

# Report



**Inland Revenue**  
Te Tari Taake



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

**Date:** 17 February 2022

**Security  
Level:**

IN CONFIDENCE

**To:** Hon Carmel Sepuloni, Minister for Social Development and  
Employment

Hon David Parker, Minister of Revenue

---

## Next steps for engagement on the Working for Families Review

### Purpose of the report

- 1 In August 2021, Ministers agreed to defer public and targeted engagement to inform the review of Working for Families to April/May 2022. This report sets out the next steps for going live with public and targeted engagement from April 2022.

### Executive summary

- 2 Public and targeted engagement on Working for Families (WFF) will continue largely as planned last year [REP/21/7/765; IR2021/312]. Public engagement will be through written submissions and a short survey, and targeted engagement will be through a limited number of meetings and workshops with key stakeholders, as previously agreed by Ministers.
- 3 Officials propose public engagement is open from 20 April to 31 May 2022, giving a six-week submissions window. A six-week window balances the need to provide sufficient time for people to engage, with the need to produce timely engagement findings to inform advice on options from mid-2022.
- 4 At the time of deferring engagement, Ministers also agreed to revise the guidance material ahead of engagement in 2022, with a focus on the survey questions. The revised guidance material is attached as Appendix One and proposed survey questions as Appendix Two, for your review and feedback.
- 5 Ahead of public engagement going live, officials recommend the Minister for Social Development and Employment takes an oral item to Cabinet, to update your colleagues ahead of launching engagement.
- 6 Targeted engagement with key experts and stakeholders will progress at the same time as public engagement. An updated list of proposed stakeholders is attached as Appendix Three.

- 7 Officials are working to develop a Māori and iwi engagement approach which follows *Te Arawhiti Crown Engagement with Māori* framework. Officials are considering a long list of identified relationships with Māori and iwi held by Ministry of Social Development (MSD) and Inland Revenue (IR), and will progress targeted engagement with key groups, as resourcing constraints allow.
- 8 Officials will analyse submissions from public and targeted engagement throughout June 2022 and provide a report to Ministers summarising the key findings. Findings from engagement will be used to inform substantive advice

s9(2)(f)(iv)

## Recommended actions

It is recommended that you:

- 1 **note** you previously agreed to an eight-week submissions window for public engagement; however, officials now recommend six weeks to balance the need to give the public sufficient time, against the need for timely engagement findings to inform advice on options
- 2 **agree** for public engagement to go live on 20 April 2022 and be open for six weeks

Agree / Disagree

Minister for Social Development and  
Employment

Agree / Disagree

Minister of Revenue

- 3 **provide feedback** on the guidance material and survey questions for public engagement
- 4 **agree** for the Minister for Social Development and Employment to present an oral item to Cabinet on public engagement before it goes live

Agree / Disagree

Minister for Social Development and  
Employment

Agree / Disagree

Minister of Revenue

- 5 **provide feedback** on the proposed list of experts and key stakeholders for targeted engagement
- 6 **note** officials are working to develop a Māori and iwi engagement approach, and will engage with key stakeholders, consistent with this approach
- 7 **forward** a copy of this report to the Minister for Child Poverty Reduction and the Minister of Finance for their information.

Agree / Disagree

**Minister for Social Development and  
Employment**



---

Polly Vowles  
Policy Manager  
Ministry of Social Development



---

Murray Shadbolt  
Policy Lead (Acting)  
Inland Revenue



---

Hon Carmel Sepuloni  
Minister for Social Development  
and Employment

---

Hon David Parker  
Minister of Revenue



## Planned public and targeted engagement was deferred to April/May 2022

- 9 Public and targeted engagement to inform the Review of WFF was originally planned for September 2021, s9(2)(f)(iv).
- 10 You agreed to defer public engagement until April/May 2022, as substantive changes to WFF are being developed on a longer timeframe [REP/21/8/873, IR2021/374]. You agreed to revisit the guidance material to support public engagement, given this was prepared under tight time frames in 2021. You also agreed to defer targeted engagement with experts and key stakeholders until early 2022.
- 11 Engagement was also originally planned to include the Accommodation Supplement. Given the initial focus of the Accommodation Supplement Review on options to increase take-up, the Minister of Housing and the Minister for Social Development and Employment have subsequently agreed to proceed with targeted engagement only on the Accommodation Supplement, with no public engagement [REP/21/11/1271 refers]. Targeted engagement on the Accommodation Supplement will be covered in separate advice and will proceed separately to targeted engagement on WFF.
- 12 This report sets out the next steps for public and targeted engagement to inform the WFF Review.

## Public engagement

### Process for public submissions

- 13 As previously planned, public engagement will be via written submissions, through email and post, and a short online survey. People can choose to provide either a written submission or do the survey, or complete both. Engagement will be hosted on an MSD webpage and will be linked from other agencies' websites who are involved in the Review.
- 14 Agencies will alert a wide range of stakeholders and interested parties to the engagement process to ensure a high level of awareness. This will involve a multi-channel approach including direct email, web content and through existing stakeholder reference groups. Agencies will encourage groups to provide their feedback and to share the links to the engagement website with their networks.

### Timing of public engagement

- 15 Officials recommend public engagement goes live on 20 April 2022, with submissions open for six weeks, closing on 31 May 2022.
- 16 When Ministers agreed to defer engagement in 2021, Ministers agreed to an eight-week submissions window [REP/21/8/873; IR2021/374]. Officials now recommend a six-week window for submissions. MSD is not able to begin engagement before 20 April 2022 due to operational resource constraints. Starting on 20 April also reduces overlap with public engagement on a New



Zealand Income Insurance Scheme, which is currently live and closes on 26 April 2022.

- 17 Officials do not recommend extending public engagement beyond the end of May 2022. Extending engagement would condense timeframes s9(2)(f)(iv) . While a longer timeframe is preferable, officials believe a six-week window provides enough time for stakeholders to engage with the guidance information and provide a submission, particularly as this engagement does not seek submissions on specific options for change.
- 18 This timing will allow for a report to Ministers summarising findings from engagement in late June/early July 2022, s9(2)(f)(iv) .
- 19 Previously, officials advised submissions analysis would be outsourced [REP/21/765; IR2021/312]. This will now be done by officials within MSD and IR.

Guidance material and survey questions to support engagement have been revised

- 20 As discussed in previous advice [REP/21/6/614 refers], the guidance material will be concise rather than a discussion document and will not cover options for change. The guidance material will be available for people completing a written submission or the survey.
- 21 A revised draft of previous guidance material is attached as Appendix One, and the survey is attached at Appendix Two. The main changes are removing the Accommodation Supplement content and switching from a qualitative survey to a quantitative survey.
- 22 A quantitative survey, with answers to choose from, is likely to be easier for people to complete and generate more responses. This will provide more data to analyse and support stronger findings to inform the Review. Questions which are not suitable for a quantitative survey will be included as prompts for written submissions instead (e.g. What do you like about WFF?).
- 23 We are seeking feedback from Ministers on whether the guidance material and survey questions cover all expected areas, and if not, what else should be included.
- 24 Following feedback from Ministers, the guidance material and survey questions will be translated into te reo Māori and accessible formats.

Oral item to Cabinet ahead of launching engagement

- 25 Officials recommend the Minister for Social Development and Employment takes an oral item to Cabinet ahead of going live with public engagement, to provide an update to your colleagues. The item will include an update on the planned public and targeted engagement, and can also provide a general update on the progress of the WFF Review.

## Targeted engagement

- 26 As previously planned, targeted engagement will occur at the same time as public engagement, although it may extend slightly into early June 2022 depending on availability of stakeholders.
- 27 Officials have reviewed the previously agreed list of stakeholders and made some changes to reflect the removal of Accommodation Supplement and inserted additional organisations which interact closely with New Zealand families. A revised list is attached as Appendix Three.
- 28 We are seeking feedback from Ministers on the list of stakeholders on whether it includes all expected stakeholders, and if not, who else should be included or removed.
- 29 Due to people's availability, it may not be possible for officials to engage with an identified stakeholder. In this instance, and where appropriate, officials will identify and approach a similarly suitable stakeholder.
- 30 As part of the targeted engagement officials are working to develop a Māori and iwi engagement approach which follows *Te Arawhiti Crown Engagement with Māori* framework. Targeted engagement with Māori and iwi needs to be planned to support the integrity of the framework, while managing current resource constraints. Officials are currently considering a long list of previously identified contacts and relationships, held by both MSD and IR, that have been used for previous engagement and IR's Business Transformation activity.
- 31 The approach for targeted engagement is to conduct a series of group sessions and individual meetings to gain stakeholders' views and feedback on the current Working for Families settings. Stakeholders will be grouped as appropriate for their expertise and availability. All sessions will follow a consistent set of probing questions, with specific questions designed for the relevant participating stakeholders. For example, engagement with Māori and iwi will specifically seek to understand the views of Whānau Māori.
- 32 Targeted engagement sessions will ideally occur in a face-to-face setting; sessions will also be designed to allow them to occur digitally if necessary. This approach allows targeted engagement to progress regardless of the relevant Covid-19 Protection Framework setting, a stakeholder's inability or reluctance to meet in person, or their vaccination status.

## Next steps

- 33 If Ministers agree to the proposed public engagement timeframes, agencies will prepare to go live on 20 April 2022 and commence targeted engagement.
- 34 If Ministers agree, officials will prepare an oral item for Cabinet, and information for Caucus, for the Minister for Social Development and Employment to present on engagement to update your colleagues.

- 35 Submissions from public and targeted engagement will be analysed in June, with a report of key findings presented to Ministers in late June or early July 2022.
- 36 Officials will soon provide a separate briefing with a proposed advice sequence on WFF for 2022 that would allow options s9(2)(f)(iv) s9(2)(f)(iv) while options are being developed and engagement takes place. These decisions and the results of public engagement would be used to develop detailed options for consideration, s9(2)(f)(iv)

#### *Timeline for engagement*

Timing	Deliverable
<b>February</b>	Guidance material approved by Ministers
<b>March/April</b>	Translation of material
<b>20 April - 31 May</b>	Public engagement
<b>April – Early June</b>	Targeted engagement
<b>June</b>	Submissions analysis
<b>Late June/Early July</b>	Report to Ministers summarising engagement findings

Report number: REP/22/2/067; IR2022/053

Author: Out of scope, Policy Analyst, Income Support Policy

Responsible manager: Polly Vowles, Manager, Income Support Policy



## Appendix One: Guidance Material for Public Engagement

### **Introduction**

The Government is reviewing Working for Families tax credits as part of its ongoing response to the Welfare Expert Advisory Group recommendations.

We want to hear your views and feedback on key areas of interest. This is an important part of our review — please tell us what you think. Written submissions and our online survey are open from 20 April to 31 May 2022.

The Government wants feedback from a wide range of groups and people. Your views and suggestions will help the Government understand where to focus our efforts for the review.

The background information below is here to help you write a submission and/or complete our online survey.

### **Review of Working for Families**

You'll find more information about the Welfare Expert Advisory Group's recommendations in their report: Whakamana Tangata – Restoring Dignity to Social Security in New Zealand: [Welfare Expert Advisory Group Report | Welfare Expert Advisory Group - Kia Piki Ake \(weag.govt.nz\)](#)

It is important that Working for Families tax credits (see below) support low-income families to have enough money to live, help to reduce child poverty, and support low-income families to take up work.

Through the review the Government wants to focus on:

- supporting low-income working families, while maintaining support for beneficiary families,
- options that focus support to families with the lowest incomes, rather than providing more general support,
- making sure families are better off when working more hours and helping with the costs for people in work.

The Government is committed to better support for New Zealanders and must also balance that with careful economic management. The Government spent around \$2,858.3 million on Working for Families tax credits in 2019/2020. We want to hear how we can better use that investment in Working for Families as a starting point for options for change.

Recent advice on Working for Families can be found here [hyperlink]

## **About Working for Families Tax Credits**

Working for Families tax credits are paid to low and middle-income families to help them raise their family and stay in work. Around 58 percent of families with children in New Zealand get Working for Families each year. Working for Families is mostly paid by Inland Revenue, while MSD pays it to some families who also get a main benefit.

Working for Families is made up of four tax credits. Families may get one or more kind of credit.

### **Family Tax Credit**

Family Tax Credit is the main payment to support families with the costs of children. Families getting a main benefit and low to middle-income working families can both get it.

- It pays \$127.73 a week for the eldest child and \$104.08 a week for every other child in a family.
- Family Tax Credit payments depend on your income and begin to reduce once a family's income is higher than \$42,700 a year. For every dollar of income above this amount, Family Tax Credit payments reduce by 27 cents.

Family Tax Credit is paid to 280,100 low and middle-income families.

### **In-Work Tax Credit**

This is paid to families who are working to help them with raising a family and to help make sure families are better off working than if they were not working.

- It pays \$72.50 a week for families with 1 to 3 children (with an extra \$15 a week for each fourth and following child).
- In-Work Tax Credit payments depend on your income and begin to reduce once a family's Family Tax Credit payments have reduced to zero. In-Work Tax Credit payments also reduce at the same rate of 27 cents for every dollar of income.

In-Work Tax Credit is paid to 188,500 families in work.

### **Minimum Family Tax Credit**

The Minimum Family Tax Credit is an additional top-up for low-income working families with children, and makes sure their income is at least \$632 a week after tax. This is paid to families who are working and do not get a main benefit. As it is a top-up to a certain level of income, when a family's income increases by a dollar the Minimum Family Tax Credit reduces by a dollar.

Minimum Family Tax Credit is paid to 3,900 low-income working families.



### Best Start Tax Credit

The Best Start Tax Credit pays \$65.15 a week to all families for the first year of each child's life. You cannot get Best Start and Paid Parental Leave for the same child at the same time.

Generally, a family's Best Start payments for a child starts once any Paid Parental Leave finishes. For families with children aged 1 and 2 years Best Start depends on your income, with payments starting to reduce once a family's income is higher than \$79,000 a year. For every dollar of income above this amount, Best Start payments reduce by 21 cents.

Inland Revenue pays Best Start Tax Credit to 74,000 families and MSD pays Best Start to some families receiving a main benefit.

Further information about Working for Families tax credits can be found here: [Working for Families \(ird.govt.nz\)](http://ird.govt.nz)

### **What we want to know from you**

We want you to help us understand how Working for Families can be improved to better meet the needs of families in Aotearoa New Zealand. This engagement is not seeking your feedback on proposed options for change. Instead, we want your input to help the Government understand where we need to focus our efforts and what action we need to take.

We are particularly interested in hearing about:

- What do you like about Working for Families? Is there anything that you don't want changed?
- How can Working for Families better support:
  - Low-income working families?
  - Families with changing hours, shift-work, or part-time hours?
  - Family and whānau make-up and care arrangements (for example shared care of children)?
- If you have concerns about Working for Families, what are they?
- If you could change one thing about Working for Families, what would it be? How would you change it?



## Appendix Two: Draft survey questions

This survey is part of the Governments public consultation on the Working for Families tax credits. The survey should take around XX minutes for you to complete.

Your response will help the Government understand how you view, understand, and experience the current Working for Families tax credit settings. Your views will help the Government to understand where we need to focus our efforts and what action we need to take.

*[text around anonymous information and not being identified in any official reporting by name]*

If you don't have an answer to a question, please select the response 'Not sure'.

You don't need to be registered for or receiving Working for Families tax credits to complete the survey. However, to help us best understand your point of view, please select which applies to you:

- ☐ Currently receiving Working for Families
- ☐ Previously received Working for Families
- ☐ Never received Working for Families
- ☐ I work with people who receive Working for Families
- ☐ Not sure

If you currently or have previously received Working for Families, please let us know which government department pays, or previously paid you:

- ☐ Inland Revenue
- ☐ Work and Income
- ☐ Both at different times
- ☐ Not sure

### Information about Working for Families

1. If you were looking for **general information about Working for Families** where would you go?

*Select all that apply*

- ☐ Inland Revenue website
  - ☐ Work and Income website
  - ☐ Inland Revenue phone line
  - ☐ Work and Income phone line
  - ☐ Inland Revenue office
  - ☐ Work and Income office
  - ☐ A friend or family member
  - ☐ Online search
  - ☐ Not sure
  - ☐ Other (please *specify*)
-

Considering what you know about Working for Families and your own experiences, please rate the following statements:

2. It is easy to find general information about Working for Families.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Not sure

3. It is easy for families to work out which tax credits they are entitled to under Working for Families.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Not sure

### **Purpose of Working for Families**

*This section asks for your opinion on the purpose of Working for Families and what Working for Families is designed to do and help with.*

Working for Families is designed to help families with dependent children with the costs of raising their family. How much a family may get depends on their level of income and is designed so those who are on the lowest incomes get the highest amount.

Currently two of the tax credits which make up Working for Families (In Work Tax Credit and Minimum Family Tax Credit) require the family to be receiving money from paid work and not on a main benefit. These tax credits are intended to mean families are better off in paid work than receiving a main benefit.

Families in receipt of a main benefit may receive the Family Tax Credit and Best Start Tax Credit.

Currently Working for Families eligibility is assessed on family size and how much money they receive. It doesn't consider costs the family pay, such as housing, education, transport, and food.

Considering what you know about Working for Families and your own experiences, please rate the following statements:

4. Working for Families pays enough to support families.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Not sure

5. What do you think is most important:
- All low and middle-income families are financially supported by Working for Families, whether they are in paid work or not
  - Families are financially supported through Working for Families to get into or stay in paid work
  - Both are equally important
  - Not sure
6. Working for Families reduces for families once they have a certain income (for example once a family earns more than \$42,700 a year their Family Tax Credit reduces by 27 cents for every extra dollar they earn). Which do you think is most important:
- Working for Families provides support to as many families as possible (reducing slowly when they earn more)
  - Working for Families provides more support to people on the lowest incomes (reducing quickly when they earn more)
  - They're both as important as each other
  - Not sure
7. Which tax credits families get (Family Tax Credit, In-Work Tax Credit, Minimum Family Tax Credit and Best Start Tax Credit) and the amount they get, depends on things like how many children they have, the hours they work or if they share the care of children. Which do you think is most important:
- Tax credits that are more complicated, but provide different amounts of money depending on someone's circumstances
  - Tax credits that are simpler, but don't provide different amounts of money depending on someone's circumstances
  - They're both as important as each other
  - Not sure

### **Decision making**

*This section asks for your opinion on how you think people's eligibility for Working for Families affects their decisions on taking part in paid work or increase the amount of money they receive through paid work (e.g. working more hours, or taking a higher paid job).*

Considering what you know about Working for Families and your own experiences, please rate the following statements:

8. The availability of Working for Families is something families think about when considering taking part in paid work.
- Strongly agree
  - Agree
  - Neutral
  - Disagree
  - Strongly disagree
  - Not sure



9. In my experience, how much money low and middle income families get from Working for Families influences the number of hours family members work.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not sure

10. The In-Work Tax Credit is paid to families who get money from paid work and do not get a main benefit.

In my experience, access to the In Work Tax Credit is an important consideration when low and middle-income families think about taking part in paid work.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not sure

11. The Minimum Family Tax Credit is paid to families who get money from paid work, do not get a main benefit and work a minimum number of hours.

In my experience, the Minimum Family Tax Credit is an important consideration for low-income families when thinking about going off benefit and taking part in paid work.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not sure

12. The Best Start Tax Credit is available to all families for the first year of a child's life. The Best Start Tax Credit is paid to families in the second and third year of a child's life if the family earns under a certain amount of money.

How important do you think the Best Start Tax Credit is in supporting families with young children?

- ☐ Very important
- ☐ Important
- ☐ Neutral
- ☐ Not important
- ☐ Not important at all

13. In my experience, the Best Start Tax Credit is an important consideration for low and middle-income families who have young children when thinking about taking part in paid work.
- Very important
  - Important
  - Neutral
  - Not important
  - Not important at all

### **Working for Families payments**

Currently families can get their Working for Families throughout the year in weekly or fortnightly payments, or as a single lumpsum at the end of the year.

Families who choose to get their Working for Families throughout the year in weekly or fortnightly payments have the amount of their payments calculated based on an 'estimated income'. This works out how much a family is likely to earn over the year. Whenever a family's income changes throughout the year, they must update their records with Inland Revenue, and their entitlement is re-estimated.

At the end of the year, once the final family income is known, some families may have an amount they are still entitled to, or an amount they need to repay.

Families can choose to not get (or stop) payments throughout the year and instead get one lump sum payment once their final income and entitlement is known.

Considering what you know about Working for Families and your own experiences, please rate the following statements:

14. In general, weekly or fortnightly Working for Families payments are better than an end of year lump sum payments.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Not sure

15. Weekly or fortnightly Working for Families payments are better than an end of year lump sum payment, even if families have to pay back some money at the end of the year once their final income is known.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Not sure

16. In my experience, concern about getting into Working for Families debt influences whether people get their payments throughout the year, or at the end of the year.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Not sure

17. In my experience, Working for Families payments easily adjust to changes in family income or family circumstances.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Not sure

18. Currently, when families have an overpayment due to their income having changed throughout the year, they have to pay it back.

It is fair to ask them to repay Working for Families overpayments if they have any.

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Not sure

19. In my experience, creation of debt is a significant issue with Working for Families.

- Very significant
- Significant
- Neutral
- Not significant
- Not at all significant

Thankyou

[More information and link to written submissions]



## Appendix Three: Stakeholders for Targeted engagement

Internal Government	
Department of Prime Minister and Cabinet	Form part of wider working and governance group for the Review
Treasury	
Internal MSD and IR targeted engagement	
Tracey McIntosh	Chief Science Advisor, MSD  Member of the WEAG
MSD Māori reference group	Both groups provide advice on design and implementation of social strategies and policies that impact Māori.
IR Tax and Social Policy Māori Advisory Panel	
MSD National Beneficiaries Advocates Consultative Group	A group made up of representatives from various advocacy groups, who meet regularly with MSD
MSD Pacific reference group	A group of external Pacific Leaders, with a distinct lens to Pacific Prosperity
Focus group with front line MSD and IR staff	If time and resources allow, to gain feedback from customer facing staff on current state WFF settings as it relates to their interactions with customers.
Māori and iwi	
Individuals and groups - yet to be confirmed	A specific Māori and iwi engagement plan is being developed which follows <i>Te Arawhiti Crown Engagement with Māori</i>

s9(2)(f)(iv)

