



**MINISTRY OF SOCIAL  
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

# Monitoring the Families Package and other changes to income support from 2019 to 2022

Final report on trends in receipt of payments

**March 2023**

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## Acknowledgements

Thank you to my MSD colleagues in the Research and Evaluation team for their review of this report and to the Business Intelligence and Forecasting and Costing teams for providing data for the report. I would also like to acknowledge officials from Oranga Tamariki who provided data for the report and officials from Inland Revenue who provided data and helpful feedback on drafts.

## Disclaimer

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## 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/families-package.html>

2023

## ISBN (online)

978-1-99-110529-5

## Recommended citation

Graham, S. (2023). *Monitoring the Families Package and other changes to income support from 2019 to 2022: Final report on trends in receipt of payments*. Wellington, New Zealand: Ministry of Social Development.

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## Executive summary

This monitoring report examines trends in receipt and expenditure for payments affected by the 2018 Families Package, and monitoring series for subsequent changes to income support. It is the last in a series of four annual reports.

From April 2018, the Families Package increased several social assistance payments delivered through the tax and benefit systems. Two new payments, the Best Start tax credit for families with babies and toddlers and the Winter Energy Payment for people receiving main benefits and superannuitants, were introduced. Additionally, the length of paid parental leave available to families was extended.

From April 2020, more changes to income support were made as part of the income support packages included in the 2019 Budget and the Government's initial response to COVID-19. These included increasing payment amounts, the removal of Section 192 benefit deductions for sole parents if the name of the other parent was not declared, and changing abatement rates for some social assistance payments.

Further changes increased incomes for low- and middle- income families as part of Budget 2021. These changes included a \$20 a week increase to main benefits on 1 July 2021 and a \$20 to \$42 increase to benefit rates per adult on 1 April 2022. The income threshold for the Minimum Family Tax credit was also increased alongside the main benefit increases.

In November 2021, changes to Working for Families tax credits were announced. These were implemented on 1 April 2022 and included increasing payment rates and Family Tax Credit abatement rate.

## Key findings

### Trends for main benefit recipients:

**The number of people receiving a main benefit increased** from 286,225 at the end of June 2017 to 352,998 at the end of June 2022. There was a sharp increase following the start of the COVID-19 pandemic. The number of recipients started to decrease from January 2021, but recipient numbers remain higher than before the pandemic.

Recent main benefit rate increases benefitted up to 318,000 people in 2020, up to 363,500 people in 2021, and up to 356,000 people in 2022.

### Child Support trends:

7,269 sole parents receiving benefit had Section 192 deductions stopped from 1 April 2020.

**The number of child support applications decreased** from 2,753 in March 2020 to 568 in April 2020, following the removal of the Section 192 deductions. The number of applications has since increased but remains below pre-removal levels. In June 2022 there were 1,526 applications.

The ratio of child support applications to Sole Parent Support grants decreased from around 1.0 to 0.2 immediately after the removal of Section 192. It has since increased to 0.8 in June 2022.

## **Trends for Working for Families tax credits:**

**The number of families receiving Family Tax Credit decreased** from around 279,100 in the 2018 tax year, to 273,900 in the 2021 tax year.

In June 2022, 64,926 families were receiving a Family Tax Credit weekly or fortnightly from the Ministry of Social Development (MSD) and 136,812 families were receiving a Family Tax Credit weekly or fortnightly from Inland Revenue (IR).

**The average weekly Family Tax Credit payment increased** from \$111.70 at the end of the 2018 tax year, to \$144.50 at the end of the 2021 tax year.

Weekly expenditure on Family Tax Credit by MSD increased from around \$9.5 million at the end of June 2017 to just under \$14 million at the end of June 2022. Weekly expenditure on Family Tax Credit by IR increased from around \$17.5 million at the end of June 2017 to \$23.9 million on average at the end of June 2022.

**The number of people receiving a weekly or fortnightly In-Work Tax Credit from IR decreased** from 127,425 in the final fortnight of June 2017 to 103,600 in the final fortnight of June 2022. Expenditure on the In-Work Tax Credit also decreased from around \$9 million in the final fortnight of June 2017 to around \$7 million in the final fortnight of June 2022.

**The number of children the Best Start tax credit was paid for increased** from 2018 to 2021, before reaching a steady state around July 2021 when the first cohort to receive Best Start began to lose eligibility due to their children turning three. At the end of June 2022, Best Start was being paid for 21,399 children by MSD and 52,460 children by IR.

As at June 2022, weekly expenditure by MSD on Best Start was around \$1.6 million. Weekly expenditure by IR was around \$3.6 million.

## **Trends for assistance for carers:**

**The number of carers receiving an Unsupported Child's Benefit increased** from 10,631 as at the end of June 2018, to 13,005 as at the end of June 2022.

**The number of carers receiving an Orphan's Benefit decreased** from 271 as at the end of June 2018, to 261 as at the end of June 2022.

Combined monthly expenditure on the Orphan's Benefit and Unsupported Child's Benefit increased from \$13.7 million in June 2018 to \$17.1 million in July 2018, following the Families Package rate increases and the accompanying introduction of a new Clothing Allowance. Following the COVID-19 response rate increases, monthly expenditure increased from \$20.6 million in June 2020 to \$23.4 million in July 2020. By June 2022, monthly expenditure had increased to \$27.4 million.

**The number of children and young people that Foster Care Allowance was paid for decreased** from 5,038 at the end of June 2018 to 3,704 at the end of June 2022.

Monthly expenditure on the Foster Care Allowance increased from \$4.6 million in June 2018 to \$5.2 million in July 2018, following the Families Package rate increases. Following the COVID-19 response rate increases, monthly expenditure increased from \$4.9 million in June 2020, to \$6.1 million in July 2020. Expenditure has since decreased to \$4.5 million, in line with decreasing number of recipients.

## **Trends for the Winter Energy Payment:**

**The number of Winter Energy Payment recipients increased** from approximately 774,000 recipients during the 2018 year to approximately 907,000 recipients during the 2022 year. Including the partners of recipients, there were over 1.2 million adults being helped by the Winter Energy Payment in 2022.

Average monthly expenditure on the Winter Energy payment has increased from \$90.4 million in 2018 to \$101.8 million in 2022, in line with the increase in recipients.

## **Trends for accommodation assistance:**

**The number of Accommodation Supplement recipients has increased** from 284,572 at the end of June 2017 to 344,742 at the end of June 2022. This growth in receipt of an Accommodation Supplement mostly reflects an increase in main benefit numbers, particularly during 2020 due to the impacts of COVID-19.

**The proportion of Accommodation Supplement recipients receiving the maximum Accommodation Supplement amount decreased** from around 56 percent immediately prior to the Families Package, to just under 26 percent in April 2018. This proportion has since increased to 42 percent in June 2022.

The average weekly Accommodation Supplement payment increased from \$71 at the end of June 2017 to \$106 at the end of June 2022.

Expenditure on Accommodation Supplement has increased from \$91.2 million in June 2017 to \$162.1 million in June 2022.

**The number of Temporary Additional Support recipients has increased** from 67,317 in June 2017 to 85,911 in June 2022, despite an initial drop in receipt after the Families Package was introduced.

**The proportion of Temporary Additional Support recipients receiving the maximum payment amount has decreased** from 44 percent in June 2017 to 36 percent in June 2022. There was a large drop after the Families Package changes to Accommodation Supplement, and smaller drops corresponding with the 2020, 2021, and 2022 main benefit increases.

Expenditure on Temporary Additional Support has increased from \$27.5 million in June 2017 to \$29.4 million in June 2022.

**The number of students receiving an Accommodation Benefit decreased** from 44,439 in 2017 to 35,838 in 2022. There was a slight increase in recipients in 2021 following the COVID-19 pandemic, but numbers decreased in 2022 to be lower than before the pandemic.

Monthly expenditure on Accommodation Benefit in June 2017 was \$6.1 million. In June 2022 monthly expenditure had increased to \$9.6 million despite the number of recipients decreasing, because payment rates were raised by the Families Package.

# Introduction

This report tracks trends in receipt and expenditure for payments affected by the Families Package, the 2020 income support packages, the 2021 and 2022 main benefit increases, and 2022 changes to Working for Families tax credits. It is a final report that updates previous Families Package monitoring reports<sup>1</sup>.

Additional information including demographic breakdowns of receipt for selected payments can found in the [supplementary report](#).

## Background

The Families Package was introduced in 2018 and provided targeted assistance to improve incomes for low- and middle-income families with children. The package was implemented as part of the Government's focus on reducing child poverty, and ensuring children get the best start in life.

The Families Package included:

- **increasing the Family Tax Credit and raising the Working for Families abatement threshold** to boost the incomes of low- and middle-income families
- **introducing a Best Start tax credit** which replaced the Parental Tax Credit
- **extending paid parental leave** from 18 to 26 weeks
- **introducing the Winter Energy Payment** to help older New Zealanders and people receiving a main benefit heat their homes
- **increasing the rates of Orphan's Benefit, Unsupported Child's Benefit, and Foster Care Allowance** to increase financial assistance for carers
- **increasing the Accommodation Supplement and Accommodation Benefit**, by implementing changes that had been announced in the 2017 Budget.<sup>2</sup>

As part of Budget 2019, further changes to income support came into effect on 1 April 2020. These changes aimed to contribute to the achievement of the ten-year child poverty reduction targets that were introduced.<sup>3</sup> The changes included:

- **removing section 192 deductions (formerly section 70A)** – these had applied to the benefits of sole parents who did not identify the other parent of their child and apply for child support
- **indexing main benefits to movement in the net average wage**, rather than the consumers price index
- **increasing the abatement thresholds for main benefits.**<sup>4</sup>

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<sup>1</sup> Families Package Monitoring and Evaluation. <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/evaluation/families-package-reports/families-package.html>

<sup>2</sup> Fact Sheet – Families Package. <https://www.beehive.govt.nz/sites/default/files/2017-12/Families%20Package%20Factsheet.pdf>

<sup>3</sup> Cabinet Paper - Social Assistance Legislation (Budget 2019 Welfare Package) Amendment Bill: Approval for Introduction. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/social-assistance-legislation-budget-2019/cabinet-paper-social-assistance-legislation-budget-2019-welfare-package-amendment-bill-approval-for-introduction.pdf>

<sup>4</sup> These changes also applied to New Zealand Superannuation and Veteran's Pension recipients where they have a non-qualifying partner included, and to qualified Veteran's Pension recipients aged under 65.



Several additional changes were introduced in 2020, to provide immediate assistance to low- and middle-income families in the early stages of the COVID-19 outbreak in New Zealand.<sup>5</sup> These included:

- **increasing main benefit rates** by \$25 on 1 April 2020
- **doubling the rate of the Winter Energy Payment** for 2020
- **removing the hours test** for the In-work Tax Credit from 1 July 2020.

A separate change was made to increase main benefit abatement thresholds. This change came into effect from 1 April 2021.<sup>6</sup>

As part of Budget 2021, an additional package of changes was introduced to further reduce child poverty by providing targeted support to low-income families.<sup>7</sup> These changes were staggered across a two-year period, and included:

- **an increase to main benefit rates**, by \$20 from 1 July 2021 and a further increase of \$20-\$42 per adult on 1 April 2022
- **an increase to Student Allowance rates** from 1 April 2022
- **an increase to Orphan's Benefit, Unsupported Child's Benefit, and Foster Care Allowance rates** from 1 April 2022
- **no longer counting some supplementary payments as income** towards Childcare Assistance entitlement, from 1 July 2021
- **indexing Childcare Assistance income thresholds to average wage growth**, from 1 April 2022
- **a new medical certificate system for Jobseeker Support clients with a health condition, injury, or a disability**, from 31 January 2022.

Changes to Working for Families tax credits were announced in November 2021<sup>8</sup> and included:

- **increasing the Best Start tax credit** from \$60 a week to \$65 a week, from 1 April 2022
- **increasing the Family Tax Credit** by \$15 per week for the eldest child and \$13 per week for subsequent children, from 1 April 2022
- **increasing the Family Tax Credit abatement rate** from 25% to 27%.

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<sup>5</sup> Income Support Factsheet. <https://www.beehive.govt.nz/sites/default/files/2020-03/Income%20support%20factsheet.pdf>

<sup>6</sup> Increasing main benefit abatement thresholds on 1 April 2021 and consequential adjustment to the Minimum Family Tax Credit. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/cabinet-papers/2021/cabinet-paper-increasing-main-benefit-abatement-thresholds-on-1-april-2021-and-consequential-adjustment-to-the-minimum-family-tax-credit.pdf>

<sup>7</sup> Benefit increases and changes in Budget 2021. <https://www.workandincome.govt.nz/about-work-and-income/news/2021/2021-budget.html>

<sup>8</sup> Incomes lifted for 346,000 families. <https://www.beehive.govt.nz/release/incomes-lifted-346000-families>

## Abbreviations used in the report

**Table 1: Abbreviations used in figures in this report**

<b>Abbreviation</b>	<b>Full meaning</b>
FP	Families Package
C19	Covid-19
C19R	Covid-19 response
ISP	Income support package(s)
S192	Section 192 removal
B21a	Budget 2021 changes implemented on 1 July 2021
B21b	Budget 2021 changes implemented on 1 April 2022
WFF	Working for Families Tax Credit changes implemented on 1 April 2022

# Increasing main benefit assistance

## Main Benefits

The Ministry of Social Development (MSD) provides a variety of benefits to people who do not have sufficient income to support themselves. Which benefit people receive depends on their circumstances. Reasons for receiving a benefit include but are not limited to:

- being unemployed and looking for work
- being unable to work or restricted in their ability to work due to a health condition or disability
- caring for someone with a health condition or disability
- being a sole parent
- being unemployed and needing financial assistance during study breaks.<sup>9</sup>

This section reports receipt and expenditure for main benefit payments overall. For additional demographic and administrative breakdowns of main benefit payments please refer to the Benefit Fact Sheets on the MSD website.<sup>10</sup>

## What changed?

Main benefit rates were increased by \$25 on 1 April 2020<sup>11</sup>, \$20 on 1 July 2021<sup>12</sup>, and \$20-\$42 per adult on 1 April 2022<sup>13</sup>.

Main benefits were indexed to average wage growth on 1 April 2020. This means that each year on 1 April benefit rates are adjusted in line with the growth in the average wage in New Zealand, rather than to the Consumer Price Index as was previously done.

Abatement thresholds were increased on 1 April 2020 and again on 1 April 2021, to allow recipients to earn more before their benefits started to decrease.

**Table 2: Benefit abatement thresholds as at 1 April 2019-2022**

Benefit	April 2019	April 2020	April 2021	April 2022
Jobseeker Support	\$80	\$90	\$160	\$160
NZS/VP with a non-qualifying partner	\$100	\$115	\$160	\$160
Sole parents and Supported Living Payment – threshold 1	\$100	\$115	\$160	\$160
Sole parents and Supported Living Payment – threshold 2	\$200	\$215	\$250	\$250

<sup>9</sup> The New Zealand income support system as at 1 July 2022. <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/evaluation/families-package-reports/monitoring-reports.html#TheNewZealandincomesupportsystemasat1July20221>

<sup>10</sup> The Benefit Fact Sheets only report working age recipients, however, the number of main benefit recipients that are not working aged is very low, and so the demographics presented in the Benefit Fact Sheets are not substantially altered by their exclusion. See: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/index.html>

<sup>11</sup> COVID-19: Economy Response Package <https://www.beehive.govt.nz/feature/covid-19-economic-response-package>

<sup>12</sup> Main benefit boost: up to 33,000 children lifted out of poverty <https://www.beehive.govt.nz/release/main-benefit-boost-33000-children-lifted-out-poverty>

<sup>13</sup> Government delivers income increases for over 1.4 million New Zealanders <https://www.beehive.govt.nz/release/government-delivers-income-increases-over-14-million-new-zealanders>

## Receipt of main benefits

The number of people receiving a main benefit increased from **286,225** at the end of June 2017 to **352,998** at the end of June 2022.

As shown in Figure 1, the number of people receiving a main benefit has been increasing since June 2018, particularly from March 2020 through to January 2021, associated with the impacts of COVID-19. From January 2021, the number of recipients began to decrease, before increasing again slightly from June 2021 to December 2021 consistent with the summer peak in main benefit recipients seen each year.

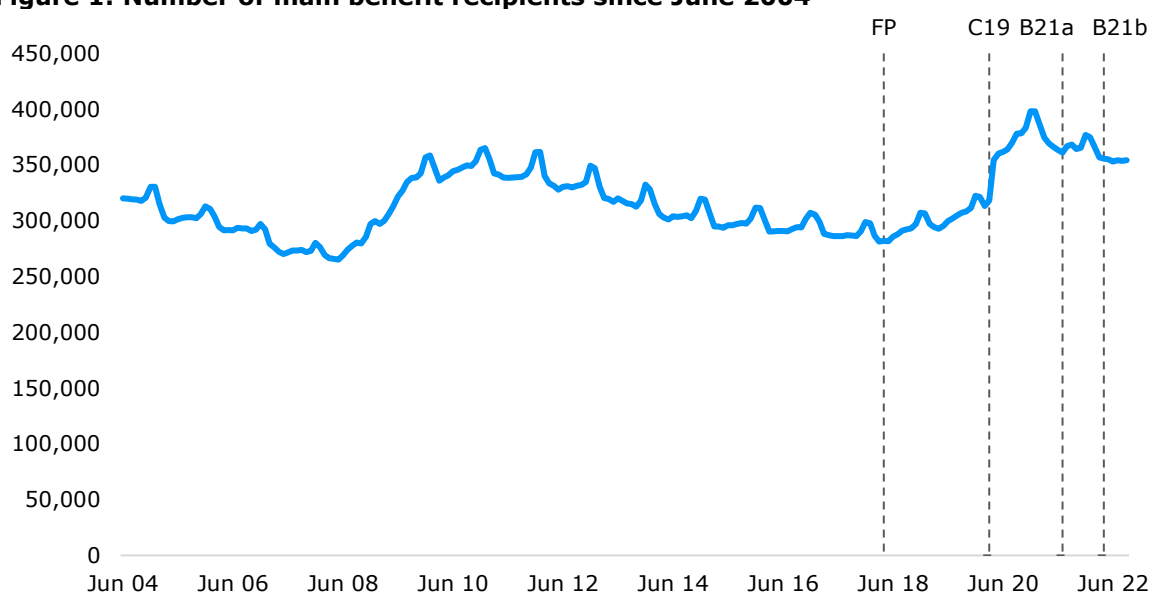
There were **318,135** main benefit recipients at the end of March 2020 (including 97,222 with dependent children), most of whom would have been affected by the 1 April 2020 rate changes. After including the partners of benefit recipients, approximately **340,000** adults experienced an increase in their main benefit payments on that date.

As at the end of June 2021 there were **363,498** main benefit recipients (including 108,237 with dependent children), most of whom would have been affected by the main benefit increase on 1 July 2021. After including the partners of benefit recipients, up to **388,020** adults could have experienced an increase in their main benefit payments.

There were **356,919** main benefit recipients at the end of March 2022 (including 107,976 with dependent children) who could have benefited from the 1 April benefit increase. After including the partners of benefit recipients, up to **375,657** adults could have experienced an increase in their payments.

With each benefit increase, not all recipients would have benefited by the full amount. For example, recipients also receiving income-tested supplementary payments like Accommodation Supplement and Temporary Additional Support could have received a smaller overall increase in income if their supplementary payment rate decreased as they received more income from their main benefit.

**Figure 1: Number of main benefit recipients since June 2004**



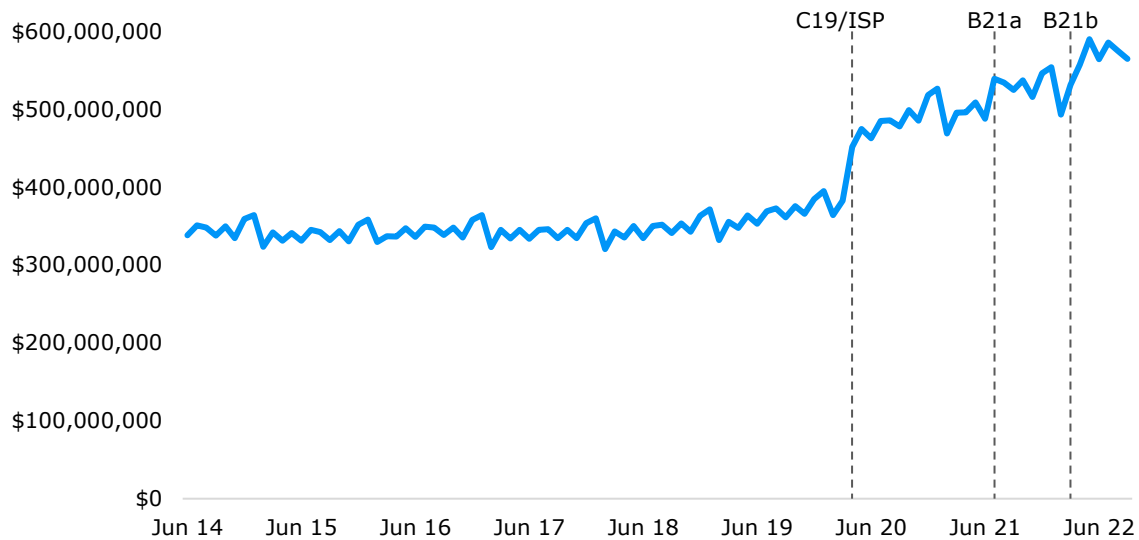
## Expenditure on main benefits

The amount of expenditure on main benefits increased in April 2020, in line with the 2020 increase in main benefit rates as well as the increase in recipient numbers. There were also increases in expenditure in July 2021 and April 2022, in line with the Budget 2021 main benefit rate increases (Figure 2).

In June 2022, just over **\$564 million** was spent on main benefits.

There are slight dips in expenditure during February, due to it being a shorter month.

**Figure 2: Monthly expenditure on main benefits since June 2014.**



## The removal of section 192

Prior to 1 April 2020, the benefit received by a sole parent was reduced for each dependent child for whom they did not seek child support, subject to some exemptions. The benefit was reduced by \$22 to \$28 per week for each such child. In 2018, the average affected family had a \$34 reduction in benefit per week, equivalent to a loss of 10 percent of the net weekly rate of Sole Parent Support.<sup>14</sup> These reductions were set out in section 70A of the Social Security Act 1964, and then section 192 of the Social Security Act 2018.

### What changed?

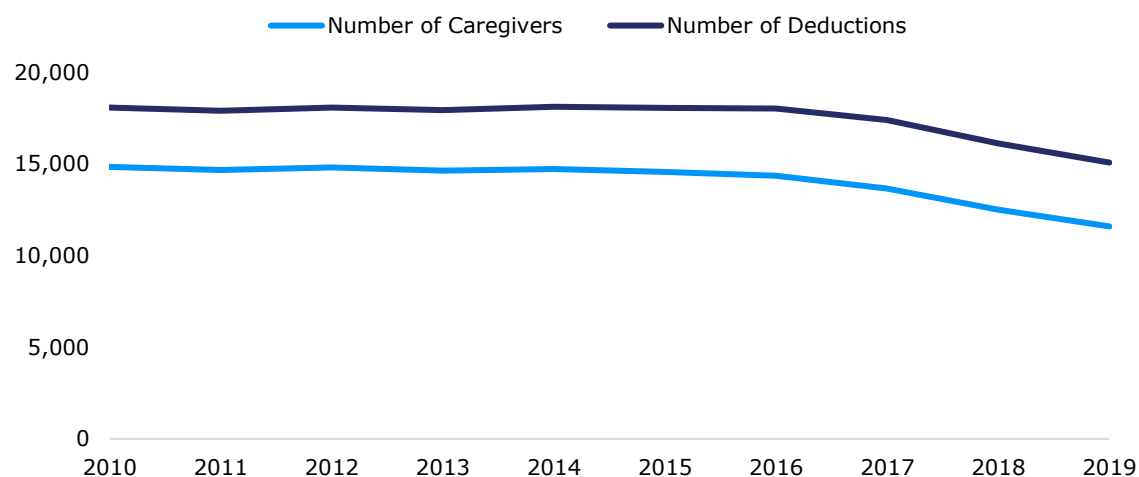
As a part of the Budget 2019 income support package, section 192 was removed, with effect from 1 April 2020.

### Numbers impacted

On the last day of section 192 deductions being in place (31 March 2020), there were deductions in place relating to 9,651 children, affecting 7,269 carers.

Figure 3 shows that the number of carers with Section 192 deductions, and the number of deductions in place was stable between June 2010 and June 2016, before steadily falling in the years following. Drivers included both a reduction in numbers of sole parents receiving benefit and a reduction in the proportion for whom deductions were applied.<sup>15</sup>

**Figure 3: Number of carers receiving a section 192 deduction and total number of section 192 deductions as at the end of June, from 2010 to 2019.**



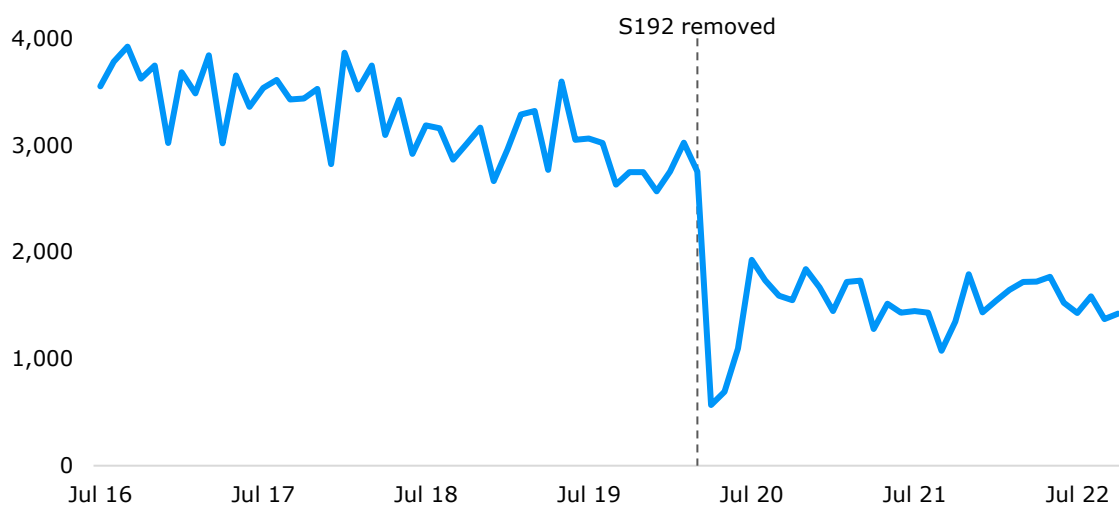
<sup>14</sup> Section 70A and Children. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/section-70a/section-70a-research-brief.pdf>

<sup>15</sup> Ibid.

## Trends in child support

Data for total applications is available from 2016. Figure 4 shows that the total number of child support applications received by IR had been slowly decreasing since 2016. In April 2020, after the removal of the Section 192 deductions, the number of child support applications registered with IR dropped from **2,753 to 568**. This coincided with the beginning of Alert Level 4 COVID-19 restrictions. IR and MSD offices were closed to the public, which disrupted the ability of IR to receive and process child support applications. Since then, there has been a rebound in the number of applications, although the total number remains lower than before section 192 deductions were removed. In June 2022 there were **1,526** applications.

**Figure 4: Total number of child support applications received by IR, monthly since June 2016**



Breakdowns by benefit status of the applicant, and by whether the application was accepted or declined, are available from 2019 (Figures 5 and 6).

**Figure 5: Number of child support applications registered with IR since July 2019, by status.**

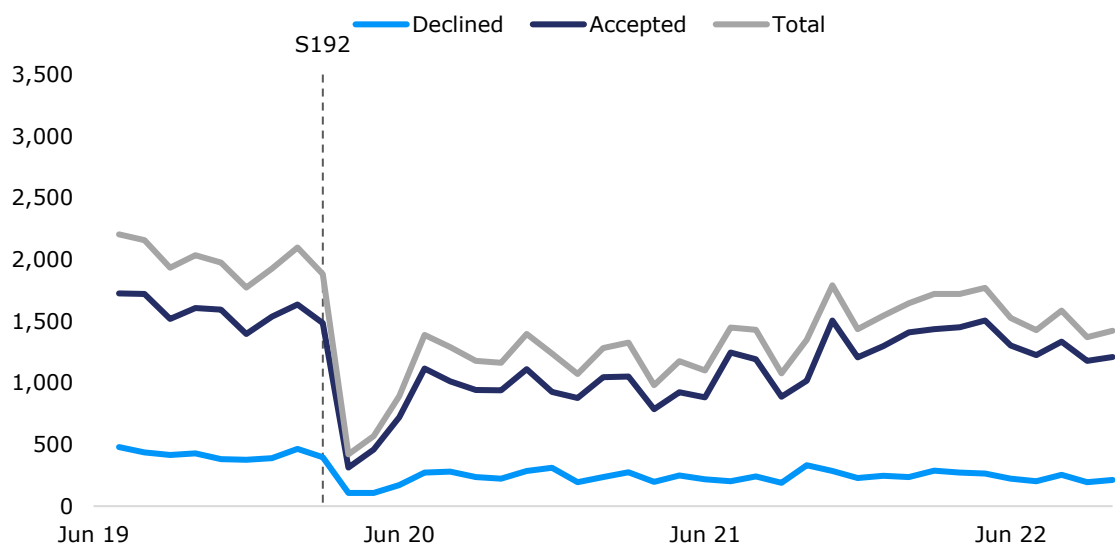
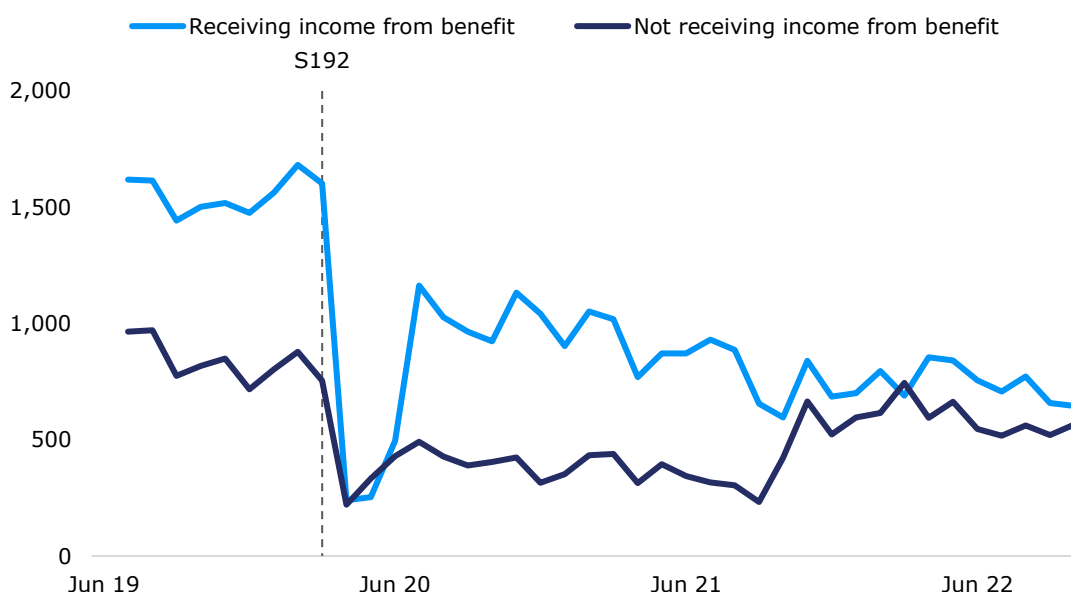


Figure 6 shows that in the past, most child support applications were made by parents who were receiving income from a main benefit. After the removal of section 192 there was a drop in the number of applications by non-beneficiaries, even though they were not impacted by this policy change.

From September to November 2021 there was an increase in applications from non-beneficiaries, bringing them to a similar level as parents receiving a benefit. In October 2021, a new system was introduced for counting child support recipients who do not receive a benefit. This means that counts before October 2021 may have underreported the number of non-beneficiary child support applications.

**Figure 6: Number of child support applications accepted by IR, by whether the applicant is receiving income from a main benefit or not.<sup>16</sup>**



<sup>16</sup> Applicants are counted as “receiving income from benefit” if they are receiving a main benefit payment as of the date the application is made.



Most child support applications made by people receiving a main benefit come from those receiving Sole Parent Support. Figure 7 shows the ratio of total child support applications received by IR to the number of Sole Parent Support grants each month. In April 2020, the ratio dropped from **1.0 to 0.2** child support applications for every grant of Sole Parent Support. The ratio has since increased but remains lower than before section 192 deductions were removed.

As at the end of June 2022, there were **0.8** child support applications for every grant of Sole Parent Support.

**Figure 7: Ratio of child support applications to Sole Parent Support grants, monthly since 2016**

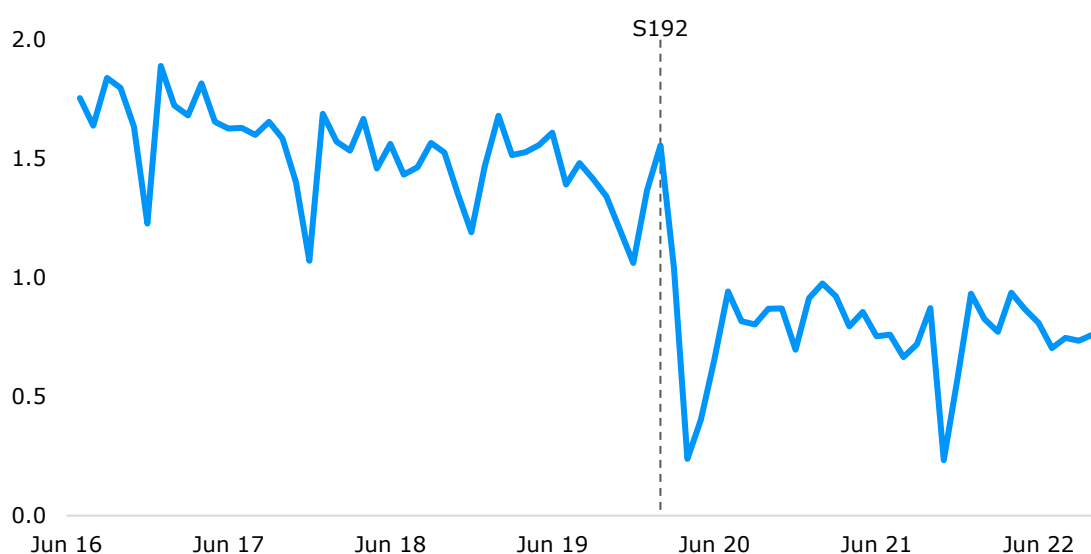


Table 3 shows that both the number of liable parents paying child support, and the number of carers receiving child support as part of a child support arrangement, fell between June 2020 and June 2022. The proportion of receiving carers who had income from a benefit increased slightly. The proportion of liable parents who had income from a benefit remained relatively stable.

**Table 3: Number of liable parents and receiving carers in the child support system, as at the end of June 2020, 2021, and 2022.**

Date	Liable parents		Receiving carers	
	Number	Percentage that had income from a benefit	Number	Percentage that had income from a benefit
June 2020	114,537	37.1%	114,275	49.9%
June 2021	111,073	37.4%	110,652	51.1%
June 2022	110,000	36.6%	109,555	52.3%

# Changes to Working for Families Tax Credits

## Family Tax Credit

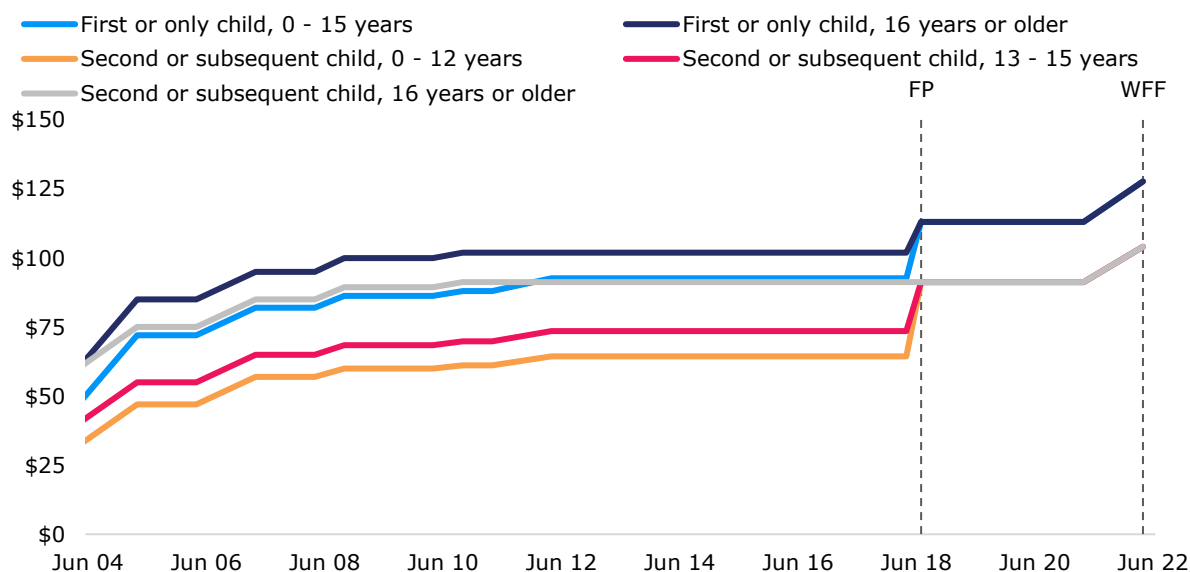
Family Tax Credit is an income-tested payment that can be claimed for each child in an eligible family. Families can choose to receive the payments either weekly, fortnightly, or as a lump sum after the end of the tax year. Payments are made by either MSD or IR. The payment amount depends on the family's income, number of dependent children, and any shared care arrangements.

### What changed?

As a part of the Families Package, Family Tax Credit payment rates were increased and simplified from 1 July 2018. Five payment rates were collapsed to two, one for the eldest or only child, and one for all subsequent children. The abatement threshold at which Family Tax Credits payments start to reduce (abate) was increased from \$36,350 to \$42,700, while the abatement rate increased from 22.5 percent to 25 percent.

On 1 April 2022 the Family Tax Credit payment amount increased by almost \$15 per week for first or only children and \$13 per week for subsequent children. The abatement rate was also increased from 25% to 27%.

**Figure 8: Family Tax Credit rates over time<sup>17</sup>**



<sup>17</sup> Family Tax Credit payment rates <https://www.workandincome.govt.nz/map/deskfile/extra-help-information/family-tax-credit-tables/family-tax-credit-rates-current.html>

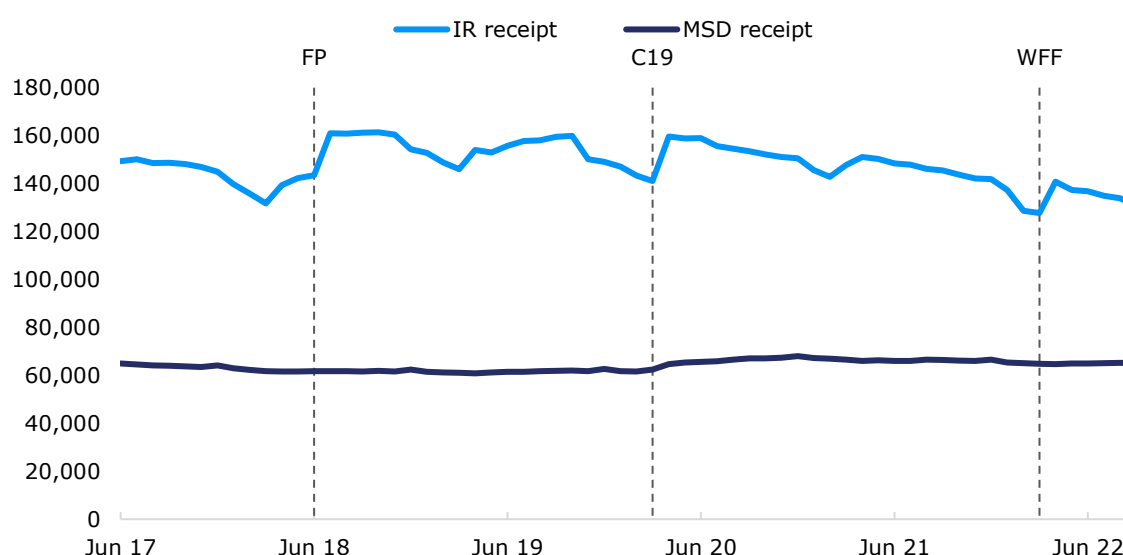
## Receipt of Family Tax Credit

Overall, the number of people receiving a Family Tax Credit from MSD decreased slightly from **64,958** at the end of June 2017 to **64,926** at the end of June 2022. The number of people receiving a Family Tax Credit payment from IR decreased from **149,849** in the final fortnight of June 2017 to **136,812** in the final fortnight of June 2022.

Figure 9 shows that following the introduction of the Families Package, the number of people receiving Family Tax Credit from IR increased. There was also an increase in the number of recipients in early April 2020, coinciding with COVID-19. While there appears to be a seasonal increase each April (likely related to the tax year), the April increase was larger in 2020. This could be due to falls in families' incomes during the level four lockdown, leading to an increase in the number of eligible families.

Since 2017, the number of people receiving Family Tax credit payments from MSD has been relatively stable, with a small increase following the COVID-19 pandemic. This reflects an increased number of families with children being supported by a main benefit.

**Figure 9: Number of Family Tax Credit recipients paid by IR and MSD in the final payment period of each month, from June 2017<sup>18</sup>**



## Total tax year receipt of payments from IR and MSD

Across the 2018 tax year around **279,200** families received the Family Tax Credit through IR or MSD, either weekly, fortnightly, or as a lump sum payment at the end of the year. This decreased to **273,900** in the 2021 tax year.

<sup>18</sup> For IR recipients the payment period is the last fortnight of the month and for MSD the payment period refers to the last day of the month.

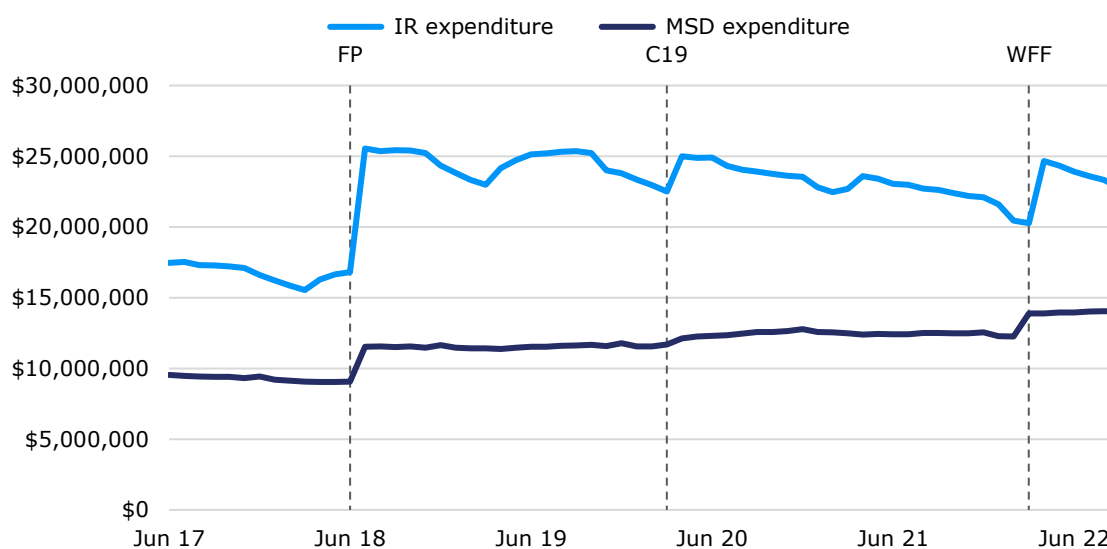
## Expenditure on Family Tax Credit<sup>19</sup>

In the last fortnight of June 2022, average weekly expenditure on Family Tax Credit payments from Inland Revenue was **\$23.9 million**. In the last week of June 2022, expenditure by MSD was just under **\$14 million**.

Figure 10 shows that expenditure on Family Tax Credit has increased since 2017. There was a sharp increase in expenditure from both IR and MSD after the Families Package increase of Family Tax Credit rates. There was an increase in expenditure after the start of the COVID-19 pandemic, this was much larger for IR than MSD. There were also increases in expenditure by IR and MSD in April 2022, consistent with the increase in Family Tax Credit rates.

There is a seasonal decrease in expenditure from IR each March, corresponding with the end of the tax year.

**Figure 10: Weekly expenditure on the Family Tax Credits by IR, averaged across fortnights, and weekly expenditure by MSD in the final pay period of each month, since June 2017**



The average amount that a recipient received from IR increased from \$117 per week at the end of June 2017 to **\$175** at the end of June 2022.

The average weekly amount that a recipient received from MSD has increased from \$147 in the final week of June 2017 to **\$215** in the final week of June 2022.

### Total tax year expenditure on payments from IR and MSD

In the 2018 tax year, around \$1.6 billion was spent on Family Tax Credits (for weekly, fortnightly, and yearly payments) by IR and MSD. This increased to around \$2.1 billion in the 2021 tax year.

The average weekly Family Tax Credit payment increased from \$111.70 at the end of the 2018 tax year, to \$144.50 at the end of the 2021 tax year.

<sup>19</sup> Some figures from Inland Revenue in this section have been revised from last year's report. These revisions are minor, and due to data timing. They do not affect the conclusions we come to about these data series.

## **In-work Tax Credit<sup>20</sup>**

The In-work Tax Credit is a payment for families in paid work and not receiving a main benefit or a Student Allowance.

Working families with one, two, or three dependent children may be eligible for up to \$72.50 a week. Working families with four or more dependent children may be eligible for an extra \$15 per child a week (on top of the \$72.50 a week).

For people not on a benefit, the In-work Tax Credit abates after Family Tax Credit has abated. This means the rate payable was influenced by the increases in the Family Tax Credit payment rates, as well as the Families Package Working for Families abatement changes.

### **What changed?**

As part of the income support package that formed part of the initial response to COVID-19, the hours test for the In-work Tax Credit was removed in July 2020 to help families that may have faced a reduction in hours, or variable hours of work. Previously, to receive the In-Work Tax Credit sole parents had to be working at least 20 hours a week and partners in couples had to be working at least 30 hours a week between them.

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<sup>20</sup> Some figures from Inland Revenue in this section have been revised from last years report. These revisions are minor, and due to data timing. They do not affect the conclusions we come to about these data series.

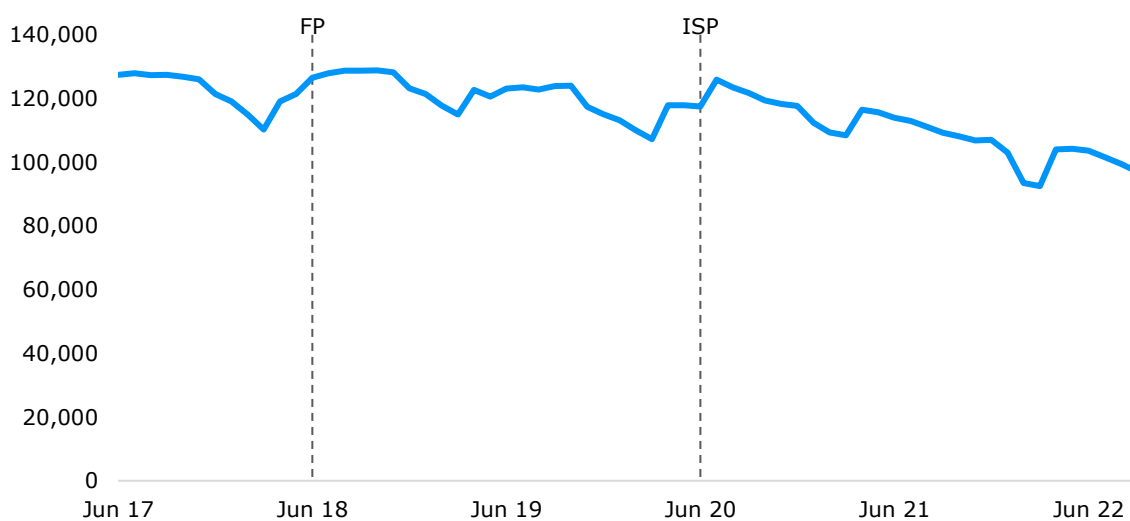
## Receipt of the In-work Tax Credit

### Receipt of weekly and fortnightly payments

The number of people receiving a weekly or fortnightly In-work Tax Credit from IR has decreased from **127,425** in the final fortnight of June 2017 to **103,600** in the final fortnight of June 2022.

Figure 11 shows that there had been a gradual decline in the number of In-work Tax Credit recipients over time, outside of seasonal trends. However, after the 1 July 2020 changes the number of recipients increased to levels just below what was recorded around the time of the Families Package in June 2018. Since then, receipt has decreased.

**Figure 11: Number of In-work Tax Credit recipients paid weekly or fortnightly by IR, from April 2017.**



### Total tax year receipt of payments

Across the tax year ended 31 March 2018, **202,500** families received the In-work tax credit through IR either weekly, fortnightly, or as a lump sum payment at the end of the year. This decreased to **182,000** families across the tax year ended 31 March 2021.

## Expenditure on the In-work Tax Credit

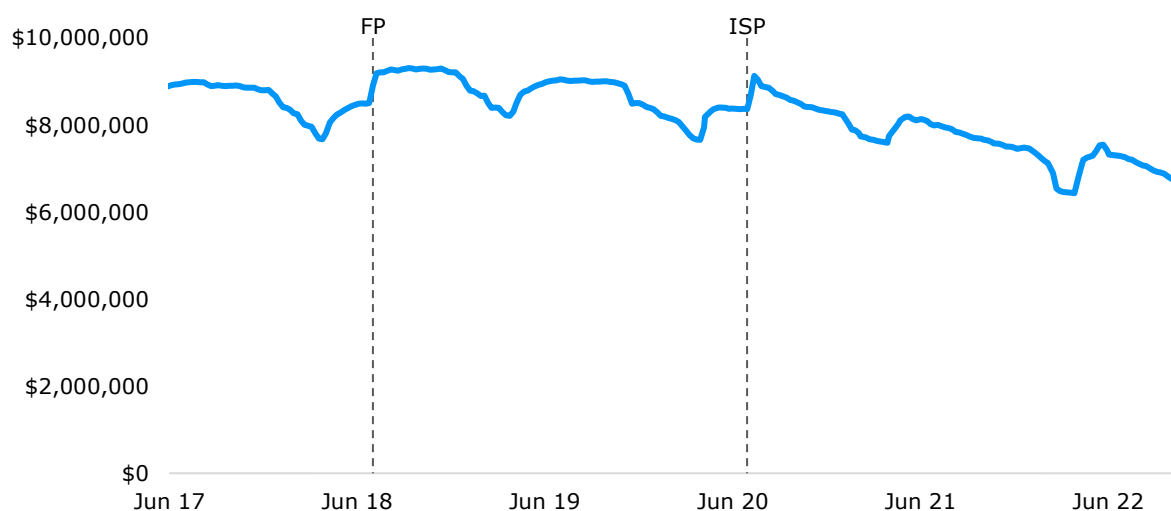
### Expenditure on weekly and fortnightly payments

In the last fortnight of June 2022, average expenditure on In-work Tax Credits was around **\$7.3 million**.

Figure 12 shows that overall expenditure has been trending down over time, outside of seasonal trends, consistent with the decrease in number of recipients. There were small increases in expenditure associated with the Families Package changes in 2018 and the 2020 income support package changes.

Since the Families Package, families receiving the payment weekly or fortnightly have received slightly more from the In-work Tax Credit, generally between \$70-71 a week as of June 2022 compared to \$69-\$70 beforehand.

**Figure 12: Weekly expenditure on In-work Tax Credits, averaged across fortnights, from April 2017.**



### Total tax year expenditure

In the 2018 tax year, around \$584 million was spent on In-work Tax Credits (for weekly, fortnightly, and yearly payments). This decreased to around \$544 million in the 2021 tax year.

The average weekly In-work Tax Credit payment increased from around \$55 in the 2018 tax year, to around \$57 at the end of the 2021 tax year.

## Best Start tax credit

The Best Start tax credit is a weekly payment of up to \$65.15 per child born, or due to be born, on or after 1 July 2018. This payment is available to all families in the first year of a baby's life during weeks the family is not in receipt of paid parental leave. In the child's second and third years, support continues for low- and middle-income families. In these years, Best Start is abated at 21 percent for family income above \$79,000<sup>21</sup>.

When care of a child is shared, the parent receives a pro-rata rate of Best Start, provided they have care of the child for more than two days a week.

### What changed?

Best Start was introduced as a part of the Families Package and replaced the Parental Tax Credit. The Parental Tax Credit had provided eligible families with up to \$220 per week for the first 10 weeks of a child's life. This payment was not available to recipients of a benefit or the Student Allowance and could not be received by a family who received paid parental leave. Information on receipt and expenditure for the Parental Tax Credit can be found in the 2021 supplementary report<sup>22</sup>.

This section reports receipt and expenditure for weekly or fortnightly payments when comparing between years. Data on receipt of lump sum year-end payments is only available for the first three years of Best Start.

The maximum Best Start payment was originally \$60 a week but increased to \$65.15 on 1 April 2022.

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<sup>21</sup> For a full table of weekly and fortnightly rates, please refer to this document from the Inland Revenue website: <https://www.ird.govt.nz/-/media/project/ir/home/documents/forms-and-guides/ir200---ir299/ir271/ir271-2023.pdf?modified=20220406213635&modified=20220406213635>

<sup>22</sup> <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/evaluation/family-packages/2021/monitoring-the-families-package-and-changes-to-income-support-from-2018-to-2021-supplementary-information.pdf>



## Receipt of the Best Start tax credit

As at the end of June 2022, **52,460** families were receiving a Best Start payment from IR and **21,399** families were receiving a Best Start payment from MSD.

The number of people receiving a Best Start Payment from IR grew slowly in the first few months after the payment was implemented. This was because some families could not receive Best Start until they finished receiving paid parental leave.

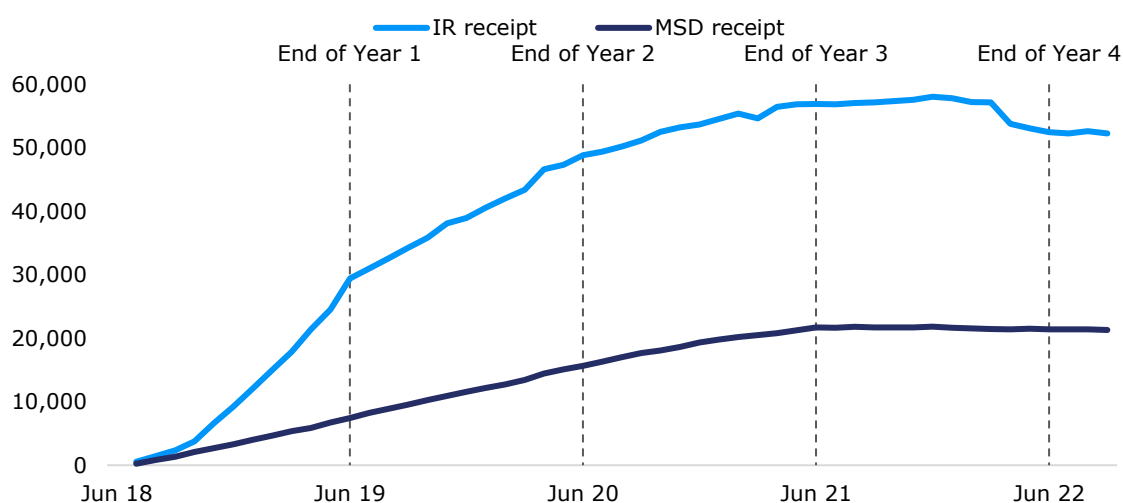
The number of recipients increased steadily in the second year but was slower than in the first year as some families became no longer eligible after their child turned one due to the income testing of the payment.

In the third year, growth began to level out towards the end of the year, reflecting the first cohort's entitlement ending as their children turned three.<sup>23</sup>

In April 2022 there was a decrease in receipt from IR. This may reflect more families being no longer eligible for Best Start due to income growth.

The number of people receiving a Best Start payment from MSD steadily increased during the first two years. In the third year, the growth in recipient numbers slowed, reaching a plateau by the end of year three. This plateauing was expected, as the first cohort of families to receive the payment began to lose eligibility as their children turned three.

**Figure 13: Number of Best Start tax credit recipients paid by IR or MSD at the end of each month, since July 2018.**



### Total tax year receipt of payments from IR

Across the nine relevant months of the 2019 tax year after Best Start was implemented, 34,200 families received the Best Start tax credit through IR, either weekly, fortnightly or as a lump sum payment at the end of the year. This increased to **112,300** in the 2021 tax year.

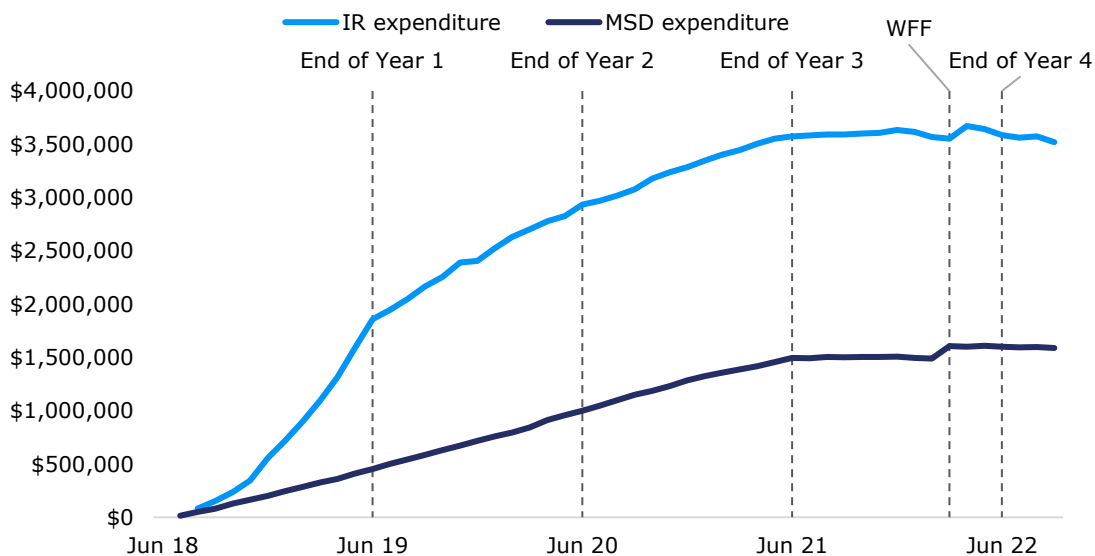
<sup>23</sup> Parents with children that were due to be born on or after 1 July 2018, but were instead born before that date, were eligible to receive Best Start. However, as their children turn three, their eligibility to the payment ends, leading to the leading out effects seen here.

## Expenditure on the Best Start tax credit

During the last fortnight of June 2022, average weekly expenditure by IR was around **\$3.6 million**. As at the end of June 2022, weekly expenditure by MSD was around **\$1.6 million**.

Over time, expenditure has broadly followed trends in receipt. In April 2022, expenditure by IR and MSD increased, reflecting the increase in Best Start payment rates.

**Figure 14: Weekly expenditure on the Best Start tax credit by IR, averaged across the last fortnight of each month and expenditure by MSD in the last week of each month**



## Total tax year expenditure on payments by IR and MSD

Across the relevant nine months of the 2019 tax year, around \$32 million was spent on Best Start tax credits. This increased to around under \$236 million across the 2021 tax year.

## Paid Parental Leave

Paid parental leave is available to parents and carers who take time off work to care for their baby or a child who has come into their care. It was originally introduced in July 2002, at which point eligible parents could receive a maximum of 12 weeks.

It is available to parents and carers of children under six years old who are the primary carers of those children. The parent or carer needs to have worked an average of 10 hours a week in at least half of the year before the child was born or came into their care. Paid parental leave is paid by IR.

### What changed?

As part of the Families Package, the maximum number of weeks of paid parental leave increased from 18 to 22, effective from 1 July 2018, and from 22 to 26, effective from 1 July 2020.

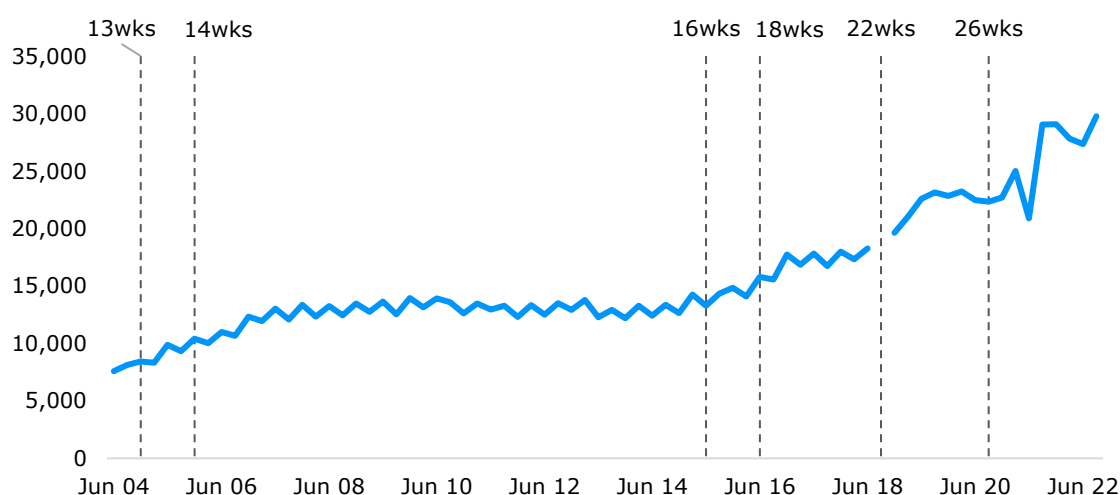
### Receipt of paid parental leave

During the quarter ended June 2018, **18,271** people received a paid parental leave payment. This increased to **27,354** people in the quarter ended June 2022.

There was a larger than usual increase from December 2020 to March 2021, which may be related to two changes made in February 2021. Firstly, online applications for Paid Parental Leave becoming available, making the payment easier to access. Secondly, a more accurate method for counting Paid Parental Leave recipients was also introduced, leading to higher recipient counts<sup>24</sup>.

There was another large increase in recipients from June 2021 to September 2021. This may relate to an increase in the number of children born. Stats NZ reporting shows that in quarter three 2021 around 1,000 more children were born than in quarter two 2021.<sup>25</sup>

**Figure 15: Number of people receiving paid parental leave each quarter, since 2004.**



<sup>24</sup> Previously, Paid Parental Leave receipt was counted by the number of parents registered. From February 2021, it was counted based on the number of parents who had received a payment. Parents may receive their last payment after their registration for Paid Parental leave ends, meaning counts are higher under the new method.

<sup>25</sup> Stats NZ Infoshare: [Browse - Infoshare - Statistics New Zealand \(stats.govt.nz\)](https://www.stats.govt.nz/browse-by-topic/population/births)

Group: Births - VSB

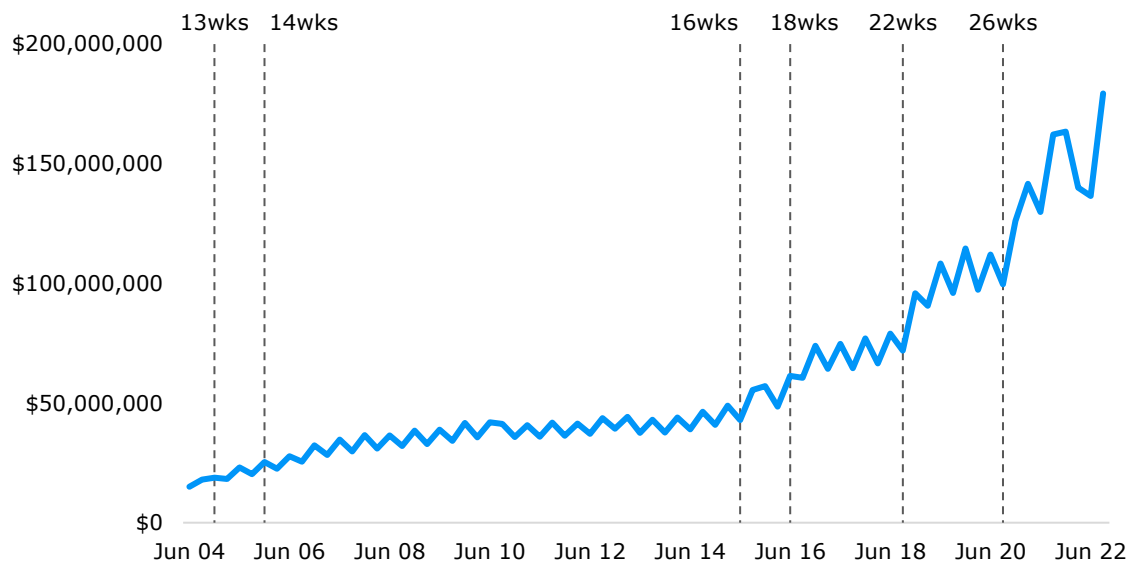
Table: Live births (by sex), stillbirths (Maori and total population) (Qrtly-Mar/Jun/Sep/Dec)

## Expenditure on paid parental leave

There has been a steady increase in expenditure on paid parental leave over time, in line with wage inflation adjustments and increases to the maximum number of paid parental leave weeks. Since 2016, expenditure has begun to increase more rapidly, in line with the increase in recipients due to the extensions of paid parental leave weeks (Figure 16).

In the quarter ended June 2022, expenditure on paid parental leave was **\$136.5 million**.

**Figure 16: Expenditure on paid parental leave, since quarter ended June 2004.**



# Increases to assistance for people caring for children

## Orphan's Benefit and Unsupported Child's Benefit

The Orphan's Benefit is a weekly payment that helps carers supporting a child or young person whose parents have died, can't be found, or can't look after them because they have a long-term health condition or incapacity.

The Unsupported Child's Benefit is a weekly payment that helps carers supporting a child or young person whose parents can't care for them because of a family breakdown.

Orphan's Benefit and Unsupported Child's Benefit are paid by MSD.

Both payments are non-taxable and not income tested. They are paid at the same rate, which depends on the age of the child and any income they have. Income the child earns from working part time does not affect their entitlement. However, income from family trusts, investments, estates, or ACC does affect entitlement.

Further breakdowns of receipt of Unsupported Child's Benefit and Orphan's Benefit are contained in a companion supplementary report.

### What changed?

As part of the Families Package, the rates for Orphan's Benefit and Unsupported Child's Benefit were increased on 1 July 2018. The increase of \$20.31 per week from 1 July 2018 was equivalent to the Families Package increase to Family Tax Credit from 1 July 2018 for a first child aged under 16. This is because Family Tax Credit cannot be claimed for children that an Orphan's benefit or Unsupported Child's Benefit is claimed for.

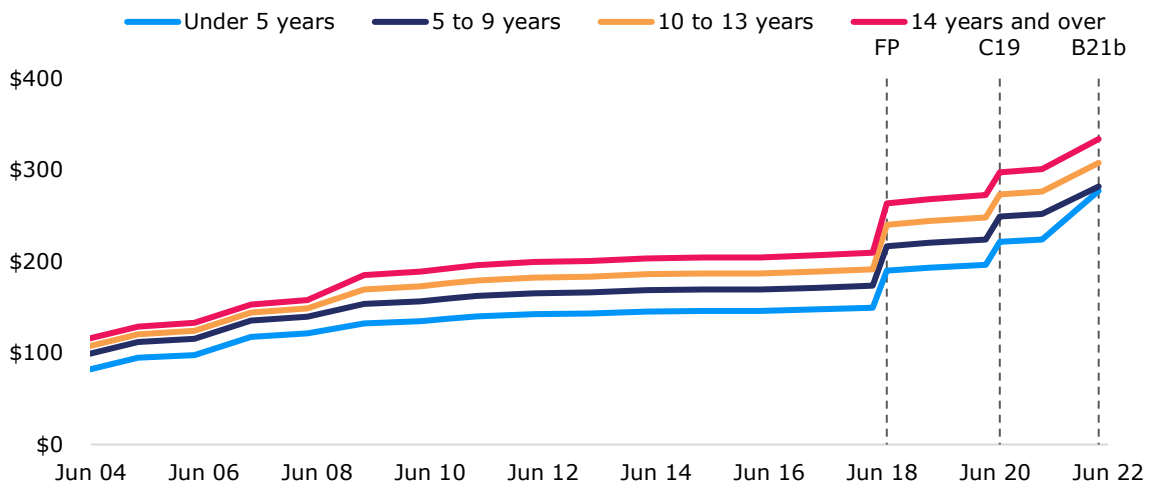
Outside of the Families Package, a Clothing Allowance was also introduced in July 2018. This provides weekly financial assistance to all carers receiving an Orphan's Benefit or Unsupported Child's Benefit so that they can provide a reasonable range of clothing, a travel bag, and replacement school clothing for children in their care.

From 6 July 2020, the rates for Orphan's Benefit and Unsupported Child's Benefit were increased by \$25 as part of the COVID-19 response. Additionally, the rates of payment are adjusted for inflation on 1 April each year.

On 1 December 2021, holiday and birthday allowances were introduced. These are paid twice a year and are \$127.48-\$148.21 depending on the age of the child.

On 1 April 2022, Orphan's Benefit and Unsupported Child's Benefit rates were increased by \$28.57 to \$51.92 (depending on the age of the child) as part of Budget 2021.

**Figure 17: Orphan's Benefit and Unsupported Child's Benefit rates including clothing allowance, since June 2004<sup>26</sup>**



## Receipt of Orphan's Benefit and Unsupported Child's Benefit

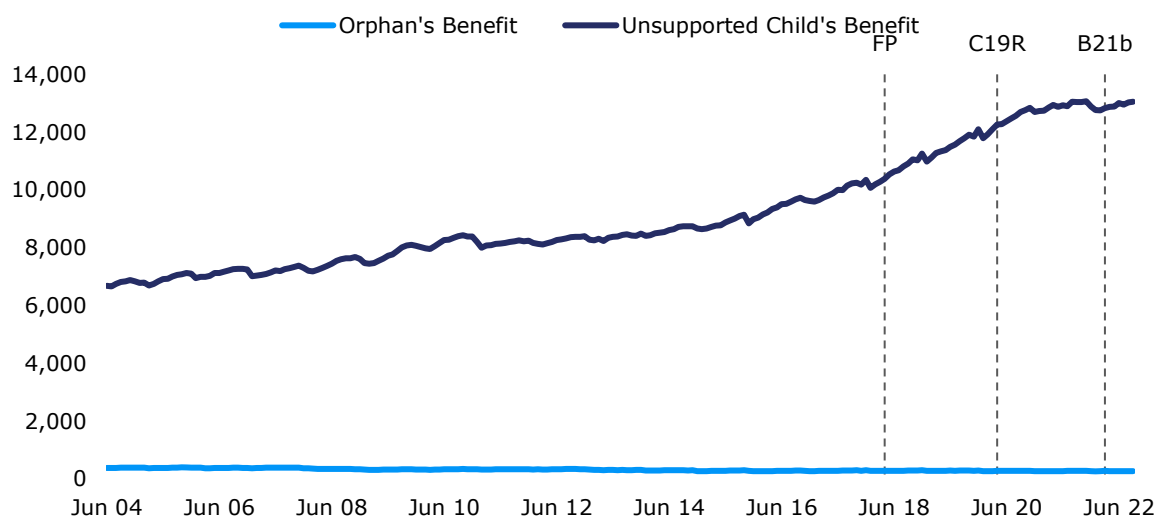
### Overall

Overall, the number of carers receiving an Unsupported Child's Benefit has increased from **10,631** as at the end of June 2018, to **13,005** as at the end of June 2022.

In contrast, the number of carers receiving an Orphan's Benefit decreased from **271** as at the end of June 2018, to **261** as at the end of June 2022.

Figure 18 shows that the number of carers receiving an Orphan's Benefit has been flat or gradually declining over time. The number of carers receiving an Unsupported Child's Benefit has been increasing, particularly since 2016. There are no obvious impacts of the Families Package, COVID-19, or Budget 2022 benefit increases on these figures.

**Figure 18: Number of carers receiving an Orphan's Benefit or an Unsupported Child's Benefit, monthly since June 2004.**



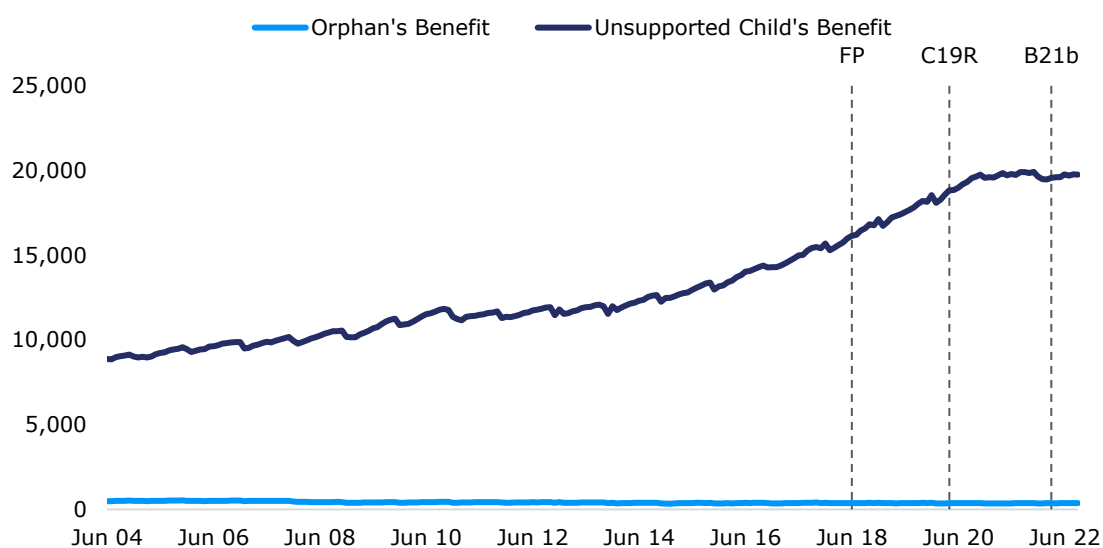
<sup>26</sup> Orphans Benefit and Unsupported Childs Benefit rates  
<https://www.workandincome.govt.nz/map/deskfile/main-benefits-rates/orphans-benefit-and-unsupported-childs-benefit-cur.html>

## Number of children included in payments

As at the end of June 2022, **369** children were included in Orphans Benefit payments and **19,773** children included in Unsupported Child's Benefit payments.

The number of children covered directly by these payments has followed a similar trend to the number of carers (Figure 19). The seasonal dips happen every January and February during the summer school holidays. This mainly reflects end of year cancellations for children aged 16 to 18 who may cease to be dependent. The number of children supported by an Unsupported Child's Benefit has generally increased over time. However, the growth has flattened off from December 2020.

**Figure 19: Number of children whose carers receive an Orphan's Benefit or an Unsupported Child's Benefit payment, monthly since June 2004.**



## Expenditure on Orphan's Benefit and Unsupported Child's Benefit

Expenditure on Orphan's Benefit and Unsupported Child's Benefit has been increasing due to increases in Unsupported Child's Benefit recipients and payment rates over time (Figure 20).

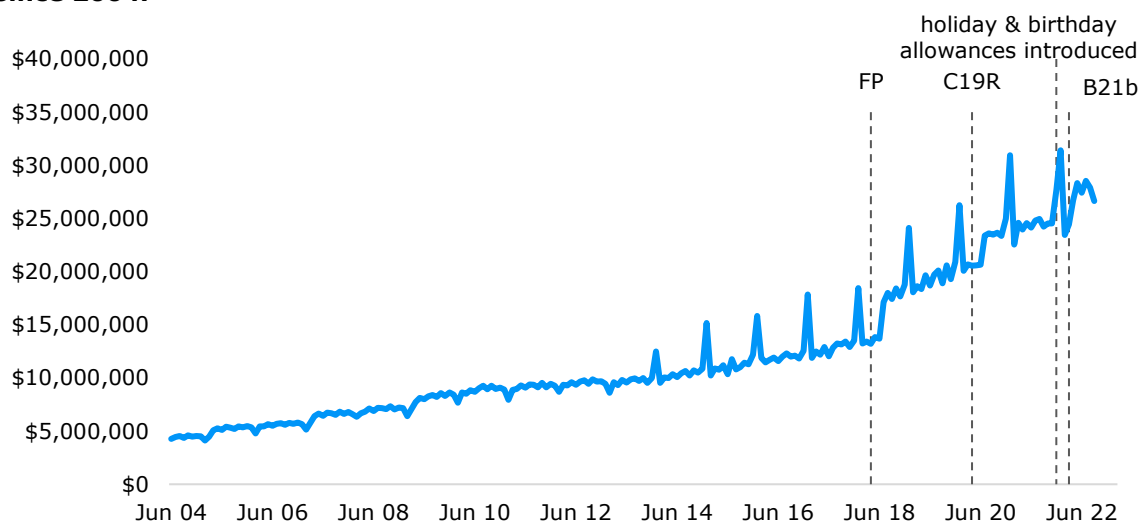
Because of the Families Package, a large increase in monthly expenditure can also be observed, jumping from \$13.7 million in June 2018 to \$17.1 million in July 2018. This was due to the increased rate of the core Orphan's Benefit and Unsupported Child's Benefit payments, as well as the introduction of the Clothing Allowance.

Because of the COVID-19 response, a second increase in monthly expenditure can be observed, jumping from \$20.6 million in June 2020 to \$23.4 million in July 2020. This was due to the increased rate of the core Orphan's Benefit and Unsupported Child's Benefit payments.

In December 2021, the introduction of the holiday and birthday allowance raised the overall level of spending on Orphan's Benefit and Unsupported Child's Benefit.

There was also an increase in expenditure following the Budget 2021 increases to Orphans Benefit and Unsupported Child's Benefit rates from \$24.4 million in March 2022 to \$26.7 million in April 2022.

**Figure 20: Monthly expenditure on Orphan's Benefit and Unsupported Child's Benefit, since 2004.**



Every January since January 2014, there has been an upwards spike in expenditure. This was due to the introduction of the 'School and Year Start-up Payment', which initially provided between \$250 and \$400 to eligible Orphan's Benefit and Unsupported Child's Benefit carers and was increased to between \$400 and \$550 from January 2015.

Also starting from January 2014 is a \$350 per child one-off establishment grant, which has raised the overall level of spending on Orphan's Benefit and Unsupported Child's Benefit each month.

There are slight dips in expenditure during February compared to other months. This is due to February being a shorter month, and not due to any known policy impacts.



## Foster Care Allowance

The Foster Care Allowance (also known as a care allowance) is a payment to help cover the costs of caring for a child. This payment is provided to carers by Oranga Tamariki, and currently the base payment has the same rates as the Orphan's Benefit and Unsupported Child's Benefit.

Foster Care Allowance also includes birthday and Christmas gift allowances per child as well as nappy and 'small cost payment' allowances. The birthday and Christmas gift allowances became available to Orphan's Benefit/Unsupported Child's Benefit recipients from December 2021 for Christmas allowances, and the birthday gift allowance becomes available from January 2022.<sup>27,28,29</sup>

### What changed?

As part of the Families Package, the rates for the Foster Care Allowance were increased on 1 July 2018. The increase of \$20.31 per week from 1 July 2018 was equivalent to the Families Package increase to Family Tax Credit from 1 July 2018 for first child aged under 16.

From 6 July 2020, the rates for the Foster Care Allowance were increased by \$25 per week as part of the COVID-19 response.

From 1 April 2022, Foster Care Allowance was again increased by \$28-57-\$51.92, depending on the age of the child, as part of Budget 2021.

**Table 4: Change in Foster Care Allowance rates between 1 April 2018 and 1 April 2022.**

Age of child	1 April 2018	1 July 2018	1 April 2019	1 April 2020	6 July 2020	1 April 2021	1 April 2022
Under 5 years	\$149.66	\$169.97	\$172.84	\$175.71	\$200.71	\$203.03	\$254.95
5 to 9 years	\$173.68	\$193.99	\$197.27	\$200.55	\$225.55	\$228.15	\$256.72
10 to 13 years	\$191.64	\$211.95	\$215.53	\$219.11	\$244.11	\$246.93	\$276.62
14 years and older	\$209.52	\$229.83	\$233.71	\$237.59	\$262.59	\$265.62	\$296.42
Family home	\$195.36	\$215.67	\$219.31	\$222.95	\$247.95	\$250.81	\$280.73

Carers receiving the Foster Care Allowance also receive a clothing allowance, at the same weekly rate as that for Orphan's Benefit and Unsupported Child's Benefit recipients. The difference is that they receive the payment every four weeks instead of weekly.

<sup>27</sup> Major boost in support for caregivers and children. <https://www.beehive.govt.nz/release/major-boost-support-caregivers-and-children>

<sup>28</sup> Social Security Act 2018. [https://www.legislation.govt.nz/act/public/2018/0032/latest/DLM6784865.html?search=sw\\_096be8ed81b7a8f4\\_orphan\\_25\\_se&p=1](https://www.legislation.govt.nz/act/public/2018/0032/latest/DLM6784865.html?search=sw_096be8ed81b7a8f4_orphan_25_se&p=1)

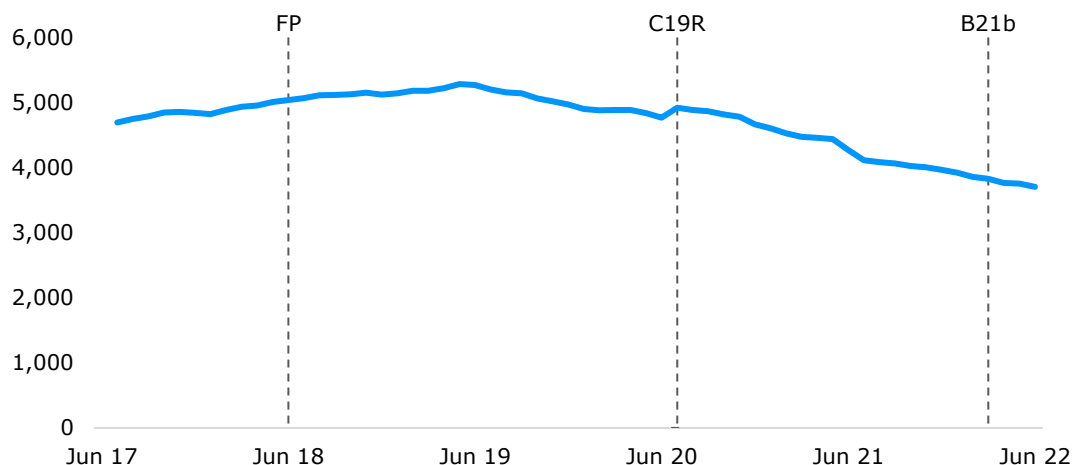
<sup>29</sup> The birthday gift allowance became available to Orphan's Benefit and Unsupported Child's Benefit recipients from 1 December 2021 for birthdays in 2022.

## Receipt of Foster Care Allowance

The number of children and young people that Foster Care Allowance was paid for decreased from **5,038** at the end of June 2018 to **3,704** by the end of June 2022.

Figure 21 shows that the number of children and young people that a carer received a Foster Care Allowance on behalf of was gradually increasing until the end of May 2019. Since then, the number has gradually fallen to levels below those in late 2017.

**Figure 21: Number of children and young people that a carer received a Foster Care Allowance on behalf of, monthly since July 2017.**



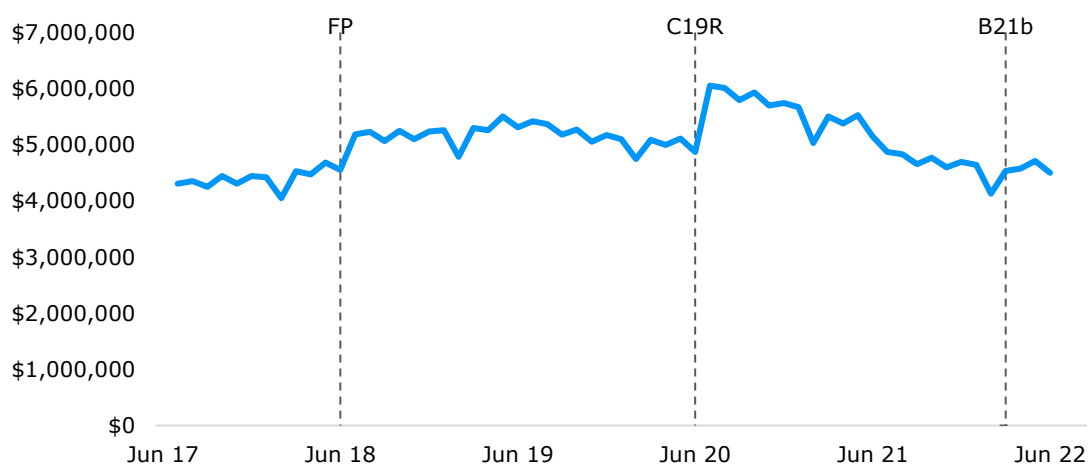
## Expenditure on Foster Care Allowance

Figure 22 shows that monthly expenditure on Foster Care Allowance increased following the Families Package (from \$4.6 million in June 2018 to \$5.2 million in July 2018) and COVID-19 response (from \$4.9 million in June 2020 to \$6.1 million in July 2020) rate increases.

There was no noticeable increase in expenditure after the Budget 2021 rate increase in April 2022. This was because the number of recipients was decreasing. In June 2022, monthly expenditure on Foster Care Allowance was \$4.5 million.

There are slight dips in expenditure during February. This is due to February being a shorter month, and not due to any known policy impacts.

**Figure 22: Monthly expenditure on Foster Care Allowance, since July 2017.**



# Helping older New Zealanders and people receiving a main benefit heat their homes

## Winter Energy Payment

The Winter Energy Payment is a non-taxable and non-income tested supplementary payment available to all people receiving a main benefit, New Zealand Superannuation, or Veteran's Pension.

In 2018, payments were made from 1 July until 29 September.<sup>30</sup> From 2019 onwards, payments have been made from 1 May until 1 October (inclusive).

Further breakdowns of receipt of the Winter Energy Payment are contained in a companion supplementary report.

### What changed?

The Winter Energy Payment was introduced as part of the Families Package.

During the first two years of the Winter Energy Payment, single people without dependent children eligible for the Winter Energy Payment were paid \$20.46 a week. People who were married, in a civil union or a de facto relationship (with or without dependent children), and sole parents received \$31.82 a week. As part of the initial response to COVID-19, Winter Energy Payment rates were doubled for 2020. In 2021 and 2022 the payment was reduced back to its original rate.

### Receipt of the Winter Energy Payment

#### Overall

Nearly everyone on a main benefit or receiving a superannuation payment that meets the criteria for the Winter Energy Payment receives it. There were approximately:

- **774,000** recipients during the 2018 year
- **797,000** recipients during the 2019 year
- **888,000** recipients during the 2020 year
- **905,000** recipients during the 2021 year
- **907,000** recipients during the 2022 year.<sup>31</sup>

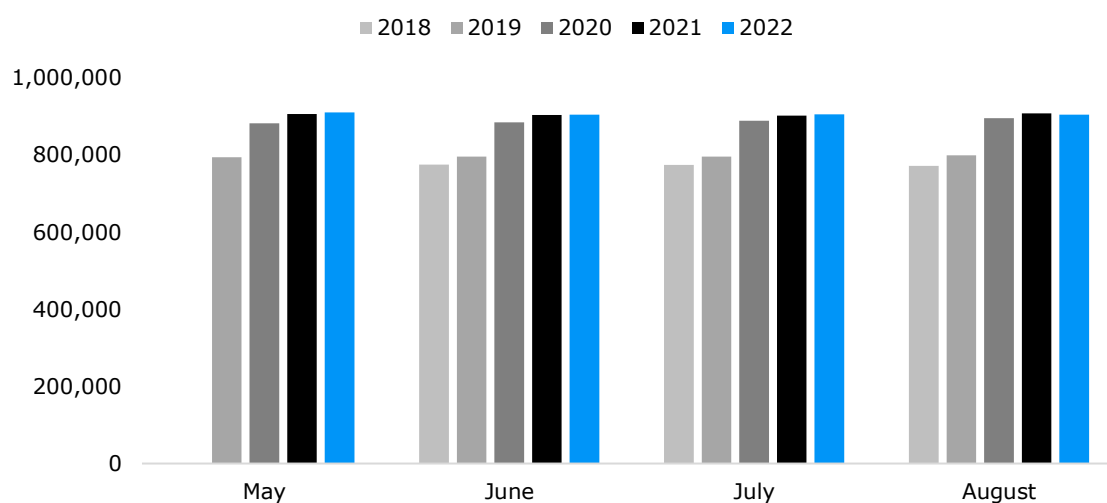
Figure 23 shows the number of recipients during winter from 2018 to 2022.

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<sup>30</sup> Due to the way MSD administers payments and sets its reporting periods, the first payment in 2018 is registered as taking place in the final reporting week of June 2018, which includes 1 July.

<sup>31</sup> These figures count primary benefit recipients and do not count partners included in a benefit (consistent with MSD's standard reporting).

**Figure 23: Winter Energy Payment receipt, 2018 to 2022.**



Including the partners of recipients, the Winter Energy Payment helped over **1.2 million** people as at the end of June 2022.<sup>32</sup>

The Winter Energy Payment is paid automatically, but recipients can opt-out if they do not wish to receive it. Table 5 shows that the number of people opting out of the Winter Energy Payment has decreased each year since the introduction of the payment. In 2022, only 258 eligible people chose to opt out of the payment.

**Table 5: Number of people who opted out of the Winter Energy Payment and did not opt back in or be regranted it during that year, since 2018.<sup>33</sup>**

Year	Number
2018	1,734
2019	669
2020	795
2021	552
2022	258

<sup>32</sup> This calculation is based on the partnership status of recipients and rounded to the nearest 100,000.

<sup>33</sup> A recipient can 'opt out' of the payment at any time during the payment period for various reasons. This table shows the number of people who have 'opted out' and not been regranted the payment (or opted back in). 2018 comprises all the opt outs from 25 June 2018 to the end of December 2018. 2019, 2020, and 2021 comprise all the opt outs from 01 January to the end of December. 2022 comprises all the opt outs from 01 January 2021 to the end of September 2021.

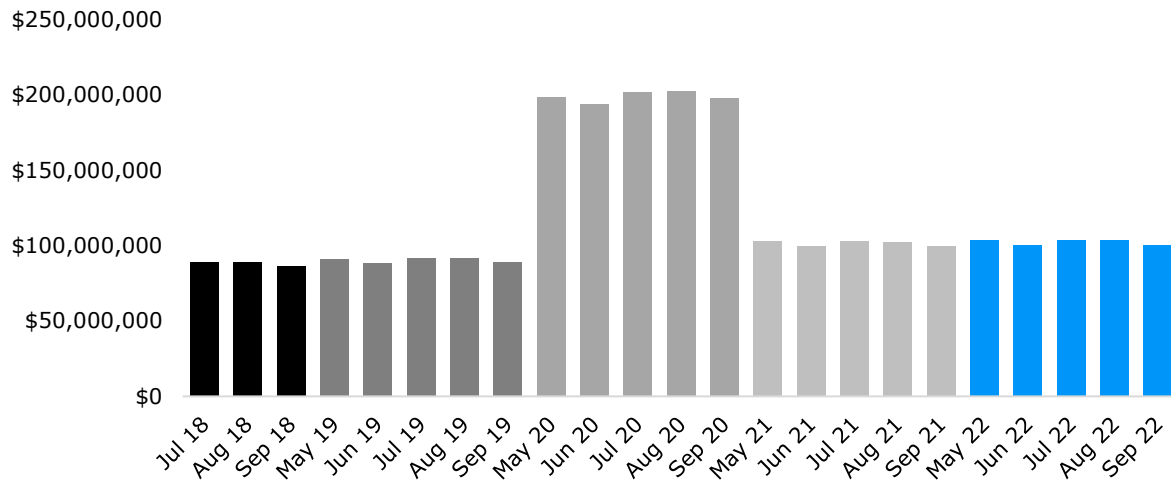
## Expenditure on the Winter Energy Payment

Expenditure on the Winter Energy Payment was similar in 2018 and 2019, but doubled in 2020 as a result of the Winter Energy Payment rate being temporarily doubled.

In 2021 and 2022 expenditure was higher than in 2018 and 2019, due to an increased number of people receiving either a main benefit or a superannuation payment.

Expenditure in 2022 was **\$102.2 million** a month on average.

**Figure 24: Monthly expenditure on the Winter Energy Payment since 2018.**



# Increasing assistance for accommodation costs

## Accommodation Supplement

The Accommodation Supplement is a weekly or fortnightly<sup>34</sup> payment paid by MSD to assist people with low incomes with their rent, board, or the cost of owning a home. It is not available to people in emergency housing, public housing and/or receiving an income-related rental subsidy. The number of people receiving an Accommodation Supplement tends to follow trends in broader benefit numbers.

The Accommodation Supplement is income- and asset-tested, and non-taxable. The rate depends on where the recipient lives, their accommodation costs, and family type.

Further breakdowns of receipt of the Accommodation Supplement are contained in a companion supplementary report.

### What changed?

Effective from 1 April 2018, two changes were made to the Accommodation Supplement as part of the Families Package.

The first change was to the boundaries of the Accommodation Supplement areas.<sup>35</sup> Several places were re-classified into different Accommodation Supplement areas depending on the state of the rental market in those localities. The details of the boundary changes can be found in the [2021 report](#).

This was the first adjustment of Accommodation Supplement areas since changes implemented in April 2005 as part of the Working for Families reform.<sup>36</sup>

The second Families Package change was that the maximum rates of Accommodation Supplement were increased for the first time since rate increases introduced in April 2005 (Table 6).

**Table 6: Accommodation Supplement maximum rates (increase from previous maximum rate).**

	Area 1	Area 2	Area 3	Area 4
<b>Single</b>	\$165 (+\$20)	\$105 (+\$5)	\$80 (+\$15)	\$70 (+\$25)
<b>Married without children, Sole parent with 1 child</b>	\$235 (+\$75)	\$155 (+\$30)	\$105 (+\$30)	\$80 (+\$25)
<b>Married with children, Sole parent with two or more children</b>	\$305 (+\$80)	\$220 (+\$55)	\$160 (+\$40)	\$120 (+\$45)

<sup>34</sup> For people also receiving New Zealand Superannuation or the Veteran's Pension.

<sup>35</sup> For detailed tables showing the new Accommodation Supplement areas, which include area changes difficult to see in the maps on the following pages (e.g. changes for Queenstown), please refer to: <https://www.msd.govt.nz/about-msd-and-our-work/newsroom/2017/budget-2017.html>

<sup>36</sup> Other changes introduced as part of Working for Families were removal of abatement of Accommodation Supplement for people receiving a main benefit, and an increase in Accommodation Supplement entry and abatement thresholds for people not receiving a main benefit or superannuation, effective from October 2004.

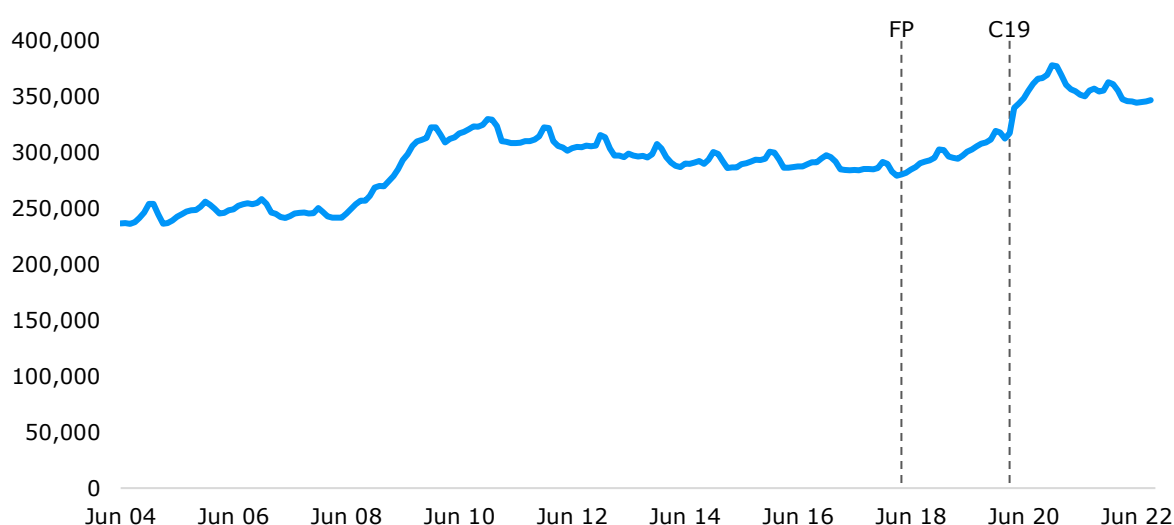
## Receipt of Accommodation Supplement

### Overall

The number of Accommodation Supplement recipients has increased from **284,572** at the end of June 2017 to **344,742** the end of June 2022. This is broadly consistent with the overall increase in main benefit recipients.

Figure 25 shows that the number of Accommodation Supplement recipients rose slightly between 2004 and mid-2008, before increasing sharply during late 2008 and through 2009 during the Global Financial Crisis, peaking in late 2010.<sup>37</sup> From there, the number of recipients gradually declined until June 2018. The number of recipients has since begun to increase, particularly so between March 2020 and January 2021, corresponding with the impacts of COVID-19 and then trended down.

**Figure 25: Number of Accommodation Supplement recipients, monthly since June 2004.**



### Receipt by whether a recipient is receiving the maximum allowable amount

Depending on a recipient's housing costs, they may or may not be able to claim the maximum amount of Accommodation Supplement based on their household composition, as outlined in Table 6.

At the end of June 2022, **42%** of Accommodation Supplement recipients were receiving the maximum allowable amount.

Figure 26 shows that the percentage of Accommodation Supplement recipients receiving the maximum allowable amount dropped substantially following the introduction of the Families Package (from 56% to 26%). There were also smaller drops associated with the 2020 income support packages and Budget 2021 main benefit increases.

<sup>37</sup> Policy changes under Working for Families resulted in the non-beneficiary count rising from about 20,000 to over 50,000 between October 2004 and mid-2008. This was mostly offset by a downward trend in the number of people receiving a main benefit overall (and so on AS) as the economy grew in that period.

**Figure 26: Percentage of Accommodation Supplement recipients receiving the maximum allowable amount, monthly since June 2011.**

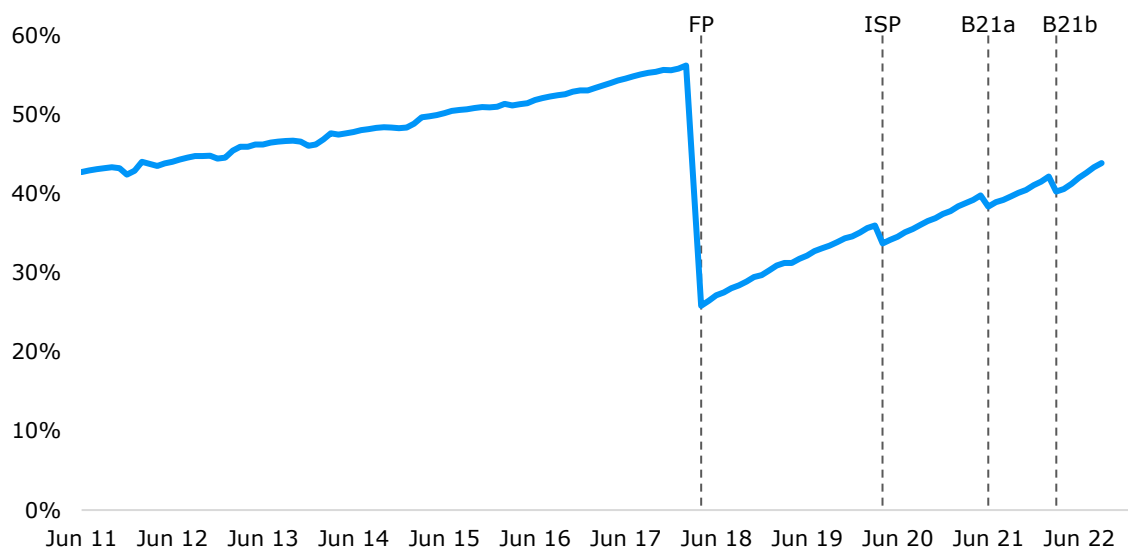
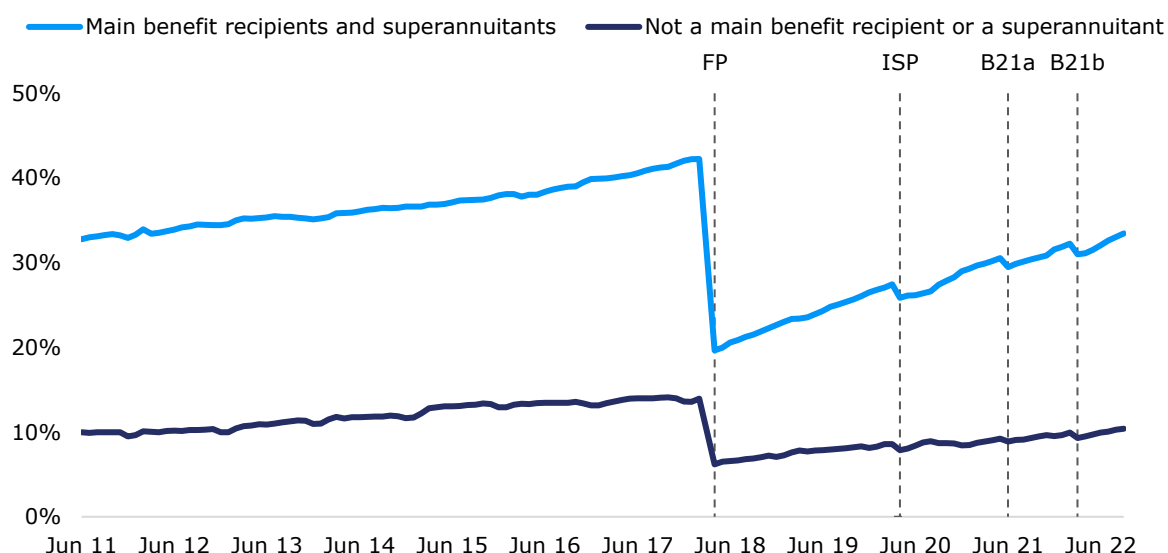


Figure 27 breaks down Figure 26 by whether the Accommodation Supplement recipient is receiving a main benefit or New Zealand Superannuation/Veteran’s Pension or is a non-beneficiary. Both groups saw a fall in the percentage of recipients receiving the maximum allowable amount following the introduction of the Families Package.

For main benefit recipients and superannuitants, there were small decreases in the percentage receiving the maximum allowable amount following the 2020 and 2021 main benefit increases.

**Figure 27: Percentage of Accommodation Supplement recipients receiving the maximum allowable amount by beneficiary status, monthly since June 2011.**





## Expenditure on Accommodation Supplement

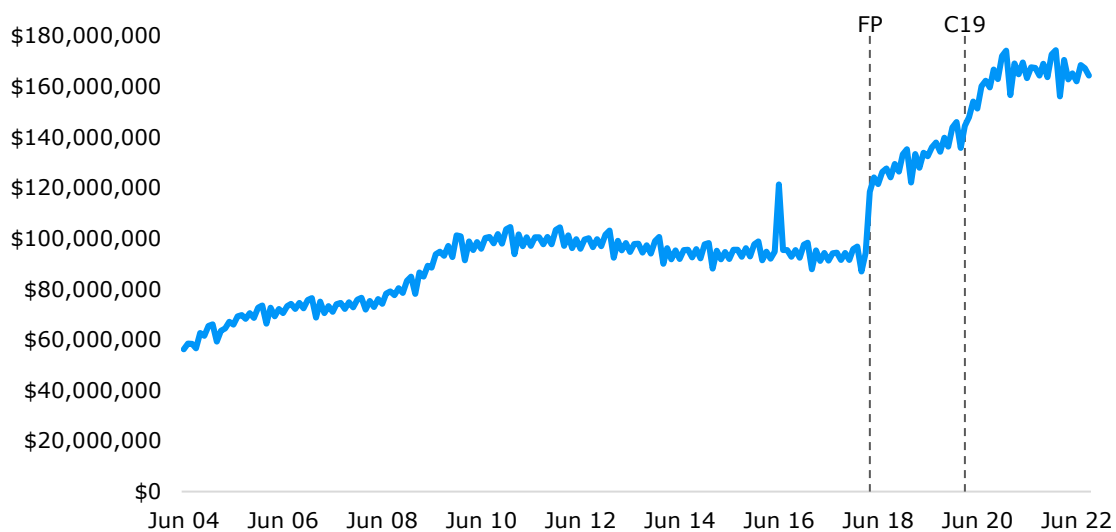
### Overall

Because of the Families Package, the average amount received by a recipient increased from \$71 per week at the end of June 2017 to \$95 per week by the end of June 2018. This had increased further to \$106 per week by the end of June 2022.

Figure 28 shows that there was an immediate jump in expenditure following the Families Package, from \$94.3 million in March 2018 to \$118.4 million in April 2018.

From April 2018 to January 2021 expenditure increased, in line with the increase in the number of recipients, particularly following the COVID-19 pandemic. Expenditure then started to flatten out from January 2021, despite the number of recipients decreasing

**Figure 28: Expenditure on Accommodation Supplement, monthly since June 2004<sup>38</sup>.**

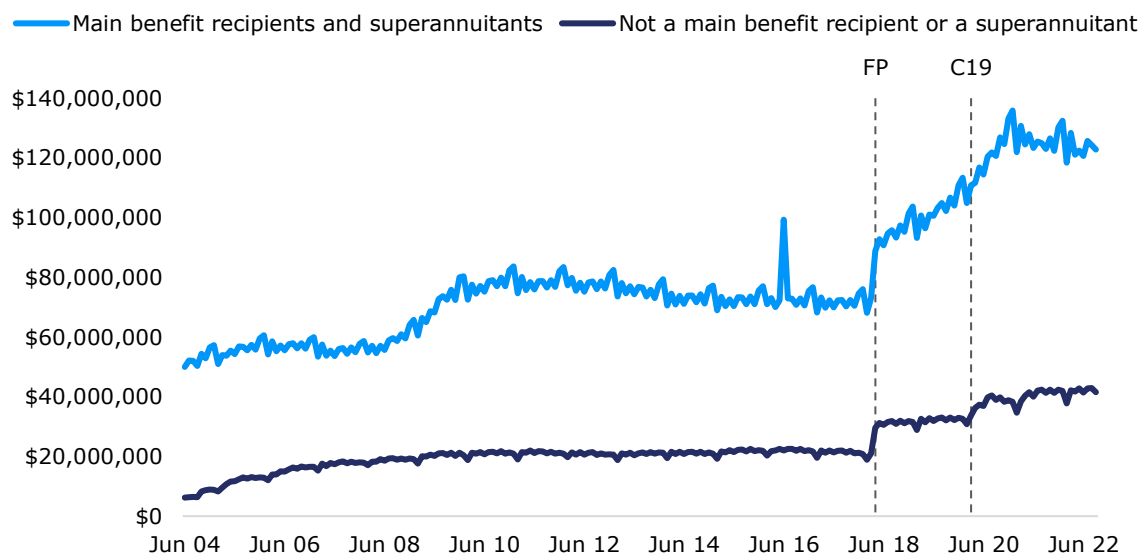


<sup>38</sup> The one-off spike in expenditure in June 2016 came from expenditure to address the historical Accommodation Supplement alignment issues. For more information: <https://www.msd.govt.nz/about-msd-and-our-work/newsroom/2016/accommodation-supplement-error.html>

## Expenditure by beneficiary/non-beneficiary status

Figure 29 shows that most of the Accommodation Supplement expenditure is received by people who receive either a main benefit, or New Zealand Superannuation/Veteran's Pension.

**Figure 29: Expenditure on Accommodation Supplement by benefit/superannuation receipt, monthly since 2004**



From June 2017 to June 2018, after the Families Package changes, the average payment for main benefit recipients and superannuitants increased from \$68 per week to \$89 per week. This has since increased to \$100 a week as at the end of June 2022.

The average weekly payment for people not receiving a main benefit or superannuation increased from \$85 at the end of June 2017, to \$121 by the end of June 2018. This has since increased to \$131 as at the end of June 2022.

## Temporary Additional Support

Temporary Additional Support is a weekly (or fortnightly for people also receiving New Zealand Superannuation) payment that helps people cover essential living costs that cannot be met from their income and through other resources. A person does not need to be receiving a main benefit to qualify for Temporary Additional Support.

The Special Benefit existed for a similar purpose before being replaced by Temporary Additional Support from April 2006. Some clients are still able to receive a Special Benefit, depending on their circumstances prior to April 2006. A client may only receive one of the payments: Temporary Additional Support or Special Benefit. In this section these benefits are counted together and referred to as 'Temporary Additional Support'.

### What changed?

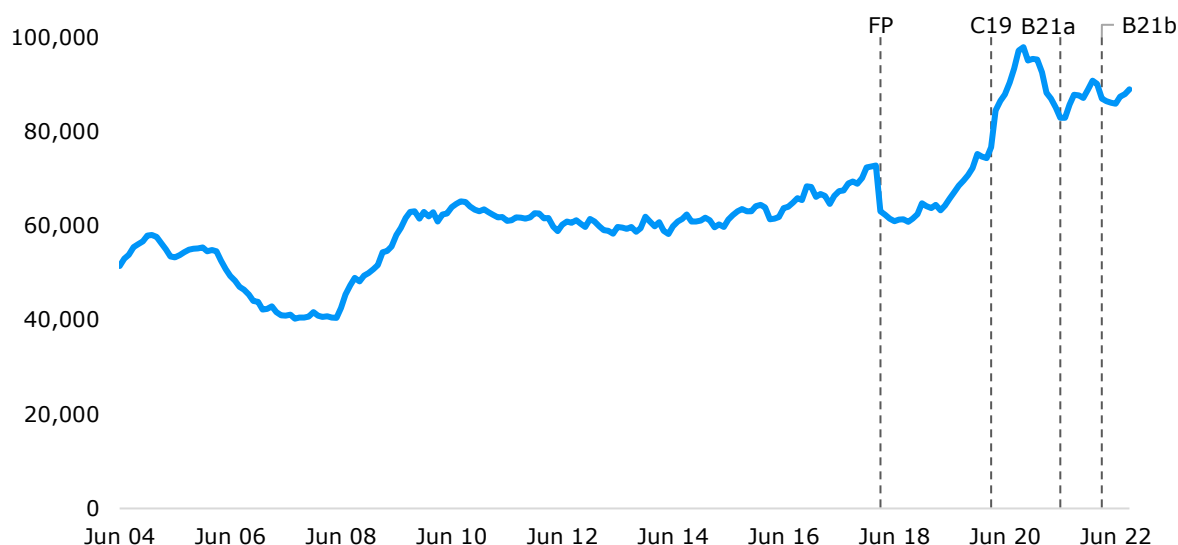
No major changes to Temporary Additional Support were made as part of the Families Package or subsequent income support reforms<sup>39</sup>. However, increases to other forms of assistance, like Accommodation Supplement and main benefits, have flow-on effects to Temporary Additional Support receipt. As other income support increases, fewer people may require Temporary Additional Support and of those that do require Temporary Additional Support, fewer may receive the maximum payment amount.

### Receipt of Temporary Additional Support

The number of Temporary Additional Support recipients has increased from **67,317** in June 2017 to **85,911** in June 2022.

Figure 30 shows that when the Families Package was implemented the number of Temporary Additional Support recipients decreased. Numbers then increased, particularly after the COVID-19 pandemic. No impacts of the Budget 2021 benefit increases can be seen on the number of Temporary Additional Support recipients.

**Figure 30: Number of Temporary Additional Support recipients, monthly since June 2004**

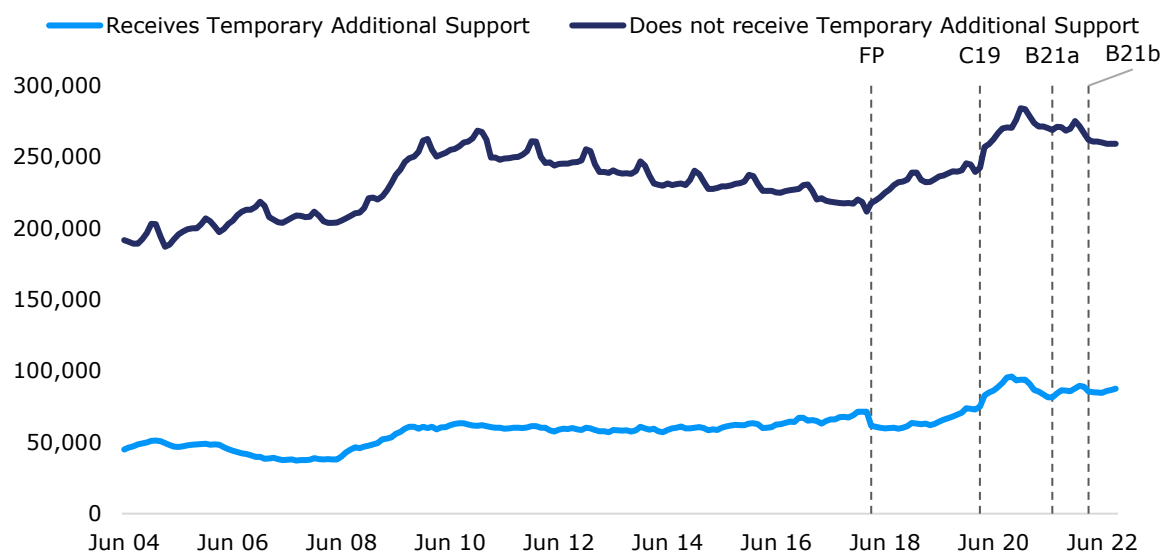


<sup>39</sup> As a complementary change to the 2021 main benefit increases, the disability exception component in the Temporary Additional Support formula was adjusted: <https://www.treasury.govt.nz/sites/default/files/2021-08/b21-cab-21-min-0116-33-4443648.pdf>

In April 2018 there was a small drop in the number of Accommodation Supplement recipients also receiving Temporary Additional Support, due to the Families Package increase in maximum Accommodation Supplement rates (Figure 31).

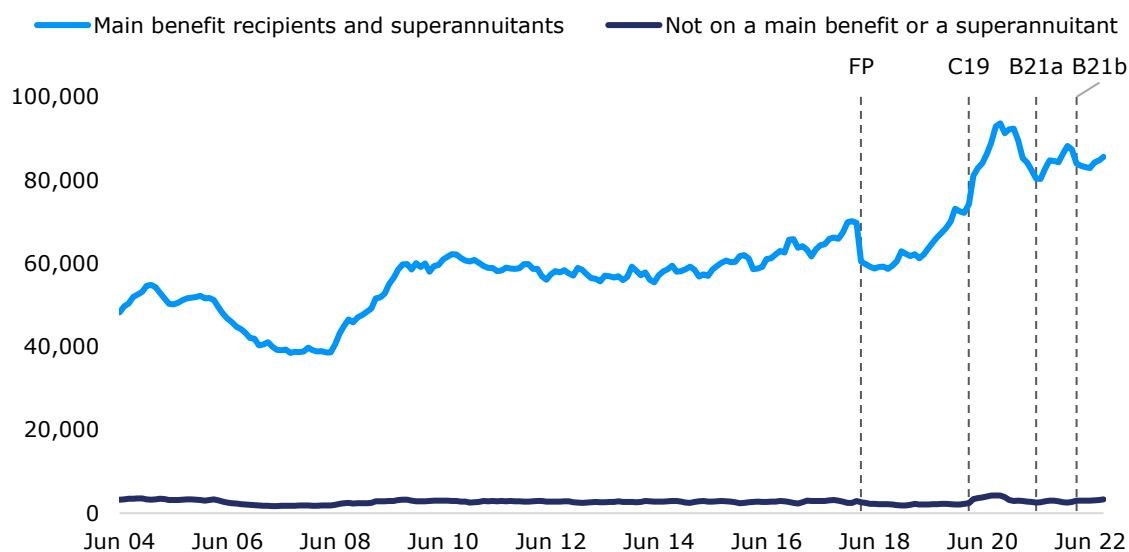
As at the end of June 2022, **84,648** Accommodation Supplement recipients (24.6%) were also receiving Temporary Additional Support. This is higher than pre-Families Package rates.

**Figure 31: Number of Accommodation Supplement recipients, monthly since June 2004, by if they receive Temporary Additional Support or not.**



As at the end of June 2022, **82,896** (96.5%) Temporary Additional Support recipients were also in receipt of a main benefit or were a superannuitant. Only **3,015** (3.5%) were not in receipt of a main benefit and not a superannuitant. This trend has been consistent over time (Figure 32).

**Figure 32: Temporary Additional Support recipients, monthly since 2004, by benefit/superannuation receipt.**

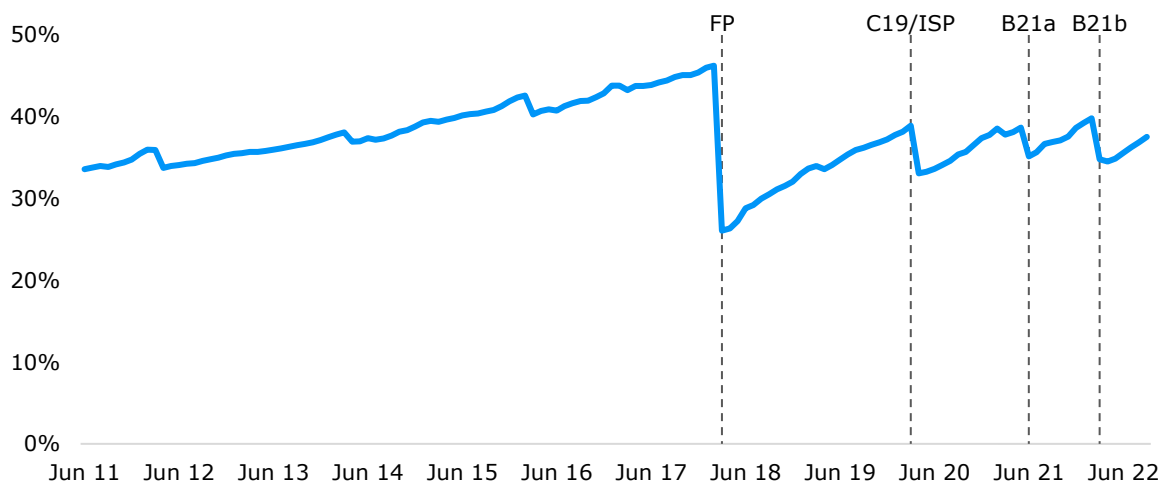


## Receipt by whether a recipient is receiving the maximum allowable amount

The proportion of Temporary Additional Support recipients receiving the maximum payment amount has decreased from **44%** in June 2017 to **36%** in June 2022.

Figure 33 shows that when the Families Package was introduced the proportion of recipients receiving the maximum rate of Temporary Addition Support dropped from 46% to 26%. There were smaller drops in the proportion of recipients receiving the maximum rate of Temporary Additional Support following the 2020, 2021, and 2022 main benefit increases. These drops occurred because as recipients' other income support increased, the amount of Temporary Additional Support they were eligible for decreased.

**Figure 33: Proportion of Temporary Additional Support recipients being paid the maximum allowable amount, monthly since June 2011.** <sup>40</sup>



<sup>40</sup> Special Benefit is not included in this measure

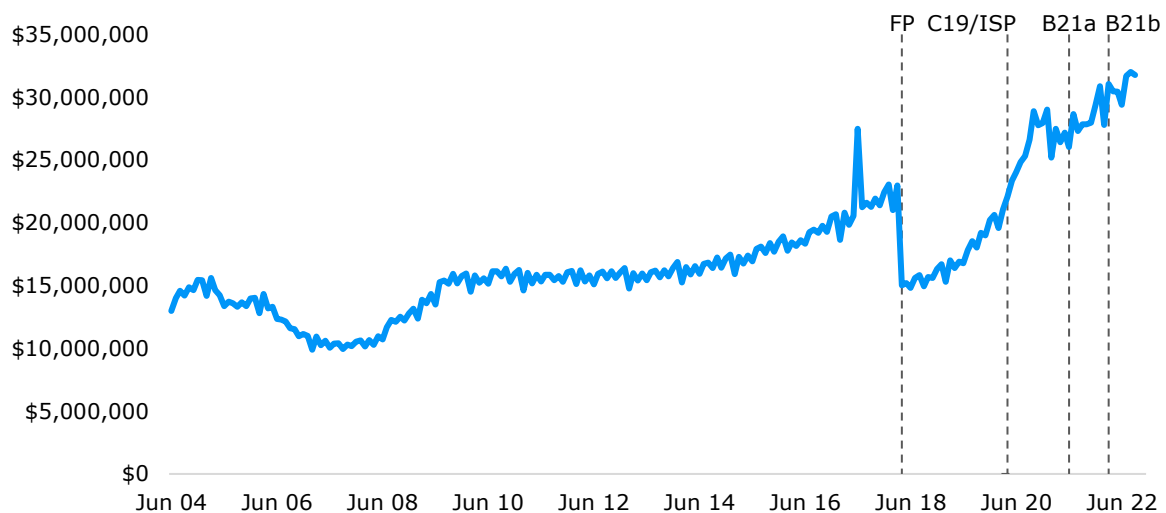
## Expenditure on Temporary Additional Support

Expenditure on Temporary Additional Support has increased from **\$27.5 million** in June 2017 to **\$29.4 million** in June 2022.

There was a fall in expenditure on Temporary Additional Support following the introduction of the Families Package due to the increase in Accommodation Supplement payments, and the reduction in Temporary Additional Support recipients (Figure 34).

Expenditure has since increased, particularly following the COVID-19 pandemic.

**Figure 34: Expenditure on Temporary Additional Support, monthly since June 2004.**



The spike in Temporary Additional Support expenditure in June 2017 occurred because it was found that many Special Benefit clients would have been better off receiving Temporary Additional Support in the past and these clients received back payments.<sup>41</sup>

<sup>41</sup> For more information: <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/alignment/treatment-of-special-benefit-clients-who-may-be-better-off-on-temporary-additional-support-15-february-2017-.pdf> (Report REP/17/2/115)

## Accommodation Benefit

The Accommodation Benefit is a payment to assist students who are receiving a Student Allowance to help with their accommodation costs. The number of people receiving the Accommodation Benefit follows similar trends to the number of people receiving the Student Allowance.

Further breakdowns of receipt of the Accommodation Benefit are contained in a companion supplementary report.

### What changed?

The Families Package increased the maximum rate of Accommodation Benefit from \$40 to \$60 for everyone who was not a sole parent, effective from 1 April 2018.<sup>42</sup> The actual amount of Accommodation Benefit someone would receive depends on their location, and the residential bond rate for that location based on data from the Ministry of Business, Innovation and Employment.

### Receipt of Accommodation Benefit

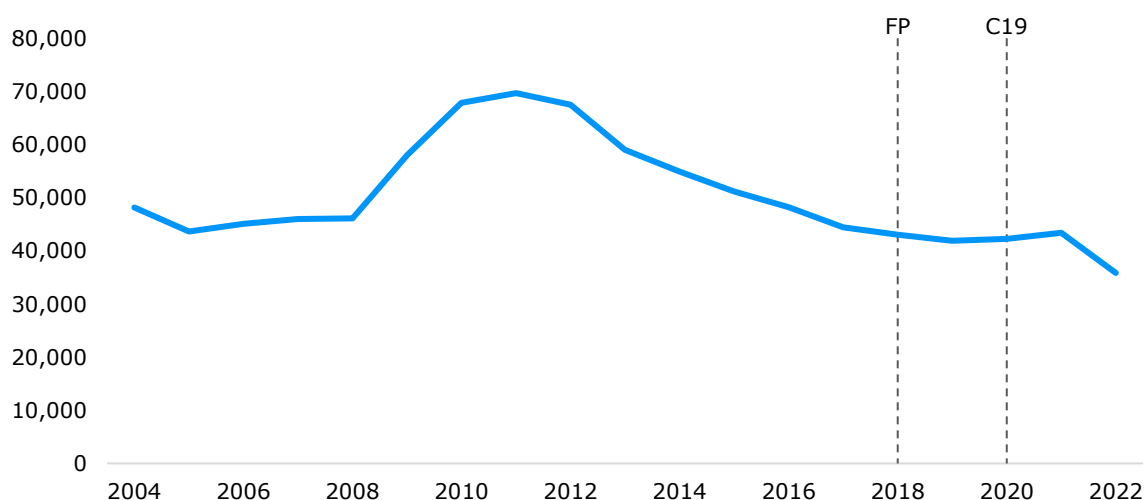
In 2017, **44,439** students received an Accommodation Benefit. This decreased to **35,838** in 2022.

As shown in Figure 35, there was a steep increase in the number Accommodation Benefit recipients during the Global Financial Crisis, followed by a decrease in numbers from 2011 until 2020.

There was no obvious impact of the Families Package increase in Accommodation Benefit rate on the number of recipients.

Following the COVID-19 outbreak in 2020, recipient numbers increased slightly, which may reflect more people choosing to study due to a lack of employment opportunities. Then, from 2021 to 2022 numbers began to decline again.

**Figure 35: Number of people receiving an Accommodation Benefit each year, since 2004.**



<sup>42</sup> Since 2015 sole parents on Student Allowance have been able to receive the Accommodation Benefit at the Accommodation Supplement rate.

## Expenditure on Accommodation Benefit

Monthly expenditure on Accommodation Benefit in June 2017 was **\$6.1 million**. In June 2022, monthly expenditure had increased to **\$9.6 million**.

When the Families Package was implemented, expenditure on Accommodation Benefit increased in line with the increase in payment rate.

There was no immediate change in expenditure following the initial COVID-19 lockdown. However, there was an increase in expenditure by March 2021, when the next academic year started.

**Figure 36: Expenditure on the Accommodation Benefit, monthly since June 2004.**

