

The Treasury

Potential Impacts of Welfare Reform Information Release

19 December 2012

Release Document

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

9(2)(a) - to protect the privacy of natural persons, including deceased people

9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions.

In some cases information has been withheld because it is out of scope or not relevant to an Official Information Act request.

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Treasury Report: Welfare Bill One Cabinet Papers and forthcoming Welfare Reform Reports

Date:	17 February 2012	Report No:	T2012/253
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Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	Read this report alongside the Welfare Bill One Cabinet Papers for the Cabinet meeting on 20 th February.	20 th February 2012
Associate Minister of Finance (Hon Steven Joyce)	Read this report alongside the Welfare Bill One Cabinet Papers for the Cabinet meeting on 20 th February.	20 th February 2012

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Withheld under s9(2)(g)(i)			✓
Ben McBride	Team Leader, Labour Market and Welfare	917 6184 (wk)	Withheld under s9(2)(a)

Minister of Finance's Office Actions (if required)


Forward a copy of this report to the Minister of Social Development

Enclosure: No

Treasury Report: Welfare Bill One Cabinet Papers and forthcoming Welfare Reform Reports

1. This report provides a summary of Treasury's view on the Cabinet papers submitted by MSD concerning the Welfare Reform Bill One policy changes and provides further background on the Treasury comment in Paper A, 'Overview of Package' (paragraphs 32 to 45).


Not relevant to request



Welfare Bill One Cabinet Papers

Background

Not relevant to request



5. Treasury officials have worked closely with colleagues in MSD to provide advice, particularly around the financial implications and impacts, and have included the following Treasury comment in Paper A (paragraphs 32 to 35, inclusive):

"We support the proposals. The changes are logical, promote independence, recognise people's work potential and will support further policy changes to occur in July 2013.

The impacts estimates in this paper have been jointly developed by Treasury and the Ministry of Social Development. Having not seen a detailed implementation plan, they are our best advice about the impacts of the proposals. As noted in the papers, the implementation of the proposals by Work and Income will be important in realising further savings from the changes. The impacts may need to be reviewed after we see more detailed plan for the delivery of services, and as initial monitoring results of the reform are presented.

Treasury has also worked with the Ministry of Social Development on the cost implications of the proposals. We support the \$9.37 million in funding sought in this paper for IT and costs. We do, however, note that due to compressed timeframes, the

cost estimates (for both funding sought now and signalled as needed in the Ministry of Social Development's Four Year Budget Plan) are not as detailed or robust as would be ideal.


To mitigate the risk associated with the next phase of costs and impact estimates to the extent possible, it will be important that both a programme and project business case are completed before July 2012."

6. The rest of this paper explains in more detail the issues that we summarise above.

Paper A – Welfare Reform: Overview of Package

7. This paper provides an overview of the proposed policy changes across the suite of papers provided to you. It also acknowledges the financial implications and combined impacts of the Bill One policy changes.


Not relevant to request



Impacts of Welfare Reform

12. Treasury and MSD have jointly produced the impact numbers for the Welfare Bill One. We would like to re-emphasize here, as in the Cabinet paper, that the saving estimates are subject to uncertainty and will depend critically on the implementation and service delivery plan as well as the state of the economy at that time. The current economic outlook is particularly uncertain. However, as stated in the paper, these estimates are our best advice at this point in time and will be updated after we have seen a more detailed plan for the delivery of services and as initial monitoring results are reported.

Withheld under s9(2)(f)(iv)



Implementing Welfare Reform

14. Key to delivering the reduction in long term dependency desired will be the implementation of the reforms, and in particular the investment approach, by MSD. It will be important that new and different ways of delivering services are trialled. We are currently working with MSD on how they are approaching implementation of the reforms.

Not relevant to request. Pages 5 and 6 also not relevant to request.