



7 April 2025

Tēnā koe

### **Official Information Act request**

Thank you for your email of 24 January 2025, requesting information provided to the Minister regarding a review of the Social Security Act 2018 since 11 June 2021.

I have considered your request under the Official Information Act 1982 (the Act). Please find my decision on each part of your request set out separately below.

*Question 1: all briefing material provided to the Minister for Social Development and Employment concerning review of the of the purposes and principles of the Social Security Act 2018 since 11 June 2021*

Please see the attached **Appendix** which provides the following reports:

- REP/20/7/890 – Report - *Review of the purposes and principles of the Social Security Act 2018: Next steps*, dated 30 July 2020
- REP/21/7/748 – Report - *Welfare Overhaul: Options for introducing a Bill in 2022 to amend purposes and principles of the Social Security Act 2018*, dated 22 July 2021
- REP/21/7/794 – Report - *Further advice on scope and timelines for a welfare overhaul bill*, dated 30 July 2021
- REP/21/12/1384 – Report - *Resetting the foundations of the welfare system: Update and next steps*, dated 16 December 2021
- REP/21/12/1384 - *Resetting the foundations of the welfare system: Update and next steps* – Appendix
- REP/22/3/146 – Report - *Resetting the foundations of the welfare system: Updated timeframes and scope*, dated 4 March 2022
- REP/22/6/605 – Report - *Update and next steps on the foundational settings of the welfare system workstream*, dated 23 September 2022
- REP/24/1/006 – Report - *Update on work relating to the Welfare Expert Advisory Group's recommendations*, dated 19 January 2024

Some information is withheld under section 9(2)(g)(i) of the Act to protect the effective conduct of public affairs through the free and frank expression of

opinions. I believe the greater public interest is in the ability of individuals to express opinions in the course of their duty.

Some information is withheld under section 9(2)(f)(iv) of the Act to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

Ministry staff names and contact details have been redacted as out of scope.

We would also point to the following proactively released response available on the Ministry website that contains the following report that is relevant to this part of your request:

- REP/21/5/528 – Report – *Welfare Overhaul: Update on the review of the warrant to arrest sanction*, dated 17 June 2021:  
[www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/official-information-responses/2021/august/20210805-welfare-overhaul-update-on-the-review-of-the-warrant-to-arrest-sanction-and-report-update-on-the-review-of-the-purposes-and-principles-of-the-social-security-act-2018.pdf](http://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/official-information-responses/2021/august/20210805-welfare-overhaul-update-on-the-review-of-the-warrant-to-arrest-sanction-and-report-update-on-the-review-of-the-purposes-and-principles-of-the-social-security-act-2018.pdf)

Further information relevant to this part of your request is publicly available on the Ministry's website, we are providing the link here: [www.msd.govt.nz/about-msd-and-our-work/publications-resources/information-releases/cabinet-papers/2023/welfare-overhaul-work-programme-update-key-priorities-and-next-steps.html](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/information-releases/cabinet-papers/2023/welfare-overhaul-work-programme-update-key-priorities-and-next-steps.html)

*Question 2: all internal correspondence regarding such material*

*Question 3: any correspondence from the Minister for Social Development and Employment concerning same.*

These parts of your request which ask for all internal correspondence, including any correspondence from the Minister for Social Development and Employment is very broad, and substantial manual collation would be required to locate and prepare all documents within scope of your request. As such, I refuse these parts of your request under section 18(f) of the Act. The greater public interest is in the effective and efficient administration of the public service.

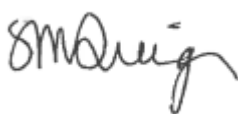
I have considered whether I would be able to respond to your request given extra time, or the ability to charge for the information requested. I have concluded that, in either case, my ability to undertake my work would still be prejudiced.

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with my decision on your request, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Ngā mihi nui

pp. 

Anna Graham

**General Manager**

**Ministerial and Executive Services**

# Report



MINISTRY OF SOCIAL  
DEVELOPMENT  
TE MANATŪ WHAKAHIATO ORA

**Date:** 4 March 2022

**Security Level:** In Confidence

**To:** Minister for Social Development and Employment

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## Resetting the foundations of the welfare system: Updated timeframes and scope

### Purpose of the report

- 1 You are asked to agree to a revised timeline, scope, and engagement approach for the Welfare Overhaul Bill (the Bill) to amend the Social Security Act 2018 (the Act).

### Executive summary

- 2 You have indicated your preference to extend the timeframe for introducing and passing the Bill in 2024 rather than in 2023. The proposed timeline is attached at **Appendix One**.
- 3 The extended timeframe provides an opportunity to broaden the scope of the Bill and strengthen the overall narrative of the Bill as the foundational piece of the welfare overhaul work programme.
- 4 You are asked to indicate your preferred option for the scope of the Bill under an extended timeline:
  - Option One: Continue with the current scope, but extend the targeted engagement currently underway or include an additional round of targeted engagement in late 2022 to help inform the development of the policies; or
  - Option Two: Broaden the scope of the Bill to include Option One but with a wider focus for employment services and supports and how the Treaty proposals could be given effect, as well as any work that may flow-on from the Māori values workstream; or
  - Option Three: Broaden the scope to include Option Two and the reviews of work obligations and sanctions, warrant to arrest sanction and pre-employment drug testing.
- 5 We are currently engaging with targeted partners and stakeholders on the review of the purposes and principles of the Act and development of Tiriti o Waitangi / Treaty of Waitangi provisions for the Act. There will be an expectation from some groups that this work progresses rapidly following the conclusion of our targeted engagement process. To meet these expectations, current targeted engagement can be reframed as an initial step in a more thorough process. We can also commit to keeping stakeholders informed at certain intervals throughout the process.



- 6 There is also an opportunity to release a public discussion document in late 2022 if you prefer Options Two or Three. Public consultation would provide an opportunity to meet with targeted stakeholders again to discuss the preferred options, and for the public to comment on the preferred options. We are working on providing you with further advice in early April on options we could explore that would give effect to the values framework for the welfare system proposed by Ngā Mātanga Māori. This could also be included as part of the public consultation process. Final proposals can then be thoroughly informed by stakeholder feedback, which will strengthen the Bill.
- 7 Option Three has significant financial implications. However, as a package, it also provides the strongest narrative and signal for change. For example, the wellbeing approach for amending the purpose and principles of the Act and the removal of some obligations and sanctions align strongly with the Welfare Expert Advisory Group's theme of mutual expectations and the rebalancing of the social contract between clients and MSD.
- 8 If you agree to Option One, then we will report back to you in July on the findings of the targeted engagement currently underway and seek agreement on next steps including a second round of targeted engagement in late 2022.
- 9 If you agree to Options two or Three, we will report back to you in June rather than July on the findings of the targeted engagement currently underway and seek agreement to start drafting a public discussion document for you to take to Cabinet in August.
- 10 We have also identified a number of initiatives that could be progressed within the current legislative framework of the Act, such as the review of our current operational guidelines on suitable employment, including Cabinet decisions on the role and future direction of MSD's employment services, a review of how MSD is meeting its positive duty to assist<sup>1</sup> those who apply for financial assistance under the Act, and assess how we could further improve the monitoring, evaluation and reporting of outcomes for clients. We can provide you with further advice if you would like to progress some of this work that does not require changes to the Act.

## Recommended actions

It is recommended that you:

- 1 **agree** to an updated timeline that would pass a Welfare Overhaul Bill to amend the Social Security Act 2018 in 2024

Yes / No

### *Scope of the Welfare Overhaul Bill*

- 2 **indicate** your preferred scope for the Welfare Overhaul Bill:

- Option One (current scope):
  - using wellbeing to reframe the purposes and principles of the Act;
  - state that MSD's role is providing employment services and shifting the emphasis to 'suitable employment', to reflect the current definition of

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<sup>1</sup>It has been determined through case law that MSD has a duty to actively assist applicants who apply for financial assistance.

suitable employment in the Act, and current operational guidance on suitable employment;

- ensuring people who receive support or services under the Act are treated with dignity and respect;
- provide further legislative transparency to MSD's duty to provide active assistance to those eligible for support under the Act;
- providing a Tiriti-related clause to support the Crown to meet its duties under Tiriti; and
- including specific Tiriti accountability measures for the Chief Executive of the Ministry of Social Development to support better outcomes for Māori who engage with the welfare system

Yes / No

- Option Two includes the scope of option one but with a broader focus on employment services and supports and how te Tiriti provisions could be given effect, and work that may flow-on from the Māori values workstream

Yes / No

- Option Three includes the scope of Option Two and the reviews of work obligations and sanctions, warrant to arrest sanction and pre-employment drug testing (preferred option)

Yes / No

#### *Engagement process for the Welfare Overhaul Bill*

3 **note** we are currently engaging with targeted stakeholders on the review of the purposes and principles of the Social Security Act and the development of Tiriti-related provisions for the Act until 1 April 2022, and we will incorporate feedback from engagement in the next phase of this work

4 **agree** to a second round of targeted engagement to commence in late 2022 should you choose option one for the scope of the Welfare Overhaul Bill

Yes / No

5 **agree** to a public consultation process to commence in late 2022 should you choose options two or three for the scope of the Welfare Overhaul Bill

Yes / No

6 **indicate** whether you would like further advice on what work could be progressed within the current legislative framework

Yes / No

7 **note** broadening the scope of the Bill will have fiscal implications, and we will provide further advice on costs as work progresses

8 **note** officials are available to discuss these options with you.

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out of scope

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

## Background

- 11 In December 2021, you agreed to progressing the work on resetting the foundations of the welfare system by introducing a Bill to amend the Social Security Act 2018 (the Act) in September 2022, to be passed in May 2023 [REP/21/12/1384 refers].
- 12 To support this work, we have been engaging with targeted stakeholders on Tiriti o Waitangi/Treaty of Waitangi (te Tiriti) provisions for the Act as well as our proposed wellbeing approach to amending the current purpose and principles of the Act. Targeted engagement is scheduled to conclude on 1 April with advice on the outcome of the engagement to follow shortly after.
- 13 We provided your office with further advice on timelines on 24 February. The advice included two options:
  - pass a Welfare Overhaul Bill in 2024; or
  - pass a Welfare Overhaul Bill in 2022.
- 14 Your office has indicated that your preference is to pass a Welfare Overhaul Bill in 2024.

## Extending the timeframe for the Bill has a number of advantages

- 15 You have indicated your preference for extending the timeframe for passing a Welfare Overhaul Bill to 2024. The proposed timeline is attached at **Appendix One**.
- 16 Early engagement on the proposed Bill has revealed two consistent themes:
  - respondents are unhappy that the proposed amendments do not contain strong enough value statements; and
  - respondents want to understand how the changes will be reflected in changes to frontline operations.
- 17 Extending the timeframe provides more time to respond to feedback from the current engagement, and we see potential to improve the proposal by:
  - broadening the scope of the Bill, which could mean more of an impact and stronger narrative and the ability to better address some of the feedback we have received from agencies and Ministers;
  - including a concrete proposal around how the proposed Māori values framework will be used to drive a systems change in the welfare system; and
  - developing concrete implementation plans, including changes to operational policy and/or other parts of the legislation as required. It also provides an opportunity to include any changes that come out of the reviews of work obligations and sanctions, warrant to arrest sanction, and pre-employment drug testing.

## An extended timeline allows for options to broaden the scope of the Bill

- 18 An extended timeframe allows for a broader scope for the Bill which could have a more significant impact on those who receive support and services under the Act and welfare programmes. You are asked to consider three options for the scope of the Bill. The options are outlined below.

### Option One: Continue with current scope

- 19 Option One would continue within the current scope of the Bill:
  - purposes and principles and associated legislative obligations;

- employment services and supports; and
- Tiriti provisions.

### **Purposes and principles**

20 The current scope of the purposes and principles includes:

- using wellbeing to reframe the purposes and principles of the Act;
- ensuring people who receive support or services under the Act are treated with dignity and respect; and
- provide further legislative transparency to MSD's duty to provide active assistance to those eligible for support under the Act.

21 One of the ways we will operationalise the changes to the purposes and principles of the Act will be through a social security charter. The charter will aim to give clear meaning and guidance to those making decisions and providing services under the Act.

22 Done well, the charter proposal can provide the link between relatively theoretical changes to the purpose and principles, and the downstream changes that we hope to achieve as a result. Subsequent targeted engagement would provide an opportunity to receive feedback on this aspect of the proposal.

### **Employment services and supports**

23 The current scope for employment services and supports include:

- a clearer statement that MSD's role is providing employment services;
- shifting the emphasis to 'suitable employment', to reflect the current definition of suitable employment<sup>2</sup> in the Act, and current operational guidance on suitable employment; and
- establish new requirements on MSD that improve transparency and accountability.

### **Tiriti provisions**

24 The current scope for the Treaty provision is to include in the Act:

- a general clause that confirms that the department must administer the Act in a way that is consistent with the Crown's Treaty responsibilities; and
- a clause that would require MSD's Chief Executive to engage with Māori to develop and regularly report against a set of Tiriti objectives for the department; and
- exploring how working towards more equitable outcomes for Māori could be addressed.

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<sup>2</sup> Suitable employment is defined in the Act as: *in relation to a person, means employment that MSD is satisfied is suitable for the person to undertake for a number of hours a week determined by MSD having regard to the employment required to satisfy the work test for that person, but is affected by section 18(1) (which relates to refusing to work, or to continue to work, as a sex worker) of the Prostitution Reform Act 2003.*

## **Option Two: Broaden the scope of the Bill for employment services and supports, Treaty provisions and include any flow-on work from the Māori values workstream**

25 Option Two would include:

- purposes and principles and associated legislative obligations;
- employment services and supports with an expanded scope;
- Treaty provisions, including a broader focus on how the provisions will be given effect; and
- work resulting from developing the Māori values framework.

### ***Purposes and principles***

26 The scope for the purposes and principles would be the same as under Option One.

### ***Employment services and supports***

27 In addition to the current scope, a broadened scope could provide us with more time to consider the implications and trade-offs of the above options as well as consider a wider scope, including:

- strengthening the authorising provision for creating employment assistance; and
- reviewing the definition of suitable employment in the Act, and considering options for amendments to further support the overall objective of resetting the foundations of the welfare setting – and bring about some tangible changes to operational practice.

### ***Tiriti provisions***

28 In addition to the current scope, a broadened scope could:

- restore the link between te Tiriti proposal and Māori values framework;
- work through the operational implications of a strengthened legal commitment to te Tiriti and its principles, and identifying what specific changes to operational policies (and or legislation) might be required; and
- consider more innovative options for te Tiriti provisions (such as further developing the work we are doing on a commitment to equitable outcomes for Māori).

### ***Māori values framework***

29 Option Two would include any work resulting from developing the Māori values framework. Ngā Mātanga Māori provided a report on a proposed Māori values framework for the welfare system in October 2021. An extended timeframe for the Bill would align with work on the implementation of the Māori values framework. This provides a stronger and more cohesive narrative to the proposed changes as a whole package. We will be providing you with further advice on the Māori values framework in April 2022.

30 There has been considerable interest from other groups in the application of the Māori values framework to areas related to the wider scope of the welfare system, including from the National Iwi Chairs Forum. Advice on using this interest to promote the use of the values framework will be provided as part of wider advice on the values in April 2022.

### **Option Three: Further broaden scope to include review of obligations and sanctions (preferred option)**

- 31 The scope for Option Three is the same as Option Two, but also includes the reviews of work obligations and sanctions, warrant to arrest sanction and pre-employment drug testing.

#### ***Review of work obligations and sanctions***

- 32 You agreed to a proposed scope for reviewing work obligations and sanctions in May 2021 [REP/21/3/296]. The current timeline for the review of work obligations is to pass a Bill in 2024 [REP/21/7/748 refers], this aligns with the new timeline for the Welfare Overhaul Bill.
- 33 There are strong links between the review of the purposes and principles of the Act and the review of work obligations and sanctions. Including work obligations and sanctions to the Welfare Overhaul Bill would align with the objective of rebalancing mutual expectations between MSD and clients, and provide an even stronger argument for the need for a Bill. It is likely to result in tangible changes that will have an immediate impact on clients once the Bill is passed.

#### ***Review of warrant to arrest and pre-employment drug test obligation***

- 34 Changes to the warrant to arrest sanction and the obligation to take a pre-employment drug test could also be included in this Bill.
- 35 You received advice on the warrant to arrest sanction in 2021 [REP/21/5/528]. The report included an overview of three options, including removing the sanction, keeping the sanction but only for high-risk offenders, or keeping the sanction and making operational improvements.
- 36 You received advice proposing to remove the pre-employment drug test obligation in June 2021 [REP/21/6/613]. A review of the data available suggests that the current policy has not improved employment outcomes for welfare recipients, particularly for Māori.
- 37 Including the warrant to arrest sanction and pre-employment drug test obligation as part of the Bill could further strengthen the proposal, and is in line with the Welfare Expert Advisory Group's advice to remove them.

### **Reframing targeted engagement and a public engagement process could address stakeholders' concerns from extending the timeframe**

- 38 As we are currently engaging with targeted partners and stakeholders, there will be an expectation that this work is being progressed. It is likely that stakeholders will criticise the delay and may lose confidence that the work programme will be delivered.
- 39 This can be mitigated through reframing current targeted engagement as an initial step in a more thorough process. This can include committing to keeping stakeholders informed at certain intervals throughout the process. We could also run another round of targeted engagement in late 2022 if you prefer Option One.
- 40 A public consultation process could also be run in late 2022 on an expanded proposal as per Option Two and Option Three. A public consultation document could include preferred options for amending the Act. This would provide an opportunity to meet

with targeted stakeholders again to discuss the preferred options, and for the public to comment on preferred options.

- 41 Public engagement would strengthen the Bill, as it means that final proposals can be thoroughly informed by stakeholder feedback. It would also signal that the Government still has a clear intention for resetting the foundations of the welfare system, and show progress towards delivering the work programme.

### **Broadening the scope will likely have associated costs**

- 42 There are likely to be fiscal implications if the scope is broadened. The likely fiscal implications could also mean there would be additional dependencies with other process, for example the Budget process.
- 43 We will provide you with further advice and options for policy development work in due course, before engagement, and include options that could be progressed through baselines.

### **Some of the 'resetting the foundations' work could be progressed within the current legislative framework of the Act**

- 44 Some of the work that could be progressed without legislation includes:
- developing a client charter;
  - review operational guidance on suitable employment, within the current framework in the Act; and
  - reviewing how MSD shows it is meeting its duty of active assistance (for example, through new measurement frameworks).
- 45 MSD can develop a client charter without a legislative requirement in the Act. A client charter that sits within the current legislative framework could still consider treating clients with dignity and respect, but might not be able to cover all the areas we want without a new legislative power, and would be similar to the current client commitment. It could also include guidance on providing active assistance to clients, as this has already been shown to be a requirement under the Act under case law.
- 46 Suitable employment is already defined in the Act and operational guidance is available to staff. The operational guidance can be reviewed to ensure the intention of the legislation is being implemented, and whether the operational guidance is fit for purpose.
- 47 MSD has a duty to actively assist clients who contact MSD under the current Act. This legal duty has been confirmed through case law. MSD could therefore review how it is meeting this duty, and what other process or measurement can be put in place to show whether MSD is fulfilling this duty.
- 48 We can provide you with further advice if you would like to progress some of the work outside of legislation.

### **Next steps**

- 49 If you agree to Option One, then we will report back to you in July on the findings of the targeted engagement currently underway and seek agreement on next steps, including a second round of targeted engagement in late 2022.
- 50 If you agree to Options Two or Three, we will report back to you in June rather than July on the findings of the targeted engagement currently underway and seek



agreement to start drafting a public discussion document for you to take to Cabinet in August.

## Appendix

- 51 Appendix One - Proposed timelines for passing a Welfare Overhaul Bill to amend the Social Security Act 2018 in 2024

File ref: REF/22/3/146

Author: [out of scope] Senior Policy Analyst, Welfare System and Income Support

Responsible manager: [out of scope] Policy Manager, Welfare System and Income Support

Proposed timeline for passing a Welfare Overhaul Bill in 2024

Option one – current scope with the inclusion of a second round of targeted engagement in late 2022

2022	January	February	March	April	May	June	July	August	September	October	November	December
			First round of targeted engagement			Analysis	Report: Submissions analysis and preferred options			Second round of targeted engagement		
2023	January	February	March	April	May	June	July	August	September	October	November	December
			Report: Submissions analysis and preferred options		Cabinet paper: Approval of preferred options and issue drafting instructions	Period of restraint/Election					Possible Budget bid	
2024	January	February	March	April	May	June	July	August	September	October	November	December
		Introduce Bill and first reading	Select Committee						Second reading	Committee of the Whole House	Third reading and Royal Assent	

**Option two – broader scope with the inclusion of work derived from the Māori values workstream and public consultation**

2022	January	February	March	April	May	June	July	August	September	October	November	December
			Targeted engagement/policy development			Report: Advice on options to include in discussion document		Cabinet paper – approval for public consultation		Public consultation		
2023	January	February	March	April	May	June	July	August	September	October	November	December
			Report: Submissions analysis and preferred options		Cabinet paper: Approval of preferred options and issue drafting instructions	Period of restraint/Election					Possible Budget bid	
2024	January	February	March	April	May	June	July	August	September	October	November	December
		Introduce Bill and first reading	Select Committee						Second reading	Committee of the Whole House	Third reading and Royal Assent	

**Option Three - broader scope with the inclusion of work derived from the Māori values workstream, work obligations and sanctions, warrant to arrest, pre-employment drug test, and public consultation**

Option Three would be progressed on the same timeline as Option Two.

# Report



MINISTRY OF SOCIAL  
DEVELOPMENT  
TE MANATŪ WHAKAHIATO ORA

**Date:** 23 September 2022

**Security Level:** IN CONFIDENCE

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

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## Update and next steps on the foundational settings of the welfare system workstream

### Purpose of the report

- 1 The purpose of this report is to:
  - 1.1 provide you with the key findings of our engagement report on the *Foundation for change* document, which focused on the review of the purpose and principles of the Social Security Act 2018 (the Act) and development of Te Tiriti o Waitangi/Treaty of Waitangi (Tiriti) provisions in the Act;
  - 1.2 confirm the next steps for the foundational settings of the welfare system workstream, given work on the Welfare Overhaul Bill (the Bill) has been deferred to 2024; and
  - 1.3 provide options for releasing the engagement findings report on the *Foundation for change* document.

### Executive summary

#### *Targeted engagement on the foundational settings of the welfare system workstream*

- 2 One of the key initiatives of the renewed Welfare Overhaul work programme focuses on the foundational settings of the welfare system. This includes a review of the purpose and principles of the Act and development of Tiriti provisions in the Act, and development of a Māori values framework to underpin the welfare system [which has a broader focus than just the Ministry of Social Development (MSD)].
- 3 To support the development of this work, we engaged with a wide range of stakeholders through targeted engagement on the *Foundation for change* document from mid-February to 1 April 2022. The findings of this engagement are attached for your consideration, which also include the background material and online survey questions that we provided to the participants. The survey questions were made available to people for feedback who could not attend our engagement sessions.

#### *Next steps for the foundational workstream and the deferral of the Welfare Overhaul Bill to late 2024*

- 4 On 7 March 2022, you agreed to defer the Welfare Overhaul Bill to 2024, and we provided you with a timeline for the Bill being introduced in February 2024 and passed by November 2024 [REP-22-2-146]. Based on that timeline, we also proposed to run two rounds of targeted engagement; the first round in early 2022 (which we

have completed) and the second round in late 2022 (from October to November). The approach was that the second round of targeted engagement would include discussions on the proposed Māori Values Framework for the welfare system, as well as discussions on the development of a social security client charter to give effect to some of the proposed changes to the purpose and principles of the Act, which was not included as part of the first round of targeted engagement.

- 5 However, given the extent of the Welfare Overhaul work programme and the need to reprioritise resource into other parts of the programme that you have signalled as potential key priorities for Budget 2023, we propose to defer introducing the Bill to mid-to-late 2024 not early 2024. The deferral of the Bill will mean that MSD will be able to reprioritise resource into the review of: Childcare Assistance; Working for Families tax credits; Child Disability Allowance rate; indexation of abatement thresholds; re-establishment grants; and Hardship Assistance.
- 6 Therefore, we propose to not run a second round of targeted engagement later this year, and that any legislative work on the Bill should be placed on hold for the next six to 12 months. A new timeline for the Bill is included as an Appendix.
- 7 Instead, we propose incorporating the ideas and feedback from our targeted engagement on the *Foundation for change* document (including our work with Ngā Mātanga Māori on the development of the Māori Values Framework) into MSD's Te Pae Tawhiti Transformation Programme (TPT Programme). In particular, this will focus on:

9(2)(f)(iv)

- 7.2 running a 12-month pilot as part of our work to measure full and correct entitlement and learn what continuous improvement could be made to MSD's processes (the pilot started in July 2022 and focuses on: establishing a formal measure of the percentage of MSD clients receiving their full and correct entitlement; identifying any key trends as to why a client might not be receiving their full and correct entitlement; and understanding the type of training that is required for building staff capability); and

9(2)(f)(iv)

- 8 Progress in these key areas will help inform the ongoing development of the TPT Programme. Cabinet has agreed to the next steps for the TPT Programme [CAB-22-MIN-0168 refers], which is a report back to Cabinet with a detailed business case in early 2023.
- 9 We also recommend that the scope you agreed to in March 2022 for the Bill no longer include the broader review of some of the obligations and sanctions of the Act. We propose that any legislative changes that come out of that review be included in a separate bill. We will provide you with further advice on the broader review of some of the obligations and sanctions of the Act in due course.

*Options for releasing the engagement findings report on the Foundation for change document*

- 10 We also propose that you agree to publicly release the engagement findings report. There are several ways that this could be achieved:
  - 10.1 option one: release the engagement report to participants with a Ministerial letter outlining your response and next steps;
  - 10.2 option two: release the report to participants, and your office publicly releases the report following an update to Cabinet on the Welfare Overhaul work programme (preferred option);
  - 10.3 option three: MSD releases the report to participants and publicly releases the report on its website, with Ministerial approval (preferred option if you decide not to go to Cabinet); and
  - 10.4 option four: the engagement findings report is not released, and MSD contacts the participants to outline next steps of the process (least preferred option).
- 11 We will provide you with further advice on publicly releasing the engagement findings report, including a detailed communications plan, once you have considered the report and options for release.
- 12 As part of option two, there is also the opportunity to seek their agreement in principle to introduce a Welfare Overhaul Bill in mid-to-late 2024 to amend the purpose and principles of the Act and include a Treaty provision in the Act, and provide an update on the Māori Values Framework. Options for going to Cabinet will be provided to you in a follow-up report titled: *Update and next steps on the Welfare Overhaul work programme*.
- 13 If you decide to go with either options one, or three, or four, we propose you circulate the engagement findings report to your Cabinet colleagues for their information and feedback as part of your update on the Welfare Overhaul work programme. We will provide you with a cover letter to go with the engagement findings report should you agree to this approach. The cover letter will include information on the Māori Values Framework, which has been provided in a separate report [REP-22-6-618] that you read and signed on 31 July 2022.

## **Recommended actions**

It is recommended that you:

### *Targeted engagement on the foundational settings of the welfare system workstream*

- 1 **note** the attached report provides the findings of our targeted engagement sessions with a wide range of stakeholders on the review of the purpose and principles of the Social Security Act 2018 and development of Tiriti/Treaty-related provisions in the Act.

### *Next steps for the foundational workstream and the deferral of the introduction of a Welfare Overhaul Bill to mid-to-late 2024*

- 2 **agree** to defer the introduction of a Welfare Overhaul Bill to mid-to-late 2024 (subject to Cabinet agreement) Agree / Disagree
- 3 **note** the new timeline for the Welfare Overhaul Bill is attached as an Appendix

- |   |  |                  |
|---|--|------------------|
| 4 | <b>agree</b> to the scope of the Welfare Overhaul Bill to no longer include the broader review of some of the obligations and sanctions of the Act. We propose that any legislative changes that come out of that review be included in a separate follow up bill  | Agree / Disagree |
| 5 | <b>agree</b> to pause any legislative work on the Welfare Overhaul Bill for the next six to 12 months as we focus on the delivery of other parts of the Welfare Overhaul work programme, particularly initiatives that you have signalled as potential priorities for Budget 2023  | Agree / Disagree |
| 6 | <b>note</b> we are incorporating the ideas and feedback from our targeted engagement on the <i>Foundation for change</i> document (including our work with Ngā Mātanga Māori on the development of the Māori Values Framework) into the Ministry of Social Development's Te Pae Tawhiti Transformation Programme until legislative work on the Welfare Overhaul Bill picks up again in 2023. |                  |

*Options for releasing the engagement findings report on the Foundation for change document*

- |   |  |                  |
|---|--|------------------|
| 7 | <b>agree</b> to one of the following options for releasing the targeted engagement findings report to inform your discussion with your Cabinet colleagues:   |                  |
|   | <ul style="list-style-type: none"> <li>• option one – release the targeted engagement findings report to participants with a Ministerial letter outlining your response and next steps;</li> </ul>   | Agree / Disagree |
|   | <ul style="list-style-type: none"> <li>• option two – release the targeted engagement findings report to participants, and your office publicly releases the report following an update to Cabinet on the Welfare Overhaul work programme (preferred option);</li> </ul>                                 | Agree / Disagree |
|   | <ul style="list-style-type: none"> <li>• option three – release the targeted engagement findings report to participants and publicly release the report on the Ministry of Social Development's website, with Ministerial approval (preferred option if you decide not to go to Cabinet); and</li> </ul> | Agree / Disagree |
|   | <ul style="list-style-type: none"> <li>• option four – do not release the targeted engagement findings report and MSD contacts the participants to outline the next steps of the process (least preferred option).</li> </ul>  | Agree / Disagree |

*If you agree to option two ...*

- |   |   |  |
|---|---|--|
| 8 | <b>note</b> as part of option two, there is also the opportunity to seek Cabinet agreement in principle to introduce a Welfare Overhaul Bill in mid-to-late 2024 to amend the purpose and principles of the Social Security Act 2018 and include a Treaty provision in the Act, and provide an update on the engagement findings report and the development of the Māori Values Framework including the public release of the Framework |  |
|---|---|--|

- 9 **note** options for going to Cabinet will be provided to you in a follow-up report titled: *Update and next steps on the Welfare Overhaul work programme*.

*If you agree to either options one, or three, or four ...*

- 10 **note** options one, three, and four do not include the opportunity to go to Cabinet before the release of the engagement findings report

- 11 **agree** to share the targeted engagement findings report with your Cabinet colleagues to support your discussions on progress of the Welfare Overhaul work programme and discuss the options for releasing the engagement report

Agree / Disagree

- 12 **note** that, should you agree to recommendation 11 of this report, we will provide you with a cover letter to be attached with the engagement findings report and the Māori Values Framework for the welfare system. This is following your earlier agreement to recommendations 5 and 6 of the *Welfare Overhaul: Next steps for the Māori Values Framework* report [REP-22-6-618]

- 13 **note** officials are available to discuss these options with you.

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out of scope

Policy Manager

Welfare System and Income Support Policy

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Date

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Hon Carmel Sepuloni

Minister for Social Development and  
Employment

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Date



## Targeted engagement on the foundational settings of the welfare system workstream

- 14 As part of the renewed Welfare Overhaul work programme, you agreed to continue work on the foundational settings of the welfare system workstream, which focuses on improving outcomes for Māori, including a commitment to honour Te Tiriti obligations. This work includes the review of the purpose and principles of the Act, development of Tiriti-related provisions in the Act, and the development of a Māori Values Framework to underpin the welfare system (which is broader than just MSD).
- 15 To progress this work, you agreed for MSD to undertake targeted engagement with a wide range of stakeholders on the proposed wellbeing concept to frame new purpose and principles for the Act and the development of Tiriti-related provisions that could be included in the Act. This approach aligned with the Government's commitment to using wellbeing to better reflect the recent changes to the Act that have signalled a shift in line with the Government's vision for the welfare system [REP-21-12-1384].

### Key findings of the targeted engagement sessions

- 16 The findings of our targeted engagement sessions are attached in a separate document for your consideration. A summary of the key findings is provided below.

*Participants generally support amending the purpose and principles of the Act but were most interested in how changes would be implemented*

- 17 There was general agreement that the purpose and principles of the Act should be amended, but much of the feedback was about wanting to see operational changes to the welfare system to improve the experience of users. There was a consensus that the tone of the purpose and principles of the Act should be shifted to better reflect the importance of the welfare system for all New Zealanders. Many participants agreed that the purpose of the Act could better reflect the benefits that the welfare system delivers for the whole community and be more ambitious in the outcomes it could achieve.
- 18 There were mixed views on reflecting 'wellbeing' in the purpose and principles of the Act. Wellbeing was seen by most to be a multi-dimensional and holistic concept. There were different interpretations of what made up wellbeing and some people raised that improving all aspects of wellbeing was beyond the remit of MSD. Participants also said that wellbeing is about the wider whānau and community, not just the individual. Some suggested that wellbeing within the context of the Act would require a definition, to explicitly direct a shift in approach throughout the system. Most people agreed that clients would need to have a say in what wellbeing meant for them.

*Participants are supportive of moving away from focusing on just paid employment but were divided on whether the focus should be suitable employment*

- 19 Most participants supported rebalancing the employment focus of the current purpose and principles of the Act. They reported that the focus on paid employment was operationalised as requiring clients to take any paid job. This was linked to people churning on and off benefit; minimal improvements to income from moving into work; less sustainable employment outcomes; and greater frustration, stress, and anxiety for MSD clients. A small number of participants wanted to retain this strong focus on paid employment to maintain work incentives. They reported that jobs were readily available and moving quickly into work supported longer term employability.

- 20 Participants said that 'suitable employment' would need to be redefined to signal a shift towards wellbeing. Participants offered a wide range of factors to consider, but there was no consensus on what a definition of suitable employment would cover, or who should determine suitability. Participants raised concerns about the way 'suitable employment' is currently defined in the Act for the work test, with MSD having discretion to determine the suitability of jobs in relation to the work test rules.
- 21 Some believed that the suitability of a job would need to be decided by the client, or at least in partnership with MSD. Some participants wanted MSD to work with the client and their whānau to determine what suitable employment would look like for that person. Others expressed that it was difficult to achieve improved wellbeing from work, if support to find a job was limited and available jobs were not sustainable. They also indicated that suitable employment would require suitable employers.
- 22 Many people said that they felt strongly that the way suitable employment is operationalised will require fundamental change, particularly with the current use of targets and key performance indicators that drives a focus on short-term outcomes and behaviours that result in unsustainable employment. People wanted to see MSD taking more time to understand clients' needs and pathways to sustainable employment that include post-employment support.

*Participants are supportive of including Tiriti-related provisions in the Act, but wanted to express a range of guidance for the approach*

- 23 There was general support to develop Tiriti-related provisions in the Act, but most participants raised concerns about the level of ambition of the current proposals, and how these provisions would be implemented and given effect on the ground.
- 24 While participants were supportive of adding a general Tiriti clause to the Act and said it offered huge potential for change, many participants wanted this change to be more ambitious to support transformational change. Participants wanted to see Te Tiriti woven throughout the Act, to provide the foundation for the change that is needed.
- 25 Participants generally felt that the examples we provided on how general Te Tiriti clauses have been used by other government agencies did not reflect the partnership relationship that should exist between the Crown and Māori. Any Tiriti-related proposals need to have strong, direct and unambiguous language and clearly tie MSD to action.
- 26 There was general agreement that a specific clause requiring the Chief Executive of MSD to engage with Māori to develop a set of Tiriti-related objectives, and to report on these regularly, would provide a visible Tiriti-related accountability mechanism that could lead to change throughout the agency. This was considered to demonstrate a strong commitment to improving outcomes for Māori. However, Tiriti partners and service providers also felt that the proposed objectives we provided in the *Foundation for change* document were not meaningful, could not be enforced, and did not reflect a partnership relationship for the welfare system.
- 27 Some of the participants told us that honouring Te Tiriti will require co-design, co-decisions and co-delivery of services and supports available to people through the welfare system. This should include consideration of accountability mechanisms for MSD staff, devolving services and decision making to communities, and considering 'by Māori, for Māori' approaches to support whānau who are determining their own futures.

*Many of the points raised in our targeted engagement sessions went beyond the scope of the current work*

- 28 Many of the points raised by participants in response to the questions we asked went beyond the scope of both the current work of the foundational workstream and the proposals provided in the *Foundation for change* background document. This provides an opportunity for us to revisit our current proposal through some of the operational and policy changes that MSD is currently undertaking given the deferral of the Welfare Overhaul Bill (the Bill).

### **Current scope and timing of the Welfare Overhaul Bill**

- 29 On 7 March 2022, you agreed to defer the introduction of the Bill to 2024, and we provided you with a timeline for the Bill being introduced in February 2024 and passed by November 2024 (REF-22-3-146). You also agreed for the scope of the Bill to include:
- 29.1 using wellbeing to reframe the purposes and principles of the Act;
  - 29.2 strengthening authorisation provision for creating employment assistance and that MSD does have a role in providing employment support and services;
  - 29.3 shifting the emphasis from paid employment to 'suitable employment', and reviewing the current definition of suitable employment in the Act and current operational guidance on suitable employment;
  - 29.4 ensuring people who receive support or services under the Act are treated with dignity and respect, which would be given effect through the development of a social security client charter;
  - 29.5 providing further legislative transparency to MSD's duty to provide active assistance to those eligible for support under the Act;
  - 29.6 providing a Tiriti-related clause to support the Crown to meet its duties under Tiriti, looking at and supporting how Tiriti provisions could be given effect, and work that may flow-on from the Māori Values Framework workstream;
  - 29.7 specific Tiriti accountability measures for the Chief Executive of MSD to support better outcomes for Māori who engage with the welfare system; and
  - 29.8 review of current work obligations and sanctions, including the review of warrant to arrest sanctions and pre-employment drug testing obligations.

### **We propose you introduce the Welfare Overhaul Bill in mid-to-late 2024 so we can reprioritise resource into other parts of the Welfare Overhaul work programme in the short-term**

- 30 However, given the extent of the Welfare Overhaul work programme and the need to reprioritise resource into other parts of the programme that you have signalled as potential key priorities for Budget 2023, we propose to defer introducing the Bill to mid-to-late 2024 not early 2024. The deferral of the Bill will mean that MSD will be able to reprioritise resource into the review of: Childcare Assistance; Working for Families tax credits; Child Disability Allowance rate; indexation of abatement thresholds; re-establishment grants; and Hardship Assistance. Therefore, we propose that any legislative work on the Bill should be placed on hold for the next six to 12 months while we work through the policy implications.

- 31 This would give us more time to complete the policy work in relation to defining what wellbeing and suitable employment means in the context of the Act, and the development of a social security client charter and Tiriti-related provisions in the Act.
- 32 We also recommend that the scope you agreed to outlined in paragraph 29 no longer include the reviews of work obligations and sanctions, warrant to arrest sanctions and pre-employment drug testing obligations (paragraph 29.8). The review of these obligations and sanctions will take some time to work through and should be included in a separate follow-up bill. We will provide you with further advice on the review of these obligations and sanctions of the Act in due course.

### **We propose that in the interim we focus on how the feedback from our targeted engagement sessions could inform the TPT Programme**

- 33 We propose incorporating the ideas and feedback from our targeted engagement on the *Foundation for change* document (including our work with Ngā Mātanga Māori on the development of the Māori Values Framework) into the TPT Programme.

### **Treating people with dignity and respect**

- 34 Treating people with dignity and respect is embedded in MSD's three strategic shifts, specifically in Mana manaaki – a positive experience every time. Mana manaaki is about building the mana of others and uplifting them in a way that honours their dignity.
- 35 The three strategic shifts naturally guide the TPT Programme and are embedded in the service design that is occurring as part of the detailed design work happening currently at MSD. This also aligns with the Māori Values Framework and the objectives of the TPT Programme.

### **Supporting people to receive their full and correct entitlements**

*We will consider how full and correct entitlement can be supported through automated decision making*

- 36 The work on Automated Decision Making (ADM) plays an important role in providing full and correct entitlement to clients applying for a benefit, or for those who are already in the system and applying for additional support, and in enabling the TPT Programme. You received an update on ADM on 17 March 2022 [REP-22-2-105]. We will provide you with further advice on the progress of this work in due course.

9(2)(f)(iv)



[REDACTED]

### ***Increasing take-up of the Accommodation Supplement***

- 38 MSD is looking at different options to increase take-up of the Accommodation Supplement by eligible, non-beneficiary households. MSD's 2017/2018 modelling

data found that there were approximately 100,000 households who were eligible, but had not accessed this assistance.

- 39 Work to increase take-up includes looking at options across three key areas: operational delivery; an awareness campaign; and reviewing minor policy settings and parameters. To help inform this work, MSD is undertaking targeted engagement with key stakeholders and is also refreshing the 2017/2018 modelling to better understand the take-up data in the current housing landscape. A report back on options and advice will be provided to Ministers later this year, which will include Budget 2023 considerations.

*MSD is running a 12-month pilot to measure full and correct entitlement*

- 40 MSD currently has no formal measurement to assess the proportion of clients receiving their full and correct entitlement. To develop a formal measure, MSD is running a 12-month pilot, which started on 11 July, to review full and correct entitlement across a sample of 3,500 clients aged 18 to 64 years old receiving a main benefit and/or supplementary or second tier assistance (non-beneficiaries). The aim of the pilot is to:
- 40.1 establish a formal measure to understand the percentage of MSD clients receiving their full and correct entitlement;
  - 40.2 confirm the best way to engage with clients initially and when completing assessments;
  - 40.3 understand any key trends as to why a client might not be receiving their full and correct entitlement; and
  - 40.4 gain insights to inform the Future Service Model development and wider capability for staff.
- 41 MSD will be providing quarterly updates on the pilot. Information from the pilot will help inform our baseline knowledge and the next steps for embedding full and correct entitlement into MSD's systems.
- 42 The 12-month pilot builds on work that MSD undertook in April 2019 in relation to an outbound calling campaign to reach 11,355 clients who had been identified as having a section 192 reduction imposed.<sup>1</sup> The focus of this campaign was to establish full and correct entitlement for these cohorts. A team of 20 experienced MSD staff were assembled from across the country to complete the engagement and the review with these clients. As of 30 June 2020, 8,595 individual cases had been completed and the work was placed on hold due to staff being redeployed to support the Government's Covid-19 response. The work was then picked up again in July 2021 and as of 5 September 2022, there are 940 individual cases remaining (which will take some time complete).
- 43 Whilst no formal evaluation of the 2019 campaign has been undertaken, MSD has commissioned Katoa Ltd to undertake qualitative research looking at Māori and Pacific mothers experiences of recent income support changes and the repeal of section 192. The themes that have come out of this research (which has yet to be finalised) include the:

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<sup>1</sup> This policy was repealed on 1 April 2020 and was targeted at sole parents who would receive a benefit reduction if they did not identify the other parent of the child and applies for child support.

- 43.1 need to feel cared about and listened to;
  - 43.2 challenges of having to navigate a complicated system;
  - 43.3 lack of awareness of the services and support available to people; and
  - 43.4 need to build staff cultural capability.
- 44 These views are similar to what we heard from people through our targeted sessions on the *Foundation for change* document. You will receive an update on this research later in the year.

### **Supporting people into suitable employment**

- 45 On 23 May 2022, Cabinet agreed that the core objective of MSD's employment service is to help people at risk of poor labour market outcomes to prepare for, find, and retain suitable employment to improve long-term wellbeing [CAB-22-MIN-0189 refers]. This decision is intended to support MSD's shift towards providing proactive support to help people into sustainable and meaningful employment appropriate for their circumstances.

9(2)(f)(iv)



### **Options for releasing the targeted engagement findings report**

- 48 Four possible options for releasing the report are outlined below with a high-level analysis included in table one. The risks and benefits of each option are provided in detail as Appendix two.
- 49 Options one, three, and four do not include you going to Cabinet to report on the Welfare Overhaul work programme and seeking Cabinet agreement in principle for a Bill to be introduced in mid-to-late 2024.

*Option one – Release the engagement report to participants with a Ministerial letter outlining your response and next steps*

- 50 This option proposes you share the engagement report with participants, including a letter from you thanking them for their input. The letter could include the following messages:

50.1 a lot of progress has already been made on the Welfare Overhaul work programme, including the latest initiatives announced through Budget 2022, and the significant benefit increases that came into effect on 1 April this year;

50.2 legislative change takes time and you have directed your officials to do further work;

50.3 you will be focusing on what operational changes can be made within the current framework and through other work currently underway. You heard through engagement that prioritising operational changes will have the greatest impact on people's lives;

50.4 some of the operational changes required that were highlighted through engagement will be progressed through the TPT Programme, which supports the wider Welfare Overhaul work programme; and

50.5 in the meantime, while the Bill has been deferred, foundational change remains a focus of this Government, and a priority for you as Minister of Social Development and Employment.

*Option two – Release the report to participants and your office publicly releases the report following an update to Cabinet on the Welfare Overhaul work programme (preferred option)*

51 This option is similar to option one, with the addition of going to Cabinet as part of your update on the Welfare Overhaul work programme. It is highly likely that some groups we engaged with will publicise the report through their own channels, if you decide to go with option one, so this option would mitigate that risk.

52 MSD can support your office in preparing a communications strategy to release the report if this is your preferred option. This could include preparing a draft press release outlining similar messaging provided in option one.

53 As part of option two, there is also the opportunity to seek Cabinet agreement in principle to introduce a Bill in mid-to-late 2024, and provide them with a copy of the Māori Values Framework.

54 Options for going to Cabinet will be provided to you in a follow-up report titled: *Update and next steps on the Welfare Overhaul work programme.*

*Option three – MSD releases the report to participants and publicly releases the report on its website, with Ministerial approval (preferred option if you decide not to go to Cabinet)*

55 This option proposes that MSD shares the engagement findings report directly with participants. We would provide an overview of how engagement feedback is being addressed through some of the initiatives of the TPT Programme and that further public engagement will take place at a later date (similar to the messaging provided in option one). The report would be published on MSD's website with minimal publicity.

*Option four – The engagement findings report is not released and MSD contacts the participants to outline next steps of the process (least preferred option)*

56 This option proposes to not release the targeted engagement findings report and for MSD to contact the participants to thank them for their contributions and outline the broad next steps for the Welfare Overhaul work programme, using similar messaging outlined in option one.

57 Officials recommend option two, as all other options do not include you going to Cabinet to report on the Welfare Overhaul work programme and seeking Cabinet agreement in principle for the Bill to be introduced in mid-to-late 2024 to amend the purpose and principles of the Act and include a Treaty provision in the Act. Waiting on Cabinet agreement to introduce the Bill in principle and subject to further advice mitigates the risks outlined in options one and three.

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61 You may also wish to consider the timing of releasing the report with options one and three. These options do not include the opportunity to go to Cabinet. Therefore, if you choose one of these options, we recommend sharing the targeted engagement findings report with your Cabinet colleagues to support your discussions on progress of the Welfare Overhaul work programme. This will help support positive relationships with participants through demonstrating that you are responding to participants feedback and sharing it wider with your colleagues.



## Next steps

- 62 We will provide you with further advice on releasing the targeted engagement findings report once you have considered the report and options for release.
- 63 We will also provide you with a follow-up report titled: *Update and next steps on the Welfare Overhaul work programme*, which will include options for going to Cabinet.

File ref: REP/22/6/605

Author: [out of scope] Senior Policy Analyst, Welfare System Policy

Responsible manager: [out of scope] Policy Manager, Welfare System Policy

## Appendix One: Proposed timeline for introducing a Welfare Overhaul Bill in mid-to-late 2024

2022	January	February	March	April	May	June	July	August	September	October	November	December
			First round of targeted engagement (completed)			Analysis			Report to the Minister		Cabinet update or release report to stakeholders (pending Ministers approval)	
2023	January	February	March	April	May	June	July	August	September	October	November	December
					Begin work on the Welfare Overhaul Bill	Period of restraint/Election						
2024	January	February	March	April	May	June	July	August	September	October	November	December
			Ministerial report: update on the work and seek agreement on the timeline for Ministerial and Agency consultation on the draft Cabinet paper			Cabinet paper: Approval of preferred options and issue drafting instructions for the Bill		Introduce Bill and first reading	Select Committee (Possible Budget bid)			
2025	January	February	March	April	May	June	July	August	September	October	November	December
	Select Committee Continued			Second reading	Committee of the Whole House	Third reading and Royal Assent						

## Appendix Two: Detailed Risks and Benefits on options for releasing the engagement report

Note: Options one, three, and four do not include the Minister going to Cabinet to report on the Welfare Overhaul work programme and seek Cabinet agreement in principle for a Welfare Overhaul Bill (the Bill) to be introduced in mid-to-late 2024.

Options	Risks	Benefits
Option One – Release the engagement report to participants with a Ministerial letter outlining your response and next steps (no Cabinet update)	s (9)(2)(g)(i)	
Option Two – Release the report to participants and your office publicly releases the report following an update to Cabinet on the Welfare Overhaul work programme.  (preferred option)		

	s (9)(2)(g)(i)
<p>Option Three – MSD releases the report to participants and publicly releases the report on its website, with Ministerial approval</p> <p><i>(preferred option if you decide not to go to Cabinet)</i></p>	
<p>Option Four – The engagement findings report is not release and MSD contacts the participants to outline next steps of the process</p> <p><i>(least preferred option)</i></p>	



# Report

**Date:** 19 January 2024

**Security Level:** In Confidence

**To:** Hon Louise Upston, Minister for Social Development and  
Employment

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## Update on work relating to the Welfare Expert Advisory Group's recommendations

REP/24/1/006

### Purpose

- 1 This report provides an update on work relating to the Welfare Expert Advisory Group's (WEAG) recommendations, as requested following an earlier update we provided you on work relating to the WEAG recommendations that apply to disabled people and people with health conditions. The summary, attached as Appendix One, provides additional information on the current status as an update of information that was included as an appendix to the December 2022 Cabinet paper on the Welfare Overhaul work programme. Officials are available to discuss this with you if you request.

### Recommended actions

It is recommended that you:

- 1 **note** the attached summary of current and future work relating to the WEAG recommendations, as requested by your office, which officials are available to discuss.

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out of scope

Deputy Chief Executive Policy

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Date

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Hon Louise Upston  
Minister for Social Development and  
Employment

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Date

Author: Josie Coombes, Graduate Policy Analyst, Welfare System Policy  
Responsible manager: Leah Asmus, Policy Manager, Welfare System Policy

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– Telephone 04-916 3300 – Facsimile 04-918 0099



# Appendix One: Welfare Expert Advisory Group (WEAG) Recommendations and related work as of January 2024

This document shows content from the 2022 Cabinet paper on the welfare overhaul work programme and provides an update on work that is related to the WEAG recommendations as of January 2024.

Rec #	WEAG Recommendation	Content from the 2022 Cabinet paper on the welfare overhaul work programme <b>Note: This is a product of the previous Government.</b>	Updates (Changes since late-2022 and current status)
1	<p>Amend the Social Security Act 2018 to state that anyone exercising power under the Act have regard to the following purpose and values. The purpose of the welfare system is to whakamana tāngata and ensure a dignified life by:</p> <ul style="list-style-type: none"> <li>• providing financial security and social security sufficient for an adequate standard of living</li> <li>• supporting people to achieve their potential for learning, caring or volunteering, and earning through good and appropriate work.</li> </ul> <p>The welfare system is underpinned by Kia Piki Ake Te Mana Tangata, including kaupapa Māori values of:</p> <ul style="list-style-type: none"> <li>• manaakitanga – caring with dignity and respect</li> <li>• ōhanga – economics</li> <li>• whanaungatanga – treasuring kinship ties and relationships</li> <li>• kotahitanga – unity</li> <li>• takatūtanga – preparedness</li> <li>• kaitiakitanga – guardianship.</li> </ul>	<p><i>Review of the purpose and principles of the Social Security Act 2018</i></p> <p>MSD conducted targeted engagement sessions earlier in 2022 on the review of the purpose and principles of the Social Security Act and proposed commitments to te Tiriti o Waitangi, particularly with regard to an overall focus on wellbeing and a stronger shift to suitable employment. Findings from this engagement have been collated and will be used to inform the ongoing review of this work and other work in the wider welfare overhaul.</p> <p><i>Development of a Māori Values Framework for the welfare system</i></p> <p>In late 2020, MSD established Ngā Mātanga Māori, a group of mātauranga Māori experts who hold mana in Māoridom, to develop a Māori values framework which could underpin the welfare system and explore how those values could be given effect. This group provided its final advice in October 2021, which proposed a framework consisting of:</p> <ul style="list-style-type: none"> <li>• three primary values (manaakitanga, whakawhanaungatanga, and tiakitanga)</li> <li>• three tikanga to guide the implementation of those values (tika, pono, and aroha)</li> <li>• an overarching cultural understanding within which the values should be understood (<i>te hira o te tangata, te ora o te whānau – the dignity of the individual within the context of their whānau</i>).</li> </ul> <p>Work is now underway to give effect to this framework within MSD, before being applied across the wider welfare system.</p> <p>The advice from Ngā Mātanga will be released soon.</p>	<p>Work on the purpose and principles of the Social Security Act 2018 was paused in 2022 to focus on other work programme priorities. There are currently no plans to restart this work.</p> <p>Advice from Ngā Matanga Māori was published in March 2023.</p> <p>We are using the Māori Values Framework within MSD.</p>
2	<p>Use the following principles to guide the design and operation of the welfare system.</p> <ul style="list-style-type: none"> <li>• Be person-centred and wellbeing focused</li> <li>• Keep children paramount</li> <li>• Value whānau and families</li> <li>• Treat people with dignity, respect, compassion</li> <li>• Provide an income sufficient for an adequate standard of living</li> <li>• Provide full and correct entitlements</li> <li>• Deliver support that is easy to access, timely and appropriate</li> <li>• Provide an employment service that supports people into good and appropriate work</li> </ul>	<p>Work is now underway to give effect to this framework within MSD, before being applied across the wider welfare system.</p> <p>The advice from Ngā Mātanga will be released soon.</p>	



Rec #	WEAG Recommendation	Content from the 2022 Cabinet paper on the welfare overhaul work programme <b>Note: This is a product of the previous Government.</b>	Updates (Changes since late-2022 and current status)
	<ul style="list-style-type: none"> <li>• Support provision of housing that is affordable, secure, of good quality and appropriate for the person (and their family or whānau)</li> <li>• Promote mutual expectations</li> <li>• Aim for equitable outcomes</li> <li>• Build and maintain effective linkages with other parts of government</li> <li>• Be sustainable.</li> </ul>		
3	Establish a cross-Ministerial approach to implement and monitor the effectiveness of the implementation and impact on outcomes of the Welfare Expert Advisory Group's recommendations (across welfare, health, housing, justice, education and employment) that is cognisant of responsibilities under Te Tiriti o Waitangi (the Treaty of Waitangi) and involves users of the welfare system.	The Minister for Social Development and Employment has been using the Social Wellbeing Cabinet Committee as the main forum to discuss progress of work in alignment with the Welfare Expert Advisory Group's recommendations and will continue to do this as the welfare overhaul progresses.	No additional updates.
4	Direct the Chief Executive of the Ministry of Social Development to design and implement a welfare system that will fulfil the new purpose and principles of the amended Social Security Act, is cognisant of responsibilities under Te Tiriti o Waitangi and involves users of the system.	<p>All work on the welfare overhaul work programme will have regard for the Crown's responsibilities under Te Tiriti o Waitangi/Treaty of Waitangi.</p> <p>MSD engaged on potential approaches to embedding Te Tiriti o Waitangi/Treaty of Waitangi obligations within the welfare system alongside engagement on the purposes and principles of the Social Security Act in early 2022. Findings from this engagement process will now be used to inform changes to the proposals, with further advice to be provided to the Minister for Social Development and Employment in due course.</p> <p>Responsibility for the overall design of the welfare system rests with the Government, and not with the chief executive of MSD.</p>	Work on amending the Social Security Act 2018 has been paused. There are currently no plans to restart this work. However, findings from the previous engagement have been collated and could be used to inform any future work in this space if required.
5	<p>Direct the Ministry of Social Development and Inland Revenue to publish yearly, whether as part of their Annual Reports or Statement of Intent, or as a standalone report, information on key outcomes for those interacting with the welfare system, including information about full and correct entitlements, take-up rates of payments, employment outcomes, the impact of employment supports and services, and after-tax and abatement earnings.</p> <p>Measures should include:</p> <ul style="list-style-type: none"> <li>• full and correct entitlement for all who are eligible by ethnicity, gender, location, health conditions and disabilities, and number and age of dependent children (0–17 years)</li> </ul>	<p>The Minister for Social Development and Employment has already directed MSD officials to expand reporting in line with recommendation 5 to ensure we have a better understanding of outcomes for clients. This includes the "heartbeat initiative", which measures people's experiences at Work and Income.</p> <p>In July 2022, MSD commenced a 12-month pilot to establish a measure of proportion of clients receiving full and correct entitlement. MSD also produce yearly reports on employment effectiveness of employment assistance, which can be broken down by a number of variables.</p> <p>MSD is continuing to improve published information on key outcomes for those interacting with the welfare system through revised impact statements and key performance indicators published in its SOI and reported upon in its Annual Report.</p>	<p>Work to expand reporting, in line with recommendation 5, continues to ensure we have a better understanding of outcomes for clients.</p> <p><i>Evaluation and monitoring:</i></p> <p>MSD uses a range of approaches to evaluate employment products and services that, taken together, help to guide investment decisions about the mix of employment supports it provides. This includes outcomes-focused evaluations including analysis by demographic variables.</p> <p>We also continue to monitor the provision, uptake, and impact of services through our Vote Social Development appropriation performance measures.</p>



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	<ul style="list-style-type: none"> <li>• take-up rates of payments by ethnicity, gender, location, health conditions and disabilities, and number and age of dependent children (0–17 years)</li> <li>• employment outcomes by benefit type, ethnicity, gender, location, health conditions and disabilities, age, and duration off benefit (3, 6 and 12 months)</li> <li>• impact of employment supports and services on outcomes by ethnicity, gender, location, health conditions and disabilities, and number and age of dependent children (0–17 years)</li> <li>• after-tax and abatement earnings for those receiving financial support from Inland Revenue or the Ministry of Social Development by ethnicity, gender, location, health conditions and disabilities, and number and age of dependent children (0–17 years).</li> </ul>	<p>Work to improve measures and data sources is on-going. MSD has also produced its first annual incomes report.</p> <p>There is also a comprehensive range of data made available via weekly, monthly and quarterly reporting on the <a href="https://www.data.msd.govt.nz">MSD website</a> and through the Social Development Data application <a href="https://www.data.msd.govt.nz">www.data.msd.govt.nz</a>.</p>	<p>A report of the findings from the pilot to establish a measure of proportion of clients receiving full and correct entitlement is due to be completed in 2024. Clients often have complex circumstances that can change their entitlement to financial assistance after the initial assessment. We are continuing to work on a method of sustainably capturing data on and developing a measure for correct entitlement as one of the 10 key measures for the Te Pae Tawhiti programme. Further information on Te Pae Tawhiti is included in the response to recommendation 9.</p> <p>In 2022, as part of the Families Package monitoring and evaluation work programme, MSD published estimates of take-up for <a href="#">Working for Families</a>,<sup>1</sup> and <a href="#">Best Start</a>,<sup>2</sup> including some sub-group breakdowns where appropriate. This work identified that there would be some value in updating these estimates on a three-yearly cycle.</p> <p>Additionally, work is ongoing to finalise measures of Accommodation Supplement take-up using the Integrated Data Infrastructure, and the New Zealand Income Support Survey. These measures will include sub-group breakdowns where appropriate.</p> <p>In 2023, MSD produced its first Total Incomes Annual Report using a newly developed dataset which explores the full range of financial support that main benefit clients receive. This report follows the WEAG recommendation that MSD should begin annually reporting a measure of client income. A 2024 Total Incomes Annual Report will also be produced, subject to approval from the Minister for Social Development and Employment.</p> <p>Our new suite of Key Performance Indicators implements recommendations from the WEAG around improved outcomes, greater equity for Māori and Pacific peoples and looks to reduce average debt per person.</p>
6	Embed the competencies required to achieve greater equity for Māori in the job descriptions, key performance indicators and performance reviews of the Ministry of Social Development's management and staff.	Work is underway within MSD to explore this, such as through MSD's Māori Strategy and Action Plan—Te Pae Tata.	MSD is ensuring capability is included in procurement processes to ensure equity is captured early on and suppliers are aware of the unique needs of our clients.
7	Include in the amended Social Security Act specific requirements for the Chief Executive of the Ministry of Social Development to be accountable to iwi (as recognised collectives) and to Māori (as individuals,	Accountability measures on the Chief Executive of MSD are being considered as a core aspect of giving effect to te Tiriti o Waitangi / the Treaty of Waitangi in the welfare system. This was part of the engagement sessions MSD ran in early 2022,	Work on accountability measures on the Chief Executive of MSD as a core aspect of giving effect to Te Tiriti o Waitangi/the Treaty of Waitangi in the welfare system has been paused in order to prioritise work in other areas

<sup>1</sup> <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/evaluation/families-package-reports/estimating-changing-working-for-families-eligibility-and-take-up-rates.pdf>

<sup>2</sup> <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/evaluation/families-package-reports/estimating-take-up-of-the-best-start-tax-credit.pdf>



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	whānau and communities) for achieving equitable wellbeing outcomes for Māori from the welfare system.	alongside the review of the purpose and principles of the Social Security Act. Findings from this engagement have been collated and will be used to inform ongoing work in this space.	of the welfare system. There are currently no plans to restart this work.						
8	Direct the Ministry of Social Development to commit to building its cultural responsiveness to Pacific People, to achieve equitable outcomes for Pacific People engaging with the welfare system. Cultural responsiveness includes having an awareness of cultural obligations experienced by Pacific People around contributions for weddings, funerals and other critical cultural events and taking account of the nuances within diverse Pacific communities.	<p>Pacific Prosperity – MSD’s Pacific Strategy and Action Plan is an enabling strategy for the Ministry to respond to the changing context of Pacific peoples, families and communities in New Zealand. Pacific Prosperity is strongly aligned to the Ministry’s strategic direction Te Pae Tawhiti and the recently developed All-of-Government Pacific Wellbeing Strategy.</p> <p>Pacific Prosperity is a key driver to inform policy and deliver stronger co-ordinated action with and for Pacific peoples across government, stakeholders and wider social sector service providers. It sets out our direction for changing the way we deliver services for, and work with, our Pacific peoples, families and communities, so they are safe, thrive and flourish in Aotearoa. It also embodies Pacific peoples’, families and communities’ strong aspirations to actively design and lead their own innovative solutions.</p> <p>Pacific Prosperity supports the Ministry to respond and organise people, systems, and services to work together more effectively to improve social and wellbeing outcomes for Pacific peoples. Furthermore, in April 2022 we completed the Pacific Prosperity Outcomes Framework (the outcomes framework), which looks at what difference we are making for Pacific peoples over time in Aotearoa New Zealand.</p> <p>The outcomes framework states what outcomes Pacific Prosperity intends to achieve, guides the work that needs to be designed and implemented in alignment with intended Pacific Prosperity outcomes, and helps the Ministry track progress against achieving intended Pacific Prosperity outcomes.</p> <p>The outcomes framework has three overarching goals and nine intermediate outcomes, which are:</p> <table><tr><th>Overarching Goals</th><th>Intermediate Outcomes</th></tr><tr><td>Pacific peoples access social services and supports when they need them</td><td>Pacific peoples:<ul style="list-style-type: none"><li>• Feel safe, respected, and empowered when engaging with social services</li><li>• Receive timely and appropriate support from MSD and its partners</li><li>• Have authentic relationships with social services.</li></ul></td></tr><tr><td>Pacific providers are viable, sustainable, and provide high-quality services</td><td>Pacific providers:<ul style="list-style-type: none"><li>• Receive fair and equitable support to strengthen capability</li><li>• Work within sustainable operating models</li></ul></td></tr></table>	Overarching Goals	Intermediate Outcomes	Pacific peoples access social services and supports when they need them	Pacific peoples: <ul style="list-style-type: none"><li>• Feel safe, respected, and empowered when engaging with social services</li><li>• Receive timely and appropriate support from MSD and its partners</li><li>• Have authentic relationships with social services.</li></ul>	Pacific providers are viable, sustainable, and provide high-quality services	Pacific providers: <ul style="list-style-type: none"><li>• Receive fair and equitable support to strengthen capability</li><li>• Work within sustainable operating models</li></ul>	MSD’s first Pacific Prosperity Progress Report (the progress report) has been produced using the Pacific Prosperity Outcomes Framework and will be available in early 2024.
Overarching Goals	Intermediate Outcomes								
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		MSD practices an equitable approach to enabling and delivering services for Pacific communities	<ul style="list-style-type: none"> <li>Are innovative and effective in their delivery of social services.</li> </ul> The Ministry: <ul style="list-style-type: none"> <li>Has positive relationships with Pacific peoples, staff, and providers</li> <li>Ensures Pacific peoples are involved in decision-making, design, development, and delivery of services</li> <li>Commits to long-term investments that support Pacific aspirations.</li> </ul>	
9	<p>The Welfare Expert Advisory Group recommends, in addition to the recommendations elsewhere that will improve outcomes for Māori, the Government:</p> <ul style="list-style-type: none"> <li>supports the Ministry of Social Development to continue to shift towards whakamana tāngata – to build the mana of others and uplift them in a way that honours their dignity</li> <li>supports the Ministry of Social Development to continue to review and evaluate, with Māori, the services the Ministry delivers to ensure they are effective in improving outcomes for Māori</li> <li>works with Māori to consider other effective ways of delivering welfare services and funding that are informed by Te Ao Māori, including longer-term, whānau-centred, strengths-based initiatives.</li> </ul>	<p>MSD's overall purpose is to help New Zealanders to be safe, strong and independent. This is reflected in MSD's strategic direction—Te Pae Tawhiti, which focuses on mana manaaki (treating people with respect and compassion and being open and fair), kotahitanga (working collectively with others and fostering strong relationships) and kia takatū tatou (taking a long-term strategic approach to community, regional and economic development).</p> <p>MSD has also developed and released Te Pae Tata, a Māori strategy and action plan, which articulates how we will work with Māori to achieve better outcomes for Māori, beginning with embedding a Māori world view into MSD. This will inform MSD's engagement with whānau, hapū, iwi and Māori organisations to identify opportunities to work in partnership.</p> <p>This work will help to give effect to measures developed in response to recommendations 1, 4, and 7, in the development of a kaupapa Māori values framework to underpin the welfare system and options for embedding Te Tiriti o Waitangi/Treaty of Waitangi obligations within the welfare system.</p> <p>As we deliver on our Te Tiriti o Waitangi commitments and incorporate te ao Māori into everything we do, we will significantly improve service experience and outcomes for clients, whānau, and communities, delivering this change through a multi-year, multi-Horizon transformation programme.</p> <p>Te Pae Tawhiti Programme (the Programme) seeks to enable MSD to deliver services that are easier to use, more accessible and integrated across employment, housing, and income support.</p> <p>The Programme is in the design phase and over the last few months we have been engaging with clients and staff, including Māori, across the motu to identify and design what better experiences for people and whānau will look like in the Future Service Model, and how MSD's staff, processes and technologies will support these experiences.</p>		<p>In June 2023, Cabinet [GOV-23-MIN-0016] agreed to start the Te Pae Tawhiti Transformation Programme, beginning with Horizon One for the three-year period 2023/24 to 2025/26. The Programme will help MSD achieve the three shifts set out in Te Pae Tawhiti – Our Future. In building MSD's future service model, the Programme is working to embed a service approach that offers multiple tiers of escalating support that will transform client experience. The Programme has a dedicated client engagement workstream – developing a best-practice model ensuring that staff-client interactions are effective and focused on supporting clients towards independence and employment. This will be delivered through the tiered service model. Horizon One establishes a new employment service, and new student experience, including a new payment system and improved digital experience along with an improved system to support partnering for outcomes with community providers.</p> <p>As MSD begins transformation, we will support the Crown's commitments as a Te Tiriti o Waitangi/Treaty of Waitangi partner within the day-to-day operations of the Programme.</p>




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10	<p>Develop a mutual expectations framework to govern interactions between the Ministry of Social Development and those who interact with the welfare system.</p>	<p>Work to rebalance mutual expectations is progressing through a variety of changes. This includes ensuring MSD's employment service supports people into suitable and sustainable employment, and the removal of the subsequent child policy.</p> <p>Since 2018 the Government started work to ensure clients are treated with dignity and respect at MSD. This included the client commitment which is at all service centres and the launch of the eligibility guide. This work continues as part of MSD's strategic direction, Te Pae Tawhiti. The Te Pae Tawhiti Programme is a multi-year change work programme to enable the Ministry to deliver services that are easier to use, more accessible and integrated across employment, housing and income support. One of the key shifts MSD is seeking is Mana manaaki. Mana manaaki is about building the mana of others and uplifting them in a way that honours their dignity, is warm, kind and compassionate to people and whānau and treat them with care, honour and respect. This will improve interactions in the welfare system.</p> <p>As part of the long-term welfare overhaul work programme the reviews on the purpose and principles of the Social Security Act 2018 and the work obligations and sanctions in the Social Security Act 2018 will consider options to rebalance the mutual expectations framework in the welfare system. Some targeted engagement was undertaken to inform the review on the purpose and principles of the Social Security Act 2018 in early 2022. The work on options for legislative change is currently on hold, and will be reprioritised once a timeline for introducing a Bill has been confirmed.</p>	<p>Work to further develop the mutual expectations framework in the welfare system was part of the review of obligations and sanctions and the purpose and principles of the Social Security Act 2018. This was paused in 2022 to focus on other priorities of the work programme at the time.</p> <p>There may be opportunities to further develop a mutual expectations framework through the Traffic Light System, ensuring that staff and clients are both clear on what is expected of them and what they can expect of each other. Advice on the Traffic Light System is currently being developed, with initial advice to be provided in due course.</p>
11	<p>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).</p>	<p>The Government has repealed Section 192 of the Social Security Act 2018 (the Act). In November 2021, the Government also removed the subsequent child policy.</p> <p>The initial income stand-down period before receiving a main benefit was temporarily removed by the Government in response to COVID-19, allowing all eligible New Zealanders to receive income support as soon as they needed it. As a further removal was not funded through Budget 2021, initial income stand-downs returned on 25 July 2021.</p> <p>In Budget 21 we received funding to extend the current temporary deferral and fund a new process around subsequent work capacity medical certificates for Jobseeker Support – Health Condition and Disability.</p> <p>Further work will continue to explore the removal of sanctions, with a focus on those with an impact on child wellbeing.</p>	<p>A range of work is currently underway in relation to obligations and sanctions to respond to this Government's priorities, including: Welfare that Works, the Traffic Light System and 26-week reapplications. Advice on these work areas will be provided in due course.</p>



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12	Improve outcomes by ensuring the public-facing, frontline service is consistent with the new purpose and principles through sufficient resourcing (for example, staffing, support and services), an appropriate performance framework, and complaints and disputes processes.	<p>The Government is already making changes to improve frontline services in line with recommendation 12 and will continue to do so. The pre-budget announcement of additional staff is also an important part of this by providing extra resources on the frontline.</p> <p>Additional funding for further frontline staff and employment services to support an increase in demand was received as part of Budget 2020, with \$250 million to increase MSD's workforce capacity by 807 FTE and \$150 million for the Employment Service Response.</p> <p>MSD has also made improvements to its service centres by making changes to front of house areas such as having watercoolers, new 'kids area' furniture and signages to help service centres be a more welcoming and accessible environment. The new front of house changes were designed with input from clients and has been rolled out to all service centres.</p>	The Service Centres for the Future refurbishment of frontline offices has created warm, welcoming and safe environments for clients and communities. The new service centre layouts also support positive experiences for people accessing Ministry services. This is achieved through the layout designs which incorporate enhanced security features that are safe for everyone who uses them, while also providing increased privacy. Service Centres have a refreshed look and feel, including the introduction of warmer colours and wall space to reflect regional connections. So far, 108 of 122 service centres have been refurbished and several further fit outs are to be progressed in 2024. There are also six new build/replacement sites in progress which will have the new layout put in place.
13	Assist recipients of Sole Parent Support to return to part-time work when their youngest child is 6 years old (subject to supports being available, such as good quality childcare) instead of the current 3 years. Support but not require all sole parents to return to work when their youngest child is under 6 years old.	Work on the review of work obligations has been paused in order to prioritise other areas of the welfare overhaul work programme.	A range of work is currently underway in relation to obligations and sanctions to respond to this Government's priorities as discussed in recommendation 11. There are no additional updates.
14	Continue to prioritise a reduction in outstanding benefit debt through sustainable repayments, and minimise the creation of overpayments, including reviewing recoverable hardship assistance and current practice, to be more consistent with whakamana tāngata.	The review of Hardship Assistance is underway as part of the Debt to Government work programme. Income limits have been permanently increased and will be indexed to net average wage growth from 1 April 2023. This ensures that hardship assistance is available to those who need it. On 1 December 2022, policy changes were made to SNGs for dental treatment to make them more adequate and accessible. Most notably, the maximum allowable amount has increased from \$300 to \$1,000, which was a Labour Party 2020 manifesto commitment.	<p>The hardship review has been paused.</p> <p>In line with MSD's Te Pae Tawhiti programme, policy and legislative changes could help us unlock even greater benefits for clients and efficiencies for MSD by reducing benefit debt. These would require significant policy and other resources and would potentially have significant fiscal implications. It is better to look at these changes as part of the intended system transformation as part of the Te Pae Tawhiti programme. <sup>9(2)(f)(iv)</sup></p>
15	Align the regulations and practice around benefit debt so that it is treated in substantially the same way as Inland Revenue treats taxpayer debt.	<p>A cross-agency group of officials was convened in 2019 to consider a cross-government approach to prevent and manage debt. This work is currently led by Under-Secretary Dr Deborah Russell. The Cabinet Social Wellbeing Committee (SWC) has agreed the Debt to Government work programme should have the dual focuses of: ensuring debt recovery is fair, effective, and avoids exacerbating hardship; and preventing debt from occurring so that it does not create future problems for those in hardship [SWC-21-MIN-0171 refers].</p> <p>Cabinet recently received an update on the debt to government work programme, including the outline of a framework for debt</p>	In July 2023, Cabinet formally adopted an all-of-government policy framework for debt to government developed through the Debt to Government work programme [SWC-23-MIN-0092 refers]. The framework is intended to guide the establishment, management and recovery of debt owed to government. Cabinet agreed that relevant policy papers for debt owed to government submitted to Cabinet would include a discussion of whether the proposal is consistent with the principles and guidance in the framework.
16	Instigate a cross-government approach to managing debt to government agencies.		



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		to government and its principles, categories of debt, dimensions of debt management and approach to individual people's circumstances [SWC-22-SUB-0170 refers]. Joint Ministers will report back to Cabinet on the work programme in June 2023.	Cabinet invited the Ministers responsible for the Debt to Government work programme to report back to Cabinet regarding the framework in July 2024. MSD will work with Inland Revenue (the lead agency for the work to date) to provide advice to you on options ahead of the scheduled report-back.
17	Endorse the Ministry of Social Development's three-tiered approach to responding to fraud allegation: intervene, facilitate and, as a last resort, investigate. Apply the principles of natural justice in all steps, and, if the outcome is disputed, permit a review independent of the Ministry of Social Development.	The Minister for Social Development and Employment endorsed MSD's approach to fraud, as suggested in recommendation 17, and will continue to ensure fraud is handled appropriately across the welfare system and for the COVID-19 economic supports administered by MSD.	Overall, the number of cases responded to across MSD's three-tier model has remained stable, however, a greater proportion are now responded to without investigation or prosecution.
18	Enhance and improve the support for people exiting prisons, including increasing the Steps to Freedom grant, and ensuring that any person who leaves prison has appropriate identification and is engaged with specialised care and supportive housing initiatives. Move practices around prisoner integration out of the 'pilot' stage and draw on evaluation data to embed integrated support for these individuals.	As part of the Supporting Offenders into Employment service, MSD continues to provide tailored wrap-around support to eligible people before and after they are released from prison, to achieve their goals, secure and sustain employment and reduce recidivism. This was recently agreed to be part of MSD's regular suite of employment products.  The cross-agency initiative Māori Pathways has also been rolled out to Hawkes Bay Christchurch Women's Prison, and Northland. This programme is designed in partnership with Māori to reduce re-offending and improve outcomes for whanau.	Previous work explored increasing the Steps to Freedom re-establishment grant. This work was paused in order to prioritise work in other areas of the welfare system. We understand you have expressed an interest in this area, and we can provide further advice if required.
19	Adopt the following 10 principles to redesign the income support system. <ul style="list-style-type: none"><li>Income support is adequate for meaningful participation in the community, and this support is maintained over time</li><li>Income support ensures people are always better off in paid work and high effective marginal tax rates are avoided as much as possible</li><li>Main benefits cover a larger proportion of people's living costs than they do currently (reducing reliance on other assistance)</li><li>Child-related payments follow the child and can be apportioned with shared care.</li><li>Payments for specific costs provide support that is adequate, appropriately designed and easy to access</li><li>Changes to income support reduce disincentives to form relationships.</li><li>The income support system proactively supports people to access their full and correct entitlements</li></ul>	The income support system has experienced significant improvements since the release of the WEAG report to align with the 10 principles outlined in recommendation 19.  These principles have underpinned recent changes including: <ul style="list-style-type: none"><li>Increases in benefits and benefit abatement thresholds have improved the adequacy of income support, while supporting incentives to work as beneficiaries are able to work more hours (while receiving a main benefit).</li><li>Amending the process for subsequent work capacity medical certificates so that the client's health practitioner will have more flexibility to recommend the time between medical reviews based on how long the client's ability to work is expected to be affected by their disability, injury or health condition, instead of being a mandatory period.</li></ul> These principles continue to inform ongoing work including: <ul style="list-style-type: none"><li>Initial steps to review the operational policy, training and guidance on how staff determine relationships. MSD is also considering as part of its longer-term work programme a range of issues related to the unit of</li></ul>	Further changes relevant to these principles included: <ul style="list-style-type: none"><li>Budget 2023 investment in Childcare Assistance</li><li>The enactment of the Child Support (Pass On) Amendment Act 2023.</li></ul> 9(2)(f)(iv) 



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	<p>and promotes these entitlements to the broader population</p> <ul style="list-style-type: none"> <li>• The income support system is easy to access and provides timely support, including to people transitioning in and out of the system</li> <li>• The income support system is as simple as possible balanced against the need to provide adequate support for people in a variety of circumstances at a reasonable cost to government</li> <li>• People are treated with dignity and respect when accessing this support.</li> </ul>	<p>entitlement and how relationships interact with the welfare system.</p> <ul style="list-style-type: none"> <li>• Work on options to best recognise split and shared care in the benefit system.</li> <li>• The review of Working for Families, which is considering options that remove pockets of very high effective marginal tax rates and make work pay as families increase their hours of paid employment.</li> <li>• The review of Childcare Assistance, which is considering improvements to the accessibility of support, as well as additional financial support to meet childcare costs to improve in-work incomes for working families with formal childcare costs.</li> </ul> <p>From 1 July 2023 child support will be passed on to sole parent beneficiaries and treated as income for benefit purpose. This change improves income adequacy for sole parent beneficiaries and removes inequities that currently exist in the welfare system between sole parents and repartnered couples. These changes ensure income support is adequate for meaningful participation in the community, and, through the automation component, that the income support system is easy to access and provides timely support.</p>	
20	<p>Reform main benefits by:</p> <ul style="list-style-type: none"> <li>• increasing main benefits by between 12% and 47% as set out in table 2, page 99</li> <li>• increasing the abatement thresholds for: <ul style="list-style-type: none"> <li>◦ Jobseeker Support to \$150 a week</li> <li>◦ Sole Parent Support and Supported Living Payment to \$150 a week and \$250 a week.</li> </ul> </li> </ul>	<p>After-tax rates of main benefits has increased by \$25 from 1 April 2020.</p> <p>The abatement thresholds for Jobseeker Support (single person or couple) increased to \$160 per week from 1 April 2021 and between \$160 and \$250 per week for sole parents and Supported Living Payment recipients.</p> <p>On 1 July 2021, all main benefit rates increased by \$20 per week, per adult, (\$40 for couples). Further increases occurred on 1 April 2022, including:</p> <ul style="list-style-type: none"> <li>• further increasing main benefit rates to meet the levels recommended by the WEAG, with an additional \$15 (after tax) per week, per adult, for families with children, and</li> <li>• increasing youth rates of main benefits by same amount as the equivalent adult benefit, and</li> <li>• increasing student support rates by \$25 per week.</li> </ul> <p>Youth rates of main benefits will be the only rates that remain below those recommended by the WEAG, for those not already paid at the adult rate. There are significant implications for studying and training incentives by raising these rates, that require careful consideration. Youth rates will be considered in future welfare overhaul work.</p>	No additional updates.



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21	Fully index all income support payments and thresholds annually to movements in average wages or prices, whichever is the greater. Index Accommodation Supplement rates to movements in housing costs.	Indexation of main benefits to average wage growth was passed as part of Budget 2019 and implemented in April 2020.  From 1 April 2022, the income thresholds for Childcare Assistance was adjusted annually in line with average wage growth. This change will maintain financial incentives to work for low-income families by helping to maintain their entitlement to Childcare Assistance as their wages grow.	The Coalition Government has committed to index main benefits to inflation (any percentage movement upwards in the Consumers Price Index) from 1 April 2024.
22	Consider introducing a Living Alone Payment that contributes to the additional costs of adults living alone (without another adult) on a low income.	This work remains on the welfare overhaul work programme and will be considered as part of work to improve the income support system.	This work was not progressed under the welfare overhaul work programme and is not under being considered at this time under the current work programme.
23	Reform Working for Families and other tax credits by: <ul style="list-style-type: none"> <li>increasing the Family Tax Credit to \$170 a week for the eldest child and to \$120 a week for subsequent children</li> <li>increasing the abatement threshold for the Family Tax Credit and changing the abatement rate to: <ul style="list-style-type: none"> <li>10% on family annual incomes between \$48,000 and \$65,000</li> <li>15% on family annual incomes between \$65,000 and \$160,000</li> <li>50% on family annual incomes in excess of \$160,000</li> </ul> </li> <li>replacing the In-Work Tax Credit, Minimum Family Tax Credit and Independent Earner Tax Credit with a new Earned Income Tax Credit</li> <li>introducing an Earned Income Tax Credit of up to \$50 a week for people with and without children and with a couple-based income test</li> <li>making the Best Start Tax Credit universal for all children aged under 3 years.</li> </ul>	<p>On 1 July 2020, the hours test for the In-Work Tax Credit (IWTC) was removed as part of the Government's initial response to COVID-19. In April 2021, the Government also introduced a grace period for people receiving the IWTC. This change meant people receiving IWTC payments could continue to receive these when taking a short unpaid break from working.</p> <p>The Minimum Family Tax Credit has been increased in 2020, 2021 and 2022, following increases to main benefit rates and abatement thresholds, to continue to ensure sole parents are better off in work at the minimum required hours.</p> <p>The Government has announced that work is underway to review Working for Families (WFF). MSD is working with Inland Revenue, Treasury and the Department of the Prime Minister and Cabinet to review WFF. Advice on the scope, scale and timing of the review was provided to joint Ministers in April 2021.</p> <p>On 1 April 2022 initial changes were made to increase the Family Tax Credit (FTC) payment rate by \$5 per week and abatement rate to 27%, alongside scheduled indexation. Rates also will increase from 1 April 2023 as part of scheduled indexation with FTC increasing to \$136 a week for the eldest and \$111 a week for subsequent children.</p> <p>Public engagement to inform the review took place in April/May 2022, and a report summarising the key findings has been released. Officials are continuing to provide advice to Income Support Ministers on options for change.</p>	<p>From 1 April 2024, rates of the Family Tax Credit and Best Start Tax Credit will be increased as part of ongoing indexation to inflation. The Family Tax Credit will increase from \$136 to \$144 per week for the eldest child and from \$111 to \$117 per week for subsequent children. The Best Start tax credit will increase from \$69 to \$73 per week.</p> <p>Officials are progressing a proposal through Budget 2024 to increase the In-Work Tax Credit by \$25 per week from 1 July 2024.</p> <p>9(2)(f)(iv)</p>
24	Reform supplementary assistance and hardship assistance so they are adequate, appropriately designed and easy to access.	The review of Hardship Assistance is underway as part of the debt to government work programme. Income limits have been permanently increased and will be indexed to net average wage	The previous review of Hardship Assistance is paused.



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		<p>growth from 1 April 2023. This ensures that hardship assistance is available to those who need it. On 1 December 2022, policy changes were made to SNGs for dental treatment to make them more adequate and accessible. Most notably, the maximum allowable amount has increased from \$300 to \$1,000, which was a Labour Party 2020 manifesto commitment.</p>	
25	<p>Require the Ministry of Social Development to, within 2 years, complete work, including commissioning independent research and focus groups, to establish a minimum income standard for New Zealand (with 5-year reviews).</p>	<p>MSD has commenced work to develop advice on these recommendations. This work has been temporarily put on hold to divert resources to other priority work items.</p>	<p>No additional updates.</p>
26	<p>Increase, as soon as possible, overall income support to levels adequate for meaningful participation in the community, as defined by the minimum income standard (which reflects different family circumstances, for example, children, disabilities and regional area) and maintain this level of support through appropriate indexation.</p>	<p>Main benefit rates were increased on 1 April 2020, 1 July 2021 and on 1 April 2022. They will also continue to be adjusted in line with average wage growth over time. Rates of Family Tax Credit were also increased on 1 April 2022- and continue to be adjusted for inflation.</p> <p>These changes have helped make income support levels more adequate and have led to around a 40 percent increase in After Housing Cost income (inflation adjusted) for those on a main benefit since 2018. More work on a minimum income standard is required, which will be considered as part of the renewed welfare overhaul work programme.</p>	<p>No additional updates.</p>
27	<p>Pass on all child support collected to receiving carers, including for recipients of Unsupported Child's Benefit.</p>	<p>In March 2022, Cabinet agreed to fund child support pass on as part of Budget 2022. Inland Revenue and MSD are working on the implementation of the initiative on 1 July 2023 with sole parents receiving their first child support payment in August 2023.</p> <p>At this time, the Budget initiative will not apply to caregivers receiving the Unsupported Child's Benefit in respect of children for which this benefit is granted. Child Support pass-on for UCB recipients is being considered by Oranga Tamariki—Ministry for Children as part of current work to reform the system of financial support for caregivers, following the 2019 review of financial assistance for caregivers. Officials will provide further advice to Ministers on the interaction between child support and caregiver payments so that it supports tamariki to thrive under the protection of their family, whānau, hapū or iwi and provides more support to caregivers outside of the State care system.</p>	<p>On 1 July 2023, the Child Support (Pass On) Acts Amendment Act came into force, with the first payments being passed on to parents on a sole parent rate of main benefit in August 2023.</p> <p>These changes do not apply to Unsupported Child's Benefit (UCB), as child support pass-on for UCB recipients is being considered by Oranga Tamariki—Ministry for Children as part of current work to reform the system of financial support for caregivers.</p>



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28	Move income support settings over time to be more neutral on the impact of being in a relationship in the nature of marriage.	MSD is in the initial stages of reviewing operational policy, training and guidance on how staff determine relationships (advice to be provided to the Minister for Social Development and Employment in late 2021). The Government will also be exploring further work in line with the New Zealand Income Insurance Scheme and with a prioritisation of those unable to work.	9(2)(f)(iv)
29	Urgently expand and accelerate Government efforts to substantially increase public housing on an industrial scale and continue urgent efforts to end homelessness.	<p>The Public Housing Plan 2021-2024 was released in February 2021 to give an indication of the location and number of new places that would be delivered through the Budget 2020 funding (which funded an additional 6,000 public and 2,000 transitional homes). The Plan focuses on areas that are now facing high population growth and where the Housing Register is growing. Alongside previous Budget housing initiatives in 2018 and 2019, the Government is on track to deliver over 18,000 additional places by 2024, having delivered more than 10,000 permanent public homes since November 2017 and 3,000 transitional homes since October 2019. <u>The Government Housing Dashboard</u> shows the changes in public and transitional housing.</p> <p>The Government is also undertaking work to ensure that homes meet the needs of public housing tenants. Single-Site Supported Housing (SSSH) provides a solution for people and whānau with a wide range of health, mental health and social support needs who would benefit from living in one building with tailored support services available on-site 24/7. Kāinga Ora is developing two sites that employ the SSSH model in Auckland and Wellington.</p> <p>Agencies continue to implement the Homelessness Action Plan. All of the 18 immediate actions are in place or underway with progress being made to support individuals, families and whānau at risk of or experiencing homelessness and positive wellbeing and housing outcomes. Work is progressing on the development of longer-term actions to build on current homelessness responses.</p> <p>Challenges with implementation and traction in reducing homelessness continue, including construction headwinds, COVID-19 impacts, capacity pressures and delays, continued housing affordability issues and housing supply shortages. A range of interventions are needed to complement and support public and transitional housing delivery, such as those noted in Recommendation 34. Improving the supply and diversity of affordable housing for different households will help to ease pressure on waitlist for public housing.</p>	<p>Work is progressing on the proposed fast track as part of the 100-day plan.</p> <p>MSD is responsible for assessing and updating applications for public housing (register management). MSD continues to meet its Service Level Agreement (SLA) and KPI of new public housing applications being started within 30 days of initial contact and Public Housing Needs Assessments being completed for all clients in receipt of an Emergency Housing Special Needs Grant (EH-SNG).</p> <p>The Homelessness Action Plan (HAP) for at risk groups was signed and agreed by the previous associate Minister of Housing in July 2023. The Minister agreed to the scope of the five at risk groups: Pacific, Rainbow, Elderly, Ethnic Communities and Disabled people in Auckland. The HAP is to provide support for individuals, families and whānau at risk of or experiencing homelessness, and for positive wellbeing and housing outcomes. Ministerial agreement was provided in July 2023 to progress engagement on the HAP.</p>



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		<p>The Emergency Housing Review is underway and will result in a number of actions to reduce housing insecurity and improve the wellbeing of those in emergency housing.</p>	
30	<p>Increase the range of home ownership and tenure options for people on low and low-middle incomes.</p>	<p>The Progressive Homeownership Scheme will help between 1,500 and 4,000 low to middle income households to access shared ownership, rent-to-buy, or leasehold arrangements to step into home ownership. The Progressive Home Ownership initiative is delivered through joint work between HUD and Kāinga Ora and supported by \$400m funding. The fund has a specific aim to address housing affordability issues for three priority groups: Māori, Pacific peoples, and families with children. At the end of the of September 2022, 181 households had been assisted to step into homeownership across the country and a total of 477 homes had been contracted through the fund.</p> <p>Officials are reviewing the Kāinga Whenua Loan, which is an initiative between the Crown and Kiwibank to help Māori achieve homeownership on multiply owned Māori land. It supports Māori to build, purchase or relocate a house, and can also be used for repairs and maintenance for an existing house on whenua Māori. It is aimed at (though not restricted to) first home builders on communally owned land and is backed by a government insurance scheme that makes it less risky for Kiwibank to provide the loan. The aim of the current review is to increase the uptake of the Kāinga Whenua Loan, as there have been fewer loans than were expected. Officials are aiming to put recommendations to Cabinet in late 2022 or early 2023.</p> <p>The Affordable Housing Fund opened in July 2022 and will provide \$350 million to partner with a range of community housing providers, Māori and iwi, councils, philanthropic organisations, developers, and investors to support the development of affordable homes for low-to-moderate income families and whānau through two pathways:</p> <ul style="list-style-type: none"> <li>• The Affordable Rental Pathway is focusing on much-needed affordable rentals for low-to-moderate income families and whānau in areas with significant rental affordability issues.</li> </ul> <p>The Build Ready Development pathway is securing affordable housing through build-ready developments that may not otherwise go ahead.</p>	<p>The Affordable Rental Pathway, led by HUD, is focusing on affordable rentals for low-to-moderate income families and whānau in areas with significant rental affordability issues. Rents are expected to be less than 80% of the median market rent for the type of home. As of December 2023, funding grants were approved for 15 successful applicants from round one and early progressions from round two of the Affordable Rental Pathway. A total of 266 affordable rental homes are expected to be completed by 30 June 2027 or earlier. The Build Ready Development Pathway is securing affordable housing through build-ready developments that may not otherwise go ahead. 180 homes are currently contracted for delivery in Manurewa, Auckland.</p>
31	<p>Increase the capacity of third-sector community-based housing providers.</p>	<p>HUD is working closely with Homelessness Sector Services, formed by Te Matapihi and Community Housing Aotearoa, to identify the needs of providers, build their capability and capacity and promote effective practices, such as trauma-</p>	<p>We expect the role and capacity of community providers will be issues covered by the review of Kainga Ora.</p>



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		<p>informed care approaches and supporting kaupapa Māori approaches.</p> <p>One of the immediate actions under the Homelessness Action Plan (HAP) is to enhance the capability and capacity of Māori providers. Progress on this work has been supported by the launch of the He Taupua fund in August 2020. As of 20 September 2022, 39 projects have been funded through He Taupua (under the HAP workstream). In terms of housing delivery, the \$20m assigned to support kaupapa Māori approaches in HAP has meant 158 people housed. Additionally, partnerships with Māori housing provider through the Whai Kāinga Whai Oranga programme will deliver 1000 new homes, 700 repairs and 2700 infrastructure sites to whānau Māori.</p> <p>The Ministry for Pacific Peoples (MPP) is progressing work to support Pacific organisations to become registered community housing providers through the Community Housing Provider Registration Support Programme. Community Housing Solutions was contracted by MPP to provide support with capability development and registration with the Community Housing Regulatory Authority. Six Pacific organisations are currently part of the programme.</p>	
32	Develop and enact laws and regulations to ensure healthy homes and housing security, decent standards of housing quality, universal design, and accessibility.	<p>In 2019, Kāinga Ora – Homes and Communities, released its first Accessibility Policy 2019-2022. One of three key outcomes of the policy was the introduction of a target of for incorporating universal design into new builds of 15 percent. Kāinga Ora has around 500 accessible homes in its build pipeline for delivery by the end of 2022/23 and around 5,670 homes throughout the country that have undergone accessibility modifications work. By mid-2024 Kāinga Ora aims to deliver at least 1,000 homes that meet Full Universal Design standards.</p> <p>Amendments to the Residential Tenancy Act came into effect in August 2020 and February 2021 in part aimed at improving security of tenure. For example, by specifying the reasons a landlord can end a tenancy, limiting the frequency of rent increases to once every 12 months and prohibiting rental bidding. A further change enabled tenants experiencing family violence to quickly terminate a tenancy to seek safety with regulations to operationalise it currently being developed and expected to be gazetted in December 2022.</p> <p>The healthy homes standards cover heating, insulation, ventilation, moisture ingress and drainage, and draught-stopping.</p>	No additional updates.
33	Subsidise housing costs for people on low incomes (in addition to raising main benefit rates to provide an adequate income) and ensure the combination of	The Government has started a review of the Accommodation Supplement. In November 2021 Income Support Ministers directed MSD to focus on options to increase take-up of the Accommodation by eligible, non-beneficiary, working	From March 2023, Housing Support Products for Residential Tenancy Act went live. The new products



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	<p>changes to housing support and abatement rates make households better off.</p>	<p>households. To help shape advice MSD undertook targeted engagement with stakeholders to better understand barriers to take-up. Further options on increasing uptake through a targeted marketing programme as well as consideration for solidifying a boundary review and responding to recent recommendations from the Retirement Commissioner will be considered.</p> <p>Following a review of Housing Support Products and housing-related hardship assistance, funding was secured through the 2022 Budget to improve lower-income households' ability to access and sustain private rental housing, with an aim to prevent homelessness, and to simplify the available housing-related assistance. From March 2023, there will be a single new housing-related hardship assistance programme for all eligible clients. Key changes include:</p> <ul style="list-style-type: none"> <li>• increased maximum limits for bond, rent in advance and rent arrears to reflect actual costs</li> <li>• an increase to the number of times clients can receive support per year</li> <li>• IT and operational improvements to streamline assistance for both staff and clients</li> <li>• making the HSP appropriation demand-driven (to align with broader hardship assistance funding)</li> <li>• aligning recoverability settings under the programme, where previously some clients were eligible for non-recoverable assistance</li> <li>• extending eligibility to include clients in less formal tenancy arrangements (such as boarding or flatting, without being named on the tenancy agreement)</li> </ul> <p>The package also includes piloting a non-recoverable payment for groups where there are gaps in current assistance (eg better supporting clients to leave emergency housing).</p>	<p>amalgamated with the previous recoverable assistance for bond, rent arrears and moving costs.</p> <p>Work is still continuing to expand HSPs to clients in less formal arrangements. The agreed start date in June 2024. This expansion will allow HSPs to assist clients who are in boarding or flatting situation, or without a tenancy agreement.</p> <p>The package did include piloting a non-recoverable payment for groups where there are gaps in current assistance (e.g. better supporting clients to leave emergency housing), however this has been paused and not deemed a priority in the current work programme.</p>
34	<p>Improve access to affordable, suitable housing support for people on low and low-middle incomes, including a range of affordable home-ownership products and papakāinga housing.</p>	<p>HUD is leading and supporting work to create the foundations for more housing to be delivered where it is needed, with a greater variety of typologies and prices to meet diverse needs. This includes:</p> <ul style="list-style-type: none"> <li>• Comprehensive review of the Resource Management Act and implementation of the National Policy Statement on Urban Development (NPS-UD), and Medium Density Residential Standards to free up more land for housing.</li> <li>• Infrastructure Funding and Financing Act, which makes it easier to fund and finance the infrastructure required to support new developments.</li> </ul>	<p>HUD is continuing to lead and support work to create the foundations for more housing to be delivered where it is needed, with a greater variety of typologies and prices to meet diverse needs. This now also includes:</p> <ul style="list-style-type: none"> <li>• supporting efforts to free up land for housing by providing policy advice on the Government's Going for Housing Growth Policy, including setting 30-year Housing Growth Targets for councils to comply with and strengthening the National Policy Statement on Urban Development and new rules for infrastructure funding in greenfield developments</li> </ul>



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		<ul style="list-style-type: none"> <li>Comprehensive review of the building consenting system to unlock productivity growth and making houses more affordable.</li> <li>Boosting sector capacity and capability through initiatives such as the Construction Sector Accord, Immigration Rebalance and extension of the Apprenticeship Boost to further support trades training.</li> <li>Changes to tax settings to make the tax system fairer for owner-occupiers by reducing demand from speculators and investors, while maintaining demand for new housing.</li> </ul> <p>The Government has also scaled up direct investment in infrastructure provision, government-led development, and partnerships to deliver more affordable homes. These initiatives are necessary complements to the Government's public and transitional housing delivery (see update on Recommendation 29), representing the diversity of barriers, opportunities and needs across the housing system.</p> <p><b>First Home Buyer Support</b></p> <p>The First Home Products support eligible first home buyers to overcome the deposit barrier. The First Home Loan reduces the minimum deposit requirement to five percent, which is lower than what is normally required by banks. The grant provides a subsidy of up to \$10,000 per person to put towards the deposit. In May 2022, changes were made to the First Home Products to increase uptake, make buying a home more accessible to first home buyers, and target groups with lower uptake; that is Māori, Pacific peoples, and individual buyers with children or dependent adults in their household. In 2021/2022, 5,760 grants were paid, and 650 homes were bought using the loan, however Budget 2022 funding enables an additional 7,000 grants and 2,500 more homes bought using the loan.</p> <p>The Progressive Homeownership Scheme has also been established to help between 1,500 and 4,000 low to middle income households to access shared ownership, rent-to-buy, or leasehold arrangements to step into home ownership.</p> <p>On 19 July 2022, the Government announced changes to its KiwiBuild programme. Updated price caps will enable delivery of more modest sized and medium density homes which will help to address housing shortage and put downward pressure on house prices. Changes to income caps and additional exemptions to KiwiBuild price caps for larger and accessible homes will assist more single parents, people with accessibility issues and larger, potentially intergenerational families.</p>	<ul style="list-style-type: none"> <li>implementing the Urban Development Act, which provides for Specified Development Projects – a new way of planning and funding complex or challenging urban development projects.</li> </ul> <p>The Government has also scaled up direct investment in infrastructure provision, Government-led development, and partnerships to deliver more affordable homes. These initiatives are necessary complements to the Government's public and transitional housing delivery (see update on Recommendation 29), representing the diversity of barriers, opportunities and needs across the housing system.</p> <p>The total allocated funding under the Infrastructure Acceleration Fund (IAF) is \$926.7 million, across 30 IAF agreements. Developers are committed to delivering approximately 14,000 houses once the infrastructure is in place. However, as the infrastructure funded will unlock new land ready for development, the IAF is expected to enable 30,000 - 35,000 new homes over the next 10-15 years.</p>



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		<p><b>Access to affordable rental housing</b></p> <p>The Kāinga Ora Land Programme progressed its first acquisition in 2021 with the \$70.4 million purchase of Ferncliffe Farm in the priority-growth area of Tauranga's Tauriko West and will enable delivery of approximately 1,000 more homes in Tauranga.</p> <p>The implementation of the Homelessness Action Plan is driving new housing supply for Māori, including through partnering with Iwi, hapū and marae and providing funding to Māori Community Housing providers to increase supply (for example through He Taupua funding).</p> <p>The Affordable Housing Fund, noted in recommendation 30, will also support the development of affordable homes for low-to-moderate income families and whānau through partnerships with a range of community housing providers, Māori and iwi, councils, philanthropic organisations, developers, and investors.</p> <p><b>Infrastructure Investment</b></p> <p>Cabinet has allocated \$2.3 billion from the Housing Acceleration Fund (HAF) to support Large Scale Projects across Auckland and Eastern Porirua. This will fund infrastructure required to support housing growth and enable public houses that have reached the end of their useful life to be replaced with warm, dry, fit-for-purpose homes.</p> <ul style="list-style-type: none"> <li>• The investment in Auckland will enable build out of around 17,800 homes (13,400 net new homes) on Kāinga Ora land, including 6,500 public homes (an uplift of around 2,100 public homes), and a remaining mix of affordable and market housing. The infrastructure capacity provided by these projects has the potential to unlock a further 11,000 homes on surrounding privately owned land.</li> <li>• The investment in Eastern Porirua will enable around 744 new homes (558 net new homes) on Kāinga Ora land, including 286 public homes (an uplift of around 100 public homes), 401 affordable homes (300 of which are market homes intended to be made affordable through the Porirua Pacific Housing Initiative), and 57 market homes.</li> </ul> <p>The Infrastructure Acceleration Fund has been established and one fast-tracked project was signed in December 2021 to enable over 400 additional homes at Kenepuru Landing in Porirua. Around \$376 million has been allocated to two additional projects estimated to support 20,000 new homes in areas of high housing need.</p>	



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35	Establish an effective employment service of the Ministry of Social Development so it is better able to assist people to obtain and keep good, sustainable work.	<p>In 2019, this Government invested in supporting people into meaningful and sustainable employment through several Budget 2019 initiatives:</p> <ul style="list-style-type: none"> <li>• new frontline staff to help support people into meaningful work</li> <li>• boosting Mana in Mahi to extend places available for young people to access an apprenticeship or industry training qualification and be provided with pastoral care to support them into long-term sustainable employment, and</li> <li>• additional funding to support disabled people and people with health conditions into employment through Oranga Mahi, disability Employment Services and Support Funds.</li> </ul> <p>We began further work on supporting positive social and employment outcomes, including through strengthening MSD's employment services to proactively support people experiencing difficulty in finding or staying in employment.</p> <p>COVID-19 affected the planned trajectory of implementing this vision, as demand for income support and employment services drove the need to respond to more New Zealanders who had previously not interacted with MSD and typically only needed short -term assistance to navigate the labour market. These low-intensity investments were provided digitally and over the phone to support people into employment, and included:</p> <ul style="list-style-type: none"> <li>• digital service offerings such as Click to Enrol</li> <li>• early response initiatives such as Rapid Response Teams and the Rapid Return to Work Service, and</li> <li>• all of government coordination of delivery of initiatives such as Connected.</li> </ul>	<p>You have been very clear that employment and effective employment interventions are a key priority.</p> <p>The Te Pae Tawhiti Programme will deliver a new digital employment service and strengthened service model for job seekers, employers, and training providers that integrates with the income support system and is able to work with digital services in the employment market. The digital employment service will be introduced from early 2025.</p> <p>Budget 2023 included:</p> <ul style="list-style-type: none"> <li>• funding to extend the all-of-government Connected service for two years</li> <li>• funding to extend the Early Response Teams for one year to the end of June 2024</li> <li>• funding to continue to support people with health conditions and disabilities through the Oranga Mahi programme to June 2025</li> <li>• an extension to the Apprenticeship Boost Initiative to the end of December 2024</li> <li>• funding to improve and grow the Direct Career Guidance Service for people who want to transition into new or different work (including both a phone service and a face-to-face service located in Connected spaces in MSD service centres)</li> <li>• funding for Click to Enrol</li> <li>• staffing for Rapid Return to Work.</li> </ul>
36	Revamp active labour market, employment and training policies across government to make them more coherent and effective.	<p>In response to the impact of COVID-19, MSD received funding to meet the increased demand for employment services, products and staff. Through 2020, funding was secured for:</p> <ul style="list-style-type: none"> <li>• increasing frontline income, housing and employment staff</li> <li>• meeting the increased demand for employment products and services</li> <li>• expanding Flexi-Wage over the next two years (including ring-fenced funding for Flexi-Wage Self -Employment)</li> <li>• expanding Mana in Mahi to increase the level of support provided to participants and employers, expand the target cohort to people at risk of long-term benefit receipt (not just young people), and extend the length of time</li> </ul>	<p>The cross-agency Review of Active Labour Market Programmes (ALMP Review), jointly led by MSD and MBIE, was carried out between 2021-2023. The Review, agreed by the Employment, Education and Training Ministerial Group:</p> <ul style="list-style-type: none"> <li>• built an evidence base of what ALMPs work well and for whom (including the barriers and challenges New Zealanders face entering and re-entering the labour market), to inform policy development and resource allocation</li> <li>• identified gaps in ALMPs for disabled people and economically displaced workers, and created work programmes to address those gaps</li> </ul>



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		<p>someone can be supported through the programme from one year to two years.</p> <ul style="list-style-type: none"> <li>Reinstating the Training Incentive Allowance until 2025.</li> </ul> <p>Through Budget 2021, funding was secured for:</p> <ul style="list-style-type: none"> <li>meeting the increased demand for employment products and services</li> <li>retaining the additional frontline employment and income support staff brought on to help people impacted by COVID-19, and</li> <li>reinstating the Training Incentive Allowance over the next four years to provide additional study support at levels 4-7 on the NZQF to sole parents on benefits as well as disabled people and carers receiving the Supported Living Payment.</li> </ul> <p>Budget 2022 included:</p> <ul style="list-style-type: none"> <li>funding to improve equitable access to driver licences, funding MSD contracted driver licence support for up to 64,000 people over 4 years.</li> <li>\$10.908m over two years to support MSD to continue current Mana in Mahi first-year settings as a one-year programme from 5 August 2022.</li> <li>an extension to the Apprenticeship Boost Initiative to the end of December 2023.</li> <li>an additional \$66.202m for the Māori Trades and Training Fund to support by-Māori-for-Māori employment-focused training programmes over the next three years.</li> </ul> <p>In May 2022, the Government agreed to expand MSD's role in providing employment services to people at risk of poor labour market outcomes, whether they're on benefit or not, with a focus on those who most need support i.e. people with a high risk of long-term benefit receipt or other key priority groups who interact with the benefit system, such as sole parents and disabled people (CAB-22-MIN-0189 refers).</p> <p>The Government is also progressing several longer-term workstreams, including:</p> <ul style="list-style-type: none"> <li>strengthening employment services through investment in digital services and proactively supporting workers at risk of poor labour market outcomes and employers</li> <li>addressing barriers to employment through the cross-agency driver licensing work programme and childcare assistance review</li> </ul>	<ul style="list-style-type: none"> <li>developed cross-agency principles to guide the introduction of any new ALMPs and effective allocation of expenditure on new and existing ALMPs across government</li> <li>began development of a resource (The Monitoring and Evaluation Framework) that guides agencies to adopt more standardised data collection, best practice approaches of monitoring and evaluation of ALMPs is underway.</li> </ul> <p><i>Provide an employment service that supports people into good and appropriate work:</i></p> <p>As part of post-COVID work on clarifying the existing operating model for employment and defining priority cohort clients, MSD has more recently implemented a renewed focus on employment-related information at the new application for financial assistance stage, such as ensuring job seeker profiles are completed and a current CV is uploaded to the client record.</p> <p>MSD is working on establishing a modern integrated digital employment service to transform our ability to match clients to jobs and training, provide staff with better tools (such as being able to digitally monitor and report on clients' job search activities), and, through self-service options for clients and employers. This will improve the efficiency of MSD's employment services so that staff can focus more on those for whom face-to-face conversations are most effective.</p>



Rec #	WEAG Recommendation	<b>Content from the 2022 Cabinet paper on the welfare overhaul work programme</b> <b>Note: This is a product of the previous Government.</b>	<b>Updates</b> <b>(Changes since late-2022 and current status)</b>
		<ul style="list-style-type: none"> <li>• better calibrating the immigration system to balance the need for skilled migrants and the need to maintain the domestic workforce, and</li> <li>• aligning to the Employment Strategy and supporting implementation of the seven Employment Action Plans.</li> </ul> <p>The Government is undertaking a cross-agency Review of Active Labour Market Programmes (ALMP Review), jointly led by MBIE and MSD, with the Employment, Education and Training Ministerial Group (EETMG) agreeing in June 2022 to work to address gaps in employment support for displaced workers and disabled people, including people with health conditions. EETMG also agreed to options to strengthen the ALMP system through application of investment principles to new services and by identifying opportunities to improve monitoring and evaluation of ALMPs across government.</p>	
37	Strengthen the Ministry of Social Development's redundancy support policies to better support displaced workers.	<p>The Government has implemented various policies in response to COVID-19 that directly address redundancy support for displaced workers. These included:</p> <ul style="list-style-type: none"> <li>• setting up supports such as the wage subsidy to limit redundancies</li> <li>• introducing the temporary COVID-19 income relief payment to ease transitions for displaced workers, and</li> <li>• the temporary removal of the initial income stand-down period to quicken access to a main benefit for those who needed it, until 25 July 2021.</li> </ul> <p>The Government has undertaken significant work to explore the feasibility of introducing a New Zealand Income Insurance Scheme, to better support displaced workers, including those leaving work due to a health condition or a disability. Public consultation on the scheme took place over a three-month period between February and April 2022. In July, Cabinet made decisions on the policy design but final decisions on outstanding policy issues, including replacement rate and levy structure, coverage for self-employed, and bridging payment eligibility, will be considered by Cabinet on 25 October to inform the drafting for the Bill, which is expected to be introduced in December 2022. Agencies (MSD, TSY, IRD, MBIE, DPMC, ACC) are continuing to work together to develop the policy, support the legislation drafting process and implementation of the proposed scheme. The expected launch date is 2025.</p> <p>The Direct Career Guidance Service has been transferred from TEC to MSD as of July 2022, and work is ongoing to ensure that professional career support is available to displaced workers."</p> <p>MSD will also continue to respond to larger-scale redundancy events with its Early Response Teams.</p>	The Government has stopped work on the New Zealand Income Insurance Scheme.



Rec #	WEAG Recommendation	<p><b>Content from the 2022 Cabinet paper on the welfare overhaul work programme</b></p> <p><b>Note: This is a product of the previous Government.</b></p>	<p><b>Updates</b></p> <p><b>(Changes since late-2022 and current status)</b></p>
38	<p>Abolish, in the Youth Service, compulsory money management, and separate case management from youth mentoring so it is consistent with and has a positive youth development focus.</p>	<p>Consultation with young people and providers was completed in 2019. Further advice was provided and it was agreed that compulsory redirections would be maintained, but the payment card for compulsory money management purposes would be abolished, with any remaining money after redirections going to the young person's bank account (REP/21/5/537 refers).</p> <p>Maintaining compulsory redirections will ensure young people can meet essential household needs and expenses. Removing the Payment Card responds to issues raised such as having limited access to goods and services and contributing to debt, and allows all Youth Payment (YP) and Young Parent Payment (YPP) recipients greater freedom to exercise their budgeting skills.</p> <p>The recommended option also aligns with the wider welfare overhaul work programme, by increasing trust between YP and YPP recipients and MSD, and aligns with the Youth Plan's focus of encouraging youth decision making and autonomy.</p> <p>Further work is also underway through the Oranga Tamariki Action Plan about how to better support young people who have recently left Oranga Tamariki care or who have a previous connection. This will include exploration on intensive case management for this cohort.</p>	<p>We will provide advice to you in coming weeks on the Welfare that Works model, which aims to shift young people who have been unable to enter the workforce in a fulfilling way off welfare and into work. Specifically, contracting not-for-profit community providers, such as non-government organisations or iwi, to provide Job Coach support to young people between 18 to 24 years old who have been on Jobseeker Support for three or more months.</p> <p>Under the Welfare that Works Model, someone who fails to undertake or complete the activities agreed to in their Individualised Plan will face sanctions from MSD, which could include a temporary or permanent reduction in their benefit, as well as compulsory money management as a non-financial sanction.</p> <p>As part of our advice, MSD will consider commonalities, differences, and interactions between Welfare that Works and the existing Youth Service model. For instance, we will look at:</p> <div data-bbox="2003 976 2760 1207" style="background-color: #cccccc; height: 110px; margin: 10px 0;"></div> <p>See also current status work relating to recommendation 38 above.</p>
39	<p>Use evidence-based approaches that support young people to be learning, earning and, where young people are parents, caring. These approaches need to build on the strengths of young people and provide a basis for their long-term engagement with the changing world of work.</p>	<p>MSD has several programmes that support youth development, including He Poutama Rangatahi, Mana in Mahi and Apprenticeship Boost (the latter two are open to all groups, with relatively high take up among young people).</p> <p>Further work is being progressed on:</p> <ul style="list-style-type: none"> <li>• reviewing the expanded Mana in Mahi offering</li> <li>• continuing to fund He Poutama Rangatahi</li> <li>• supporting the implementation the Youth Employment Action Plan, as well as actions in the other Employment Action Plans that improve outcomes for young people, and</li> <li>• developing the cross-agency long-term insights briefing on Preparing All Young People for Satisfying and Rewarding Working Lives.</li> </ul>	<p>He Poutama Rangatahi has expanded from 31 active programmes in seven regions in June 2020 to over 80 nationwide currently (December 2023).</p> <p>The Education to Employment (E2E) is a collaboration between MSD and the Ministry of Education to help provide school students with pathways to employment. E2E is available nationwide and is targeted towards secondary school students. It aims to strengthen connections between schools and employers to raise awareness of trades as a career pathway and support students in the transition to higher education, training and employment in their local labour market.</p> <p>Funding for the FTE of the E2E Brokers has been secured until June 2025.</p> <p>See also content in recommendation 38 above.</p>



Rec #	WEAG Recommendation	Content from the 2022 Cabinet paper on the welfare overhaul work programme <b>Note: This is a product of the previous Government.</b>	Updates (Changes since late-2022 and current status)
		This will also be done in alignment with the Oranga Tamariki Action Plan and cross-agency work to ensure young people are supported through transitions out of care.	
40	<p>Improve the health and wellbeing of people with health conditions and disabilities, along with carers of people with health conditions and disabilities who interact with the welfare system by:</p> <ul style="list-style-type: none"> <li>• providing financial support that is adequate to live a life with dignity and is equitable across the social sector</li> <li>• implementing evidence-based approaches to support engagement in good, suitable work and the community where this is possible</li> <li>• implementing strategies to prevent work-limiting health conditions and disabilities.</li> </ul>	<p>A Budget 2021 bid to improve the subsequent work capacity medical certificate process for Jobseeker Support – Health Condition and Disability was progressed and implemented in early 2022.</p> <p>People with health conditions and disabilities needing support from the welfare system will have benefited from wider steps taken to improve income adequacy (e.g. raising main benefits and annual indexation of main benefits in line with wage growth).</p> <p>Financial assistance for disabled people and people with health conditions and their carers will be reviewed as part of the longer term welfare overhaul work programme.</p> <p>In 2019, Government provided additional funding to support disabled people and people with health conditions into employment through Oranga Mahi (including Individual Placement Support), disability Employment Services and Support Funds. Clients with health conditions and disabilities seeking work will also benefit from funding provided to expand MSD's employment supports and services (see above). The ALMP Review is considering options to address gaps in support for disabled people, including people with health conditions (see recommendations 35 and 36).</p> <p>As noted earlier, further advice on relationship rules will be prioritised for cohorts who are unable to work which can include those with health conditions or disabilities.</p>	<p>The Oranga Mahi suite of programmes includes Here Toitū, a free 12-month dedicated support service for people currently on a benefit or at risk of receiving a benefit due to health conditions or disabilities. In 2023, Here Toitū 'Responding Early' has been developed particularly for those who are striving to keep their job while managing a health condition or disability. In addition, online pastoral care services Puāwaitanga (counselling) and Whītiki Tauā (mentoring) have been further extended and ease of access improved.</p> <p>Further funding was received in Budget 2023 to continue the Oranga Mahi programme to June 2025, with the aim to support 6,000 individuals affected by disability or health conditions to reduce their time away from the labour market by addressing health and well-being barriers. The next two years will allow for evaluations to be completed to assess the effectiveness of the services, which will provide insights to determine the programmes continuation beyond June 2025. Oranga mahi delivery has generally been small scale and received time-limited funding.</p> <p>Work is currently underway to review guidance around how staff determine relationships for benefit eligibility. This should work towards ensuring disabled people and people with health conditions have access to full and correct entitlement and work to decrease overall material hardship.</p> <p>We are also updating our understanding of the additional cost of disability. That is, the additional costs that disabled people incur as a result of their disability that non-disabled people would not (e.g., accessibility related renovations on their homes, additional cost of transport for public and private vehicles). An increased understanding of cost of disability could lead to improvements to Disability Allowance and/or Child Disability Allowance, which are supports that aim to help with additional costs of disability.</p> <p>As part of the response to the Employment Action Plan for disability (Working Matters), MSD completed a discovery phase of work to explore Customised</p>



Rec #	WEAG Recommendation	Content from the 2022 Cabinet paper on the welfare overhaul work programme <b>Note: This is a product of the previous Government.</b>	Updates (Changes since late-2022 and current status)
			<p>Employment (CE) as a targeted ALMP for disabled people furthest from the labour market.</p> <p>Funding was also received through Budget 2023 to test delivery of vocational rehabilitation and pain management services from ACC providers in two regions and deliver them to people living with musculoskeletal pain or impairments. These supports are designed to support people to either stay in work or return to work through coordination between health, rehabilitation and employment professionals, as well as employers.</p>
41	<p>Include in the scope of the New Zealand Health and Disability System Review the relationship between the health and disability system and the accident compensation scheme and how the relationship between these and the welfare system could be changed to improve outcomes for people with health conditions and disabilities and carers.</p>	<p>The Government recognises that improvements in outcomes for people with health conditions and disabilities requires greater integration across systems.</p> <p>The proposed New Zealand Income Insurance scheme will go some way to addressing the current inequity whereby a person who experiences an accident can receive much more support than a person with a non-accident related health condition or disability, despite a similar loss of ability to work.</p> <p>Further work to improve the interfaces between MSD and other agencies working with people with health conditions and disabilities will need to consider broad-ranging work currently underway (e.g. reform of the health and disability system, social insurance, Mahi Aroha). underway (e.g. reform of the health and disability system, Mahi Aroha, Disability Action Plan, establishment of Whaikaha – the Ministry for disabled people).</p>	<p>Though the ALMP review, the relationship with Ministry of Health was strengthened to better support people with disabilities and health conditions.</p> <p>In practice the New Zealand Health and Disability review did not explore the relationship with the welfare system to a great extent.</p>

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Rec #	WEAG Recommendation	Content from the 2022 Cabinet paper on the welfare overhaul work programme <b>Note: This is a product of the previous Government.</b>	Updates (Changes since late-2022 and current status)
42	Direct the Ministry of Social Development to develop the capacity and capability to engage with, promote and fund community organisations to provide wide-ranging opportunities for volunteers and people receiving benefits to be meaningfully engaged in their communities.	Cabinet has recently agreed to a Social Sector Commissioning Action Plan 2022 to 2028 (SWC-22-MIN-140) which seeks to embed a relational approach to commissioning. Relational approaches to commissioning that emphasise building relationships between all parties so they can focus on what is important to the person, family and whānau. Under relational approaches to commissioning, people, families and whānau (including beneficiaries) seeking support are actively engaged in the process of building the life they are seeking. Volunteers can play make significant role in supporting people, families and whānau to be connected to their community.	<p>You have been clear that an active and empowered community sector including volunteering is a priority.</p> <p>Improving MSD's approach to commissioning is being progressed as part of Te Pae Tawhiti Programme. In Horizon One, the focus is on replacing at risk technology and identifying opportunities to test and learn about our approach to commissioning for social services covering procurement, investment, contracting, and reporting.</p> <p><i>Other supporting initiatives:</i></p> <p>The Flexi-wage Project in the Community (FWPIC) – offers a unique wage subsidy opportunity administered by MSD, designed to financially support community organisations to employ prospective staff for a period of time. This has meant voluntary staff in community organisations are provided with a paid employment opportunity, before deciding on the next step to either enter into a course of tertiary study e.g., social work or review their employment pathway.</p> <p>FWPIC – features an opportunity to maintain employment for existing staff who face redundancy or where community organisations maybe between funding periods.</p>

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**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

# Report

**Date:** 30 July 2021

**Security Level:** IN CONFIDENCE

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

## **Further advice on scope and timelines for a welfare overhaul bill**

### **Purpose of the report**

- 1 This report provides further advice on potential timelines for progressing a welfare overhaul Bill to amend the purposes and principles of the Social Security Act 2018 (the Act). Depending on your decisions, the Bill could also introduce a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act and the repeal of social obligations from the Act.

### **We provided advice on three options for introducing a welfare overhaul Bill and you asked for a fourth option**

- 2 On 22 July 2022, we provided you with advice and options for progressing a welfare overhaul Bill, including:
  - 2.1 Option One – introduce and pass a Bill in 2022 amending the purposes and principles of the Act;
  - 2.2 Option Two – introduce and pass a Bill in 2022 amending the purposes and principles and social obligations of the Act; and
  - 2.3 Option Three – introduce a Bill in 2022 to be passed in May 2023 amending the purposes and principles and social obligations of the Act, and include a Treaty of Waitangi/Te Tiriti o Waitangi obligation in the Act [REP/21/7/748 refers].
- 3 You met with officials on 26 July 2021 and asked for further advice on Option Three, specifically whether the timeline could be shortened. For simplicity, we will describe the shortened alternative to Option Three as Option Four.
- 4 This report provides an additional option to those mentioned above, so should be read in the context of that advice. Appendix A sets out the benefits, risks, and mitigations of each of the options. This reflects the table that was attached in our advice to you on the three options outlined above with the inclusion of Option Four.

### **The initial timeframes for passing a Bill in 2023 included a full Select Committee process**

- 5 As noted in paragraph 2.3, the timeframe and scope for Option Three was to introduce a Bill in 2022 amending the purposes and principles and social obligations of the Act, and include a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act, to be passed in 2023.
- 6 Cabinet decisions on final policy options would be sought in April 2022, with a Bill introduced in September 2022 and passed in May 2023. This would allow approximately five months for the Parliamentary Counsel Office (PCO) to draft the Bill and six months for the Select Committee process between September 2022 and February 2023. However, given the Select Committee process is from September

2022 to February 2023, this may in practice be a shortened process due to the holiday period.

### **A shorter timeframe would require reducing time for drafting the Bill and a truncated Select Committee process**

- 7 To ensure the Bill is passed in early 2023, we will need to reduce the time for:
  - 7.1 drafting the Bill from five months to three months, and
  - 7.2 the Select Committee process from six months to four months.
- 8 This will also require the subsequent legislative stages of the Bill to be passed as soon as possible, which is three months (not including the holiday period) from December 2022 to March 2023. Appendix B sets out the timeline for Option Four.
- 9 We will work closely with PCO to ensure they are well prepared to draft the Bill within this timeframe.
- 10 The speed a Bill is progressed through the House is a decision made by the Leader of the House. You and your office would have to liaise with the Leader of the House to confirm whether the Bill could be prioritised appropriately. You previously advised the Cabinet Office of your high priority legislative intentions for the 53<sup>rd</sup> Parliament and that you expected a welfare overhaul Bill be introduced in 2022, so the Leader of the House will be aware of the potential Bill [REP/21/1/002 refers].

#### *Additional risks to consider for Option Four*

- 11 Whilst the timing for Option Four aligns better with the current engagement plan for the development of a kaupapa Māori values framework for the welfare system, the shortened timeframe for Select Committee consultation and consideration may receive public criticism. We will draw from previous engagements with Māori and iwi to ensure we are meeting our obligations under Te Tiriti o Waitangi/Treaty of Waitangi. This includes Puao-te-ata-tu, the Welfare Expert Advisory Group, and Te Pae Tata. This will give the public some level of confidence that this work is part of the overall response to what we have heard and continue to hear from Māori and iwi over the last 30 years.

#### *We recommend you provide an oral update to the Cabinet Social Wellbeing Committee on your intention to engage in October and November*

- 12 All options include targeted consultation in October and November 2021. We consider that, consistent with Cabinet Office guidelines, the Social Wellbeing Cabinet Committee should be informed of this engagement process. It usually takes approximately six weeks to draft a Cabinet paper, go through departmental and Ministerial consultation, and to be lodged and considered.
- 13 Given the tight timeframes, we recommend that you provide an oral update (rather than a written update) to the Cabinet Social Wellbeing Committee on your intent to consult on the development of a kaupapa Māori values framework and amending the purposes and principles of the Act. If you choose Option Three or Four, this will also include a potential Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act.
- 14 This would allow more time for policy development to take place on the content for engagement, rather than focus on drafting a Cabinet paper in September.

### **The broader review of work obligations and sanctions will continue alongside these options, which could form a second welfare overhaul Bill to be introduced in 2023 and passed in 2024**

- 15 You agreed to a broad scope for the review of work obligations and sanctions of the Act in May 2021 [REP/21/3/296 refers]. Due to the broad scope of the review of work obligations and sanctions, it would not be feasible to include this work in the first Bill if your intention is to have the Bill passed either in late 2022 or early 2023.

- 16 We are aiming to provide you with advice on potential options for the broader review of work obligations and sanctions in early 2022 with any changes to the Act to be introduced in 2023 and passed in 2024. Therefore, you could also consider including a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act as part of a second Bill. A second Bill could also include amendments to the warrant to arrest sanction and pre-employment drug test obligation of the Act. We will provide you with further advice on the wider obligations and sanctions work in due course.

## Recommended actions

It is recommended that you:

- 1 **note** we provided you with advice on three potential options for introducing and passing a welfare overhaul Bill either in 2022 or 2023 [REP/21/7/748 refers]
- 2 **note** our previous advice on these three options is attached for your reference
- 3 **note** you asked for further advice on Option Three, specifically whether it could be passed in early 2023 rather than mid-2023
- 4 **note** officials consider that a Bill could be passed in early 2023, provided that:
  - 4.1 the time for drafting the legislation is reduced
  - 4.2 the Select Committee process is reduced to four months
  - 4.3 sufficient House time is allocated to progress the Bill through the subsequent legislative stages to be passed by March 2023
- 5 **note** that the speed a Bill is progressed through the House is a decision made by the Leader of the House
- 6 **indicate** your preferred option for introducing a Bill:
  - 6.1 Option One – introduce and pass a Bill in 2022 amending the purposes and principles of the Act  
**Agree / Disagree**
  - 6.2 Option Two – introduce and pass a Bill in 2022 amending the purposes and principles and social obligations of the Act  
**Agree / Disagree**
  - 6.3 Option Three – introduce a Bill in 2022 to be passed in May 2023 amending the purposes and principles and social obligations of the Social Security Act 2018, and the inclusion of a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act  
**Agree / Disagree**
  - 6.4 Option Four – introduce a Bill in 2022 to be passed in March 2023 amending the purposes and principles and social obligations of the Social Security Act 2018, and the inclusion of a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act  
**Agree / Disagree**
- 7 **note** that, if you choose Option Four, you and your office would have to liaise with the Leader of the House to confirm whether the Bill could be prioritised appropriately
- 8 **note** that for any of the options above, we recommend you take an oral update to the Cabinet Social Wellbeing Committee informing them of your plan to undertake targeted engagement on the development of a kaupapa Māori values framework for the welfare system, new purposes and principles for the Social Security Act 2018,



and (if you choose Options Three or Four) the inclusion of a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act.

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out of scope

Policy Manager  
Welfare System and Income Support

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Date

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Hon Carmel Sepuloni  
Minister for Social Development

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Date

File ref: REP/21/7/794

Responsible manager: out of scope Policy Manager, Welfare System and Income Support

**Appendix A: Options for introducing a Bill in 2022: Risks and benefits (this table reflects the table provided to you earlier with the addition of Option Four)**

Option	Benefits	Risks/trade-offs	Mitigation
<b>Option One</b> - Introduce and pass a Bill in 2022 amending the purposes and principles of the Social Security Act 2018 (the Act)	<p>Deliver on the Government's manifesto commitment.</p> <p>No Budget pre-commitment required.</p> <p>Manageable and focused on improving the current provisions of the Act and aligning the new purposes and principles with changes made over the last three years.</p>	<p>Limited time to engage on the development of the policy prior to going to Cabinet in December.</p> <p>The focus of having new purposes and principles for the Act would not be as broad as originally intended (i.e. looking at Ministry of Social Development's role in housing and social development).</p> <p>Engagement on the kaupapa Māori values framework in October/November would not inform the policy for new purposes and principles of the Act.</p>	<p>Seek Crown Law and the Legislative Design and Advisory Committee (LDAC) advice before going to Cabinet.</p> <p>Engage with several stakeholders early on their availability to provide support on the development of the policy given the tight timeline.</p> <p>Use Ngā Mātanga Māori's advice in August 2021 to help inform the work.</p>
<b>Option Two</b> - Introduce and pass a Bill in 2022 amending the purposes and principles and social obligations of the Act	<p>Deliver on the Government's manifesto commitment.</p> <p>Manageable and focused on improving the current provisions of the Act and aligning the new purposes and principles with changes made over the last three years.</p> <p>Progressing the work on removing unnecessary sanctions as outlined in the welfare overhaul work programme.</p>	<p>Limited time to engage on the development of the policy prior to going to Cabinet in December.</p> <p>The focus of having new purposes and principles for the Act would not be as broad as originally intended (i.e. looking at MSD's role in housing and social development).</p> <p>Engagement on the kaupapa Māori values framework in October/November would not inform the policy for new purposes and principles of the Act.</p> <p>Budget pre-commitment would be required to secure funding for removing social obligations from the Act.</p> <p>Options for a potential replacement for social obligations in the Act will not be developed in time for final policy decisions by the end of 2021.</p>	<p>Seek Crown Law and LDAC advice before going to Cabinet.</p> <p>Engage with several stakeholders early on their availability to provide support on the development of the policy given the tight timeline.</p> <p>Use Ngā Mātanga Māori's advice in August 2021 to help inform the work.</p> <p>Work with Treasury on the best way to progress a Budget pre-commitment.</p>
<b>Option Three</b> - Introduce a Bill in 2022 and pass in May 2023 amending the purposes and principles and social obligations of the Act, and include a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act.	<p>Deliver on the Government's manifesto commitment.</p> <p>No Budget pre-commitment required.</p> <p>Manageable and focused on improving the current provisions of the Act and aligning the new purposes and principles of the Act with changes made over the last three years.</p> <p>More time for policy work and engagement.</p> <p>Provide a strong signal to reflect MSD's obligations under and commitment to Treaty of Waitangi/Te Tiriti o Waitangi.</p>	<p>The focus of having new purposes and principles for the Act would not be as broad as originally intended (i.e. looking at MSD's role in housing and social development).</p>	<p>Seek Crown Law and LDAC advice before going to Cabinet.</p> <p>Use Ngā Mātanga Māori's advice to help inform the work.</p>
<b>Option four</b> - Introduce a Bill in 2022 and pass in March 2023 amending the purposes and principles and social obligations of the Act, and include a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act	Same as Option Three.	<p>Same as Option three.</p> <p>Requires prioritisation from the Leader of the House to prioritise passing the Bill by early 2023.</p> <p>There may be public criticism that a Bill which includes new purposes and principles and a Treaty/Tiriti clause is passed on a shortened timeframe for Select Committee consultation and consideration.</p>	<p>You and your office can liaise with the Leader of the House to ensure appropriate prioritisation.</p> <p>The Bill will build on previous engagement undertaken by MSD and other groups, including the upcoming targeted engagement in October and November on the development of a kaupapa Māori values framework for the welfare system, having new purposes and principles for the Act, and the inclusion of a Te Tiriti o Waitangi/Treaty of Waitangi legislative obligation in the Act.</p>



**Appendix B: Timeline for Option Four**

2021	January	February	March	April	May	June	July	August	September	October	November	December
								Ministerial report on Ngā Mātanga Māori's advice, MSD's response to the advice, scope for including Te Tiriti o Waitangi/Treaty of Waitangi in the Act and next steps for targeted engagement	Policy work and engagement material Ministerial report to confirm scope for engagement Oral update to Cabinet Social Wellbeing Committee	Engagement Budget process for the removal of social obligations from the Act	Engagement Budget process for the removal of social obligations from the Act	Analysis
2022	January	February	March	April	May	June	July	August	September	October	November	December
	Analysis	Ministerial Advice	Cabinet paper to endorse the kaupapa Māori values framework and start drafting instructions for the Bill	PCO Drafting	PCO Drafting	PCO Drafting	Cabinet Legislation Committee Bill introduction and first reading	Select Committee	Select Committee	Select Committee	Select Committee	Second reading
2023	January	February	March	April	May	June	July	August	September	October	November	December
		Committee of the whole House	Third reading Royal Assent									



# Report

**Date:** 16 December 2021

**Security  
Level:**

IN CONFIDENCE

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

## Resetting the foundations of the welfare system: Update and next steps

### Purpose of the report

- 1 This report provides a range of options for you to consider to progress the work on resetting the foundations of the welfare system, which is part of the renewed welfare overhaul work programme that Cabinet endorsed on 27 September 2021 [CAB-21-MIN-0384 refers].

### Executive summary

- 2 Cabinet recently agreed to a renewed welfare overhaul work programme, which includes work on the foundational settings of the welfare system. To progress this work, we provided you with a draft Cabinet paper and public discussion document to be lodged and considered before the end of 2021. Following Ministerial consultation, you agreed to not proceed with the public engagement process and so seeking Cabinet agreement on the release of the discussion document was no longer required.
- 3 Your office has therefore requested advice on options for progressing this work, including different timelines for passing a Bill. This report outlines three options for different timelines to pass a welfare overhaul Bill:
  - a) option one—introduce a Bill by September 2022 to be passed by May 2023 with the scope outlined in this report, which includes targeted engagement with partners and stakeholders starting in late January 2022 for approximately eight weeks (preferred option); or
  - b) option two—introduce a Bill by August 2022 to be passed by March 2023 with the same scope as option one, which includes targeted engagement with partners and stakeholders starting in late January 2022 for approximately eight weeks, but with a shortened timeframe for

Ministerial consultation, drafting for the bill and the select committee process; or

- c) option three—introduce a Bill by May 2022 to be passed by December 2022 with a narrower and less ambitious scope in comparison to options one and two, and with no targeted engagement undertaken (least preferred option).
- 4 If you prefer Option one or two, you are also asked to agree to targeted engagement on specific Tiriti accountability that could be included in the Social Security Act (the Act) to support better outcomes for Māori who engage with the welfare system, and using wellbeing to frame new purposes and principles for the Act.
- 5 The scope of Option one includes:
- making 'wellbeing' the overarching purpose of the Act;
  - shifting the tone of how employment is described in the current purpose and principles of the Act from 'paid employment' to 'suitable employment' and including this change in the proposed new purposes and principles for the Act;
  - shifting the tone of how limited resources guide discretionary decision making in the purpose section of the Act from 'where appropriate people should use the resources available to them before seeking financial support under the Act' to 'support is targeted to those in need and the Crown's resources should be used efficiently and effectively';
  - adding a clause in the purpose section of the Act that requires clients to be treated with dignity and respect;
  - providing a Tiriti-related clause to support the Crown to meet its duties under te Tiriti;
  - providing new principles for the Act that focus on broader outcomes beyond employment such as participation in the community through skill development, learning and caring in accordance with the Act;
  - including specific Tiriti accountability measures for the Chief Executive of the Ministry of Social Development (MSD) to support better outcomes for Māori who engage with the welfare system; and
  - removal of social obligations provisions from the Act (subject to your approval in a separate report).
- 6 Option two has the same scope as Option one, but has:
- less time for Ministers to consider feedback on the proposals prior to going to Cabinet in May 2022;
  - a shorter Parliamentary Counsel Office (PCO) drafting period for the bill (we are yet to consult PCO on this); and



- truncated the select committee process from approximately five months to four months.
- 7 Option three has a narrowed scope due to the shorter timeframe, and would include:
- making 'wellbeing' the overarching purpose of the Act;
  - adding a clause in the purpose section of the Act that requires clients to be treated with dignity and respect; and
  - removal of social obligations provisions from the Act.
- 8 Option three comes with significant risks, including a shortened Ministerial consultation process, no time for targeted engagement, a shorter drafting time for PCO and a truncated select committee process.
- 9 The targeted engagement approach for options one or two is subject to funding, and there is currently no funding available in the policy appropriation.

***This report also provides you with an update on the Māori values work***

- 10 Work on the Māori values is ongoing. As part of this work, we recommend that you release the report delivered by Ngā Mātanga Māori in January 2022 to support the review of the foundations of the welfare system.
- 11 We will provide you with a further update on this work in early 2022.

***Next steps***

- 12 If you prefer option one or option two, we will provide you with advice on a Cabinet paper or Oral item to take to Cabinet in February 2022 providing an update and the next steps for reviewing the foundations of the welfare system workstream.
- 13 If you prefer option three, we will provide you with advice on final policy decisions in January 2022, for consideration by Cabinet in late February/early March 2022.
- 14 We recommend forwarding this report to your Ministerial colleagues for their information and to support any further discussions before the end of the year.

**Recommended actions**

It is recommended that you:

1. **agree** to one of the following options for progressing the work on resetting the foundations of the welfare system:
  - a. option one—introduce a Bill by September 2022 to be passed by May 2023 with the scope outlined in this report, which includes targeted engagement with partners and stakeholders starting in late January 2022 for approximately eight weeks (preferred option); or

Yes/No

b. option two—introduce a Bill by August 2022 to be passed by March 2023 with the same scope as option one, which includes targeted engagement with partners and stakeholders starting in late January 2022 for approximately eight weeks, but with a shortened timeframe for Ministerial consultation, drafting for the Bill, and the select committee process; or

Yes/No

c. option three—introduce a Bill by May 2022 to be passed by December 2022 with a narrower and less ambitious scope in comparison to options one and two, and with no targeted engagement undertaken (least preferred option);

Yes/No

2. **agree** to one of the following approaches for targeted engagement should you choose option one or option two:

a. targeted engagement with stakeholders and partners on:

Yes/No

i. the proposed wellbeing concept to frame new purposes and principles for the Act to align with the Government's commitment to using a wellbeing approach and to better reflect the recent changes to the Act, while signalling a shift in line with the Government's vision for the welfare system; and

ii. specific Tiriti accountability that could be included in the Act to support better outcomes for Māori who engage with the welfare system; or

b. targeted engagement with stakeholders and partners on:

Yes/No

i. specific Tiriti accountability that could be included in the Act to support better outcomes for Māori who engage with the welfare system (no targeted engagement on the proposed wellbeing approach for amending the purpose and principles of the Act);

3. **note** that the targeted engagement approach for options one or two is subject to funding, and there is currently no funding available in the policy appropriation;

4. **agree**, should you choose option one or option two, to take a noting paper or oral item to the first Cabinet Social Wellbeing Committee in February 2022 to provide an update on the foundational settings of the welfare system workstream, and

Yes/No



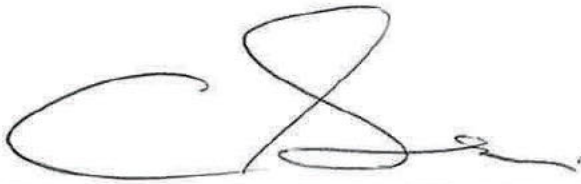
to note you will be seeking final policy decisions on this work in May 2022;

5. **agree**, should you choose option three, to take a paper to Cabinet in late February/early March 2022 to seek final policy decisions on a much narrower approach for the Bill, in comparison to options one and two, and to start drafting instructions for the Bill; Yes/No
6. **note** options one, two and three will include the proposed removal of social obligations from the Act and we have provided you with separate advice on this proposal for your consideration;
7. **note** work on the Māori values framework is being progressed alongside the proposed bill and we will provide you with further advice on next steps for this work in early 2022;
8. **indicate** whether you prefer to:
- a. publicly release Nga Mātanga Māori's report, which we provided to you in October 2021, as part of the background material for targeted engagement for options one and two; or Yes/No
  - b. wait until we have provided you with further advice in early 2022 on the Māori values framework and next steps before making a decision on the timing of the release of Nga Mātanga Māori's report; Yes/No
9. **agree** to forward this report to the Minister for Child Poverty Reduction (Rt Hon Jacinda Ardern), Minister of Finance (Hon Grant Robertson), Minister for Māori Crown Relations: Te Arawhiti (Hon Kelvin Davis), Attorney-General (Hon David Parker), Minister of Justice (Hon Kris Faafoi) and Minister for Māori Development (Hon Willie Jackson) to support any further discussions prior to going to Cabinet in early 2022; Yes/No
10. **note** officials are available to discuss these options with you at your next officials' meeting;

11.**note** we will provide you with an update on the progress of work in early 2022 based on your preferred option provided above.

out of scope

Policy Manager  
Welfare System and Income Support Policy



Hon Carmel Sepuloni  
Minister for Social Development and  
Employment

15/12/21  
Date

19/12/21  
Date

## **Background**

### **Cabinet recently agreed to a renewed welfare overhaul work programme, which includes work on the foundational settings of the welfare system**

- 15 In your update to Cabinet in September 2021, you noted that a key part of the welfare overhaul work programme is to review the foundations of the welfare system, including reviewing the purposes and principles of the Act. In October 2021, you directed your officials to also explore how we can continue to improve outcomes for Māori and how any proposed changes in this area could be reflected in the Act through our commitment to te Tiriti o Waitangi/the Treaty of Waitangi (te Tiriti).

### **Officials provided you with a draft Cabinet paper for consideration, which proposed releasing a discussion document as part of our engagement plan to progress this work**

- 16 To progress this work we provided you with a draft Cabinet paper to be lodged and considered before the end of 2021. The paper sought agreement to publicly engage on three areas:
- how Nga Mātanga Māori's proposed values for the welfare system could be given effect to affirm both individual and collective needs;
  - using the concept of 'wellbeing' to frame new purposes and principles for the Act to align with the Government's commitment to using a wellbeing approach and to better reflect the recent changes to the Act, while signalling a shift in line with the Government's vision for the welfare system; and
  - how Tiriti-related provisions for the Act could support better outcomes for Māori who engage with the welfare system.
- 17 The purpose of the discussion document was to publicly test where we had landed with the three work areas provided above and to seek feedback on the work prior to any final policy decisions being made by Cabinet in mid-2022. However, following Ministerial consultation, you agreed to not proceed with the public engagement process and so seeking Cabinet agreement on the release of the discussion document was no longer required. Instead, you have asked for further advice on undertaking targeted engagement on the review of the purpose and principles of the Act and development of Tiriti-related provisions for the Act that supports better outcomes for Māori.

### **Options for progressing the foundational setting of the welfare system workstream**

- 18 Your office has requested advice on options for progressing this work, including different timelines for passing a Bill. When considering the options for different timelines, it is important to note that there is a key trade-off between how substantive reforms can be and how quickly reforms can be



introduced. A key issue to consider is how substantive you want the reform to be.

- 19 If you want to make substantive changes to the status quo without narrowing the scope of the original ambition of the work programme, then we can provide you with further advice on options for the timeline. For example, delaying the Bill will reduce some of the policy and legal risks without needing to scope down the ambition of change, by allowing more time for engagement and policy development.
- 20 You may also want to note that in the absence of making any changes to the Act, MSD could implement operational changes supporting Tiriti-related obligations, continue to work to treat clients with dignity, and implement a Māori values framework for the welfare system. We can provide you with further advice if you wish to explore this.
- 21 Three options on timelines for passing a welfare overhaul Bill are outlined below, including the implications for the scope of the work and associated risks. The timeframes proposed do not allow for any slippage if a Bill is to be passed by the date indicated for each option, and creates risk for developing policy sufficient for instructing the Parliamentary Counsel Office.

#### **Option one—Pass a bill by May 2023 (preferred option)**

- 22 The proposed scope of the Bill under this option includes:
  - making 'wellbeing' the overarching purpose of the Act to acknowledge the broad range of outcomes that contribute to wellbeing such as reducing poverty and hardship, supporting those who care for others, supporting people with health conditions, injuries and disabilities and supporting people to meet housing costs;
  - shifting the tone of how employment is described in the current purpose and principles of the Act from 'paid employment' to 'suitable employment' and including this change in the proposed new purposes and principles for the Act to better reflect how MSD delivers employment support provided under the Act and through welfare programmes;
  - shifting the tone of how limited resources guide discretionary decision making in the purpose section of the Act from 'where appropriate people should use the resources available to them before seeking financial support under the Act' to 'support is targeted to those in need and the Crown's resources should be used efficiently and effectively';
  - adding a clause in the purpose section of the Act that requires clients to be treated with dignity and respect and to establish a client charter to support the shift towards an approach based on mutual expectations and responsibilities that governs the interactions between MSD and welfare recipients under the Act;

- providing new principles for the Act that focus on broader outcomes beyond employment such as participation in the community through skill development, and learning and caring in accordance with the Act;
- including specific Tiriti accountability measures for the Chief Executive of MSD to support better outcomes for Māori who engage with the welfare system; and
- the removal of social obligations provisions from the Act (subject to your approval in a separate report).

- 23 As part of this work, adding a specific Tiriti clause to the Act will be explored.
- 24 The proposed timeline for this option is attached at **Appendix One**. We recommend updating Cabinet on the progress of this work in February 2022 so any concerns can be addressed before seeking final policy decisions in May 2022.
- 25 This timeframe enables decisions on the employment service and the Te Pae Tawhiti programme business case to be considered as part of the work. A paper is going to Cabinet in April 2022 to agree to the role of MSD's employment service, which would need to be reflected in this work.
- 26 The Te Pae Tawhiti programme business case will be considered by Cabinet in May 2022. The implementation plan of any amendments to the purposes and principles of the Act will need to take into consideration the Te Pae Tawhiti transformation programme, such as improvements in service delivery, and providing people their full and correct entitlements under the Act.
- 27 Further details on the proposed scope of this option is provided below.

***The purposes and principles of the Act guide the interpretation of the Act***

- 28 Purpose and principles statements of an Act are used to guide the interpretation of that Act and to help make decisions under that Act. That means decision-makers are required to consider the purposes and principles of the Act when making statutory decisions.
- 29 Reviewing the purposes and principles of the Act therefore plays an important role in signalling a shift in how services are provided under the Act. The Act does not explicitly set out all the services provided in the welfare system, but it plays a key role in establishing and delivering a minimum standard of living through income support for people who are unemployed, have caring responsibilities, or have health conditions, or disabilities, and support with high housing costs.



***We recommend continuing to use wellbeing to frame new purposes and principles for the Act***

- 30 We provided you with advice earlier this year on different ways to frame proposed new purposes and principles for the Act [REP/21/05/511 refers]. This included concepts focused on wellbeing, dignity and manaakitanga, community and participation, employment and reducing poverty. You indicated that you had a preference to incorporate all the concepts provided above under the umbrella of wellbeing. For example, treating people with dignity, promoting community participation, supporting sustainable employment and reducing child poverty, within the context of the Act, contribute to a person's overall wellbeing.
- 31 The wellbeing approach for reviewing the purposes and principles of the Act:
- supports the Government's vision for a welfare system that ensures people have an adequate income and standard of living, are treated with and can live in dignity, and are able to participate meaningfully in their communities; and
  - aligns with the Treasury's Living Standards Framework (the supports and services provided under the Act directly contribute to many of the domains of the Living Standards Framework, and to three wellbeing capitals, including human, social, and financial capital. It also aligns with the principles of He Ara Waiora, which are derived from mātauranga Māori, and many of its elements are relevant to the wellbeing of all New Zealanders).
- 32 A draft example of what new purposes and principles for the Act could look like, based on the concept of wellbeing, is attached at **Appendix Two**. The wording in the example is intended to be illustrative only and is subject to consultation, further policy development, and legal review, including by Crown Law.
- 33 Two of the key changes, included in the example, that may require additional amendments to the Act are the change from using 'paid employment' in the current purposes to 'suitable employment', and adding a clause requiring clients to be treated with 'dignity and respect'.
- 34 We are working through the potential legal impact of the proposed changes on the wider Act, but there is a risk that without sufficient policy analysis on the proposed changes being carried out under this timeframe, we will not be able to identify all the legal impacts and risks associated with changing the purposes and principles. We will be seeking review by the Legislation Design and Advisory Committee, and will continue to regularly update you on the progress of this work and to flag as early as possible any significant risks or changes for your consideration.

***We propose including a requirement in the Act for the Chief Executive of MSD, in engagement with Māori, to identify specific objectives to support the Crown to meet its te Tiriti obligations***

35 There are currently no specific references to te Tiriti in the Act. We propose including a specific requirement in the Act for the Chief Executive of MSD to be accountable for making progress towards specific Tiriti objectives. This aligns with the WEAG's recommendation that the Act has:

- specific requirements for the Chief Executive to be accountable to iwi (as recognised collectives) and to Māori (as individuals, whānau and communities) for achieving equitable outcomes for Māori from the welfare system. (Recommendation seven of the WEAG report).

36 We suggest the objectives be identified in engagement with Māori. We consider this to be the most effective way to make immediate progress in supporting the Crown to meet its Tiriti duties related to the Act.

37 The proposed approach would require the Chief Executive to engage with Māori to identify Tiriti-related operational objectives in relation to its responsibilities under the Act, and to report publicly on MSD's progress against the objectives. A set of draft objectives have been developed to support this process, which include:

- establishing and maintaining meaningful relationships with Māori;
- providing opportunities for Māori to have a role in the design, delivery and monitoring and evaluation of services;
- enabling Māori to participate in decision-making;
- ensuring that MSD's advice to Ministers sets out the implications for Māori in relation to the advice;
- developing and maintaining MSD staff capability in engaging with Māori, including understanding and applying te reo, tikanga, and te ao Māori and te Tiriti;
- seeking to incorporate a te ao Māori world view into MSD's policies, practices and services;
- contributing to the preservation of taonga (relevant taonga can include Māori wellbeing, whānau, tamariki, kaumatua, Māori data, and te reo me ona tikanga);
- seeking to achieve equitable outcomes for Māori, including setting measurable outcomes, and be accountable for achieving those outcomes; and
- working collaboratively with other agencies to deliver with and for Māori.



38 The objectives outlined above fall into two broad groups: those aimed at delivering rangatiratanga and partnership, and those aimed at delivering active protection and equity.

***We are considering a statutory commitment and a commitment to work towards achieving equitable outcomes for Māori, within the context of the Act***

39 The Minister for Māori Development provided you with feedback on the current approach of this work in late November 2021, which suggested that the proposal was not comprehensive enough, and proposed including:

- a general Tiriti clause;
- a new purpose for the Act: “to achieve more equitable outcomes for Māori”; and
- hard-wiring Tiriti obligations into individual clauses throughout the Act.

40 In response to this feedback and following your meeting with Minister Jackson and Minister Davis on 6 December 2021, we propose considering and seeking feedback from key partners and stakeholders on including a statutory commitment to te Tiriti that would support the proposed Chief Executive accountability provision. We will also explore whether a commitment to work towards more equitable outcomes for Māori should be included in the Act, how this could be expressed, and the legal and implementation implications.

***We recommend undertaking targeted engagement to support final policy decisions on using wellbeing to frame new purposes and principles for the Act as well as the work related to te Tiriti***

41 We anticipate there will be interest from a wide range of partners and stakeholders, including iwi, hapū and Māori on the proposed scope for this option. We recommend undertaking targeted engagement on this work to support final policy decisions prior to going to Cabinet in May 2022. To meet this timeline, we recommend undertaking targeted engagement for approximately eight weeks from late January to mid-March.

42 Te Arawhiti’s Māori engagement guidelines recommend a high degree of engagement with Māori on issues that have a substantial impact on their communities and whānau, such as the introduction of Tiriti accountability in the Act.

43 We will work to make the targeted engagement as comprehensive as possible despite the tight timeline and the risk that we may not be able to capture the voice of all those who want to be heard. The targeted engagement we propose is focused on iwi and Māori partners, Māori academics and mātauranga experts, and Māori service providers. It also includes engagement with a wider group of targeted stakeholders on the wellbeing approach to amending the purposes and principles of the Act. We are intending that targeted engagement will meet the requirements of the

guidelines, and taking into account earlier engagement with Māori on the welfare system.

- 44 We recommend you present this as an initial step and signal that there is more policy and legal work to come. We would like in particular to do more work on how Tiriti obligations could be embedded in specific clauses throughout the Act.
- 45 Further Tiriti-related policy and legal work would sit naturally alongside the next steps in MSD's Te Pae Tawhiti transformation programme, and will likely be useful in response to the Waitangi Tribunal Kaupapa Inquiry into social services (which is currently unscheduled, but may be brought forward). We will need to work alongside Te Arawhiti and Crown Law in progressing this work.
- 46 Targeted engagement on both the wellbeing approach to amending the purposes and principles of the Act as well as Tiriti-related provisions for the Act would help to address any substantive issues that could be raised during the select committee process much earlier, and would reduce the risk of the Bill being delayed.
- 47 A high-level outline of who we will engage with and a list of indicative targeted engagement questions is attached at **Appendix Three**. This includes a separate list of questions and stakeholders should you choose to only engage on the Tiriti related provisions for the Act and not on the wellbeing approach for amending the purpose and principles of the Act.

### **Option two—Pass a bill by March 2023**

- 48 The proposed scope of the Bill under this option is the same as option one but looks to shorten some processes, including:
  - less time for Ministers to consider feedback on the proposals prior to going to Cabinet in May 2022;
  - a shorter PCO drafting period for the bill (we are yet to consult PCO on this); and
  - truncating the select committee process from approximately five months to four months.
- 49 Considering the tighter timeline under this option, we recommend you work closely with your Ministerial colleagues to ensure they are comfortable with the proposals and to reduce the risk of any delays with lodging the paper for Cabinet consideration in May 2022. We recommend forwarding this report to your colleagues before the end of this year and taking an oral item or paper to Cabinet early next year on progress to date. This would also apply to option one.
- 50 The proposed timeline for this option is attached at **Appendix One**.



### Option three—Pass a bill by December 2022 (least preferred option)

- 51 The proposed scope of the bill under this option is much narrower in comparison to options one and two due to the even tighter timeline for when the bill should be passed. This option does not give us sufficient time to explore Tiriti-related provisions for the Act or the potential shift from paid employment to suitable employment as a new purpose statement for the Act or to undertake any type of targeted engagement with partners and key stakeholders.
- 52 The only changes we would be able to incorporate in this bill would be:
- using wellbeing as the overarching purpose of the Act (taking into account the changes to the Act made over the last several years which contributes to people's wellbeing. Examples include increasing main benefits and abatement thresholds, reinstatement of the Training Incentive Allowance to support study costs at levels 7 and below on the New Zealand Qualifications Framework and its expansion to include Sole Parent Supports receiving Jobseeker Support and removal of subsequent child policy and section 192 [where sole parents were subject to a benefit reduction if they did not identify the other parent of the child and applies for child support] of the Act);
  - adding a clause in the purpose section of the Act that requires clients to be treated with dignity and respect and to establish a client charter to support the shift towards an approach based on mutual expectations and responsibilities that governs the interactions between MSD and welfare recipients under the Act; and
  - removing social obligations provisions from the Act (subject to your approval in a separate report due 16 December 2021).
- 53 The proposed timeline for this option is attached at **Appendix One**. You will note that the paper would need to be considered by Cabinet in late February/early March, with a two week truncated Ministerial and Departmental consultation process.

#### ***This option comes with significant risks***

- 54 There is particular interest in this work by the Minister of Finance and the Minister for Māori Development and a truncated consultation process may not give Ministers enough time to consider the proposal even with a much narrower scope in comparison to options one and two. This process will also not allow us to undertake any type of meaningful targeted engagement and would be inconsistent with Te Arawhiti's guidelines on engagement with Māori.
- 55 Under this option, we propose not to proceed with a Tiriti clause or Tiriti purpose, but instead to signal that this is part of a longer-term work programme. Ministers would need to consider how to respond if the lack of any Tiriti reference was raised at the select committee stage of this Bill.

- 56 We would also need agreement from PCO for a shorter drafting period, as well as seeking agreement for a shorter select committee process. In addition, this option means going to Cabinet ahead of the employment service paper and the Te Pae Tawhiti programme business case in April and May 2022, and will therefore not be able to take these decisions into account. MSD would need to reconsider the scope and next steps for the employment services paper as any legislative amendments signalled there could not be included in this Bill.
- 57 However, you could include any of these changes through a Supplementary Order Paper during the select committee process. The potential risk with this approach is that any additional amendments during the select committee process could delay the passing of the bill by December 2022.

### **A set of Māori values have been developed to underpin the welfare system**

- 58 In October 2021, we reported to you with our initial response to He Tūtohu nā Ngā Mātanga Māori, advice from Ngā Mātanga Māori on a Māori values framework for the welfare system [REP/21/9/1049 refers]. The advice called for transformational change to the welfare system, underpinned by a proposed Māori values framework and through a number of 'critical shifts' that Ngā Mātanga consider necessary to bring the values to life in the welfare system.
- 59 It was intended that, following receipt of the advice from Ngā Mātanga Māori, broader stakeholder engagement would be undertaken to further explore how the Māori values and critical shifts could be given effect within the welfare system. However, following feedback from your office, we have been directed to provide you with further advice on the next steps for this work in early 2022. <sup>9(2)(g)(i)</sup>
- <sup>9(2)(g)(i)</sup>

### **We recommend publishing Ngā Mātanga Māori's report to support targeted engagement for options one and two**

- 60 The advice from Ngā Mātanga Māori has not yet been publicly released. We recommend releasing the report as part of the background material for targeted engagement should you choose to proceed with option one or option two.
- 61 We recommend publishing the report with a Ministerial foreword or press release, advising that MSD is working on how the values can be embedded in the welfare system, and that feedback will be sought once these options are developed.
- 62 This approach will strengthen our engagement on te Tiriti provisions, as Ngā Mātanga Māori saw a Tiriti clause as one way the values could be given life. It



will also enable their involvement in the engagement process. This also demonstrates progress in the Government's response to Recommendation One of the WEAG, which included that the welfare system be underpinned by Kia Piki Ake Te Mana Tangata, including kaupapa Māori values. Not publishing the Ngā Mātanga advice would put the group in a difficult position during the targeted engagement process and we may not be able to rely on their support if this is the case.

## Next steps

- 63 If you prefer option one or option two, we will provide you with further advice on a Cabinet paper or Oral item to take to Cabinet in February 2022 providing an update and the next steps for reviewing the foundations of the welfare system.
- 64 If you prefer option three, we will provide you with further advice on final policy decisions in late January 2022, for consideration by Cabinet in late February/early March 2022.
- 65 We recommend forwarding this report to your Ministerial colleagues, particularly the Minister for Child Poverty Reduction (Rt Hon Jacinda Ardern), Minister of Finance (Hon Grant Robertson), Minister for Māori Crown Relations: Te Arawhiti (Hon Kelvin Davis), Attorney-General (Hon David Parker), Minister of Justice (Hon Kris Faafoi) and Minister for Māori Development (Hon Willie Jackson), to support any further discussions prior to going to Cabinet in early 2022.

## Appendices

- 66 Appendix One – Options for timelines to progress a welfare Overhaul Bill
- 67 Appendix Two – Draft example of what the purposes and principles of the Act could look like using a wellbeing framework
- 68 Appendix Three – Targeted engagement, a list of stakeholders and relevant questions on Tiriti provisions for the Act and wellbeing purposes and principles for the Act

File ref: REP/21/12/1384

Responsible manager: out of scope Policy Manager, Welfare System Policy

## Draft example of what the purposes and principles for the Social Security Act could look like using a wellbeing framework

### The current purposes and principles of the Social Security Act

#### 1A Purpose

The purpose of this 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 may not currently be 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) 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.

#### 1B Principles

Every person exercising or performing a function, duty or power under this 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 plan 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.

### The draft wellbeing purposes and principles of the Social Security Act

- 1 The purpose of this Act is to promote the general wellbeing of the community by:
  - a. enabling the provision of financial assistance and other services that targets support to eligible individuals and families in need by providing:
    - 1.a.1 a categorical system of main benefits
    - 1.a.2 supplementary support for specific ongoing costs
    - 1.a.3 discretionary support, including to alleviate hardship
    - 1.a.4 a service for young people
  - b. providing employment services and supports which help people prepare for, find, and retain suitable employment
  - c. requiring those receiving financial assistance to meet certain obligations, including
    - 1.c.1 administrative requirements to enable access to the appropriate support under the Act
    - 1.c.2 work related activities as appropriate
  - d. promoting the administration of the Act that is client-centred and treats people with dignity and respect
  - e. supporting the Crown to meet its duties under Te Tiriti o Waitangi/the Treaty of Waitangi
- 2 Every person performing or exercising a duty, function, or power under this Act must have regard to the following general principles:
  - a. Social security contributes to the wellbeing of the community by providing support to:
    - 2.a.1 reduce poverty and hardship
    - 2.a.2 those who care for others
    - 2.a.3 people with health conditions, injuries, and disabilities
    - 2.a.4 meet housing costs
  - b. suitable employment, where appropriate, offers the best opportunity for people to achieve wellbeing
  - c. in other circumstances, or until such time, people should be supported to participate in the community through skill development, learning and caring in accordance with this Act
  - d. support is targeted to those in need and the Crown's resources should be used efficiently and effectively.



## Targeted Engagement for Tiriti-related provisions for the Social Security Act 2018

Targeted engagement on te Tiriti o Waitangi/the Treaty of Waitangi will involve facilitated discussions and hui with MSD partners and stakeholder representatives. We will arrange separate hui for representatives to ensure mutuality of interests, and engage with those who have relevant knowledge or experience.

We will engage using both digital and non-digital channels, ensuring we meet in ways that are most appropriate to each group, with in-person options if this is their preference and as COVID-19 restrictions allow.

Stakeholder Groups	Example organisations/people
Treaty Partners	<ul style="list-style-type: none"><li>• Iwi and Māori Representative Groups</li><li>• MSD Māori Reference Group</li><li>• National Iwi Chairs Forum</li></ul>
Māori organisations/service providers	<ul style="list-style-type: none"><li>• Whānau Ora Commissioning Agencies</li><li>• Māori Women's Welfare League</li></ul>
Expert Advisory Groups	<ul style="list-style-type: none"><li>• Ex-members of Welfare Expert Advisory Group</li><li>• Ngā Mātanga Māori</li></ul>
Academia	<ul style="list-style-type: none"><li>• Academics with expertise in the Treaty</li></ul>
Specific equity groups	<ul style="list-style-type: none"><li>• Disability community</li><li>• LGBTQI+ people</li></ul>
Advocacy Groups	<ul style="list-style-type: none"><li>• National Beneficiary Advocate Consultative Group</li><li>• Child Poverty Action Group</li><li>• Auckland Action Against Poverty</li><li>• Business Network</li><li>• Tenants Protection Association</li></ul>
National and regional social service organisations, NGOs and community organisations	<ul style="list-style-type: none"><li>• Youth Service providers</li><li>• Employment Service providers</li><li>• Community Participation Service providers</li></ul>
MSD clients	<ul style="list-style-type: none"><li>• Jobseeker Support clients</li><li>• Supported Living Payment clients</li><li>• Sole Parent Support clients</li></ul>
MSD staff	<ul style="list-style-type: none"><li>• MSD client-facing staff</li><li>• Regional leaders</li></ul>
Independent Crown Entities	<ul style="list-style-type: none"><li>• Children's Commissioner</li><li>• Commerce Commission</li><li>• Health and Disability Commissioner</li><li>• Human Rights Commission</li><li>• NZ Productivity Commission</li></ul>

## Engagement discussion

Through the targeted engagement sessions, we will discuss some or all of the following, depending on the groups involved and their areas of expertise. These questions are only indicative.

### Embedding te Tiriti/the Treaty in the Social Security Act 2018

- *What is the most effective way to bring the Treaty partnership to the heart of the welfare system?*
- *Do you support a statutory requirement for the Chief Executive to define a set of objectives for MSD that will support delivery of practical actions and outcomes for Māori? What further statutory commitments might be required?*
- *Will these objectives support the Crown to be a better Tiriti partner? If not, what else could MSD do to deliver the outcomes needed for Māori?*
- *What role could Māori have in the design, delivery and oversight of the objectives?*
- *How would you like to see these objectives reflected in changes to the way MSD delivers welfare services under the Act?*
- *Are you interested in learning about MSD's progress in achieving the objectives? What would be the best way to present this information? How often would you like to hear about the progress?*
- *What do equitable outcomes for Māori mean for you?*



**Additional stakeholders, should the purposes and principles be included as part of targeted engagement**

Stakeholder Groups	Example organisations/people
Treaty Partners	<ul style="list-style-type: none"> <li>• Iwi and Māori Representative Groups</li> <li>• MSD Māori Reference Group</li> <li>• National Iwi Chairs Forum</li> </ul>
Māori organisations/service providers	<ul style="list-style-type: none"> <li>• Whānau Ora Commissioning Agencies</li> <li>• Māori Women's Welfare League</li> </ul>
Expert Advisory Groups	<ul style="list-style-type: none"> <li>• Welfare Expert Advisory Group</li> <li>• Ngā Mātanga Māori</li> </ul>
Academia	<p>Academics with expertise in:</p> <ul style="list-style-type: none"> <li>• Treaty Legislation</li> <li>• Policy</li> <li>• Thought leaders</li> </ul>
Pacific Peoples	<ul style="list-style-type: none"> <li>• Pasifika leaders and organisations</li> <li>• client advocates</li> <li>• Providers</li> </ul>
Specific equity groups	<ul style="list-style-type: none"> <li>• Refugees and migrant communities</li> <li>• Disability community</li> <li>• LGBTQI+ people</li> </ul>
Advocacy Groups	<ul style="list-style-type: none"> <li>• NBACG</li> <li>• Child Poverty Action Group</li> <li>• Auckland Action Against Poverty</li> <li>• Business Network</li> <li>• Tenant's Protection Association</li> </ul>
National and regional social service organisations, NGOs and community organisations	<ul style="list-style-type: none"> <li>• Youth Service providers</li> <li>• Employment Service providers</li> <li>• Community Participation Service providers</li> </ul>
MSD clients and staff	<ul style="list-style-type: none"> <li>• Jobseeker Support</li> <li>• Supported Living Payment</li> </ul>
MSD staff	<ul style="list-style-type: none"> <li>• MSD client-facing staff</li> <li>• Regional leaders</li> </ul>
Independent Crown Entities	<ul style="list-style-type: none"> <li>• Children's Commissioner</li> <li>• Commerce Commission</li> <li>• Health and Disability Commissioner</li> <li>• Human Rights Commission</li> <li>• NZ Productivity Commission</li> </ul>

## Engagement discussion

Through the engagement sessions, we will discuss some or all of the following, depending on the groups involved and their areas of interest. These questions are only indicative.

### Amending the Purposes and Principles of the Social Security Act

- *Do you agree that wellbeing should be the overarching purpose of the Social Security Act?*
- *Paid work that is suitable to people and reflects their circumstances is an aspiration for most and offers an important route to financial wellbeing. Have we found the right balance between the importance of suitable employment, wellbeing and participation?*
- *Should the principles emphasise "suitable" paid employment for those who are expected to work, or should any "paid" employment remain?*
- *What do you think are important factors to consider when determining the suitability of employment?*
- *Have the Treaty obligations been reflected in the proposed wellbeing purposes and principles for the Act? How would you suggest this could be enhanced?*
- *Have we captured the broad range of wellbeing outcomes that the Social Security Act contributes towards? If not, what would you suggest adding?*
- *How would you define participation within the context of the Social Security Act?*
- *Are you interested in learning about MSD's progress in achieving the objectives? What would be the best way to present this information? How often would you like to hear about the progress?*
- *What do equitable outcomes for Māori mean for you?*



## Option One – Pass a Bill in May 2023 (MSD recommended option)

## Appendix One

2022	January	February	March	April	May	June	July	August	September	October	November	December
	Policy development Targeted engagement	Cabinet paper: Update on progress of work/Oral item Targeted engagement	Policy development Targeted engagement	Report to Minister: Agreement to final policy decisions	Cabinet paper: Final policy decisions and drafting instructions for the Bill	PCO Drafting	PCO Drafting	PCO Drafting	Cabinet Legislation Committee Introduction and first reading	Select Committee	Select Committee	Select Committee (last sitting day is usually on the third week)
2023	January	February	March	April	May	June	July	August	September	October	November	December
		Select Committee	Select Committee	Second reading Committee of the whole House	Third reading Royal Assent							

## Option Two – Pass a Bill in March 2023 with the same scope as Option 1 but with less time for agency consultation, drafting and Select Committee

2022	January	February	March	April	May	June	July	August	September	October	November	December
	Policy development Targeted engagement	Cabinet paper/Oral item: Update Policy Development Targeted engagement	Policy development Targeted engagement	Report to Minister: Agreement to final policy decisions	Cabinet paper: Final policy decisions and drafting instructions for the Bill PCO Drafting	PCO Drafting	PCO Drafting	Cabinet Legislation Committee Bill introduction and first reading	Select Committee	Select Committee	Select Committee	Select Committee (last sitting day is usually on the third week)
2023	January	February	March	April	May	June	July	August	September	October	November	December
		Second reading Committee of the whole House	Third reading Royal Assent									

## Option Three – Pass a Bill in December 2022 with a narrowed scope

2022	January	February	March	April	May	June	July	August	September	October	November	December
	Report to Minister: agreement to final policy decisions (13 Jan) Agency and Ministerial consultation	Cabinet paper: policy decisions and drafting instructions for the Bill	PCO Drafting	PCO Drafting	Cabinet Legislation Committee Bill introduction and first reading	Select Committee	Select Committee	Select Committee	Select Committee	Second reading (last sitting day is usually on the third week)	Committee of the whole House	Third reading Royal Assent



MINISTRY OF SOCIAL  
DEVELOPMENT  
TE MANATŪ WHAKAHIATO ORA

# Report

**Date:** 22 July 2021

**Security Level:** IN CONFIDENCE

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

## **Welfare Overhaul: Options for introducing a Bill in 2022 to amend purposes and principles of the Social Security Act 2018**

### **Purpose of the report**

- 1 You are asked to indicate your preferred option for progressing a welfare overhaul Bill amending the purposes and principles of the Social Security Act 2018 to be passed in this Parliamentary term.
- 2 You are also asked to confirm that you would like to pursue a Budget 2022 pre-commitment for the child support pass-on work, which would require a separate Bill to amend the Social Security Act 2018.

### **Executive summary**

#### *Welfare Overhaul Bill*

- 3 Following recent conversations with your office, we have developed options for you to consider if you prefer to introduce and pass a Bill in 2022 for new purposes and principles for the Social Security Act 2018 (the Act).
- 4 You are asked to indicate your preferred option for introducing a Bill:
  - Option One – introduce and pass a Bill in 2022 amending the purposes and principles of the Act;
  - Option Two – introduce and pass a Bill in 2022 amending the purposes and principles and social obligations of the Act; and
  - Option Three – introduce a Bill in 2022 to be passed in 2023 amending the purposes and principles and social obligations of the Act and include a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act.
- 5 Proposed timelines for the options are outlined in **Appendix One**. The benefits and risks of each options are outlined in **Appendix Two**.
- 6 Option One would introduce and pass a Bill in 2022 amending the purposes and principles of the Act only. This option would focus on improving the current provisions of the Act, aligning the new purposes and principles of the Act with changes made over the last three years and delivering on the Government's manifesto commitments.
- 7 There are no immediate financial impacts from amending the purposes and principles of the Act, so no Budget pre-commitment for 2022 is required.



- 8 We will also be seeking Crown Law and Legislation Design and Advisory Committee advice on the impact of replacing the purposes and principles of the Act without amending the rest of the Act at the same time.
- 9 There are some risks and trade-offs associated with Option One, including:
  - limited time to engage on the development of the policy prior to going to Cabinet in December this year; and
  - engagement on the kaupapa Māori values framework in October/November would not inform the policy for new purposes and principles for the Act (in the interim).
- 10 Option Two would introduce and pass a Bill amending the purposes and principles and social obligations of the Act. The risks and trade-offs for Option Two are the same as Option One but will also need a Budget 2022 pre-commitment. This is because additional funding would be required to implement any amendments to social obligations. The Treasury is generally not supportive of Budget pre-commitments unless a very strong case for urgency can be demonstrated.
- 11 Detailed options for a potential replacement for the removal of social obligations from the Act will not be completed in time for final policy decisions by the end of 2021. However, we will continue developing replacement options that can be considered at a later date as part of our operational process and will provide you with an update in due course.
- 12 Option Three would introduce a Bill in 2022 amending the purposes and principles and social obligations of the Act, and include a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act, to be passed in 2023.
- 13 Passing the Bill in 2023 will mitigate some of the risks identified for Option One and Option Two. It would allow more time for policy development and to consider how any changes to the purposes and principles of the Act would be given effect to and impacts other parts of the Act. Any funding requirements would also be pursued through the usual Budget 2022 process.
- 14 There will also be additional time to engage more widely. This would align with the engagement plan for the development of a kaupapa Māori values framework for the welfare system.
- 15 The focus of the new purposes and principles of the Act for all three options would not be as broad as originally intended (i.e. looking at MSD's role in housing and social development). The longer timeframe gives us an opportunity to engage more broadly but the overall scope would not change for options One, Two and Three.
- 16 The review of work obligations and sanctions of the Act will continue alongside these options, with a Bill to be introduced in 2023 and passed in 2024. We will provide further advice on this review in early 2022. If you decide to pursue Option One or Option Two, then the potential inclusion of a Treaty of Waitangi/Tiriti o Waitangi legislative obligation in the Act would be considered and included in the Bill implementing the changes from the review of work obligations and sanctions.
- 17 We will provide you with an update on the progress of your preferred option in September/October. Officials are available to go through these options with you in more detail.

#### *Child support pass-on*

- 18 We understand you are interested in seeking a Budget 2022 pre commitment for child support pass-on (CSPO). Seeking a pre-commitment would provide the Ministry of Social Development (MSD) certainty for the CSPO project much sooner than going through the usual Budget process. This would reduce some of the risks related to MSD's capacity to deliver on your priorities due to the reallocation of resources.
- 19 We will provide further advice on the Budget pre-commitment process for CSPO if you confirm your interest in this process.

## Recommended actions

It is recommended that you:

### *Welfare Overhaul Bill*

- 1 **note** we have previously advised that the review of the purposes and principles of the Social Security Act 2018 would be completed in time for a Bill to be passed in this Parliamentary term
- 2 **note** following conversations with your office, we have considered what could be included in a Bill introduced and passed in 2022
- 3 **note** a Bill introduced and passed in 2022 could only amend the purposes and principles and social obligations of the Social Security Act 2018
- 4 **note** if a Bill is introduced in 2022 and passed in 2023 it could amend the purposes and principles and social obligations of the Social Security Act 2018, and include a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act
- 5 **indicate** your preferred options for introducing a Bill:
  - Option One – introduce and pass a Bill in 2022 amending the purposes and principles of the Social Security Act 2018

**Agree/Disagree**

- Option Two – introduce and pass a Bill in 2022 amending the purposes and principles and social obligations of the Social Security Act 2018

**Agree/Disagree**

- Option Three – introduce a Bill in 2022 to be passed in 2023 amending the purposes and principles and social obligations of the Social Security Act 2018, and include a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act (due to the longer timeframe)

**Agree/Disagree**

- 6 **note** the proposed timelines are attached at Appendix One
- 7 **note** the benefits, risks and trade-offs of each option is attached at Appendix Two
- 8 **note** Option One and Option Two has the following risks and trade-offs:
  - the majority of the policy work for the new purposes and principles for the Social Security Act 2018 would most likely not be able to consider (at least in the interim) the kaupapa Māori values framework that is currently being informed by Ngā Mātanga Māori;
  - engagement would be highly targeted to only a few groups that the Ministry of Social Development currently has relationships with, such as Ngā Mātanga Māori, Māori Reference Group and National Beneficiary Consultative Group (we need to follow-up with these stakeholders on whether the timing for engagement is feasible for them); and
  - a budget pre-commitment would be required to include social obligations in the Bill (only applies to Option Two)



9 **note** Option Three could mitigate some of the risks, as it will:

- enable the Ministry of Social Development to undertake a longer engagement process;
- allow for better alignment with the development of the kaupapa Māori values framework; and
- allow funding to be sought through the usual Budget process for changes to social obligations of the Social Security Act 2018.

10 **note** the scope of the review of the purposes and principles of the Social Security Act 2018 for Options One, Two and Three would have to be narrowed (in comparison to what was originally agreed, which included a broader review of the Ministry of Social Development's role in housing and social development) to meet the timeframe.

11 **note** we will provide you with separate advice on the progress of the review of work obligations and sanctions of the Social Security Act 2018 in early 2022, including the warrant to arrest sanction and pre-employment drug test obligations of the Act

12 **note** that a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation, the pre-employment drug test obligation and warrant to arrest sanction of the Social Security Act 2018 could be deferred and progressed alongside the review of work obligations and sanctions of the Act, in a separate Bill to be introduced in 2023 and passed in 2024

*Next steps for the Welfare Overhaul Bill*

13 **note** we will consider how the engagement on the development of a kaupapa Māori values framework for the welfare system and review of the purposes and principles of the Social Security Act 2018 can be better aligned

14 **note** if you choose to introduce and pass a Bill in 2022, we propose you take a paper to Cabinet in early 2022 to get endorsement of the kaupapa Māori values framework for the welfare system before a Bill on new purposes and principles for the Social Security Act 2018 is introduced

15 **note** we will provide you with an update on progress on your preferred option in September/October this year

*Child support pass-on workstream*

16 **confirm** you would like to progress work to seek a Budget 2022 pre-commitment for the child support pass-on work.

**Agree/Disagree**

*Next steps for child support pass-on workstream*

- 17 **note** we will provide further advice on the Budget pre-commitment process for child support pass-on if you confirm your interest in this process.

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out of scope  
Policy Manager  
Welfare System and Income Support Policy

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Date

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Hon Carmel Sepuloni  
Minister for Social Development and  
Employment

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Date



## Background

- 20 Following recent conversations with your office, we have developed options for you to consider if you prefer to introduce and pass a Bill in 2022 for new purposes and principles of the Social Security Act 2018 (the Act). These options vary in scope and size and there are trade-offs, benefits, and risks that you would need to consider for each option. The review of the purposes and principles of the Act is a key part of your medium-term welfare overhaul work programme, which focuses on resetting the foundations of the welfare system.

## Proposed timelines and options for introducing a Bill

- 21 You are asked to indicate your preferred option for introducing a Bill:
- Option One – introduce and pass a Bill in 2022 amending the purposes and principles of the Act
  - Option Two – introduce and pass a Bill in 2022 amending the purposes and principles and social obligations of the Act
  - Option Three – introduce a Bill in 2022 to be passed in 2023 amending the purposes and principles and social obligations of the Act, and include a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act.
- 22 These options are outlined below. Proposed timelines for the options are outlined in **Appendix One**. The benefits and risks of each options are outlined in **Appendix Two**.
- 23 If you decide to pursue Option One or Option Two, then the potential inclusion of a Treaty of Waitangi/Tiriti o Waitangi legislative obligation in the Act would be considered and included in the Bill implementing the changes from the review of work obligations and sanctions to be introduced in 2023 and passed in 2024.

## Option One—introduce and pass a Bill in 2022 amending the purposes and principles of the Social Security Act 2018

- 24 This option would introduce and pass a Bill in 2022 amending the purposes and principles of the Act. Policy decisions would need to be made by Cabinet by the end of 2021 to ensure the drafting of the Bill could commence in early 2022. A Bill would be introduced in March 2022, including a compressed select committee process (i.e. from six months to four months) to allow for the Bill to be passed by the end of 2022.
- 25 This option would build on the advice provided to you in June [REP/21/05/511 refers], focusing on the development of legislative obligations for the Ministry of Social Development (MSD) in relation to providing financial assistance and employment services, and the development of a client charter.
- 26 This option does not require a Budget bid for 2022 as there are no immediate financial implications to amending the purposes and principles of the Act. This timeline will also enable a Bill to be passed in 2022 and will deliver on the Government's manifesto commitment to amend the purposes and principles of the Act before the end of this Parliamentary term.

## ***Recent changes to the benefit system have already made positive changes to how the Act is administered***

- 27 We provided you with advice in June 2019 that noted the prescriptive nature of the Act implies that a change to purposes and principles not supported by further changes may have limited effect on the Act's daily administration.
- 28 Recent changes to the indexation of main benefits to average wage increases, raising abatement thresholds and increases to main benefits all contribute to improving financial assistance to people within the welfare system, which have already made positive contributions to how the Act is administered. We will ensure that the review of the

purposes and principles of the Act align with changes already made to the income support system and other parts of the welfare overhaul reform work programme.

- 29 We will be considering further legislative obligations to give effect to new purposes and principles of the Act and provisions stating their legal effect. For example, new purposes and principles for the Act that focuses on improving client experience could be given effect through a client charter that provides details of the functions and duties of MSD.

***Crown Law and Legislation Design and Advisory Committee advice will be sought before any final policy decisions are made***

- 30 Crown Law and the Parliamentary Counsel Office are currently working on approaches to Treaty of Waitangi/Te Tiriti o Waitangi clauses. We would be seeking Crown Law advice to ensure consistency with the guidance being developed by those agencies.
- 31 Crown Law will be able to provide advice on the impact of replacing the purposes and principles of the Act without amending the rest of the Act at the same time. Crown Law advice will need to be provided before final options are provided to Cabinet to ensure we have captured the potential legal risks and how they could be mitigated.
- 32 We will also seek advice from the Legislation Design and Advisory Committee (LDAC) before any final policy decisions can be made for this option. LDAC provides advice early in the development of policy and legislation to resolve problems in the design of legislation and to identify potential public and constitutional law issues. LDAC advice will need to be sought before final policy decisions are made to ensure the advice to Cabinet includes any risks or concerns about the proposed new purposes and principles for the Act. We will provide you with further advice as this work progresses.
- 33 This advice may have an impact on meeting timeframes, as getting advice in time to include in a Cabinet paper by the end of 2021 will depend on the capacity of Crown Law and LDAC. We will work with Crown Law and LDAC to mitigate any delays to the process.

***There are some risks and trade-offs to amending the purposes and principles through a Bill passed in 2022***

- 34 There are some risks and trade-offs associated with passing a Bill in 2022. These are outlined below.

*There would be limited opportunity for the review of the purposes and principles of the Act to be informed by the development of a kaupapa Māori values framework*

- 35 Targeted engagement for the development of a kaupapa Māori values framework for the welfare system is scheduled for October and November 2021 (pending further advice to you in August). Our intention had been to incorporate purposes and principles-related questions into this engagement, to ensure alignment between these two pieces of work.
- 36 However, under this timeframe final decisions on new purposes and principles and legislative obligations for the Act would be sought in late October to ensure sufficient time to draft a Cabinet paper to be considered by Cabinet on 8 December 2021. Engagement on new purposes and principles for the Act would therefore be highly targeted and limited to a few stakeholders. It is likely we could only engage with a few groups over several weeks in late September. We will provide you with an update on who we will be engaging with over this period if you prefer Option One.
- 37 Ngā Mātanga Māori's advice on potential kaupapa Māori values for the welfare system and how the values could be given effect is expected to be finalised in August 2021. This would be used to inform the new purposes and principles for the Act and to ensure alignment between the two pieces of work as much as possible. However, there would be limited opportunity for the targeted engagement this year on kaupapa Māori values to influence what the new purposes and principles for the Act could be focused on. This could be mitigated by including any changes to the Bill through a supplementary order paper during the select committee or committee of the whole House process (following the endorsement of the kaupapa Māori values framework in early 2022).



*The proposed timeline for option one does not allow for in depth engagement prior to the introduction of the Bill*

- 38 As the purposes and principles are foundational to the Act, we anticipate there will be interest from a wide range of stakeholders, including Māori and iwi. Limited engagement could raise concerns around public perception of rushing through changes to the purposes and principles of the Act. However, this could also be seen as an opportunity to amend the purposes and principles of the Act to reflect the reforms made to the Act over the last three years.
- 39 We would also draw on previous engagements, such as that undertaken by the Welfare Expert Advisory Group (WEAG) in 2018 and previous engagements MSD has had with Māori to inform the development of Te Pae Tata—Māori Action Plan, and with other population groups such as Pacific peoples and Disabled people.

### **Option Two—introduce and pass a Bill in 2022 amending the purposes and principles and social obligations of the Social Security Act 2018**

- 40 This option would introduce and pass a Bill in 2022 amending the purposes and principles and social obligations of the Act. This option has the same risks as Option One outlined above, with additional considerations for including social obligations in the Bill.

### ***A Budget 2022 pre-commitment would be required as there are costs associated with removing social obligations***

- 41 Removing social obligations from the Act will have financial implications, including IT costs and implementation costs (to operationalise changes to social obligations). A Budget 2022 pre-commitment will be required for this option as Budget decisions will not be made in time for final policy decisions by the end of 2021.
- 42 Following a Budget 2022 meeting with officials on 12 July, we have been advised that you have indicated your preference to continue with a Budget 2022 bid for social obligations. This would still require a Budget 2022 pre-commitment if you wanted to include changes to social obligations to the Bill to be passed in 2022.
- 43 Decisions on Budget pre-commitments are made by the Minister of Finance. Getting approval for a Budget pre-commitment would involve a discussion with the Minister of Finance, including a letter outlining the need for a pre-commitment. Cabinet approval will also be required following your discussion with the Minister of Finance. We can provide you further advice on the process for Budget pre-commitment should you wish to pursue Option Two.
- 44 The Treasury is generally not supportive of Budget pre-commitments unless a very strong case for urgency can be demonstrated. It is best practice to secure Cabinet agreement to decisions with fiscal implications through the Budget process. This process supports Ministers to make trade-offs across government.

### ***Options for potential replacements for social obligations will not be finalised in this timeframe***

- 45 If social obligations are removed, you have indicated that you are interested in exploring options for replacement that would focus on retaining support for positive outcomes. These include providing information on enrolling children in services such as early childhood education centres and General Practitioners.
- 46 We would not be able to provide detailed advice on replacements by the end of the year if the social obligations of the Act are removed under this timeframe. We will continue developing replacement options that can be considered at a later date, as we consider how we can implement desired outcomes through operational policy. For example, guidance for frontline staff to provide information on where to enrol children in early childhood education to support parents. We will provide you with an update on this work in due course.

### **Option Three—introduce a Bill in 2022 to be passed in 2023 amending the purposes and principles and social obligations of the Act, and include a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act**

- 47 This option would introduce a Bill in 2022 amending the purposes and principles and social obligations of the Act, and include a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act. Cabinet decisions on final policy options would be sought in April 2022, with a Bill introduced in September 2022 and passed in early 2023. This would allow for a six-months select committee process rather than a truncated four months process under Options One and Two.
- 48 Adding a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation to the Act is one of the options that has been discussed by Ngā Mātanga Māori. This could potentially act as a strong signal to reflect MSD's obligations under and commitment to the Treaty of Waitangi/Te Tiriti o Waitangi. Passing the Bill in 2023 will mitigate some of the risks identified for Option One and Option Two as outlined below.

#### ***Passing a Bill in 2023 would allow for more policy development***

- 49 This timeline would allow more time for policy development and to consider how any changes to the purposes and principles of the Act would be given effect to and impacts other parts of the Act.

#### ***No budget pre-commitment would be required***

- 50 We would also be able to follow the usual Budget 2022 process under this option for approving funding to remove social obligations from the Act.

#### ***This timeframe allows for an extended engagement period***

- 51 Extending the time allowed for targeted engagement will enable MSD to engage more widely and allow time to incorporate feedback. This timeline would allow for engagement from October 2021 through to February 2022. Feedback from consultation could then be incorporated into a Cabinet paper to be considered in April 2022.
- 52 This timeline would allow additional time for policy development for new purposes and principles and legislative obligations for the Act, better alignment with the development of a kaupapa Māori values framework for the welfare system, and IT and operational changes required for removing social obligations from the Act.

### **The scope of the new purposes and principles of the Act will need to be narrowed to meet the timeframe**

- 53 The first phase of the review of the purposes and principles of the Act has focused on financial assistance under the Act. The next phase of the review was going to focus on what MSD's wider roles should be in employment, housing, and other social development areas, which takes a much broader approach than what the three options could deliver [REP/21/05/511 refers]. We will not have time to consider what other obligations we may want to include (as part of the broader approach) and what their impact would be for Options One, Two and Three.

### **We will consider how engagement on the purposes and principles and kaupapa Māori values can be aligned**

- 54 MSD convened Ngā Mātanga Māori to help develop a kaupapa Māori values framework that could underpin the welfare system, as recommended by WEAG. Ngā Mātanga Māori are expected to deliver their advice on a kaupapa Māori values framework that MSD could further explore by the end of July 2021. We will provide you with a report in August this year on Ngā Mātanga Māori's advice, our response to their advice and overall plan for targeted engagement with key stakeholders, including Māori and iwi.

- 55 Highly targeted engagement on the purposes and principles of the Act under Options One and Two would take place in September to be incorporated into advice to you in October this year. This does not align with timeframes for engaging on the kaupapa Māori values framework, which we are planning to undertake from October to November (pending further advice to you in August). However, officials will use Ngā Mātanga Māori's draft advice to inform the development of new purposes and principles for the Act, where appropriate.
- 56 We will discuss with Ngā Mātanga Māori whether the group could be used for targeted engagement on options for having new purposes and principles for the Act in September.

**The review of work obligations and sanctions will continue alongside these options, with a Bill to be introduced in 2023**

- 57 You received advice on the scope for the review of work obligations and sanctions in May 2021 [REP/21/3/296 refers]. You agreed to a broad scope for the review, including objectives and criteria to guide the review.
- 58 You will receive advice on options and initial costings for the review of work obligations and sanctions in early 2022, with any legislative changes included in a second Bill introduced in 2023 and passed in 2024. This Bill could include a Treaty of Waitangi/Te Tiriti o Waitangi obligation for the Act and options to amend the warrant to arrest sanction and pre-employment drug test obligation in the Act.

**Next steps for the Welfare Overhaul Bill**

- 59 We will provide you with an update on the progress of your preferred option in September/October this year. Officials are available to go through these options with you in more detail.

**We understand you are seeking a Budget 2022 pre-commitment for child support pass-on**

- 60 As discussed in our June report on child support pass-on (CSPO), starting implementation work for CSPO in July 2021 based on design decisions made to date requires MSD to progress significant work without certainty of Cabinet policy and funding decisions [REP/21/5/559].
- 61 MSD is currently funding the implementation work on CSPO, which began in July. This has also required MSD to pull people, with sufficient understanding of the proposal and the welfare system, from other pieces of existing work. There is a risk that the funding and the resources, which could have been invested into other initiatives, may be lost if the CSPO proposal does not go ahead or is delayed.
- 62 We understand you are therefore interested in seeking a Budget 2022 pre-commitment for CSPO. Seeking a pre-commitment would provide MSD certainty for the CSPO project much sooner than going through the usual Budget process. This would reduce some of the risks of MSD's capacity to deliver on your priorities due to the reallocation of resources. You may also want to note Treasury's comment about Budget pre-commitments provided in paragraph 44.

**Next steps for child support pass-on**

- 63 We will provide further advice on the Budget pre-commitment process for CSPO if you confirm your interest in this process.

File ref: REP/21/7/748

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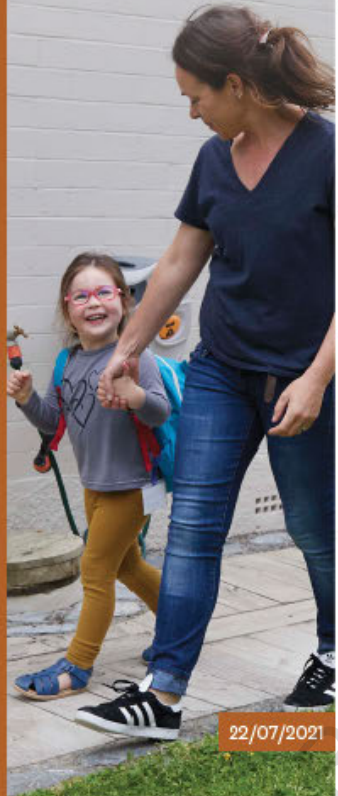




MINISTRY OF SOCIAL  
DEVELOPMENT  
TE MANATŪ WHAKAHIAŌ ORA

# Welfare overhaul Bill Timeline

July 2021–June 2024



2021/2022	Jul 21	Aug 21	Sept 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22
Option 1 Introducing and passing a Bill in 2022 (Purposes and principles only)	Report on options for a bill	Policy work	Targeted Engag- ement with Key Stake- holders	Further Policy work & Cross- agency consult	Signout of report, drafting and lodgement of Cabinet paper	Cabinet paper considered, PCO drafting instructions	PCO Drafting, LEG paper			Bill introduced, First Reading	Leg process	
				Budget Pre-commitment process								
Option 2 Introducing and passing a Bill in 2022 (Includes social obligations)												
Option 3 Introducing a Bill in 2022 and passing in 2023	Report on options for a bill	Policy work and engagement material		Engagement and analysis			Advice to Minister, including Cabinet paper			PCO Drafting		
	Ngā Mātanga Māori advice	Te Tiriti Report to Minister		Budget process								
The development of a Kaupapa Māori values framework	Ngā Mātanga Māori advice	Update report to Minister	Cabinet paper on engagement drafted and considered (TBC)	Targeted engagement on KMV framework		Analysis on engagement outcomes	Cabinet paper drafting and Cabinet endorsement of KMV framework and next steps					
2022/2023	Jul 22	Aug 22	Sept 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23
Option 1 and 2 Introducing and passing a Bill in 2022 (continued)	Select Committee, Second Reading, Committee of the whole House, Third Reading					Bill passed						
Option 3 Introducing a Bill in 2022 and passing in 2023 (continued)	PCO Drafting (continued)		Cabinet Legislation Committee paper	Select Committee, Second Reading, Committee of the whole House, Third Reading								Bill passed
			Bill introduced, First Reading									

Key

Analysis

Engagement

Reports

Pre-LEG

LEG process

Budget process



## Options for introducing a Bill in 2022: Risks and benefits

Option	Benefits	Risks/trade-offs	Mitigation
<b>Option One - Introduce and pass a Bill in 2022 amending the purposes and principles of the Social Security Act 2018 (the Act)</b>	<p>Deliver on the Government's manifesto commitment.</p> <p>No Budget pre-commitment required.</p> <p>Manageable and focused on improving the current provisions of the Act and aligning the new purposes and principles with changes made over the last three years.</p>	<p>Limited time to engage on the development of the policy prior to going to Cabinet in December.</p> <p>The focus of having new purposes and principles for the Act would not be as broad as originally intended (i.e. looking at MSD's role in housing and social development).</p> <p>Engagement on the kaupapa Māori values framework in October/November would not inform the policy for new purposes and principles of the Act.</p>	<p>Seek Crown Law and LDAC advice before going to Cabinet.</p> <p>Engage with several stakeholders early on their availability to provide support on the development of the policy given the tight timeline.</p> <p>Use Nga Mātanga Māori's advice in August 2021 to help inform the work.</p>
<b>Option Two - Introduce and pass a Bill in 2022 amending the purposes and principles and social obligations of the Act</b>	<p>Deliver on the Government's manifesto commitment.</p> <p>Manageable and focused on improving the current provisions of the Act and aligning the new purposes and principles with changes made over the last three years.</p> <p>Progressing the work on removing unnecessary sanctions as outlined in the welfare overhaul work programme.</p>	<p>Limited time to engage on the development of the policy prior to going to Cabinet in December.</p> <p>The focus of having new purposes and principles for the Act would not be as broad as originally intended (i.e. looking at MSD's role in housing and social development).</p> <p>Engagement on the kaupapa Māori values framework in October/November would not inform the policy for new purposes and principles of the Act.</p> <p>Budget pre-commitment would be required to secure funding for removing social obligations from the Act.</p> <p>Options for a potential replacement for social obligations in the Act will not be developed in time for final policy decisions by the end of 2021.</p>	<p>Seek Crown Law and LDAC advice before going to Cabinet.</p> <p>Engage with several stakeholders early on their availability to provide support on the development of the policy given the tight timeline.</p> <p>Use Nga Mātanga Māori's advice in August 2021 to help inform the work.</p> <p>Work with Treasury on the best way to progress a Budget pre-commitment.</p>
<b>Option Three - Introduce a Bill in 2022 and pass in 2023 amending the purposes and principles and social obligations of the Act, and include a Treaty of Waitangi/Te Tiriti o Waitangi legislative obligation in the Act</b>	<p>Deliver on the Government's manifesto commitment.</p> <p>No Budget pre-commitment required.</p> <p>Manageable and focused on improving the current provisions of the Act and aligning the new purposes and principles of the Act with changes made over the last three years.</p> <p>More time for policy work and engagement.</p> <p>Provide a strong signal to reflect MSD's obligations under and commitment to Treaty of Waitangi/Te Tiriti o Waitangi.</p>	<p>The focus of having new purposes and principles for the Act would not be as broad as originally intended (i.e. looking at MSD's role in housing and social development).</p>	<p>Seek Crown Law and LDAC advice before going to Cabinet.</p> <p>Use Nga Mātanga Māori's advice to help inform the work.</p>



# Report

**Date:** 30 July 2020

**Security Level:** IN CONFIDENCE

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

## **Review of the purposes and principles of the Social Security Act 2018: Next steps**

### **Purpose of the report**

- 1 We seek your agreement to begin the review of the purposes and principles of the Social Security Act 2018 (the Act) (the review) with a focus on financial assistance. If you agree, we will begin developing options for:
  - 1.1 new purposes and principles for the financial assistance provided by the Act, which will feed into an engagement process alongside the kaupapa Māori values framework, and
  - 1.2 legislative obligations to support new purposes and principles and changes to the Ministry of Social Development's (MSD) operating model, specifically on how MSD administers income support.

### **Executive summary**

- 2 The Welfare Expert Advisory Group (WEAG) proposed a set of kaupapa Māori values, purposes, and principles for the welfare system and recommended they be amended into the Act.
- 3 You agreed to further develop the kaupapa Māori values through engagement with Māori and iwi. You agreed that the review begin following that engagement, and to receive advice on potential legislative obligations to support new purposes and principles [REP/19/6/563 and REP/19/7/634 refers].
- 4 The economic impacts of the COVID-19 pandemic mean that more New Zealanders will need support from the welfare system, requiring MSD to reconsider how it delivers services to meet this increased demand. The Government responded by increasing financial support provided by the Act and creating new support for the recently unemployed, generating debate on the purposes and principles of the welfare system.
- 5 This context provides an opportunity to reposition the review to support the post-COVID-19 work on the welfare system.
- 6 Currently, the Act's purposes are to:
  - 6.1 enable the provision of financial and other support to help people support themselves and find and maintain employment, and, in certain circumstances, to alleviate hardship
  - 6.2 require that applicants should look to their own resources before seeking assistance under the Act
  - 6.3 enable the provision of 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, and



6.4 enable the imposition of obligations on clients.

- 7 The principles support the provision of services to help people into paid employment, and state that paid employment is the best route for people to achieve social and economic well-being.
- 8 The purposes and principles reflect many of the foundational elements of the welfare system. There are many interdependencies between the review and other overhaul work, such as kaupapa Māori values, mutual expectations, and improvements to MSD's employment services. To manage these interdependencies, we recommend a carefully sequenced approach to the review.
- 9 We propose beginning the review with a focus on the purposes and principles of the financial assistance provided by Act. This will entail developing options for potential purposes and principles of financial assistance, which will feed into an engagement process alongside the kaupapa Māori values.
- 10 We have previously advised you that major amendments to the purposes and principles of the Act must be accompanied by changes to the administration and substantive provisions of the Act [REP/19/6/563 refers].
- 11 Work on MSD's operating model provides an opportunity to inform change to the administration of the Act. We propose aligning the review with MSD's operating model work to support it to achieve MSD's strategic vision, including promoting early intervention and prevention, and to achieve the Government's vision for the welfare system.
- 12 To make changes to the substantive provisions of the Act, we propose providing you with advice on potential legislative obligations to support the purposes and principles of financial assistance. As part of this, we will provide you with advice on whether to include MSD's common law responsibility to ensure that correct benefits are paid in legislation, as well as other legislative obligations.
- 13 Financial assistance is only the first focus area of the review, and we will consider this in the context of the wider welfare system. Beginning with financial assistance allows officials to take a carefully sequenced approach to considering the Act's purposes and principles, and the impacts changes would have on the administration and substantive provisions of the Act.
- 14 Our proposed approach is to amend the purposes and principles in one legislative vehicle at the conclusion of the review, alongside other substantive amendments to the Act.
- 15 To ensure the work meets our Te Tiriti O Waitangi obligations, the review will be underpinned by the kaupapa Māori values in MSD's working policy framework<sup>1</sup>, and the work will feed into an engagement process alongside the kaupapa Māori values framework.
- 16 Overall, this approach can provide clarity on what the Act is aiming to achieve through the provision of financial support. Aligning the work with changes in the administration and substantive provisions of the Act could enable more significant change to the purposes and principles of the Act.
- 17 We will update you on the progress of this work alongside the update on the kaupapa Māori values framework, in early 2021.

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<sup>1</sup> We provided this framework to you in July 2019 [REP/19/7/628 refers].

## Recommended actions

It is recommended that you:

- 1 **note** that the Welfare Expert Advisory Group proposed new kaupapa Māori values, purposes, and principles for the welfare system and recommended they be amended into the Social Security Act 2018 (the Act)
- 2 **note** that the review of the purposes and principles of the Act (the review) has interdependencies with other overhaul work, such as the kaupapa Māori values and mutual expectations frameworks
- 3 **note** officials recommend taking a carefully sequenced approach to the review to manage these interdependencies
- 4 **agree** 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
  - 4.2 legislative obligations to support new purposes and principles and changes to MSD's operating model, specifically on how MSD administers income support
- 5 **note** that the work will feed into an engagement process alongside the kaupapa Māori values framework
- 6 **note** that beginning the review with financial assistance allows officials to understand the impacts that changing purposes and principles would have on the administration and substantive provisions of the Act
- 7 **note** that we will consider financial assistance in the context of the wider welfare system
- 8 **note** our proposed approach to amend the purposes and principles in one legislative vehicle at the conclusion of the review, alongside other substantive amendments to the Act.

**Agree / Disagree**

out of scope

Policy Manager  
Welfare System and Income Support



Hon Carmel Sepuloni  
Minister for Social Development

30 July 2020

Date

9/8/20

Date

## **The Welfare Expert Advisory Group recommended new kaupapa Māori values, purposes, and principles for the welfare system**

- 18 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 stated this shift has unbalanced the social contract which had been established by the Social Security Act 1938, and that a new approach to the welfare system was needed.
- 19 In this context, WEAG proposed overhauling the foundations of the welfare system, including amending kaupapa Māori values, purposes, and principles for the welfare system into the Act. WEAG recommended that the kaupapa Māori values continue to be developed alongside other frameworks and involve further engagement with Māori.
- 20 You agreed that:
  - 20.1 officials engage with iwi and Māori, key stakeholders, system users, and the public to identify appropriate kaupapa Māori values based on people's lived experience of the welfare system and the values and aspirations of New Zealand society
  - 20.2 following the further development of the kaupapa Māori values framework, officials would review the purposes and principles of the Act [REP/19/6563 refers], and
  - 20.3 we undertake further work to provide advice on whether and how legislative obligations could be set out for MSD, as part of the review [REP/19/7/634 refers].

## **The response to COVID-19 has raised questions on the purposes, and principles for the welfare system**

- 21 The COVID-19 pandemic presented New Zealand with its largest public health challenge since 1918. The expected economic downturn will result in unusually high levels of unemployment and financial hardship for a significant period before recovery takes effect. Many individuals, families, whānau, and communities who have previously been self-sufficient will be impacted. This will likely mean a more diverse cohort of people need support, including those who have never previously required support.

### *The response to COVID-19 has raised policy questions ...*

- 22 The Government responded to the immediate impacts of COVID-19 with a range of temporary measures, including the Wage Subsidy Scheme, COVID-19 Leave Scheme, the COVID-19 Income Relief Payment (Relief Payment), the temporary removal of stand-downs, and a one-off doubling of the Winter Energy Payment. The Government made a permanent increase to main benefits of \$25 per week.
- 23 The Government's response has raised significant public interest in the welfare system, including questions regarding the differences between the Relief Payment and the Act. Some have argued that it has created two tiers of support, whilst others have championed it as a step towards a better welfare system.
- 24 When announcing the Relief Payment, the Government noted it is exploring unemployment insurance models. Insurance models are a different approach to welfare; often characterised by higher payment rates, individual entitlements, and direct financial contribution by individuals. This contrasts to the Act, with lower payment rates, and entitlement based on family circumstances, demonstrated need, and residency/citizenship requirements.
- 25 These policy changes and public debates speak to the purposes and principles of the welfare system: how much support the state provides and who are the state provides support to (i.e. individuals or families), and so on.



*... and increased demand for MSD's services*

- 26 Temporary changes were also made to how MSD delivers its services in response to COVID-19 to manage demand and ensure the health and safety of clients and staff [REP/20/3/286 refers].
- 27 The predicted growth in unemployment and hardship resulting from COVID-19 means significantly more New Zealanders will need financial and other support from MSD. This growth in demand will not subside in the short-term; the expected significant increase in unemployment will mean MSD faces significant demand for its services in the medium-term.
- 28 MSD is reconsidering its operating model to ensure we can manage the increased demand due to COVID-19. This is a unique opportunity to reconfigure how MSD administers the Act, one of the most important foundational parts of the welfare system, in a way that responds to the increased demand and progresses the Government's vision for the welfare system simultaneously.

**This context provides an opportunity to begin the review of the purposes and principles of the Act now**

- 29 The response to COVID-19 demonstrated MSD's operational agility and has created a platform to make meaningful change to the administration of the Act.
- 30 We therefore recommend changing the previous approach to start the review after engagement on the kaupapa Māori values framework.
- 31 We recommend beginning the review now to support the major post-COVID-19 policy and service delivery work on the welfare system, which could enable more significant changes to the purposes and principles and make change more enduring.

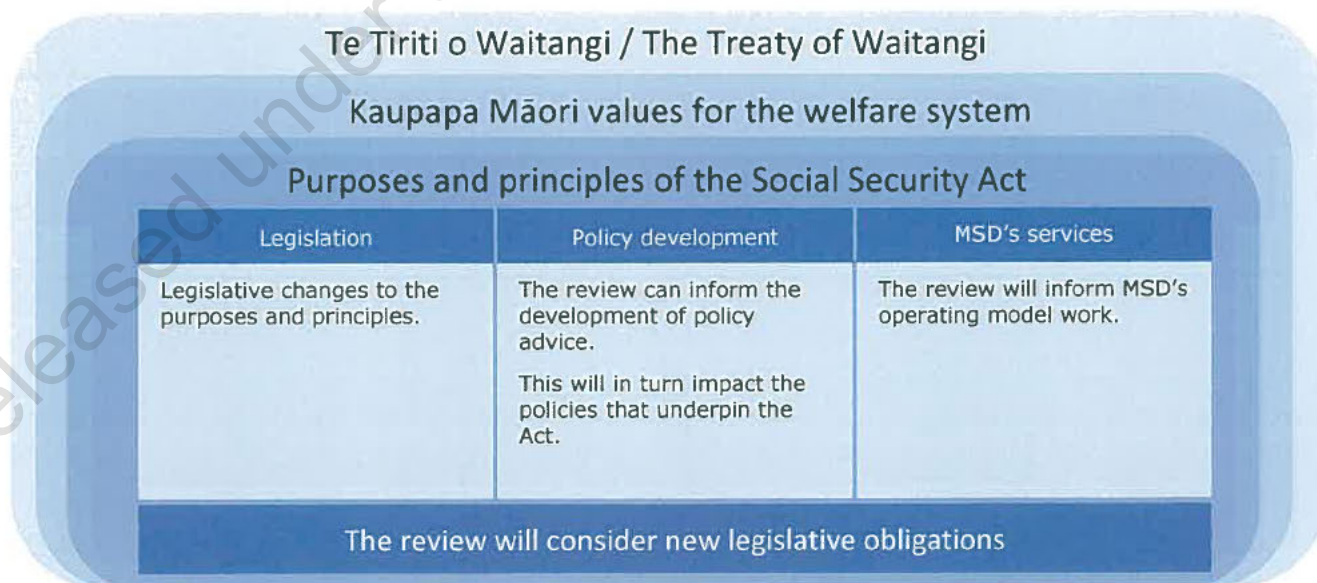
*There are significant interdependencies between the review and other welfare overhaul work*

- 32 The Act's purposes and principles reflect the foundational features of the welfare system. Currently, the Act's purpose:
  - 32.1 enables the provision of financial and other support to help people and their dependents support themselves and find and maintain employment, and, in certain circumstances, to alleviate hardship
  - 32.2 requires that applicants should look to their own resources before seeking assistance under the Act
  - 32.3 enables the provision of 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, and
  - 32.4 enables the imposition of obligations on clients.
- 33 The Act's principles affirm the value of paid employment to economic and social wellbeing.
- 34 The purposes and principles set out many of the foundational features of the welfare system; and directly relate to many welfare overhaul workstreams. For example:
  - 34.1 The purpose alludes to the provision of an employment service: MSD is undertaking significant improvements to MSD's employment service, and a range of employment work is underway for our post COVID-19 recovery.
  - 34.2 The purpose refers to support for people and their dependents: This refers to the "unit of assessment" in the benefit system. The unit of assessment is the individual or group of individuals who are taken into account when considering benefit entitlement in the income support system. Considering the unit of assessment is on the long-term work programme, and the review of the operationalisation of the definition of relationship is on the short-term work programme [REP/20/5/562 refers].

- 34.3 The purpose enables the imposition of obligations: Officials have provided you with advice on beginning the review of obligations and sanctions, with a view to shifting our system towards a mutual expectations framework [REP/20/7/804 refers].

### **Officials propose a carefully sequenced approach, beginning with a focus on financial assistance**

- 35 To manage these interdependencies, officials recommend taking a carefully sequenced approach to considering the major issues underlying the purposes and principles of the Act, and the impacts changes would have on the administration and substantive provisions of the Act.
- 36 The provision of financial assistance under the Act plays a unique role in providing a minimum level of income for all people who meet the residency criteria, regardless of previous contribution. Over recent years the overall level of financial assistance has been increased by governments, for example through the Child Material Hardship and Families Packages.
- 37 WEAG noted that the current purposes and principles have "scant reference to the welfare system's fundamental role in ensuring adequate incomes", a theme which was heard through in their consultation process. We have attached the current Act's purposes and principles and WEAG's proposals as appendix A.
- 38 Submissions on the Social Security Legislation Rewrite Bill highlighted a similar concern; where submitters argued that the purposes and principles of the Bill were not consistent with the purpose of social security as a safety net.
- 39 We therefore propose to initially focus on the purposes and principles of financial support provided by the Act.
- 40 We have previously advised you that the prescriptive nature of the Act implies that a change to purposes and principles not supported by further changes in the Act would have limited effect on its daily administration. To make meaningful change to the purposes and principles of the Act, there must be significant change to the substantive provisions of the Act and how it is administered [REP/19/6/563 refers].
- 41 To incorporate our Te Tiriti o Waitangi (Te Tiriti) obligations, embed kaupapa Māori values, and make meaningful and enduring change to the substance and administration of the Act, we propose the following design for the review, which is set out in detail below:



## **The review will be underpinned by Te Tiriti analysis ...**

- 42 The first step in the review is to consider the Crown's obligations under Te Tiriti. Poverty and unemployment disproportionately affect Māori, and Māori are therefore more likely to be reliant on financial assistance provided by the Act.
- 43 Officials will engage with Māori to ensure Māori interests are understood and addressed. This ensures the Crown's obligations under Te Tiriti are upheld, particularly relating to kāwanatanga and tino rangatiratanga. Officials will provide you with advice on the proposed engagement approach in early August 2020.
- 44 The proposed design aims to ensure that kaupapa Māori values underpin the review. Kaupapa Māori values are taonga, which the Crown has a duty to actively protect. We will partner with Māori on the development of the kaupapa Māori values to ensure the concepts adopted from Te Ao Māori retain their mana.
- 45 Article Three provides an implicit assurance that rights would be enjoyed equally by Māori with all New Zealanders. Any improvements in relation to financial assistance, which are informed by the review, has the potential to provide better outcomes for Māori. Such changes are thus likely to be consistent with article three and the Treaty principle of active protection, which requires the Crown to actively protect Māori interests.

## **... and kaupapa Māori values**

- 46 In July 2019, we provided you with a working policy framework which set out kaupapa Māori values, purposes, and principles for the welfare system. This was to ensure policy advice was coherent and had clarity of purposes, until the kaupapa Māori values are further developed [REP/19/7/628 refers]. The framework included the following values:
  - 46.1 Manaakitanga: is about upholding people's dignity. We care for people and treat people with respect and compassion.
  - 46.2 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.
  - 46.3 Whānaungatanga: is about relationships and connections across the system and within communities. Relationships bind and strengthen a sense of belonging.
  - 46.4 Takatūtanga: 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.
- 47 Officials will continue to use the working policy framework values to inform our analysis to ensure the review is underpinned by kaupapa Māori values, until the kaupapa Māori values framework is further developed through engagement with iwi and Māori. The further developed values will replace the working policy framework's values.
- 48 The key risk in beginning the review is that, by beginning work alongside engagement on the kaupapa Māori values, the purposes and principles would be "backfilled" to fit the values, rather than reflecting a Te Ao Māori perspective. This would not meet our Te Tiriti obligations.
- 49 To ensure we maintain a Te Ao Māori perspective and meet our Te Tiriti obligations, and therefore mitigate the risk identified above, we will seek feedback on our thinking through an engagement process with Māori. We will also test our thinking with Māori experts, such as MSD's Māori reference group, MSD's Chief Science Advisor Tracey McIntosh, Te Puni Kōkiri, and Te Arawhiti.



## **We will develop options for new purposes and principles for financial assistance**

- 50 The working policy framework outlined purposes and principles for the welfare system, not for the Act or financial assistance. This means they provide only high-level guidance on what the purposes and principles of financial assistance are.
- 51 Officials consider there is value in developing options for new purposes and principles for financial assistance to ensure they:
- 51.1 reflect the enduring elements of financial assistance
  - 51.2 support MSD's focus on early intervention and prevention
  - 51.3 provide useful guidance for policy advice and staff
  - 51.4 are flexible in response to major labour market shocks, such as the global financial crisis and COVID-19, and
  - 51.5 are fit-for-purpose for legislation.
- 52 Options for purposes and principles could be used to indicate the trade-offs that are considered when designing financial assistance. For example, WEAG noted that changes to the income support system can be considered within the context of wider judgements about difficult trade-offs within what is often called the "iron triangle" of income adequacy, work incentives, and affordability in fiscal terms.
- 53 Clearly defining the purposes and principles of financial assistance could provide clarity for the New Zealand public on how the system is designed. This will be more important as people come onto benefit as a result of COVID-19, as many will have had no experience of life on a benefit.

## **Amending the purposes and principles must be accompanied by changes to the substantive provisions and administration of the Act**

- 54 As noted above, we have previously advised you that major amendments to the purposes and principles of the Act must be accompanied by changes to the administration and substantive provisions of the Act [REP/19/6/563 refers].
- 55 The welfare overhaul work programme and changes to MSD's operating model present an opportunity to make changes to the administration and substantive provisions of the Act and therefore enable more significant and enduring changes to the purposes and principles of the Act.

### *We will align the review with policy advice ...*

- 56 In May 2020, we provided you with a draft detailed welfare overhaul work programme which includes significant work on financial assistance, including:
- 56.1 advice on payment levels, including rates and relativities
  - 56.2 advice on establishing a minimum income standard
  - 56.3 ensuring the right balance between main benefits and supplementary assistance, including reviewing the level, eligibility and purpose of second and third tier assistance, and
  - 56.4 further work on Working for Families tax credits [REP/20/5/562 refers].
- 57 Options for the purposes and principles of financial assistance will be informed by work on financial assistance.

### *... and administrative changes*

- 58 As previously noted, MSD is reconsidering its operating model in light of the increased demand for support resulting from COVID-19, with a view to moving the welfare system towards Government's vision for the welfare system and MSD's strategic vision, *Te Pae Tawhiti*.

- 59 Work is beginning on modernising the administration of income support as part of the operating model changes. The Act is the legislative basis for income support and is highly prescriptive, setting out extensive and detailed rules for decisions made under the Act. The prescriptive nature of the Act was highlighted in the COVID-19 response, where some legislative rules were temporarily deferred to allow MSD to respond to the increased demand for income support.
- 60 The prescriptive nature of the Act requires MSD to design an operating model that adheres to the rules in the Act. It also limits the influence purposes and principles has on decisions made by frontline staff, as purposes and principles have greater influence in legislation with greater discretion. Having more discretion would allow the legislation, and therefore operating model, to be more flexible. New purposes and principles could help reduce the complexity of the Act, enabling more significant changes to MSD's operating model.
- 61 Aligning the review with the operating model work will let us to test how we can use purposes and principles to inform meaningful change in the administration of the Act.

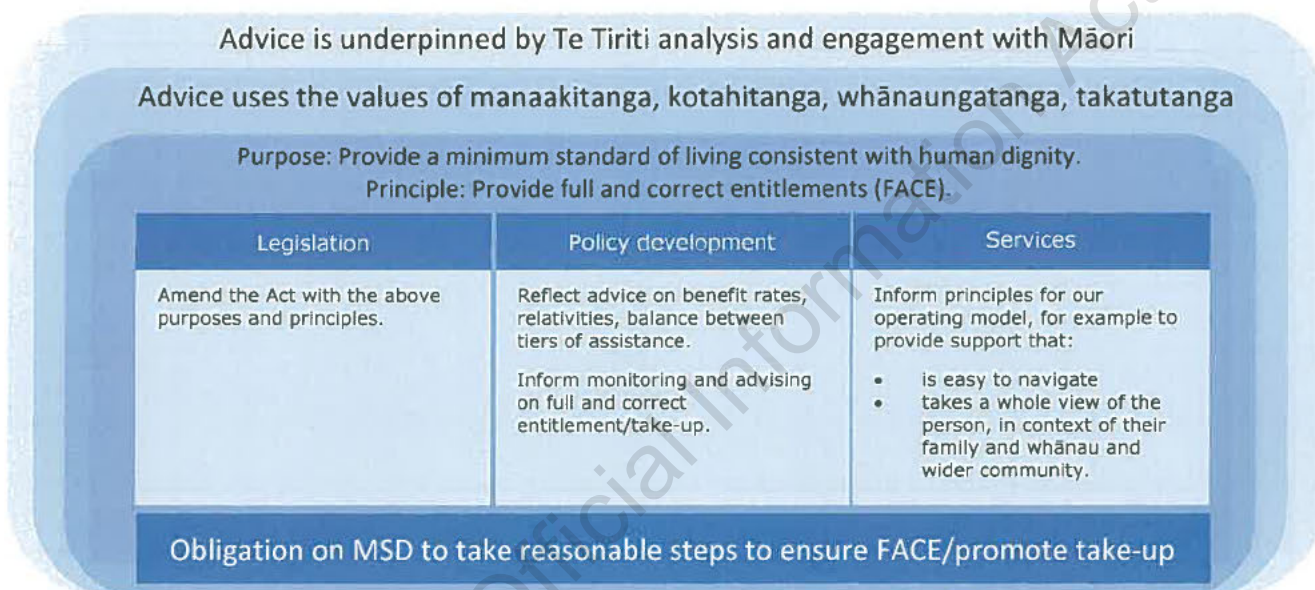
### **Legislative obligations can change the substantive provisions of the Act and support new purposes and principles**

- 62 You agreed to receive advice on legislative obligations on MSD to support new purposes and principles [REP/19/7/634 refers]. Internationally, Scotland provides the best example of using principles and legislative obligations in social security legislation. Section 1 of the Social Security (Scotland) Act 2018 sets out the principles underpinning social security, and section 15 of the Scottish Act requires the publication of a social security charter that explains what the principles will mean in practice.
- 63 Domestically, several other Acts set out legal obligations on ministries<sup>2</sup>, for example the:
- 63.1 Oranga Tamariki Act 1989 has extensive legislative obligations, including to monitor and assess Oranga Tamariki's services, and to monitor and advise on the effect of social policies
  - 63.2 Public Finance Act 1989 requires the Treasury to prepare a statement on the long-term fiscal position of the Government
  - 63.3 Child Poverty Reduction Act 2018 requires Stats NZ to report on child poverty rates, and
  - 63.4 Environmental Reporting Act 2015 requires extensive reporting requirements on the Ministry for the Environment and Stats NZ.
- 64 The Oranga Tamariki Act 1989 also has a purpose to recognise mana tamaiti (tamariki), whakapapa, and the practice of whanaungatanga for the children and young persons who come to the attention of the Department. This is supported by a legislative obligation for the Chief Executive to ensure that policies, practice, and services of the department recognise that purpose.
- 65 Legislative obligations can therefore support purposes and principles sections and embed changes to operating models. Legislative obligations are likely to entail fiscal and have legislative implications, which will be addressed in future advice.
- 66 Our proposed approach means new purposes and principles can be reflected in policy and administration and supported by legislative obligations. For example, we could consider how administrative steps to improve full and correct entitlement and take-up rates of benefits could be reflected in legislative obligations in the Act.

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<sup>2</sup> Most legislation refer to obligations on the Chief Executive, however, the Social Security Act generally refers to MSD rather than Chief Executive.

- 67 There are WEAG recommendations that could be considered in this area. For example, WEAG recommended establishing a 'minimum income standard'. A minimum income standard measures what the public think is the level of income that people need in order to reach a minimum socially acceptable standard of living. The research draws primarily on the work of focus groups who arrive at a consensus on (relatively detailed) budgets. These are then tested against expert knowledge and research, confirmed by focus groups, and priced by a research team. We propose investigating whether a minimum income standard could support the purposes and principles of the Act.
- 68 Below we provide an example of how the review can take into account the Crown's Te Tiriti obligations, kaupapa Māori values, and new purposes and principles to inform meaningful change to the Act. Note this a 'for example' approach and is intended to illustrate how the project fits together, not a comprehensive analysis of the relevant values or potential purposes, principles, and reforms.



- 69 Overall, the proposed approach will ensure coherence between values, purposes, principles, and changes to the administration and substantive provisions of the Act. This will allow for more significant changes to the purposes and principles of the Act.

### **The focus of the review will broaden to the wider Act, in the context of the welfare system**

- 70 As noted above, beginning with financial assistance allows officials to take a carefully sequenced and considered approach to considering the purposes and principles of the Act.
- 71 Whilst we are beginning with a focus on financial assistance, we will consider its role in relation to the wider welfare system. For example, the purposes and principles of financial assistance will likely need to refer to employment, due to the importance of work incentives. New legislative obligations would also contribute to the mutual expectations work by setting out what is expected from MSD.
- 72 We propose to broaden the scope of the review as the work progresses to include the wider Act, for example MSD's employment services, in the context of the welfare system. Work could consider whether our employment service, should be referenced in the purpose or principles, or in a supporting legislative obligation. We consider that is appropriate to delay this aspect of the review until that work has been further developed, and we have a better idea of how the services have changed in response to COVID-19.
- 73 The ordering of the review will depend on development of other welfare overhaul initiatives, including the kaupapa Māori values framework and an engagement to inform its further development.



- 74 The review is on the medium-term work programme and is expected to take two- to four-years (from 2019). Our proposed approach is to amend the purposes and principles in one legislative vehicle at the conclusion of the review, alongside other substantive amendments to the Act. We anticipate that this will be achieved by 2023.

### Next steps

- 75 If you agree to our proposed approach, we will begin developing options for:
- 75.1 purposes and principles for the financial assistance provided by the Act, which will feed into an engagement process alongside the kaupapa Māori values framework
  - 75.2 legislative obligations to support new purposes and principles and changes to MSD's operating model, including on full and correct entitlement/take-up and a minimum income standard.
- 76 This will likely include discussions with other public sector agencies and potentially expert engagement, alongside the kaupapa Māori values engagement. Officials will provide you with advice on the proposed engagement approach in early August 2020.
- 77 We will update you on the progress of this work alongside an update on the kaupapa Māori values framework in early 2021.

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## Appendix A: The purposes and principles of the Social Security Act 2018 and the Welfare Expert Advisory Group's proposals

Social Security Act 2018	Welfare Expert Advisory Group
Purposes	Purposes and values
<p>The purpose of the Social Security Act is—</p> <ol style="list-style-type: none"> <li>a. to enable the provision of financial and other support as appropriate— <ol style="list-style-type: none"> <li>i. to help people to support themselves and their dependants while not in paid employment; and</li> <li>ii. to help people to find or retain paid employment; and</li> <li>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:</li> </ol> </li> <li>b. to enable in certain circumstances the provision of financial support to people to help alleviate hardship:</li> <li>c. to ensure that the financial support referred to in paragraphs (a) and (b) is provided to people taking into account— <ol style="list-style-type: none"> <li>i. that, where appropriate, they should use the resources available to them before seeking financial support under this Act; and</li> <li>ii. any financial support that they are eligible for or already receive, otherwise than under this Act, from publicly funded sources:</li> </ol> </li> <li>d. (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:</li> <li>e. (e) to impose, on the following specified people or young people, the following specified requirements or obligations: <ol style="list-style-type: none"> <li>i. on people seeking or receiving financial support under this Act, administrative and, where appropriate, work-related requirements; and</li> <li>ii. on young people who are seeking or receiving financial support under this Act, educational, budget management, and (where appropriate) parenting requirements; and</li> </ol> </li> </ol>	<p>The purpose of the welfare system is to whakamana tāngata and ensure a dignified life by:</p> <ul style="list-style-type: none"> <li>• providing financial security and social security sufficient for an adequate standard of living</li> <li>• supporting people to achieve their potential for learning, caring or volunteering, and earning through good and appropriate work.</li> </ul> <p>The welfare system is underpinned by Kia Piki Ake Te Mana Tangata, including kaupapa Māori values of:</p> <ul style="list-style-type: none"> <li>• manaakitanga – caring with dignity and respect</li> <li>• ōhanga – economics</li> <li>• whanaungatanga – treasuring kinship ties and relationships</li> <li>• kotahitanga – unity</li> <li>• takatūtanga – preparedness</li> <li>• kaitiakitanga – guardianship.</li> </ul>

<p>iii. on people receiving certain financial support under this Act, obligations relating to the education and primary health care of their dependent children.</p>	
<p><b>Principles</b></p> <p>Every person performing or exercising a duty, function, or power under the Social Security Act must have regard to the following general principles:</p> <ol style="list-style-type: none"> <li>work in paid employment offers the best opportunity for people to achieve social and economic well-being;</li> <li>the priority for people of working age should be to find and retain work;</li> <li>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;</li> <li>people for whom work is not appropriate should be supported in accordance with this Act.</li> </ol>	<p>Use the following principles to guide the design and operation of the welfare system.</p> <ul style="list-style-type: none"> <li>Be person-centred and wellbeing focused.</li> <li>Keep children paramount.</li> <li>Value whānau and families.</li> <li>Treat people with dignity, respect, compassion.</li> <li>Provide an income sufficient for an adequate standard of living.</li> <li>Provide full and correct entitlements.</li> <li>Deliver support that is easy to access, timely and appropriate.</li> <li>Provide an employment service that supports people into good and appropriate work.</li> <li>Support provision of housing that is affordable, secure, of good quality and appropriate for the person (and their family or whānau).</li> <li>Promote mutual expectations.</li> <li>Aim for equitable outcomes.</li> <li>Build and maintain effective linkages with other parts of government.</li> <li>Be sustainable.</li> </ul>