164.5m). This is due to rounding.

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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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Section 2: Proposal

For cost pressure initiatives, or manifesto commitments to fund a cost pressure, complete **section 2A** only.
For any other manifesto commitments, complete **section 2B** only.

Section 2B: Manifesto commitment initiative

Department to complete (as relevant)	
Each answer must not exceed 300 words. To the extent practical, answers should link to information in the bid's Wellbeing Analysis and any other supporting information.	
Source of comment	<input checked="" type="checkbox"/> Labour Party Manifesto <input type="checkbox"/> Speech from the Throne
Problem or opportunity	<p>Income adequacy</p> <p>The Welfare Expert Advisory Group's (WEAG) income adequacy analysis showed that many beneficiaries, and some low-income working people, face significant income shortfalls to meet basic costs and meaningfully participate in society. Over 70 percent of households below After Housing Costs (AHC) 50⁴ receive their main income from a benefit.</p> <p>Main benefit increases in early 2020 increased payment relativities, disadvantaging those without children relative to those with children. Both WEAG and the MSD found that single people with no dependent children have the lowest average AHC income⁵.</p> <p>The Labour Party Manifesto outlines increasing income support as a key aspect of the COVID-19 recovery response and the welfare system overhaul.</p> <p>TAS</p> <p>TAS recipients with high disability costs can receive additional support over and above the TAS upper limit through the Disability Exception Amount (DEA). Increases in main benefit rates may push some people off the TAS upper limit resulting in them experiencing a cliff-face abatement by becoming ineligible for the DEA that tops up and contributes toward their excess disability costs. Disability costs are also double counted which results in inefficient payment of disability costs.</p> <p>Childcare Assistance</p> <p>Childcare Assistance is the only supplementary payment which charges other supplementary benefit payments as income. A main benefit increase may have flow-on effects to some supplementary assistance which may reduce, or fully abate, Childcare Assistance. This limits the impact on child poverty targets and income adequacy manifesto commitments.</p> <p>*** Changing the income definition for Childcare Assistance to exclude supplementary assistance feeds in-to the Main Benefit Increase budget initiatives, and the Improving Childcare Assistance budget initiatives. Funding for the income definition change will be included in this bid.</p>
Proposed initiative	<p>The main benefit increase would increase the rates of all main benefits by \$25 net, per week, per adult. A 'per adult' main benefit increase ensures every adult receiving a main benefit has the same dollar increase, rebalancing the payment relativities between those with and without children that arose from the earlier main benefit increase. It also targets groups with the lowest residual incomes while still ensuring almost all beneficiaries gain.</p> <p>There are two complementary changes required to prevent people from being financially disadvantaged from the main benefit increase flow-on effects:</p> <ol style="list-style-type: none"> 1. Amending the TAS formula to remove the TAS Disability Exception cliff-face abatement and changing the DEA to meet the first \$100 of excess disability costs in full and excess costs subsidized at 30 percent. 2. Changing the Childcare Assistance income definition to exclude other supplementary benefit payments as income. <p>This initiative aligns with the Labour Party's COVID-19 recovery plans to mitigate the long-term, compounding effects of poverty and job loss induced and/or exacerbated by COVID-19. To maximise its efficacy in preventing the compounding effects of COVID-19 on income adequacy, time sensitivities must be considered around its implementation.</p> <p>Reaching the Government's ten-year child poverty targets will require regular income support increases over time, with a focus on those on the lowest incomes. Any benefit increases will need to be implemented by July 2021 to have a full impact on the second target period of the child poverty reduction targets. Changes need to be made through Budget 2021. Initiatives implemented after July 2021 would have only a partial impact.</p>

⁴ AHC50 measures those whose incomes after housing costs are less than 50 percent of the 2017/18 median income.

⁵ After adjusting for household size and composition

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	A Transitional Assistance Payment (TAP) will be utilised to mitigate the short-term impacts to a small number of clients being financially worse off as a result of the main benefit rate increase.	
Expected outcomes	<p>Main benefit increase</p> <p>This is estimated to cost \$2,102 million over the four-year forecast period, benefiting approximately 436,000 families by increasing their income by an average of \$23 net, per week.⁶</p> <p>A 'per adult' benefit increase improves payment relativities between those with and without children. This improves income adequacy for main benefit recipients, ensuring they will be better able to meet their living costs and those with children will be better able to meet their children's needs. This will help to reduce poverty, ensuring low-income families have more income to meet living costs, with flow-on benefits to child wellbeing.</p> <p>These initiatives align with the Manifesto commitments to increase income support as part of the COVID-19 recovery response and the welfare system overhaul.</p> <p>Temporary Additional Support</p> <p>This is estimated to cost \$9.2 million over the four-year forecast period, benefiting 1,600 families by increasing their household income by an average of \$24 net, per week.</p> <p>This change increases income support to people with high disability costs by preventing financial disadvantage for some changes in circumstances, such as income increases. It is expected that transitional assistance payments will be required less. This is also consistent with WEAG's recommendations relating to reforming supplementary and hardship assistance, and improving the income adequacy, health and wellbeing of people with health conditions and disabilities.</p> <p>Childcare Assistance</p> <p>This is estimated to cost \$17.8 million over the four-year forecast period, benefiting 2,200 families by increasing their household income by an average of \$24 net, per week.</p> <p>This ensures that Childcare Assistance is not reduced following increases in supplementary assistance. It would reduce hardship in working families by increasing Childcare Assistance, improving in-work financial assistance, and improving work incentives.</p>	
Is the initiative related to the COVID-19 response or recovery?	Y	The impacts of income inadequacy are longstanding issues that have been exacerbated by COVID-19. COVID-19 has displaced workers, increased the reliance on main benefits and is likely to increase hardship rates over time. These impacts have added an additional layer of complexity to longstanding income adequacy and poverty issues identified in WEAG's 2019 report, Whakamana Tāngata. This initiative would relieve existing income adequacy pressures, which aligns with wider COVID-19 recovery plans to mitigate the long-term and compounding effects of poverty and job loss induced and/or exacerbated by COVID-19.
Regulatory or legislative change required	Y	No change to primary legislation is required, however an Order in Council will be required to amend the rates at which benefits are paid. To amend the TAS disability exception amount and the income definition for Childcare Assistance, changes to regulations will need to be made.

Section 3: Additional information requirements

Department to complete	
Does the initiative require new FTE or contractors?	N/A
Does the initiative directly impact on Māori or Pacific peoples?	Y Broader welfare system issues such as income adequacy, unemployment and benefit receipt disproportionately affect Māori and Pacific peoples. As at September 2020, around 37 percent of beneficiaries were Māori, and 9 percent of beneficiaries were Pacific peoples, compared with approximately 17 percent of the overall population. Income adequacy-focused changes could potentially provide gains for Māori that are broadly equivalent to their representation in the benefit system, which is higher than their representation in the overall population.

⁶ This is the average increase per family, after accounting for the flow-on effects of the main benefit increase to supplementary payments.

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Does the initiative have an impact on child poverty?	Y	<p>Increasing benefit incomes supports further progress being made towards the Government's ten-year child poverty targets, which requires regular and significant increases in income support over time. It does this by improving family incomes and reducing hardship among working families. It is also positively associated with many dimensions of child wellbeing, including health outcomes, cognitive and social behaviour, and long-term life outcomes relating to adult employment, education, income and health.</p> <p>The below table shows the anticipated impact of a \$25 net, per week main benefit increase per adult, on two child poverty measures. The third measure used in the Budget 2019 Child Poverty Report relates specifically to material hardship. MSD is not able to forecast using this measure.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Poverty measure</th> <th>Child poverty reduction</th> </tr> </thead> <tbody> <tr> <td>BHC50⁷</td> <td>-9,000 (+/- 5,000)</td> </tr> <tr> <td>AHC50⁸</td> <td>-14,000 (+/- 5,000)</td> </tr> </tbody> </table>				Poverty measure	Child poverty reduction	BHC50 ⁷	-9,000 (+/- 5,000)	AHC50 ⁸	-14,000 (+/- 5,000)
Poverty measure	Child poverty reduction										
BHC50 ⁷	-9,000 (+/- 5,000)										
AHC50 ⁸	-14,000 (+/- 5,000)										
Are there any other relevant population impacts?	Y	Income adequacy changes focused on beneficiaries would also have benefits for people with health conditions and disabilities as over 40% of all beneficiaries are receiving a Supported Living Payment or Jobseeker Support on the grounds of health condition and disability.									
If <u>capital or ICT</u> initiative	<i>Type</i>	<input type="checkbox"/>	ICT/data/digital	<input type="checkbox"/>	Physical Infrastructure	<input type="checkbox"/>	Other <i>please specify</i>				
	Start and end dates										
<u>See Annex A for further questions – mandatory to complete for all capital initiatives</u>											

Section 4: Monitoring and reporting

Department to complete

MSD has current evaluation and reporting underway to assess the impacts of the welfare overhaul work programme, including the Budget 2019 income support and Families Package. Welfare overhaul monitoring includes annual reporting on main benefit impacts, as well as additional research on the quantitative impacts of these payments. MSD currently use a combination of monitoring and evaluation to track trends and assess the impacts of the welfare overhaul policy changes.

This bid seeks funding of \$1.2m to expand the existing monitoring and evaluation work to include the impact of this initiative. This additional monitoring and evaluation includes:

- Further analysis of benefit incomes of benefit recipients
- Monitoring and analysis of income and wellbeing for population subgroups, such as Maori and sole parents. This will include further qualitative case studies.

Child poverty impacts will be subject to regular reporting by MSD and Statistics New Zealand.

⁷ BHC50 measures those whose incomes are less than 50 percent of the median income (before housing costs).

⁸ AHC50 measures those whose incomes after housing costs are less than 50 percent of the 2017/18 median income.

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Section 5: Further breakdown of funding sought

Funding sought by component

Department to complete												
Provide a component-by-component breakdown of what the requested funding will purchase. Briefly explain the formula used, or key assumptions made, to calculate the cost of each output. Add additional rows to the table as needed to capture each output separately. Please include which Vote(s) will be impacted by each component.												
Input – Operating	Funding profile (\$m)										Total	Vote
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears							
Main benefit increase		\$555.6	\$553.4	\$547.2	\$540.5					\$2,196.7m	Vote Social Development	
Flow on effects to Income Related Rents		(\$20.9m)	(\$22.9m)	(\$24.2m)	(26.8m)					(\$94.8m)	Vote Housing and Urban Development	
Changes to TAS DA exception		\$2.1m	\$2.2m	\$2.4m	\$2.6m					\$9.2m	Vote Social Development	
Changes to CCA income definition		\$3.8m	\$4.2m	\$4.6m	\$5.2m					\$17.8m	Vote Social Development	
Project delivery ⁹		\$2.3m	N/A	N/A	N/A					\$2.3m	Vote Social Development	
Minimum Family Tax Credits flow-on		\$8.0m	\$8.0m	\$8.0m	\$8.0m					\$32.0m	Vote Revenue	
Research and Evaluation		\$0.4m	\$0.5m	\$0.2m	\$0.1m					\$1.2m	Vote Social Development	
Net Total		\$551.3m	\$545.4m	\$538.2m	\$529.7m					\$2,164.6m		
Gross Total¹⁰		\$664.7m	\$660.1m	\$652.9m	\$643.7m					\$2,621.4m		
Input – Capital	Funding profile (\$m)										Total	Vote
	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30		
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	N/A
Formula and Assumptions	This modelling assumes HYEFU20 macro assumptions. MSIM population is based on data from 27th November 2020. Eligibility - it's not possible to model the impact of extending eligibility of a benefit. Impact to the social housing wait list is not modelled Impact on Special Needs Grants and Recoverable Assistance are not modelled The Minimum Family Tax Credit will increase as a result of this main benefit increase in order to ensure that sole parents remain financially better off in work than on a main benefit.											
Appropriations	This funding increase would increase existing BoRE appropriations.											

Fit with existing activity

Department to Complete	
<i>The answer must not exceed 300 words.</i>	
Existing services	This bid seeks to increase income support to main benefit recipients. As such, there would be no impact on existing service initiatives.

⁹ These include IT and service delivery project resources.

¹⁰ The Gross Total includes income tax attributed to the increase of main benefits only.

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Provide an overview of existing funding levels for this initiative, and/or initiatives with similar objectives, in the two tables below.

	Operating Funding profile (\$m)					Total					
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears						
Existing funding for this/similar initiatives		-	-	-	-	-					
Total funding sought for this initiative		\$534.7m	\$530.5m	\$523.0m	\$513.8m	\$2,102.0m					
% change between existing funding and funding sought		-	-	-	-	-					
Comments (optional)	The relevant 'existing activity' is the payment of main benefits. In the Half Year Economic and Fiscal Update Budget, \$29,087m was estimated for Benefits and related expenses, including approximately \$6,109m for main benefits. This does not include the departmental cost of administering the benefits which is baselined.										
	Capital Funding profile (\$m)										Total
	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	
Existing funding for this/similar initiatives	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total funding sought for this initiative	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
% change between existing funding and funding sought	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comments (optional)	No capital funding is required for this initiative.										

Options analysis

Department to Complete

The answer must not exceed 300 words.

Options analysis

The following options have been considered but not proposed.

Option A

A 10 percent increase to rates of main benefits.

Option B

s9(2)(f)(iv)

Option C

s9(2)(f)(iv)

Viability of options

Option A

This is estimated to cost slightly more than a \$25 main benefit increase, however, as this initiative centres on a percentage increase, different groups will receive different increases which may make it difficult to mitigate the payment relativities created by recent benefit increases. The \$25 net, per week, per adult increase, compared to a percentage increase as a per adult adjustment rebalances the payment relativities that arose between people with and without children through income support changes. This benefit increase targets groups with the lowest residual incomes while still ensuring almost all beneficiaries gain

Option B & C

s9(2)(f)(iv)

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Alternative scaled option













Department to complete											
<i>The answer must not exceed 300 words.</i>											
Option overview	An alternative scaled option would be a \$25 net, per week main benefit increase to families with children only. This option would maintain the focus on child poverty but reduce fiscal costs significantly. If Ministers wanted a greater child poverty focused package, they could consider this option as a targeted approach to fulfilling long-term child poverty goals. However, this option means some of the lowest income individuals and families don't receive any increases in assistance, which could further widen existing payment imbalances between those with children and those without children. Furthermore, in conjunction with the childcare income definition changes proposed, this option could widen the differential treatment of those with children relative to those without children.										
Department to complete											
<i>Provide a component-by-component breakdown of what the scaled funding would purchase. If the formula used or key assumptions made differ from those used for the primary option, briefly explain these. Add additional rows to the table as needed to capture each output separately.</i>											
Input – Operating	Operating Funding profile (\$m)										Total
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears						
Net benefit expenditure		\$627.4m	\$608.2m	\$602.2m	\$602.2m					\$2,440m	
Project Delivery		NA	NA	NA	NA					NA	
Total		\$627.4m	\$608.2m	\$602.2m	\$602.2m					\$2,440m	
Input – Capital	Capital Funding profile (\$m)										Total
	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Total											
Formula and assumptions	Impact on Special Needs Grants and Recoverable Assistance is not modelled Results are based on PREFU20+ macro assumptions. MSIM population is based on data from 26th June 2020.										

Section 6: Wellbeing impacts and additional information

Section 6A: Wellbeing analysis

Department to attach	
<p><i>Each initiative must be accompanied by the following supporting information:</i></p> <ul style="list-style-type: none"> o <i>Cost benefit analysis, or CBAX;</i> o <i>An <u>intervention logic map</u>, capturing the initiatives' aims, outputs, outcomes (over the short, medium and long term), and the future state the initiative contributes to; and</i> o <i>Analysis of <u>wellbeing impacts & risks</u> in the table at Section 6B below, containing analysis of the groups likely to be impacted by the initiative, the magnitude of impact, and the efficacy of the initiative in responding to the problem or opportunity.</i> <p><i>This analysis may be presented in the prescribed formats outlined above; OR any other suitable format, containing analysis that fulfils these information requirements. Analysis in either format must make reference to the Wellbeing Domains impacted, and quantify and monetise each impact where possible.</i></p> <p><i>For capital initiatives, it is mandatory to attach a <u>business case</u> in compliance with CO(19)6.</i></p>	
Additional attachments	<p>Intervention log map. Wellbeing analysis.</p> <p>A CBA has not been included separately as CBA guidance advises gainers and losers who are parties to transfer payments are generally ignored. This is because benefits to the recipients are assumed to offset the costs to the payers and because the transfer does not involve the creation or destruction of resources. The direct costs and benefits associated with the initiative and its complementary changes have been included in section 2B 'Expected Outcomes'.</p>
Wellbeing domains	

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	<p>Civic engagement and governance People's engagement in their country's governance, how "good" NZ's governance is perceived to be and the procedural fairness of our society.</p>		<p>Cultural identity Having a strong sense of identity, belonging and ability to be oneself and the existence value of cultural taonga</p>		<p>Environment The natural and physical environment and how it impacts people today</p>		<p>Subjective wellbeing Overall life satisfaction and sense of meaning and self</p>
	<p>Health Our mental and physical health</p>		<p>Housing The quality, suitability, and affordability of the homes we live in</p>		<p>Income and consumption People's disposable income from all sources, how much people spend and the material possessions they have</p>		<p>Safety People's safety and security (both real and perceived) and their freedom from risk of harm, and lack of fear.</p>
	<p>Jobs and earnings The quality of people's jobs (including monetary compensation) and work environment, people's ease and inclusiveness of finding suitable employment, and their job stability and freedom from unemployment</p>		<p>Knowledge and skills People's knowledge and skills</p>		<p>Social connections Having positive social contacts and a support network</p>		<p>Time-use The quality and quantity of people's leisure and recreation time (that is, people's free time where they are not working or doing chores).</p>

Section 6B: Wellbeing impacts & risks

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Department to complete

This section is mandatory, unless this analysis has been included in a separate attachment.


Outline the key wellbeing impacts of the initiative, using a new row for each impact. These should highlight:

- For cost pressures, the wellbeing impacts if funding is not provided
- For manifesto commitments, the key impacts of the intervention, both positive and negative

There should be at least three key impacts identified.

Impact Description	Affected Group	Timeframe Realised	Domain Impacted	Supporting Evidence	Magnitude of impact
Incomes of beneficiaries (and some non-beneficiaries) increased	All main benefit recipients and partners; those with high disability costs; and, working families and sole parents with children	Immediately following implementation on July 2021. > 5 years		<p>Recipients receiving main benefits will benefit by an average of \$23 per week, per adult.</p> <p>Clients with high disability costs will benefit by an average of \$24 per week (in addition to any main benefit increase gains).</p> <p>Working families will benefit by an average of \$24 net, per week through Childcare Assistance income definition amendments.</p>	<p>The main benefit increase will increase the incomes of 436,000 families.</p> <p>The Childcare Assistance amendments are expected to benefit approximately 2,200 families.</p> <p>The TAS changes will benefit approximately 1600 people with high disability costs. It is estimated that 120 people with disability costs are estimated to be financially disadvantaged following the change to the TAS formula anomaly. This number of disadvantaged people is slightly higher than those who would be financially disadvantaged if a main benefit increase progressed on its own, but, prevents future disadvantage through the flow-on effects of a main benefit increase.</p>
Able to engage better with their community	All main benefit recipients and partners; those with high disability costs; working families and sole parents with children	Immediately following implementation on 1 July 2021. > 5 years		<p>Recipients and families whose weekly incomes increase as a result of the main benefit increase will have more resources available for greater participation.</p>	Moderate – cannot be quantified.
Work incentives may be reduced slightly	All main benefit recipients and partners.	Immediately following implementation on 1 July 2021. > 5 years		<p>Some beneficiaries of this increase may find that the level of increased income that they could achieve from paid work is insufficient to incentivise them moving off the benefit.</p> <p>Financial incentives are only one factor in a person's decision of whether to enter paid employment.</p>	<p>Likely to be minimal. The minimum family tax credit is designed to ensure that families do not face a reduction in after-tax income when moving into paid employment.</p> <p>Work obligations remain in place for relevant benefits.</p>

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<p>Work incentives may be improved for those with children requiring childcare assistance</p>	<p>Main benefit recipients or low-income earners, who are also working families or sole parents with children, incurring childcare costs</p>	<p>Immediately following implementation on 1 July 2021. > 5 years</p>		<p>Some beneficiaries of this increase may find greater incentive to enter or increase their participation in work. Financial incentives are only one factor in a person's decision of whether to enter paid employment.</p>	<p>Up to the 2,200 families benefiting from the Childcare Assistance amendments.</p>
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Department to complete

Dependencies, assumptions and risks

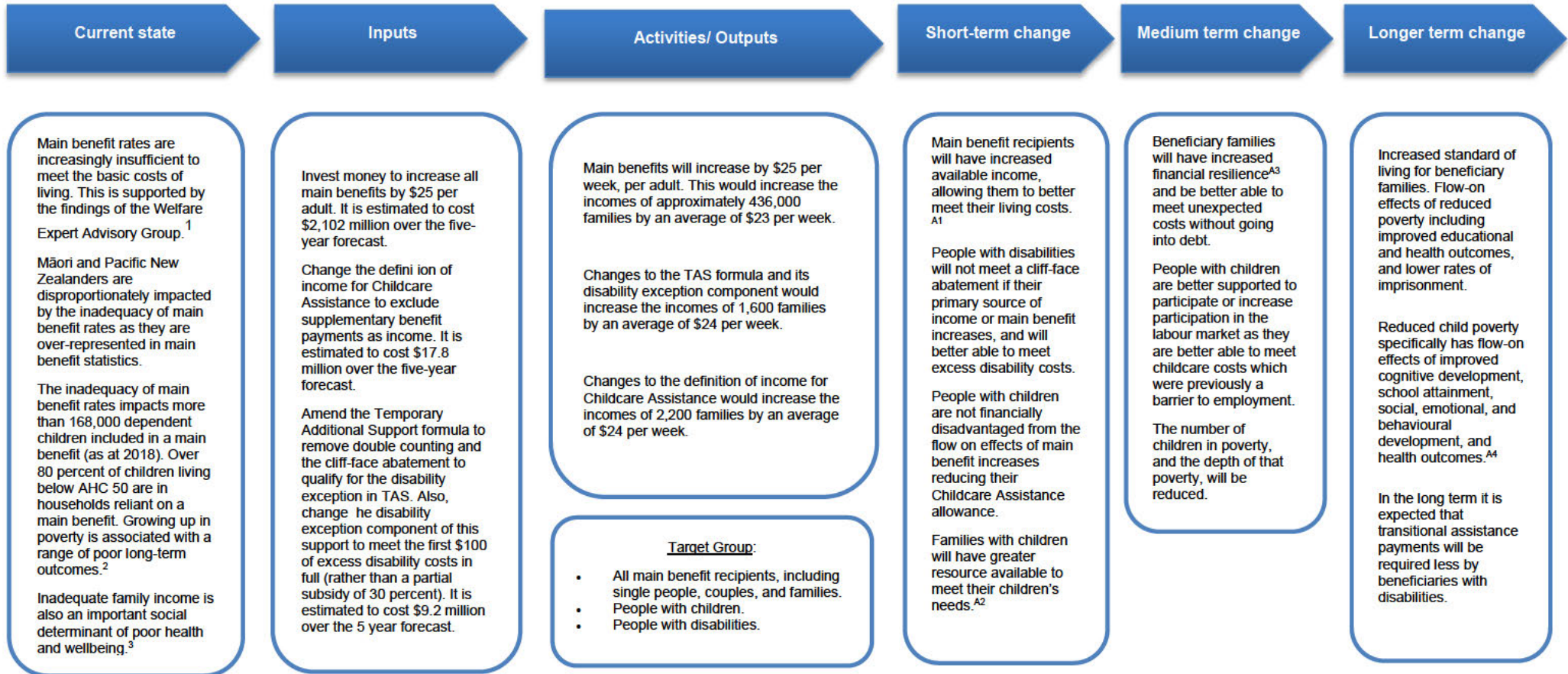
Increasing main benefit rates will reduce or remove the eligibility of some clients to other types of assistance.

A small number of clients may be financially worse off as a result of the main benefit rate increase reducing or removing the eligibility of some clients to other types of assistance. Similarly, while amending the disability exception amount for TAS will reduce the number of people who require a TAP in the long term, there will be a group of TAS recipients who will be financially disadvantaged. The option of a TAP will be utilised to mitigate these impacts in the short term.

The impact of a main benefit increase may be affected by other changes to the income support system sought as part of Budget 2021, such as the manifesto commitment to lift abatement thresholds,

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Main Benefit Increase Intervention logic



Assumptions

A1. It is assumed that the increase will help main benefit recipients to better meet the standard costs of living. Increases in housing and other costs may reduce the intended positive impact of the increased income.

A2. It is assumed that the increase will assist parents on a main benefit to meet their children's needs.

A3. It is assumed that people may be able to build up a buffer to better cope with unexpected costs. In areas with high housing costs this may be more challenging.

A4. It is assumed that the impacts of this benefit increase on child poverty will not be outweighed by other factors, e.g. housing costs, which may increase child poverty.

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