

Legislative Statement: Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill

This legislative statement is presented to the House of Representatives in accordance with Standing Order 272.

Overview

This legislative statement supports the first reading of the Social Security (Benefits Adjustment) and Income Tax (Minimum Family Tax Credit) Amendment Bill. The Bill was introduced on 13 February 2024.

The Bill is an omnibus bill that amends the Social Security Act 2018 (the Act) to index main benefits (those currently contained in section 452A) to upwards movement in the Consumers Price Index (inflation). It also makes a consequential amendment to the Income Tax Act 2007 to make a related increase to the Minimum Family Tax Credit threshold, in line with Cabinet policy.

Details of content in the Bill

The Bill:

- Repeals section 452A of the Act, which currently requires main benefits (as defined in that section) to be indexed to net average wage growth.
- Adds the benefits currently listed in section 452A to section 453 of the Act, which requires them to be indexed to inflation.
- Amends section 453 so that an adjustment under section 453(1) also affects the maximum rate at which the Ministry for Social Development may grant Emergency Benefit.
- Repeals section 453(3), as it is spent and no longer has any legal effect.
- Makes all required consequential amendments to the Act.
- Amends the Income Tax Act 2007 to implement a related increase in the Minimum Family Tax Credit threshold.