

Budget Sensitive

Office of the Minister for Social Development

Chair, Cabinet Social Wellbeing Committee

WELFARE OVERHAUL: UPDATE ON PROGRESS AND LONG-TERM PLAN

Proposal

1. This paper provides an update on progress made in the Government's priority areas for action in the welfare overhaul and outlines a proposed long-term work programme.

Executive Summary

2. As part of the Confidence and Supply Agreement between the New Zealand Labour Party and the Green Party of Aotearoa New Zealand, this Government has made the commitment to "overhaul the welfare system, ensure access to entitlements, remove excessive sanctions and review Working for Families so that everyone has a standard of living and income that enables them to live in dignity and participate in their communities, and lifts children and their families out of poverty".
3. The Welfare Expert Advisory Group (WEAG) was established in May 2018 to provide the Government with welfare overhaul advice [SWC-18-MIN-0050]. They delivered their final advice in February 2019.
4. In April 2019, Cabinet considered the WEAG's report, and agreed to three priority areas of work:
 - 4.1. Addressing financial support with a focus on child wellbeing
 - 4.2. Supporting people who are able to be earning, learning, caring or volunteering
 - 4.3. Improving access to affordable housing [CAB-19-Min-0170].
5. Cabinet also invited me to report back to the Cabinet Social Wellbeing Committee (SWC) later in 2019 with an update on these priority areas for action, as well as a long-term comprehensive work programme for the welfare overhaul [CAB-19-MIN-0170 refers].

We are building a welfare system to enhance wellbeing for New Zealanders

6. This Government has agreed its vision for the welfare system is to ensure that people have an adequate income and standard of living, are treated with and can live in dignity, and are able to participate meaningfully in their communities.

7. To achieve this vision, I propose that we should continue our work to build a new welfare system with the following key features:

- underpinned by values relevant for New Zealand
- enables individuals, families and whānau to thrive
- adequately supports employment and training
- recognises the value of unpaid work, such as caring and volunteering
- takes a whole-of-community approach to working with partners.

I will be building on progress made to date to improve outcomes and services for Ministry of Social Development clients...

8. Good progress has already been made towards this vision for the welfare overhaul work programme, particularly in the three priority areas of work agreed to by Cabinet. Significant investment was made through Budget 2019 to support these objectives, for example indexing main benefit rates, increasing abatement thresholds, and increasing frontline staffing numbers at the Ministry of Social Development (MSD) to support people into meaningful work.

9. In the short-term, I propose to build on our progress to date in the three priority areas through a range of changes, s 9(2)(f)(iv) [REDACTED]. Key focus areas will be:

- reducing barriers to employment and training
- better support for parents
- ensuring income support is accessible
- better support for disabled people and people with health conditions.

10. s 9(2)(f)(iv) [REDACTED]

... and we have a plan for overhauling the welfare system

11. As I noted to Cabinet earlier this year, given the scale of the welfare overhaul work programme and the changes required to deliver this future state, it will be necessary to consider how to phase our plan.

12. The proposed plan for the welfare overhaul can be broken into a medium-term work programme, intended to be achieved over the next two to four years; and a longer-term plan, intended to be achieved over the next four to five years, and beyond.

13. In the medium-term, I propose we should focus on:

- 13.1. resetting the foundations of the welfare system, including the purpose and principles of the Social Security Act 2018 and the consideration of a kaupapa Māori values framework
 - 13.2. increasing income support and addressing debt
 - 13.3. strengthening and expanding employment services
 - 13.4. improving supports and services for disabled people, people with health conditions and disabilities and their carers
 - 13.5. building partnerships and enhancing the community sector.
14. Some areas of the welfare system are particularly complex and will require more time to consider. Work on these areas will begin at the earliest opportunity, however I do not expect to seek Cabinet decisions within this parliamentary term. In the longer term, I propose we should focus on:
- 14.1. simplifying the income support system
 - 14.2. aligning the welfare system with other support systems
 - 14.3. reviewing housing and childcare supports.
15. The welfare overhaul work programme, particularly foundational elements, are likely to be of significant interest to the wider public and key stakeholders. As part of this work programme I will consider what further stakeholder engagement and public consultation would be appropriate before seeking final Cabinet decisions.

Background

This Government has committed to overhaul the welfare system

- 16. As part of the Confidence and Supply Agreement between the New Zealand Labour Party and the Green Party of Aotearoa New Zealand, this Government has made the commitment to “overhaul the welfare system, ensure access to entitlements, remove excessive sanctions and review Working for Families so that everyone has a standard of living and income that enables them to live in dignity and participate in their communities, and lifts children and their families out of poverty”.
- 17. Progress on the welfare overhaul began quickly, with our Families Package taking effect in 2018. Under this package we have improved Working for Families, introduced Best Start and the Winter Energy Payment, extended paid parental leave, increased the Accommodation Supplement, and increased the rate of Orphan’s Benefit, Unsupported Child’s Benefit and Foster Care Allowance.
- 18. The Welfare Expert Advisory Group (WEAG) was established in May 2018 to provide the Government with welfare overhaul advice [SWC-18-MIN-0050]. In February 2019 I received the WEAG’s final advice in their report *Whakamana Tāngata: Restoring Dignity to Social Security in New Zealand (Whakamana Tāngata)*. This report was substantial, outlining 42 key recommendations and over 100 detailed recommendations.

19. The WEAG's report is a substantial and significant piece of work that reflects the experience and expertise of its members, as well as the voices of thousands of New Zealanders who contributed to it. I will continue to refer to the analysis and recommendations in the WEAG's report at all stages of the welfare overhaul.
20. As I noted to Cabinet earlier this year, given the scale of the welfare overhaul work programme, it will be necessary to consider how to phase the reforms. Many areas will require considerable policy development, consultation, legislative development, fiscal commitments and capacity building.
21. In April 2019 Cabinet agreed that in response to the WEAG's recommendations, the priority areas are:
 - 21.1. addressing financial support with a focus on child wellbeing
 - 21.2. supporting people who are able to be earning, learning, caring or volunteering
 - 21.3. improving access to affordable housing [CAB-19-MIN-0170 refers].
22. Cabinet also agreed to an approach involving two strands of work [CAB-19-MIN-0170]. The first was to undertake immediate action in these priority areas, where changes could be made quickly. The second strand was to proceed with a comprehensive programme of work to deliver long-term changes.
23. I was invited to report back to the Cabinet Social Wellbeing Committee (SWC) later in 2019 with an update on the priority areas for action, as well as a long-term comprehensive work programme.

The Government is building a welfare system to improve wellbeing for New Zealanders

The Government has committed to overhaul the welfare system to ensure it is fair and accessible for all New Zealanders

24. The welfare system is for all New Zealanders. In the course of someone's life, they will likely have an interaction with MSD and the welfare system.
25. In May 2018 Cabinet noted that this Government's vision for the welfare system is to ensure that people have an adequate income and standard of living, are treated with and can live in dignity, and are able to participate meaningfully in their communities [SWC-18-Min-0050].
26. I want a welfare system that is fair, accessible and fit for purpose for all New Zealanders. This means ensuring that the government provides support for people's wellbeing now and empowers them to achieve their future aspirations.
27. It will mean thinking differently about how we work with Māori and communities to deliver welfare services and support in a way that is more culturally appropriate and effective.
28. Our approach is consistent with the direction proposed by the WEAG - whakamana tāngata. Whakamana tāngata is focused on empowering and restoring dignity to

people so they can meaningfully participate in their communities, to provide income support sufficient for an adequate standard of living, and to provide employment support to help people find and retain meaningful and sustainable employment.

29. The following sections of this paper outline my ambitions for the future state of the welfare system and how to achieve this, based on this vision.

To achieve the Government's vision we need a welfare system underpinned by values relevant for New Zealand

30. To build towards our vision for a future welfare system, all our work must be underpinned by a commitment to honour our Te Tiriti o Waitangi obligations. While Te Tiriti o Waitangi specifically outlines the relationship between the Crown, iwi and Māori, the outcomes of this relationship affect all New Zealanders. A sound partnership would benefit all New Zealanders by promoting a fairer society that values its unique indigenous culture and capitalises on the strengths of the Te Tiriti o Waitangi partners and hāpori Māori (Māori communities).
31. To ensure we are delivering on this commitment, all policies, services and supports in the welfare system should be mana enhancing and support greater mana motuhake/self-determination.
32. To assist in achieving better outcomes for Māori, I believe it is critical that we look to embed Te Ao Māori perspectives in the development of welfare policy and services. This includes exploring with Māori the development and application of a kaupapa Māori values framework. This includes recognising our collective responsibility for manaakitanga.

The future welfare system will be strengths-based and enable individuals, families and whānau to thrive

33. As part of this Government's vision for the welfare system, I want people to feel empowered, respected and supported to live a dignified life. This requires a strengths-based approach which focuses on supporting people to reach their potential and recognises the value of an income support system as part of a fair New Zealand.
34. New Zealanders experience hardship for a variety of complex reasons, meaning that the welfare system must integrate people's needs right from the start. I want our welfare system to address the underlying issues that may be exacerbating hardship and provide solutions that reflect the aspirations of individuals and their whānau.
35. The welfare system must take a view of the whole person, within the context of their whānau and their journey to date, to empower them to thrive. This includes being aware of the wider range of support needs of people in the welfare system and seeking opportunities to address those, for example, supporting people with addiction needs.
36. The welfare system has a key role to play in addressing the complex situations faced by many individuals and families and providing support as needed. I want to ensure that we improve overall financial and social support in order to do this better.

37. It is also essential to reduce the barriers that people face when interacting with the welfare system, and for the system to be as simple to use as possible. The welfare system should have a range of options to make it easier for New Zealanders to engage with. This includes a spectrum from increased online usability to person-to-person channels and more individualised case management support.
38. There have already been changes made to services and supports to make them more accessible through a variety of channels, as well as making changes to Work and Income service centres to improve the environment for clients.
39. However, it is important to note that some of the barriers which may impact a person's wellbeing, including opportunities around employment, learning and housing, cannot be addressed solely through the welfare system, but are also influenced by wider economic or societal factors.

New Zealand's welfare system must adequately support employment and training, and also recognise the value of unpaid work such as caring and volunteering

40. In addition to the provision of income and support, our welfare system can also be vital for helping people to achieve positive long-term outcomes for them and their family. This is a key part of ensuring people who interact with the welfare system are able to thrive.
41. Employment is an important aspect of this Government's commitment to support people who are able to be earning, learning, caring or volunteering. Helping people to find and maintain meaningful, sustainable work is an important factor in improving wellbeing.
42. The welfare system has a significant role to play in assisting those who are unemployed or out of the labour market, while also supporting workers who are at risk of falling out of employment or have specific needs, such as caring or parenting, which may impact their level of engagement in the workforce.
43. Unpaid work also has benefits for individuals, whānau, communities and New Zealand as a whole. Caring is essential for raising children, looking after older people and supporting disabled people, and volunteering can be an important way for people to participate in their communities and build new skills. Despite the extensive benefits of caring and volunteering, they are often undervalued. Valuing unpaid work reflects this Government's commitment to supporting people who are able to be earning, learning, caring or volunteering. I will continue to explore how we can best support caring and volunteering in New Zealand, with the aim of a future welfare system that better recognises the value of unpaid work.

Our future welfare system needs to take a whole of community approach by changing the way MSD works with others

44. We must change how we think about working better and differently with partners to meet the needs of people who need support from the welfare system, and to improve the wellbeing of the wider community.

45. There are three key parts to this: how MSD works with key population groups accessing their services, how MSD can work differently with other government agencies, and how government agencies can work better with community partners.
46. It is critical that we build and develop a workforce with the capacity and capability to deliver services and supports that reflect the needs of New Zealanders. This will require focusing on building competency to work with key populations who need better support from the welfare system, including Māori, Pacific people, disabled people and people with health conditions.
47. We need to identify partners who are better placed to deliver the right services and supports in a way that will meet people's needs.
48. This includes thinking about different ways of working within government and in communities to wrap services around clients and take a more person- and whānau-centred view of needs, for example the E Tū Whānau model.
49. This Government recognises the value of growth and unlocking potential in regional New Zealand. A strong regional platform allows both national and local services to be delivered with flexibility.
50. The welfare system can build on the benefits of thriving communities and regions, by enabling and supporting communities to design and develop solutions that work for them and the people receiving them. This model will be most effective if we build capacity, capability and resilience amongst our community partners, including Māori and iwi.
51. Community partners and non-government organisations (NGOs) have a critical role to play in improving wellbeing in our community. MSD is looking at how they can work more effectively with NGOs and community organisations as these groups often work with the same families as MSD. It is important that NGOs and community partners are resourced and supported to provide services that may be better provided by them due to their expertise and community connections.

Improving the welfare system is one part of improving the lives of New Zealanders

52. Our work to overhaul the welfare system sits within the context of other Government work programmes that will improve wellbeing outcomes for New Zealanders. This includes:
 - 52.1. The Child Poverty Reduction legislation, which passed into law in December 2018, encourages a Government focus on child poverty reduction specifically, and child wellbeing more generally. The Government has set ambitious but achievable ten-year targets, which aim to roughly halve child poverty within ten years, and establish New Zealand as one of the best performing countries for children. The Minister for Child Poverty Reduction and Minister for Children have recently launched the Child and Youth Wellbeing Strategy, which provides a framework for the Government's work on child wellbeing, and associated Plans.¹ The Government's priorities for the welfare overhaul are

¹ The three action plans: Child and Youth Wellbeing Strategy: Programme of action, The Oranga Tamariki Action Plan and the Youth Plan: Turning voice into action.

strongly aligned with child poverty objectives, with improvements to financial support, employment assistance, and affordable housing as the primary ways for making progress towards the targets.

- 52.2. Overarching work to improve services and outcomes for Māori and strengthen Māori-Crown partnerships, through reforms to the State Sector Act 1988 and the work of the newly established Office for Māori Crown Relations – Te Arawhiti.
- 52.3. Transforming our approach to mental health and addiction. As at June 2018, over a third of Supported Living Payment recipients and almost half of Jobseeker Support-Health Condition or Disability recipients had mental health conditions listed as the primary impairment impacting their ability to work. This is likely an underestimate that does not capture the total number of people in the welfare system with an addiction or mental health need. For example, analysis of the New Zealand Health Survey 2016/17 by the OECD in their report *Mental Health and Work: New Zealand* suggests that up to half of all recipients of Jobseeker Support may have a mental health condition. Access to health support and employment support can improve outcomes for those with mental health and addiction needs. The Government's work programme and investment in transforming New Zealand's mental health and addiction system will likely have positive flow-on effects for whānau in the welfare system.
- 52.4. Review of Vocational Education. The Government has announced reforms to strengthen New Zealand's vocational education sector, to ensure it delivers the skills that learners, employers and communities need to thrive. These changes will ensure a system that is fit for purpose in a fast-changing environment.
- 52.5. A strong focus on employment, including:
 - The release of an Employment Strategy that presents the Government's overall vision for a more productive and inclusive labour market. The strategy's associated Action Plans include work programmes for improving labour market outcomes for population groups that the Strategy highlights as experiencing persistently poorer labour market outcomes.
 - The Government's participation in the Future of Work Tripartite Forum, which aims to support New Zealand businesses and workers to meet the challenges and take the opportunities presented in a rapidly changing world of work.
 - Provincial Growth Fund, particularly its investment in employment outcomes through Te Ara Mahi: Pathways to Work.
 - The Government restricted the use of 90-day trial periods, where an employee cannot make a claim for unjustified dismissal, to businesses with less than 20 employees. Evidence suggests that 90-day trials had not increased job creation and had led to many employees being dismissed early on without being given reasons.

- The Domestic Violence Victims' Protection Act enhanced legal protections in the workplace for people affected by domestic or family violence, providing for domestic violence leave and flexible working arrangements.
- 52.6. Preventing and reducing homelessness in New Zealand. Cabinet has agreed to a strengthened approach that will work across traditional government agency and system boundaries to deliver a balanced programme of responses with a greater focus on prevention alongside support, supply, and system enablers as well as kaupapa Māori approaches to prevent and respond to homelessness. Reversing the growth in homelessness will require a phased multi-year approach and ongoing commitment across government, in conjunction with iwi and Māori organisations, people with lived experience of homelessness, non-governmental organisations (NGOs), and local authorities.
- 52.7. Disability support system transformation. Mana Whaikaha. The Ministry of Health, in collaboration with MSD, is leading work to transform the existing disability support system. This aims to improve outcomes for disabled people and their whānau, including by enabling greater decision making over their lives and support.

We have already made progress in our three priority areas for the welfare overhaul

53. In April, I updated Cabinet on the progress this Government has made on the overhaul of the welfare system [CAB-19-Min-0170]. This includes \$5.5 billion of investment through the Families Package targeted at low- and middle-income families and major shifts in the service culture at Work and Income sites.
54. Cabinet agreed to three priority areas of work where changes could be made more quickly [CAB-19-Min-0170]. The three priority areas of work are:
- 54.1. Addressing financial support with a focus on child wellbeing: taking further steps to ensure that individuals and families have sufficient income to meet their needs and support their wellbeing.
 - 54.2. Supporting people who are able to be earning, learning, caring or volunteering: strengthening our focus on supporting people to achieve meaningful and sustainable employment, while also recognising the value of unpaid work, such as caring for children and other family members and community-based volunteering.
 - 54.3. Improving access to affordable housing: recognising that housing is a key determinant of a person's ability to engage with the labour market, their security, financial and social resilience and their mental wellbeing; and proposing a strengthened focus on increasing the availability of safe, secure and affordable housing.
55. Budget 2019 delivered further significant investment across the welfare system, targeted at the Government's priority areas. Substantial investment in other areas, particularly mental health and addiction and improved access to primary care, also has the potential to improve outcomes for people in the welfare system.

56. A range of further work was agreed to as part of addressing our priority areas, which has now been completed. An outline of the achievements we have made already in our priority areas and an update on the work that was commissioned follows.

Priority area 1: Addressing financial support with a focus on child wellbeing

57. As a Government, we implemented changes to improve financial support for people in the welfare system. These changes are estimated to have a positive impact on 339,000 people accessing our welfare system.
- 57.1. For the first time in New Zealand's history, we indexed main benefits to average wage increases. This is a long-term and enduring change that will ensure rates of main benefits do not fall further behind average wages in relative terms.
- 57.2. To reflect this Government's commitment to increasing the minimum wage and providing more for low-income workers, we increased the abatement threshold for main benefits to help low-income families keep more of what they earn.
- 57.3. We passed legislation to repeal section 192 of the Social Security Act 2018 (formerly section 70A), which sanctions sole parent beneficiaries who do not name the other parent of their child. Research from MSD found this sanction pushed children further into hardship.
58. Supporting this Government's focus on addressing the impact that debt has on families, the Minister for Commerce and Consumer Affairs has announced that the Government is adding new rules around high-cost short-term lending to protect consumers from punishing debt at the hands of loan sharks. These new measures will ensure that people taking out high-cost loans never have to pay back more than twice the amount they originally borrowed.
59. This aligns with the Safer Credit and Financial Inclusion Strategy that is currently being developed by MSD, the Ministry of Business, Innovation and Employment (MBIE) and Te Puni Kōkiri (TPK). The strategy is a collaborative initiative between government, the financial services industry and community sector aimed at freeing individuals and whānau from problem debt.
60. Following the recommendations of both the WEAG and the Tax Working Group, cross-agency work has started on options to address issues relating to debt to government. We have agreed to two short-term priority areas for immediate work:
- 60.1. improving information exchanges between MSD, Inland Revenue, and the Ministry of Justice to support better management of debt – including helping to avoid unnecessary overpayments and providing visibility of common debtors
- 60.2. seeking alignment (where appropriate) of government agencies' approaches to relief when a person is facing (or may face) hardship.

Priority area 2: Supporting everyone who is able to be earning, learning, caring or volunteering

61. In Budget 2019 we invested in supporting people into meaningful and sustainable employment through:
 - 61.1. funding up to 263 new frontline staff in MSD to help support people into meaningful work
 - 61.2. boosting Mana in Mahi to extend places available for participants from 150 to almost 2,000. This will ensure our young people get even more opportunities to access an apprenticeship or industry training qualification and be provided with pastoral care to support them to transition into and stay in work
 - 61.3. additional funding to support disabled people and people with health conditions into employment through Oranga Mahi, disability Employment Services and Support Funds.
62. These changes provide a range of opportunities and support for those seeking employment.
63. There are a range of government agencies that play key roles in the provision of employment support services to New Zealanders, in terms of education, employment policies and supports. There is longer-term work underway across agencies to examine roles and responsibilities for employment across government, social partners and employers. This includes the work of the Future of Work Tripartite forum and the first principles review of active labour market programmes.
64. The Labour Market Ministers Group has agreed that agencies will undertake a first principles review of Active Labour Market Programmes. This work is being led jointly by MBIE, MSD, and Ministry of Education. Agencies will provide the next advice to Ministers in early 2020 as part of this multi-year work programme.
65. The Government recognises and acknowledges the valuable contributions that volunteers make to their communities. At an operational level, there are changes at MSD's front line that will help ensure that through processes of engagement we do not inadvertently prevent people volunteering who wish to do so.
66. The Government also recognised the link between positive employment outcomes and mental health and committed to further work to improve employment outcomes for people with mental health needs, through its response to the OECD's report Mental health and work: New Zealand / Aotearoa.

Priority 3: Improving access to affordable housing:

67. This Government is committed to addressing the housing crisis and ensuring people have access to warm, dry housing.
68. There have been a range of initiatives implemented to begin to address housing need in our communities:
 - delivered 2,178 public housing places in 2018/19 – exceeding our target of 1,600 places per year. This delivery means that 2,000 more families have a place to call home this year – the biggest increase in the number of public houses in approximately 20 years

- expanded and strengthened the Housing First programme in areas of high demand and will deliver services for more than 2,700 people and whānau over the next few years
- funded and maintained over 2,800 Transitional Housing places throughout New Zealand, to meet the operating costs of existing places and increase the supply of long-term Transitional Housing places in areas of highest need
- introducing three early initiatives to fill urgent gaps in our current system of support to prevent and respond to homelessness: expanding sustaining tenancies, providing intensive case managers and navigators to support with housing needs and contracting for wrap-around support services for people living in emergency housing. There is also work underway to support the development of a New Zealand Homelessness Action Plan which is jointly owned by agencies with an interest in homelessness [CAB-19-MIN-0384].

69. This Government is also refocusing its Build Programme on building homes across the spectrum of housing need: addressing homelessness, building new public homes, homes for renters and owner occupiers, tailored to the underlying demand and people's needs in an area. To extend homeownership opportunities, the Government Build Programme will be complemented by improved assistance for first home buyers, including the following key changes:

- \$400 million that is being made available to support progressive home ownership schemes
 - reducing the deposit requirement for the First Home Grant and First Home Loan from 10 percent to 5 percent
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- changes to KiwiBuild that will provide Kāinga Ora – Homes and Communities with the flexibility needed to coordinate and deliver KiwiBuild homes by:
 - increasing the KiwiBuild price cap for the Wellington region for homes with three or more bedrooms from \$500,000 to \$550,000
 - providing flexibility for up to 10 percent of KiwiBuild homes to be over the respective price caps if they are four-bedrooms or larger
 - removing the asset limit for 'second chancers' looking to purchase KiwiBuild homes
 - reducing the requirement to live in a home from three years to one year for buyers of studio or one-bedroom KiwiBuild homes.

I will be building on this progress over the next year to improve outcomes and services for MSD clients

70. There is still much more that could be done within our priority areas to improve the wellbeing of New Zealanders interacting with the welfare system. I intend to build on our progress to date through a range of changes, s 9(2)(f)(iv)

71. s 9(2)(f)(iv)

Reducing barriers to employment and training

72. The right job can have a major impact on wellbeing for individuals and families. As a Government we are committed to ensuring that those who are able have the support they need to find and stay in meaningful and sustainable employment.

73. The welfare system has an important role to play in reducing barriers to employment, assistance for people to upskill and find the right job for them and supporting them to remain in work.

74. We know that this could be beneficial for those who are currently unemployed or out of the labour market, as well as workers who are at risk of falling out of employment.

75. MSD delivers a range of effective employment services, both directly and through partner organisations, but resourcing limitations result in it being unable to deliver to everyone who could achieve better outcomes with further support.

76. MSD is well-placed to engage with a wider group of jobseekers, due to its existing regional footprint and leadership role in the regions with regard to employment, its relationships and trust with employer partners and its capability and experience in delivering employment services.

77. I want to see MSD play a bigger role in providing employment support. This will include continuing to break down barriers to employment for current clients who are able to work, however I also want to see MSD expand their services and offer employment support to any New Zealander who wants this assistance.

78. Achieving this will include considering how our workforce can be better prepared for the future labour market and supporting upskilling and training to prevent further periods of unemployment.

79. We will also be looking more extensively at how to build strengths and address barriers for people experiencing difficulty in the labour market, with a focus on Māori, disabled people, people with health conditions and Pacific people. This will involve both more responsive employment services for these groups as well as universal services.

80. Further changes to employment services through MSD will be considered within the wider context of cross-government work around employment and the labour market.

81. s 9(2)(f)(iv)

81.1. s 9(2)(f)(iv) [Redacted]

81.2. s 9(2)(f)(iv) [Redacted]

81.3. s 9(2)(f)(iv) [Redacted]

81.4. s 9(2)(f)(iv) [Redacted]

Better support for parents

82. s 9(2)(f)(iv) [Redacted]

83. s 9(2)(f)(iv) [Redacted]

84. There are also significant opportunities to improve Childcare Assistance. The adequacy of this support for parents has reduced overtime and may in turn have reduced the financial incentive for parents to pursue work if they would otherwise have chosen to. We have heard about the difficulties in accessing subsidies and the significant administration burden created by the current setting.

85. I will be seeking further advice on how we can improve access to Childcare Assistance in the short term, with a further broader review to be considered in the long-term as outlined in para 154.

86. I also intend to seek further advice on recognising split-care and shared care arrangements in the welfare system. This will ensure more equitable access to support and income needed in order to raise a child and acknowledge the changing structures of families in New Zealand.

87. s 9(2)(f)(iv) [Redacted]

s 9(2)(f)(iv)

Ensuring income support is accessible

88. The current three-tier system of our income support system² continues to be largely fit for purpose. It allows for a significant amount of targeting of support, where additional assistance can be provided to people with high on-going costs and/or to people who have an immediate and essential need – and not to everyone on a benefit (or in low-income work). However, we should emphasise the need to reduce reliance on hardship assistance.

89. s 9(2)(f)(iv)

90. s 9(2)(f)(iv)

91. I intend to consider advice on the removal of the initial stand-down period to improve income adequacy and reduce complexity.

92. s 9(2)(f)(iv)

93. Further exploration of other sanctions and obligations suggested by the WEAG for removal will continue in the short-term, with a focus on those that impact children.

94. This Government believes it is important that individuals and families get their full and correct entitlements from MSD in the first instance, and we want to ensure those not already accessing the financial assistance they need are able to do so.

95. In order to continue to ensure people are accessing what they are eligible for, MSD will be further considering the extent to which clients are able to access their full and correct entitlements, including the take-up rates of specific payments. The findings of

² The three tiers are: main benefits intended to provide an income to meet the general cost of living (essential costs); supplementary assistance for specific on-going costs, such as accommodation, disability and children (including Working for Families); targeted hardship assistance that is generally provided in relation to an immediate need, and available only for costs considered 'essential'.

this will be used to support MSD's ongoing improvements to deliver income support and improve take-up rates.

Better support for disabled people and people with health conditions

96. We know that there is more work to do in order to improve outcomes for disabled people and people with health conditions who interact with both the health and welfare system.
97. There is a well-documented interrelationship between unemployment, poverty and poor health outcomes (alongside other social determinants of health). Being disabled or having a health condition can contribute to why people seek support from the welfare system; however, it is important to acknowledge that needing welfare support or being unemployed can also have a negative impact on people's health and wellbeing. In order to support disabled people and people with health conditions to improve wellbeing outcomes, we need to ensure they have access to the health, disability, employment and income supports they need.
98. People on low incomes can face a range of financial and non-financial barriers to health care that leads them to avoid or delay accessing the care they need. The Minister of Health and I have asked officials to work with the Ministry of Health to consider how government can improve the support it provides to cover the costs of having a disability, s 9(2)(f)(iv)
99. Cross government work will be needed to improve employment outcomes for disabled people and people with health conditions. The Minister of Employment and I will also be exploring opportunities to progress implementation of the pending cross-government Disability Employment Action Plan [CAB-19-Min-0385 refers], s 9(2)(f)(iv)
100. s 9(2)(f)(iv)
101. In addition, I have asked officials to provide me with advice on where improvements can be made to SLP and Jobseeker Support-Health Condition or Disability eligibility to ensure people are receiving the most appropriate benefit for their circumstance.

I am also focused on continuing to build the Ministry of Social Development's readiness for change into the future

102. The welfare system can be conceptualised broadly to capture a range of Government agencies and their work. However, MSD is the key delivery agency as the administrator of most welfare payments and lead policy agency. As the Minister for Social Development, I am focused on ensuring that MSD is prepared and ready to deliver high quality welfare services in a changing landscape.
103. In August 2018, MSD launched its strategic direction – Te Pae Tawhiti, which is underpinned by three strategic shifts: Mana Manaaki, Kotahitanga and Kia Takatū

Tātou.³ Focusing on these shifts will help MSD deliver positive outcomes - ensuring people get the support they require, are resilient and live in inclusive and supportive communities, and that people can participate proactively in society to achieve their potential.

104. Earlier this year, MSD launched Te Pae Tata – Māori Strategy and Action Plan. Māori are currently disproportionately represented in the welfare system and are most likely to require welfare support for the longest periods. Getting things right for Māori by providing culturally appropriate assistance will make a big difference in the welfare system, and should result in improved outcomes for other groups of people too. The initial focus of Te Pae Tata is embedding a Māori world view into MSD to help staff think differently about the way they work with Māori. Over time, this will help MSD to earn the trust and respect of Māori and form genuine partnerships with Māori to support their aspirations. MSD will develop a range of indicators and measurements to monitor progress, alongside feedback from people and whānau.
105. MSD has also developed a Pacific Strategy and Action Plan – Pacific Prosperity. This work will assist in improving outcomes for Pacific people by guiding future policy development and delivering better coordinated action together with Pacific peoples and other non-government stakeholders. MSD has undertaken extensive engagement with Pacific individuals, families, communities, providers, employers and staff. Feedback reflected the need for MSD to listen to Pacific people and involve them in decisions being made about them, understand Pacific values and develop cultural competency, and empower Pacific people by providing them with tools to confidently navigate the welfare system (for example, by greater use of Pacific language).
106. There is a need to have a longer-term view of what organisational, people and technology capabilities MSD needs to achieve better welfare outcomes. MSD is developing the Te Pae Tawhiti investment case to help guide this investment and long-term planning, alongside the welfare overhaul programme of work. The investment case will evolve and be enhanced as Government policy decisions are made and any legislative change occurs. MSD is taking an iterative approach to the development of the case and their approach to delivering on initiatives and actions to ensure responsiveness and adaptability to a wide range of changes.

The Government has a plan for overhauling the welfare system

107. As I noted to Cabinet earlier this year, given the scale of the welfare overhaul work programme, it will be necessary to consider how to phase the reforms.
108. The plan can be broken into a medium-term work programme, intended to be achieved over the next two to four years; and a longer-term plan, intended to be achieved over the next four to five years, and beyond.
109. In the medium-term, we will be focused on:
 - 109.1. resetting the foundations of the welfare system

³ Mana Manaaki – A positive experience every time; Kotahitanga – Partnering for greater impact; Kia takatū tātou – Supporting long-term social and economic development.

- 109.2. increasing income support and addressing debt
 - 109.3. strengthening and expanding employment services
 - 109.4. improving supports and services for disabled people, people with health conditions and disabilities and their carers
 - 109.5. enhancing the community sector
110. In the longer term, we will be focused on:
- 110.1. Simplifying the income support system
 - 110.2. Aligning the welfare system with other support systems
 - 110.3. Reviewing housing and childcare supports
111. While officials have provided initial advice across many of these areas, completing this work will require significant policy development. Work will be sequenced appropriately and within resourcing capacity at MSD to provide for the development of more detailed advice and costings for changes. The timelines proposed acknowledge the amount of time needed to complete this work and implement these changes.
112. Many changes will likely have legislative, operational, IT and fiscal implications. Detailed information on the scale of change, implications and associated costs will be provided to Cabinet as part of future decisions. The Te Pae Tawhiti investment case will also help guide investment and long-term planning for MSD, alongside the welfare overhaul work programme.
113. The welfare system touches on the lives of many New Zealanders. I am aware that there will be significant interest in many of the areas outlined below. My expectation is that officials will engage with key stakeholders and the wider public throughout the work programme to ensure the perspectives of services users and experts is embedded in advice.
114. I am particularly aware that Māori are disproportionately represented in the welfare system, and that changes are likely to be of significant interest to Māori. My expectation is that officials will engage widely and regularly with Māori throughout the work programme on policy development, in line with the Office for Māori Crown Relations – Te Arawhiti *Guidelines for engagement with Māori*.
115. I propose to provide an update to Cabinet Māori Crown Relations: Te Arawhiti Committee on the proposed approach for this engagement in early 2020.

Medium-term work programme

Building the foundations of a different approach to welfare

116. A key focus of the medium-term work programme will be a significant policy work programme to reconfigure the foundations of the welfare system.

117. Earlier this year I noted my intention to review the principles and purpose of the Social Security Act 2018. The prescriptive nature of the current Act implies that a change to purposes and principles not supported by further changes in the Act would have limited effect on its daily administration.
118. Therefore, my intended approach is to introduce any changes as part of a substantive reform package that contains reforms to the operative provisions of the Act, to ensure they are aligned and consistent. This will ensure that revised purposes and principles are given practical and meaningful effect.
119. *Whakamana Tāngata* recommended amending the Social Security Act 2018 to reflect the importance of the welfare system in improving and maintaining wellbeing and the need for a system based on mutual expectations and trust. As part of the overhaul we will continue to look into how we can work towards this type of system.
120. The overhaul of the welfare system will have a commitment to honour Te Tiriti o Waitangi obligations as a foundation. I have also requested advice from officials on how this commitment could be embedded in the welfare system, for example, through a legislative duty.
121. In parallel, I also propose to begin work on developing a kaupapa Māori values framework to underpin the welfare system.
122. I propose that officials collaborate with iwi and Māori, key stakeholder, system users and the public to identify appropriate kaupapa Māori values based on people's lived experience of the welfare system and reflecting the values and aspirations of New Zealand society. Further work will then consider how they could be reflected and applied in legislation, policy development and operations.
123. For the Crown to adopt concepts from Te Ao Māori and retain their mana it is critical to invest time and effort to genuinely partner with Māori on their development and to consult broadly. For the kaupapa Māori values, I anticipate targeted co-design sessions with whānau, hapū, and iwi representatives as well as Māori experts and representatives of significant Māori organisations. This process will provide an opportunity to engage with Māori on other elements of the work programme.
124. In the interim, my officials will have regard to an interim set of kaupapa Māori values in the development of their advice:
 - 124.1. Manaakitanga: is about upholding people's dignity. We care for people and treat people with respect and compassion
 - 124.2. Kotahitanga: we are stronger when we work together. Kotahitanga is about partnering with government agencies, whānau, families, hapū, iwi, Māori and communities to deliver better outcomes,
 - 124.3. Whanaungatanga: is about relationships and connections across the system and within communities. Relationships bind and strengthen a sense of belonging

- 124.4. Takatūtanga: the state of readiness and preparedness to go beyond traditional boundaries, and seek to become full participants in the social and economic development activities of communities.
125. These values are aligned with Te Pae Tawhiti, Te Pae Tata and the recommendations of *Whakamana Tāngata*, and are informed by the voices of Māori, system users and their whānau. In addition to improving consistency and clarity of purpose of advice, this is also supporting officials to test the use of a values framework in policy development.
126. I am aware the Health Services and Outcomes Kaupapa Inquiry (Wai 2575) is due to commence its second stage of hearings soon and the Housing Policy and Services Kaupapa Inquiry (Wai 2750) is currently in a preparatory stage. The proposed changes in this paper will have benefits for Māori in these areas.
127. These foundational elements of the welfare system are likely to have significant public interest. As part of this work, I will consider what further stakeholder engagement and public consultation would be appropriate before seeking final Cabinet decisions.
128. I have also requested advice on opportunities to consider new or revised governance arrangements in the welfare system to deliver better, more responsive services. I propose that this work occurs in the medium-term, to take account of the Minister of State Services work to reform public sector leadership and governance.
129. MSD is also considering the information it collects and the analysis it undertakes to ensure that we understand the outcomes the welfare system is achieving, including the income support it delivers and the effect of its employment services. MSD will continue to build on its evidence base over time and report its findings publicly so that stakeholders have transparency over the system. This work will align with the purposes and principles of the welfare system.

Income support levels and addressing debt

130. Improving financial support will continue to be a key focus area throughout the welfare overhaul work programme. As previously noted, ongoing investment will be required to consider how to address income adequacy due to the persistent underinvestment in the welfare system over many years.
131. I will continue to explore options for increasing payment levels, especially for main benefits.
132. I have directed my officials to begin a review to the settings that underpin financial assistance and eligibility, including for example, relationship definitions. This will include consideration of rates and thresholds throughout the welfare system that are not currently indexed, as well as changes to service delivery.
133. Addressing debt is an important part of improving financial circumstances. We will continue to focus across government on debt reduction and improved debt management, through our inter-agency work programme. Debt to government is a complex area, and each agency has its own overarching goals and frameworks.

Over the longer-term officials will continue to explore opportunities to build on our progress to date, which could include:

133.1. seeking alignment (where appropriate) of approaches to interest and penalty rates

133.2. seeking alignment (where appropriate) of approaches to write-off

133.3. improving recovery approaches for individuals with debts to multiple agencies, including consideration of a cross-government agency.

134. Alongside cross-government work on these settings, MSD will continue to improve its operational approach to preventing debt for people in the welfare system.

135. I also intend to review the system of benefit obligations to ensure they are designed and implemented to support wellbeing outcomes. I have directed officials to undertake further work to review:

135.1. work-related obligations and sanctions to ensure they accord with best evidence and achieve their employment objectives

135.2. other non-work-related obligations and sanctions.

Improving and expanding employment supports

136. Our workforce is changing, and will continue to change, including as we take steps toward a low-emissions economy. We want to ensure that those who are able have support to remain engaged with the labour market, have the opportunity to develop their skills and have security in their career.

137. For disabled people and people with health conditions, consideration also needs to be given to how they can continue to meet their health needs while engaging with the labour market. For parents or carers, it is also important that they can maintain their caring responsibilities alongside employment. This could include consideration of the suitability of part-time work or flexible working hours.

138. As noted earlier, I have agreed that MSD must expand its employment services, to proactively support people experiencing difficulty in finding or staying in employment. I expect that in the medium-term this will mean building towards an employment service that:

138.1. invests in tailored employment and career support to help more people achieve employment outcomes, including more people who are not receiving a main benefit

138.2. delivers more and better training to support people to upskill, meet pre-employment requirements and take advantage of local labour market opportunities

138.3. develops stronger partnerships with employers to provide more long-term job placements

138.4. strengthens in-work services to help people stay in employment, rather than returning to main benefit.

139. This expansion will be progressed in coordination with the Government's wider reforms. The outcomes from the work commissioned by Labour Market Ministers, as well as the work underway as part of Just Transitions, will be key to addressing concerns in the current labour market and providing advice on where further intervention is needed.
140. In addition, I have asked officials to review the Training Incentive Allowance to look at how it can best complement the broader government work underway in the education sector. I expect to receive advice from officials in 2020.

Improving supports and services for people with health conditions and disabilities and their carers

141. Further work will be undertaken to improve support and services for people with health conditions and disabilities and their carers. This will be primarily focused on improving income supports, as well as employment services available.
142. I will direct my officials to undertake a full review of the eligibility settings for Supported Living Payment and Jobseeker Support on the grounds of a disability, health condition or injury to ensure people with a health condition or disability are able to receive a benefit, when needed, that is appropriate to their circumstances. As part of this, officials will consider the role and processes around medical certificates.
143. I have directed officials to review the Supported Living Payment – Carer settings and consider a new wellbeing payment for carers of disabled people and people with health conditions. This is also one of the actions under the draft Carer's Strategy Action Plan. This work could have substantial implications for the health and disability system, particularly those with mental health and addiction needs and disabled people.
144. I will also be focusing on how we can ensure that expanded employment services will meet the needs of disabled people and people with long-term health conditions. These groups often face additional barriers to be considered by employers, despite wanting to work and having skills to offer.
145. However, many barriers cannot be overcome by individuals alone. I will be exploring how we can change employer attitudes about these groups and what tailored support could be required, for example integrating health and employment support and other innovative approaches to support employment opportunities in a changing labour market.

Building partnerships and enhancing the community sector

146. This Government recognises that our social services and community sector are an essential part of New Zealand, and provide valuable support and advocacy for our families.

147. I have commissioned work through the Social Wellbeing Board on how we can better support and build our social services. This includes exploration of a fair funding model.
148. Through the Social Investment Agency, we have also engaged and worked with the social sector to develop the Data Protection and Use Policy to improve the use and collection of data across the social sector.
149. MSD will be developing stronger, more effective partnerships with social service providers to build capacity in communities and ensure specialised services are available for people interacting with the welfare system.
150. This will include exploring opportunities to adopt a whānau ora approach across how MSD contracts and understands the needs of communities.

Longer-term work will be focused on more complex and systemic issues

151. Some areas of the welfare system are particularly complex and will require more time to consider. Work on these areas will begin at the earliest opportunity, however I do not expect to seek Cabinet decisions within this parliamentary term. The following areas will be included in the long-term work programme:

A fundamental review of housing subsidies

152. The current suite of housing subsidies contributes to significantly different housing affordability outcomes between households in public housing and those in the private market. In addition, increases to the accommodation supplement, the main housing subsidy available to those in the private market, have not kept pace with increases in housing costs. This has generally resulted in households in the private market spending a greater proportion of their income (including main benefits) to meet housing costs.
153. This work will require significant considerable time and resource, due to the level of complexity involved in making fundamental and structural changes to housing subsidies, the need to consider the wider context of income support and the impact of potential changes.

A fundamental review of child care assistance settings

154. There are opportunities to increase support for low to middle-income working families, to better consider the settings with a child wellbeing lens and to improve take-up through childcare assistance. Longer-term work is needed to consider the interface between Childcare Assistance and the funding provided through the Ministry of Education.

Simplifying income support settings

155. I believe that the current three-tier system should be retained, but we do need to rebalance the system to focus on several payments that may be overly administrative or difficult.

156. I want to ensure there is a focus on ensuring the right balance between main benefits and supplementary assistance. This work will include reviewing the level, eligibility and purpose of second-tier and third-tier assistance.
157. Over the longer-term work programme, I will continue to progress the strategic direction for the income support system. This work will be increasingly informed by the development of the kaupapa Māori values framework, the application of Te Tiriti principles and the work on the purpose and principles in the legislation

Health and Welfare interface

158. A longer-term programme of work will consider opportunities for greater alignment between the welfare system and the health system. This will include options for improvements and ensuring alignment between the systems supporting disabled people and people with health conditions.
159. The WEAG report highlighted differences in support provided between Accident Compensation Corporation (ACC) and MSD. There are significant differences in entitlements, such as between weekly compensation from ACC and income support provided by MSD. The amount of financial assistance that people may receive from ACC is usually higher than that provided by MSD. Access to the financial support within each system differs driven by the different purposes. As part of this long-term work, I propose to explore opportunities for greater alignment between the welfare system and the ACC system for disabled people and people with health conditions. This work could have significant implications for the health and disability system and across government.
160. I note that the final Health and Disability System Review report may have recommendations that will help inform this work going forward.

Evaluation and monitoring will be essential to informing progress of the welfare overhaul

161. Across the welfare overhaul work programme, MSD will use a combination of monitoring and evaluation to track trends and assess the impacts of the welfare overhaul policy changes. Where appropriate, this will be done in collaboration with other agencies. Māori evaluation frameworks will be used as appropriate.
162. MSD will develop a range of indicators and measurements to monitor how the changes are affecting people engaging with the benefit system. Monitoring reports will also provide timely indications of trends that warrant deeper understanding through analysis and evaluation, and will monitor the impact of the different initiatives on other sectors of Government where possible.
163. Evaluating the impact of different initiatives on outcomes will inform the ongoing development of the welfare system to ensure it supports people to meaningfully participate in their communities, to provide income support sufficient for an adequate standard of living, and to provide employment support to help people find and retain meaningful and sustainable employment. Decisions on which welfare overhaul changes are monitored and which are prioritised for more rigorous and intensive evaluation activities will be made once decisions about the specific content of the changes have been made.

164. While the details of how components are evaluated will differ depending on the specific details involved, they will likely include assessments of the:
- service design, implementation and operation (process evaluation)
 - policy impacts (impact evaluation).
165. I note that work is underway to evaluate the Families Package. As part of that work, officials are investigating the causal impact that increases in incomes has on children's outcomes. This is important because there is not a lot of causal evidence in this space. While this work is still in its early days, and will be limited by the availability of data, the narrow scope of the changes for which impact estimation is feasible, and the short follow-up, we intend for the results to be used to inform ongoing advice on proposals that involve significant income increases.

Consultation

166. The following departments were consulted on this Cabinet paper: Department for Prime Minister and Cabinet; Inland Revenue; Ministry of Business, Innovation and Employment; Ministry of Housing and Urban Development; Ministry of Health; Oranga Tamariki—Ministry for Children; Ministry for Pacific Peoples; Ministry for Women; Ministry of Education; Department of Corrections; Ministry of Justice; Te Puni Kōkiri; the Treasury, and the Office for Māori Crown Relations – Te Arawhiti.
167. As I noted when I sought agreement to the Government's initial response to the WEAG's report, nearly 3,000 people provided their thoughts to the WEAG to support their deliberations.

Legislative Implications

168. There are no legislative implications arising directly from this Cabinet paper.

169. s 9(2)(f)(iv)

Impact Analysis

170. A Regulatory Impact Analysis (RIA) is not required at this time, as this Cabinet paper does not include a government regulatory proposal.

Human Rights

171. The proposal is consistent with the Human Rights Act 1993 and the New Zealand Bill of Rights Act 1990.
172. Over time, the welfare overhaul work programme has the potential to enhance the ability of New Zealanders to exercise their human rights. Examples include:
- improvements to the welfare system to make it fair, accessible and fit for purpose will support the right to social security

- our work to improve financial support available through the welfare system will support the right to a standard of living adequate for a person's health and wellbeing
- the Government's housing initiatives will contribute to the right to adequate housing.

173. Officials will continue to have regard to consistency with the Human Rights Act 1993 and the New Zealand Bill of Rights Act 1990 during the development of policy advice.

Gender Implications

174. Women are disproportionately represented in some areas of the welfare system. For example, they make up 91.5 percent of Sole Parent Support recipients and 79 percent of the Supported Living Payment – Carer recipients. Women also experience higher levels of poverty.

175. Women also undertake the majority of caring work in New Zealand, both paid and unpaid. While unpaid work is an important contribution to the economy and society, it is often poorly recognised and undervalued. Responsibility for unpaid care work can make it less likely that women are able to engage in paid, full-time employment.

176. Labour force participation has often been seen as a key pathway out of poverty for sole parents. However, pathways to education and sustainable work can be difficult for mothers, particularly, but not exclusively sole parents as well as carers of people with health conditions or disabilities. Limited skills, child care requirements, cultural and linguistic differences, migrant or refugee status and biases in the work place can add additional layers in which women can be affected.

177. New Zealand has low rates of labour market participation by sole mothers, compared to partnered mothers in New Zealand, and sole mothers in other countries. 49 percent of children in sole parent families live in a workless household. This is the second highest in the OECD. However, these rates of employment have been increasing over time – with a 20 percent increase over the past 20 years.

178. Full-time employment rates for sole mothers with a youngest child aged 0-2 are relatively low (17 percent, versus 37 percent for partnered mothers); however, by the time the youngest child is 14+, the Full-time Equivalent employment rate climbs to 40 percent for sole mothers (not far behind the 47 percent rate for partnered mothers).

179. Initiatives that support women to move to sustainable economic independence are vital for women to access economic opportunities, and to achieve their aspirations.

180. Longer-term work on income support settings, for example exploring eligibility and entitlement rules, could have the potential to improve women's economic independence and avoid economic control.

181. Officials will consider opportunities for gender impact analysis during the development of policy advice.

Disability Perspective

182. Disabled people, including people with health conditions, and carers of disabled people make-up approximately 53 percent of all people in receipt of a main benefit. Disabled people have double the national unemployment rate with 10.6 percent compared to the national rate of 4.5 percent, and often face a range of barriers that prevent full community participation. Incomes for disabled people are on average lower than those for non-disabled people.
183. There is a well-documented interrelationship between unemployment, poverty and poor health outcomes (alongside other social determinants of health). Having a health condition or a disability that impacts on work capacity can contribute to people having low incomes and seeking support from the welfare system. Living in poverty or being unemployed, especially long-term, can also have a negative impact on people's health and wellbeing.
184. Obtaining and maintaining suitable employment is one of the key routes out of poverty and supporting wellbeing. It is important to me that changes to the welfare system improve the wellbeing of disabled people, including people with health conditions. For disabled people, and people with health conditions, this means focusing on improving employment outcomes for those who are able to work and supporting meaningful community participation for all.
185. There is an opportunity through the welfare overhaul to shift our understanding of disability in the welfare system to focus on the strengths and capabilities of disabled people. People with an impairment are often disabled by societal factors external to them, including poor accessibility in terms of public spaces, transport, buildings and information (among others), alongside negative attitudes towards disabled people that persists in society.
186. Many people need integrated social, employment and health support to improve their wellbeing. However, core responsibilities in New Zealand's health and disability support system sit across MSD, the Ministry of Health, the Ministry of Education and ACC. The complexity associated with this spread of responsibilities can create additional difficulties for disabled people and people with health conditions, particularly those with cooccurring impairments.
187. We will explore opportunities to improve these interface areas as part of the longer-term work programme, outlined at paragraphs 158-160. There are likely to be opportunities through a range of work programmes, including the welfare overhaul, the Disability Employment Action Plan and the Health and Disability System Review.
188. A more detailed disability impact analysis will be completed alongside detailed policy work as part of the forward work programme. I will ensure that the views of disabled people and people with health conditions, are sought as the work programme progresses.
189. Alongside this, it is important that MSD continues to enhance the accessibility of its buildings and information for disabled people.

Publicity

190. A press release announcing the plan for the welfare overhaul work programme will be issued.

Proactive Release

191. I intend to release this paper proactively, subject to redactions consistent with the Official Information Act 1981.

Recommendations

The Minister for Social Development recommends that the Committee:

1. **note** that Cabinet has previously noted the Welfare Expert Advisory Group will contribute to realising the Government's vision for the welfare system, which is to ensure people:
 - 1.1.1. have an adequate income and standard of living
 - 1.1.2. are treated with and can live in dignity
 - 1.1.3. are able to participate meaningfully in their communities [SWC-18-MIN-0050]
2. **note** that Cabinet agreed, in response to the recommendations of the Welfare Expert Advisory Group, to three priority areas in which to undertake immediate work:
 - 2.1.1. Addressing financial support with a focus on child wellbeing
 - 2.1.2. Supporting people who are able to be earning, learning, caring and volunteering
 - 2.1.3. Improving access to affordable housing [CAB-19-MIN-0170]
3. **note** that Cabinet invited the Minister for Social Development to report back to the Social Wellbeing Cabinet Committee with a Cabinet paper later in 2019 with an update on the priority areas for action and policy development, as well as a long-term comprehensive work programme [CAB-19-MIN-0170]
4. **endorse** the proposed key features of the future state of the welfare system:
 - 4.1.1. underpinned by values relevant for New Zealand
 - 4.1.2. enables individuals, families and whānau to thrive
 - 4.1.3. adequately supports employment and training
 - 4.1.4. recognises the value of unpaid work, such as caring and volunteering
 - 4.1.5. takes a whole-of-community approach to working with partners
5. **s 9(2)(f)(iv)**


6. **endorse** the proposed short-term work programme, which will include work focused on:
 - 6.1.1. reducing barriers to employment and training
 - 6.1.2. better support for parents
 - 6.1.3. ensuring income support is accessible
 - 6.1.4. better support for disabled people and people with health conditions
7. **endorse** the proposed medium-term work programme, which will include work focused on:
 - 7.1.1. resetting the foundations of the welfare system
 - 7.1.2. increasing income support and addressing debt
 - 7.1.3. improving and expanding employment services
 - 7.1.4. improving supports and services for disabled people, people with health conditions and disabilities and their carers
 - 7.1.5. enhancing the community sector
8. **endorse** the proposed long-term work programme, which will include work focused on:
 - 8.1.1. simplifying the income support system
 - 8.1.2. aligning the welfare system with other support systems
 - 8.1.3. reviewing housing and childcare supports
9. **invite** the Minister for Social Development to report-back to Cabinet Social Wellbeing Committee with an engagement plan for the welfare overhaul work programme in early 2020
10. **note** alongside the Welfare Overhaul, the Ministry for Social Development is developing the Te Pae Tawhiti investment case to help guide long-term investment and planning
11. **note** the Minister for Social Development intends to release this paper with the appropriate redactions.

Authorised for lodgement

Hon Carmel Sepuloni

Minister for Social Development

Appendix One – Comparison of Welfare Overhaul work programme with WEAG recommendations

The main body of this paper outlines a proposed programme of work I will be leading to overhaul the welfare system. A key input into the welfare overhaul work programme is Whakamana Tāngata, the report of the Welfare Expert Advisory Group (WEAG) and its 42 key recommendations and over 100 detailed recommendations. This appendix outlines the relationship between the welfare overhaul and the WEAG's key recommendations.

The Government acknowledges the WEAG's assessment of the range and extent of issues with the current welfare system and intends to progress work across all its key recommendations. As outlined in the body of this paper, a full overhaul of the system requires significant policy and delivery design work, that needs to be phased over time. It is therefore unrealistic to implement a full welfare overhaul at once.

- Table 1 lists each of the WEAG's key recommendations by where the Government is at in addressing or considering it. Some recommendations appear in more than one category because elements of the recommendation may be more progressed than others. More details are provided in Table 2.
- Table 2 provides the Government's commentary on each key recommendation, providing context on what has been done so far to address the issue underlying the recommendation and outlining any further work that is required.

Table 1: Progress of each of the key recommendations

Progress status	WEAG recommendations
Being addressed: These have been implemented or will be implemented through the Budget 2019 initiatives (* means partially addressed).	3, 10*, 11*, 12*, 20, 21*, 30*, 35*
Being actively considered (* means partially).	5, 6, 8, 9, 14, 17, 18*, 29, 32, 34, 38*, 39*, 42*
§ 9(2)(f)(iv)	§ 9(2)(f)(iv)
Medium and longer-term work programme: Further consideration of this recommendation as part of the longer-term welfare overhaul work programme.	1, 2, 4, 7, 10, 11, 12, 13, 19, 20, 22, 23, 24, 25, 26, 28, 33, 35, 37, 38, 40, 42
Other government work programme: Further consideration of this recommendation as part another government review or policy programme.	15, 16, 18, 29 to 34, 36, 41, 42

Table 2: Commentary on each key recommendation

#	WEAG recommendation	Commentary
1	<p>Amend the Social Security Act 2018 (the Act) to state that anyone exercising power under the Act have regard to the following purpose and values.</p> <p>The purpose of the welfare system is to whakamana tāngata and ensure a dignified life by:</p> <ul style="list-style-type: none"> • providing financial security and social security sufficient for an adequate standard of living • supporting people to achieve their potential for learning, caring or volunteering, and earning through good and appropriate work. <p>The welfare system is underpinned by Kia Piki Ake Te Mana Tangata, including kaupapa Māori values of:</p> <ul style="list-style-type: none"> • manaakitanga – caring with dignity and respect • ōhanga – economics • whanaungatanga – treasuring kinship ties and relationships • kotahitanga – unity • takatūtanga – preparedness • kaitiakitanga – guardianship. 	<ul style="list-style-type: none"> • The Government will review the purposes and principles of the Act as it overhauls the welfare system. • Significant policy work, including cross-agency coordination and external engagement, is required to underpin amendments to the purposes and principles of the Act. • Work will include the development of a kaupapa Māori values framework and reflection of Te Tiriti o Waitangi responsibilities. • A working policy framework, which explicitly incorporates manaakitanga, kotahitanga, whānaungatanga and takatūtanga, will guide the welfare overhaul.
2	<p>Use the following principles to guide the design and operation of the welfare system.</p> <ul style="list-style-type: none"> • Be person-centred and wellbeing focused. • Keep children paramount. • Value whānau and families. • Treat people with dignity, respect and compassion. • Provide an income sufficient for an adequate standard of living. • Provide full and correct entitlements. • Deliver support that is easy to access, timely and appropriate. • Provide an employment service that supports people into good and appropriate work. • Support the provision of housing that is affordable, secure, of good quality and appropriate for the person (and their family or whānau). 	<ul style="list-style-type: none"> • A working policy framework is in place to guide the welfare overhaul. The working policy framework outlines: <ul style="list-style-type: none"> ○ Kaupapa Māori values underpinning the overhaul of the welfare system ○ The purposes of the welfare system as a whole ○ The outcomes sought through the system ○ A set of policy design principles which outline important considerations. • The working policy framework is based on a number of sources including the principles recommended by WEAG, existing legislation, and MSD strategic direction such as Te Pae Tawhiti and Te Pae Tata, which have been informed by the voices of Māori, system users and their whānau as heard in earlier engagement.

	<ul style="list-style-type: none"> • Promote mutual expectations. • Aim for equitable outcomes. • Build and maintain effective linkages with other parts of government. • Be sustainable. 	
3	Establish a cross-ministerial approach to implement and monitor the effectiveness of the implementation and impact on outcomes of the Welfare Expert Advisory Group's recommendations (across welfare, health, housing, justice, education and employment) that is cognisant of responsibilities under Te Tiriti o Waitangi (the Treaty of Waitangi) and involves users of the welfare system.	<ul style="list-style-type: none"> • The Cabinet Social Wellbeing Committee will oversee the welfare overhaul work. • The welfare overhaul programme will reflect our responsibilities under Te Tiriti and involve users of the welfare system. • The evaluation of the welfare overhaul, or specific initiatives under the welfare overhaul programme, will be evaluated as appropriate.
4	Direct the Chief Executive of the Ministry of Social Development to design and implement a welfare system that will fulfil the new purpose and principles of the amended Social Security Act, is cognisant of responsibilities under Te Tiriti o Waitangi and involves users of the system.	<ul style="list-style-type: none"> • The overall design of the welfare system is the responsibility of the Government. It is the role of MSD and other government agencies to provide advice on welfare reform and implement any changes. • The Government will continue to be mindful of any implications of the current public sector reform work on public sector governance. • The welfare overhaul programme will reflect our responsibilities under Te Tiriti o Waitangi and involve users of the welfare system. The Government is committed to our obligations under Te Tiriti o Waitangi.
5	<p>Direct the Ministry of Social Development and Inland Revenue to publish yearly, whether as part of their Annual Reports or Statements of Intent, or as a standalone report, information on key outcomes for those interacting with the welfare system, including information about full and correct entitlements, take-up rates of payments, employment outcomes, the impact of employment supports and services, and after-tax and abatement earnings.</p> <p>Measures should include:</p> <ul style="list-style-type: none"> • full and correct entitlement for all who are eligible by ethnicity, gender, location, health and disability conditions, and number and age of dependent children (0–17 years) • take-up rates of payments by ethnicity, gender, location, and number and age of dependent children (0–17 years) • employment outcomes by benefit type, ethnicity, gender, location, age, and duration off benefit (3, 6 and 12 months) 	<ul style="list-style-type: none"> • Agencies have work underway to expand reporting to ensure there is a better understanding of client outcomes. • Some work is underway and is being prepared for publication but further work and significant investment in data collection and modelling is required and will take time to build into robust measures.

	<ul style="list-style-type: none"> • impact of employment supports and services on outcomes by ethnicity, gender, location, health and disability conditions, and number and age of dependent children (0–17 years) • after-tax and abatement earnings for those receiving financial support from Inland Revenue or the Ministry of Social Development by ethnicity, gender, location, health and disability conditions, and number and age of dependent children (0–17 years). 	
6	Embed the competencies required to achieve greater equity for Māori in the job descriptions, key performance indicators and performance reviews of Ministry of Social Development’s management and staff.	<ul style="list-style-type: none"> • Work is underway by MSD through its Te Pae Tawhiti and Te Pae Tata workstreams.
7	Include in the amended Social Security Act specific requirements for the Chief Executive of the Ministry of Social Development to be accountable to iwi (as recognised collectives) and to Māori (as individuals, whānau and communities) for achieving equitable wellbeing outcomes for Māori from the welfare system.	<ul style="list-style-type: none"> • This work will be progressed alongside the purposes and principles work, given the complexities of accountability arrangements.
8	Direct the Ministry of Social Development to commit to building its cultural responsiveness to Pacific People, to achieve equitable outcomes for Pacific People engaging with the welfare system. Cultural responsiveness includes having an awareness of cultural obligations experienced by Pacific People around contributions for weddings, funerals and other critical cultural events and taking account of the nuances within diverse Pacific communities.	<ul style="list-style-type: none"> • MSD continues to partner with Pacific communities to develop community-led initiatives that boost wellbeing and prevent violence as part of Pasefika Proud. • MSD’s work with Pacific people includes the establishment of a Pacific Steering Group and Pacific Reference Group to inform and support the development of the Pacific Strategy and to also provide guidance on other matters related to Pacific people.
9	<p>The Welfare Expert Advisory Group recommends, in addition to the recommendations elsewhere that will improve outcomes for Māori, the Government:</p> <ul style="list-style-type: none"> • supports the Ministry of Social Development to continue to shift towards whakamana tāngata – to build the mana of others and uplift them in a way that honours their dignity • supports the Ministry of Social Development to continue to review and evaluate, with Māori, the services the Ministry delivers to ensure they are effective in improving outcomes for Māori • works with Māori to consider other effective ways of delivering welfare services and funding that are informed by Te Ao Māori, including longer-term, whānau-centred, strengths-based initiatives. 	<ul style="list-style-type: none"> • The notion of whakamana tāngata is built into the working policy framework for the welfare overhaul programme. • This work will also be undertaken through Te Pae Tata, the MSD Māori Strategy and Action Plan, Te Pae Tawhiti, The Māori Language Strategy Te Mahere Reo, and the Capability Maturity Framework Te Matapihi. • Innovative partnerships between MSD and whānau, hapū, iwi, Māori are being explored through the Treaty settlement process as well as locally-led initiatives.
10	Develop a mutual expectations framework to govern interactions between the Ministry of Social Development and those who interact with the welfare system.	<ul style="list-style-type: none"> • The Government supports the principle of mutual expectations in the relationship between MSD and its clients. • This Government has already started work to ensure clients are treated with dignity and respect, and this work will continue.

		<ul style="list-style-type: none"> Operational approaches to support this work are being undertaken by MSD through the Te Pae Tawhiti programme.
11	Remove some obligations and sanctions (for example pre-benefit activities, warrants to arrest sanctions, social obligations, drug-testing sanctions, 52 week reapplication requirements, sanctions for not naming the other parent, the subsequent child work obligation, and the mandatory work ability assessment for people with health conditions or disability).	<ul style="list-style-type: none"> The Government announced the removal of Section 192 (sanctions for not naming the other parent) from 1 April 2020 [CAB-19-SUB-0170 refers]. The Government also committed to reviewing the subsequent child policy, and further advice will be sought on the 52 week reapplication and the drug-testing sanction. Further exploration of other sanctions and obligations suggested by the WEAG for removal will continue in the short-term, with a focus on those that impact children and on supporting wellbeing outcomes. This will include an overall review of the role of sanctions in the welfare system. The Government will not be removing all work-related obligations and sanctions at this stage.
12	Improve outcomes by ensuring the public-facing, frontline service is consistent with the new purpose and principles through sufficient resourcing (for example, staffing, support and services), an appropriate performance framework, and complaints and disputes processes.	<ul style="list-style-type: none"> This work will be progressed as the work on purposes and principles develops. Funding for additional staff was secured in Budget 2019 and further work is underway to realign MSD's frontline services.
13	Assist recipients of Sole Parent Support to return to part-time work when their youngest child is 6 years old (subject to supports being available, such as good quality childcare) instead of the current 3 years. Support but not require all sole parents to return to work when their youngest child is under 6 years old.	<ul style="list-style-type: none"> Further work on supports and obligations on sole parents needs to be considered alongside work on mutual expectations.
14	Continue to prioritise a reduction in outstanding benefit debt through sustainable repayments, and minimise the creation of overpayments, including reviewing recoverable hardship assistance and current practice, to be more consistent with whakamana tāngata.	<ul style="list-style-type: none"> This work is already underway at MSD and will continue. This is being done alongside cross-government work on how agencies approach debt.
15	Align the regulations and practice around benefit debt so that it is treated in substantially the same way as Inland Revenue treats taxpayer debt.	<ul style="list-style-type: none"> Addressing debt is an important part of improving people's financial circumstances. The Government will continue to focus across Government on debt reduction, through our inter-agency work programme. Debt to government is a complex area, and each agency has its own overarching goals and frameworks. Work is underway to look at aligning approaches to debt across government.
16	Instigate a cross-government approach to managing debt to government agencies.	
17	Endorse the Ministry of Social Development's three-tiered approach to responding to fraud allegation: intervene, facilitate and, as a last resort, investigate. Apply the principles of natural justice in all steps, and, if the outcome is disputed, permit a review independent of the Ministry of Social Development.	<ul style="list-style-type: none"> The Government endorses MSD's approach to fraud as suggested here and will continue to ensure fraud is handled appropriately.

18	<p>Enhance and improve the support for people exiting prisons, including increasing the Steps to Freedom grant, and ensuring that any person who leaves prison has appropriate identification and is engaged with specialised care and supportive housing initiatives. Move practices around prisoner integration out of the 'pilot' stage and draw on evaluation data to embed integrated support for these individuals.</p>	<ul style="list-style-type: none"> • The Government is working towards improving the support for people exiting prisons. Work is underway between MSD and Corrections to progress specific proposals. • In Budget 2019 the Government announced Māori Pathways, a group of targeted interventions from the Department of Corrections, Te Puni Kōkiri and the Ministry of Social Development, aimed at reducing reoffending rates of high-security prisoners.
19	<p>Adopt the following 10 principles to redesign the income support system.</p> <ul style="list-style-type: none"> • Income support is adequate for meaningful participation in the community, and this support is maintained over time. • Income support ensures people are always better off in paid work and high effective marginal tax rates are avoided as much as possible. • Main benefits cover a larger proportion of people's living costs than they do currently (reducing reliance on other assistance). • Child-related payments follow the child and can be apportioned with shared care. • Payments for specific costs provide support that is adequate, appropriately designed and easy to access. • Changes to income support reduce disincentives to form relationships. • The income support system proactively supports people to access their full and correct entitlements and promotes these entitlements to the broader population. • The income support system is easy to access and provides timely support, including to people transitioning in and out of the system. • The income support system is as simple as possible balanced against the need to provide adequate support for people in a variety of circumstances at a reasonable cost to government. • People are treated with dignity and respect when accessing this support. 	<ul style="list-style-type: none"> • Improving financial support will continue to be a key focus area throughout the welfare overhaul work programme. These 10 principles proposed by the WEAG will provide a starting point for advice around income support settings. • Ongoing investment will be required to consider how to address income adequacy due to the persistent underinvestment in the welfare system over many years. • Further work will be required to properly consider options for increasing payment levels alongside the settings that underpin financial assistance and eligibility, including for example, relationship definitions. • Some areas of the welfare system are particularly complex and will require time to consider. Work on these areas will begin at the earliest opportunity, however I do not expect to seek Cabinet decisions for several years. The following areas will be included in the long-term work programme: <ul style="list-style-type: none"> ○ a fundamental review of housing subsidies ○ a fundamental review of childcare assistance settings ○ simplifying income support settings: including reviewing the level, eligibility and purpose of second tier and third tier assistance ○ considering opportunities for greater alignment between the welfare system and the Accident Compensation Corporation (ACC) system, for disabled people and people with health conditions. • The working policy framework includes principles for the income support system, which align with the principles recommended by the WEAG.
20	<p>Reform main benefits by:</p> <ul style="list-style-type: none"> • increasing main benefits by between 12% and 47% as set out in table 2, page 84 • increasing the abatement thresholds for: <ul style="list-style-type: none"> ○ Jobseeker Support to \$150 a week 	<ul style="list-style-type: none"> • The Government has announced an increase in the abatement threshold. • Further consideration is required regarding main benefit levels and abatement thresholds.

	<ul style="list-style-type: none"> ○ Sole Parent Support to \$150 a week ○ Supported Living Payment to \$250 a week. 	
21	Fully index all income support payments and thresholds annually to movements in average wages or prices, whichever is the greater. Index Accommodation Supplement rates to movements in housing costs.	<ul style="list-style-type: none"> • The Government announced in Budget 2019 that main benefits would be indexed to increases in average wages from 1 April 2020. This implements the intent of this recommendation. • Further consideration of indexation of income support payments is required.
22	Consider introducing a Living Alone Payment that contributes to the additional costs of adults living alone (without another adult) on a low income.	<ul style="list-style-type: none"> • Further consideration of the income support system is required.
23	<p>Reform Working for Families and other tax credits by:</p> <ul style="list-style-type: none"> • increasing the Family Tax Credit to \$170 a week for the eldest child and to \$120 a week for subsequent children • increasing the abatement threshold for the Family Tax Credit and changing the abatement rate to: <ul style="list-style-type: none"> ○ 10% on family annual incomes between \$48,000 and \$65,000 ○ 15% on family annual incomes between \$65,000 and \$160,000 ○ 50% on annual incomes in excess of \$160,000 • replacing the In-Work Tax Credit, Minimum Family Tax Credit and Independent Earner Tax Credit with a new Earned Income Tax Credit • introducing an Earned Income Tax Credit of up to \$50 a week for people with and without children and with a couple-based income test • making the Best Start Tax Credit universal for all children aged under 3 years. 	<ul style="list-style-type: none"> • This Government has invested significantly in families, with \$5.5 billion of investment through the Families Package targeted at low- and middle-income families. This package improved Working for Families, introduced Best Start and Winter Energy Payments, extended paid parental leave, increased the Accommodation Supplement, and increased the rate of Orphan's Benefit, Unsupported Child's Benefit and Foster Care Allowance. • Work will continue on Working for Families, as an integral part of the income support system, its potential to reduce child poverty and reflect the value this Government sees in caregiving.
24	Reform supplementary assistance and hardship assistance so they are adequate, appropriately designed and easy to access.	<ul style="list-style-type: none"> • Further consideration of supplementary support is required.
25	Require the Ministry of Social Development to, within 2 years, complete work, including commissioning independent research and focus groups, to establish a minimum income standard for New Zealand (with 5-year reviews).	<ul style="list-style-type: none"> • Further consideration of a minimum income standard is required.
26	Increase, as soon as possible, overall income support to levels adequate for meaningful participation in the community, as defined by the minimum income standard (which reflects different family circumstances, for example, children, disabilities and regional area) and maintain this level of support through appropriate indexation.	<ul style="list-style-type: none"> • Further consideration of income support levels and indexation is required.

27	Pass on all child support collected to receiving carers, including for recipients of Unsupported Child's Benefit.	<ul style="list-style-type: none"> • Work is already underway on the inequity around child support for parents depending on whether or not they receive a main benefit.
28	Move income support settings over time to be more neutral on the impact of being in a relationship in the nature of marriage.	<ul style="list-style-type: none"> • This will be considered as part of the further advice on income support settings.
29	Urgently expand and accelerate government efforts to substantially increase public housing on an industrial scale and continue urgent efforts to end homelessness.	<ul style="list-style-type: none"> • This Government is committed to addressing the housing crisis and ensuring people have access to warm, dry housing. • There have been a range of initiatives implemented to begin to address housing need in our communities, including more public housing, expanding and strengthening the Housing First programme, more Transitional Housing places throughout New Zealand, and initiatives to fill urgent gaps in our current system of support to prevent and respond to homelessness. • The Government has recently announced the housing reset which includes new ways for people to become home owners. • There is also work underway to support the development of a national homelessness action plan which is jointly owned by agencies with an interest in homelessness [CAB-19-MIN-0384]. • This Government introduced the Healthy Homes Guarantee Act 2017 and the Healthy Homes Standards and work is progressing on the Residential Tenancies Act 1986. • The Minister for Housing will be undertaking further work to consider the WEAG recommendations.
30	Increase the range of home ownership and tenure options for people on low and low-middle incomes.	
31	Increase the capacity of third-sector community-based housing providers.	
32	Develop and enact laws and regulations to ensure healthy homes and housing security, decent standards of housing quality, universal design, and accessibility.	
33	Subsidise housing costs for people on low incomes (in addition to raising main benefit rates to provide an adequate income) and ensure the combination of changes to housing support and abatement rates make households better off.	
34	Improve access to affordable, suitable housing support for people on low and low-middle incomes, including a range of affordable home-ownership products and papakāinga housing.	
35	Establish an effective employment service of the Ministry of Social Development so it is better able to assist people to obtain and keep good, sustainable work.	<ul style="list-style-type: none"> • This Government invested in supporting people into meaningful and sustainable employment through a number of Budget 2019 initiatives: <ul style="list-style-type: none"> ○ new frontline staff to help support people into meaningful work ○ boosting Mana in Mahi to extend places available for young people to access an apprenticeship or industry training qualification and be provided with pastoral care to support them to transition into and stay in work ○ additional funding to support disabled people and people with health conditions into employment through Oranga Mahi, disability Employment Services and Support Funds. • Further work is underway to continue our focus on better supporting people into employment and valuing unpaid work.

		<ul style="list-style-type: none"> In particular, MSD will strengthen and expand its employment services, to proactively support people experiencing difficulty in finding or staying in employment.
36	Revamp active labour market, labour market, employment and training policies across government to make them more coherent and effective.	<ul style="list-style-type: none"> The Government has agreed that agencies will undertake a first principles review of Active Labour Market Programmes. This work is being led jointly by the Ministry of Business, Innovation and Employment, MSD, and Ministry of Education. Agencies will provide the next advice to Ministers in early 2020 as part of this multi-year work programme. This complements the work underway through the Future of Work Tripartite Forum and the Minister of Education's work on reforming the vocational education system.
37	Strengthen Ministry of Social Development redundancy support policies to better support displaced workers.	<ul style="list-style-type: none"> Further consideration is required of supports for displaced workers, in the context of expanding MSD's employment services, the first principles review of Active Labour Market Programmes, and the work underway through the Future of Work Tripartite Forum.
38	Abolish, in the Youth Service, compulsory money management, and separate case management from youth mentoring so it is consistent with and has a positive youth development focus.	<ul style="list-style-type: none"> The Government is making operational improvements to the Youth Service as a result of the Youth Service review and further work is underway on other potential changes to policy settings.
39	Use evidence-based approaches that support young people to be learning, earning and, where young people are parents, caring. These approaches need to build on the strengths of young people and provide a basis for their long-term engagement with the changing world of work.	<ul style="list-style-type: none"> Work is being progressed through a number of programmes, including: <ul style="list-style-type: none"> MSD's Mana in Mahi programme, which engaged directly with youth to inform the design and policy setting phase and has evaluated phase one to inform ongoing improvements. Phase Two will also include looking at how we can make Mana in Mahi more accessible for those who are sole parents or have other caring responsibilities. Minister of Employment's Employment Strategy, which has an associated Youth Action Plan. Work is also underway to engage with youth and Youth Service providers. The Minister for Youth is also developing a Youth Plan, which will sit under the Child and Youth Wellbeing Strategy.
40	<p>Improve the health and wellbeing of people with health conditions and disabilities, along with carers of people with health conditions and disabilities who interact with the welfare system by:</p> <ul style="list-style-type: none"> providing financial support that is adequate to live a life with dignity and is equitable across the social sector 	<ul style="list-style-type: none"> Further work will be undertaken to improve support and services for people with health conditions and disabilities and their carers. This will be primarily focused on improving income supports, as well as employment services available. This work will include a full review of the eligibility settings for SLP and Jobseeker Support on the grounds of a disability, health condition or injury,

	<ul style="list-style-type: none"> • implementing evidence-based approaches to support engagement in good, suitable work and the community where this is possible • implementing strategies to prevent work-limiting health conditions and disabilities. 	<p>including what other kinds of options are available to ensure clients with a health condition or disability receive an appropriate benefit and support.</p> <ul style="list-style-type: none"> • Consideration is required of how an expanded employment service will meet the needs of disabled people and people with long-term health conditions. • Changing employer attitudes about these groups and considering what tailored support could be required, for example integrating health and employment support and other innovative approaches to support employment opportunities in a changing labour market. • The Carers Strategy Action Plan is in the process of being finalised.
41	<p>Include in the scope of the New Zealand Health and Disability System Review the relationship between the health and disability system and the accident compensation scheme and how the relationship between these and the welfare system could be changed to improve outcomes for people with health conditions and disabilities and carers.</p>	<ul style="list-style-type: none"> • Further consideration is required of opportunities for greater alignment between the health, welfare system and the ACC system.
42	<p>Direct the Ministry of Social Development to develop the capacity and capability to engage with, promote and fund community organisations to provide wide-ranging opportunities for volunteers and people receiving benefits to be meaningfully engaged in their communities.</p>	<ul style="list-style-type: none"> • The Social Wellbeing Board has been commissioned to explore NGO contracting and relationships across government. • Work is underway at MSD to consider how it can increase its role working with communities and the community sector. • Work is also underway to consider how MSD can better support volunteering.