

# Wage indexation of main benefits

As part of the Wellbeing Budget, Government is committed to lifting children out of poverty.

## Budget 2019

### ● Main benefit rates will be increased each year in line with wage growth.

- In total, the Government is investing \$320.2 million over four years to provide additional financial support each year for beneficiaries.
- Around 329,000 people will gain on average \$3 per week on 1 April 2020, increasing to around \$11 per week in April 2023.
- Main benefit rates are currently increased in line with inflation (CPI growth)
- The amount people will gain will continue to increase beyond April 2023, as the difference between wage growth and inflation continues to grow.
- Benefit levels have declined as a proportion of average wages over time, which has meant that the gap between the living standards of beneficiaries and other New Zealanders has grown.
- As wage growth is generally higher than inflation, increasing benefits in line with wage growth delivers much needed additional support for families.
- For example, in April 2023 the Sole Parent Support benefit is estimated to increase by an additional \$15 per week compared to CPI indexation.

### ● This change will ensure rates of main benefits are maintained relative to wages in society