



Cabinet Business Committee

Minute of Decision

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Additional Support for Low-income Households Following COVID-19 Alert Level Restrictions

Portfolio Social Development and Employment

On 6 October 2021, the Cabinet Business Committee, having been authorised by Cabinet to have Power to Act [CAB-21-MIN-0405]:

- 1 **noted** that the recent COVID-19 resurgence has resulted in prolonged Alert Level restrictions, which is placing financial pressure on some households who may be experiencing a reduction in their income and are struggling to meet essential costs;
- 2 **noted** that the benefit system, including hardship assistance, remains available for many people in these circumstances;
- 3 **noted** that, despite some low-income earners experiencing a reduction in their income due to COVID-19, their income may still be too high to be eligible for hardship assistance;
- 4 **agreed** to temporarily increase income limits applying to hardship assistance for four-months from 1 November 2021 to 28 February 2022 to the following amounts:

Special Needs Grants and Advances		
Family circumstances	Current gross weekly income limit	Proposed temporary gross weekly income limit
Single, 16 - 17 years	\$514.41	\$640
Single, 18+ years	\$591.20	\$800
Married, civil union or de facto couple (with or without children)	\$858.72 ¹	\$1600
Sole parent, 1 child	\$717.40	\$1100
Sole parent, 2+ children	\$755.82	\$1400

¹ This current income limit means that a couple both working fulltime on the minimum wage would have to lose almost half of their gross weekly joint income to qualify for assistance.

Recoverable Assistance Payments		
Family circumstances	Current gross annual income limit	Proposed temporary gross annual income limit ²
Single, 16 - 17 years	\$26,749.32	\$33,280
Single, 18+ years	\$30,742.40	\$41,600
Married, civil union or de facto couple (with or without children)	\$44,653.44	\$83,200
Sole parent, 1 child	\$37,304.80	\$57,200
Sole parent, 2+ children	\$39,302.64	\$72,800

5 **agreed** that the policy decision in paragraph 4 does not apply to Emergency Housing Special Needs Grants;

6 **agreed** to provide for the implementation costs of the policy decision in paragraph 4 of \$0.945 million;

7 **noted** that the following changes to capital as a result of the decision in paragraph 4, which impacts on the level of capital receipts received, with a corresponding impact on net core Crown debt:

Vote Social Development Minister for Social Development and Employment	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears
Capital receipts:					
Benefit Recoveries – current debt	3.210	1.375	-	-	-
Total Capital	(3.210)	(1.375)	-	-	-

8 **agreed** to increase spending to provide for costs associated with the policy decisions in paragraphs 4 and 6, with the following impacts on the operating and net core Crown debt:

Vote Social Development	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears
Operating Balance and Net Core Crown Debt Impact	5.079	-	-	-	-
Operating Balance Impact Only	-	-	-	-	-
Net Core Crown Debt Impact Only	1.375	(1.375)	-	-	-
No Impact (Tax on Benefits)	-	-	-	-	-
Total	6.854	(1.375)	-	-	-

² These increases are the annual equivalent of the weekly increases proposed in Table One above.

- 9 **approved** the following changes to appropriations to give effect to the decision in paragraph 8:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears
Benefits or Related Expenses:					
Hardship Assistance	4.134	-	-	-	-
Non-Departmental Capital Expenditure					
Recoverable Assistance	4.585	-	-	-	-
Multi-Category Expenses and Capital Expenditure					
Improved Employment and Social Outcomes Support MCA					
Departmental Output Expenses:					
Administering Income Support (funded by revenue Crown)	0.945	-	-	-	-
Total Operating	5.079	-	-	-	-
Total Capital	4.585				

- 10 **agreed** that the changes to appropriations for 2021/22 in paragraph 9 above, be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 11 **agreed** that the operating balance and net core Crown debt impact in paragraph 8 above of \$5.079 million be charged against the COVID-19 Response and Recovery Fund established as part of Budget 2020;
- 12 **agreed** that the Minister for Social Development and Employment report back to Cabinet before the end of the year on the take-up of hardship assistance since 1 November 2021.

Jenny Vickers
Committee Secretary

Present:

Rt Hon Jacinda Ardern (Chair)
Hon Grant Robertson
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Carmel Sepuloni
Hon Andrew Little
Hon David Parker
Hon Nanaia Mahuta
Hon Poto Williams
Hon Kris Faafoi
Hon Dr David Clark

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet

