

Aide-mémoire



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

Cabinet paper

Date: 4 March 2020

Security Level: Budget Sensitive

For: Minister Sepuloni, Minister for Social Development

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Initial income stand-downs – policy settings and options for change

Cabinet Committee

Ad Hoc Cabinet Committee on COVID-19 Response (CVD)

Date of meeting

4 March 2020

Proposal

You are presenting this Cabinet paper which provides options on changing stand-down periods, including the financial, operational and legislative implications of the respective options. The three options for removing stand-downs in the paper are:

- removing the stand-down period permanently for everyone (s 9(2)(f)(iv))
- removing the stand-down period temporarily for everyone
- removing the stand-down period for a defined group of people, a particular sector, and/or a particular region.

Talking points

- As you all know, there is currently a high degree of uncertainty on the economic impacts of COVID-19. However, now would be the appropriate time to consider whether changes to existing policy settings in the benefit system are needed to ensure that it continues to support those in need.
- There has been some discussion among Ministers about the possibility of removing income stand-down periods, to ensure that people have earlier access to financial assistance and are not put into unnecessary hardship.
- I consider there to be three broad options for removing stand-downs – removing them permanently, temporarily, or a targeted approach to only a particular group, sector or region.
- While there are pros and cons for each option, at this stage the targeted option is not recommended due to

the significant equity, precedent-setting and administrative issues it would present.

- I am seeking a decision on what the Committee's preferred option is. Pending this decision, I will direct my officials to provide further advice on the operational, legislative and financial implications of the chosen option.

Background

This Cabinet paper was written in response to the Cabinet meeting on 2 March 2020, where you were invited to 'provide further advice to Ministers on 4 March 2020 on whether the stand-down period could be removed for workers who lose employment as a result of the economic impact of COVID-19' [CAB-20-MIN-0068 refers].

s 9(2)(f)(iv)

As the Cabinet paper notes, with the temporary removal of stand-downs option, the change can be made by amending the Social Security Regulations 2018 only. s 9(2)(h)

If questions are raised as to whether implementation timeframes for removing stand-downs can be shortened, you may wish to note that MSD is currently exploring an alternative implementation option that would involve an interim method for removing stand-downs. This interim measure can shorten the implementation timeframes for both the permanent and temporary removal of stand-downs option from three months to about four weeks. MSD are continuing to work through the risks of this interim measure.

Next steps

Pending a decision on an option from CVD, further work will be done to refine the operational, legislative and financial implications of the chosen option. This work includes, but is not limited to:

- drafting financial recommendations and identifying a funding source (we will work with Treasury on this)
 - drafting recommendations for the necessary legislative amendments
 - confirming the implementation date of the chosen option
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- drafting a Regulatory Impact Analysis.
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