



Cabinet

Minute of Decision

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Changes to Welfare Settings to Support People into Employment and Off-Benefit: Traffic Light System

Portfolio Social Development and Employment

On 12 August 2024, following reference from the Cabinet Social Outcomes Committee, Cabinet:

Background

- 1 **noted** that in February 2024, Cabinet noted the first actions being taken towards reducing benefit dependency that were outlined by the Minister for Social Development and Employment (the Minister), and invited the Minister to report back later in 2024 with proposals for continuing to shift people from the Jobseeker Support benefit into work [CAB-24-MIN-0041];

A Traffic Light System for benefit recipients

- 2 **agreed** to introduce the following Traffic Light System for benefit recipients and their partners (supporting the existing graduated sanctions regime) to communicate that clients must comply with their obligations or risk being sanctioned, where:
 - 2.1 green – a client is complying with their obligations;
 - 2.2 orange – a client has failed an obligation and has five working days to make contact with the Ministry of Social Development (MSD) (to either dispute this failure or arrange to re-comply with their failed obligation); and
 - 2.3 red – a client is under active sanction and not yet re-complied;
- 3 **agreed** that the components of the Traffic Light System include:
 - 3.1 messaging and communications (about the colours outlined in paragraphs 2.1 to 2.3);
 - 3.2 additional activity-setting for clients with work-related obligations;
 - 3.3 financial sanctions;
 - 3.4 non-financial sanctions;

4 **agreed** that:

4.1 the Traffic Light System will apply to clients and their partners with work-test obligations (full-time, part-time, and drug test obligations) and work-preparation obligations, work ability assessment obligations, obligation to attend an interview, obligations to work with contracted service providers, and clients with social obligations in respect of their dependent children;

4.2 clients with youth activity obligations will have additional messaging and communications as part of Phase 2 of the Traffic Light System, but their obligations and sanctions regime will not change;

Changing the period over which obligations failures are counted

5 **agreed** to extend the period over which a client's obligation failure for the cohort defined in paragraph 4.1 is counted from 12 months to 104 weeks;

Requirement for Jobseeker Profiles

6 **agreed** that Jobseeker Profiles be required as a pre-benefit activity of all people who are applying for Jobseeker Support, Sole Parent Support, and Emergency Benefit (for Emergency Benefit applicants where it is determined they will have work obligations as a condition of receiving their benefit);

7 **agreed** that the decision in paragraph 6 does not apply to people completing a 26-week or 52-week reapplication;

8 **agreed** that the requirement to complete a Jobseeker Profile will be able to be waived (for the cohort in paragraph 6), if it is assessed as being unreasonable or inappropriate for the client, based on their circumstances;

9 **noted** that MSD can require current clients to complete or update their Jobseeker Profile as part of their work obligations;

Introducing non-financial sanctions

10 **agreed** that when a sanction is applied for a first failure of an obligation:

10.1 MSD may impose a non-financial sanction instead of a financial sanction to clients in a targeted cohort only;

10.2 the targeted cohort for non-financial sanctions will be clients who either have dependent children or who are in active case management;

10.3 MSD may determine that it is more appropriate to apply a financial sanction than a non-financial sanction to individuals within the target cohort, taking into account a client's circumstances;

- 11 **agreed** to the following settings for how Money Management as a non-financial sanction will apply:
- 11.1 that electronic payment cards will be the mechanism for Money Management;
 - 11.2 that 50 percent of a client's main benefit will go onto the electronic payment card, which can only be spent at certain providers on essential items;
 - 11.3 that clients would remain on Money Management for four weeks;
 - 11.4 that Money Management will apply to a client's main benefit (i.e. it will not include supplementary assistance, e.g. the Accommodation Supplement);
 - 11.5 that clients would be required to complete a recompliance activity by the end of the four weeks in order to exit Money Management (and go back to Green) at the end of the four-week period;
 - 11.6 clients on Money Management will not be able to access Special Needs Grants or Emergency Housing Grants;
 - 11.7 that if a client has not recomplied after four weeks, they will be deemed non-compliant and have their benefit reduced (for clients with dependent children) or suspended;
- 12 **noted** that the delivery of Money Management could be supported by third-party providers in the future;
- 13 **agreed** to the following settings for how Community Work Experience as a non-financial sanction will apply:
- 13.1 clients will be required to find work experience with a community or voluntary sector organisation with the support of MSD, and to complete this work experience for a specified duration and number of hours per week;
 - 13.2 clients cannot access Special Needs Grants or Emergency Housing Grants while receiving Community Work Experience as a sanction;

Efficient administration of the proposals

- 14 **authorised** the Minister to take policy decisions on the use of automated decision-making to streamline the processes to deliver the Traffic Light System;

Authorisation

- 15 **authorised** the Minister, in consultation with other Ministers as appropriate, to take policy decisions to finalise draft legislation to implement the decisions in line with the overall aims of the Traffic Light System;

Legislative implications

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

17 s 9(2)(ba)(ii) [Redacted]

18 s 9(2)(ba)(ii) [Redacted]

19 **invited** the Minister to issue drafting instructions to the Parliamentary Counsel Office to draft amendments to the Social Security Act 2018 and associated regulations to give effect to the above decisions.

Rachel Hayward
Secretary of the Cabinet

Secretary's Note: This minute replaces SOU-24-MIN-0095. Cabinet updated paragraphs 11 and 12.
