

Work and Income Funeral Grant

Overview

Work and Income provides a Funeral Grant to contribute to essential costs of a simple funeral for New Zealand’s most vulnerable families. It is a hardship grant that has income limits and is asset tested and granted on behalf of the deceased.

However, excluding CPI adjustments, the grant has not been increased since 2003. This has led to a significant shortfall between the costs the grant was designed to cover and what it actually covers. Currently, the maximum payable amount for the grant is \$2,445.37. The average amount paid as at 2022 was \$2,091.61. As at 2023, this only covers 32% of direct cremations and 24% of the most basic burials.

Approximately 4,900 people, who meet strict asset and income-tested eligibility criteria, receive funeral grants per year. From 2018 - 2022, the total grant value has averaged \$9.6M per year.

Over the last five years, the average death rate is approximately 34,000 deaths per annum. WINZ funeral grant use equates to roughly 15% of deaths.

As at 2021, families who access the grant face thousands of dollars in extra costs for a simple funeral, even if they receive the maximum amount payable of \$2,445.37.

	<i>Basic Funeral Cremation</i>	<i>Basic Funeral Burial</i>
NZ Average Cost (2023)	\$7,500	\$10,000
WINZ Funeral Grant	\$2,445.37	\$2,445.37
Gap or shortfall in funding	\$5,055	\$7,555
<i>% of costs covered</i>	32%	24%

Proposed solution

The Funeral Directors Association of New Zealand is calling for the Government to:

- 1. Increase the maximum amount payable under the Funeral Grant to \$7,000.**
 - This increase would bring the Work and Income grant in line with ACC’s funeral provisions for those who die due to injury. This is currently \$7,491.95.
 - This would cover most of the cost of a basic funeral with a cremation, or up to 70% of a basic funeral with a burial. This would give vulnerable communities a dignified choice of how they farewell their loved ones, allowing families and whānau to choose between a cremation and burial depending on their religious, cultural and personal preference.
- 2. Review what is covered by the grant ensuring that all essential services (see table below) are covered.**
 - There are a number of services not covered by the WINZ funeral grant which the Funeral Directors Association believes should be considered essential and therefore covered by the grant. For example:

Item	Rationale
Death certificate	This is a requirement for claiming a Funeral Grant payment, so it ought to be covered by the grant.
Urn	This is an essential service for those choosing not to be buried.
Interment of the deceased/interment of ashes	Currently only the burial and ash plot costs are covered – not the costs of digging the grave/ interring the ashes. These are an essential cost as cemeteries charge this compulsory cost.
Medical certificate	A medical certificate is required if the deceased is to be cremated.
Professional services - other	The grant only covers professional services to prepare the body. No allowance is provided for the funeral director’s time and costs. It is very difficult for non-professionals to fill out all the paperwork, meet all the deadlines of other services in a short period of time when there is considerable stress. Not all families have the capability or skills to navigate the complex system.

The above tables outline the essential services required for a basic burial or cremation, and do not include any discretionary services which some might consider important to a funeral. No discretionary services are covered by the WINZ funeral grant. The Funeral Directors Association primarily agrees that this continues, with the exception of covering the cost of a celebrant and the cost of hiring a location for a ceremony (for example a chapel). Whilst a ceremony is considered discretionary, it is an important part of the grieving process and should a family wish to hold a ceremony, they become essential. Other discretionary services can be supplied or performed by individuals such as friends and families, or are not essential. These include flowers, car hire, travel, food, koha, service sheets, videoing and venue hire (reception).

- The WINZ funeral grant does currently cover the below pre-determined essential items for a funeral (as determined by MSD). The Funeral Directors Association proposes the WINZ grant continues to be allowed to cover the cost of these items and services.

Item	Rationale
Hearse	Not all people have access to vehicles big enough to take caskets, let alone move caskets successfully in and out of a vehicle.
Newspaper notice/ Internet notification	Notification of a person passing is part of how we grieve as a community.
Embalming	Essential, especially if the person is to be viewed and taken to a venue outside of the funeral director's premises.
Casket	Essential.
Cremation costs	Essential service for those choosing not to be buried.
Burial Plot/ Cremation Plot*	Essential service, and legislation does not allow you to bury people at random.

**Burial costs in New Zealand vary from location to location, with plot fees and interment fees set by the council of that area. In many cemeteries, the WINZ funeral grant would not even cover the cost of the burial plot and interment, which can range from \$1,170 (in Taupo) to \$7,207 (in New Plymouth). The average cost for a burial plot and the interment of the deceased across 20 cemeteries in New Zealand is \$3,927 (\$1,481.63 more than the Funeral Grant itself).*

3. Update the grant application and approval process to make it easier for families to apply, and to ensure more consistency of approvals.

- Applicants must apply for the WINZ funeral grant in person or via post. If there is an issue with the application, the applicant will be alerted by letter, meaning that the application process can be very lengthy.
- Funeral grants are managed out of regional WINZ offices, with each having a different system or process, meaning there is no consistent approval process.
- Whilst the maximum funeral grant is \$2,445.37 the average funeral grant provided in 2022 was \$2,091.61 which means the effective maximum is actually lower, due to the different ways that WINZ applies criteria.

4. Commit to reviewing the asset tests and income levels of the grant.

- The current asset tests and income levels for the grant have not been changed since 2003. A thorough review of these tests is needed to ensure that the grant criteria is reasonable.
- If you are the deceased person's partner, with no children, you must earn below \$34,922.68 (before tax) to be eligible to apply for the funeral grant. This is significantly less than minimum wage, which on an annual basis equates to a salary of \$39,210.80 (before tax), noting that minimum wage is not considered enough to pay for basic expenses (food, transport, housing).
- If you are the deceased person's partner, with two children, you must earn below \$44,646.68 (before tax) to be eligible to apply for the funeral grant. Even a parent working full time and earning the living wage, would not qualify to apply for the funeral grant. The living wage, designed to cover only the basics, equates to an annual salary of \$54,080 (before tax).