

# Aide-mémoire



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

## Cabinet paper

**Date:** 25 March 2020

**Security Level:** Cabinet Sensitive

**For:** Hon Carmel Sepuloni, Minister for Social Development

**File Reference:** A12404877

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## Impact of COVID-19 on the Ministry of Social Development's operating model

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**Cabinet  
Committee**

Ad Hoc Cabinet Committee on COVID-19 Response

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**Date of meeting**

26 March 2020

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**Minister**

Hon Carmel Sepuloni, Minister for Social Development

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**Proposal**

You are seeking Cabinet agreement to a number of proposals that will help the Ministry of Social Development (MSD) manage demand and reduce the risk of community transmission, as well as support people to continue accessing essential income support.

**Talking points**

- COVID-19 has had unprecedented economic and social impacts and with the introduction of new initiatives such as the Wage Subsidy scheme, MSD is exceeding its current capacity to take on new work and maintain 'business as usual' levels of services.
  - This means MSD needs to make urgent changes to its operating model to manage demand and reduce the risk of community transmission.
  - This paper discusses the various temporary changes that MSD will be making to its operating model, which include:
    - deferring reviews of clients' circumstances
    - removing the need for existing clients to provide medical certificates to continue their eligibility for a main benefit
    - ceasing proactive engagement with clients, such as appointments to discuss hardship applications
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- streamlining application and verification processes.
  - Some of the proposed changes will require Cabinet agreement to amend regulations and make a modification order.
  - MSD needs to urgently make the proposed changes because during this uncertain period:
    - there is already significant pressure on MSD's staff and system capacity due to increasing demand for assistance
    - many of the obligations or requirements require clients to have physical contact with others in order to meet them, which is not appropriate or allowed during lockdown
    - it is critical that people do not lose access to support during this time due to factors outside of their control
    - it is a priority that we ensure MSD has the capacity to deliver its core services, as well as new initiatives such as the Wage Subsidy scheme
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#### **Key issues**

***Work is underway on initiatives that will reduce the risk of community transmission and free up frontline staff capacity***

There are several initiatives that MSD has the discretion to implement, which would free up staff capacity and improve client experience. These initiatives are expected to go live on 30 March 2020 at the latest, with IT system changes already in progress.

These include:

- temporarily removing the requirement for some clients to provide subsequent work capacity medical certificates;
- deferring disability allowance reviews for cost and medical eligibility, review of health conditions for Supported Living Payment clients, review of expiry dates of Emergency and Special Benefits, and other annual reviews of client circumstances;
- extending the review period for Child Disability Allowance;
- modifying application and verification requirements for new clients; and
- ceasing all proactive engagements with clients in relation to employment, debt collection and hardship assistance.

#### **Talking points**

- Indicative costings suggest that this package of changes will cost approximately \$113 million at a minimum over 2019/20 – 2020/21, but this is likely to change as the
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number of people MSD provides financial assistance to grows.

- Some of these initiatives do not require any legislative changes. However, I request that Cabinet withdraws its 2010 decision for clients receiving Jobseeker Support on the grounds of a health condition, injury or disability to provide a new medical certificate at fixed intervals.
- MSD is providing communications to frontline staff and clients to explain the changes.
- These changes would mean clients continue to receive welfare assistance at their current rate of payments and MSD will rely on clients to inform them if their circumstances change.

***Some initiatives require urgent amendments to regulations and an Order in Council***

There are two initiatives that require amendments to the Social Security Regulations 2018 and an Order in Council (made under section 15(1) of the Epidemic Preparedness Act 2006), which are to:

- temporarily remove the need for Temporary Additional Support reapplications; and
- clear any 52-week reapplications for Jobseeker Support and Sole Parent Support.

The amendments to the regulations and the Order in Council will enable MSD to have the discretion to temporarily exempt clients from having to reapply for the above payments.

MSD estimates that 25,000 existing clients have a 52-week reapplication expiry or letter due to be sent in the next month.

**Talking points**

- I also seek agreement to urgently amend the Social Security Regulations 2018 and make an Order in Council so that clients receiving Temporary Additional Support, Jobseeker Support or Sole Parent Support do not need to reapply.
- Given the urgency of the changes required you seek a waiver of the 28-day rule so the proposed amendments to the Social Security Regulations 2018 and the Order in Council can come into force from 30 March 2020.
- These amendments would ensure people can continue to access financial assistance in emergency situations such as COVID-19.

s 9(2)(h)



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However, without these initiatives, there is a risk that clients who are unable to meet their requirements for reapplication could be left without income or be put in hardship.

***There is further opportunity to free up MSD capacity by delaying the introduction of the emergency housing contribution***

Cabinet agreed to introduce a 25 per cent of income contribution for clients receiving Emergency Housing Special Needs Grants if they remained in emergency housing for more than seven nights. This was to commence from 30 March 2020. There is also an opportunity to free up MSD capacity to manage current demand by delaying the commencement of the emergency housing contribution for a minimum of twelve weeks.

**Talking points**

- I am delaying the commencement date of the emergency housing contribution payment to free up MSD staff capacity to focus on COVID-19 related initiatives and demand.

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**Next steps**

s 9(2)(f)(iv)

A domestic epidemic management notice has been issued under section 8(1) of the Epidemic Preparedness Act 2006, taking effect from Wednesday 25 March 2020. This could enable MSD to pay Emergency Benefits to a wider group of people s 9(2)(f)(iv)

**Talking points**

s 9(2)(f)(iv)

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s 9(2)(f)(iv)

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