

Report

Date: 4 June 2026

To: Hon Louise Upston, Minister for Disability Issues

File Reference: REP/26/6/418

Security Level: In Confidence

DSS Bill and Paid Family Care - Update on Timelines

Purpose

- 1. The purpose of this report is to provide a brief update on and overview of the timelines for different strands of work related to the DSS Bill and paid family carers.

Recommendations

It is recommended that you:

- (1) **note** the timing of the Select Committee process and departmental report
- (2) **discuss** with officials changes to the DSS Bill that require Cabinet approval **yes | no**
- (3) **note** high level timelines for work on the new support package for carers
- (4) **s 9(2)(h)**
- (5) **discuss** with officials high-level timelines for and scope of Phase 2 legislation **yes | no**

(6) **agree** to seek Cabinet approval for the high-level policy direction and parameters for Phase 2 legislation

agree | disagree

Hon Louise Upston
Minister for Disability Issues

Date



Justine Cornwall
General Manager, Policy
Disability Support Services

4 June 2026

Introduction

2. There is significant work underway over the coming months relating to the passage of the DSS Bill and other matters stemming from the paid family care issue.
3. This report provides a brief update and overview of key activity, including:
 - 3.1. The DSS Bill and Select Committee Process
 - 3.2. Work on a new support package for carers
 - 3.3. s 9(2)(h)
 - 3.4. Early work on Phase 2 legislation for DSS
4. A summary view of the timelines is provided in Appendix 1.
5. In addition to the reports to you signalled in the timeline, we will continue to update you on progress across this work through the usual cycle of fortnightly reports, officials' meetings and regular contact with your office.

DSS Bill and Select Committee Process

Select Committee process and Departmental Report

6. The DSS Bill is being considered by the Social Services and Community Select Committee (the Committee), with a target report back date of 13 August 2026.
7. At time of writing, the Committee has received over 1000 written submissions on the Bill. Submissions will close on 12 June 2026. The Committee is intending to hear oral submissions across three days on the 23, 24, and 25 June 2026, and consider the Departmental Report on 1 July 2026.
8. To meet the challenging timeframe for producing the Departmental Report while allowing adequate time for you to review we propose to provide you with an initial draft reflecting the written submissions only on 18 June 2026. This will then be revised following the oral hearings, with an updated draft to be provided to your office on 26 June 2026.
9. The Committee will consider the report on 1 July 2026. Should the Committee consider significant changes to the Bill are required after hearing oral evidence then the Clerk has indicated that the Committee will sit and consider the Departmental Report the following week (8 July 2026).
10. The timing of the Committee's consideration of the Departmental Report is intended to allow sufficient time for PCO to make changes to the Bill ahead of the report back date.

Paper seeking Cabinet approval for changes to the Bill

11. We anticipate that there will be changes to the Bill that require Cabinet approval. This includes additional employment-related provisions that interact with other legislation that were identified following external legal advice received after the Bill had lodged for introduction.
12. There are two examples of this:

- 12.1. Clarifying that the Crown or contracted providers are not a Person Conducting a Business or Undertaking (PCBU).
- 12.2. Removing the ability of the Crown or contracted providers to be considered a party that could be subject to penalties for breaches of employment agreements.
13. These two matters align with the broader policy intent that the Crown or its providers were never intended to be the employer of carers, or a party in the employment relationship between a disabled person and their carer. We are working with the Ministry of Business, Innovation and Employment on the proposals.
14. There may also be further changes arising from the written and oral submissions that required Cabinet approval.
15. In preparation for this we are planning a paper to be considered by the Cabinet Legislation Committee and subsequently Cabinet by 3 August 2026.
16. We will provide advice on these employment matters, and other issues arising from the submissions process, and a draft cabinet paper by 10 July 2026. Officials will brief you on the proposals in the paper at the DSS Officials meeting on 25 June 2026.

Work on new support package for carers

17. We recently provided you with advice on the policy direction for the new carer support package [REP-26-4-268 refers].
18. s 9(2)(f)(iv)

- 18.1. s 9(2)(f)(iv)

- 18.2.
- 18.3.
19. If any decisions are needed in the interim for the Bill, we will include these in broader advice on the Bill. This could include provisions that clarify the tax status of carer payment recipients that we provided advice on in the paper referred to above.
20. We will form a group of key stakeholders to input into the proposed carers package. We will look to have this group in place by the end of June 2026. This work programme will also be supported by an interagency working group made up of representatives from the Ministry of Health, Health NZ, Accident Compensation Corporation, and Oranga Tamariki.
21. We will come back to you with further advice in October 2026 on the work, with a view to seeking Cabinet policy approvals for the payment and associated ministerial programme

by the end of 2026. We will also advise on the need for any Budget 2027 investment to support the package.

22. Following Cabinet policy approvals, the carers package will need to be included in a ministerial programme or programmes.

s 9(2)(h)

23. s 9(2)(h)

24.

25.

26.

27.

28.

29.

Early work on Phase 2 Legislation

Cabinet paper seeking direction on further legislation for DSS

30. In the Cabinet paper seeking policy decisions for the DSS Bill we noted that a two-phase approach to legislation was planned [CAB-26-MIN-0115 refers]. Phase 1 sets up the foundational authorising framework and responds to employment matters.

31. The Bill's timing of mid-2026 was in part determined by taking a precautionary approach to employment claims pending in the courts which have the potential for significant fiscal cost to DSS and flow on disruption to the provision of disability support. Phase 1 prioritised measures considered necessary to ensure the resilience of DSS.

32. Phase 2 will build on this foundation with further measures that will:

- 32.1. reinforce the gains made by DSS in organisation and system capability improvements (for example, commissioning and procurement)

- 32.2. pick up elements from phase 1 that have been placed in secondary legislation, but which might be better placed in primary legislation (for example, eligibility settings)
- 32.3. promote the dignity and safety of system users, particularly in relation to duty of care in response to the recommendations from the Royal Commission of Inquiry into Abuse in State Care (for example, in safeguarding and oversight, and appeals and complaints processes)
- 32.4. providing powers or other measures that enable DSS to carry out its mandated functions (for example, where DSS relies on operational policy and/or contracts and which leaves DSS open to challenge, information sharing provisions including interactions with the welfare system)
- 32.5. explore opportunities to learn from experiences with other support systems domestically (for example, ACC and welfare) and internationally (for example, Australia).

What the advice to Cabinet will cover?

- 33. In the Cabinet paper aiming for the Cabinet Social Outcomes Committee meeting on 2 September 2026, we will seek agreement to the high-level policy direction for phase 2 and the parameters of the legislative options that are to be developed.
- 34. If agreed, we will prepare detailed advice on the options, with the intention to return to Cabinet to seek policy decisions for legislation by mid-2027.

Next steps

- 35. In addition to the planned reports and papers outlined here, we will update you on the progress of the work covered in this report through regular fortnightly reporting and officials' meetings.

Author: Stu Murphy, Policy Workstream Lead, DSS

Responsible manager: Justine Cornwall, General Manager, Policy, DSS

Appendix 1 – Summary of Timelines

Reports and Papers to Minister in **bold**

Work strand	June	July	August	September onwards
DSS Bill	12 June – Submissions Close 18 June – Draft departmental report for Minister review 23-25 June – Oral Hearings 26 June – Revised departmental report for minister review* 29 June – Report to Clerk*	1 July – Committee consider report* 10 July – LEG Cabinet Paper and Report to Minister 13-17 July – LEG Paper consultation 21 July - Updated paper to Minister for approval to lodge 23 July – Lodge LEG paper 30 July – Paper considered at LEG committee	3 August – Paper considered at Cabinet 13 August – Report back From 18 August – Subsequent readings	Before 24 September – Bill received Royal Assent

Work strand	June	July	August	September onwards
Carer Support Package	1 June work commences on the design of the payment mechanism	3 July – Update report to Minister on the workplan and timeline		s 9(2)(f)(iv)

IN-CONFIDENCE

Work strand	June	July	August	September onwards
DSS Phase 2 Legislation		29 July – Draft SOU paper and covering report to Minister	10-21 August – SOU Cabinet paper consultation 25 August - Updated paper to Minister for approval to lodge 27 August – Lodge SOU Paper	2 September – Cabinet Paper considered by SOU 7 September – Paper considered by Cabinet

*This date may move back by approximately 1 week depending on the extent of changes to the Bill sought following Oral Hearings.