

Policy Brief

Receipt of tier two and tier three benefits

by the 65-plus population 2019–2023



**TE ARA
AHUNGA ORA**
Retirement Commission

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June 2025

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Administrative data for this analysis was provided by the Ministry of Social Development.

Introduction

As well as New Zealand Superannuation, older people in Aotearoa New Zealand can access a number of other government transfers (benefits). This policy brief provides an overview of the trends for the receipt of these other benefits for the five-year period spanning 2019 to 2023. Results are presented by age, gender and ethnicity.

The focus of this brief is on seven benefit categories consisting of tier two supplementary assistance benefits (Accommodation Supplement, Disability Allowance, Income-Related Rent Subsidy), tier three hardship assistance (Temporary Additional Support, Advance Payment of Benefit, Special Needs Grants, disaggregated analysis of emergency housing and food grants) and the Residential Care Subsidy. All benefits are administered by the Ministry of Social Development (MSD).

New Zealand Superannuation (NZ Super) is not covered in this brief as it is a tier one benefit.¹

This analysis supports Te Ara Ahunga Ora Retirement Commission's broader work on the wellbeing of older New Zealanders and will help inform the forthcoming Review of Retirement Income Policies.

The policy context

The Retirement Commission supports a stable retirement income framework that enables trust and confidence that older New Zealand residents can live with dignity and mana, participate in and contribute to society, and enjoy a high level of belonging and connection to their whānau, community and country.²

NZ Super is the Government's primary contribution to financial security for a person's later life; however, older people may also access additional income support in the form of assistance provided by the MSD through Work and Income. More than 150,000 seniors (18% of the over-65 population) received one or more of these additional income support payments in the year ending March 2022.³

This policy brief presents a descriptive analysis of access trends for these benefits for older New Zealanders in the period 2019–2023. This period was shaped by the COVID-19 pandemic and challenging economic and social conditions, but some benefit trends have been established for some time (ie growing demand for food assistance and emergency housing support).⁴

A range of factors may impact income support benefit access at any given point in time. The MSD has noted a range of external and operational factors that shaped benefit access in the 2019–2023 period,⁵ including external events (ie the impact of COVID-19) and operational policy decisions (ie streamlining application processes for some benefits). See Table 1.

1. Te Ara Ahunga Ora Retirement Commission published a number of papers related to NZ Super, which are available here: [NZ Super | Retirement Commission Te Ara Ahunga Ora](#)

2. See Retirement Commission (2021). The Retirement Commissioner's Purpose Statement for New Zealand's Retirement Income System. [Purpose Statement for New Zealand's Retirement Income System | Retirement Commission Te Ara Ahunga Ora](#)

3. MSD (2022). Description of New Zealand's Current Retirement Income Policies. <https://assets.retirement.govt.nz/public/Uploads/Retirement-Income-Policy-Review/2022-RRIP/Description-of-New-Zealand's-Current-Retirement-Income-Policies-MSD-for-2022-RRIP-.pdf>

4. Welfare Expert Advisory Group (2019). Background Paper: The Income Support System. <https://www.weag.govt.nz/assets/documents/WEAG-report/background-documents/757c27caff/income-support-system-040319.pdf>

5. Source: MSD Annual Reports 2019/2020, 2020/2021, 2021/2022, 2022/2023, 2023/2024.

Table 1: Policy setting changes and/or administrative policy changes noted by MSD

Years	Policy changes
2019/2020	<ul style="list-style-type: none"> • Special Needs Grants – Emergency Housing: Increased sharply due to COVID-19 lockdowns. Collaboration with other agencies reduced street homelessness to its lowest level in years. • Streamlined benefit processes: Easier approval processes through online or phone applications. Stand-down periods were removed, medical certificate requirements waived and annual reviews for Disability Allowance deferred. • Digital channels and case management technology: Improvements led to a 10% increase in appointment attendance.
2020/2021	<ul style="list-style-type: none"> • Housing stress: COVID-19 exacerbated housing stress, leading to increased take-up of housing-related supports like Accommodation Supplement and Special Needs Grant – Emergency Housing. These supports levelled out and fell slightly as 2021 progressed. • Government rent freeze: Ended in September 2020, leading to a general increase in rents and a subsequent rise in housing-related financial assistance. • Temporary measures: Stand-down periods were removed, medical certificate requirements suspended and annual reviews for benefits deferred. Additional emergency housing assistance and increased limits for hardship grants for food were provided.
2021/2022	<ul style="list-style-type: none"> • Dental grant criteria: From December 2022, the limit for Special Needs Grants for dental treatment increased from \$300 to \$1,000, and the requirement for the need to arise from an emergency was removed. • Special Needs Grant – Emergency Housing: Decrease in the number of recipients from November 2021 to June 2022, reflecting efforts to support people into sustainable housing solutions. • Hardship assistance: Temporary increases to income limits for hardship assistance were implemented, allowing more individuals and families to meet immediate and essential costs. These increases were made permanent from 1 July 2022.
2022/2023	<ul style="list-style-type: none"> • Emergency housing demand: Decreased over the year, with fewer households receiving Special Needs Grants – Emergency Housing by June 2023 compared to the previous year. Factors contributing to this decrease included increased main benefit levels, changes to the Residential Tenancies Act, and a cooling housing market. • Public housing register: The number of applications declined, partly due to increased resources and tools dedicated to register management.

Source: MSD Annual Reports 2019/2020, 2020/2021, 2021/2022, 2022/2023, 2023/2024.

Scope of this analysis

The New Zealand income support system is divided into ‘tiers’ of assistance. Tier one, which comprises ‘main benefits’ (including NZ Super/Veteran’s Pension), is excluded from this brief. Also excluded are:

- Benefits that are generally provided automatically to those in receipt of NZ Super/Veteran’s Pension and thus have similar access patterns (ie Winter Energy Payment, SuperGold card)
- Income support benefits that have consistently low levels of coverage compared to the transfers included in the analysis (ie Recoverable Assistance Payment, Transition to Work Payment, Course Participation Assistance, Special Disability Allowance, Funeral Assistance Payment, Residential Care Loan)
- Forms of government support that fall outside the income support system (eg health system funding).

The focus of this note is on second tier or ‘supplementary assistance’ payments and third tier ‘hardship assistance’. Although it’s not considered to be an income support benefit, the analysis also includes the Residential Care Subsidy, an asset-tested support payment administered by the MSD and paid by Te Whatu Ora/Health New Zealand to support those in long-term residential care in a hospital or rest home. A short description of each of these benefits is included below in Table 2.⁶

Table 2: Summary details of benefit categories, 2024

Benefit	Payment information	Means testing information
Accommodation Supplement	Payment depends on location, family type, housing cost type, benefit type, income and assets.	Income and asset tested. Cash assets must not exceed \$8,100 (single) or \$16,200 (couple/sole parent).
Income-Related Rent Subsidy	Limits rent to no more than 25% of net income. Payment rates depend on income and housing costs.	Income and asset tested. Cash assets must be below \$42,700. The subsidy is abated at 50% for income above NZ Super rate.
Disability Allowance	Maximum payment of \$78.60 per week.	Income tested. Income limits indexed annually to CPI. Health condition/disability must last at least six months.
Temporary Additional Support	Calculated as the difference between essential costs and income, up to 30% of net benefit rate.	Income and asset tested. Cash asset limits: \$1,338.90 (single) or \$2,230.96 (couple). Indexed to CPI.

6. More information about benefits available to over 65s is available in the following report: [Transfers-and-Turning-65-Intern-Project.pdf](#)

Benefit	Payment information	Means testing information
Advance Payment of Benefit	Recoverable payment up to six weeks of full benefit rate.	Same income and asset limits as Temporary Additional Support.
Special Needs Grants	One-off payments for immediate needs. Maximum amounts vary by cost category.	Income and asset tested. Same asset limits as Temporary Additional Support. Indexed to CPI.
Residential Care Subsidy	Covers the difference between cost of care and client contribution.	Asset and income tested. Asset limits: \$284,636 or \$155,873 (excluding house and car; only used if the applicant is part of a couple and only one of them is in care).

Source: MSD [Other payments for seniors – Work and Income](#)

Data used

Data for this analysis was provided by the MSD. Benefit access data, anonymised and quality reviewed by the MSD, was provided by benefit type for each calendar year from 2019–2023. The same client may be counted multiple times, reflecting the number of benefits granted rather than individuals. Ethnicity data should be interpreted carefully as clients can select multiple ethnicities.

The data included total numbers of people aged 65-plus accessing benefits, with breakdowns by age band, gender and ethnicity. Accommodation Supplement access was further broken down by housing tenure type (renting, mortgage holders, boarding).

To establish access patterns over the 2019–2023 period, the analysis focused on age band, gender and ethnicity. It included overall population numbers, specific age bands, and uptake rates for various income support benefits. Growth rates of the 65-and-over population were calculated to provide a baseline for comparison, highlighting percentage increases in both the overall population and specific age bands.

Limitations included limited ethnicity data for some benefit categories and the inability to link benefit access data to individual clients. Further analysis using linked data in the Integrated Data Infrastructure (IDI) could offer additional insights. Stats NZ does not publish annual population estimates for ethnicity, so census data (2018–2023) were used to provide general indicators of ethnic population trends.



Findings

Changes in the 65-and-over population 2019–2023

Any increases in receipt and spending on tier two and tier three benefits need to be considered in light of the growth in the 65-and-over population in New Zealand.

This population grew by 14% in the period 2019–2023, from 759,830 in 2019 to 863,560 in 2023.⁷ The largest increases were recorded in the 80–84 age band (23%) and 75–79 age band (22%). The 65–69, 70–74 and 85-plus groups all increased by 10%.

Both the female and male populations grew by similar rates. Women made up 53% of the 65-and-over population in 2019 and 2023, while men made up 47% in these years.

The ethnic composition of New Zealand also changed between the census years of 2018 and 2023. The total 65-plus population rose from 715,167 to 828,588. The Pākehā/European group grew by 12%, Māori by 34%, Pacific Peoples by 29%, Asian by 47%, Middle Eastern/Latin American/African by 53% and 'Other ethnicity' by 34%.

Income support benefit access 2019–2023

The take-up of several benefit categories grew more quickly than the 65-and-over population as a whole over the period:⁸

- Special Needs Grant – Emergency Housing (81% increase in recipient numbers)
- Special Needs Grant – All Categories (73%)
- Special Needs Grant – Food (60%)
- Temporary Additional Support (46%)
- Income-Related Rent Subsidy (22%)
- Advance Payment of Benefit (18%).

Two benefit categories experienced growth in take-up that was lower than the growth in the 65-and-over population:

- Accommodation Supplement (10% increase in recipient numbers)
- Residential Care Subsidy (7%).

One benefit category (Disability Allowance) recorded an overall decline (2%) in the number of recipients over the period.

Growth in the numbers of recipients was therefore generally higher for tier three hardship assistance payments than for tier two supplementary assistance payments.

7. Stats NZ subnational population estimates by age and sex, at 30 June 1996–2024.

8. Note, however, the caveat above that the same client may be counted multiple times, reflecting the number of benefits granted, rather than individuals. This is especially important for benefits like Special Needs Grants, where it is possible for the same person to access multiple grants.

Trends in recipient numbers shaped by a range of factors

An increase in hardship grants was observed in the 2016–2018 period and the changes observed in this paper during 2019–2023 can be seen as largely continuing these earlier trends.⁹

Changes in the number of people receiving income support reflect several factors, including population need and policy decisions. Notable policy changes included:¹⁰

- Increased numbers of emergency housing grants during COVID-19 lockdowns
- Streamlined benefit access processes, and temporary measures such as the removal of stand-down periods and medical certificate requirements for certain benefits
- Improvements in digital channels and case management technology, which enhanced MSD service delivery.

Further, adjustments to housing-related support and hardship assistance were made to address evolving needs, with a notable decrease in emergency housing demand by 2023 due to increased benefit levels and a cooling housing market.

Receipt of benefits by gender

Women made up the majority of recipients across all but one of the income support benefit categories analysed in this policy brief. Emergency housing support was the only benefit category in which women did not make up the majority. Men were the majority of recipients (57%) of emergency housing support (Special Needs Grant – Emergency Housing), while women made up 43% of these recipients.

Disability Allowance was the income support benefit that had the highest share of female recipients (63%) compared to men (37%).

Between 2019 and 2023, the growth of receipt of income support by women grew more quickly than that of men in several categories:

- Special Needs Grant – All Categories (75% increase for women, 71% for men)
- Special Needs Grant – Food (62% increase for women, 60% for men)
- Temporary Additional Support (50% increase for women, 41% for men)
- Accommodation Supplement (12% increase for women, 7% for men)
- Advance Payment of Benefit (18% increase for women, 17% for men).

Access for men increased at a higher growth rate in several income support benefit categories:

- Special Needs Grant – Emergency Housing (101% increase for men, 58% for women)
- Income-Related Rent Subsidy (23% increase for men, 22% for women)
- Residential Care Subsidy (8% increase for men, 6% for women).

9. WEAG (2019, P.48). <https://www.weag.govt.nz/assets/documents/WEAG-report/background-documents/757c27caff/Income-support-system-040319.pdf>

10. Source: MSD Annual Reports 2019/2020, 2020/2021, 2021/2022, 2022/2023, 2023/2024. A fuller list of policy changes over the period can be found in McKenzie (2024). [Social Assistance Chronology – a chronology of social assistance policy and programmes in New Zealand – 1844 to 2024 - Ministry of Social Development](#)

Income support benefit access 2019–2023 by ethnicity

Access growth rates by ethnicity varied significantly by income support benefit category. For example:

- Between 2019 and 2023, the Special Needs Grant – Emergency Housing benefit had the highest uptake percentage increase for Māori, at 106%, while the Residential Care Subsidy had the lowest increase at 4%.
- For Pākehā/European, the Special Needs Grant – All Categories benefit had the highest uptake percentage increase at 83%, while the Disability Allowance had the lowest increase at 4%.
- Pacific Peoples experienced the highest increase in the Special Needs Grant – All Categories benefit at 56%, with Pacific Peoples' access to Disability Allowance seeing a decline of -2%.
- For Asian New Zealanders, the Special Needs Grant – All Categories benefit had the highest increase at 90%, while the Advance Payment of Benefit had the lowest increase at 6%.

Uptake trends also varied by benefit category for smaller ethnic groups. The Middle East/Latin/African group saw the highest percentage increase in Residential Care Subsidy (100%), while experiencing a 20% decline in the Special Needs Grant – Emergency Housing benefit. Ethnicities covered in the 'Other ethnicities' category saw notable increases in several categories, with the highest being the Special Needs Grant – Food benefit (107%) and a moderate increase in Advance Payment of Benefit at (32%).

Table 3: Summary of results

Category	Insights
Population growth	<ul style="list-style-type: none"> • Overall 65-plus population increased by 14% (759,830 to 863,560). • Highest growth in 80–84 age band (23%) and 75–79 age band (22%).
Income support access trends	<p>Growing faster than population growth:</p> <ul style="list-style-type: none"> • Special Needs Grant – Emergency Housing (81% increase) • Special Needs Grant – All Categories (73% increase) • Special Needs Grant – Food (60% increase) • Temporary Additional Support (46% increase) • Income-Related Rent Subsidy (22% increase) • Advance Payment of Benefit (17% increase). <p>Growing slower than population growth:</p> <ul style="list-style-type: none"> • Accommodation Supplement (10% increase) • Residential Care Subsidy (7% increase). <p>Declining:</p> <ul style="list-style-type: none"> • Disability Allowance (2% decrease).

Category	Insights
Gender distribution	<p>Women made up 53% of the 65-plus population in 2019 and 2023.</p> <p>Women were the majority recipients for most benefits:</p> <ul style="list-style-type: none"> • Disability Allowance (63%) • Income-Related Rent Subsidy (59%) • Temporary Additional Support (59%) • Residential Care Subsidy (58%) • Special Needs Grant – Food (57%) • Special Needs Grant – All Categories (56%) • Advance Payment of Benefit (55%) • Accommodation Supplement (55%). <p>Men made up 47% of the 65-plus population in 2019 and 2023.</p> <ul style="list-style-type: none"> • Men were the majority of recipients of the Special Needs Grant – Emergency Housing (57%).
Take-up by gender	<p>Women's take-up increased more quickly for:</p> <ul style="list-style-type: none"> • Temporary Additional Support (50% women, 41% men) • Accommodation Supplement (12% women, 7% men) • Special Needs Grant – All Categories (75% women, 71% men). <p>Men's take-up increased more quickly for:</p> <ul style="list-style-type: none"> • Special Needs Grant – Emergency Housing (101% men, 58% women) • Income-Related Rent Subsidy (23% men, 22% women) • Residential Care Subsidy (8% men, 6% women).
Ethnic distribution	<p>Pākehā/Europeans had the highest access across all categories.</p> <p>Highest share for Pākehā/Europeans:</p> <ul style="list-style-type: none"> • Residential Care Subsidy (73%) • Disability Allowance (67%). <p>Lowest share for Pākehā/Europeans:</p> <ul style="list-style-type: none"> • Income-Related Rent Subsidy (42%) • Special Needs Grant – Emergency Housing (44%). <p>Māori were the second-highest access group across all categories except Accommodation Supplement.</p> <p>Highest share for Māori:</p> <ul style="list-style-type: none"> • Special Needs Grant – Emergency Housing (33%) • Special Needs Grant – Food (31%). <p>Lowest share for Māori:</p> <ul style="list-style-type: none"> • Residential Care Subsidy (7%) • Disability Allowance (10%).

Category	Insights
Take-up by ethnicity	<p>Māori:</p> <ul style="list-style-type: none"> • Highest increase: Special Needs Grant – Emergency Housing (107%) • Lowest increase: Residential Care Subsidy (4%). <p>Pākehā/European:</p> <ul style="list-style-type: none"> • Highest increase: Special Needs Grant – All Categories (83%) • Lowest increase: Disability Allowance (4%). <p>Pacific Peoples:</p> <ul style="list-style-type: none"> • Highest increase: Special Needs Grant – All Categories (56%) • Decline: Disability Allowance (-2%). <p>Asian:</p> <ul style="list-style-type: none"> • Highest increase: Special Needs Grant – All Categories (90%) • Lowest increase: Advance Payment of Benefit (6%). <p>Middle East/Latin/African:</p> <ul style="list-style-type: none"> • Highest increase: Residential Care Subsidy (100%) • Decline: Special Needs Grant – Emergency Housing (-20%). <p>Other ethnicities:</p> <ul style="list-style-type: none"> • Highest increase: Special Needs Grant – Food (107%) • Moderate increase: Advance Payment of Benefit (32%).

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