MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

The New Zealand Income Support System as at 1 July 2022

December 2022

Author

Sarah Graham, Analyst, Research and Evaluation, Ministry of Social Development

Acknowledgements

Thank you to Daniel Frischknecht, Moira Wilson, and Tim Garlick for peer review of this paper. I would also like to acknowledge Lars Arnesen for providing feedback on earlier drafts and Irving Young for QA of results from the Ministry of Social Development's Effective Marginal Tax Rate model.

Disclaimer

Some results are based on the information produced by the Ministry of Social Development's Effective Marginal Tax Rate model at a specific point of time, and therefore may be subject to change in the future due to revisions to the model.

Published

Ministry of Social Development

PO Box 1556

Wellington

https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/evaluation/families-package-reports/index.html

December 2022

ISBN (online)

978-1-99-110508-0

Recommended citation

Graham, S. (2022). *The New Zealand Income Support System as at 1 July 2022*. Wellington, New Zealand: Ministry of Social Development.

Contents

Introduction

This report describes the eligibility settings, rates of payment, and recipient obligations for payments within the New Zealand income support system as at 1 July 2022. It then uses four example families to illustrate how the different payments in the income support system make up each family's incomes, and how their income changes when they move into work.

Background

New Zealand's income support system provides financial support for people who have insufficient income to meet their living costs due to unemployment, caring responsibilities, a health condition, or disability.

Income support in New Zealand dates back to 1898, with the introduction of the Old Age Pensions Act. In 1939, income support was extended for families, people who were unemployed, and people with health conditions and disabilities through the Social Security Act (Garlick, 2012; McKenzie, 2022). Since then, the system has changed and evolved with shifts in policy and government.

An overview of income support policy settings was last provided in 2018 in '*The Income Support System'*, a report prepared to support the work of the Welfare Expert Advisory Group (WEAG, 2018).

Since 2018, several reforms have taken place as part of the Budget 2019 Income Support Package (introduced in 2020), COVID-19 Income Support Package (introduced in 2020), Budget 2021 main benefit increases (introduced in 2021 and 2022), and Working for Families changes (introduced in 2022). As part of these reforms, main benefits have been increased, abatement thresholds have been raised, and benefit deductions for sole parents who do not apply for child support have been removed, raising the average total benefit incomes of benefit recipients (MSD, 2022).

This report is intended to provide an updated guide to the main payments that make up the income support system and how they work together. It is not comprehensive. There are a number of other payments available, including the Residential Support Subsidy, Special Disability Allowance, Student Allowance and Student Loans, the temporary COVID-19 Income Relief Payment and smaller one-off payments like 5k To Work.

For more information on…

- **the history of MSD and the Income Support System**, see
    - The Social Assistance Chronology – programme history: https://www.msd.govt.nz/about-msd-and-our-work/about-msd/history/social-assistance-chronology-programme-history.html
    - Social Developments – organisational history: https://www.msd.govt.nz/about-msd-and-our-work/about-msd/history/social-developments-organisational-history.html
    - MSD's 2002-2012 statistical reports: https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/statistical-report/index.html
- **income support payments administered by MSD**, see Work and Income's Manuals and Procedures (MAP) website: https://www.workandincome.govt.nz/map/

- **Working for Families payments**, see Inland Revenues Working for Families webpage: https://www.ird.govt.nz/working-for-families/about
- **income support recipients and expenditure**, see
    - MSD's benefit fact sheets: https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html
    - Families Package monitoring reports: https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/evaluation/families-package-reports/families-package.html
- **past and present employment assistance** for MSD clients, and its effectiveness, see the Employment Assistance Evidence Catalogue: https://ea.analytics.msd.govt.nz/

Key concepts in the income support system

The tiers of assistance

The income support system is made up of many different payments for people in different circumstances. Payments are structured in three tiers of assistance and recipients can receive payments from different tiers.

- **The first tier** includes main benefits and superannuation payments, which are payments intended to cover the recipient's living costs, with the assumption that the recipient can also access second and third tier assistance if their main payment is not sufficient.
- **The second tier** of assistance includes supplementary payments for people with specific ongoing costs, such as accommodation, disability, or childcare costs. It also includes Working for Families tax credits for families with children.
- **The third tier** of assistance includes payments for people in immediate financial hardship who are unable to meet their essential living costs.

General eligibility criteria for income support

The various payments that make up the income support system have different requirements, as they are designed for people in different situations. However, a common set of criteria apply when determining eligibility and the rate of payment. These relate to an applicant's:

- residency in New Zealand
- family type
- income and assets.

Residency in New Zealand

For most main benefits, applicants must have continually lived in New Zealand for two years or more since becoming New Zealand citizens or permanent residents (and be ordinarily resident in New Zealand) to be eligible for most income support payments. However, there are exceptions for some groups such as refugees. People may also receive the Jobseeker Support benefit on hardship grounds if they have lived in New Zealand for less than two years but meet all other criteria.

For Working for Families payments, the residence requirement is only one year.

For New Zealand Superannuation, applicants must generally have lived in New Zealand for 10 years over the age of 20, five of which must be after 50 years of age. [1][2]

Family type

Entitlement to welfare payments is assessed using the nuclear family unit (that is: parents and their dependent children). This means other family members are not considered, even if they live in the same household. Rates of payment are determined

---

[1] New Zealand also has reciprocal agreements with some other countries that allow for residence in these other countries to be recognised as residence in New Zealand for benefit and pension purposes.
[2] Residency in the Realm countries (Cook Islands, Tokelau, and Niue) can be used to meet the five years of residence after age 50 requirement.

by 'family type'. There are different payment rates for people who are single, in a couple, single with children, and couples with children. For some payments, the rate also differs depending on the number of children.

People are considered to be members of a couple if they are married, in a civil union, or in a de facto relationship. A de facto relationship is defined as two people living together as a couple in a relationship in the nature of marriage (or a civil union). Factors such as emotional commitment and financial interdependence are considered when determining whether people are in a de facto relationship[3].

The inclusion of children is based on 'dependency' rather than biological status. Dependency means that an adult in the family provides for the child's day-to-day needs and the child is financially dependent on them. Grandparents raising their grandchildren would be considered to have dependent children in their care, for example.

Income and assets

Almost all income support in New Zealand is targeted on the basis of family income (and in some cases family assets), with the family defined as the nuclear family (i.e. adults and any dependent children). The threshold for income and assets varies for the different welfare payments.

Abatement

Generally, the full rate of a payment is available to people earning up to a certain amount, known as the abatement threshold. Above this amount, payments reduce, or abate) as people's incomes increase. There are different ways that payments can reduce above the threshold. These are as follows.

Gradual abatement

For every dollar earned before tax, the payment is reduced by a portion of that. For example, on Jobseeker Support, for every dollar earned over the abatement threshold of $160 a week, the net payment drops by 70 cents (an abatement rate of 70%). Gradual abatement means that people are generally better off overall because their increases in income are greater than the loss of their payments. However, gradual abatement also means that people need to tell Work and Income about every change in their income, to avoid being under-paid, or over-paid and having a debt.

Sudden abatement

Above the income threshold the person loses entitlement to the entire payment (a 'cliff-face'). For example, the Disability Allowance is only available to people earning less than $1,031.20 a week (for a couple). Sudden abatement means that people's incomes can change below the threshold with no impact on their payments, meaning they do not have to notify Work and Income about small changes. However, when people's incomes exceed the threshold, they lose the payment entirely. This can mean that when someone's earned income increases, they are worse off overall.

[3] https://www.workandincome.govt.nz/map/income-support/core-policy/relationship-status-for-benefit/de-facto-relationship-definition-01.html

Tiered abatement

There are multiple abatement thresholds and when income exceeds each of these a proportion of the payment is lost. For example, the Childcare Subsidy is paid at an hourly rate that reduces in four tiers.

Like sudden abatement, tiered abatement can cause people to be worse off overall after an increase in earned income, particularly if other payments are also abating at the same time.

Asset tests

Asset tests are also used to determine eligibility for some supplementary assistance payments (For example, Accommodation Supplement) and hardship assistance. Asset tests consist of an asset limit. People whose assets are below this level are entitled to the full payment amount. People whose assets are above this level either lose all entitlement or have their payments decreased.

The point at which a person loses entitlement to a payment entirely because of their income or assets is known as the 'cut-out point'.

Stand-down periods

Most main benefits have an initial stand-down period. A stand-down consists of a one-to-two-week period where the benefit is not paid, prior to regular payments commencing. The length of the stand-down period depends on the applicant's average weekly income before applying for a benefit and the number of dependent children they have. People who were previously working are expected to have savings to cover one-to-two-weeks without income, hence the stand-down period[4].

If an applicant voluntarily left their job (without a sufficient reason), or was dismissed for misconduct, a stand-down period of 13 weeks may apply. However, for sole parents who would face work obligations once in receipt of benefit[5], this applies to only 50 percent of their benefit meaning they can receive partial payments during this period.

Stand-down periods do not apply to everyone. Those who are not subject to a stand-down period include prisoners, refugees, people with chronic recurring illnesses, people in residential care, people transferring between benefits and people in temporary employment (if they have been employed for less than six months and they were on a main benefit immediately before this employment). Working for Families payments and New Zealand Superannuation do not have stand-down periods.

In response to the financial strain caused by COVID-19, initial stand-down periods for main benefits were temporarily removed for all applicants between 23 March 2020 and 24 July 2021.

---

[4] https://www.workandincome.govt.nz/online-services/apply/what-is-a-stand-down.html
[5] https://www.workandincome.govt.nz/map/income-support/main-benefits/sole-parent-support/voluntary-unemployment-or-dismissal-for-misconduct-01.html

Obligations

Each benefit or payment type has different obligations requirements. Obligations are things that recipients are required to do or complete to maintain entitlement to their payments. Generally, these relate to looking for or preparing for work or education.

Someone with work obligations must be available for and actively looking for work. They must also accept any suitable job offer, even if it is temporary. Work obligations can be:

- full time, where they have to seek work of at least 30 hours a week
- part time, where they have to seek work of at least 15 hours a week.

Someone with work preparation obligations must prepare to enter employment. This varies depending on individual circumstances but can include training, education, work experience, rehabilitation, programmes, or seminars.

The specific obligations for each benefit are outlined in the following sections. However, there are general obligations that apply to all benefit recipients. These are:

- advising Work and Income of any changes in circumstances that affect their entitlements or rates of payment
- taking all reasonable steps to meet social obligations that apply (for recipients with dependent children, described below)
- undertaking and passing pre-employment or pre-course drug tests (if required)
- participating in Work Ability Assessments[6] (if required)
- working with contracted service providers (if required)
- advising Work and Income if they are intending to travel overseas before they depart.

Social obligations

The social obligations that apply to recipients with dependent children are as follows.

The children must be:

- enrolled with GPs, or enrolled with medical practices that are part of Primary Health Organisations
- up to date with their core Well Child/Tamariki Ora checks (for children under five)
- enrolled in and attending (from age agree) approved early childhood education (including parenting and home-based) programmes
- enrolled in and attending school (from age five or six).

Recipients (and their partners) must:

- attend and participate in interviews with Work and Income to discuss meeting their social obligations
- advise on progress where they have not been able to meet their social obligations.

[6] These assessments determine what work people are capable of and what Work and Income can do to help them find work

Working for Families obligations

Recipients of Working for Families payments are obligated to advise Inland Revenue of any changes in circumstances that affect their entitlements or rates of payment.

Sanctions

If obligations are not met, sanctions can be applied to people on main benefits. This can consist of a 50 percent reduction in their benefit payments, suspension, or cancellation of benefit payments, until they re-comply with their obligations. The sanction imposed depends on the type and severity of the obligation's failure, and whether the person has a good reason for it.

For couples, the sanction is only imposed on the person who has failed to meet their obligations.

For sole parents, any supplementary assistance is not affected by sanctions.

Child support related sanctions

In the past, some sole parents could be sanctioned for failing to apply for child support under section 192 of the Social Security Act 2018, subject to some exemptions.[7] These sanctions were removed on 1 April 2020.

[7] These sanctions were also referred to as section 70A sanctions under the previous Social Security Act 1964.

First tier assistance

Main benefits

The different payments administered by MSD reflect the different circumstances of people needing income support. The payments included in this section are:

- Jobseeker Support
- Sole Parent Support
- Supported Living Payment
- Youth Payment
- Young Parent Payment
- Emergency Benefit
- Emergency Maintenance Allowance
- Orphan’s Benefit and Unsupported Child’s Benefit

The rate of payment does not relate to the person’s previous income from employment; rather it is intended to provide an income to meet the cost of living, within a context that includes the availability of second- and third-tier assistance.

The main benefits are income tested. Recipients’ eligibility is generally determined based on their weekly income (and other circumstances), although Sole Parent Support and Supported Living Payment recipients can have their income assessed on an annual basis.

While there is no income test for carers receiving Orphan’s Benefit or Unsupported Child’s Benefit, income that the child receives, other than from personal earnings can impact the rate of payment.

Main benefits are not asset tested, meaning any savings, property, or other assets are not considered when assessing entitlement or rate of payment. Since 1 April 2020, payment rates of main benefits are increased in line with average wage growth in the previous year on 1 April each year. This is referred to as indexing. The annual adjustment is to allow for incomes while on main benefit to remain proportionally aligned with wage growth. Prior to 1 April 2020, payment rates were indexed to Consumer Price Index (CPI) growth.

Abatement thresholds for main benefits are not indexed, except for Youth payment and Young Parent Payment.

Jobseeker Support

Prior to 2013, Jobseeker Support was known as the Unemployment Benefit or the Sickness Benefit, depending on a recipient's circumstances. To qualify for this payment, people must be unemployed, seeking additional employment, or have a short-term health condition (or disability) that is preventing them from working, and be aged 18 years or over.

For those with a health condition or disability, a current medical certificate must be provided to support their application. Previously, clients needed to provide a medical certificate at least every four weeks for the first two months, and at least every 13 weeks after that[8]. This requirement was paused in 2020, due to the COVID-19 pandemic. From 31 January 2022, medical certificates were required again, but how often they have to be provided changed. Health practitioners now recommend how long the medical review period should be, based on how long a client's ability to work is expected to be affected by their health condition, injury, or disability.

Jobseeker Support recipients must re-apply for this benefit each year (every 52 weeks).

Work Obligations

Most Jobseeker Support recipients have obligations to be preparing for or available and taking steps to finding work. These obligations can be full-time, part-time, work preparation, or deferred. When the recipient has a health condition or disability, part-time or work preparation obligations may apply, or obligations may be deferred.

Payment rates and cut-out points

Table 1: Payment rates and income cut-out points for Jobseeker Support as at 1 July 2022.

Rate	Net payment	Gross payment	Gross weekly income cut-out[9]
Single 18-19 years at home	$233.75	$261.17	$494.00
Single 18-19 years away from home	$274.37	$309.73	$552.00
Single 20-24 years	$274.37	$309.73	$552.00
Single 25+ years	$315.00	$358.97	$610.00
Couple without children	$536.00	$604.00	$926.00
Couple with children	$566.00	$640.38	$969.00
Sole Parent	$440.96	$511.65	$842.00

[8] From May 2017 there was an exception to this process for people that had cancer diagnoses.

[9] If the recipient earns more than the cut-out point, they are no longer eligible for the benefit.

In addition to the usual annual rate increases, there have been significant increases to Jobseeker Support rates. Rates were increased by:

- $25 a week on 1 April 2016 for families with children, as part of the Child Material Hardship package
- $25 a week on 1 April 2020 in response to the COVID-19 pandemic
- $20 a week on 1 July 2021 as part of the 2021 Budget
- $32.84-$36.50 per week for single people and $82.38-$84.70 per week for couples on 1 April 2022, also as part of Budget 2021.

Abatement

On 1 April 2021, the Jobseeker Support abatement threshold was increased to $160 a week before tax. This means that for every dollar earned above $160, the net rate of Jobseeker Support reduces by 70 cents (a 70 percent abatement rate).

The current abatement threshold equates to 7.5 hours work at the adult minimum wage ($21.20 an hour). The abatement settings are designed to encourage full time work.

Sole Parent Support

Sole Parent Support was known as the Domestic Purposes Benefit – Sole Parent prior to 2013. A person is entitled to this benefit if they are aged 20 years or older, do not have a partner[10], and have at least one dependent child aged under 14 years. If custody is shared, only the parent with the greater parenting responsibilities can be paid Sole Parent Support. A sole parent whose youngest child is aged 14 years or over receives Jobseeker Support rather than Sole Parent Support, though the payment rates (and abatement settings) are the same as those of Sole Parent Support. Since 2017, sole parents aged under 20 years receive the Young Parent Payment rather than Sole Parent Support.

Currently, child support payments made by non-custodial parents for children in the care of benefit recipients are not passed on to them. This is to recoup some of the costs of providing the main benefit. From 1 July 2023 child support payments will be passed on to benefit recipients and treated as income.

Sole Parent Support recipients must re-apply each year (every 52 weeks) to continue to receive the payment.

Work Obligations

Sole parents whose youngest dependent child is under three years old must meet work preparation obligations, while sole parents whose youngest dependent child is aged between three and 13 years must meet part-time work obligations.

Prior to 8 November 2021, the subsequent child policy applied to recipients who had another child while receiving Sole Parent Support. This meant that they had work-preparation obligations for the first year of the subsequent child's life. Once the child turned one, the recipient's work obligations were based on the age of the next youngest child. For example, after the subsequent child turned one, if the next youngest child was four, the recipient would have part time work obligations. The subsequent child policy was removed, so now the age of the youngest child is the basis for work obligations.

Payment rates and cut-out points

Table 2: Weekly payment rate and income cut-out point for Sole Parent Support as at 1 July 2022

Rate	Net payment	Gross payment	Gross income cut-out
Sole parent	$440.96	$511.65	$842.00

In addition to the usual annual rate increases, Sole Parent Support was increased by:

- $25 a week on 1 April 2016, as part of the Child Material Hardship package
- $25 a week on 1 April 2020 in response to the COVID-19 pandemic
- $20 a week on 1 July 2021 as part of the 2021 Budget
- $34.18 on 1 April 2022, also as part of Budget 2021.

[10] A parent with a partner may still qualify for Sole Parent Support if their partner is incarcerated.

Abatement

As of 1 April 2021, the abatement threshold for Sole Parent Support was increased to $160 a week before tax. Sole Parent Support is abated in two tiers. For every dollar earned over $160 a week and below $250 the net rate of Sole Parent Support reduces by 30 cents (30 percent abatement rate). For every dollar earned above $250 the net rate reduces by 70 cents (70 percent abatement rate). The abatement settings are designed to encourage part-time work.

Sole Parent Support recipients who have childcare costs because they are working can have up to $20 a week of their personal earnings exempt from Sole Parent Support income calculations to allow for childcare costs.

Supported Living Payment

The Supported Living Payment was known as the Invalids Benefit (for people with health conditions or disabilities) or the Domestic Purposes Benefit – Caring for Sick or Infirm (for those caring with people with health conditions or disabilities) prior to 2013. This payment is available to people aged 16 years or older, who are either both permanently[11] and severely[12] restricted in their capacity for work because of health conditions, injuries or disabilities, or are totally blind.

People can also be eligible for Supported Living Payment if they are caring for people who require full-time care and attention (other than their partners or spouses). This can include caring for a dependent child who has a significant disability.

For people who are caring for someone full-time, if they have no dependent children, they must be 18 years or older. If they have dependent children, they must be 20 years or older.

Supported Living Payment is granted and re-assessed every two years unless the recipient qualifies for simplified access to Supported Living Payment where they are not reassessed. Recipients may qualify for simplified access due to being totally blind, being terminally ill with a life expectancy of less than two years, having a severe intellectual or cognitive impairment, or having a severe physical disability.

Obligations

Recipients who have been assessed as having the capacity to prepare for work may have work preparation obligations. However, most recipients will not have work obligations.

Payment Rates and Cut-out Points

Table 3: Weekly payment rates and income cut-out points for Supported Living Payment as at 1 July 2022

Rate	Net payment	Gross payment	Gross income cut-out point
Single 16-17 years	$300.89	$341.87	$642.00
Single 18+ years	$359.00	$412.31	$725.00
Couple without children	$610.00	$693.70	$1,083.00
Couple with children	$640.00	$730.08	$1,126.00
Sole parent	$492.06	$573.59	$915.00

[11] Permanent is defined as 'expected to continue for at least two years'.

[12] Severely is defined as 'not being able to regularly work for 15 hours or more per week in open employment'. This is known as 'the 15-hour rule'.

Like other main benefits, Supported Living Payment increases on 1 April each year. In addition, the net rate of Supported Living Payment was increased by:

- $25 a week on 1 April 2016 for families with children, as part of the Child Material Hardship package
- $25 a week on 1 April 2020 in response to the COVID-19 pandemic
- $19.74 to $22.35 for single people, $36.48 for sole parents, and $59.46 to $61.76 for couples on 1 April 2022, as part of Budget 2021.

Supported Living Payment is paid at a higher rate than Jobseeker Support to reflect the long-term nature of the health condition or disability and the associated ongoing costs.

Abatement

The abatement thresholds and rates for Supported Living Payment are the same as for Sole Parent Support. The abatement threshold was increased on 1 April 2021.

There is also a $20-a-week personal earning exemption for income earned from working for people receiving Supported Living Payment in their own right (not because they are caring for someone). This means the first $20 earned is disregarded in income assessments.

For a totally blind person, all personal earnings are disregarded.

Youth Payment

The Youth Payment was known as the Independent Youth Benefit prior to 2012. This payment is for 16- to 17-year-olds who are not supported by their parents and 18-year-olds who are studying or in training.

Obligations

There are no work obligations for Youth Payment recipients. Instead, they have educational and budgeting obligations. This mean they must be attending education or training and attend a budgeting course.

Recipients of Youth Payment can also receive incentive payments where they meet these obligations, paid at $10 a week for each met obligation.

Some recipients are subject to money management, where they get an in-hand allowance of up to $50 a week, and the rest of their Youth Payment is redirected to pay their living costs and any lawful debts.

Payment rates and cut-out points

Table 4: Weekly Youth Payment rates, income thresholds, and cut-out points as at 1 July 2021

Rate	Net payment	Gross payment	Gross income threshold	Gross income cut-out point
Single	$274.37	$309.73	$240.70	$290.70
Couple	$536.00	$604.00	$240.70	$340.70

In addition to the usual 1 April increases, payment rates increased by $20 on 1 July 2021. On April 1 2022, payment rates for single recipients increased by $34.67 and by $82.38 for couples as part for Budget 2021.

Abatement

The abatement threshold for Youth Payment was $240.70 as at 1 July 2022.

Once income reaches the threshold, for every dollar earned the benefit is abated at 100%. This means that for income above this threshold, the benefit is abated at $1 for every $1 of income. This reflects that recipients have no work obligations and are required to be in education.

The abatement threshold is annually indexed to the CPI to align with the Student Allowance personal income threshold.

Young Parent Payment

The Young Parent Payment was introduced in 2012 for 16- to 19-year-olds with children. Recipients may still be supported by their parents but there is a parental income test.

Obligations

Young Parent Payment recipients do not have work obligations. However, they do have education obligations, budgeting obligations, and must also attend a parenting course.

The educational obligations only apply for Young Parent Payment recipients from when their children are six months old (if they are in a Teen Parent Unit) or 12 months old (if they are not).

Recipients of Young Parent Payment can also receive incentive payments where they meet these obligations, paid at $10 a week for each met obligation.

Some recipients are subject to money management, where they get an in-hand allowance of up to $50 a week, and the rest of their Young Parent Payment is redirected to pay their living costs and any lawful debts.

Payment rates and cut-out points

Table 5: Weekly Young Parent Payment rates, income thresholds, and cut-off points as of 1 July 2022

Rate	Net payment	Gross payment	Gross income threshold	Gross income cut-out point
Sole parent (supported by parents/guardians)[13]	$254.38	$285.50	$240.70	$290.70
Sole parent (not supported)	$440.96	$511.65	$240.70	$290.70
Couple	$566.00	$640.38	$240.70	$340.70

In addition to the usual annual increases, Young Parent Payment was increased by $25 a week in 2016 as part of the Child Material Hardship package and by $20 a week on 1 July 2021. On April 1 2022, payment rates were increased by $25.78 to $34.18 for sole parents and $84.70 for couples, as part of Budget 2021.

Abatement

The abatement threshold for Young Parent Payment was $240.70 as at 1 July 2022.

Like the Youth Payment, after the abatement threshold, for every dollar earned the benefit is abated at 100%.

The abatement threshold is annually indexed to the CPI to align with the Student Allowance personal income threshold.

[13] Parents or guardians must earn less than the Family Tax Credit Threshold.

Emergency Benefit

The Emergency Benefit is a payment for people who are in hardship and unable to support themselves but are not eligible for any other benefit. Emergency Benefit is income and asset tested.

Reasons for hardship may include:

- a health condition, injury or disability
- their domestic circumstances
- their age (e.g. 16 or 17 years)
- any other reason (e.g. their residence status).

Recipients must be aged 16 years or older and ordinarily resident in New Zealand.

The Emergency Benefit is paid at the same rate as the main benefit that most closely fits the client's circumstances (excluding New Zealand Superannuation).

The obligations for Emergency Benefit are the same as the equivalent main benefit, excluding recipients over 65 years who do not have work obligations.

The payment rates, abatement thresholds, and cut-out points are also the same as the equivalent main benefit.

Emergency Maintenance Allowance

The Emergency Maintenance Allowance is a payment for sole parents who do not meet the criteria for Sole Parent Support, Young Parent Payment, or any other benefit.

Sole parents must meet one of the following criteria:

- they are getting reduced income due to annual closedown periods
- they are unpaid during a break in employment
- they are a 16–19-year-old sole parent who is in exceptional circumstances and does not qualify for Young Parent Payment
- they are a client with split care arrangements who does not qualify for Sole Parent Support
- they are single and caring for a child who is not their own and cannot get Unsupported Child's Benefit or Orphan's Benefit for the child
- they do not meet the 2-year residence requirement for Sole Parent Support

Like Emergency Benefit, Emergency Maintenance Allowance is paid at the same rate as the equivalent main benefit (Sole Parent Support or Young Parent Payment).

Emergency Maintenance Allowance clients have the same obligations as Sole Parent Support recipients if they are under 65. If they are over 65, they do not have work obligations.

Orphan's Benefit and Unsupported Child's Benefit

The Orphan's Benefit and Unsupported Child's Benefit are payments available to the primary caregivers of children who are not supported by their parents. These payments are not income or asset tested. However, the caregiver must be likely to have the child in their care for at least 12 months.

Caregivers can receive Orphan's Benefit or Unsupported Child's Benefit alongside another main benefit.

To qualify for Orphan's Benefit, the child's parents must be deceased, unable to be found, or have a serious long-term illness or incapacity that makes them unable to care for the child.

To qualify for Unsupported Child's Benefit, there must be no natural parent, adoptive parent, or step-parent to care for the child due to a family breakdown.

Payment rates

The payment rates for Orphan's Benefit and Unsupported Child's Benefit differ depending on the age of the child. Both benefits are paid at the same rate. Recently, payment rates have been increased by:

- $20.31 a week on 1 July 2018 as part of the Families Package
- $25 a week in July 2020 as part of a general main benefit increase in response to the COVID-19 pandemic.
- $28.57 to $51.92 on 1 April 2022, bringing them in line with the Foster Care Allowance paid by Oranga Tamariki to carers.

Aside from these increases, the payment rates are indexed annually.

Orphan's Benefit and Unsupported Child's Benefit recipients are also eligible for an annual Start of School payment (introduced in 2015), a weekly clothing allowance (introduced in 2018), and annual holiday and birthday allowances (introduced in 2021).

Table 6: Start of school, holiday, and birthday allowance rates as at 1 July 2022

Age	School and year start up payment	Holiday Allowance and Birthday Allowance rates
0-4 years	$400	$127.48
5-9 years	$450	$128.36
10-13 years	$500	$138.31
14+ years	$550	$148.21

Table 7: Weekly payment rates for Orphan's Benefit and Unsupported Child's Benefit as at 1 July 2022

Age of child	Payment rate (non-taxable)	Clothing allowance	Total payment
Under 5 years	$254.95	$22.31	$277.26
5-9 years	$256.72	$25.30	$282.02
10-13 years	$276.62	$31.24	$307.86
14+ years	$296.42	$37.48	$333.90

Abatement

While the caregiver's income does not affect the rate of payment, income that the child has that is not from personal earnings does. This includes interest from bank accounts and income from family trusts, investments, or estates. The abatement threshold is 50 percent of the benefit rate. For income above this threshold, the benefit is abated at $1 for every $1 of income.

Superannuation payments

New Zealand Superannuation

New Zealand Superannuation is a payment available to people aged 65 years and over, subject to their meeting residency requirements. The residency requirements are that they are a New Zealand citizen or hold a residence class visa, have lived in New Zealand for 10 years after the age of 20, five of which must have been after the age of 50[14], and that they are ordinarily resident in New Zealand on the date of the application[15].

New Zealand Superannuation is indexed to CPI growth and then adjusted again (if needed) to ensure that the net rate for a couple is at least 66% of the net average wage. The rates for single people are then adjusted to keep their proportionality to the rate for couples. In practice, this means that New Zealand Superannuation generally keeps pace with growth in net average wages over time.

Prior to 9 November 2020, partners who did not qualify for New Zealand Superannuation in their own right could be included as a 'non-qualified partner'. Since that date, non-qualified partners can no longer be newly included. People who qualified as a non-qualified partner before 9 November 2020 are still included in the payment.

The only obligation for New Zealand Superannuation recipients is to tell MSD about any changes in circumstances that may affect their entitlement to the payment.

Generally, there are no abatement thresholds, or income cut-out points for New Zealand Superannuation. However, New Zealand Superannuation is abated if a non-qualified partner is included in the benefit rate and/or if recipients have an overseas pension that is deemed to be similar to New Zealand Superannuation[16] (and subject to the 'direct deduction' policy[17]). New Zealand Superannuation may be taxed at a higher rate depending on a client's other income sources.

Payment Rates

Unlike main benefits, New Zealand Superannuation is paid fortnightly.

Table 8: Payment rates for New Zealand Superannuation assuming M tax rate

Rate	Net weekly payment	Gross weekly payment	Net fortnightly payment
Single living alone	$462.94	$538.24	$925.88
Single sharing	$408.48	$495.10	$854.66
Couple (both qualify)	$712.22	$817.32	$1,424.44
Couple (partner not qualified)	$356.11	$408.66	$712.22

[14] Residency in countries that New Zealand has reciprocal social security agreements with can be counted towards the total 10 years residency requirement and residency in the Cook Islands, Tokelau, or Niue can count towards the 5 years residency after 50 requirement.

[15] Ordinarily resident means someone who is normally and lawfully in New Zealand and intends to stay here. New Zealand Superannuation recipients who normally live in New Zealand can travel overseas for up to 26 weeks without their payments being impacted.

[16] If an overseas pension is deemed to be similar to another New Zealand payment, for example a Disability Allowance, then it will be directly deducted from any New Zealand Disability Allowance but not any other New Zealand benefit.

[17] https://www.workandincome.govt.nz/pensions/travelling-or-moving/moving-to-nz/overseas-pensions-deduction-examples.html

Veteran’s Pension

Veteran’s Pension is a payment for New Zealand veterans who are 65 years or older and have qualifying military service.

Veterans can choose whether they want to receive Veteran’s Pension or New Zealand Superannuation.

Veteran’s Pension is paid at the same fortnightly rate as New Zealand Superannuation. Some recipients may also qualify for a lump sum payment to their surviving family on their death.

Second tier assistance

Tax credits

Inland Revenue provides supplementary assistance for families with children through Working for Families tax credits and for people not eligible for Working For Families through the Independent Earners Tax Credit.

Working For Families encompasses several payments that are provided by Inland Revenue to support families with dependent children aged 18 and under. Although these payments are generally administered by Inland Revenue, MSD administers some of the payments for people receiving main benefits. The payments that comprise Working For Families are:

- Family Tax Credit
- In-Work Tax Credit
- Minimum Family Tax Credit
- Best Start tax credit

These payments are not taxed, but they are income tested. This means entitlement to payments is determined based on a family’s annual income.

Some Working For Families payment rates are indexed to inflation, and some are not. These settings are described under each payment below. The abatement thresholds for Working For Families payments are not indexed.

Payments can be received weekly, fortnightly, or in an annual lump sum after the end of the tax year.

Working For Families payments are paid to the primary caregivers of children. If children are in a shared-care arrangement, Family Tax Credit and Best Start can be paid proportionately to both parents (with a minimum amount of care required of one-third of the child’s time).

Family Tax Credit

Family Tax Credit is a payment available to families with children.

Parents who are also receiving a main benefit can receive Family Tax Credit. However, it is not available to carers of children receiving Orphan's Benefit, Unsupported Child's Benefit, or Foster Care Allowance (paid by Oranga Tamariki) for those children.

Payment rates and cut-out points

The payment amount depends on the family's income, number of dependent children, and any shared care arrangements. Family Tax Credit rates are indexed to the CPI when cumulative changes in CPI reach 5% rather than being indexed annually. However, on 1 April 2022 Family Tax Credit rates increased by almost $15 per week for eldest child and $13 per week for subsequent children, as rates were increased in addition to the scheduled adjustment.

Table 9: Maximum payment rates and cut-out points for Family Tax Credit as at 1 July 2022

Number of children	Payment	Cut-out point (weekly)	Cut-out point (annual)
1	$127.73	$1,278.84	$66,500
2	$231.81	$1,653.84	$80,000
3	$335.89	$2,057.69	$107,000
4	$439.97	$2,446.92	$127,240
5	$544.05	$2,832.40	$147,285
6	$648.13	$3,217.88	$167,330

Abatement

From 1 April 2022, Family Tax Credit has a 27% abatement rate which means that for every $1 a family earns over $42,700 (the abatement threshold) their Family Tax Credit payment reduces by 27 cents. Previously the abatement rate was 25%. The cut-out points differ depending on the number of children in a family. These are listed above in Table 8.

In-Work Tax Credit

The In-work Tax Credit is a payment for low- and middle- income parents who are in paid work and do not receive a main benefit.

Prior to 1 April 2020, recipients were required to meet an 'hours test' which meant that sole parents had to work at least 20 hours a week to qualify, and couples had to work at least 30 hours between them. The hours test was removed as part of the COVID-19 Income Support Package, to provide additional support to low-income families whose hours of work fluctuate or were below the hours test threshold. Now, recipients are only required to be not receiving a main benefit and receiving some paid income.

Payment rates and cut-out points

The payment rate for the In-Work Tax Credit depends on family income and the number of dependent children in the family.

Table 10: In-work tax credit payment rates by number of children as at 1 July 2022

Number of children	Payment	Cut-out point (weekly)	Cut-out point (annual)
1	$72.50	$1,538.46	$80,000
2	$72.50	$1,942.31	$101,000
3	$72.50	$2,317.31	$120,500
4	$87.50	$2,772.84	$144,188
5	$102.50	$3,213.88	$167,122
6	$117.50	$3,654.92	$190,056

Abatement

The In Work Tax Credit starts to abate after the cut-out point for the Family Tax Credit (which varies depending on the number of dependent children). The abatement rate is 27% as of 1 April 2022. Therefore, for every additional $1 a family earns above the cut-out point, their In Work Tax Credit payment decreases by 27 cents.

Minimum Family Tax Credit

The Minimum Family Tax Credit is a payment designed to top up the income of low-income families in work. The payment is designed to ensure that parents are better off in low-paid work than on a benefit. To be eligible, parents must meet an income test and an hours test. The hours test requires sole parents to be working at least 20 hours a week, and couples to be working at least 30 hours between them.

Minimum Family Tax Credit guarantees a minimum income of $632 a week, or $32,864 per year. The Minimum Family Tax Credit 'tops up' a family's income to this amount, which means that as their income increases the amount of Minimum Family Tax Credit that a family receives decreases dollar-for-dollar. Once the family's income reaches the amount, they will no longer be eligible for the payment.

The Minimum Family Tax Credit payment rate is not explicitly indexed, but the formula that calculates the payment rate means that Minimum Family Tax Credit must maintain a certain gap between main benefits and work – this means that it tends to increase as benefits are indexed to inflation.[18]

People receiving Minimum Family Tax Credit are also eligible for the In-Work Tax Credit, which ensures that people are better off working and receiving these payments than they would be on a benefit and working part time.

Best Start

Best Start was introduced on 1 July 2018 and replaced the Parental Tax Credit. The Parental Tax Credit was paid at a higher rate, but only for the first 10 weeks after a child was born.

Best Start is a universal payment of $65.15 a week for the first year of a child's life, payable in weeks when paid parental leave is not received. Prior to 1 April 2022, the payment was $60 a week. Low- and middle-income families whose income is below $93,858 can continue to receive the payment in the second and third year of the child's life. However, in the second and third year the payment is abated at 21 percent once the family earns above $79,000 a year.

Best Start is indexed after there has been a cumulative increase in the CPI of five percent. As with other Working For Families payments, the abatement threshold is not indexed.

Best Start payments start after paid parental leave payments end.

[18] The formula for Minimum Family Tax Credit calculates a rate that ensures a sole parent is better off moving off benefit at 20 hours of work per week.

Independent Earner Tax Credit

The Independent Earner Tax Credit is a payment for people earning between $24,000 and $48,000 a year and who are not entitled to Working For Families, nor receiving a main benefit, New Zealand Superannuation, Veterans Pension, or the overseas equivalent of any of these payments.

Independent Earner Tax Credit is paid at $10 a week (or $520 per year) for people earning between $24,000 and $44,000 a year. For every additional dollar earned above $44,000, Independent Earner Tax Credit reduces by 13 cents until it fully abates at $48,000 a year.

Supplementary assistance through MSD

Supplementary assistance payments from MSD are non-taxable payments that people can receive alongside their main benefit to help with specific costs such as accommodation, childcare, medical or disability costs, or heating. All but one of these payments are also available to people who are not receiving a main benefit. These payments are income tested and some are asset tested, to ensure that support is targeted at people on low and middle incomes.

In this section, the following supplementary payments are covered:

- Accommodation Supplement
- Income-Related Rent Subsidy
- Disability Allowance
- Child Disability Allowance
- Childcare Subsidy
- Out of School Care and Recreation subsidy
- Winter Energy Payment.

Accommodation Supplement

The Accommodation Supplement is designed to assist with accommodation costs. It is available to people receiving a main benefit, and those who are not receiving a main benefit but meet an income and asset test. It is not available to people in social housing who receive the Income-Related Rent Subsidy.

Accommodation Supplement can subsidise private rent costs or costs associated with home ownership such as mortgage payments and rates, up to a maximum amount.

It is calculated as a partial contribution to housing costs. A certain amount of housing costs need to be paid by the client before the Accommodation Supplement is available (known as the 'entry threshold'). Above the entry threshold housing costs are subsidised by the Accommodation Supplement by 70 cents for every dollar of housing costs (known as the 70% co-payment). This co-payment is available up to a maximum amount of Accommodation Supplement payment. Any further housing costs above the maximum amount need to be met by recipients.

Recipients also need to have cash assets below the cash asset limit to be eligible.

The payment rate of Accommodation Supplement depends on family type, where the recipient lives, their accommodation costs, their income, and their assets. There are four Accommodation Supplement zones (or areas), with different locations corresponding to each area. Each zone has a different maximum, based on accommodation costs in that region.

Payment rates, cut-out points, and asset limits

Accommodation Supplement was first introduced in 1993. The maximum payment rates of Accommodation Supplement are not indexed. The entry thresholds for Accommodation Supplement are linked to main benefit payments and Family Tax Credit, so generally increase with inflation.

Maximum payment rates were increased as part of Working for Families changes in 2004-2006, and as part of the Families Package on 1 April 2018. As part of the 2018 changes the Accommodation Supplement zones were also updated to reflect the increased costs of accommodation in some areas.

The cash asset limits for Accommodation Supplement have not been updated since the payment was introduced on 1 July 1993.

Table 11: Accommodation Supplement cash asset limits and abatement thresholds as at 1 July 2022

	Asset limit	Asset abatement threshold
Single	$8,100	$2,700
Couple or Sole Parent	$16,200	$5,400

Table 2: Accommodation Supplement weekly entry thresholds and maximum payment rates as at 1 July 2022

Family type	Entry threshold (rent or board)	Entry threshold (mortgage)	Area 1 max	Area 2 max	Area 3 max	Area 4 max
Single	$79	$95	$165	$105	$80	$70
Couple	$134	$161	$235	$155	$105	$80
Couple with children	$173	$208	$305	$220	$160	$120
Sole parent, 1 child	$142	$171	$235	$155	$105	$80
Sole parent, 2+ children	$142	$171	$305	$220	$160	$120

Abatement

Recipients of main benefits are entitled to the full amount of calculated Accommodation Supplement for their area and housing costs. For non-beneficiaries, Accommodation Supplement is abated at 25% when their income is above the income threshold[19]. Above the cash asset threshold (table 9), Accommodation Supplement is abated by $1 per week for every $100 of cash assets above the limit.

[19] For people without children, the income threshold is equivalent to the Jobseeker Support cut out point. For sole parents it is calculated as the Jobseeker Support abatement threshold + (Jobseeker Support sole parent rate/Jobseeker Support abatement rate)

Table 13: Accommodation Supplement weekly income threshold and income cut out points by area and family type

Family type	Income threshold	Area 1 cut-out point	Area 2 cut-out point	Area 3 cut-out point	Area 4 cut-out point
Single	$610	$1,270	$1,030	$930	$890
Couple without children	$926	$1,866	$1,546	$1,346	$1,246
Couple with children	$969	$2,189	$1,849	$1,609	$1,449
Sole parent, 1 child	$790	$1,730	$1,410	$1,210	$1,110
Sole parent, 2+ children	$790	$2,010	$1,670	$1,430	$1,270

Income-Related Rent Subsidy

The Income-Related Rent Subsidy is available to people in social housing (which includes properties provided by both Kāinga Ora and community housing providers). It ensures tenants are paying no more than 25% of their income in rent. The payment is made directly to the housing provider, rather than to the recipient.

The rate of Income-Related Rent Subsidy is determined by the recipient's income and housing costs. Therefore, when housing costs increase, the Income-Related Rent Subsidy payment increases to ensure the recipient is paying only 25% of their income. Because of this, Income-Related Rent Subsidy is generally paid at a higher rate than Accommodation Supplement.

Income-Related Rent Subsidy has an abatement rate of 50%. The abatement threshold for Income-Related Rent Subsidy is equivalent to the net weekly rate of New Zealand Superannuation assuming an M tax rate is used (either for a single person living alone or a couple). This means that the threshold increases annually, as New Zealand Superannuation is indexed and increases on 1 April each year.

Table 14: Weekly income thresholds for the Income-Related Rent subsidy as at 1 July 2022.

	Income threshold
Single	$462.94
Sole parent or couple	$712.22

Disability Allowance

Disability Allowance is a payment designed to assist with the additional costs associated with a disability or ongoing medical condition. To qualify for this payment, applicants must have a health condition or disability that is likely to last 6 months or longer and meet an income test.

The rate of payment for Disability Allowance is based on the recipient's weekly costs, up to a maximum of $70.04 a week as of 1 April 2022. Verification of these medical costs must be provided with the application. The recipient's family type is not considered in the payment rate.

Disability Allowance is not abated[20]. Instead, once a recipient's income exceeds the income limits, they lose entitlement to the payment. The income limits are indexed to the CPI, meaning they increase each year. The limits are also increased when the rate of New Zealand Superannuation increases, to ensure that people receiving New Zealand Superannuation can continue to receive Disability Allowance. This means that they often increase by more than the CPI on 1 April each year, when New Zealand Superannuation and main benefits are indexed.

Table 15: Weekly income limits for Disability Allowance

Family type	Gross weekly income limit
Single, 16-17 years	$588.98
Single, 18+ years	$733.72
Couple	$1,092.55
Sole parent, 1 child	$821.43
Sole parent, 2 children	$865.46

Child Disability Allowance

Child Disability Allowance is a payment designed to help with the costs of a child with a serious disability that is likely to last 12 months or more. The payment is not income or asset tested and is paid at a constant rate regardless of the child's costs. As of 1 April 2022, Child Disability Allowance is paid at $52.79 a week.

[20] If the client receives an overseas pension that is deemed similar to Disability Allowance then it will be directly deducted from the New Zealand Disability Allowance.

Childcare Subsidy and OSCAR subsidy

The Childcare Subsidy and OSCAR (Out of School Care and Recreation) Subsidy are two Childcare Assistance payments administered by MSD. The payments are both income tested, paid at the same rate, and have the same abatement and cut-out points. These payments are available to families regardless of if they are receiving a main benefit or not, provided they meet the income test. Payments are made directly to the childcare provider.

The Childcare Subsidy is available for children under five years of age for up to 50 hours a week of care (up to 9 hours if the caregiver is not working or in training). Childcare Subsidy cannot be paid for any hours already covered by the '20 Hours ECE' subsidy, which is provided by the Ministry of Education for three to five-year olds.[21]

The OSCAR subsidy is available for children aged 5 to 13 years for up to 20 hours a week during term time and 50 hours a week during the school holidays.

Childcare Assistance is only able to be paid for the childcare costs of a primary caregiver, and is not able to be split if a child is in a shared-care arrangement.

Table 16: Hourly subsidy rates for the Childcare Subsidy and OSCAR Subsidy, by family income and number of children, as at 1 April 2022

Number of children	Gross Weekly Income	Subsidy (per hour)
1	Less than $838.00	$5.69
	$838.00 to $1,256.99	$4.53
	$1,257.00 to $1,360.99	$3.17
	$1,361.00 to $1,465.99	$1.77
2	Less than $963.00	$5.69
	$963.00 to $1,444.99	$4.53
	$1,445.00 to $1,559.99	$3.17
	$1,560.00 to $1,674.99	$1.77
3 or more	Less than $1,079.00	$5.69
	$1,079.00 to $1,612.99	$4.53
	$1,613.00 to $1,748.99	$3.17
	$1,749.00 to $1,884.99	$1.77

The hourly subsidy rates for Childcare Assistance are indexed annually to the CPI. From 1 April 2022, income thresholds increase in line with net average wage growth. Prior to that, the thresholds had been frozen since 2010.

[21] For more information on 20 hours free ECE: https://parents.education.govt.nz/early-learning/early-childhood-education/20-hours-ece-2/

Winter Energy Payment

The Winter Energy Payment was introduced on 1 July 2018 as part of the Families Package. The payment is designed to help people receiving a main benefit or New Zealand Superannuation heat their homes in winter. There is no income or asset test for this payment, instead all people receiving main benefits and superannuitants automatically receive the payment from 1 May to 1 October, unless they opt out.

The rate of payment is determined by the recipient's family type. The payment rate is not indexed. However, it was doubled in 2020 in response to the COVID-19 pandemic. In 2021 the payment rate returned to its normal setting.

Table 17: Winter Energy Payment rates, by family type

	Weekly rate
Single	$20.46
Couple or sole parent	$31.82

Third tier assistance

Temporary Additional Support

Temporary Additional Support is an income- and asset-tested payment designed to help people who have regular essential costs that they are unable to cover through their other income. This payment is available to recipients of main benefits as well as non-beneficiaries with low incomes.

Temporary Additional Support recipients must reapply every 13 weeks. While the payment is designed to be temporary, people can receive it repeatedly if needed. People must also take reasonable steps to reduce their costs and report these at each reapplication.

The rate of Temporary Additional Support paid is calculated taking into consideration the applicant's income (including benefits and other supplementary payments) and their essential costs. Temporary Additional Support is paid at the rate of the difference between people's income and their essential costs, up to an 'upper limit'. The upper limit is 30% of the client's main benefit rate or 30% of the Jobseeker Support rate for non-beneficiaries. There is an exception for those with disability costs that exceed the maximum amount of Temporary Additional Support that allows for more than that amount to be paid (known as the Disability Exception Amount).

The most common reason for people needing Temporary Additional Support is to meet their accommodation costs.

To qualify for Temporary Additional Support, applicants must meet the cash asset limits in Table 17 below. If they have assets above the limits, they lose entitlement to Temporary Additional Support entirely.

Table 8: Temporary Additional Support asset limits, as at 1 April 2022

	Cash asset limit
Single	$1,193.21
Couple or Sole parent	$1,988.20

The Temporary Additional Support asset limits are indexed to the CPI on 1 April each year.

One-off Hardship Payments

MSD administers one-off hardship payments to help people who have immediate financial needs that they cannot meet themselves.

One-off hardship payments are most commonly provided for food.

This section describes the following one-off payments:

- Special Needs Grants
- Benefit Advance Payments
- Recoverable Assistance Payments

Special Needs Grants

Special Needs Grants are one-off payments that are non-recoverable, meaning the recipient does not have to pay them back. These payments are available to people receiving main benefits as well as people working on low incomes. Special Needs Grants can be paid directly to the recipient, directly to a provider of goods and services, or through payment cards.

The rate of payment depends on what costs the recipient needs help with. There are maximum amounts for different cost types (for example, food, emergency dental, and emergency housing all have different maximum amounts).

Table 19: Weekly gross income limits for Special Needs Grants as of 1 July 2022

Family type	Gross weekly income limit
Single 16-17 years	$737.86
Single 18+ years	$848.00
Couple	$1,231.72
Sole parent 1 child	$1,029.02
Sole parent 2 + children	$1,084.13

Table 20: Asset limit for Special Needs Grants

	Asset limit
Single	$1,193.21
Couple	$1,988.20

The income and asset limits are indexed annually to the CPI. There is no abatement, people with assets or income above the limits are not eligible for Special Needs Grants.

Advance Payment of Benefit

Advance Payments of Benefit are non-taxable recoverable payments, meaning that people have to pay them back. The income and asset limits for this payment is the same as for Special Needs Grants. These payments are also available only to people who are currently receiving a main benefit. People must have an immediate essential need, that they cannot cover the costs of.

The amount paid is calculated as the lowest amount that will cover the immediate costs. The amount must be less than or equal to six weeks of the client's benefit rate.

Typically, the payment is recovered by way of an offset from the client's benefit payments. For example, $5 a week may be taken out of a client's future benefit payments to repay the advance payment.

Recoverable Assistance Payments

Recoverable Assistance Payments are similar to Advance Payments of Benefit in that they are non-taxable payments for immediate need that have to be paid back. However, Recoverable Assistance Payments are available to non-beneficiaries who meet an income and asset test.

Recoverable Assistance Payments are paid at the minimum amount required to meet the recipient's costs, up to a maximum value equal to six weeks of the Supported Living Payment rate.

The asset limit is the same as the asset limit for Temporary Additional Support and Special Needs Grants. People with cash assets above this limit are not eligible for Recoverable Assistance Payments. People with income above the income limit are also not eligible.

Table 21: Annual gross income limits for Recoverable Assistance Payments as of 1 July 2022

Family type	Gross Annual income
Single 16-17 years	$38,368.72
Single 18+ years	$44,096.00
Couple	$64,049.44
Sole parent 1 child	$53,059.04
Sole parent 2+ children	$56.374.76

Example families receiving income support

This section presents four example families who receive income support payments and shows the amount and make up of their income and how their incomes change as they move into paid work.

For the example families that follow it is assumed that:

- the families do not receive hardship assistance aside from Temporary Additional Support
- they are not making Student Loan repayments, child support payments, or KiwiSaver contributions
- they have taken up all the financial assistance they are entitled to
- payment rates are as at 1 April 2022
- when working they earn minimum wage
- they remain on benefits until it is more financially advantageous to be off benefits
- there are no additional work-related costs such as transport or childcare
- it is winter and they receive the Winter Energy Payment while receiving a main benefit
- people are in a stable private rental situation, paying lower-quartile market rent[22] in South Auckland, and take up Accommodation Supplement
- Working For Families entitlements are received as a weekly payment rather than as a fortnightly payment or end-of-tax-year lump sum
- all benefit abatement is based on weekly income, rather than annual income (in practice, Sole Parent Support and Supported Living Payment recipients can elect to have their benefit abated based on annual rather than weekly income) all income tax calculations are based on weekly income, rather than as an average weekly share of the annual income
- work refers to paid work.

Families with children

Typically, the welfare system provides more support for families with children than those without. In addition to a main benefit, parents may receive Accommodation Supplement (or Income-Related Rent Subsidy in public housing), Family Tax Credit, the Winter Energy Payment, Best Start if their children are under 3 years old, and Temporary Additional Support or other hardship assistance if they have high costs. As they move in to work, main benefits and Temporary Additional Support abate, and they become eligible for In-Work Tax Credit and Minimum Family Tax Credit. Parents may also receive the Childcare Subsidy or OSCAR Subsidy depending on their hours of work and care required.

[22] Lower-quartile market rent for Manurewa as of 1 April 2022 sourced from https://www.tenancy.govt.nz/rent-bond-and-bills/market-rent/

A sole parent with one child who is eligible for Best Start

At zero hours of paid work, this family's income is made up of the Sole Parent Payment, Accommodation Supplement, Best Start, Family Tax Credit, and the Winter Energy Payment.

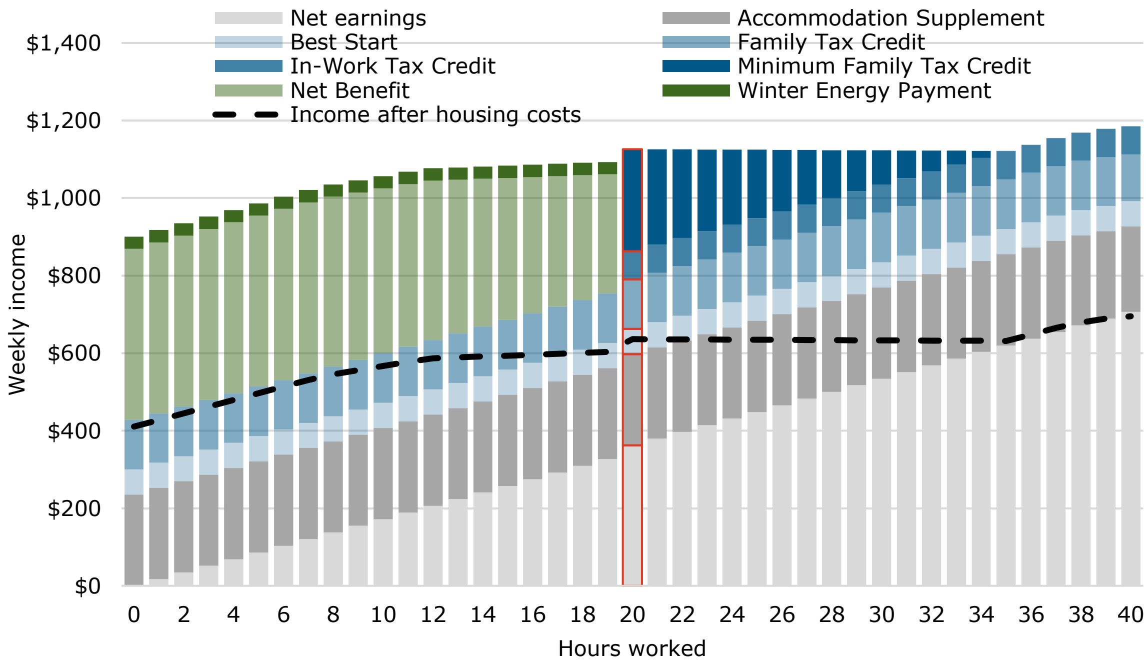
At eight hours of work, their benefit starts to reduce because they are earning over $160 (gross). For every additional dollar they earn, their benefit decreases by 30 cents. At 12 hours of work their benefit starts to abate at a higher rate of 70 cents for every additional dollar earned because they are earning over $250 per week (gross).

At 20 hours of work, they are better off financially by switching off main benefit. From 19 to 20 hours of paid work, their income increases by around $33, because they become eligible for the Minimum Family Tax Credit and In-Work Tax Credit.

From 20 to 35 hours of work their income does not increase, because the Minimum Family Tax Credit abates with every additional hour worked.

At 36 hours of work, they are above the income threshold for the Minimum Family Tax Credit, so their income will increase in line with their increases in work hours. Their entitlement to Accommodation Supplement, Best Start, and In-work Tax Credit does not change.

Figure 1: Weekly income, and source of income, as hours of work increase for a sole parent earning the minimum wage with one child



A couple with two children receiving Jobseeker Support

For this couple it is assumed that both parents work the same number of hours and their hours increase at the same rate. Neither of the children are eligible for Best Start.

At zero hours of paid work, this family's income is made up of their Jobseeker Support benefit, Accommodation Supplement, Family Tax Credit, Temporary Additional Support, and the Winter Energy Payment.

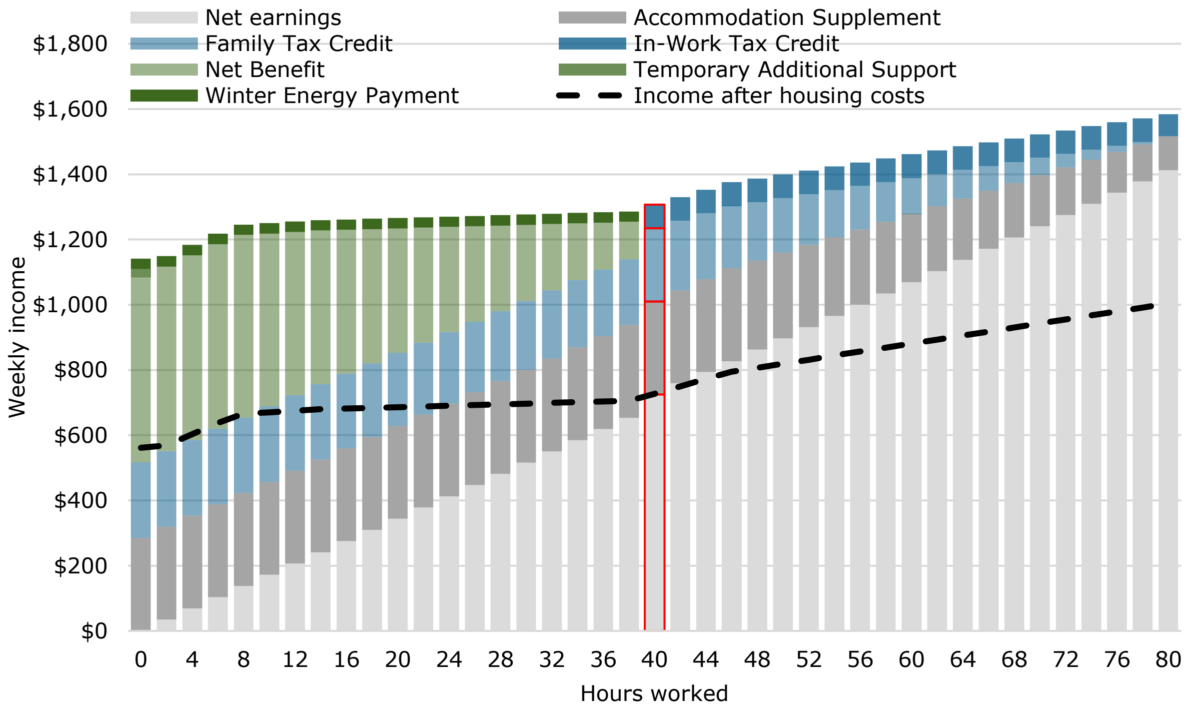
At eight hours their benefit starts to abate as their income exceeds the abatement threshold. For every additional dollar they earn, their benefit payments decrease by 70 cents.

At 14 hours of work their Family Tax Credit also starts to reduce, resulting in an even weaker financial incentive to work an additional hour.

At 40 hours of work, this family are no longer receiving their main benefit and they become eligible for the In-work Tax Credit.

At 46 hours of work, their Accommodation Supplement starts to abate.

Figure 2: Weekly income, and source of income, as hours of work increase for a couple earning the minimum wage with two children



Families without children

People without children receiving main benefits are also eligible for the Winter Energy Payment, Accommodation Supplement, and Temporary Additional Support or other hardship assistance depending on their costs. As they enter work, they become eligible for the Independent Earner Tax Credit.

A single person without children receiving Jobseeker Support

At zero hours of work, this person's income is made up of their Jobseeker Support benefit, Accommodation Supplement, Temporary Additional Support, and the Winter Energy Payment.

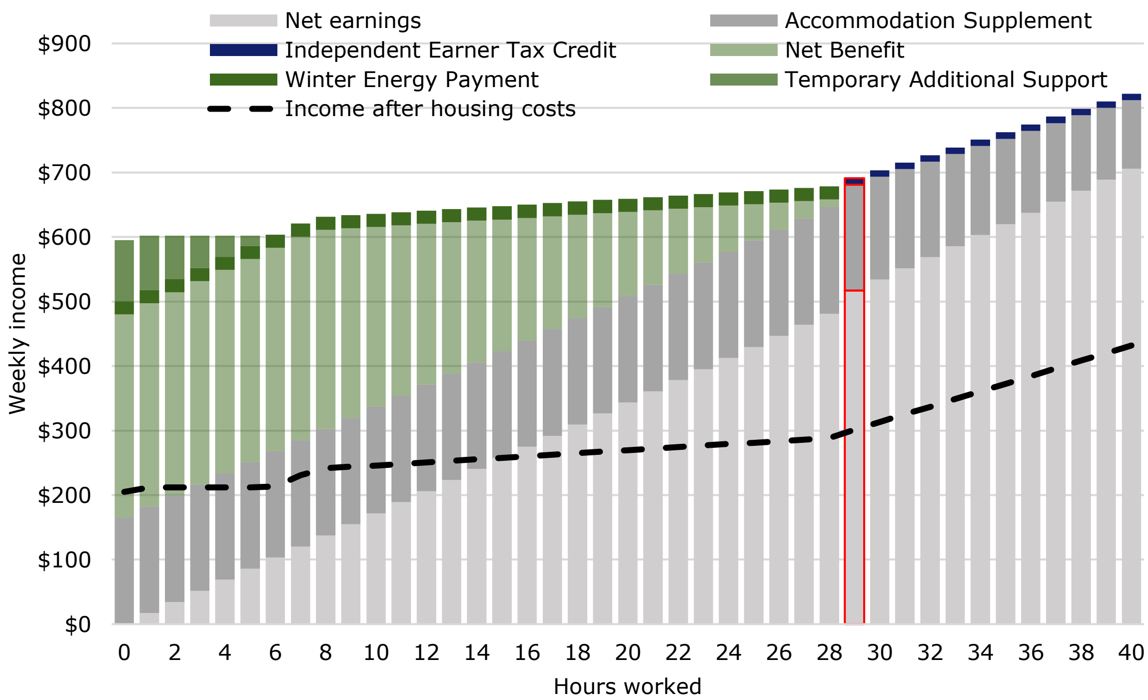
Between 0 to five hours of work, for every additional dollar they earn their Temporary Additional Support decreases by a dollar.

At six hours of work, they no longer receive any Temporary Additional Support.

From eight to 28 hours of work their Jobseeker Support decreases by 70 cents for every additional dollar earned.

From 29 hours of work onwards, they are no longer on benefit and their Accommodation Supplement starts to abate, by 25 cents for every additional dollar earned. They also become eligible for the Independent Earner Tax Credit.

Figure 3: Weekly income, and source of income, as hours of work increase for a single person on Jobseeker Support earning minimum wage



A single person without children receiving the Supported Living Payment

When not working, this person's income is made up of their Supported Living Payment, Accommodation Supplement, Winter Energy Payment, and Temporary additional Support.

Between one and five hours of work, for every additional dollar they earn their Temporary Additional Support decreases by a dollar.

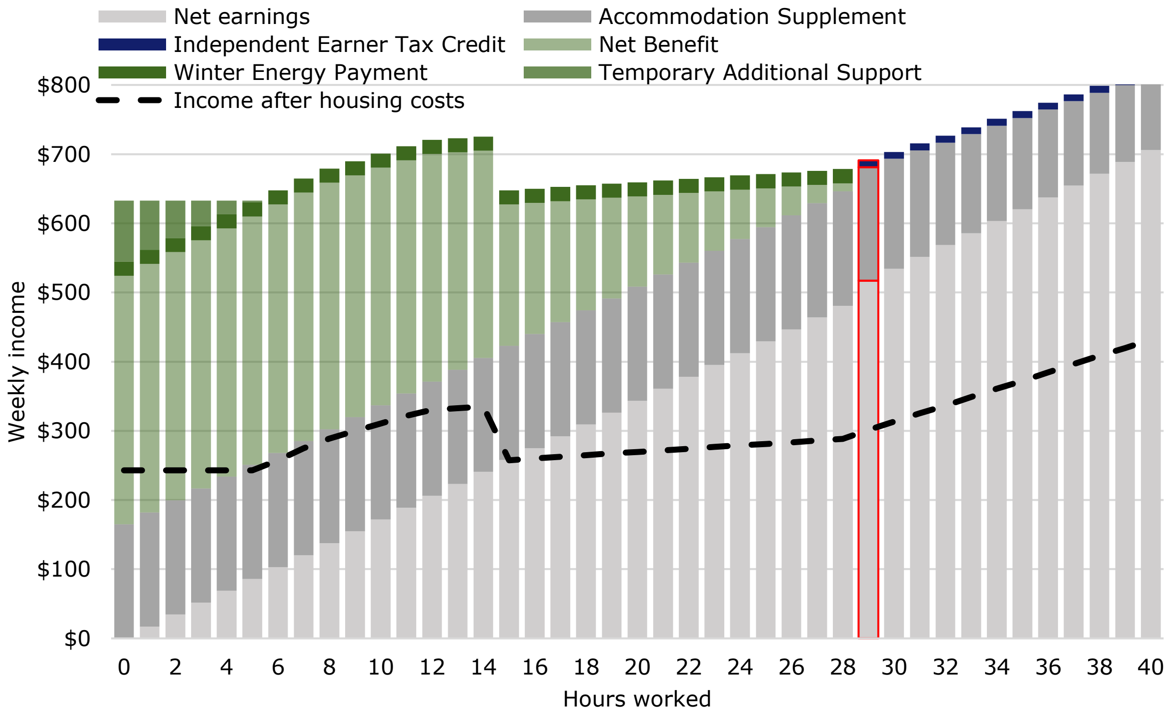
At eight hours of work, their benefit starts to reduce because they are earning over $160 (gross). For every additional dollar they earn, their benefit payment decreases by 30 cents.

At 12 hours of work their benefit starts to abate at a higher rate of 70 cents for every additional dollar earned because they are earning over $250 per week (gross).

At 15 hours work, there is a large drop in their total income because Supported Living Payment has a limit of 15 hours work. They have been transferred to Jobseeker Support, which is paid at a lower rate.

From 29 hours of work onwards, they no longer receive their benefit or the Winter Energy Payment, and their Accommodation Supplement starts to abate, by 25 cents for every additional dollar earned. They also become eligible for the Independent Earner Tax Credit.

Figure 4: Weekly income, and source of income, as hours of work increase for a single person on Supported Living Payment earning the minimum wage



References

Garlick, T. (2012). *Social Developments – an organisational history of the Ministry of Social Development and its predecessors, 1860-2011.* https://www.msd.govt.nz/about-msd-and-our-work/about-msd/history/social-developments-organisational-history.html

McKenzie, A. (2022). *Social Assistance Chronology – a chronology of social assistance policy and programmes in New Zealand – 1844 to 2022.* https://www.msd.govt.nz/about-msd-and-our-work/about-msd/history/social-assistance-chronology-programme-history.html

Ministry of Social Development. (2022). *Working paper: Total incomes of MSD main benefit clients as at April 2022.* https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/working-papers/wp-total-incomes-of-msd-main-benefit-clients-as-at-april-2022.pdf

Welfare Expert Advisory Group. (2018). *The Income Support System.* http://www.weag.govt.nz/assets/documents/WEAG-report/background-documents/757c27caff/Income-support-system-040319.pdf