

Budget Sensitive

Chair

Ad Hoc Cabinet Committee on COVID-19 Response

IMPACT OF COVID-19 ON THE MINISTRY OF SOCIAL DEVELOPMENT'S OPERATING MODEL

Proposal

- 1 This paper discusses a number of changes the Ministry of Social Development (MSD) is making to its operating model to manage demand for services, and ensure the health and safety of clients and staff, in response to the unprecedented impact of COVID-19 (novel coronavirus).
- 2 This paper also seeks Cabinet agreement to:
 - 2.1 rescind a 2010 Cabinet decision which will allow MSD to temporarily remove the requirement to provide subsequent work capacity medical certificates for clients receiving Jobseeker Support on the grounds of a health condition, injury or disability, and
 - 2.2 amend the Social Security Regulations 2018 to enable MSD to have the discretion to temporarily exempt specified recipients of Temporary Additional Support, Jobseeker Support and Sole Parent Support from having to reapply in exceptional circumstances.

Executive Summary

- 3 COVID-19 has had an unprecedented impact on New Zealand's economy and communities. The introduction of new initiatives, such as support for employers to retain staff through the Wage Subsidy scheme (which is expanding), has led to a massive increase in demand for MSD's services. I expect this will continue to grow exponentially.
- 4 Alongside this, MSD also has to make changes to its operating model to reduce the risk of community transmission and ease uncertainty for its clients.
- 5 This paper asks Cabinet to note a number of temporary changes that MSD will be making to its operating model. These include:
 - 5.1 deferring reviews of clients' circumstances
 - 5.2 removing the need for existing clients to provide medical certificates to continue their eligibility for a main benefit
 - 5.3 ceasing proactive engagement with clients, such as appointments to discuss hardship applications
 - 5.4 streamlining application and verification processes.

- 6 In addition, I have delayed the commencement of clients contributing 25 percent of their income to their Emergency Housing costs for those accessing an Emergency Housing Special Needs Grant.
- 7 I am seeking authorisation to urgently amend the Social Security Regulations 2018 and make an Order in Council, in order to temporarily enable Temporary Additional Support, Sole Parent Support and Jobseeker Support recipients to continue receiving this assistance without having to reapply.
- 8 I propose that most of these measures are active for an initial period of six months.
- 9 As a package, these will free up capacity for frontline MSD staff to deliver essential services, reduce the number of non-essential GP visits, and ensure clients can continue to access income support.

10 s 9(2)(f)(iv)

- 11 All of these changes represent massive, unprecedented changes to MSD's operating model and have an unclear, but likely significant fiscal cost. This is particularly the case as demand for income support grows. However, I believe this is balanced by the exceptional circumstances. These measures will continue until it is identified by officials and Ministers that MSD, alongside other government agencies, can resume its 'business as usual' services. I will keep Cabinet updated on the impact of these measures and whether it is likely to be necessary to extend these changes.

MSD is preparing to deliver services differently in response to COVID-19

- 12 MSD generally has the capacity to manage unforeseen events, such as natural disasters and other emergencies. However, COVID-19 has had an unprecedented societal and economic impact on New Zealand and will continue to do so for the foreseeable future.
- 13 The benefit system remains available for those requiring financial assistance during this period of uncertainty. However, the impact of COVID-19 is beginning to exceed MSD's current capacity to take on new work and maintain 'business as usual' levels of services.
- 14 For example, demand for the COVID-19 Wage Subsidy scheme and the COVID-19 Leave Payment scheme, which were announced on 17 March 2020, has been higher than expected. As at 11pm on 24 March 2020, MSD had received applications from employers for a COVID-19 Wage Subsidy or Leave Support scheme for approximately 611,434 employees. Demand for food-related Special Needs Grants has gone up 17 percent in the week ending 20 March 2020.

15 s 18(d)

This is likely to lead to exponential growth in the number of New Zealanders requiring support from the welfare system.

- 16 In addition, following the recent announcement moving New Zealand to COVID-19 Alert Level 4 by Wednesday 25 March 2020, MSD service centres across the country have been closed to public access, ceasing all face-to-face engagements. MSD client services are now provided online or on the phone.

17 MSD has also decided to suspend work on the following:

17.1 the implementation of changes to MSD's physical environment, including front of house changes, rolling out new kiosks, and physical security

17.2 s 9(2)(k)

17.3 s 9(2)(k)

17.4 s 9(2)(k)

18 s9(2)(f)(iv)

19 s 9(2)(f)(iv)

20 With these objectives in mind, MSD has been assessing a range of further changes it could make to its operational settings. In particular, MSD has been looking at the processes that it can minimise or remove to limit interactions between staff and clients ('physical distancing'), while ensuring people still receive the support they need.

21 It should be noted that while MSD has made changes to its operational settings in previous events (such as the Christchurch earthquakes) generally they have been a localised response. Responding to the impact of COVID-19 requires changes to MSD's service provision to be implemented at pace across the entire country in a constantly changing environment.

MSD will be implementing initiatives to free up staff capacity and improve client experience immediately

22 MSD plans to implement various initiatives that would help manage demand and reduce the need for face-to-face engagement. MSD will be quickly progressing initiatives that it has the discretion to implement. Some of the proposed initiatives will also require Cabinet agreement to amend regulations, and rescind a previous Cabinet decision.

23 In assessing what initiatives should be progressed, MSD has considered factors such as potential impact on clients, potential to free up staff capacity, and possible risk in terms of fiscal cost or longer-term precedent created. MSD has also prioritised initiatives that could reduce demand in the health system, where possible.

Work is currently underway to progress various initiatives that MSD has the discretion to implement

s 9(2)(k)

s9(2)(f)(iv)

- 24 The following table outlines the temporary initiatives that MSD has the discretion to implement, and the likely impact they will have on clients and MSD. These initiatives could free up staff capacity and improve client experience immediately. MSD is currently implementing the IT changes for these initiatives to be in place by Friday 27 March 2020, with the changes taking effect for clients from Monday 30 March for an initial period of six months. Many of these initiatives will also reduce pressure on the health system by reducing non-essential GP visits from clients.

Initiative	Client impact	MSD impact
<p>A. Temporarily remove the requirement to provide subsequent work capacity medical certificates</p> <p>This applies to clients receiving:</p> <ul style="list-style-type: none"> - Jobseeker Support on the grounds of a health condition, injury or disability (JS-HCD) - Sole Parent Support (SPS) with work obligations deferrals due to a health condition or a disability (either their own or their child's) - Partners of main beneficiaries with work obligations deferrals due to a health condition, injury or disability 	<p>This would impact approximately 30,000 clients a month.</p> <p>Costs related to getting medical certificates expected to reduce for clients.</p> <p>If a client's capacity to work worsens, clients could potentially miss out on transitioning to Supported Living Payment.</p>	<p>Moderate impact on freeing up capacity across centralised services and contact centres.</p> <p>** This could create a lot of additional capacity for GPs.</p>
<p>B. Defer Disability Allowance reviews for increased/additional costs and for confirming ongoing medical eligibility</p>	<p>This would impact approximately 26,000 clients a month.</p> <p>Clients would not need to go through an onerous process of verifying their new or increased costs or obtaining a disability certificate.</p>	<p>Significant impact on freeing up capacity across centralised services and contact centres.</p> <p>** This could also create additional capacity for GPs.</p>
<p>C. Extend out the review period for Child Disability Allowance</p>	<p>This would impact approximately 4,000 clients per month.</p> <p>Eligibility will continue to cease for clients whose child turns 18 years old or is granted a main benefit.</p>	<p>Removes requirement for clients to contact MSD</p>
<p>D. Defer review of health conditions for Supported Living Payment clients</p>	<p>This would impact approximately 2,000 clients per month.</p>	<p>Removes requirement for client to contact MSD.</p>

E. Defer Emergency Benefit expiries	<p>This would impact around 150 clients per month.</p> <p>This is likely to increase as more people are granted Emergency Benefit due to the impact of COVID-19.</p>	<p>Removes requirement for client to contact MSD.</p>
F. Defer any Special Benefit expiries	<p>This would impact around 1,600 clients currently receiving a Special Benefit.</p> <p>Clients would not need to go through a review process.</p>	<p>Removes requirement for client to contact MSD..</p>
G. Modify application and verification requirements for new clients so that all services can be delivered over the phone or online through a streamlined process	<p>This is likely to impact almost all new clients accessing assistance from MSD.</p> <p>This is likely to allow clients to access financial assistance more quickly.</p> <p>It may be difficult for clients with access needs or for those who prefer face-to-face meetings.</p>	<p>Likely to have some impact on freeing up capacity due to more streamlined processes for staff.</p> <p>MSD will need to consider what happens when it returns to 'business as usual', for example, retrospective verification of information provided electronically.</p>
H. Defer other annual reviews of client circumstances <p>This covers all annual reviews including:</p> <ul style="list-style-type: none"> - Review of income - Housing annual reviews 	<p>This would impact approximately 74,000 additional clients a month.</p> <p>Less disruption for clients but this does not remove client's obligation to notify MSD of changes in circumstances.</p>	<p>Significant impact on freeing up capacity across centralised services and contact centres.</p>
I. Cease all proactive engagement with clients in relation to employment, new debt collection and hardship assistance	<p>This is likely to reduce anxiety for clients about obligations or debt-related compliance; but could also reduce the likelihood of them finding or returning to work.</p>	<p>Significant impact on freeing up capacity across service centres.</p>

- 25 Reviewing clients' benefit payment entitlements are an opportunity to check whether they are receiving their full and correct entitlement. For example, the review process can determine if there is other assistance that a client may be eligible for, or if a client's benefit rates need to be updated based on an increase in their other income. MSD has built regular review points into the 'business as usual' operating model to provide an opportunity to have these discussions with clients. These review points are not required in legislation.
- 26 The changes being implemented now will mean that clients continue to receive welfare assistance at their current rates of payments and MSD will rely on clients to inform them if their circumstances change. This does increase the risk that clients could either be underpaid or overpaid if they do not advise MSD of changes in their circumstances.

- 27 These initiatives do not require any legislative changes to implement immediately as they rely on MSD discretion³. MSD is providing communications to frontline staff and clients to explain the changes.
- 28 It should also be noted that while MSD will cease proactive engagement with clients in relation to employment, MSD will continue to work with businesses on redeploying people in affected industries and/or filling emerging labour market shortages.
- 29 MSD will continue to monitor the growth in demand. If necessary, it will identify other mechanisms to ensure people can continue to access essential financial support as quickly as possible if demand is exceeding MSD's capacity to provide support.

A 2010 Cabinet decision needs to be rescinded to minimise the number of medical certificates some clients have to provide...

- 30 Currently, clients receiving Jobseeker Support on the grounds of a health condition, injury or disability (JS-HCD) are required to confirm that they continue to meet the eligibility criteria for the benefit by providing a new medical certificate at fixed intervals^[1]. These medical certificates are also used to inform what, if any, obligations to seek or prepare for employment the client has.
- 31 One of the initiatives set out above includes temporarily removing the requirement to provide subsequent work capacity medical certificates for JS-HCD clients. While the fixed review periods for JS-HCD clients are not specified in legislation, they were agreed by Cabinet in 2010 [CAB Min (10)7/10]. Therefore, the 2010 Cabinet decision will need to be rescinded to progress with the temporary removal of the requirement to provide subsequent work capacity medical certificates for JS-HCD clients.
- 32 Along with the agreement to rescind the 2010 Cabinet decision, I seek your agreement to have delegated authority on a permanent basis to determine at what intervals, outside of the 52-week reapplication, to require JS-HCD clients (and any other clients as relevant) to provide work capacity medical certificates for the purposes of:
- 32.1 confirming their continued eligibility; and/or
- 32.2 determining what work or work preparation obligations would be suitable.
- 33 This will also impact on Sole Parent Support clients and partners of working age benefit recipients who have deferral of work obligations for a health-related reason.
- 34 As part of this delegated authority, I also propose having the ability to temporarily suspend the requirement to provide subsequent work capacity medical certificates in exceptional circumstances for all or some clients, where it is not reasonable to expect a specified group of clients to provide medical certificates for a period of time. This would apply both to the current state we are in due to COVID-19, as well as any future national, or more localised, events.
- 35 I expect officials to provide advice on when it may be reasonable to resume 'business as usual' activity and how this will happen at a later date. This would include any ongoing changes to the work capacity medical certificate process. Should these have fiscal implications, I will report back to Cabinet seeking agreement for additional funding.

³ Legislative changes are not required at this stage as these are only temporary measures, to be in effect for a limited period. If these initiatives are extended further, legislative changes may be required.

^[1] A new medical certificate is required four weeks from the date of the first medical certificate, another certificate required four weeks after that, and then every 13 weeks thereafter.

...and urgent regulation amendment is required to ensure clients do not need to reapply for some types of benefit payments

- 36 MSD has also considered what other initiatives could be implemented to help manage demand for services and ensure health and safety of clients and staff. MSD proposes to progress the following initiatives, which will require Cabinet agreement to amend the relevant regulations. As agreed yesterday, work on the IT changes for this has already started.

Initiative	Client impact	MSD impact
J. Temporarily remove the need for Temporary Additional Support reapplications	This will impact approximately 70,000 clients per month. Clients would not need to go through the frequent and onerous reapplication process.	Moderate impact on freeing up capacity
K. Clear any 52-week reapplications for Jobseeker Support and Sole Parent Support This will extend out all upcoming reapplications dates by another 52 weeks, essentially making the review gap 104 weeks. **This initiative requires the change to be in place beyond the initial six months due to what IT changes are feasible in the timeframes.	This will impact approximately 25,000 clients per month. Clients would not need to go through onerous reapplication process.	Moderate impact on freeing up capacity

- 37 To implement these changes, I seek agreement to amend the Social Security Regulations 2018 under sections 441(1), 441(2)(c), 428(1) and 428(2)(g) of the Social Security Act 2018, and make an Order in Council under section 15(1) of the Epidemic Preparedness Act 2006 which will enable MSD to have the discretion to exempt specified recipients of Temporary Additional Support (TAS), Jobseeker Support and Sole Parent Support from temporarily having to reapply in exceptional circumstances.
- 38 Sections 441(1) and 441(2)(c) of the Social Security Act provides for regulations to be made that allow MSD to specify circumstances in which MSD may consider an exemption from expiry of any specified benefits (eg, Jobseeker Support and Sole Parent Support). Sections 428(1) and 428(2)(g) of the Act provides for regulations to be made that allow MSD to prescribe the period or periods for which TAS may be granted.
- 39 Section 15(1) of the Epidemic Preparedness Act also enables the Governor-General, by Order in Council made on the recommendation of the Minister of the Crown responsible for the administration of an enactment, to modify any requirement or restriction imposed by the enactment. An Order in Council will be required to ensure that the proposed changes to TAS will also apply to people who have been granted TAS prior to the commencement of the proposed amendments to the Social Security Regulations 2018.
- 40 These amendments will ensure that our clients can continue to access financial assistance, including in potential future circumstances that could include:

40.1 a pandemic such as COVID-19

40.2 other national or local emergencies, for example, an event similar to the 2010/11 Christchurch earthquakes.

41 These changes to the Regulations would allow MSD to respond to the exceptional circumstance for as long as necessary and return to business as usual without requiring further regulation amendments. It also enables a rapid response without changing existing policy settings, as the requirement to periodically reapply for certain benefits would remain in place in normal circumstances.

42 s 9(2)(h)

However, if MSD does not extend the timeframes:

42.1 not all clients will be able to meet their requirements for TAS reapplication and the 52-week reapplication, where pandemic lock-down rules apply

42.2 entitlements could expire⁴, and eligible people would be left without income or be put in hardship, and

42.3 additional pressure would be placed on MSD phone lines and processing staff to maintain existing entitlements.

43 For TAS, MSD intends to push the date of reapplication out by six months initially (aligning with the other proposals in this paper).

44 The cost of shifting the 13-week reapplication timeframe for all existing clients to six months into the future could cost as much as \$28m. This cost does not include any new clients who would be subject to the same change.

45 For 52-week reapplications, our initial approach would be to push individual reapplication dates for all clients out by a further 12 months. This will in effect mean that people will not have to reapply for their respective benefits for 104 weeks.

46 The rationale for this is to free up frontline resources now and ensure that MSD would be able to resume reapplications as normal after 12 months. It also reflects what is feasible within the IT system, as 52-week applications are unable to be deferred for six months, but can be cleared from the system.

47 MSD estimate that 25,000 existing clients have a 52-week reapplication expiry or letter due to be sent in the next month. Over a year there are approximately 300,000 reapplications. The current estimated cost is approximately \$49m for 12 months, based on existing client numbers and previous modelling that assumed some attrition from automatic benefit cancellations that would not happen. The costs are likely to rise as more people come on to a main benefit.

48 The attached Social Security (COVID-19 – Temporary Additional Support and Expiry and Regrant of Benefits) Amendment Regulations 2020 (the Amendment Regulations) and the Order in Council enable MSD to have discretion to temporarily exempt from expiry specified

⁴ Clients, whose benefit has been cancelled due to their failing reapplication requirements, have to apply for assistance as a new applicant.

recipients of Temporary Additional Support, Jobseeker Support and Sole Parent Support in exceptional circumstances.

- 49 I seek your approval to submit the Amendment Regulations and the Order in Council to the Executive Council. Given the urgency of the changes required, I also seek a waiver of the 28-day rule so that the Amendment Regulations and the Order in Council can come into force from 30 March 2020, on the basis that they only confer benefits on the people impacted.

Alongside these initiatives, there is also opportunity to free up capacity by delaying the introduction of the emergency housing contribution

- 50 Currently, Emergency Housing Special Needs Grants (EH SNGs) cover the full cost of the client and their family's accommodation. Cabinet has recently agreed to introduce a 25 percent of income contribution for clients receiving EH SNGs, if they have remained in emergency housing for more than seven nights (emergency housing contribution) [CAB-19-MIN-0672]. This will align emergency housing assistance with other forms of assistance that require clients to contribute towards their accommodation costs.
- 51 The emergency housing contribution was to commence from 30 March 2020, and this has been publicly announced and communicated to clients. The IT system changes for phase one⁵ implementation are also close to completion. However, the new emergency housing contribution will require significant resourcing to administer, as much of the process is manual⁶ until the final automated system is in place by 2021.
- 52 Delaying would free up MSD staff capacity to focus on COVID-19 related initiatives and demand instead. It would also ensure that in the changing economic environment, with potential for significant job losses, MSD is not unnecessarily creating stress for clients in emergency housing or those seeking emergency housing as a result of COVID-19 impacts.
- 53 Therefore, I have delayed the commencement of the emergency housing contribution for an initial period of 12 weeks. MSD will monitor the situation and refer back to me should this delay require further extension.
- 54 Despite any deferral of the contribution, the IT build for the emergency housing contribution will remain in place, and a rapid commencement at a future date would be possible.
- 55 MSD will also be ceasing new assessments for Public Housing for the duration of the COVID-19 Level 4 to reduce frontline pressures, as it will free up capacity equivalent to approximately 45 FTEs. New applicants can continue to receive Emergency Housing support if required.
- 56 In addition, MSD is working to quickly re-assess Income Related Rent Subsidy for clients whose income has reduced as a result of COVID-19.

Work is also underway to implement new Emergency Benefit powers under the domestic epidemic management notice issued recently

- 57 A domestic epidemic management notice has been issued under section 8(1) of the Epidemic Preparedness Act 2006 and will take effect from Wednesday 25 March 2020. This could enable MSD, with my direction, to:

⁵ Phase one refers to the initial manual processes that will be in place to apply the contribution.

⁶ The process is expected to require approximately 35-40 full-time equivalents (FTEs) frontline staff to administer, tailing off to 21 FTEs as automated system roll outs are put in place.

57.1 pay Emergency Benefits to people who are assessed as not usually eligible (following written approval from the Minister for Social Development, under section 64 of the Social Security Act 2018)

57.2 waive the specific legal requirement on MSD to inquire into every claim for a benefit, and

57.3 make a range of regulations that would provide MSD with the ability to deliver services in new ways and free up key frontline resource within MSD.

58 s 9(2)(f)(iv)

59 MSD is also working to identify where the streamlined application provisions and regulation-making powers can be used to complement the initiatives discussed above by further reducing face-to-face engagements with clients within existing settings.

60 I have directed officials to provide urgent advice on what groups could be paid an Emergency Benefit under section 64 of the Social Security Act. This could include people that cannot satisfy the legal requirements for a main benefit, for example, because:

60.1 they cannot access and provide the proof MSD requires to grant a main benefit

60.2 they are applying on the grounds of a health condition, injury or disability and cannot provide a medical certificate or alternative evidence

60.3 carers of disabled people and people with a health condition who cannot provide a medical certificate

60.4 s 9(2)(f)(iv)

61 s 9(2)(f)(iv)

62 s 9(2)(f)(iv)

Financial implications

63 The potential financial implications of making changes to the MSD's operating model are uncertain, as they depend on the demand for services and how long these measures remain in place. Demand for these services is likely to grow far more than has been previously forecasted as we enter a state of rapid economic change.

64 Given the above points, most of the changes have been unable to be robustly costed in the time available.

65 Officials have been able to develop indicative estimates for some of the initiatives:

- 65.1 the regulatory changes related to TAS and 52-week reapplications
- 65.2 changes to the medical certificate process for Jobseeker Support clients
- 65.3 deferral of annual reviews, including Special Benefit expiries
- 65.4 changes to obligations for clients

66 The table below outlines the estimated fiscal implications:

Vote Social Development	\$m - increase/(decrease)				2023/24 & outyears
	2019/20	2020/21	2021/22	2022/23	
Minister for Social Development Benefits or Related Expenses:					
Jobseeker Support and Emergency Benefit	13.763	48.979	-	-	-
Sole Parent Support	1.166	9.209	-	-	-
Supported Living Payment	0.003	0.003	-	-	-
Disability Assistance	0.731	1.829	-	-	-
Hardship Assistance	4.754	25.143	-	-	-
Minister of Housing					
Accommodation Assistance	1.056	8.807	-	-	-
Total Operating	21.473	93.970	-	-	-

67 I assume that these measures will be in place for an initial six-month period (with 52-week reapplications cleared for 12 months), but this could change depending on the continued impact of COVID-19. Officials will monitor the operating model for any significant increase in cost and provide further advice to the relevant Ministers as needed.

Legislative implications

Social Security (COVID-19 – Temporary Additional Support and Expiry and Regrant of Benefits) Amendment Regulations 2020 and the Epidemic Preparedness (Social Security Act 2018 – Temporary Additional Support) Immediate Modification Order 2020

68 To implement initiatives discussed above (paragraph 36), amendments to the Social Security Regulations 2018 and an Order in Council are required enabling MSD to have the discretion to temporarily exempt from expiry specified recipients of Temporary Additional Support, Jobseeker Support and Sole Parent Support in exceptional circumstances.

Timing and 28-day rule

69 The Social Security (COVID-19 – Temporary Additional Support and Expiry and Regrant of Benefits) Amendment Regulations 2020 (the Amendment Regulations) and the Epidemic Preparedness (Social Security Act 2018 – Temporary Additional Support) Immediate Modification Order 2020, if approved, will be submitted to the Executive Council on 26 March 2020, published in the New Zealand Gazette on 26 March 2020, and will come into force on 30 March 2020.

70 A waiver of the 28-day rule is sought on the grounds that the Amendment Regulations and the Order in Council only confer benefits on the people impacted, and the changes are made in response to an emergency (COVID-19).

Compliance

71 The Amendment Regulations and the Order in Council comply, where applicable, with the following:

71.1 the principles of the Treaty of Waitangi;

71.2 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993;

71.3 the principles and guidelines set out in the Privacy Act 1993;

71.4 relevant international standards and obligations; and

71.5 Legislation Guidelines: 2018 edition, published by the Legislation Design and Advisory Committee.

Regulation Review Committee

72 There are no grounds for the Regulations Review Committee to draw the Amendment Regulations to the attention of the House under Standing Order 319.

Certification by Parliamentary Counsel

73 The Amendment Regulations and the Order in Council have been certified by the Parliamentary Counsel Office as being in order for submission to Cabinet.

Impact analysis

74 These proposals have been developed in short timeframes as the COVID-19 Alert Level has been raised. As such, a formal regulatory impact assessment has not been prepared.

Human Rights

75 There are no human rights implications arising from the proposals in this paper.

Population implications

76 Moving to an operating model that is primarily online and phone-based may create issues for disabled clients with access needs who prefer face-to-face communication or may need support to complete an application.

77 MSD will be working on communicating these changes to the disability sector, including working with other organisations who can provide additional support to this group.

78 In general, however, the proposals will enable MSD to better support its clients, of which Māori, Pacific peoples, disabled people and people with a health condition make up a significant proportion.

Consultation

- 79 The Department of the Prime Minister and Cabinet has been informed and The Treasury was consulted. Due to the truncated drafting timeframes of this paper, consultation with other agencies was not possible.

Proactive release

- 80 This Cabinet paper will be proactively released, with redactions made consistent with the Official Information Act.

Recommendations

It is recommended that the Committee:

- 1 **note** that the unprecedented social and economic impact of COVID-19 requires the Ministry of Social Development (MSD) to make urgent changes to its operating model in order to manage demand for services and ensure the health and safety of clients and staff
- 2 **note** that MSD will be implementing various initiatives temporarily to free up staff capacity and improve client experience immediately
- 3 **note** that the following temporary initiatives do not require legislative change and that MSD will be implementing them with effect from Monday 30 March 2020 for an initial period of six months:
 - 3.1 Temporarily remove the requirement to provide subsequent work capacity medical certificates
 - 3.2 Defer Disability Allowance reviews for cost and medical eligibility
 - 3.3 Extend out the review period for Child Disability Allowance
 - 3.4 Defer review of health conditions for Supported Living Payment clients
 - 3.5 Defer Emergency Benefit expiries
 - 3.6 Defer any Special Benefit expiries
 - 3.7 Modify application and verification requirements to streamline the process for new clients
 - 3.8 Defer other annual reviews of client circumstances
 - 3.9 s 9(2)(k)
- 4 **note** that the current requirement to provide subsequent work capacity medical certificates for clients receiving Jobseeker Support on the grounds of a health condition, injury or disability (JS-HCD) at fixed intervals was set by Cabinet in 2010 [CAB min (10)7/10].
- 5 **agree** to rescind the 2010 Cabinet decision which will allow MSD to temporarily remove the requirement to provide subsequent work capacity medical certificates for JS-HCD clients (recommendation 3.1 above)

- 6 **authorise** the Minister for Social Development to have delegated authority to determine at what intervals, outside of the 52-week reapplication, to require JS-HCD clients (and any other clients as relevant) to provide work capacity medical certificates for the purposes of:
- 6.1 confirming their continued eligibility, and/or
 - 6.2 determining what work or work preparation obligations would be suitable
- 7 **agree** that the above delegated authority includes the ability for the Minister for Social Development to temporarily suspend the requirement to provide subsequent work capacity medical certificates in exceptional circumstances for all or some clients, where it is not reasonable to expect a specified group of clients to provide medical certificates for a period of time

Legislative changes

- 8 **note** that MSD also proposes to temporarily:
- 8.1 defer all reapplications for Temporary Additional Support (TAS) for an initial period of six months
 - 8.2 extend out all upcoming 52-week reapplication for Jobseeker Support clients and Sole Parent Support clients to 104 weeks
- 9 **note** that these initiatives will require amendment to the Social Security Regulations 2018 and an Order in Council
- 10 **agree** to amend the Social Security Regulation 2018 and make an Order in Council to enable MSD to have discretion to temporarily exempt from expiry specified recipients of Temporary Additional Support, Jobseeker Support and Sole Parent Support in exceptional circumstances
- 11 **authorise** the submission of the Social Security (COVID-19 – Temporary Additional Support and Expiry and Regrant of Benefits) Amendment Regulations 2020 (the Amendment Regulations) and the Order in Council to the Executive Council to give effect to the decision referred to in recommendation 10 above
- 12 **note** that a waiver of the 28-day rule is sought on the grounds that the Amendment Regulations and the Order in Council only confer benefits on the people impacted, and the changes are made in response to an emergency (COVID-19).
- 13 **agree** to waive the 28-day rule so that the Amendment Regulations and the Order in Council can come into force on 30 March 2020

Delaying the implementation of the Emergency Housing contribution payment

- 14 **note** that Cabinet has previously agreed to introduce a 25 percent of income contribution for clients receiving Emergency Housing Special Needs Grants if they have remained in emergency housing for more than seven nights (emergency housing contribution) [CAB-20-MIN-005]
- 15 **note** that the emergency housing contribution is to commence from Monday 30 March 2020, and this has been publicly announced and communicated to clients
- 16 **note** that the Minister for Social Development has delayed the commencement of the new emergency housing contribution as delaying would free up MSD staff capacity to focus on

COVID-19 related initiatives and minimise stress for clients in emergency housing or those seeking emergency housing as a result of COVID-19 impacts

Emergency Benefit powers under the domestic epidemic management notice

17 **note** that on Monday 23 March 2020, the Prime Minister issued a domestic epidemic management notice under section 8(1) of the Epidemic Preparedness Act 2006, taking effect from 25 March 2020

18 **note** that the domestic epidemic management notice enables MSD to pay Emergency Benefits to people who are not usually entitled (with the written approval of the Minister for Social Development), and to waive its statutory responsibility to inquire into every claim for a benefit

19 s 9(2)(f)(iv)

20 s 9(2)(f)(iv)

21 s 9(2)(f)(iv)

Financial recommendations

22 **agree** to increase spending to provide for costs associated with the policy decisions above with the following impacts on the operating balance and net core Crown debt:

Vote Social Development Minister for Social Development	\$m - increase/(decrease)				2023/24 & outyears
	2019/20	2020/21	2021/22	2022/23	
Operating Balance and Net Core Crown Debt Impact	19.787	87.352	-	-	-
Operating Balance Impact Only	-	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-	-
No Impact	1.686	6.618	-	-	-
Total	21.473	93.970	-	-	-

- 23 **approve** the following change to appropriations to fund the changes to the operating model with a corresponding impact on the operating balance and net core Crown debt:

Vote Social Development	\$m - increase/(decrease)				2023/24 & outyears
	2019/20	2020/21	2021/22	2022/23	
Minister for Social Development					
Benefits or Related Expenses:					
Jobseeker Support and Emergency Benefit	13.763	48.979	-	-	-
Sole Parent Support	1.166	9.209	-	-	-
Supported Living Payment	0.003	0.003	-	-	-
Disability Assistance	0.731	1.829	-	-	-
Hardship Assistance	4.754	25.143	-	-	-
Minister of Housing					
Accommodation Assistance	1.056	8.807	-	-	-
Total Operating	21.473	93.970	-	-	-

- 24 **agree** that the proposed changes to appropriations for 2019/20 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply
- 25 **agree** that the expenses incurred above will be established outside Budget allowances, with a corresponding impact on the operating balance and net core Crown debt
- 26 **note** that the Minister for Social Development will report back to Cabinet if further changes to MSD's operating model are necessary that require Cabinet approval, and in due course on the impact of the current proposals.

Authorised for lodgement

Hon Carmel Sepuloni
Minister for Social Development