



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Report

Date: 24 July 2020

Security Level: IN CONFIDENCE

To: Hon Carmel Sepuloni, Minister for Social Development

Proposed approach for reviewing obligations and sanctions of the Social Security Act 2018 and relevant regulations

Purpose of the report

- 1 This report proposes an approach for reviewing obligations and sanctions as part of the welfare overhaul work programme, with an initial focus on the Comprehensive Work Assessment (CWA) and social obligations, including drug testing and warrant to arrest obligations and sanctions.

Executive summary

- 2 The Ministry of Social Development (MSD) temporarily changed the settings of our welfare system in response to increased demand from the COVID-19 pandemic [CAB-20-MIN-0086 and REP/20/3/286 refer]. Some of these settings were extended for a further six months [CAB-20-MIN-0328 refers]. This has provided MSD with an opportunity to modernise and simplify the settings of the welfare system to address both the objectives of the welfare overhaul work programme and manage the increased demand for MSD's services due to COVID-19.
- 3 In the Cabinet paper *Welfare Overhaul: Update on Progress and Long-Term Plan*, you signalled your intention to review obligations and sanctions, with an initial focus on those that impact on children [SWC-19-MIN-0168 refers]. Progress has been made with recent Cabinet agreement to remove the subsequent child policy and removal of the sanction for not naming the other parent.
- 4 A review of obligations and sanctions would lead to changes in areas where clients' experiences with MSD can be improved. The review could both reduce operational pressure and shift our system towards a mutual expectations framework in line with the Government's vision for the welfare system.
- 5 Due to the complex nature of some obligations and sanctions, Cabinet agreed that a comprehensive review will take place as a part of the medium-term welfare overhaul work programme [CAB-19-MIN-0578 refers]. A review of work-focused obligations and sanctions will be undertaken alongside further work on benefit eligibility and the expansion of MSD's employment services.
- 6 We propose that the review of obligations and sanctions of the Social Security Act 2018 (the Act) and relevant regulations is phased.
- 7 The administration of some obligation and sanctions under the current settings may divert front-line efforts away from effective employment-focused case management. Based on the anticipated impact of COVID-19 on demand for MSD support and other

work currently underway, we propose that the initial phase of the review will focus on areas where changes may improve client experience and simplify the system in the short-term.

- 8 We propose that our initial focus is to review the Comprehensive Work Assessment (CWA) and social obligations, including drug testing and warrant to arrest obligations and sanctions.
- 9 Our phased approach for the review of these obligations and sanctions will align with the overall engagement plan for the kaupapa Māori values and purpose and principles workstreams. These workstreams are part of the overall work programme to reset the foundations of the welfare system.

Recommended actions

It is recommended that you:

- 1 **agree** to a phased approach to review some obligations and sanctions in the Social Security Act 2018 and relevant regulations

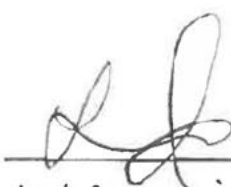
agree / disagree

- 2 **agree** that the phased approach will have an initial focus on the:

- 2.1 Comprehensive Work Assessment
- 2.2 social obligations
- 2.3 drug testing obligation and sanction
- 2.4 warrant to arrest obligation and sanction

agree / disagree

- 3 **note** that the phased approach will align with the overall engagement plan for the kaupapa Māori values and purpose and principles of the Social Security Act 2018 welfare overhaul workstreams
- 4 **note** that the workstreams in recommendation 2 are part of the work programme to reset the foundations of the welfare system
- 5 **note** that officials will provide you with further advice in early 2021 following engagement with key stakeholders.



Leah Asmus
Policy Manager
Welfare System and Income Support

24 July 2020
Date

Hon Carmel Sepuloni
Minister for Social Development

Date

Background

The Government is committed to overhauling the welfare system

- 10 This Government's vision is for a welfare system that ensures people have an adequate income and standard of living, are treated with respect, can live in dignity and are able to participate meaningfully in their communities.
- 11 In February 2019, the Welfare Expert Advisory Group (WEAG) provided its final advice in their report *Whakamana Tāngata: Restoring Dignity to Social Security in New Zealand*. The WEAG recommended significant and large-scale reform of the welfare system.
- 12 The WEAG recommended that the Government remove some obligations and sanctions (for example, pre-benefit activities, warrants to arrest sanctions, social obligations, drug-testing sanctions, 52-week reapplication requirements, sanctions for not naming the other parent, the subsequent child work obligation, and the mandatory work ability assessment for people with health conditions or disabilities).
- 13 On 6 November 2019, Cabinet endorsed a high-level short, medium, and long-term work programme for the welfare overhaul to achieve the Government's vision [CAB-19-MIN-0578 refers]. This includes a review of obligations and sanctions, with a focus on those that impact children, and a wider review to ensure obligations and sanctions are designed and implemented to support wellbeing outcomes [SWC-19-MIN-0168].
- 14 The Government has already removed the sanction for not naming the other parent, and has just agreed to remove the subsequent child policy [SWC-20-MIN-0101 refers]. The proposed approach outlined in this paper would enable us to provide advice on warrants to arrest sanctions, social obligations, drug-testing sanctions, and support our work to review 52-week reapplication requirements. Work on reviewing pre-benefit activities and the mandatory work ability assessment for people with health conditions or disabilities will take place in further phases of work.

We made temporary changes to the way we work in response to increased demand from COVID-19

- 15 A range of temporary changes were made to how the Ministry of Social Development (MSD) delivers its services in response to the COVID-19 pandemic to manage an unprecedented increase in demand and to ensure the health and safety of clients and staff [REP/20/3/286 refers]. For example, annual reviews and reapplications were deferred, identification and verification requirements were modified, and initial income stand-downs were temporarily removed to provide quick support to cushion the blow of COVID-19.
- 16 In June 2020, we provided you with advice on the status of the temporary changes and whether we should return to business as usual or look at opportunities to address known policy issues and welfare overhaul objectives [REP/20/6/687 refers]. Some of these settings (eg suspension of the 52-week reapplication process and suspension of initial income stand-down periods) were extended for a further six months [CAB-20-MIN-0328 refers]. These temporary changes have provided MSD with an opportunity to make changes that can further the Government's vision for the welfare system.

We now have an opportunity to review obligations and sanctions to improve our clients' experience and ensure we provide adequate support in the welfare system

- 17 The number of clients requiring urgent support as a result of COVID-19 will continue to increase. Respondents in the 2018 WEAG consultation process expressed that efficient, transparent and timely decisions are essential to ensure people have support when they need it. If MSD receives high volumes of clients in the short and medium-term, the administration of certain sanctions under pre-COVID-19 settings may prevent adequate and timely employment-focused support from MSD.
- 18 We need to move away from a system based on sanctions for non-compliance towards a mutual expectations framework to foster trust between our clients and MSD. We consider a review of obligations and sanctions provides an opportunity to

improve our clients' experience with MSD in line with the Government's vision for the welfare system, especially with increased clients impacted by COVID-19.

- 19 A review of obligations and sanctions also supports other welfare overhaul workstreams reviewing the temporary changes made during COVID-19 (eg periodic provision of medical certificates or the 52-week benefit reapplication process).

Proposed phased process for reviewing obligations and sanctions

We propose to review obligations and sanctions in two phases

- 20 The welfare overhaul medium-term work programme includes the review of all obligations and sanctions in the Act and relevant regulations, including those that impact children. The Government has previously indicated that it will not be removing all work-related obligations and sanctions [CAB-19-MIN-0170 refers]. You have confirmed that employment continues to be the priority expectation of people who are able to work [REP/19/7/634 refers].
- 21 In determining our approach in this advice, we have considered the impact of obligations and sanctions on children. Our main conclusion is that the application of any sanction to a parent has an impact on their children, though the nature and scale of the impact is difficult to quantify based on data we hold. The areas we have outlined for initial exploration include obligations and sanctions that only apply to families with children (for example social obligations apply to carers of dependent children).
- 22 Due to the complex nature of some obligations and sanctions, Cabinet agreed that a comprehensive review will take place as part of the medium-term welfare overhaul work programme [CAB-19-MIN-0578 refers]. A review of work-focused obligations and sanctions will be undertaken alongside further work on benefit eligibility and the expansion of the MSD's employment services.
- 23 As part of the next phases of work to explore other obligations and sanctions, for example work obligations, we will continue to have regard to the impact on children. Our advice will consider not only the legislative settings, but how they are operationalised and applied to families.

The initial phase of the review will prioritise changes to obligations and sanctions that could improve client experience

- 24 We received funding to provide additional case managers in Budget 2019. MSD's investment in front-line staff has led to an increase in proactive employment engagements. This has resulted in more people exiting benefit into work. Given the anticipated increase in client volume, an employment-focused approach will ensure clients exit into stable and secure employment.
- 25 The use of graduated sanctions has been slowly reducing from 8.3 per cent in March 2015 to 5.6 per cent in March 2020. This reduction could reflect our investment into proactive employment-focused case management.
- 26 We propose that the initial focus of the review is on areas where changes may improve client experience by simplifying the system and facilitating continued employment-focused case management.
- 27 Proposed changes to achieve these aims include reviews of the:
- Comprehensive Work Assessment (CWA)
 - social obligations
 - drug testing
 - warrant to arrest obligations.

Māori will be significantly impacted by any changes made to the obligations and sanctions regime

- 28 Māori make up approximately 36 per cent of all working age people receiving a benefit as a primary benefit recipient and are at risk of long-term welfare dependency. Māori have identified the ongoing impact of colonisation as an underlying cause of welfare dependency, and that the welfare system is individualised and fails to consider the role of whānau.¹
- 29 For all types of work obligations, the proportion of Māori who have a sanction applied during a month has been consistently higher than the proportion of non-Māori who have a sanction applied.
- 30 Through the WEAG public consultation, Māori recommended significant improvements to the welfare system in its cultural awareness and responsiveness, providing opportunities for Māori to determine how their needs are met, and the inclusion of iwi in the design and delivery of welfare support.
- 31 Any changes that are made to the obligation and sanction regime are likely to significantly impact Māori. The welfare system must reflect the needs of Māori. To ensure that any proposed changes to the obligations and sanctions regime contribute to this goal, we will underpin the review of obligations and sanctions with the kaupapa Māori values included in MSD's working policy framework.² We will also consider both te ao Māori and Te Tiriti o Waitangi in the analysis of these issues. Engagement with Māori on any proposals will be incorporated into the engagement plan for the review.

Proposed criteria for reviewing obligations and sanctions

We have tested the areas proposed for an initial review against five criteria

- 32 The criteria for prioritising the review of some obligations include:
- 32.1 *Aligns with the Government's vision for the welfare system* – to ensure that we are making changes that move us towards ensuring that people have an adequate income and standard of living, are treated with respect, can live in dignity and are able to participate meaningfully in their communities.
- 32.2 *Aligns with the purposes in MSD's working policy framework* – the framework sets out purposes which reflect MSD's role as a provider of social and financial support [REP/19/7/628 refers]. This includes employment-focused support for people to find and remain in suitable employment and housing, while partnering with other providers and clients to build their own social and economic wellbeing in a way which best suits their needs.
- 32.3 *Aligns with the values in MSD's working policy framework* – MSD's working policy framework identifies four values that should underpin the approach to the overhaul of the welfare system [REP/19/7/628 refers]. To align with the rest of the welfare overhaul objectives, a review of obligations and sanctions should be underpinned by these values.
- *Manaakitanga*: upholding people's dignity. We care for people and treat people with respect and compassion.
 - *Kotahitanga*: we are stronger when we work together. Kotahitanga is about partnering with government agencies, whānau, families, hapū, iwi, Māori and communities to deliver better outcomes.

¹ Views on New Zealand's welfare system; a summary of consultation responses to the welfare expert advisory group, December 2018, p 16.

² We provided this framework to you in July 2019 [REP/19/7/628 refers]. The purposes and values are outlined in paragraphs 32.2 and 32.3 respectively.

- *Whānaungatanga*: relates to relationships and connections across the system and within communities. Relationships bind and strengthen a sense of belonging across groups and individuals.
- *Takatutanga*: the state of readiness and preparedness to go beyond traditional boundaries, and seek to become full participants in the social and economic development activities of communities.

32.4 *Simplifies welfare system settings for clients* – this aligns with the goals of the welfare overhaul by streamlining processes where possible to improve the experience of clients.

32.5 *Reduces unnecessary compliance-based activities for MSD staff and clients* – this is intended to respond to the high levels of unemployment and demand for MSD services. We want to ensure that MSD staff are not having to prioritise work that is administratively burdensome but adds little value, ahead of providing clients with adequate and appropriate support.

We propose reviewing the Comprehensive Work Assessment

- 33 The Comprehensive Work Assessment (CWA) is a compulsory part of the 52-week reapplication process. The 52-week reapplication process has a dual policy rationale. The first limb aims to regularly assess a client's eligibility for a benefit, while the second limb (the CWA) reassesses the client's work capacity and which work obligations are appropriate for them.
- 34 Work-tested clients must reapply for their payment every 52 weeks. If a client does not complete their 52-week reapplication they cannot be regranted their benefit (their payments "cease"³). This is a blunt approach to an eligibility check and resembles a sanction for non-compliance.
- 35 You recently received advice on 52-week reapplications and their impact on clients [REP/20/6/687 refers]. We will provide you with further advice about its use as an eligibility check in late 2020. This review will inform part of the 52-week reapplication review by indicating whether a work capacity assessment needs to be tied to an eligibility check that carries a threat of cancellation.
- 36 As a work capacity assessment tool, we are uncertain that the CWA meets its policy rationale. Administration of the reapplication rule has become less comprehensive over time and has moved towards a more compliance-focused exercise of rapid checks on eligibility and work obligations. MSD's current practice places the burden on the client to comply with the CWA during time with case managers which could otherwise be spent having comprehensive discussion about how MSD can better support the client.
- 37 Further, the time period specified for the CWA (52 weeks) is arbitrary. A review of the CWA will indicate whether a review every 52 weeks is appropriate for all clients. If the policy goals are to ensure clients are entitled to their full and correct entitlement and that their work obligations are appropriate for their circumstances, clients may be better off completing a CWA when it best suits their needs.
- 38 We propose a review will indicate whether the CWA meets its policy rationale and enable us to explore any alternatives. This might include its replacement or removal through the new employment-focused model.
- 39 Prior to COVID-19, we began making operational changes which allow clients to interact with MSD using self-service options. For example, clients can now complete job profiles online and update their own records at any time in MyMSD. As you know, we are developing a new employment-focused operating model that builds on this new way of working.

³ This is set out in section 332(1) of the Social Security Act 2018.

- 41 Age standardised rates of receipt of working-age benefits are more than three times higher for Māori than non-Māori and are highest for Māori women. Achieving a more efficient benefit system by reforming the CWA will provide more valuable support to all clients in the 52-week reapplication process. This will make a difference to all working-age clients, especially the Māori population.
- 42 The below table demonstrates the rationale against our criteria for review of the CWA.

Criteria	Assessment
Aligns with the Government's vision for the welfare system	Potential for quality, proactive engagement with clients, moving towards an approach that takes into account a client's specific circumstances. Potential to improve client/staff interactions and build trust.
Aligns with MSD's working policy framework	<p>Purposes: Potential to improve the CWA to better understand clients' needs and goals to help them into paid employment and link them to other support services.</p> <p>Values: Supports <i>manaakitanga</i> by upholding client's dignity and <i>whanaungatanga</i> by fostering relationship building between clients and their case managers.</p>
Simplifies welfare system settings for clients	Removes additional forms and compliance, and an opportunity to streamline and tailor interactions for better results.
Reduces unnecessary compliance-based activities for MSD staff and clients	Potential to reduce compliance-based activities that do not add value.

There is an opportunity to review the rationale for social obligations

- 43 Social obligations are intended to encourage clients to use services essential for child wellbeing, including health checks and participation in Early Childhood Education and registered schools. Social obligations recognise that there are at-risk children in families receiving social assistance, therefore the welfare system can be used to encourage activities that can be beneficial for at-risk children.
- 44 We propose that there is an opportunity to review the rationale for social obligations. We could reconsider the role of social obligations in light of the Government's vision for a welfare system that is a more supportive, outcomes-oriented operating model based on *Whakamana Tāngata*, mutual expectations and trust.
- 45 MSD's research found no evidence that suggests sanctioning can be used to improve non-work-related outcomes or wellbeing outcomes in the long-term. To date there have been no sanctions applied for failing social obligations. A lack of enforcement may undermine the importance of obligations and compliance generally. Clients often recognise the value of education and healthcare for their children but may face additional barriers (eg inadequate access to childcare). Sanctioning clients will therefore be limited in achieving wider wellbeing outcomes as they will not remove external barriers to compliance with social obligations.
- 46 With a limited impact, social obligations become an administrative obligation on clients, while MSD's only role is to check they are complying, rather than meaningfully helping clients to comply. Ensuring positive outcomes for whānau and tamariki could be achieved without sanctions, for example, through more effective MSD coordination with other public agencies.

- 47 A review can explore how the dynamic between clients and MSD could be shifted by removing what has become a burdensome administrative process and instead helping clients focus on their employment outcomes.^{9(2)(f)(iv)}

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Clients would experience a simplified system with more active support from MSD to achieve the same outcomes for their children.

- 48 The below table demonstrates the rationale against our criteria for review of social obligations.

Criteria	Assessment
Aligns with the Governments vision for the welfare system	<p>Opportunity to explore proactive approaches to ensure that clients with children are given the support to access government services that best support whānau wellbeing, without obligations or sanctions.</p> <p>Could send a strong message about rebalancing mutual expectations and ensuring that clients live in dignity and are treated equitably. This also aligns with your priorities to review obligations and sanctions that impact children (SWC-19-MIN-0168).</p>
Aligns with MSD's working policy framework	<p>Purposes: Social obligations are intended to encourage clients to access services that may be beneficial to them and their children's wellbeing.</p> <p>Values: Supports <i>manaakitanga</i> by upholding client's dignity and shifting the relationship to one of trust and support, and <i>takatutanga</i> by challenging traditional punitive measures that have been implemented to encourage non-work-related wellbeing outcomes. Provides an opportunity to practice <i>kotahitanga</i> through coordination with other public agencies.</p>
Simplifies welfare system settings for clients	Potential to remove social obligations and sanctions which would simplify welfare settings to better meet the needs of clients.
Reduces unnecessary compliance-based activities for MSD staff managers and clients	Further work is needed to understand exactly how much time is spent engaging with clients on social obligations, and what these interactions look like. It may be that the time spent working with clients on social obligations may be better used to support clients to find employment, access housing and/or ensure they are receiving their full and correct entitlement and all the support they need, especially in a time when demand for MSD services is high.

The drug testing obligation and sanction could be included in the initial phase of review

- 49 Current settings require people receiving a main benefit to take and pass a drug test if it is part of the application process for a job or training course, and they have part-time or full-time work obligations. Sanctions can be imposed for failure to comply or failure to pass the test. There is no requirement in the New Zealand welfare system to participate in medical treatment in order to qualify for or continue to receive benefits themselves. Around 100 sanctions are applied for drug-related obligation failures each year.⁴

⁴ Obligations and Sanctions Rapid Evidence Review Paper 4: Drug Testing Obligations and Sanctions, November 2018, <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/weag-report-release/obligations-and-sanctions-rapid-evidence-review-paper-4-drug-testing-obligations-and-sanctions.pdf>.

- 50 If a client advises that they will not pass a drug test in a general conversation that is not linked to a specific opportunity, they are encouraged to seek help and support to stop taking drugs. Clients will be asked to see their general practitioner or contact the Alcohol Drug Helpline and they will not be referred to jobs or training opportunities for 30 working days. This period can be extended for up to six months with verification from a health professional.
- 51 The policy rationale for the drug testing obligation and sanction is to send a strong signal that failing to pass a pre-employment drug test (or not applying for a drug-tested job to which they are referred) is not consistent with being available for work and therefore unacceptable, and to help expand the range of jobs that beneficiaries can be considered for.
- 52 There is currently little evidence on the effects of drug testing obligations and sanctions for welfare recipients. There is also no research on the effects of New Zealand drug testing obligations and sanctions. The available evidence does not, on the whole, suggest improved outcomes from compulsory treatment approaches, with some studies suggesting potential harms.⁵
- 53 The WEAG recommended that MSD remove pre-employment drug testing and provide specialised support for people with substance use disorders instead. MSD's research shows that New Zealanders who develop a substance use disorder are more likely than average to be male, have low incomes, low educational attainment, and live in deprived areas. After adjusting for socio-demographic characteristics, prevalence rates for Māori (six per cent) are higher than for Pacific people and all other ethnicities (approximately three per cent each).⁶
- 54 We propose reviewing the drug testing obligation and sanction in this first phase. This will allow us to explore options for removing the sanction and improving access to support for people with substance use disorders.
- 55 The below table demonstrates the rationale against our criteria for review of the drug testing obligation and sanction:

Criteria	Assessment
Aligns with the Government's vision for the welfare system	<p>Opportunity to explore proactive approaches to ensure that clients are given the support to access specialised support for people with substance use disorders, rather than reducing their income when they are potentially already vulnerable.</p> <p>Could send a strong message about rebalancing mutual expectations and ensuring that clients live in dignity and are treated equitably.</p>
Aligns with MSD's working policy framework	<p>Purposes: The drug testing obligation has some alignment with employment goals, as it signals that clients should be prepared for work, including those with drug-testing requirements. However, sanctioning a client for failing a drug test may not address the underlying causes, such as addiction issues.</p> <p>Values: Supports <i>manaakitanga</i> by upholding client's dignity, and <i>takatutanga</i> by rethinking how the welfare system encourages behavioural change. Could support <i>kotahitanga</i> if we are able to partner</p>

⁵ Obligations and Sanctions Rapid Evidence Review Paper 4: Drug Testing Obligations and Sanctions, November 2018, <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/weag-report-release/obligations-and-sanctions-rapid-evidence-review-paper-4-drug-testing-obligations-and-sanctions.pdf>.

⁶ Obligations and Sanctions Rapid Evidence Review Paper 4: Drug Testing Obligations and Sanctions, November 2018, <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/weag-report-release/obligations-and-sanctions-rapid-evidence-review-paper-4-drug-testing-obligations-and-sanctions.pdf>.

	with service providers, including Māori and Iwi providers to link to better substance use support for clients to help them to meet employment drug-testing requirements.
Simplifies welfare system settings for clients	Potential to remove obligations and sanctions which would simplify welfare settings for clients requiring substance use support.
Reduces unnecessary compliance-based activities for MSD staff managers and clients	The time spent sanctioning clients for failing a drug test may be better spent ensuring that they are receiving all the support they need to progress towards gaining employment, including substance use support.

The warrant to arrest obligation and sanction could be included in the initial phase of review

- 57 A warrant to arrest is issued in a range of circumstances. Usually it is for not attending a scheduled court appearance. If a client is officially deemed to be a public risk, their benefit is suspended immediately. A client who has a warrant to arrest may have their benefit reduced or suspended if they do not take reasonable steps to resolve it.
- 58 The policy intent of this sanction is to remove the possibility that benefit income is used to actively facilitate non-compliance with legal obligations (using money to “evade the law”), by encouraging clients who have a warrant to arrest to contact the Ministry of Justice. The rationale is that a sanction (or threat of) creates a greater incentive for clients to resolve their warrant to arrest and means that tax-payer money cannot be used for unlawful activities. A data matching agreement allows the Ministry of Justice to supply MSD with information about people with unresolved warrants.
- 59 We propose exploring alternatives to the existing sanction. Sanctions are likely to exacerbate existing difficulties that a client may be facing to resolve the warrant to arrest. Arrest and remand can have significant impacts on individuals and their whānau when payments are stopped. Housing and childcare arrangements can be affected. Taking a more proactive approach to contact these people early and support them through the process will better support their whānau.
- 60 The WEAG recommended that MSD remove the sanction suspending benefit payments if people have a warrant out for their arrest, continue data matching with the Ministry of Justice and take a proactive supportive approach to contacting these people.
- 61 The below table demonstrates the rationale against our criteria for review of the warrant to arrest obligation and sanction:

Criteria	Assessment
Aligns with the Government's vision for the welfare system	Opportunity to ensure the settings of the welfare system are aligned with its core purpose, rebalance mutual expectations and ensure that clients live in dignity and are treated equitably to other New Zealand citizens.
Aligns with MSD's working policy framework	<p>Purposes: The intent of the warrant to arrest sanction is to encourage compliance with Ministry of Justice obligations and to ensure that tax-payer money is not being used for unlawful activities.</p> <p>Values: Supports <i>manaakitanga</i> by upholding client's dignity, treating clients equitably and <i>takatutanga</i> by challenging traditional punitive measures that have been implemented to encourage behavioural change, and being prepared to try new ways of working that work for Māori.</p>
Simplifies welfare system settings for clients	Potential to remove obligations and sanctions which would simplify welfare settings to better connect with and support clients.

Reduces unnecessary compliance-based activities for MSD staff managers and clients	The time spent sanctioning clients for not resolving their warrant to arrest may be better spent ensuring that they are receiving all the support they need and to gain employment.
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Next steps

- 63 If you agree to the proposed approach for reviewing obligations and sanctions, we will develop an engagement plan for the review which would align with the overall engagement plan for resetting the foundations of the welfare system. This includes the development of the kaupapa Māori values framework and the review of the purpose and principles of the Social Security Act 2018. We propose that our initial engagement for the review would consist of targeted consultation with key stakeholders.
- 64 We will provide you with advice on each of the identified areas in the proposed initial phase in early 2021.

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