

Report



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

Date: 31 July 2024 **Security Level:** In Confidence
To: Hon Louise Upston, Minister for Social Development and
Employment
File Reference: REP/24/7/703

Updated Cabinet Papers: Changes to welfare settings to support people into employment and off benefit

Purpose of the report

- 1 To provide you with an updated version of your draft Cabinet papers, following consultation:
 - 1.1 Changes to Welfare Settings to Support People Into Employment and Off Benefit: Traffic Light System
 - 1.2 Changes to Welfare Settings to Support People Into Employment and Off Benefit: 26-week reapplications.

Key points

- 2 Drafts of these Cabinet papers were circulated for Ministerial, Cross-party and Departmental agency consultation on Wednesday 24 July 2024.
- 3 The Ministry of Social Development received feedback from various government agencies covering topics including:
 - inclusion of more information on some proposals
 - potential risks and negative impacts, including the flow-on to other parts of government
 - population implications that should be included or highlighted.
- 4 We have made changes to the attached draft Cabinet papers to address some of this feedback, for your consideration.

- 5 Changes made to both papers include:
 - addition of population implications for older people (aged 50 to 64 years) and children and young people
 - highlighting the potential downstream costs to other parts of government associated with the proposals – e.g. where people exit benefit and go into education
 - link to MSD’s Te Pae Tawhiti Programme, with a specific reference that you expect to provide an update on this in the coming months
 - changes for clarity.

- 6 Changes that have been made to *Changes to Welfare Settings to Support People Into Employment and Off Benefit: Traffic Light System* include:
 - clarifying that for Money Management having 50 percent of benefit going on a payment card means that they can only use this at some retailers for essential items
 - clarifying that Community Work Experience is unpaid
 - changes to the population implications section particularly for women and disabled people to call out the impacts more specifically.

- 7 Changes that have been made to *Changes to Welfare Settings to Support People Into Employment and Off Benefit: 26-week reapplications* include:
 - adding a recommendation that seeks agreement for savings to be managed as a positive charge against the Budget 2025 operating allowance
 - addition of a new table that compares the components of 52-week reapplications and 26-week reapplications
 - updating the figures that show the process for regrant and expiry to show both the client and MSD parts of the process
 - clarifying the interaction between the Kōrero Mahi Work Check-ins and the 26-week reapplication.

- 8 Some feedback was beyond the scope of the proposals of the paper, including:
 - to describe the wider landscape of employment supports that could help achieve the target
 - to attach or provide a high-level outline of the delivery plan for the target
 - matters that relate more to the implementation of the proposals or the monitoring and evaluation of them – we will take these into account in future work.

- 9 Health New Zealand – Te Whatu Ora noted that the Cabinet papers and RIS acknowledge that Māori will be disproportionately affected from the proposals, including with regard to health outcomes. They advised that this may in turn have a negative impact on their ability to deliver on the health sector principles within the Pae Ora Act.
- 10 We have also attached the Regulatory Impact Statement which has been finalised.
- 11 We are working with your office to finalise the Communications section in line with your preferences.

Appendix

- 12 Appendix 1: Draft Cabinet paper – *Changes to Welfare Settings to Support People Into Employment and Off Benefit: Traffic Light System*
- 13 Appendix 2: Draft Cabinet paper – *Changes to Welfare Settings to Support People Into Employment and Off Benefit 26-week reapplications.*
- 14 Appendix 3: Regulatory Impact Statement – *Changes to Welfare Settings to Support People Into Employment and Off Benefit.*

Recommended actions

It is recommended that you:

- 1 **Provide** any feedback on the updated draft Cabinet papers
YES / NO
- 2 **Confirm** that you intend for these papers to be considered by the Cabinet Social Outcomes Committee on 7 August 2024
YES / NO
- 3 **Note** that to meet the timeframe in recommendation 2, the paper would need to be lodged with the Cabinet Office by 10am Thursday 1 August 2024

- 4 **Note** that the Ministry of Social Development will provide you with an aide memoire including proposed talking points and a set of Questions and Answers on Thursday 1 August 2024.

Leah Asmus

Policy Manager

Welfare System Policy

Date

Hon Louise Upston

Minister for Social Development and
Employment

Date

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