

Aide-mémoire



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Cabinet paper

Date: 16 March 2021 **Security Level:** Cabinet Sensitive

For: Hon Carmel Sepuloni, Minister for Social Development and Employment

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Update on work to reform financial assistance and support for caregivers

Cabinet Committee

Cabinet Social Wellbeing Committee (SWC)

Date of meeting

17 March 2021

Minister

Hon Kelvin Davis, Minister for Children

Proposal

This Cabinet paper provides an update on the work programme to reform financial assistance for caregivers as well as initial work being progressed to address immediate issues, and next steps.

We recommend that you **support** the proposal.

Key issues

This paper details the work to date on financial assistance for caregivers

A support package was delivered through the COVID-19 Response and Recovery Fund to address immediate issues faced by tamariki and their caregivers. Two of these initiatives were implemented in 2020:

- A \$25 base rate increase to the Orphan's Benefit (OB)/Unsupported Child's Benefit (UCB) and Foster Care Allowance (FCA) from 6 July 2020.
- Changes enabling caregivers to continue to receive FCA payments while the child is in respite care (for up to 20 days per year).

The remaining two initiatives require amendments to the Social Security Act 2018 before they can take effect. The Social Security (Financial Assistance for Caregivers) Amendment Bill (the Bill) makes these amendments by:

- Removing the requirement for OB/UCB caregivers to be likely to provide care for 12 months in order to be eligible from 1 July 2021.

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- Extending the provision of birthday and Christmas allowances to OB/UCB caregivers from late December 2021 (for birthdays from January 2022).

MSD is currently supporting Oranga Tamariki with the Bill (currently at the Select Committee stage) and doing the operational and IT work required to meet the above implementation dates for these initiatives.

This paper outlines the upcoming work programme on financial assistance for caregivers

In response to the review of financial assistance for caregivers undertaken in 2019, Cabinet agreed that officials consider several discrete policy areas and explore options to replace the three base rate payments with a single unified payment administered by a single agency.

The paper asks Cabinet to invite the Minister for Children to report back to SWC by the end of 2021 seeking agreement to a new model of financial assistance for caregivers.

Our advice

Potential implications for MSD of work to reform financial assistance for caregivers

MSD is supportive of the ongoing work but notes that the work programme is ambitious in scope and there is potential for significant operational, legislative and fiscal implications for MSD. For example, the Cabinet paper notes that work is underway to develop a simplified and unified payment model for all caregivers.

Should a single unified payment administered by a single agency be the preferred option, the implications for MSD will depend on which agency is preferred. ^{9(2)(f)(iv)}

s9(2)(g)(i) OIA, s9(2)(f)(iv) OIA

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Timing and resourcing of the work programme

While Cabinet agreed that officials would *explore* replacing the three base rate payments with a single unified payment administered by a single agency, MSD considers that significant further work is required (from both MSD and Oranga Tamariki) to determine whether this would be the most appropriate model of financial assistance for caregivers.

The Cabinet paper seeks agreement for the Minister for Children to report back by the end of 2021 with a proposed new model of financial assistance for caregivers.

MSD considers this timeframe ambitious given the amount of work to be undertaken and MSD resourcing requirements across other key priority areas, such as, the review of Working for Families, work on Social Unemployment Insurance and the wider welfare overhaul work programme.

It is currently proposed that Oranga Tamariki, in consultation with MSD, report to you and the Minister for Children with initial options and advice in May 2021.

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