



# Report

**Date:** 10 June 2021

**Security Level:** IN CONFIDENCE

**To:** Hon Carmel Sepuloni, Minister for Social Development and Employment

## Update on the review of the purposes and principles of the Social Security Act 2018

### Purpose of the report

- 1 This paper updates you on the review of the purposes and principles of the Social Security Act 2018 (the Review) (the Act). 9(2)(f)(iv)

- 2 9(2)(f)(iv)

### Executive summary

- 3 The Welfare Expert Advisory Group (WEAG) recommended overhauling the foundations of the welfare system, including developing a kaupapa Māori values framework to underpin the welfare system, and amending new purposes and principles into the Act.

#### *The first phase of the Review focused on financial assistance under the Act*

- 4 In July 2020, you agreed to progress work on a kaupapa Māori values framework alongside the Review [REP/20/07/829 and REP/20/07/890 refer]. You agreed to begin the Review with a focus on financial assistance, including work on:
  - 4.1 developing new purposes and principles for financial assistance provided by the Act, and
  - 4.2 using legislative obligations to support new purposes and principles and changes to MSD's operating model.

- 5 9(2)(f)(iv)

<ul style="list-style-type: none"> <li>■ [Redacted]</li> <li>■ [Redacted]</li> <li>■ [Redacted]</li> <li>■ [Redacted]</li> </ul>	<ul style="list-style-type: none"> <li>■ [Redacted]</li> <li>■ [Redacted]</li> <li>■ [Redacted]</li> <li>■ [Redacted]</li> </ul>
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6 9(2)(f)(iv) [Redacted]

7 9(2)(f)(iv) OIA [Redacted]

*The next phase of the Review will expand to the wider Act, in the context of MSD's social development role*

8 The next phase of the Review will expand to the wider Act, which includes obligations and sanctions, the Youth Service, and rights of review and appeal. We will consider the Act within MSD's employment, housing, and other social development roles.

9 Officials will develop options for the purposes and principles of the whole Act for you to consider during this phase.

9(2)(f)(iv) OIA [Redacted]

10 9(2)(f)(iv) [Redacted]

11 9(2)(f)(iv) [Redacted]

12 9(2)(f)(iv) [Redacted]

9(2)(f)(iv) [Redacted]

13 9(2)(f)(iv) [Redacted]

14 9(2)(f)(iv) [Redacted]

15 9(2)(f)(iv) [Redacted]

[Redacted]

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1 9(2)(f)(iv) [Redacted]

It is recommended that you:

1 **note** that you agreed to begin the review of the purposes and principles of the Social Security Act 2018 (the Review) (the Act) with a focus on financial assistance [REP/20/07/890 refers]

2 9(2)(f)(iv) [Redacted]

3 **note** that the next phase of the Review will expand to consider the wider Act, in the context of the Ministry of Social Development's (MSD) employment, housing, and other social development roles

4 9(2)(f)(iv) [Redacted]

**AGREE / DISAGREE**

5 9(2)(f)(iv) [Redacted]

6 9(2)(f)(iv) [Redacted]

7 9(2)(f)(iv) [Redacted]

**AGREE / DISAGREE**

8 9(2)(f)(iv) [Redacted]

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Christian Opetaita  
Policy Manager  
Welfare System and Income Support

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Date

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Hon Carmel Sepuloni  
Minister for Social Development and Employment

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Date

## The first phase of the Review focused on financial assistance

- 16 The WEAG argued that the overall direction of welfare reform in recent decades has been to reduce financial and other support from the Government, whilst raising expectations and penalties on beneficiaries. The WEAG considered that this shift has unbalanced the social contract, which was established by the Social Security Act 1938, and that a new approach to the welfare system was needed.
- 17 In this context, the WEAG proposed overhauling the foundations of the welfare system, including developing a kaupapa Māori values framework for the welfare system and amending new purposes and principles into the Act. The current purposes and principles are attached as Appendix A.
- 18 In July 2020, you agreed to progress the work on a kaupapa Māori values framework alongside the Review [REP/20/07/829 and REP/20/07/890 refer]. You agreed to begin the Review with a focus on financial assistance, including work on:
- 18.1 developing new purposes and principles for financial assistance provided by the Act, and
  - 18.2 using legislative obligations to support new purposes and principles and changes to MSD's operating model.
- 19 The focus on financial assistance allowed officials to consider how the Review aligned with the substantial policy and administrative changes occurring in response to COVID-19, as well as time for the kaupapa Māori values framework to be further developed.
- 20 The kaupapa Māori values framework is still in development and officials will provide you with further advice on the framework in mid-2021. Officials are ensuring the Review and the framework remain aligned and this advice is consistent with the thinking to date.

9(2)(f)(iv)

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**Future work will consider legislative obligations and whether to lift MSD's core functions into primary legislation**

30 You agreed that the Review would consider using legislative obligations to support new purposes and principles and changes to MSD's operating model [REP/20/07/890 refers]. Legislative obligations are usually duties on the Chief Executive (or other actors) to undertake certain actions, for example to establish services to achieve specified outcomes. These obligations help give purposes and principles meaningful effect.

31 For example, the purposes and principles of the Oranga Tamariki Act 1989 are intended to support a more child-centred system. These are supported by legislative obligations on the Chief Executive of Oranga Tamariki – Ministry for Children to establish child-centred services that focus on early intervention, as well as a requirement to develop strategic partnerships with iwi and Māori organisations.

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35 9(2)(f)(iv)

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2 9(2)(f)(iv)

9(2)(f)(iv) [Redacted]

36 9(2)(f)(iv) [Redacted]

37 9(2)(f)(iv) [Redacted]

38 There are examples of this in New Zealand legislation and that of other countries. For example, Section 1 of the Social Security (Scotland) Act 2018 includes aspirational principles for social security. These principles are supported by Section 2 and 15 of the Act, which require that the Government produces a Scottish Social Security Charter, which explains how the principles are given effect. Section 2(3) states that breach of the principles does not of itself give rise to grounds for any legal action.

39 In the New Zealand context, broadly comparable provisions exist in the Public Service Act 2020. That Act has new purposes, principles, and values statements for the public service.<sup>3</sup> This is supported by a legislative obligation which permits the Public Service Commissioner to set minimum standards of integrity and conduct. Section 16(2) states that the public service values are given effect only through minimum standards set by the Public Service Commissioner. This is intended to preclude the possibility that values are used as a basis for legal action.

9(2)(f)(iv) OIA [Redacted]

40 9(2)(f)(iv) [Redacted]

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9(2)(f)(iv) [Redacted]

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51 9(2)(f)(iv) [Redacted]

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## **Appendix A: Current purposes and principles of the Social Security Act 2018**

### Purposes

The purpose of the Social Security Act is—

- a. to enable the provision of financial and other support as appropriate—
  - i. to help people to support themselves and their dependants while not in paid employment; and
  - ii. to help people to find or retain paid employment; and
  - iii. to help people for whom work is not currently appropriate—because of sickness, injury, disability, or caring responsibilities—to support themselves and their dependants:
- b. to enable in certain circumstances the provision of financial support to people to help alleviate hardship:
- c. to ensure that the financial support referred to in paragraphs (a) and (b) is provided to people taking into account—
  - i. that, where appropriate, they should use the resources available to them before seeking financial support under this Act; and
  - ii. any financial support that they are eligible for or already receive, otherwise than under this Act, from publicly funded sources:
- d. to provide services to encourage and help young people to move to or remain in education, training, and employment, rather than receiving financial support under this Act:
- e. to impose, on the following specified people or young people, the following specified requirements or obligations:
  - i. on people seeking or receiving financial support under this Act, administrative and, where appropriate, work-related requirements; and
  - ii. on young people who are seeking or receiving financial support under this Act, educational, budget management, and (where appropriate) parenting requirements; and
  - iii. on people receiving certain financial support under this Act, obligations relating to the education and primary health care of their dependent children.

### Principles

Every person performing or exercising a duty, function, or power under the Social Security Act must have regard to the following general principles:

- a. work in paid employment offers the best opportunity for people to achieve social and economic well-being:
- b. the priority for people of working age should be to find and retain work:
- c. people for whom work may not currently be an appropriate outcome should be assisted to prepare for work in the future and develop employment-focused skills:
- d. people for whom work is not appropriate should be supported in accordance with this Act.

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