



Cabinet

Minute of Decision


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Welfare Overhaul Work Programme Update: Key Priorities and Next Steps

Portfolio **Social Development and Employment**

On 12 December 2022, following reference from the Cabinet Social Wellbeing Committee, Cabinet:

- 1 **noted** that the Government remains committed to overhauling the welfare system, with a vision for a welfare system that ensures people in need are able to have an adequate income, are treated with respect and dignity, and are able to participate meaningfully in their communities;
- 2 **noted** that the Government has made significant investment and changes to the welfare system since 2017 as part of the welfare overhaul which are making a material difference in the lives of low income New Zealanders;
- 3 **noted** the following key points in relation to the welfare overhaul work programme:
 - 3.1 the Government has invested approximately \$14.6 billion on initiatives to overhaul the welfare system since 2017;
 - 3.2 compared to 2017, approximately 351,000 individuals, families and whānau will be, on average, \$113 per week better off as a result of our investments;
 - 3.3 there are record numbers of people going into work - in the year ending June 2022, around 113,000 people moved off benefit and into work;
 - 3.4 in real terms, total incomes after housing costs for people supported by main benefits were, on average, 43 percent higher in 2022 than in 2018 as a result of the reforms;
 - 3.5 there were 66,500 fewer children in low-income households on the after-housing-costs child poverty measure;
 - 3.6 92.5 percent of clients surveyed said they were treated with respect when interacting with the Ministry of Social Development (MSD);
 - 3.7 an 87 percent drop in sanctions that impact children since June 2017;
- 4 **noted** that the welfare overhaul work programme is underpinned by recommendations from the Welfare Expert Advisory Group;
- 5 **noted** that progress has been made on the welfare overhaul in a range of areas since the last update in September 2021;

- 6 **noted** that the welfare overhaul will retain a focus on aligning with the following major Government initiatives:
- 6.1 the New Zealand Income Insurance Scheme ^{s 9(2)(f)(iv)}  ;
 - 6.2 the recent establishment of Whaikaha Ministry of Disabled People, changes to the health system and the interface between the health, disability, and welfare systems which will take time to progress;
 - 6.3 MSD's Te Pae Tawhiti Programme to improve the way MSD delivers services;
- 7 **noted** the following priority areas for the welfare overhaul:
- 7.1 increasing adequacy and accessibility of income support;
 - 7.2 better outcomes: employment and training;
 - 7.3 improving client experience and rebalancing the social contract;
 - 7.4 improving supports and services for disabled people, people with health conditions, and their carers;
 - 7.5 supporting transitions out of care and corrections facilities;
 - 7.6 reducing housing insecurity;
 - 7.7 enhancing the community sector;
 - 7.8 resetting the foundations;
- 8 **agreed** that priority initiatives over the next 12 months include:
- 8.1 implementing Child Support Pass-On;
 - 8.2 continuing to explore options to improve MSD's childcare assistance;
 - 8.3 continuing the Working for Families review to support work incentives (i.e. make work pay) and reduce child poverty;
 - 8.4 continuing the debt to Government work programme;
 - 8.5 exploring options on changes to hardship assistance settings;
 - 8.6 work to address the findings of the Active Labour Market Programme review;
 - 8.7 exploring the further expansion of MSD employment products and services particularly to older people and those not on a benefit;
 - 8.8 extending the period a recipient of Supported Living Payment can work for 15 hours or more a week;
 - 8.9 implementing the first steps of the Social Sector Commissioning Action Plan;
 - 8.10 exploring how MSD can better support young people exiting Oranga Tamariki care to independence;

- 8.11 starting work on improving uptake of Accommodation Supplement as a first step of the Accommodation Supplement review;
- 8.12 implementing the 10 actions from the Emergency Housing System Review;
- 8.13 continuing to make changes at Service Centres to improve accessibility and client experience;
- 9 **noted** that the Minister for Social Development and Employment's key initiatives over the next 1 to 3 years include beginning work on:
- 9.1 introducing the Welfare Overhaul Bill to reset the foundations of the welfare system;
- 9.2 embedding the Māori values framework across MSD;
- 9.3 exploring opportunities to align youth rates with those of other main benefits;
- 9.4 improving access to income support for those in split and shared care arrangements;
- 9.5 exploring the further expansion of MSD employment products and services;
- 9.6 exploring relationship definitions and unit of entitlement with a focus on those who are unable to work and alignment to the New Zealand Income Insurance Scheme;
- 9.7 increasing rates and expanding eligibility to Child Disability Allowance and Disability Allowance;
- 9.8 exploring how to improve the effectiveness of the Steps to Freedom grant;
- 9.9 resuming the review of obligations and sanctions that impact child wellbeing;
- 9.10 progressing the broader Accommodation Supplement Review, including an area boundary review;
- 10 s 9(2)(f)(iv) 
- 11 **noted** that the Minister for Social Development and Employment directed MSD to conduct targeted engagement on the foundations of the welfare system in early 2022;
- 12 **agreed** to release the Foundation for Change targeted engagement findings report, attached as Appendix 4 under SWC-22-SUB-0241;
- 13 **noted** that the Minister for Social Development and Employment intends to report back to SWC to seek agreement on policy decisions ahead of the introduction of a Welfare Overhaul Bill in 2024.

Rachel Hayward
Secretary of the Cabinet

Secretary's Note: This minute replaces SWC-22-MIN-0241. Cabinet agreed to delete paragraph 13.