

Appendix 6: Overview of policy changes from 2017 – 2023

This document sets out changes that increased costs in Vote Social Development (SD). Some of the changes during this period involve changes to other Votes.

The most fiscally significant policy changes made over this period were for rate increases or threshold adjustments. s9(2)(f)(iv)

Summary of rate increases

- Increased the rate of Family Tax Credit implemented in 2018.
- Introduced Winter Energy Payment in 2018.
- Accommodation Supplement and Accommodation Benefit increase implemented in 2018.
- Indexing main benefits to net average wage implemented in 2020 (this has since been reversed).
- Additional increase to main benefit rates in 2020, 2021, and 2022.
- Discretionary increase in 2023 to align rates to increase in CPI.

Summary of threshold increases

- Main benefit abatement threshold increases announced in 2020 and 2021.
- Childcare assistance income threshold adjusted in line with average wage growth in 2022.
- Childcare assistance income threshold increases in 2023.

Summary of child support changes

- Removing deductions to the benefit rate of sole parents because they have not named the other parent and/or applied for Child Support in 2020.
- Child Support payments for sole parent beneficiaries collected by Inland Revenue will be passed on to those parents in 2023.
- Child support payments included as an allowable cost for Temporary Additional Support in 2023.

Summary of other key changes

- Increased amount of funding for Housing Support Products in 2019 and introduced a new rent arrears payment in 2020.
- Changes to Dental Special Needs Grants to increase the amount of non-recoverable support available in 2022.
- Income limits for hardship assistance permanently increased (2022) and future adjustment linked to wage growth (2023).
- New medical certificate process introduced in 2022.

Year	Policy Change/description	Fiscal cost (Opex)
RATE INCREASES		
2018	Family Income Packages/Families Package: This funding was used to: <ul style="list-style-type: none"> - Increase the Family Tax Credit, raise the abatement threshold for Family Tax Credit and Minimum Family Tax Credit, and reinstate the Independent Earner Tax Credit - Increase the rate of Orphan's benefit, Unsupported Child's benefit, and Foster Care Allowance - Increase paid parental leave to 26 weeks - Introduce Best Start payment and Winter Energy Payment - Retain the Accommodation Supplement and Accommodation Benefit maxima and Area updates announced in Budget 2017. 	5-year total: \$5,527 b
2020	Incomes for People Receiving Benefits: Indexing Main Benefits, Removing Deductions and Changing Abatement Thresholds: Provided funding to increase all main benefits each year by the rate of increase of the net average wage (this has since been reversed).	5-year total: \$530.409 m (includes funding for increases to main benefits to net average wage, removal of deductions applied to the rate of SPS when the other parent had not been identified, and increases to main benefit abatement thresholds)
	Main benefits were permanently increased by \$25 per week.	4-year total: \$2.400 b
2021	Main social security benefits: Rates of payment increased by \$20 per adult per week. Additional changes: Disability exception amount formula, amending income definition for Childcare Assistance to exclude supplements as income.	4-year total: \$1.701 b
2022	Main Benefits: increasing main benefit rates on 1 April 2022 to the levels recommended by the Welfare Expert Advisory Group in 2019. Benefit rates for families with children increase by a further \$15 (after tax) per week, per adult.	4-year total: \$1.865 b
2023	Discretionary Increase to Main Benefits: This initiative provides funding for a one-off increase to align main benefit rates to the increase in CPI. This change took effect on 1 April 2023. The package also provides additional funding for Building Financial Capability services in the current financial year through a fiscally neutral transfer.	5-year total: \$311.267 m

Year	Policy Change/description	Fiscal cost (Opex)
THRESHOLD CHANGES		
2020	Incomes for People Receiving Benefits: Indexing Main Benefits, Removing Deductions and Changing Abatement Thresholds: Provided funding to allow for an increase to the amount that beneficiaries can earn before their benefit abates.	5-year total: \$530.409 m (includes funding for increases to main benefits to net average wage, removal of deductions applied to the rate of sole parent support [SPS] when the other parent had not been identified, and increases to main benefit abatement thresholds)
2021	Increase to main benefit abatement thresholds.	5-year total: \$395.410 m
2022	Income thresholds for Childcare Assistance adjusted each year in line with average wage growth. Note: separate change in 2021 no longer counting supplements as income for Childcare Assistance.	4-year total: \$13.298 m Outyears: \$6.089 m
2023	Childcare Subsidy and Out of School Care and Recreation (OSCAR) Subsidy – Increase to Income Thresholds: This initiative provides funding to increase the number of families who can benefit from Childcare Assistance due to an increase to the income thresholds for the Childcare Subsidy and the OSCAR Subsidy to reflect wage growth since 2010.	5-year total: \$189.391 m
2020	Incomes for People Receiving Benefits: Indexing Main Benefits, Removing Deductions and Changing Abatement Thresholds: Provided funding to remove deductions applied under the Social Security Act 2018 to the benefit rate of sole parents because they have not identified the other parent and/or applied for Child Support. NOTE: As Child Support Pass On has been implemented, the rationale for this policy (encouraging parents to apply for child support that would then be retained by the Crown) no longer applies. The policy may be able to be redesigned with a different rationale, but we expect it would apply to a smaller cohort of people (and result in fewer savings).	5-year total: \$530.409 m (includes funding for increases to main benefits to net average wage, removal of deductions applied to the rate of SPS when the other parent had not been identified, and increases to main benefit abatement thresholds)
CHILD SUPPORT CHANGES		
2023	Child Support Pass On (CSPO): From 1 July 2023, Child Support payments for sole parent beneficiaries collected by Inland Revenue will be passed on to those parents, and not held by the Crown. As part of CSPO, liable parents were able to claim their child support costs for Temporary Additional Support (TAS).	5-year total: \$354.27 m 5-year total (Capex): \$20.200 m Note: reversing CSPO overall would likely increase costs for Vote SD and provide savings for Vote Revenue. Vote SD saved

Year	Policy Change/description	Fiscal cost (Opex)
		<p>\$174.152 million from CSPO because people's incomes increased and resulted in lower rates of entitlement.</p> <p>Including Child Support as an allowable cost for TAS purposes cost \$25.421 m over five years for Vote SD, and \$8.408 m in outyears.</p>
OTHER CHANGES		
2019	Superannuation – Improving Portability to Cook Islands, Niue and Tokelau: Amendment of the portability rules for New Zealand Superannuation and Veteran's Pension to the Cook Islands, Niue and Tokelau.	4-year total: \$13.029 m
	Housing Support Products: Expansion to Help More People Access and Maintain Tenancies: Increased amount of funding for Housing Support Products and introduced a new rent arrears payment (rent arrears payment introduced in 2020).	5-year total: \$18.900 m
	Mana in Mahi: Employment Programme to Support Successful Transition into Sustainable Work: Provided funding for a wage subsidy to employers who hire someone in receipt of a main benefit and offer that person industry training qualification opportunities, and support for employers and participants.	5-year total: \$49.867 m
	Superannuation: Increasing Incomes for Weekly Accident Compensation Corporation (ACC) Claimants at or Near Superannuation Qualification Age: ACC claimants who first become entitled to weekly compensation for a personal injury while close to or above the superannuation qualification age will now be able to receive up to 24 months of weekly compensation, regardless of whether they also receive New Zealand Superannuation or the Veteran's Pension.	5-year total: \$9.063 m
2020	Superannuation: removed the direct deduction of a government-administered overseas pension received by a superannuitant's partner from a superannuitant's pension.	4-year total: \$8.83 m
	Increasing refugee quota from 1,000 to 1,500: Required increase in expenditure to account for additional re-establishment grants made to new refugees.	4-year total: \$8.516 m Outyears: \$2.129 m

Year	Policy Change/description	Fiscal cost (Opex)
	Exempting Social Security Income and Cash-asset Testing for Financial Donations to Those Affected by the Christchurch Mosque Attacks: Amended the Social Security Regulations and the Residential Care and Disability Support Services Regulations 2018 to permanently exempt financial gifts or donations made in relation to the Christchurch mosque attacks and any income derived from them from income and cash-assets tests for financial assistance.	5-year total: \$0.880 m Outyears: \$0.210 m
	Emergency Housing and Temporary Housing contribution became an allowable cost for TAS and Special Benefit.	Unclear on cost for this distinct initiative. Appears to have been funded via the draw down
2021	Assistance for Afghan evacuees: Re-establishment Grants: Afghan evacuees, including those who applied for, or had been granted an Afghan Emergency Resettlement Visa were eligible for a Re-establishment Grant under the Special Needs Grants programme.	Funding allocation ended in 2022/2023
2022	New Medical Certificate process for Health Condition or Disability.	4-year total: \$85.000 m Outyears: \$17.689 m
	Hardship Assistance: Income limits permanently increased and future adjustment linked to wage growth (adjustment to wage growth in 2023).	5-year total: \$55.981 m
	Welfare Overhaul: Special Needs Grants for Dental Treatment: increases the amount of non-recoverable support for dental treatment from \$300 to \$1,000, allows multiple grants in a 52-week period (up to a total of \$1,000), and removes requirement for the need to have arisen from an emergency (necessary dental treatment covered for people with an immediate and essential need).	5-year total: \$125.804 m Outyears: \$38.127 m
2024	Housing-related hardship assistance: improving support for housing insecure and low-income New Zealanders: increased maximum payments and an increase in the frequency payments can be made. Includes piloting a non-recoverable payment for groups where there are gaps in current assistance (e.g. better supporting clients to leave emergency housing).	5-year total: \$42.003 m Outyears: \$7.514 m
	Childcare Assistance – Improving Accessibility and Supporting Take-Up: Enabled applications for Childcare Assistance to be made online; expanded eligibility criteria, extended the duration period, and indexes the rates of Flexible Childcare Assistance to inflation; aligned the Guaranteed Childcare Assistance Payment rate with the highest Childcare Assistance subsidy rate and indexes it to inflation.	5-year total: \$21.878 m 5-year total (CapEx): \$13.284 m