



26 September 2024

Tēnā koe

**Official Information Act request**

Thank you for your email of 29 August 2024, requesting internal documents which outline grants that beneficiaries can or cannot access at different levels of the Traffic Light System.

I have considered your request under the Official Information Act 1982 (the Act). I have decided to grant your request in full.

Please find copies of the following documents attached:

- Working age benefit – Effect of sanctions factsheet
- Traffic Light System talking points – Officials Meeting 24 July 2024

Please refer to the Ministry's Work and Income website for more information about the effect of sanctions on assistance:

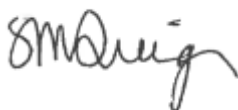
[www.workandincome.govt.nz/map/income-support/main-benefits/jobseeker-support/effect-of-sanctions-on-assistance-01.html](http://www.workandincome.govt.nz/map/income-support/main-benefits/jobseeker-support/effect-of-sanctions-on-assistance-01.html).

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. 

Magnus O'Neill  
**General Manager**  
**Ministerial and Executive Services**

# Working age benefit - Effect of sanctions



 All clients who move into a Red light will have an Orange light during the 5 working days before their sanction is imposed.

|  | Single  |              | Sole parent   |              | Couple no dependent children Client Fails   |  |   | Couple No Dependent Children Both Fail   |  |              | Couple Dependent Children Client Fails   |  |   | Couple Dependent Children Both Fail   |   |  |
|--|---|--------------|---|--------------|---|--|---|--|--|--------------|--|--|---|---|---|--|
|  | Sanctioned client   |              | Sanctioned client   |              | Sanctioned client   | Non sanctioned partner   |   | Sanctioned client  | Sanctioned partner   |              | Sanctioned client  | Non sanctioned partner   |   | Sanctioned client   | Sanctioned partner  |  |
|    |   |              |   |              |   |  |   |  |  |              |  |  |   |   |   |  |
| <b>Grade 1 sanction</b>  | Main benefit  | Extra help   | Main benefit  | Extra help   | Main benefit  | Main benefit   | Extra help  | Main benefit   | Main benefit   | Extra help   | Main benefit   | Main benefit   | Extra help                                    | Main benefit  | Main benefit  | Extra help                                 |
| Client has failed obligations for the first time in the last 12 months AND has not complied within five working days   |  Automatic 50% reduction | Not affected |  Automatic 50% reduction   | Not affected |  Automatic 50% reduction of their portion i.e. 50% to 25% |  Portion not affected i.e. receives 50% | Not affected  |  Automatic 50% reduction of their portion i.e. 50% to 25% |  Automatic 50% reduction of their portion i.e. 50% to 25% | Not affected |  Automatic 50% reduction of their portion i.e. 50% to 25% |  Portion not affected i.e. receives 50%   | Not affected                                  |  Automatic 50% reduction of their portion i.e. 50% to 25%                      |  Automatic 50% reduction of their portion i.e. 50% to 25%                      | Not affected                               |
| Disability allowance   | No actions required   |              | No actions required   |              | No actions required   |  |   | No actions required  |  |              | No actions required  |  |   | No actions required   |   |  |
| Winter energy payment  | No actions required   |              | No actions required   |              | No actions required   |  |   | No actions required  |  |              | No actions required  |  |   | No actions required   |   |  |
| <b>Grade 2 sanction</b>  | Main benefit  | Extra help   | Main benefit  | Extra help   | Main benefit  | Main benefit   | Extra help  | Main benefit   | Main benefit   | Extra help   | Main benefit   | Main benefit   | Extra help                                    | Main benefit  | Main benefit  | Extra help                                 |
| Client has failed obligations for the second time in the last 12 months AND has not complied within five working days  |  Suspended              | Suspended    |  Automatic 50% reduction  | Not affected |  Suspended   |  Pay Manually via SBDR in SWIFTT       | Pay manually via SBDR in SWIFTT to Non-sanctioned partner |  Suspended   |  Suspended   | Suspended    |  0 Rate applied via SWIFTT i.e. 50% to 0%                |  Portion not affected i.e. receives 50%  | Non sanctioned partner receives their portion |  50 Rate applied via SWIFTT - 50% reduction of their portion i.e. 50% to 25%  |  50 Rate applied via SWIFTT - 50% reduction of their portion i.e. 50% to 25%  | Couple receives 50% of total i.e. 25% each |
| Disability allowance   | Pay DA via SBDR in SWIFTT   |              | No actions required   |              | Pay sanctioned client their portion of DA via SBDR in SWIFTT  |  |   | Pay couple their portions of DA via SBDR in SWIFTT   |  |              | Pay sanctioned client their portion of DA via SBDR in SWIFTT   |  |   | Pay couple their portions of DA via SBDR in SWIFTT  |   |  |
| Winter energy payment  | No actions required   |              | No actions required   |              | Pay non-sanctioned partner couple's rate of WEP via SBDR in SWIFTT  |  |   | No actions required  |  |              | Pay non-sanctioned partner couple's rate of WEP via SBDR in SWIFTT   |  |   | No actions required   |   |  |
| <b>Grade 3 sanction</b>  | Main benefit  | Extra help   | Main benefit  | Extra help   | Main benefit  | Main benefit   | Extra help  | Main benefit   | Main benefit   | Extra help   | Main benefit   | Main benefit   | Extra help                                    | Main benefit  | Main benefit  | Extra help                                 |
| Client has failed obligations for the third time in the last 12 months OR has not accepted an offer of suitable employment AND has not complied within five working days |  Cancelled             | Cancelled    |  Automatic 50% reduction | Not affected |  Cancelled  |  Re-Grant at Half Married Rate        | Re-Grant to Non-Sanctioned Partner                        |  Cancelled  |  Cancelled  | Cancelled    |  0 Rate applied via SWIFTT i.e. 50% to 0%               |  Portion not affected i.e. receives 50% | Non sanctioned partner receives their portion |  50 Rate applied via SWIFTT - 50% reduction of their portion i.e. 50% to 25% |  50 Rate applied via SWIFTT - 50% reduction of their portion i.e. 50% to 25% | Couple receives 50% of total i.e. 25% each |
| Disability allowance   | Re-Grant DA as stand-alone non-bene   |              | No actions required   |              | Re-Grant DA to sanctioned client (stand-alone non-bene) and/or non-sanctioned partner   |  |   | Re-Grant DA to couple as stand-alone non-bene  |  |              | Pay sanctioned client their portion of DA via SBDR in SWIFTT   |  |   | Pay couple their portions of DA via SBDR in SWIFTT  |   |  |
| Winter energy payment  | No actions required   |              | No actions required   |              | Re-Grant WEP to non-sanctioned partner at couple's rate   |  |   | No actions required  |  |              | Pay non-sanctioned partner couple's rate of WEP via SBDR in SWIFTT   |  |   | No actions required   |   |  |

## Traffic Light System talking points – Officials Meeting 24 July 2024

### Current setting for sanctions and access to hardship

- In general, the reason clients have restricted access to hardship payments while under sanction is the client is deemed to have contributed to their hardship and can remedy their financial situation by recomplying.
- Note, despite being under sanction and having the requirement to recompile, there may be some circumstances where a client always requires financial assistance to purchase some items. Access to recoverable assistance and exercising discretion allow for these circumstances.

### *Special Needs Grants*

- In current settings, clients who are subject to a Grade 1, 2 or 3 sanction are not entitled to a Special Needs Grant (9.11 SNG Programme).

### *Advance Payment of Benefit*

- Clients will have access to Advance Payment of Benefit, however staff will consider the client's circumstances and any relevant factors, including if they are subject to a sanction.
  - For example, if a client or partner has a 50% sanction imposed, and the client or partner is experiencing hardship they may apply for an Advance Payment of Benefit (recoverable assistance) if they have an immediate need for an essential item or service. A discussion must be held with the client or partner about recomplying as the reduced rate of benefit will be contributing to their hardship and a decision will be made by a staff member.
  - Generally, clients are less likely to be approved for advance payments of benefit when they have a 100% sanction imposed. This is because the client's first option to improve their financial situation is to recompile with their obligations and an advance cannot be paid when the client or partner has no means of repaying it.

### Access to hardship while on Money Management

- For consistency, the design of Money Management uses several settings from the current financial sanctions regime, including recompliance and non-compliance pathways, as well as settings around accessing hardship.
- As with financial sanctions, clients on Money Management would not be able to access Special Needs Grants while being sanctioned – but may be able to receive an Advanced Payment of Benefit for essential items or services such as a fridge, dental treatment or glasses.
- If a client on Money Management comes to MSD seeking hardship assistance, the focus would instead be on supporting them to recompile as the easiest way to address their immediate hardship need.
- Money Management is able to maintain these settings as there is no minimum period which a person would need to be on money management for. A person is able to address their hardship through recompliance with their obligations at any point, and once recomplied they would again be able to apply for a Special Needs

Grant which is generally non-recoverable with some limited exceptions, e.g. obtaining or renewing driver licences.

Access to hardship while on Community Work Experience

- We previously advised that CWE should have a specified duration and clients would be deemed to have remedied their obligation failure (re-complied) when CWE requirements had been met.
- This means clients likely cannot re-comply as quickly as they can with Money Management or a financial sanction, as they will need to complete the full period of CWE.
- [see hardship settings above]
- Without changes to the way hardship payment eligibility is determined, this would mean that clients subject to CWE would be unlikely to receive hardship assistance for the duration of the non-financial sanction, as they would not have remedied their obligation failure (re-complied) until the CWE requirements had been met.
- This could result in clients who are fully engaging with their CWE expectations being denied hardship assistance when it is required, despite them taking steps to re-comply (doing the right thing).

RELEASED UNDER THE  
OFFICIAL INFORMATION ACT