

APPENDIX B: Description of targeting for key types of social assistance

The table below shows the abatement and targeting rules for key forms of social assistance. The list is not exhaustive, and the information provided only provides an indication of the rules and ranges of income over which assistance is withdrawn. Generally, the ranges given are the maximum, and the actual range faced by an individual will vary. Figures are as at 26 June 2009, except for student allowance figures which are for the 2007 year.

PAYMENT	DESCRIPTION	ABATEMENT RULES	APPROXIMATE ABATEMENT RANGE	NUMBER OF BENEFICIARIES	NUMBER OF NON-BENEFICIARIES
Family Tax Credit	Payable to families with children. The amounts are indexed when CPI movement is 5% or more from last adjustment. Per annum First child<16yrs: \$4,487 First child<16yrs: \$5,198 Subsequent child<13yrs: 3,119 Subsequent child 13-15yrs: \$3,557 Subsequent child >16yrs: \$4,651	Abatement is at 20c/1\$ over \$36,827. The abatement threshold is indexed when CPI movement is 5% or more from last adjustment.	See table below.		325,080 for the year end March 2008 (includes beneficiaries and non-beneficiaries)
In-work Tax Credit	Payable to families with children that meet a work test (20 hrs per week single parent, 30 hrs per week couple). The rate is \$3,120 per annum for the first three children and \$780 per annum for each subsequent child.	Abatement is at 20c/1\$ over \$36,827. The In-work Tax Credit abates only after the Family Tax Credit has fully abated.	See table below.		209,090 for the year end March 2008
Parental Tax Credit	Payable to families with new born for a maximum of 8 weeks. Amount is up to \$1,200 in total depending upon income prior to child being born.	Abatement is at 20c/1\$ over \$36,827. The Parental Tax Credit abates only after the Family Tax Credit and In-work Tax Credit have fully abated.	See table below.		14,900 for the year end March 2008
Minimum Family Tax Credit	Payable to families working (20 hrs per week single, 30 hrs per week couple) whose after-tax household income is less than \$20,540.	Fully abated when after-tax income reaches \$20,540.	Eligibility for the credit ceases at \$20,540.		2,370 for the year end March 2008
Independent Earner Tax Credit	Payable to taxpayers whose taxable income is between	Abatement is at 13c/1\$.	Abatement occurs between		Actual recipients not available.

	\$24,000 and \$44,000 who are not receiving Working for Families or NZ Super at a rate of \$520 per annum.		\$44,000 and \$48,000.		630,000 forecast eligible recipients for 2008/09.
Transitional Tax Allowance	An amount of \$728 per annum is available to a full-time earner (at least 20 hours work per week) without dependent children.	Abatement at 20c/1\$ over net income of \$6,240 per annum. Full abatement occurs at \$9,880 per annum.			38,390 for year end March 2008 (average claim \$224 per annum and total cost was \$8.6m)
Student Loans	Student loan includes tuition fees, up to \$1,000 course related costs and \$160 per week living expenses while studying.	Student loans are repaid at the rate of 10c/\$1 over gross income of \$19,084. The living allowance is reduced by any amount of student allowance received.	N/A		530,289 as at June 2008
Child Support	Child support liability is calculated using the following formula: [Taxable income – Living Allowance] x [ratio between 18% and 30% depending upon the no. children the parent is liable for].	No abatement. But for the for child support purposes taxable income is capped at \$114,000. Above \$114,000 the amount of child support payment does not increase.	Below \$14,000 a minimum payment of approximately \$800 applies. Between \$14,000 and \$144,000 child support payments reduce disposable income by between 18c/\$ and 30c/\$ depending upon the number of children in the care of the liable parent.		
Main benefits	Main income tested benefits are paid for a variety of reasons, with different rates of payment according to the reason, family type and age.	Work tested benefits: first \$80 no abatement, then 70 c/\$ Non work tested benefits: first \$80 no abatement, 30 c/\$ for income \$80 - \$180, 70 c/\$ for income above \$180	\$4,160 - \$18,304 for a single adult \$4,160 - \$27,390 for a sole parent \$4,160 - \$36,595 for a couple receiving invalids' benefit	321,694	N/A

Student Allowances	Main form of financial assistance for students. Rates paid differ according to family type and age. A parental income test applies.	Student Allowance is reduced by \$1 for every \$1 of income above \$192.01 gross per week.	Commences at 9,985 Abatement ceases at \$21,230 p.a.	62,479	N/A
Accommodation Supplement	Assistance for people in private accommodation. Available to renters, boarders and homeowners. Rate payable depends on geographic location, tenure type, accommodation costs, family type, age and assets.	No abatement for beneficiaries. Payment rate is reduced by 25 c/\$ for income above the income level at which the applicable unemployment benefit rate is reduced to zero.	Abatement thresholds range from \$18,304 to \$27,768, highest cut-out point is \$74,568.	231,132	55,733
Childcare Assistance	Childcare assistance provides a subsidy for approved childcare and out of school care services. The payment is on an hourly basis and paid to the provider.	Childcare Assistance has three rates of subsidy depending on number of children and income. As families increase their income over certain income thresholds their rate of subsidy reduces.	Rates reduce over the range \$66,248 - \$99,320 p.a.	14,235	34,677
Disability Allowance	Assistance for ongoing costs related to a disability. Weekly maximum rate of \$55.88 per week	Entitlement ceases when income exceeds a threshold based on family type.	Thresholds range from \$24,441 - \$41,160	110,834	7,335
Special Benefit/ Temporary Additional Support	Ongoing assistance for people who are in hardship and who are unable to meet their essential costs.	Assistance is reduced dollar for dollar when net income increases.	Depends on individual circumstances, but fully abated at very low income levels	52,972	2,911
Special Needs Grants	One off payments for people in hardship and who have specific essential needs.	Entitlement ceases when income exceeds a threshold based on family type.	Thresholds range from \$22,617 - \$37,754		

Annual income limits for Working for Families (from 1 April 2009)

Number of children	Annual Income		
	Family tax credit	In-work tax credit	Parental tax credit
1	\$59,262	\$74,862	\$113,969
2	\$74,857	\$90,457	\$129,564
3	\$90,452	\$106,052	\$145,159
4	\$106,047	\$125,547	\$164,654
5	\$121,642	\$145,042	\$184,149
6	\$137,237	\$164,537	\$203,644