

# Aide-mémoire



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

## Cabinet paper

**Date:** 7 October 2016 **Security Level:** Cabinet Sensitive

**For:** Hon Anne Tolley, Minister for Social Development

**File Reference:** REP/16/9/1239

---

## **Income and cash asset test exemption regulations (required for the correction of Accommodation Supplement entitlements)**

---

**Cabinet  
Committee** Cabinet Legislation

---

**Date of meeting** 12 October 2016

---

**Minister** Hon Anne Tolley, Minister for Social Development

---

**Proposal** The Cabinet paper *Income and cash asset test exemption regulations (required for the correction of Accommodation Supplement entitlements)* and the proposed Amendment Regulations will give effect to decisions made by Cabinet to exempt lump sum-back payments (to correct clients' entitlements to the Accommodation Supplement), and any income derived from them for the 12 month period following payment, from income and cash asset tests for assistance under the Social Security Act 1964 [CAB-16-MIN-0460.1 refers].

---

**Background** In 2014, the Ministry of Social Development (MSD) identified a significant error in its assessment and payment system which affected the calculation of client entitlements for the Accommodation Supplement (AS). The AS error has been in effect since 1993 and has resulted in some clients being over or underpaid their AS entitlements. When the issue was identified MSD took immediate action to fix the system error so that new clients would receive their correct entitlements.

The system fix, implemented in December 2014, prevented the error from being perpetuated for new clients. It did not, however, correct entitlements for those clients already impacted by the error.

The September 2016 Cabinet paper *Correcting entitlements to*

---

---

*the Accommodation Supplement* set out a phased approach to correct entitlements to AS for current and former clients [CAB-16-MIN-0460.1 refers].

Cabinet agreed to exempt lump sum back-payments of AS from income and cash asset tests when assessing clients' eligibility to financial assistance. This was agreed to on the basis that the granting of back-payments (to correct the AS error) should not negatively impact on the financial circumstances of affected clients, given that the issue was caused by an administrative error that was entirely outside of their control.

MSD will be prepared to commence lump sum back-payments, in order to correct entitlements to AS, from November 2016. However, before those lump sum back-payments of AS can be made, the Amendment Regulations to exempt them from income and cash asset tests must be in effect in order to fulfil Cabinet's intent.

---

**The Amendment Regulations**

The Cabinet Legislation Committee is asked to authorise the submission of the following regulations to the Executive Council:

- Social Security (Income and Cash Assets Exemptions) Amendment Regulations 2016;
- Social Security (Temporary Additional Support) Amendment Regulations 2016; and
- Social Security (Long-term Residential Care) Amendment Regulations (No 2) 2016.

The Amendment Regulations have been specifically targeted to include only those affected by the AS error, and will last for a period of 12 months following the provision of any lump sum back-payment entitlements to affected clients.

---

**Waiver of the 28-day rule**

The Amendment Regulations are intended to come into force on 31 October 2016, which requires a waiver of the 28-day rule.

A waiver to the 28-day rule is sought:

- so that the Amendment Regulations and instrument can come into force before the first lump sum back-payment of Accommodation Supplement is made from November 2016; and
- on the grounds that the amendments confer only benefits to those affected.

---

Section 9(2)(a) Privacy of natural persons  
Author:  Senior Analyst, Income Support Policy

Responsible manager:  Policy Manager, Income Support Policy

Section 9(2)(a) Privacy of natural persons