



19 February 2026

Tēnā koe

### **Official Information Act request**

Thank you for your email of 21 January 2026, requesting information relating to Budget 2022 changes for Special Needs Grant (SNG) for dental treatment.

I have considered your request under the Official Information Act 1982 (the Act). Please find my decision on your request set out below.

1. *All formal written policy advice from the Ministry of Social Development to Ministers in the lead-up to Budget 2022 relating to the asset thresholds applied to Special Needs Grants for dental treatment, including advice on whether to retain, amend, or remove those thresholds as part of the Budget 2022 dental grant changes including any analysis or advice provided to Ministers on the equity, accessibility, or distributional impacts of that threshold.*
2. *All final Cabinet and Cabinet committee papers, Cabinet minutes, and associated aide-memoires submitted in the lead-up to Budget 2022 that relate to the asset thresholds applied to Special Needs Grants for dental treatment, including consideration of retaining, amending, or not amending those thresholds as part of the Budget 2022 dental grant changes.*
3. *Any formal modelling, analysis, or written advice held by the Ministry since 1 January 2022 (excluding advice prepared for or provided in connection with Budget 2022) that considers the impacts of increasing, lowering, or removing the asset threshold for Special Needs Grants for dental treatment, including estimates of:*
  - a. *additional eligibility; and*
  - b. *fiscal cost or savings.*

*If no such material exists, please confirm this.*

Please refer to the following attached documents identified in scope of the above parts of your request:

- Report - REP/22/10/946 Budget 2022: Implementing policy changes to Special Needs Grants for dental treatment
- Report - REP/20/11/1040 Implementing the manifesto commitment to increase emergency dental support for low income households

- Cabinet paper – REP/20/11/1116 Implementing the manifesto commitment to increase emergency dental support for low income households

I have also identified some information relevant to your request contained in the 2022 Budget Package – Vote Social Development. This document contains information largely outside the scope of your request and as such, I have provided the relevant excerpts in scope of your request under section 16(1)(e) of the Act. This excerpt is provided as document number 4.

You can also find information on changes to SNG for dental treatment, including projected operating costs at the following link: [www.msd.govt.nz/about-msd-and-our-work/newsroom/budget/2022/factsheets/special-needs-grants-for-dental-treatment.html](http://www.msd.govt.nz/about-msd-and-our-work/newsroom/budget/2022/factsheets/special-needs-grants-for-dental-treatment.html).

4. *For each of the last three financial years (or since December 2022 where more appropriate):*
  - a. *The total number of applications for Special Needs Grants for dental treatment;*
  - b. *The number and percentage of applications declined;*
  - c. *Of those declined, the number and percentage declined specifically because income was too high; and/or assets were too high.*
5. *Total expenditure on Special Needs Grants for dental treatment for each of the last three financial years, broken down by year.*

Please refer to the attached **Appendix** which provides the following two tables in response to the above parts of your request:

**Table 1:** The number of Emergency Dental Treatment Special Needs Grant (SNG) processed, and the amount granted during the period 1 July 2022 to 30 June 2025 by financial year.

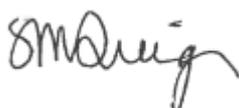
**Table 2:** The number of Emergency Dental Treatment Special Needs Grant (SNG) declined due to 'Cash assets/Income exceed limit' during the period 1 July 2022 to 30 June 2025 by financial year.

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with my decision on your request, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Ngā mihi nui

pp. 

Anna Graham  
**General Manager**  
**Ministerial and Executive Services**



## Appendix

**Table 1: The number of Emergency Dental Treatment Special Needs Grant (SNG) processed, and the amount granted during the period 1 July 2022 to 30 June 2025 by financial year.**

| Financial Year               | Grants       |     | Declines     |    | Total         |                      |
|------------------------------|--------------|-----|--------------|----|---------------|----------------------|
|                              | Applications | %   | Applications | %  | Applications  | Amount Granted       |
| <b>July 2022 - June 2023</b> | 72,353       | 94% | 4,421        | 6% | <b>76,774</b> | <b>\$ 42,099,562</b> |
| <b>July 2023 - June 2024</b> | 82,250       | 93% | 5,917        | 7% | <b>88,167</b> | <b>\$ 57,986,880</b> |
| <b>July 2024 - June 2025</b> | 85,644       | 93% | 6,811        | 7% | <b>92,455</b> | <b>\$ 61,046,108</b> |

\* The amount is only recorded for successful hardship applications. Amount granted is not necessarily the amount spent.

**Table 2: The number of Emergency Dental Treatment Special Needs Grant (SNG) declined due to 'Cash assets/Income exceed limit' during the period 1 July 2022 to 30 June 2025 by financial year.**

| Financial Year               | Cash assets/Income exceed limit |     | All other decline reasons |     |
|------------------------------|---------------------------------|-----|---------------------------|-----|
|                              | Applications                    | %   | Applications              | %   |
| <b>July 2022 - June 2023</b> | 2,670                           | 60% | 1,751                     | 40% |
| <b>July 2023 - June 2024</b> | 3,295                           | 56% | 2,622                     | 44% |
| <b>July 2024 - June 2025</b> | 3,691                           | 54% | 3,120                     | 46% |

### Table Notes:

- Applications processed is the number of applications granted and declined.
- Emergency Dental Treatment grants are paid as a Special Needs Grant (SNG), Advance payment of Benefit (ADV) and Recoverable Assistance Payment (RAP).
- An application for dental assistance can be split into the categories SNG and ADV.

- This data includes only SNG payments.
- To protect confidentiality the Ministry of Social Development uses processes to make it difficult to identify an individual person or entity from published data.
- These data tables have had random rounding to base three applied to all cell counts in the table.
- Random Rounding does not round to zero. A value of one or two will be rounded to three.
- The impact of applying random rounding is that columns and rows may not add exactly to the given column or row totals.
- The published counts will never differ by more than two counts.



# Report

**Date:** 13 October 2022

**Security  
Level:**

IN CONFIDENCE

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

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## Budget 2022: Implementing policy changes to Special Needs Grants for dental treatment

### Purpose of the report

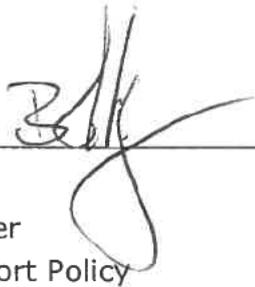
- 1 This report seeks your agreement to approve and sign the attached Special Needs Grants (Dental Treatment) Amendment Programme 2022 to implement the following policy changes to Special Needs Grants for dental treatment from 1 December 2022:
  - 1.1 Increase the maximum amount for grants from \$300 to \$1,000
  - 1.2 Allow people to receive more than one grant in a 52-week period (up to the maximum amount)
  - 1.3 Remove the requirement for the need for treatment to have arisen from an emergency situation.

### Recommended actions

It is recommended that you:

- 1 **approve and sign** the attached Special Needs Grants (Dental Treatment) Amendment Programme 2022 (the instrument), in order to implement the following policy changes to Special Needs Grants for dental treatment:
  - 1.1 Increase the maximum amount for grants from \$300 to \$1,000
  - 1.2 Allow people to receive more than one grant in a 52-week period (up to the maximum amount)
  - 1.3 Remove the requirement for the need for treatment to have arisen from an emergency situation

- 2 **note** that policy changes will come into effect on 1 December 2022 if the attached instrument is signed
- 3 **direct** your Office to arrange for a copy of the instrument to be presented to the House of Representatives once you have signed them and no later than the 16<sup>th</sup> sitting day after the day on which you sign the instrument
- 4 **note** that officials will arrange for publication of the instrument on the Ministry of Social Development's (MSD) external website, and in the *New Zealand Gazette* by 3 November 2022 to comply with the 28-day rule.



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Bede Hogan  
Policy Manager  
Income Support Policy

13/10/2022  
Date

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Hon Carmel Sepuloni  
Minister for Social Development and  
Employment

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Date

## **As part of Budget 2022, Cabinet agreed to improve the adequacy and accessibility of Dental Special Needs Grants**

### ***Grant maxima will be increased to \$1,000, which will reduce client debt***

- 2 The current maximum limit of \$300 for emergency dental treatment has not been changed since 1996 and is not in line with actual costs. This means that people often must go into debt to receive treatment, usually in the form of an Advance Payment of Benefit (Advance). Increasing the maxima to \$1,000 will alleviate client debt accordingly.

### ***People will be able to receive more than one grant in a 52-week period***

- 3 Currently, people can only access one grant in a 52-week period unless exceptional circumstances exist, regardless of how much support they received through that grant. However, some people have multiple oral health issues, or require multiple treatments for a single issue, over the course of a year. Allowing multiple grants in a 52-week period (up to the \$1,000 limit) will allow for this, making necessary dental treatment more accessible.

### ***The requirement for the treatment to have arisen from an emergency will be removed...***

- 4 The current requirement for the need for treatment to have arisen from an emergency situation means that people are not eligible unless they are in pain, which means they must wait until their issue significantly deteriorates before receiving treatment. In addition to exacerbating both oral health and wider health issues, this can result in the treatment being more expensive and invasive than if it had been addressed earlier. For example, sometimes tooth extractions are required because the issue was not addressed by a simpler treatment earlier on. Removing this requirement will allow people to address their oral health issues before they significantly deteriorate.

### ***...and replaced by the usual requirement for the need to be immediate and essential***

- 5 The 'emergency' requirement will be replaced by the usual Hardship Assistance requirement for the person's need to be immediate and essential. An immediate and essential need for dental treatment will exist if someone has an oral health issue that has or would immediately begin to deteriorate if left untreated, and likely have a detrimental effect on the person's oral and/or physical health<sup>1</sup>. For instance, where a person has active and open tooth decay, there would be an immediate and essential need to treat the issue to prevent further deterioration of the person's oral health. This can be done through simple restorative treatment, such as a filling.

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<sup>1</sup> Officials from the Ministry of Social Development (MSD) and the Ministry of Health worked together to develop this definition.

- 6 Not all fillings would be covered, however. For instance, fillings are sometimes used to repair chipped or stained teeth in order to improve their appearance. Cosmetic treatments, such as these, will be specifically excluded in the Special Needs Grants Programme (the Programme) to reflect that they are not immediate and essential.

**An amendment to the Special Needs Grants Programme is required to give effect to these policy changes**

- 7 The attached instrument reflects the updated maximum amount, allows for multiple grants in a 52-week period and removes the requirement for the need for treatment to have arisen from an emergency. The instrument also specifically excludes a number of treatments, such as regular check-ups and teeth cleaning, which are preventative treatments that are better addressed through the oral health system. Molar root canal treatment will also be excluded, except for in exceptional circumstances. This is because it has a relatively high failure rate, is usually not necessary<sup>2</sup> and is prohibitively expensive (average cost is approximately \$2,000). Cosmetic treatments, cast restorations and orthodontic treatment will also be specifically excluded to clarify that these are not immediate and essential needs. Dentures will also be excluded to ensure that they are covered under the appropriate cost category - 'Dentures and hearing aids' (recoverable assistance).
- 8 The instrument will also make the following minor changes to the SNG Programme:
- 8.1 The Programme currently only allows treatment to be provided by a dentist if a Health Agency does not provide such treatment in the area where the applicant resides. This wording will be amended to allow the applicant to receive treatment from a dentist, even if the same service is available through a nearby Health Agency. This is to prevent potential bottlenecks at Te Whatu Ora – Health New Zealand (formerly District Health Boards), which provides limited dental treatment for low-income people, which is subject to capacity. It also ensures applicants are not first directed towards Te Whatu Ora, which does not provide the range of treatments that private practices generally provide.
- 8.2 The definition of 'Health Agency' will be amended to reflect minor changes made to that definition as part of the Pae Ora (Healthy Futures) Act 2022.

**The instrument to amend the Programme is attached for your signature**

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<sup>2</sup> A person does not need all their molars to have a fully functioning mouth. An extraction is more suitable, unless the person cannot have any teeth removed due to extreme circumstances (eg, cancer patient undergoing treatment).

- 9 The instrument to amend the Programme is attached for your approval and signature.
- 10 Following your approval and signature to the instrument, the Special Needs Grants (Dental Treatment) Amendment Programme 2022 will be published in the *New Zealand Gazette* and on the MSD website by 3 November 2022 (to comply with the 28-day rule) and will come into force on 1 December 2022. A copy of the instrument will be presented to the House of Representatives no later than the 16<sup>th</sup> sitting day after the day on which you sign the instrument.

### **Additional operational guidance will be provided to give effect to policy changes**

- 11 Like other SNGs, the \$1,000 limit for immediate and essential dental treatment can be exceeded if exceptional circumstances exist. These are circumstances that set the person apart from others in a similar situation, and are assessed on a case-by-case basis. The following factors are considered in assessing whether exceptional circumstances exist:
  - 11.1 whether the client has any special or unusual costs compared to others in a similar position
  - 11.2 whether the client has any special or unusual reasons for any costs that have caused or contributed to the need
  - 11.3 the age and health of the client and any dependants
  - 11.4 whether the client is the principal caregiver of a child 12 months or younger
  - 11.5 the client's ability to improve their financial situation
  - 11.6 the causes of the client's financial difficulty; in particular whether the client caused or contributed to their financial difficulty because they used their money unwisely
  - 11.7 the extent to which the client's basic necessities of life would be at risk if an SNG was not granted
  - 11.8 whether the client is escaping from an unsafe environment.
- 12 For SNGs for dental treatment, some of these factors will be more relevant than others. Staff will be provided with additional guidance to help them apply these factors to scenarios involving SNGs for dental treatment. Some of these considerations will likely require input from the practicing dentist, for example, if the client has any special or unusual reasons for their oral issue, such as an underlying health condition. However, MSD will make the final decision on whether exceptional circumstances exist. Examples of different scenarios involving the consideration of exceptional circumstances can be found in **Appendix One**.

13 People who require more than \$1,000 in a 52-week period, but do not have exceptional circumstances, may be eligible for recoverable assistance instead.<sup>3</sup>

File ref: REP/22/10/946

Author: Jackson Hunt, Policy Analyst, Income Support Policy

Responsible manager: Bede Hogan, Policy Manager, Income Support Policy

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<sup>3</sup> Such as Advance Payment of Benefit for beneficiaries, or a Recoverable Assistance Payment for non-beneficiaries.

## **Appendix One: Examples of exceptional and non-exceptional circumstances**

### Example one:

Nick has been experiencing tooth sensitivity lately and went to the dentist to get it checked out. It turns out that Nick has widespread early tooth decay and requires fillings in four teeth to address his tooth sensitivity and to prevent his oral health deteriorating. The cost of the consultation, x-rays and treatment is \$1,168. When talking to Nick about what might have caused his tooth decay, the dentist identified that Nick has good oral hygiene, but he takes medication for blood pressure issues which is highly likely to have caused his tooth decay. Nick was not aware of this potential side effect.

In this case, exceptional circumstances exist because Nick's oral health issues are likely caused by a regular medication he must take. This sets him apart from other people in similar circumstances.

### Example two:

Ariki has been suffering from tooth sensitivity when she eats and drinks for the last few weeks. She's just been to the dentist who advised she'll need a root canal on one of her incisors and a filling in one of her pre-molars. The cost of the consultation, x-ray and treatment is \$1,379. Ariki has been receiving Sole Parent Support for the last three years. She has high essential outgoings which she has not been able to significantly reduce and has not been able to increase her income because of her parental responsibilities. Due to this, Ariki hasn't been able to put aside any money for regular dental check-ups.

In this case, exceptional circumstances exist because Ariki is in financial difficulty due to parental responsibilities and is not in a position to improve her financial situation. Therefore, she could not have reasonably been proactive about her oral health by having regular dental check-ups.

### Example three:

Caitlin has been suffering from bad breath and swelling around some of her teeth. She went to see her dentist who advised Caitlin she needs two teeth extracted and a filling in one other tooth, totalling \$1,140. Caitlin does not have any special or unusual reasons for her dental issue. There are no symptoms that put the client's basic necessities of life at risk (eg, not being able to eat or sleep properly due to severe pain). Caitlin has an immediate and essential need for dental treatment, however, exceptional circumstances do not exist. Caitlin will receive \$1,000 for treatment through the SNG, and may receive the extra \$140 she requires to pay for the treatment through an Advance of Benefit.

# Special Needs Grants (Dental Treatment) Amendment Programme 2022

This instrument is made under section 101 of the Social Security Act 2018 by the Minister for Social Development and Employment.

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## **Instrument**

- 1 Title**

This instrument is the Special Needs Grants (Dental Treatment) Amendment Programme 2022.
- 2 Commencement**

This instrument comes into force on 1 December 2022.
- 3 Principal programme**

This instrument amends the Special Needs Grants Programme (as established and approved on 18 December 1998).<sup>1</sup>
- 4 Clause 3 amended (Interpretation)**
  - (1) In clause 3.1, definition of **Health Agency** in paragraph (c) replace “District Health Board” with “Health New Zealand”.
  - (2) In clause 3.1, definition of **Health Agency** revoke paragraph (d).
  - (3) In clause 3.1, definition of **Health Agency** in paragraph (da) replace “person providing services under a Crown funding agreement under section 10 of that Act” with “person or provider providing services funded in accordance with the New Zealand Health Plan under section 50 of the Pae Ora (Healthy Futures) Act 2022”.

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<sup>1</sup> New Zealand Gazette, 28 January 1999, No 8 Page 202.

- (4) In clause 3.1, definition of **Health Agency** in paragraph (f) delete “or”.
- (5) In clause 3.1, definition of **Health Agency** in paragraph (g) replace “.” with “; or”.
- (6) In clause 3.1, definition of **Health Agency** after paragraph (g) insert “(h) the Māori Health Authority.”.

**5 Clause 9 amended (Restriction on Payments)**

In clause 9.7 replace “clauses 13.2” with “clause 11.9 or clauses 13.3”.

**6 Clause 13.2 revoked (Emergency Dental Treatment)**

Revoke clause 13.2.

**7 New Clause 11.9 inserted (Dental Treatment)**

After clause 11.8, insert:

**11.9 Dental Treatment**

11.9.1 MSD may make a grant of not more than \$1000 towards the costs of immediate and essential dental treatment if the treatment is provided

- (a) for a fee by a Health Agency; or
- (b) by a dentist.

11.9.2 Grants under clause 11.9.1 may be made in respect of each member of an immediate family.

11.9.3 MSD may make more than one Grant under clause 11.9.1 in a 52 Week Period but unless MSD considers there are exceptional circumstances, the total of the grants must not exceed \$1000.

11.9.4 A grant under Clause 11.9.1 must not be made in respect of:

- (a) regular dental check-ups;
- (b) cosmetic treatments;
- (c) teeth cleaning, scaling and polishing, unless this treatment is required because of a gum infection;
- (d) cast restorations;
- (e) orthodontic treatment;
- (f) molar root canal treatment, unless exceptional circumstances exist; or
- (g) dentures.

Dated at Wellington this 18th day of October 2022



Minister for Social Development and Employment

## Explanatory note

*This note is not part of the instrument, but is intended to indicate its general effect.*

This instrument, which comes into force on 1 December 2022, amends the Special Needs Grants Programme established and approved under section 124(1)(d) of the Social Security Act 1964 and saved by clause 21 of schedule 1 of the Social Security Act 2018 as if it was a special assistance programme under section 101.

It removes the requirement for immediate and essential dental treatment to have arisen from an emergency situation. The maximum grant limit for Special Needs Grants for dental treatment is increased from \$300 to \$1000 and eligible applicants can receive more than one Special Needs Grant per 52 -week period so long as the total of those grants does not exceed \$1000 unless exceptional circumstances exist. It also updates the definition of Health Agency.

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# Report

**Date:** 20 November 2020

**Security Level:** BUDGET SENSITIVE

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

## Implementing the manifesto commitment to increase emergency dental support for low income households

### Purpose of the report

- 1 This report:
  - 1.1 provides detailed policy and implementation advice on the Labour Party's 2020 manifesto commitment to increase the Special Needs Grant limit for emergency dental treatment from \$300 to \$1,000, and
  - 1.2 seeks your agreement to the proposed changes and an implementation date of 1 April 2021, to inform a draft Cabinet paper.

### Executive summary

- 2 Good oral health is key to everyone's wellbeing. There is evidence that links poor oral health to low quality of life. Poor oral health can lead to unremitting pain, chronic impaired sleep, avoidable admissions to hospital and heightened risk of other chronic conditions such as cardiovascular disease and cancer. These can lead to social and economic consequences e.g. inability to work and avoidable expenses. Dental care may be put off due to affordability difficulties, especially for low-income households.
- 3 The provision of oral health services is primarily a health issue and is generally addressed through the health system. However, Hardship Assistance grants from the Ministry of Social Development (MSD) provide limited support for people's oral health in specific circumstances.
- 4 Emergency dental costs can be met by two main types of Hardship Assistance payments: non-recoverable Special Needs Grants (SNGs) or recoverable Advance Payments of Benefits (Advances). Evidence suggests that the current maximum amount of a SNG for emergency dental treatment (\$300 within a 52-week period) almost never provides enough assistance to meet the needs of the applicant. To obtain sufficient financial assistance, under current practice, most applicants receive the maximum amount of a SNG and any shortfall is met through an Advance which is required to be paid back.
- 5 The Labour Party's 2020 election manifesto committed to an increase to the SNG limit for emergency dental treatment from \$300 to \$1,000.
- 6 The increase will allow beneficiaries and some low-income working households to better meet their immediate and urgent oral health needs by providing non-recoverable assistance of up to \$1000 to help with the cost of their emergency dental treatment. This may contribute to an improved quality of life and ability to eat, speak, smile, socialise and work. The increase may also help to address the high level of unmet oral health needs of Māori and Pacific people and improve access to dental treatment for groups that experience a disproportionate burden of disease.
- 7 It is estimated that the increase will also reduce the amount of client debt to MSD by \$67 million over five years as more of the cost will be covered by non-recoverable

SNGs. This is significant as most applicants are already in vulnerable situations and increasing debt can further exacerbate hardship and may create further disengagement with the health system.

- 8 Alongside the manifesto commitment to increase emergency dental support to \$1000, we recommend amending some of the policy settings to:
  - 8.1 Remove the requirement for the immediate and essential dental treatment to have arisen from *an emergency situation* to recognise that not all dental treatment for which there is an immediate and essential need arises from an emergency situation; and
  - 8.2 Allow eligible applicants to receive more than one SNG per 52-week period, up to the new maximum of \$1000.
- 9 Current policy settings exclude the cost of periodic dental care such as regular check-ups and cleaning (scaling and polishing), cosmetic (crowns and bridges) or orthodontic treatments such as braces for straightening crooked teeth or treating an improper bite. Arguably, in some circumstances, more preventative dental treatments such as regular check-ups and cleaning may be considered immediate and essential. However, MSD recommends maintaining current settings and the exclusion of these types of preventative treatments will be explicitly reflected in the Special Needs Grants Programme (The Programme).
- 10 Increasing the maximum grant limit applying to SNGs for emergency dental treatment from \$300 to \$1,000 is estimated to cost \$127.4 million over five years in BORE costs. This expenditure is offset by the estimated savings in debt (from less recoverable assistance being granted) of \$67 million over five years. The total net cost of this change is \$60.39 million over five years and \$16 million per annum in outyears in Benefits or Related Expenses (BORE) costs. Implementing these changes is also expected to have ongoing operational costs of \$2.9 million over five years that require funding.
- 11 MSD can implement this change from 1 April 2021 which requires Cabinet agreement to the policy change and a pre-budget commitment to fund the associated BORE and ongoing operational costs, by the end of this year.

## Recommended actions

It is recommended that you:

- 1 **note** that the Labour Party's 2020 election manifesto committed to increase the Special Needs Grant limit for emergency dental treatment from \$300 to \$1,000
- 2 **note** that this change is forecast to cost \$60.39 million over five years in BORE costs and \$2.9 million over five years in operational costs which require funding
- 3 **note** that the Ministry of Social Development can implement this change **from 1 April 2021**, provided Cabinet agrees to the policy change and to fund the change through a pre-budget commitment by the end of this year (noting that the last Cabinet meeting is scheduled for 14 December 2020)
- 4 **agree** that the Ministry of Social Development prepare a Cabinet paper seeking agreement to the change in policy settings and the pre-budget commitment for consideration by the end of the year

Agree/Disagree

5 **note** that the Ministry of Social Development consider that some of the current policy settings applying to Special Needs Grants for emergency dental treatment are no longer fit-for-purpose and require amending

6 **agree** that the Cabinet paper also seek agreement to amend the Special Needs Grants programme to:

6.1 Remove the requirement for the immediate and essential dental treatment to have arisen from *an emergency situation* to recognise that not all dental treatment for which there is an immediate and essential need arises from an emergency situation (excluding regular check-ups, cleaning, cosmetic treatments and orthodontics); and

Agree/Disagree

6.2 allow eligible applicants to receive more than one Special Needs Grant per 52-week period, up to the new maximum grant limit of \$1,000

Agree/Disagree

7 **agree** to forward this report to the Minister of Health.

Agree/Disagree



Fiona Carter-Giddings  
General Manager  
Welfare System and Income Support Policy

20/11/2020

Date



Hon Carmel Sepuloni  
Minister for Social Development and  
Employment

21/11/20

Date

## Oral health matters

- 12 Oral health matters to everyone's wellbeing as it allows one to eat, speak, smile, socialise and work. There is evidence that links poor oral health to low quality of life. Poor oral health can lead to unremitting pain, chronic impaired sleep, avoidable admissions to hospital and heightened risk of other chronic conditions such as cardiovascular disease and cancer. These can lead to social and economic consequences e.g. inability to work and avoidable expenses.
- 13 Data from the Household Economic Survey<sup>1</sup> shows that people in material hardship put off going to the dentist in order to meet other costs. This delay can result in dental issues worsening over time. Consequently, the associated cost can increase significantly before the person receives the treatment they need.

## MSD administers Hardship Assistance for the cost of emergency dental treatments

- 14 Hardship Assistance is the third tier of New Zealand's welfare system<sup>2</sup>. It consists of one-off grants in the form of Special Needs Grants (SNGs), Advance Payments of Benefits (Advances), and Recoverable Assistance Payments (RAPs)<sup>3</sup>, as well as on-going support in the form of Temporary Additional Support (TAS).
- 15 Hardship Assistance is available to help people with the costs of immediate and essential needs that cannot be met from any other income or assets. Hardship Assistance payments are income and cash asset tested to ensure that they are targeted to people with no or few additional resources. Payments can be non-recoverable (do not need to be paid back) or recoverable (need to be paid back) and are available to both people receiving main benefits and some of those working on low incomes.
- 16 First and second-tier assistance, such as main benefits and the Accommodation Supplement, are rules-based entitlements that provide a prescribed level of support depending on a client's employment, family type, and on-going needs. By contrast, one-off Hardship Assistance grants are a uniquely discretionary form of support. This reflects their purpose, being to provide one-off assistance with unexpected costs for people in a wide range of life circumstances with little or no other resources available to them. For example, MSD has discretion to exceed the maximum grant limit applying to Hardship Assistance payments if it considers that exceptional circumstances exist.
- 17 MSD is currently carrying out a broad review of Hardship Assistance as part of the Welfare Overhaul work programme. Advice regarding this review and its findings to date will be provided to you separately by the end of the year.
- 18 This paper focuses on Hardship Assistance for emergency dental needs.

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<sup>1</sup>Data from New Zealand's 2019 Household Economic Survey shows that 30 to 58 percent of the total population in households who reported lower levels of material hardship put off a visit to the dentist in order to meet other costs. This increases significantly with higher rates of material hardship. For example, 92 to 96 percent of the total population in households who reported higher levels of material hardship put off a visit to the dentist in order to meet other costs.

<sup>2</sup>The first tier includes main benefits that provide income replacement such as Jobseeker Support, Supported Living Payment and Sole Parent Support, while the second tier is supplementary assistance towards a specific ongoing cost such as the Accommodation Supplement and Disability Allowance.

<sup>3</sup>SNGs are available to both beneficiaries and non-beneficiaries. Advances are only available to beneficiaries. RAPs are only available to non-beneficiaries.

*There are two main types of Hardship Assistance payments that clients can access if they require emergency dental treatment*

19 In order to receive assistance for emergency dental treatment, an applicant must meet the eligibility criteria applying to all forms of Hardship Assistance (provided in more detail in Appendix one). The two main types of payments currently available are<sup>4</sup>:

**19.1 Special Needs Grants (SNGs)** - If a client meets all eligibility criteria for Hardship Assistance, they may be able to receive a SNG for the cost of immediate and essential dental treatment that has arisen from an *emergency situation*. SNGs are available to both beneficiaries and non-beneficiaries and are always non-recoverable. A SNG for emergency dental treatment has a maximum grant limit of \$300 for the same or similar purpose in any 52-week period (which can be exceeded in exceptional circumstances); and

**19.2 Advance payment of benefit (Advances)** - If a client is ineligible for a SNG, and they meet the eligibility criteria for an Advance, they may be able to receive an Advance for the cost of an *immediate and essential* dental treatment. An Advance is only available to beneficiaries and is always recoverable. An Advance has a guideline grant limit of \$200 (which can also be exceeded in exceptional circumstances, and usually is in the case of dental treatment).

*MSD has discretion to exceed the maximum grant limit in exceptional circumstances*

20 The Special Needs Grant Programme (the Programme) states that MSD may make a grant of no more than \$300 towards the cost of emergency dental treatment but also allows MSD the discretion to exceed the amount of \$300 if it considers that exceptional circumstances exist. The amount granted must always be non-recoverable. MSD can also make a grant to each immediate family member<sup>5</sup>.

21 This discretion provides MSD frontline staff with the responsibility of exercising their judgement to assess whether the client has exceptional circumstances and should be granted more than the maximum grant limit (i.e. should discretion be exercised to accommodate for this individual's personal circumstances).

22 The Programme does not define exceptional circumstances. MSD's operational policy therefore provides guidance for staff to determine whether exceptional circumstances exist. Staff are advised to consider things such as:

- their age
- health
- financial position and ability to improve their financial position
- the extent to which their basic needs are at risk if assistance is not granted
- the reason for their costs and
  - how the client's situation compares to other clients in similar situations applying for the same assistance.

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<sup>4</sup> Recoverable Assistance Payments (RAPs) provide assistance with emergency dental costs for non-beneficiaries, however no specific payment category exists for dental costs under this programme and they are instead paid under 'other emergency payments'. Both RAPs and Advances are also available for the cost of obtaining and fitting dentures.

<sup>5</sup> In relation to a client for a Special Needs Grant, 'immediate family member' means in the case of a person who is married, in a civil union or de facto relationship; that person and their partner and dependent children (if any), in the case of a sole parent; that person and their dependent children and in the case of a dependent child; that child and their parent and any other dependent children of the parent.

Evidence indicates that the level of SNG assistance currently available is insufficient for most

- 23 The current maximum grant limit for SNGs for emergency dental treatment is not indexed to inflation and no longer represents the real costs it seeks to cover. We would therefore expect to see MSD staff frequently exercising discretion to exceed the maximum grant limit of \$300. However, staff are mostly granting SNGs at the maximum of \$300 and meeting any shortfall by granting the remaining amount through an Advance which is required to be paid back.
- 24 Current practice is shown in the average rate of assistance being granted for emergency dental costs and the proportion of grants that exceed the maximum grant limit as shown in the table below.

| Payment category           | Payment type | Recoverability  | Maximum grant amount | Average grant amounts | Proportion granted above maximum (December 2019) |
|----------------------------|--------------|-----------------|----------------------|-----------------------|--|
| Emergency dental treatment | SNG          | Non-recoverable | \$300                | \$293                 | 1%   |
|                            | ADV          | Recoverable     | \$200                | \$721                 | 77%, up from 70% in December 2016                |

- 25 The table above shows that most of the cost of emergency dental treatment is being met by an Advance rather than a SNG. In 2019, expenditure in Advances for emergency dental treatment was \$23.41 million compared to expenditure on SNGs for emergency dental treatment which was \$12.68 million.

**Your manifesto commitment is to increase the SNG limit for emergency dental treatment from \$300 to \$1,000**

- 26 The Labour Party's 2020 manifesto commitment to investing in the health of New Zealanders included a pledge to increase dental health grants from \$300 to \$1,000 for low income households.
- 27 The increase will allow beneficiaries and some low-income working households to better meet their immediate and urgent oral health needs by providing non-recoverable assistance of up to \$1000 to help with the cost of their emergency dental treatment (unless the maximum limit is exceeded in exceptional circumstances). This may contribute to an improved quality of life and ability to eat, speak, smile, socialise and work.
- 28 The increase may also help to address the high level of unmet oral health needs of Māori and Pacific people and improve access to dental treatment for groups that experience a disproportionate burden of disease. For example, the 2018/19 New Zealand Health Survey<sup>6</sup> carried out by the Ministry of Health showed that Māori and Pacific people were less likely to visit the dentist compared with Europeans/other

<sup>6</sup> Note that this is self-reported data.

people<sup>7</sup>. When Māori and Pacific people did visit the dentist, they were more likely to require the removal of teeth due to dental decay, gum disease, infection or an abscess that European/other people<sup>8</sup>.

- 29 Māori are also over-represented in the receipt of SNGs, representing approximately a third of dental SNG recipients in 2019 in relation to the general population. A more thorough analysis of the impacts of this policy change on Māori and other vulnerable groups will be provided in the Cabinet paper.
- 30 It is estimated that the increase will also reduce the amount of client debt to MSD by \$67 million over five years as more of the cost will be covered by non-recoverable SNGs. This is significant as most applicants are already in vulnerable situations and increasing debt can further exacerbate hardship and may create further disengagement with the health system.
- 31 For example, under current policy and practice, a person with a need for an emergency dental treatment valued at \$800 will receive a non-recoverable SNG of \$300 and an Advance payment of benefit of \$500 which would need to be paid back. Once this change is implemented, a person in the same situation will receive a non-recoverable SNG of \$800 which will not need to be paid back.

*There are fiscal implications associated with this change*

- 32 Increasing the maximum grant limit applying to SNGs for emergency dental treatment from \$300 to \$1,000 is estimated to cost \$127.4 million over five years. This expenditure is offset by the estimated savings in debt (from less recoverable assistance being granted) of \$67 million over five years.
- 33 MSD does not represent the recouping of recoverable assistance such as Advances in appropriations.
- 34 The total net BORE cost of this change is therefore \$60.39 million over five years and \$16 million per annum in outyears.
- 35 This costing assumes the following:
  - a reduction in the number of clients who require an additional Advance to meet their dental costs, as well as the average amount being granted through these Advances
  - a 20 percent increase in take-up due to factors such as the change being publicly announced, the new maximum grant limit
  - an increase in the average grant rate of dental SNGs due to a clarification in operational guidance (ensuring staff are comfortable using discretion to exceed maximum grant limits in exceptional circumstances as discussed in paragraph 48).
- 36 This change has an estimated operational cost of \$2.9 million over five years for additional staff required to implement this change due to the assumed 20 percent increase in take-up of dental SNGs. This cannot be absorbed within existing baselines and therefore will require funding.
- 37 There is also a one-off implementation cost of around \$250,000 this financial year which can be absorbed within existing baselines.

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<sup>7</sup> According to the NZ Health Survey, 38 percent of Māori and 33 percent of Pacific people aged 15 years and over visited a dental worker in the last year, compared to 52 percent for European/other people.

<sup>8</sup> According to the NZ Health Survey, 10 percent of Māori, and 11 percent of Pacific people aged 15 years and over had teeth removed in the last year due to dental decay, gum disease, abscess and infection compared to 7 percent for European/ other people

38 The total amount required is \$63.26 million over five years.

*Legislative implications*

39 Implementing the manifesto commitment requires an amendment to the Special Needs Grants Programme that can be approved by you once funding is approved by Cabinet.

**We recommend some specific changes to policy settings in addition to your manifesto commitment**

*Current policy settings require the immediate and essential need for dental treatment to have arisen from an emergency situation*

40 The Programme states that SNGs are intended to meet the costs of immediate and essential needs. In general, immediate and essential needs can be foreseen and therefore do not come under the emergency criteria.

41 The Programme states that SNGs for dental treatments must only be made if MSD is satisfied that an emergency situation exists, which has given rise to an immediate need, and lists the requirements for MSD when deciding if an emergency situation exists such as:

- whether the situation was unforeseen;
- if the situation could have been foreseen or predicted, whether the applicant could reasonably have expected to have made provision in advance in order to meet the need;
- the extent to which not making a grant would
  - worsen the applicant's position, or
  - increase or create any risk to the life or welfare of the applicant or the applicant's spouse or partner or dependent children, or
  - cause serious hardship to the applicant or the applicant's spouse or partner or dependent children.

42 MSD's operational guidance provides the following examples of 'emergency dental treatments':

- a root treatment,
- tooth extraction,
- tooth restoration, and
- the treatment of acute infection.

*There are situations where an immediate and essential need for dental treatment may not arise from an emergency situation*

43 We recommend amending the Programme to remove the requirement for the immediate and essential need for dental treatment to have arisen from an emergency situation.

44 This will recognise that not all dental treatment for which there is an immediate and essential need arises from an emergency situation and will allow MSD to provide assistance to people with an immediate and essential need for dental treatment. For example, where a person has open and active tooth decay, although it may not cause the person pain or constitute an emergency, there is an immediate and essential need to treat this in order to prevent further deterioration of the person's oral health.

45 The current guidelines distinguish between an 'emergency' need and an 'essential' need primarily through the foreseeability of the need. It is likely that these categorisations are easily blurred (by MSD staff and clients), especially with regards to the need for future dental care. Removing the requirement for the need for dental treatment to have arisen from an emergency situation will allow for a more equitable

approach to addressing the immediate dental needs of low-income households and may contribute towards preventing the deterioration of people's oral health.

*Some dental services do not constitute an immediate and essential need*

- 46 The Programme does not include SNGs for the costs of periodic dental care such as regular check-ups and cleaning (scaling and polishing), cosmetic treatments (crowns and bridges), or orthodontic treatments such as braces for straightening crooked teeth or treating an improper bite. By removing the requirement for a need to have arisen from an emergency situation, arguably, in some circumstances, more preventative dental treatments such as regular check-ups and cleaning may be considered immediate and essential. However, MSD recommends maintaining current settings and the exclusion of these types of preventative treatments will be explicitly reflected in the Programme. This is because oral health issues are generally addressed through the health system.
- 47 We recognise that this may limit people's ability to maintain their oral health in order to prevent the need for more invasive and costly dental treatments. It is likely that most people who are eligible for Hardship Assistance are unlikely to have the resources for regular dental check-ups, at which non-emergency needs may be identified.
- 48 MSD is working with the Ministry of Health to prepare clear operational guidance for MSD frontline staff to be able to distinguish what types of dental treatments are considered immediate and essential or non-essential. This will make it easier for MSD staff and clients to understand what types of treatments are covered and which are not. These guidelines will ensure consistency with assistance available through the health system<sup>9</sup>.
- 49 MSD will also provide additional guidance and support for staff to ensure they feel confident exercising discretion where exceptional circumstances exist when granting non-recoverable SNGs, including to exceed the maximum grant limit where appropriate. This will ensure staff are confident considering the clients' individual circumstances before meeting any shortfall through an Advance payment of benefit.
- 50 This policy change better recognises a wider range of immediate need that clients may face. The impact of this change is included in the 20 percent increase in take-up of dental SNGs assumed in cost estimates in paragraph 34.

*We recommend allowing clients to receive more than one SNG per 52-week period up to the maximum limit of \$1,000*

- 51 The Programme states that MSD may make only one grant for the same or similar purpose within a 52-week period. MSD has discretion to bypass this restriction however, if it considers that exceptional circumstances exist.
- 52 We recommend amending the Programme to allow clients to receive more than one emergency dental SNG per 52-week period for the same or similar purpose without requiring exceptional circumstances. This amendment will allow a client to receive multiple SNGs for the same or different essential and immediate dental treatments up to the maximum limit of \$1,000. For example, there may be instances where a person requires treatment for a recurrent issue or requires multiple separate treatments for a particular issue (such as treatment of infection, something temporary, and subsequent permanent restoration).
- 53 This policy change has been included in current cost estimates.

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<sup>9</sup>Assistance for dental treatment through the health system is generally only hospital-level dental care for people with low incomes and complex health needs, with criteria and access varying across District Health Board depending on capacity. There may also be assistance available through ACC for dental care needs resulting from accidents and injuries.

## **Subject to Cabinet agreement, MSD can implement the manifesto commitment from 1 April 2021**

- 54 MSD can implement this change from 1 April 2021, which requires Cabinet agreement to a pre-budget commitment of \$63.26 million over five years, by the end of this year.
- 55 Subject to your agreement to the proposed changes to the policy settings, MSD will prepare a Cabinet paper seeking policy approval to the changes detailed above, along with a pre-budget commitment, to be considered by the end of this year (noting that the last Cabinet meeting is scheduled for 14 December 2020).
- 56 If funding is not secured through a pre-budget commitment, funding will be sought through Budget 2021 and MSD will provide an alternative implementation date.
- 57 The Ministry of Health are supportive of the proposals in this report. We will continue to work constructively with the Ministry of Health as required to progress this work.

### **Appendix**

Appendix One: Eligibility criteria for Hardship Assistance

REP/20/11/1040

Responsible manager: Bede Hogan, Policy Manager, Income Support Policy

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OFFICIAL INFORMATION ACT

## Appendix One: Eligibility Criteria for Hardship Assistance

### Income limits (As at 1 April 2020):

| Family circumstances                    | Gross weekly income limit |
|---|---------------------------|
| Single, 16-17 years                     | \$508.54                  |
| Single, 18+ years                       | \$584.46                  |
| Married, civil union or de facto couple | \$848.92                  |
| Sole parent, 1 child                    | \$709.22                  |
| Sole parent, 2+ children                | \$747.20                  |

### Asset limits (As at 1 April 2020):

| Family circumstances                               | Asset limit |
|--|-------------|
| Single   | \$1,113.36  |
| Married, civil union or de facto, and sole parents | \$1,855.15  |

### Residency Requirements:

- New Zealand citizen, permanent resident, or hold a residence class visa (including Australian citizens and residents); and
- Be ordinarily resident in New Zealand

### Need requirements:

- Have an essential need, emergency need or need a payment for specific circumstances
- Not be able to meet the need from their own resources or through other sources
- Have met any hardship obligations that have been applied to them
- Purchase goods and services from a preferred supplier when there is an arrangement in place



# Report

**Date:** 27 November 2020

**Security Level:** BUDGET SENSITIVE

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

## Cabinet paper – Implementing the manifesto commitment to increase emergency dental support for low income households

### Purpose of the report

- 1 This paper seeks your feedback on the attached draft Cabinet paper seeking agreement to:
  - 1.1 implementing the Labour Party's 2020 manifesto commitment to increase the Special Needs Grant limit for emergency dental treatment from \$300 to \$1000, from 1 April 2021 including a pre-budget commitment of \$63.26 million over five years, and
  - 1.2 other minor, complimentary changes to policy settings as previously agreed [REP/20/11/1040 refers].
- 2 This paper also provides you with an update on the wider review of Hardship Assistance as part of the Welfare Overhaul work programme.

### Recommended actions

It is recommended that you:

#### *Implementing the manifesto commitment*

- 1 **provide** officials with feedback on the attached draft Cabinet paper by Monday 30 November 2020
- 2 **note** that the attached draft Cabinet paper will be updated to reflect your feedback and an amended version provided to your office on Monday 30 November 2020 for you to forward to your Ministerial colleagues for their feedback
- 3 **note** that the final Cabinet paper will be lodged on Thursday 3 December 2020 for consideration by the Cabinet Business Committee on Wednesday 9 December 2020

#### *Review of Hardship Assistance*

- 4 **note** the initial key findings from the review of Hardship Assistance as part of the Welfare Overhaul work programme
- 5 **note** that in the context of other competing priorities and existing work programme pressures, the Ministry of Social Development recommends you defer any further changes to Hardship Assistance to Budget 2022

6 **agree** not to progress changes to Hardship Assistance through Budget 2021

**Agree/Disagree**

7 **note** that pending your agreement to recommendation 6, officials will continue to consult with the relevant agencies to develop potential options for change that could be progressed through Budget 2022 and will provide you with further advice in early 2021 seeking your direction on potential areas of focus for future changes to Hardship Assistance.

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Fiona Carter-Giddings  
General Manager  
Welfare System and Income Support Policy

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Date

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Hon Carmel Sepuloni  
Minister for Social Development and  
Employment

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Date

## Background

- 3 The Labour Party's 2020 manifesto committed to increase the Special Needs Grant limit for emergency dental treatment from \$300 to \$1,000.
- 4 On **23 November 2020** you agreed that officials prepare a Cabinet paper seeking agreement to [REP/20/11/1040 refers]:
  - 4.1 implement the Labour Party's 2020 manifesto commitment to increase the Special Needs Grant limit for emergency dental treatment from \$300 to \$1000, from 1 April 2021 including a pre-budget commitment of \$63.26 million over five years, and
  - 4.2 amend the Special Needs Grants Programme to remove the requirement for the immediate and essential dental treatment to have arisen from an emergency situation to recognise that not all dental treatment for which there is an immediate and essential need arises from an emergency situation (excluding regular check-ups, routine cleaning, cosmetic treatments and orthodontics), and
  - 4.3 allow eligible applicants to receive more than one Special Needs Grant per 52-week period, up to the new maximum grant limit of \$1000.
- 5 As well as seeking your feedback on the attached draft Cabinet paper, this report provides you with an update on some of the key issues identified in the review of Hardship Assistance that MSD is carrying out as part of the Welfare Overhaul work programme.

### **The attached paper seeks Cabinet agreement to implement Labour's manifesto commitment from 1 April 2021**

- 6 In addition to implementing the manifesto commitment to increase the Special Needs Grant limit for emergency dental treatment from \$300 to \$1,000 from 1 April 2021 including a pre-budget commitment of \$63.26 million over five years, the attached draft Cabinet paper reflects your agreement to the complimentary changes to policy settings in paragraphs 4.2 and 4.3.
- 7 *Removing the requirement for the immediate and essential need for dental treatment to have arisen from an emergency situation* – this change will recognise that not all dental treatment for which there is an immediate and essential need arises from an emergency situation and will allow MSD to support earlier intervention to prevent the deterioration of people's oral health, such as where open and active decay exists. As agreed, routine check-ups, routine cleaning (scaling and polishing), cosmetic treatments and orthodontics will continue to be excluded from this support.
- 8 *Allowing multiple grants within a 52-week period, up to the new maximum grant limit of \$1,000* – this change will allow greater responsiveness to the dental needs of clients. For example, there may be instances where a person requires treatment for a recurrent issue or requires multiple separate treatments for a particular issue (such as treatment of infection, something temporary, and subsequent permanent restoration).

### **MSD is carrying out a review of Hardship Assistance as part of the Welfare Overhaul work programme**

- 9 In response to MSD's briefing on the Welfare System and Income Support provided to you on 6 November 2020, you indicated that you wanted to receive further advice on potential changes to Hardship Assistance to progress as part of your Budget 2021 package [REP/20/11/1049 refers].
- 10 This section of the report provides you with a brief update on the review of Hardship Assistance being carried out as part of the Welfare Overhaul work programme and describes some of the key issues identified so far.

*Hardship Assistance is intended to meet the cost of immediate and/or essential needs for people with no other resources available to them*

- 11 Third tier, one-off Hardship Assistance grants provide a uniquely discretionary form of support. This reflects their purpose, being to provide one-off assistance with unexpected costs for people in a wide range of life circumstances with little or no other resources available to them.
- 12 The review thus far has focussed on Special Needs Grants, Advance Payments of Benefits, and Recoverable Assistance Payments, collectively referred to as Hardship Assistance. Temporary Additional Support and housing-related assistance will be reviewed separately.
- 13 Over recent years, there has been a significant increase in Hardship Assistance grant volumes and expenditure. For example, overall expenditure on Hardship Assistance (excluding Emergency Housing grants) has increased from \$189 million in 2008 to \$457 million in 2019. Over the same period, the number of grants has more than doubled from 819,338 grants per year in 2008 to 2.01 million grants per year in 2019.
- 14 Recent increases in income support, such as the Families Package, the \$25 per week increase to main benefits and the indexing of these benefits to average wage, have delivered significant increases for many beneficiaries. In real terms, families with children now have substantially higher average incomes compared to the mid-2000s, even when accounting for housing costs. Single people with no dependent children have average after housing cost incomes that are around the same level as the in-2000s, as the recent gains they have received have been offset by increasing housing costs over this period. Despite this, grant volumes and expenditure on Hardship Assistance continue to trend upwards.

*We have identified the following key issues with how Hardship Assistance is functioning within the wider welfare system*

- 15 Overall, we continue to see a need for Hardship Assistance within the wider welfare system structure and see that in general, the third tier is serving its purpose to provide one-off assistance with unexpected costs for people in a wide range of life circumstances with little or no other resources available to them. However, the review has identified some issues with particular components and settings of Hardship Assistance which are explained in more detail below.

*Maximum grant limits have diverged from actual costs*

- 16 The maximum grant limits applying to a wide range of payment categories are not indexed to inflation and in almost all cases remain entirely unchanged since their establishment over two decades ago. As a result, the available support for some categories no longer represents the real costs they seek to cover. A range of payment categories now routinely exceed the maximum amount of support available to meet them. For example, the maximum grant limit for beds, chairs and tables is \$200 and the average grant amount is \$722. Assistance for dental treatment is another area of inadequacy, which the attached paper seeks to address.

*Current income thresholds exclude some low-income households*

- 17 Hardship Assistance is tightly targeted towards people on low incomes with income tests. The income limits applying to Hardship Assistance are annually indexed to the Consumer Price Index. Despite this, the income limits have eroded in value relative to wages due to wage growth outpacing inflation. Current income limits therefore exclude almost all low-income working households. For example, a single person can work only 30 hours a week on the minimum wage before losing access to Hardship Assistance.

*Asset thresholds balance the need to ensure appropriate targeting against encouraging savings and avoiding future hardship*

- 18 Current asset limits are balanced to prioritise targeting assistance to those with little or no resources of their own over incentivising people to save. Similar to the income limits, asset limits have eroded over time relative to wages. Asset limits can be used to balance these competing objectives to reflect Government priorities.

*Recoverable Hardship Assistance payments are a major source of client debt to government*

- 19 Recoverable Hardship Assistance is a major source of client debt to MSD. In F2019, debt owed to MSD as a result of recoverable assistance was \$549 million, this increased to \$681 million in F2020.
- 20 Currently, a broad range of costs can only be met by recoverable SNGs, or by RAPs or Advances, which are always expected to be paid back by the client. This may be appropriate in some cases, however there is no apparent consistent rule that has been applied when determining which cost categories can be met by recoverable assistance, or when by non-recoverable assistance.

*Operational changes have a significant impact on how Hardship Assistance functions*

- 21 As a result of the uniquely discretionary nature of Hardship Assistance, the workings of this support can be impacted by changes to operational settings, and even communications to staff. These changes can have significant impacts on how, why, and to whom this support is provided.
- 22 Over recent years, MSD has made several changes to the way in which Hardship Assistance is operationalised. Overall, these changes have improved client experience and increased access to assistance. However, there have been some unintentional consequences associated with these changes. For example, channel shifts (increasing support available online and over the phone) intended to improve access to Hardship Assistance represent a shift away from face-to-face case management.
- 23 Further work is required to fully understand the impacts of these changes and ensure Hardship Assistance is appropriately targeted is accurately targeted to those in need and continues to serve its intended purpose of providing one-off assistance with unexpected costs to people with little or no other resources available to them. Further work is also required to determine how best to support MSD's frontline staff to feel confident in their ability to administer Hardship Assistance accurately and consistently.

### **Implementing the manifesto commitment to increase emergency dental support for low income families is a significant step towards improving the adequacy of Hardship Assistance**

- 24 The increase will allow beneficiaries and some low-income working households to better meet their immediate and urgent oral health needs by providing non-recoverable assistance of up to \$1000 to help with the cost of their immediate and essential dental treatment. This may contribute to an improved quality of life and ability to eat, speak, smile, socialise and work.
- 25 It is also estimated that increasing the amount of non-recoverable assistance available to people with an immediate and essential need for dental treatment from \$300 to \$1000 will reduce the amount of client debt to MSD by \$67 million over five years as more of the cost will be covered by non-recoverable SNGs. This is significant as most applicants are already in vulnerable situations and increasing debt can further exacerbate hardship and may create further disengagement with the health system.
- 26 You previously indicated that you wanted to receive further advice on potential changes to Hardship Assistance to progress as part of your Budget 2021 package [REP20/11/1049 refers]. However, in the context of other competing priorities and existing work programme pressures, MSD recommends you defer any further changes to Hardship Assistance to Budget 2022

- 27 We therefore recommend not progressing further changes to Hardship Assistance through Budget 2021.
- 28 Pending your agreement not to progress further changes through Budget 2021, we will continue to consult with the relevant agencies to develop potential options for change that could be progressed through Budget 2022. We will provide you with further advice in early 2021 and seek your direction on potential areas of focus for future changes to Hardship Assistance.

### Next steps

- 29 The proposed timeframes for the attached Cabinet paper are as follows:

| Date  | Action   |
|---|--|
| Friday, 27 November                         | Draft Cabinet paper provided to you for feedback |
| Monday, 30 November                         | Feedback from your office                        |
| Tuesday 1 December to Wednesday, 2 December | Ministerial consultation                         |
| Thursday, 3 December                        | Lodge final Cabinet paper                        |
| Wednesday, 9 December                       | Cabinet Business Committee                       |
| Monday, 14 December                         | Cabinet  |

### Appendix

- 30 Appendix One - draft Cabinet Paper – Implementing the manifesto commitment to increase dental support for low income households

REP/20/11/1116

Author: Andrew-Brady Clark and Rachael Fleming, Policy Analyst, Income Support Policy

Responsible manager: Bede Hogan, Policy Manager, Income Support Policy

**Vote:** Social Development

**Appropriation Administrator:** Ministry of Social Development

**Title:** Special Needs Grants for Dental Treatment – Improving Adequacy and Accessibility

**Description:** This initiative will improve the adequacy and accessibility of immediate and essential dental treatment, by increasing the level of support provided. This will help improve oral health and wider health outcomes and reduce debt for those on low incomes. From December 2022, the funding will increase the amount of non-recoverable support available to beneficiaries and low-income families for dental treatment from \$300 to \$1,000, allow multiple grants in a 52-week period (up to a total of \$1,000), and removes the requirement for the need to have arisen from an emergency (necessary dental treatment would be covered for people with an immediate and essential need).

### Appropriation Changes

|                                 | \$m - increase/(decrease) |              |               |               |                    |
|---------------------------------|---------------------------|--------------|---------------|---------------|--------------------|
|                                 | 2021/22                   | 2022/23      | 2023/24       | 2024/25       | 2025/26 & Outyears |
| Operating Balance Impact*       | -                         | 18.090       | 33.713        | 35.874        | 38.127             |
| Net Core Crown Debt Impact Only | -                         | -            | -             | -             | -                  |
| No Impact                       | -                         | (9.087)      | (17.197)      | (18.223)      | (19.281)           |
| <b>Total</b>                    | -                         | <b>9.003</b> | <b>16.516</b> | <b>17.651</b> | <b>18.846</b>      |

\* Unless non-cash, will also impact net core Crown debt.

|   | \$m - increase/(decrease) |                |                 |                 |                    |
|---|---------------------------|----------------|-----------------|-----------------|--------------------|
|   | 2021/22                   | 2022/23        | 2023/24         | 2024/25         | 2025/26 & Outyears |
| <b>Benefits or Related Expenses:</b>                    |                           |                |                 |                 |                    |
| Hardship Assistance                                     | -                         | 17.348         | 33.007          | 35.160          | 37.403             |
| <b>Non-Departmental Capital Expenditure:</b>            |                           |                |                 |                 |                    |
| Recoverable Assistance                                  | -                         | (9.087)        | (17.197)        | (18.223)        | (19.281)           |
| <b>Multi-Category Expenses and Capital Expenditure:</b> |                           |                |                 |                 |                    |
| Improved Employment and Social Outcomes Support (MCA)   |                           |                |                 |                 |                    |
| <i>Departmental Output Expenses:</i>                    |                           |                |                 |                 |                    |
| Administering Income Support (funded by revenue Crown)  | -                         | 0.742          | 0.706           | 0.714           | 0.724              |
| <b>Total Operating</b>                                  | -                         | <b>18.090</b>  | <b>33.713</b>   | <b>35.874</b>   | <b>38.127</b>      |
| <b>Total Capital</b>                                    | -                         | <b>(9.087)</b> | <b>(17.197)</b> | <b>(18.223)</b> | <b>(19.281)</b>    |

## Additional Recommendations

- 81 **note** that the Labour Party's 2020 manifesto committed to increase the Special Needs Grant limit for emergency dental treatment from \$300 to \$1,000;
- 82 **note** that some of the current policy settings applying to Special Needs Grants for emergency dental treatment are no longer fit-for-purpose and require amending;
- 83 **agree** that the Minister for Social Development and Employment will amend the Special Needs Grants programme from 1 December 2022 to:
- 83.1 remove the requirement for immediate and essential dental treatment to have arisen from an emergency situation; and
  - 83.2 increase the maximum grant limit for Special Needs Grants for dental treatment from \$300 to \$1,000; and
  - 83.3 allow eligible applicants to receive more than one Special Needs Grant per 52 week period, up to the new maximum grant limit of \$1,000; and