



Report

Date: 27 March 2019

Security Level: IN CONFIDENCE

To: Hon Carmel Sepuloni, Minister for Social Development

Draft Cabinet paper: Changes to Income and Cash Assets Tests – exempting financial donations and gifts received by people affected by the event in Christchurch

Purpose of the report

- 1 Your agreement is sought to submit the attached draft Cabinet paper straight to Cabinet for the meeting of 1 April 2019. This approach is required so that decisions can be made by Cabinet on the Amendment Regulations:
 - the Social Security (Cash Assets and Income Exemptions— Christchurch Mosques Attack Support Payments) Amendment Regulations 2019
 - the Residential Care and Disability Support Services (Exempt Assets— Christchurch Mosques Attack Support Payments) Amendment Regulations 2019.
- 2 The proposed Amendment Regulations will exempt financial donations and gifts made to assist people affected by the event of 15 March 2019 in Christchurch.

Recommended actions

It is recommended that you:

- 1 **agree** to submit the attached Cabinet paper to the Cabinet meeting of Monday 1 April 2019.

Agree / Disagree

Justine Cornwall
General Manager
Seniors and International Policy

Date

Hon Carmel Sepuloni
Minister for Social Development

Date

Following the event in Christchurch, communities have been providing financial support to victims and their families

- 2 Following the event of 15 March 2019 in Christchurch, individuals, communities, international governments and businesses have been providing financial donations and funds to assist people that were affected. Much of this financial support has been collected through crowd funding platforms, such as Givealittle and Launchgood. There are also various other appeals on Givealittle and other similar websites, all raising money to assist those affected.

However, payments and donations may impact affected people's access to social security assistance

- 3 Under the Social Security Act 2018 (the SSA) and the Residential Care and Disability Support Services Act 2018, MSD must consider a client's income and cash assets when determining what support a person may be eligible for. A one-off payment, such as the provision of a financial gift or donation, may affect people's entitlement to social security assistance. Exemptions for certain types of income and cash assets are specified in the Social Security Regulations 2018 and the Residential Care and Disability Support Services Regulations 2018.
- 4 Financial donations and gifts relating to the Christchurch event are not currently exempt under these regulations. These payments will currently be treated as income or cash assets when determining a beneficiary's entitlement to social security assistance. Some of these payments will likely have been paid already to affected people.

The attached draft Cabinet paper proposes Amendment Regulations to exempt financial donations and gifts to assist people affected by the event of 15 March 2019 in Christchurch

- 5 The attached draft Cabinet paper seeks approval to make changes to income and cash assets tests. It is proposed that financial donations and gifts be exempted from income and cash asset tests for social assistance. This will be achieved through the proposed Amendment Regulations:
 - the Social Security (Cash Assets and Income Exemptions— Christchurch Mosques Attack Support Payments) Amendment Regulations 2019
 - the Residential Care and Disability Support Services (Exempt Assets— Christchurch Mosques Attack Support Payments) Amendment Regulations 2019.
- 6 Since affected people may already be receiving payments, MSD recommends that for the avoidance of doubt financial donations and gifts are exempted from 15 March 2019 from cash assets and income tests where possible. Therefore, the regulations to exempt cash assets for Accommodation Supplement and Temporary Additional Support (TAS) and income for the purposes of the SSA will be retrospective to exempt relevant payments received from 15 March 2019.
- 7 However, regulations to exempt chargeable income for TAS and assets from means assessments for the purposes of the Residential Care and Disability Support Services Regulations 2018 will come into force on the day after Cabinet approval.
- 8 MSD considers that a retrospective approach is justified where the regulation powers under the specific pieces of legislation allow. This approach will ensure that affected people and their families do not have their social security assistance entitlements reduced.

The Direction in relation to Special Benefit will also need to be amended

- 9 The Direction in relation to Special Benefit will also need to be amended to ensure that the financial donations and gifts will not be considered as chargeable income for

Special Benefit purposes. This treatment is consistent with what is proposed in the attached draft Cabinet paper. An instrument amending the Direction in relation to Special Benefit is currently being prepared and will be provided to you for your approval. We are working with your office on a time to provide the Direction to you.

A communications approach will be needed for the Amendment Regulations

- 10 MSD will work with your office to develop a communications approach for the changes stemming from the Amendment Regulations. This is to ensure these changes are communicated appropriately and sensitively.

We will use existing processes to operationalise changes from the Amendment Regulations

- 11 MSD has analysed the potential impacts of the changes from the Amendment Regulations and consider that no technical solution will be required for implementation. We will use existing manual processes to implement the changes.

Next steps

- 12 The proposed timeline for this Cabinet paper is set out below. Should you require changes to the Cabinet paper, these could be made on 28 March 2019. This timeframe will enable Amendment Regulations to be in place by 2 April 2019.
- 13 Given the urgency of this paper, Ministerial and cross-party consultation has not been scheduled. Should you wish to consult your Ministerial colleagues, the paper could be lodged late. However, the time for consultation would still be short and, if changes were required, providing an updated Cabinet paper in the current timeframe to Cabinet would be challenging.

Timeframe	Date
Cabinet paper provided to you	27 March 2019
MSD updates the paper with your feedback, if required	28 March 2019
Cabinet paper lodged	By 28 March 2019, 10:00am
Proposals considered by Cabinet	1 April 2019
Executive Council – Regulations signed by the Governor General	1 April 2019
Regulations come into force	2 April 2019
Regulations Gazetted	2 April 2019

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