

Aide-mémoire



MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Cabinet paper

Date: 5 April 2019 **Security Level:** Cabinet Sensitive

For: Hon Carmel Sepuloni, Minister for Social Development

File Reference: REP/19/4/291

Changes to Income and Cash Assets Tests – Methamphetamine Contamination Recovery

Cabinet Committee Cabinet Social Wellbeing Committee

Date of meeting 10 April 2019

Minister Hon Carmel Sepuloni, Minister for Social Development

Proposal You are seeking approval to amend income and cash assets tests for social security assistance. This will exempt refund payments for debt incurred due to the former zero-tolerance approach to methamphetamine contamination.

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Our advice

People incurred debt with MSD as a result of the former zero-tolerance approach to methamphetamine contamination

HNZ's former zero-tolerance approach to methamphetamine contamination resulted in a number of tenancies being unnecessarily terminated. A number of people incurred debt with MSD, including main tenants, additional signatories and other occupants. This debt comprised of Recoverable Emergency Housing Special Needs Grants and other recoverable assistance.

We previously advised you to write off debt for all recoverable assistance related to the zero-tolerance approach

We considered that people affected by the zero-tolerance approach should not be adversely impacted by debt accrued from seeking financial assistance following tenancy terminations. You and the Minister of Finance agreed to write off debt for all recoverable assistance related to the zero-tolerance approach, using powers contained in the Social Security Act 2018 and associated regulations [REP/19/2/129 refers].

Some people may receive refunds as a result of the debt write off

We are implementing an operational process for the debt write-off to occur for all affected parties. This will involve checking their circumstances and writing off their debt. Some clients have made repayments on their debt and we will be providing refunds where appropriate.

We consider that it would be unfair to penalise people who were affected by the zero-tolerance approach by reducing their social security assistance entitlements, such as financial assistance from MSD and eligibility to Public Housing and Income Related Rent, because of income and cash assets tests.

Cabinet have already similarly exempted HNZ discretionary grants that were given to assist people adversely affected by the zero-tolerance approach.

This paper seeks agreement to exempt refund payments from income and cash assets tests

It is proposed that refund payments be exempted from income and cash assets tests.

With Cabinet's agreement, the exemptions will be made through the submission to the Executive Council of the Amendment Regulations:

- Social Security (Cash Assets and Income Exemptions – Refunds of Specified Debt Repayments) Amendment Regulations 2019
- Residential Care and Disability Support Services (Exempt Assets – Refunds of Specified Debt Repayments) Amendment Regulations 2019.

It is proposed that a 12 month exemption period apply to these refund payments, consistent with other similar exemptions in the welfare system.

The paper seeks a waiver to the 28 day rule on the grounds that the Amendment Regulations confer only benefits for those affected by them.

The Cabinet paper also notes that you will amend the Ministerial Direction for the Special Benefit to exempt refund payments and any income derived from them, from cash assets and income tests for assistance under the Social Security Act 2018 and the Residential Care and Disability Support Services Act 2018 for a period of 12 months.

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