

Chair
Cabinet Social Wellbeing Committee

CHANGES TO HARDSHIP ASSISTANCE ACCESS REQUIREMENTS FOR PEOPLE IN NEED

Proposal

1. I propose the Cabinet Social Wellbeing Committee (SWC) agree to rescind a 2010 Cabinet decision which requires people who have received three or more grants of hardship assistance within 12 months to complete a compulsory budgeting activity before they are able to receive further hardship assistance [CAB MIN (10) 7/10 refers].

Hardship assistance is available to help people with immediate and specific needs

2. The Social Security Act 2018 provides hardship assistance¹ for people with insufficient income and assets, and who have immediate and specific needs that cannot be met from their own resources.
3. The previous Government introduced requirements through a process for receiving hardship assistance in 2010 as part of the Future Focus changes [CAB Min (10) 7/10 refers].
4. The 2010 Cabinet agreed that a person who applied for three or more hardship grants within a 12-month period was required to:
 - 4.1 demonstrate that they have taken reasonable steps to improve their situation before they are able to receive further hardship assistance; and
 - 4.2 complete a compulsory budgeting activity before they were able to receive further hardship assistance.
5. If people who applied for three or more hardship grants within a 12-month period did not fulfil these requirements, further hardship grants would not be approved.
6. Cabinet also agreed that MSD had limited discretion to waive this requirement on a case-by-case basis where such an activity is unlikely to be beneficial, or to apply it earlier if it would be helpful [CAB MIN (10) 7/10].
7. Amendments were then made to the legislation applying to hardship grants² which gave MSD discretion to require beneficiaries to undertake a budgeting activity when applying for hardship assistance. The Ministry has been complying with the legislation since then.

¹ Hardship assistance means special needs grants and recoverable assistance granted under programmes made under section 101 of the Social Security Act 2018, and advance payments of benefit made under section 347 of the Social Security Act 2018.

² The legislative authority to support this approach is set out in sections 347-8 of the Social Security Act, regulations 201-204 of the Social Security Regulations 2018, clause 6.4 of the Ministerial direction re advance payments of benefit, clauses 9.12-9.18 of the Special Needs Grants welfare programme, and clauses 9.5 – 9.11 of the Recoverable Assistance welfare programme.

MSD has changed requirements for budgeting activities from compulsory to discretionary

8. Anecdotal frontline experience since 2010 was that few people who were required to undertake budgeting activities derived any value from them, and that the requirements were a barrier to assistance for people in genuine need. The compulsory requirements undermined the case manager-client relationship. Clients felt the requirement, and the consequences of non-compliance, were punitive, and not designed to support them. By the same token, case managers were not encouraged to work with clients to address causes of hardship because the requirement was applied by default.
9. Since March 2019, MSD no longer requires people who have applied for hardship assistance three or more times in a 12-month period to undertake compulsory budgeting activities as a matter of course.
10. This means people in need are able to access hardship assistance when they need it. Case managers can now exercise discretion to make referrals for people to undertake budgeting activities when, in their view, it would help people to better manage their financial situation. As such, budgeting support is still available where there is a genuine value. Case managers check people are receiving their full and correct entitlements when they apply for hardship assistance as standard procedure. Case managers also work with high hardship users to identify and address reasons for hardship. Referrals to budgeting services are one of the tools case managers can use.
11. Rescinding this decision means that Work and Income case managers still have discretion to refer people to complete budgeting activities where they think it will be of value, rather than it being an administrative burden on the social sector for no gain.
12. It is too early to determine whether this change has affected the number of hardship assistance applications. However, the change has been received positively by the budgeting services sector as it recognises that undertaking budgeting activities under compulsion and at the point of crisis does not result in positive behaviour change. MSD anticipates a decline in the high number of no-shows or one-off session attendances which providers anecdotally attribute to Work and Income referrals.
13. This change is consistent with the Government's commitment to making the social welfare system fairer and more accessible for all New Zealanders. The change also supports MSD's efforts to improve its service culture by removing unnecessary barriers to access for people in need and improving the relationship between case managers and clients.

I seek Cabinet agreement to rescind the 2010 Cabinet Decision

14. This change in operational practice complies with the Social Security Act 2018 and no legislative change is needed to implement these processes. It is, however, contrary to the 2010 Cabinet decision.
15. On 8 May 2019 Minister Henare took an oral item to SWC on my behalf seeking decisions on these hardship assistance changes. On 13 May 2019 Cabinet referred the item back to SWC for further consideration.
16. I seek Cabinet's agreement to rescind the 2010 Cabinet decision which requires people who have received three or more grants of hardship assistance within 12 months to complete a compulsory budgeting activity before they are able to receive further hardship assistance. Rescinding the decision will allow MSD to exercise its powers to set operational policy on this matter.

Consultation

17. The Department of the Prime Minister and Cabinet (Policy Advisory Group) has been informed of the contents of this paper. The contents of this paper have also been discussed as an oral item at a previous SWC meeting.

Financial implications

18. There are no expected fiscal implications arising from this change to operational policy.

Human rights implications

19. There are no human rights implications arising from this change to operational policy.

Legislative implications

20. There are no legislative implications arising from this change to operational policy.

Regulatory impact and compliance cost statement

21. There is no regulatory impact or compliance cost arising from this change to operational policy.

Gender implications

22. There are no gender implications arising from this change to operational policy.

Disability perspective

23. There is no disability perspective arising from this change to operational policy.

Publicity

24. There is no publicity planned for the operational changes discussed in this paper.

Proactive Release

25. I intend to proactively release this Cabinet paper within standard timeframes.

Recommendations

26. It is recommended that the Committee:
 - 1 note New Zealand's social security system includes hardship assistance for people with insufficient income and assets, and who have immediate and specific needs that cannot be met from their own resources;
 - 2 note the previous Government made budgeting activities compulsory for people applying for hardship assistance three times or more within a 12-month period, with limited discretion for case managers to consider whether this requirement should be waived taking into account individual circumstances [CAB MIN (10) 7/10 refers];

- 3 note the Ministry of Social Development has found few people benefited from this compulsory requirement and that the requirement was a barrier to accessing assistance for people in genuine in need;
- 4 agree to rescind the 2010 Cabinet decision which makes budgeting activities compulsory for people applying for hardship assistance three times or more within a 12-month period;
- 5 note this change in operational practice complies with the Social Security Act 2018 and no legislative change is needed to implement these processes;
- 6 note the Ministry of Social Development will ensure that budgeting activities will be required in circumstances where case managers determine that people would benefit from budgeting advice to better manage their financial situation;
- 7 note the Ministry of Social Development will continue to work with high hardship assistance users to ensure they are receiving full and correct entitlement and identify and address reasons for hardship; and
- 8 note this change is consistent with the Government's commitment to making the social welfare system fairer and more accessible for all New Zealanders.

Authorised for lodgement

Hon Carmel Sepuloni
Minister for Social Development