



Aide-mémoire

COVID-19 Ministers Group paper

Date: 8 September 2021 **Security Level:** Budget sensitive

For: Hon Carmel Sepuloni, Minister for Social Development

File Reference: REP/21/9/961

Government's response to increased ongoing demand for access to food and other essential wellbeing items

Cabinet Committee COVID-19 Ministers Group

Date of meeting 9 September 2021

Minister Hon Carmel Sepuloni, Minister for Social Development and Employment
Hon Chris Hipkins, Minister of Education

Proposal To meet the ongoing need for support to access food and other essential wellbeing items for the two weeks from 11 September 2021, this paper seeks:

- approval to reprioritise and transfer funds of \$7.0 million from Vote Education's Outcomes for Target Student Groups MCA to Vote Social Development
- approval to draw down \$4.5 million from the COVID-19 Response and Recovery Fund (CRRF), and
- approval for delegated authority to Ministers if further additional funding is needed.

Key issues Since 17 August 2021, a total of \$69.31 million in funding has been released by agencies to meet increased demand to access food, essential wellbeing items and whānau support. Of this total, MSD has released \$15.4 million.

Ongoing demand for support has exceeded the ability of MSD to meet the costs from baseline reprioritisation.

On 27 August 2021, Cabinet agreed to reprioritise funds from Vote Education's Outcomes for Target Students Groups to Vote Social Development to meet increased need for food access and other essential wellbeing items. This funding was intended to cover the two-week period to 10 September 2021.

Additional funding is now required by MSD to meet the continued surge in demand over the past week and for the following two weeks from 11 September 2021 while Auckland is expected to remain at Alert Levels 4 or 3. Given this, this paper seeks agreement to reprioritise and transfer funds of \$7.0 million from Vote Education's Outcomes for Target Student Groups MCA to Vote Social Development, and to draw down \$4.5m from the CRRF to

replenish MSD's Community Capability and Resilience Fund which has been utilised to meet increased demand over the past week.

Of the \$11.5m sought, \$6.1 million will be covered through the transfer of funds from Vote Education, and will consist of:

- 9(2)(j) OIA [REDACTED]
- \$2.986 million for a further 20,000 essential wellbeing packs to be funded through community connectors and other providers who have been delivering these services in the Auckland region since the move to Alert Level 4.

The remaining \$5.4 million of funding sought is intended to replenish MSD's Community Capability Resilience Fund. It is proposed that, this \$5.4 million be met through a through a combination of reprioritisation and transfer from Vote Education (\$0.9 million) and draw down from the CRRF (\$4.5 million).

Over the past week, MSD allocated \$5.4 million from the Fund to the following activities:

- \$1.4 million for food access in rural and remote areas
- \$2 million to providers such as those with Community Connectors to provide additional essential wellbeing items
- \$2 million to iwi to meet critical unmet need for whānau (announced by Ministers for Māori Crown Relations: Te Arawhiti, Social Development and Employment, and Whānau Ora on 2 September).

Further additional funding may be required for the two weeks from 25 September 2021, if lockdown and demand for support continues. In anticipation of this, the paper seeks agreement to delegate authority to the Minister of Finance and the Minister for Social Development and Employment to jointly agree an additional draw down from the CRRF of up to \$3.1 million, should parts of New Zealand remain at Alert Levels 4 or 3, and that there continues to be a demonstrated surge demand for food access and other essential items.

A further delegation is proposed for the Ministers of Finance, Education, and Social Development and Employment to jointly agree any fiscally neutral adjustments to respond to similar need.

Our advice

MSD is closely monitoring the impact of the current lockdown on our baseline and has already absorbed additional organisational pressures as well as reprioritising funding from its community appropriations.

MSD has explored reprioritisation from other appropriations within Vote Social Development, including the Improved Employment and Social Outcomes Support MCA. We do not see any further opportunity to further prioritise from MSD's baselines at this time, without affecting core services which is why the fiscally neutral transfer from Vote Education is the recommended approach.

MSD's reprioritisation of \$5.4 million from its Community Capability Resilience Fund (CCRF) over the past week, however, has placed at risk the potential recipients of funding in the community because the second round of funding for community resilience initiatives is now \$9.0 million, down from about \$14.3 million.

Applications to MSD for this round, which are currently open, have already reached over \$18 million. Many of the proposed initiatives have the potential

to address immediate recovery needs following this latest resurgence, especially in the Auckland region.

Therefore, in order to restore the Fund's ability to support community initiatives, we propose to:

- reprioritise and transfer \$0.9 million of underspend from Vote Education's Ka Ora, Ka Ako | Healthy School Lunches programme to Vote Social Development
- draw down the remaining \$4.5 million from the CRRF

The additional funding sought through the paper for the two weeks following 11 September, will be allocated based on priority population groups within the Auckland region. MSD anticipates that it will continue to weight support towards the Pacific community and more broadly to Māori and Pacific in higher areas of deprivation.

Talking points

I understand the situation in Auckland, as lockdown continues, is putting ongoing extra pressures on individuals and families to access food and other essential items. We need to match the welfare response to the requirements of the public health response.

There have been additional pressures on the Pacific communities in Auckland. Given Pacific families made up over half of those having to self-isolate and a high proportion of COVID-19 cases, entire support networks have been unable to activate and mobilise. This has placed even greater pressure on providers to meet demand for support.

Anecdotal evidence from providers who have received increased funding since 17 August 2021, such as food banks, indicates that those seeking support are often low income earners who have experienced a reduction in work hours as a result of lockdown, or are struggling to make up the income difference if they are receiving the wage subsidy.

Families who are typically reliant on food in schools programmes for support are now having to absorb this cost, and have limited options for accessing food and essentials. This particularly impacts those people in self-isolation.

The recent additional funding of \$15.4 million released by MSD is expected to be exhausted by 10 September 2021. From the information collected, MSD estimates that there have been an additional 97,000 food parcels provided since 17 August 2021, and this number continues to grow daily.

This type of basic support for day to day living is making a real difference to those in desperate need.

Additional funding is now sought for the next two-week period (from 11 September 2021) for MSD to meet a continued surge demand while Auckland is expected to remain at Alert Level 4 or 3.

To meet the ongoing need for food access and other essential wellbeing items over the past week and for the two-week period from 11 September 2021, we seek to:

- reprioritise an underspend of \$7.0 million in Vote Education to Vote Social Development, and
- draw down \$4.5 million from the CRRF

I'd like to express an immense thanks to the Minister of Education and Ministry of Education for their willingness to help and support MSD's response to the latest outbreak – both in being willing to reprioritise underspend, and being quick to act and respond.

Further additional funding may be required for MSD for the two-week period from 25 September 2021, if lockdown continues.

Preparing for that situation, we also seek agreement to delegate:

- to the Minister of Finance and the Minister for Social Development and Employment the authority to jointly agree an additional draw down from the COVID-19 Response and Recovery Fund of up to \$3.1 million should parts of New Zealand remain at Alert Levels 4 or 3 and that there continues to be a demonstrated surge demand for food access and other essential items.
- to the Ministers of Finance, Education, and Social Development and Employment the authority to jointly agree any fiscally neutral adjustments to respond to similar need.

Possible questions and talking points for replies

- The Prime Minister may ask why the paper seeks delegated authority for further spending of up to \$3.1 million should parts of New Zealand remain at Alert Level 4 or 3, and demand for support with access to food and other essential wellbeing items continues.
 - Given the rationale for additional funding has been established through the previous Cabinet paper, and this paper, a delegation can allow decisions on further funding quickly without requiring another Cabinet process.
 - \$3.1 million is expected to fund the demand for food and essential wellbeing items for one additional week following exhaustion of the \$6.1 million requested in the paper.
 - This figure was agreed with Treasury as the maximum reasonable amount of funding able to be approved through this delegation.
- Ministers may ask when MSD expects the \$15.4 million of reprioritised funding to be exhausted.
 - \$10 million of this \$15.4 million has already been distributed to communities. The remaining \$5.4 million is expected to be distributed by 10 September 2021.
 - Payments are made daily and MSD's calculations are based on actual payments to date.
- Ministers may ask about what this funding means for the total additional funding distributed by MSD since the start of this outbreak.
 - Approval of the additional funding means that by 25 September 2021, MSD will have distributed \$21.5 million in response to increased demand for food and other essential wellbeing items since lockdown commenced.
 - To be more specific, MSD will have provided the following:

	Released prior to Cabinet paper on 27 August 2021	Released following Cabinet paper on 27 August 2021	Reprioritised but sought to partially fund by CRRF (this paper)	Fiscally neutral transfer (this paper)	Total
Food	\$0.9m	\$4.2m	\$1.4m	\$3.1m	\$9.6m
Providers such as Community Connectors	\$1.7m	\$3.0m	\$2.0m	\$3.0m	\$9.7m
Other, such as Youthline	\$0.3m	-	-	-	\$0.3m
Iwi	-	-	\$2.0m	-	\$2.0m
Total	\$2.8m	\$7.2m	\$5.4m	\$6.1m	\$21.5m

- The Minister of Finance may ask how the request to draw down \$4.5 million from the COVID-19 Response and Recovery Fund meets the newly refined criteria agreed by Cabinet.
 - We consider that this request meets the refined criteria in that it represents a targeted policy response to the immediate impacts of resurgence related restrictions on particular demographic groups.
 - Namely, the funding is to meet critical need of regions experiencing significant deprivation from essential items while at Alert Levels 4 or 3.
 - We recognise the accountability surrounding the CRRF and ensuring spend appropriate. Given this, the \$4.5 million will be tracked and reported on separately by MSD.

Author: Grace Spraggs, Senior Policy Analyst, and Paul Dickey, Senior Policy Analyst, Social Sector Policy

Responsible manager: Vivienne Jenner, Policy Manager, Social Sector Policy