

Departmental Disclosure Statement

Social Security (Modernisation) Amendment Bill
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The departmental disclosure statement for a government Bill seeks to bring together in one place a range of information to support and enhance the Parliamentary and public scrutiny of that Bill.

It identifies:

- the general policy intent of the Bill and other background policy material;
- some of the key quality assurance products and processes used to develop and test the content of the Bill;
- the presence of certain significant powers or features in the Bill that might be of particular Parliamentary or public interest and warrant an explanation.

This disclosure statement was prepared by the Ministry of Social Development.

The Ministry of Social Development certifies that, to the best of its knowledge and understanding, the information provided is complete and accurate at the date of finalisation below.

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Part One: General Policy Statement

The Social Security (Modernisation) Amendment Bill (the **Bill**) amends the Social Security Act 2018 (the **Act**) and the Social Security Regulations 2018 (the **Regulations**). The Bill aims to enable the administration of a more efficient, modern welfare system through the use of automated decision-making (**ADM**).

Context

An automated decision is a decision within an automated process where there is no substantial human involvement in making the decision. The Act currently allows for the targeted use of ADM. The Ministry of Social Development (**MSD**) does not currently have a broad power to use ADM outside of the processes involved in that targeted use, and the Act contains discretionary powers that mean further use of ADM in some processes would require legislative change.

Objectives of the Bill

The objectives of the Bill are to:

- improve the efficiency and effectiveness of the administration of the welfare system:
- enable the use of ADM with appropriate safeguards:
- expand the list of specified benefits that will be subject to the mandatory reviews provisions in the Act:
- require beneficiaries to provide a medical certificate, or other medical evidence where appropriate, before MSD can grant, or continue to grant (where medical coverage expires), a medical benefit (to be known as ‘medical reviews’):
- ensure that the practice of excluding a child from a caregiver’s benefit when the child turns 18 years old is set out in law (to be known as ‘end of school year review process’).

How Bill achieves objectives

General authorising provision

The Bill enacts a general authorising provision that enables MSD to approve the use of an automated electronic system by a specified person to make any decision, exercise any power, comply with any obligation, or take any other related action under any specified provision, with appropriate safeguards. It will also expand on existing legislative safeguards for the use of ADM.

ADM will continue to be used to administer aspects of mandatory reviews and will be used to administer aspects of medical reviews and the end of school year process.

Mandatory Reviews

Under the Act, MSD must undertake mandatory reviews for specified benefits. That duty is to ensure MSD can determine, at least once every 52 weeks, whether a client is eligible for and receiving the correct rate of assistance. The Bill modifies the mandatory review settings and expands the current listed specified benefits to include:

- orphan’s benefit:
- orphan’s benefit – overseas:
- unsupported child’s benefit:
- supported living payment – overseas:
- widow’s benefit – overseas:
- New Zealand superannuation – overseas:

- veteran's pension – overseas:
- special benefit:
- childcare assistance - childcare subsidy:
- childcare assistance out-of-school care and recreation subsidy.

Before deciding to continue to pay a specified benefit following a mandatory review, MSD staff will be required to consider whether further information is required if:

- the beneficiary has not declared any changes in their accommodation costs, disability costs, or declared income in three years ('the three year rule');
- a person receiving supplementary assistance only has declared no income at their mandatory review ('the supplementary benefit rule').

The Bill modifies mandatory review settings for the following benefits:

- special benefit will not be eligible for an exception, exemption or extension:
- childcare subsidy or out-of-school care and recreation subsidy will not be eligible for an exception or exemption:
- youth payment and young parent payment beneficiaries receiving disability allowance will no longer be subject to mandatory reviews:
- exceptions for overseas beneficiaries will have the same settings as beneficiaries residing in New Zealand:
- suitable engagements introduced in mandatory reviews will apply only to orphan's benefit (domestic) and unsupported child's benefit.

Medical Reviews

The Bill requires beneficiaries receiving medical evidence benefits to provide a medical certificate or other medical evidence (where appropriate) before MSD can grant that benefit. Medical evidence benefits are:

- jobseeker support – health condition, injury or disability:
- supported living payment (paid on any ground):
- child disability allowance:
- disability allowance.

The Bill includes provisions that allow for extensions and deferrals to provide clients with more time to provide their medical certificate or other evidence in exceptional circumstances.

MSD will have discretion to require a beneficiary to undergo a medical examination by a preferred health practitioner when there is a question about the beneficiary's eligibility for a medical benefit.

End of school year review process

The Bill requires MSD to exclude a child from a caregiver's benefit after the child turns 18 years old, unless the caregiver confirms (and MSD is satisfied) that the child is not financially independent and is in school or tertiary education. The child will then continue to be included in the caregiver's benefit until the earlier of the child being financially independent, leaving school or tertiary education, or until 31 December following the child's 18th birthday. MSD will notify the client at least 20 working days before excluding the child.

Some benefits may be suspended or cancelled as a result of the child being excluded where the caregiver is no longer eligible for their assistance, or because the benefit that the client receives requires review after their child turns 18.

Part Two: Background Material and Policy Information

Published reviews or evaluations

2.1. Are there any publicly available inquiry, review or evaluation reports that have informed, or are relevant to, the policy to be given effect by this Bill?	NO

Relevant international treaties

2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?	NO

Regulatory impact analysis

2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?	YES
A regulatory impact statement was developed for the Cabinet Social Outcomes Committee (SOU) in February 2025, and an addendum was developed to support additional policy decisions for Cabinet Legislation Committee (LEG) in April 2026. These will be submitted when the Bill is introduced to the House.	

2.3.1. If so, did the Ministry for Regulation provide an independent opinion on the quality of any of these regulatory impact statements?	NO
The proposals did not meet the threshold for the Ministry for Regulation to provide an independent opinion.	

2.3.2. Are there aspects of the policy to be given effect by this Bill that were not addressed by, or that now vary materially from, the policy options analysed in these regulatory impact statements?	NO

Extent of impact analysis available

2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?	NO
At the time of preparing the disclosure statement new decisions are to be sought from Cabinet through the legislative process. As such, the Ministry for Regulation advised that an addendum to the Regulatory Impact Statement was appropriate, as the new decisions are in scope of the previous Regulatory Impact Statement. This addendum received a “partially meets” rating from MSD’s Quality Assurance panel due to limited consultation.	

2.5. For the policy to be given effect by this Bill, is there analysis available on:	
(a) the size of the potential costs and benefits?	YES
(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?	YES
<p>a) The policies in this Bill are part of the Budget 2025 Automated Decision-Making package, which combined with the Social Security (Mandatory Reviews) Amendment Act are expected to return \$158 million savings (net) over five years, net of operational costs.</p> <ul style="list-style-type: none"> • Changes to what happens when a beneficiary's child turns 18 (end of school year process) is the only policy in this Bill that will lead to savings (approximately \$20.5m net over five years). • The use of ADM to administer parts of mandatory reviews, medical reviews and the end of school year process will reduce the burden on frontline staff, and improve efficiency and accuracy. <p>b) Allowing MSD to use ADM to continue or suspend benefits as part of the mandatory review of specified benefits at least once every 52 weeks, and at least once every 26 weeks for Special Benefit, could result in beneficiaries' payments being increased, decreased, or stopped, depending on their circumstances. MSD will also suspend beneficiaries' benefits (as part of the medical review and end of school year processes) where they do not respond to a request for information from MSD and cancel a benefit if a client does not respond to MSD after 8 weeks (2 years if they receive New Zealand Superannuation or Veteran's Pension). This may result in a loss of income.</p>	

2.6. For the policy to be given effect by this Bill, are the potential costs or benefits likely to be impacted by:	
(a) the level of effective compliance or non-compliance with applicable obligations or standards?	YES
(b) the nature and level of regulator effort put into encouraging or securing compliance?	YES

Mandatory reviews:

MSD will use ADM to:

- process the review if a client confirms that the information MSD holds about them is correct (i.e. make a decision to continue the client's benefit at the current rate); or
- suspend a client's benefit if they do not respond to the review within the specified time period.

When a beneficiary only receives certain supplementary benefits and has declared no income, or in certain circumstances has declared no changes in circumstances for three consecutive years, ADM will not be used to process the review. Staff will first assess the client's circumstances to check if further information is required to determine eligibility and entitlement. This a fallback method to ensure the accuracy of entitlement and securing compliance.

Medical reviews:

MSD will use ADM to:

- process Work Capacity Medical Certificates for Jobseeker Support – Health Condition, Injury or Disability and Supported Living Payment – Health Condition, Injury or Disability when no changes are declared
- suspend a client's benefit if they do not respond to the review within the specified time period.

The new provisions require beneficiaries to provide medical certificates or other medical evidence (where appropriate) where relevant at application or medical review. A client must also provide a medical certificate or other medical evidence (where appropriate) before MSD can transfer a client to a main benefit that is also a medical benefit (i.e. JS-HCID or SLP). MSD will also have discretion to require a client to undergo a medical examination by a preferred health practitioner, when MSD has a question about their eligibility for a medical benefit.

End of school year:

MSD will use ADM to:

- exclude a dependent child from a client's benefit when the child turns 18, which could result in a rate change, suspension or cancellation of benefit.

MSD does not currently require beneficiaries to contact MSD to confirm whether a child is still a dependent child after the child turns 18. The new process requires MSD to exclude a child from their caregiver's benefit, unless the client contacts MSD and specific criteria are met. Benefits and savings can only be realised if both MSD and beneficiaries comply with the provisions.

In all three changes, MSD is required to notify clients at least 20 working days (where practicable) before they need to provide information to MSD. Clients will have a choice about which channel they receive correspondence from MSD and can provide information to MSD via MyMSD, over the phone, or through the post.

Part Three: Testing of Legislative Content

Consistency with New Zealand's international obligations

3.1. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations?
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No specific implications relating to international obligations were identified in the development of this policy. As such, no steps have been taken to ensure consistency with New Zealand's international obligations.

Consistency with the government's Treaty of Waitangi obligations

3.2. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi?

Māori are disproportionately represented in the welfare system compared to the overall working-age population. Māori have not been engaged on the specific proposals outlined in this RIS and targeted consultation with them has not been undertaken. However, MSD's ADM Standard, Privacy, Human Rights and Ethics (PHRaE) framework (including guidance on Te Tiriti o Waitangi/The Treaty of Waitangi), and certification and accreditation processes together provide safeguards for any use of ADM. These safeguards require that unintended bias or discrimination against Māori (or other groups), or other forms of non-compliance with the principles of the Treaty, are addressed before the ADM process is implemented. MSD notes that one of the requirements under the ADM Standard is that where unintended bias cannot be removed or sufficiently mitigated from an ADM process, substantial human involvement must be included in the process, which would then mean that the decision is no longer an automated decision. On balance, with the right safeguards, MSD expects that its use of ADM will be consistent with the principles of the Treaty.
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Consistency with the New Zealand Bill of Rights Act 1990

3.3. Has advice been provided to the Attorney-General on whether any provisions of this Bill appear to limit any of the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990?	YES
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This process is currently underway and the Ministry of Justice advice to the Attorney-General will be publicly available at Advice on consistency of Bills with the Bill of Rights Act New Zealand Ministry of Justice upon the Bill's introduction to the House. It is MSD's understanding that the proposals in this Bill do not create any significant implications for the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Offences, penalties and court jurisdictions

3.4. Does this Bill create, amend, or remove:	
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(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?	NO
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(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?	NO
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Privacy issues

3.5. Does this Bill create, amend or remove any provisions relating to the collection, storage, access to, correction of, use or disclosure of personal information?	YES
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Mandatory reviews will present clients with the information MSD holds about their circumstances and ask if this information is correct. If a client states that this information is incorrect (or they have had a change in circumstances), then the client will be required to provide correct or updated information. A staff member will then review the information to determine the client's eligibility for and the rate of benefit and may request further information from the client if needed. Only information that is relevant for confirming the eligibility or rate of assistance is requested.

People applying for a medical benefit, or wanting to continue receiving a medical benefit, will be required to provide a medical certificate or other medical evidence (where appropriate) to receive the benefit. This information is used to determine a period of medical coverage where the client is considered to meet the medical qualifications for that benefit. MSD will notify a client at least 20 working days prior to their medical coverage ending, and the client must respond by providing a subsequent medical certificate or medical evidence to continue receiving a medical benefit. MSD will have the discretion to require clients to undergo a medical examination by a preferred health practitioner when MSD has a question about the client's eligibility for a medical benefit. The preferred health practitioner will provide MSD with medical evidence that confirms the client's medical coverage and that they meet the medical qualifications for the benefit.

MSD will exclude a child included in their caregiver's benefit after the child turns 18, unless the caregiver provides information to MSD before this date that satisfies MSD that the child is not financially independent and is in school or tertiary education. MSD will notify the client at least 20 working days before information is required. MSD will require clients who receive Emergency Benefit, Special Benefit, Community Costs, or Jobseeker Support on grounds of hardship to undergo a full review of their circumstances, in order to confirm their ongoing eligibility and rate of assistance when their child turns 18.

3.5.1. Was the Privacy Commissioner consulted about these provisions?	YES
<p>MSD consulted with the Office of the Privacy Commissioner (OPC) which indicated support for the broadening of safeguards in the Social Security Act 2018 relating to ADM. This includes broadening consultation requirements on MSD's ADM Standard to include the Human Rights Commissioner, and other suitable agencies or groups identified by MSD. It also includes legislatively codifying what the ADM Standard must consider.</p> <p>OPC remains concerned about the use of a general authorising provision that will broaden MSD's ability to use ADM. On balance, MSD considers that the strengthened ADM safeguards mitigate the risk of potential adverse action in broadening MSD's use of ADM.</p>	

External consultation

3.6. Has there been any external consultation on the policy to be given effect by this Bill, or on a draft of this Bill?	YES
<p>The policy and draft Bill underwent multiple rounds of agency consultation with relevant interested agencies. Minimal feedback was received, which noted concerns about MSD's use of ADM and its potential negative impact on vulnerable populations. MSD considers that the strengthened ADM safeguards are a robust framework to reduce the risk of harm to vulnerable populations when using ADM.</p> <p>MSD met with the Legislation Design and Advisory Committee (LDAC) in October 2025 to discuss the Bill. LDAC subsequently provided advice to MSD focusing on:</p> <ul style="list-style-type: none">• the overall complexity of the legislative design and simplifying the design where possible• the criteria and safeguards for exemptions and exceptions from certain provisions in the Act• where power should be delegated, whether to the Chief Executive or to Parliament• the risks associated with a broad enabling provision for ADM. <p>LDAC's recommendations subsequently informed changes to the policy and Bill to strengthen the oversight over the use of ADM, while still retaining flexibility for future use of ADM.</p>	

Other testing of proposals

3.7. Have the policy details to be given effect by this Bill been otherwise tested or assessed in any way to ensure the Bill's provisions are workable and complete?	YES
<p>MSD has undertaken high-level business analysis, risks analysis, and business process modelling.</p>	

Part Four: Significant Legislative Features

Compulsory acquisition of private property

4.1. Does this Bill contain any provisions that could result in the compulsory acquisition of private property?	NO
N/A	

Charges in the nature of a tax

4.2. Does this Bill create or amend a power to impose a fee, levy or charge in the nature of a tax?	NO
N/A	

Retrospective effect

4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?	NO
N/A	

Strict liability or reversal of the usual burden of proof for offences

4.4. Does this Bill:	
(a) create or amend a strict or absolute liability offence?	NO
(b) reverse or modify the usual burden of proof for an offence or a civil pecuniary penalty proceeding?	NO
N/A	

Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO
N/A	

Significant decision-making powers

4.6. Does this Bill create or amend a decision-making power to make a determination about a person's rights, obligations, or interests protected or recognised by law, and that could have a significant impact on those rights, obligations, or interests?	NO
N/A	

Powers to make delegated legislation

4.7. Does this Bill create or amend a power to make delegated legislation that could amend an Act, define the meaning of a term in an Act, or grant an exemption from an Act or delegated legislation?	YES
<p>The Bill introduces a new regulation-making power to make regulations to extend medical coverage and defer clients, both overseas and domestic, on a cohort basis from the requirement to provide a medical certificate, or other medical evidence where applicable, for up to 52 weeks.</p> <p>The Bill amends s438A of the Social Security Act 2018 (SSA) to prescribe circumstances for the exception from the requirement for MSD to undertake a mandatory review.</p> <p>The Bill includes a regulation-making power to prescribe transitional and/or savings provisions, as agreed by relevant Minister(s), to ensure a workable transition to the amendments made by this Bill. This regulation-making power includes a sunset clause, that will result in the power being revoked after three years when it is no longer required.</p>	

4.8. Does this Bill create or amend any other powers to make delegated legislation?	YES
<p>The Bill amends:</p> <ul style="list-style-type: none"> • s438A of the SSA, where the Governor-General may, by Order in Council, make regulations for designating which benefits are specified benefits for mandatory reviews • s439 of the SSA, where the Governor-General may, by Order in Council, make regulations relating to certain types of benefits that can be granted without taking into account types of insurance payments. 	

Any other unusual provisions or features

4.9. Does this Bill contain any provisions (other than those noted above) that are unusual or call for special comment?	YES
<p>The Bill introduces a general authorising provision in the SSA, that enables MSD to approve the use of an automated electronic system by a specified person to make any decision, exercise any power, comply with any obligation, or take any other related action under any specified provision, with appropriate safeguards. This is desirable, as using ADM allows for efficient administration of some processes that are appropriate for ADM, freeing up MSD's frontline staff to engage in high-value activities, such as employment conversations with clients.</p>	