

Departmental Disclosure Statement

Social Assistance Legislation (Accommodation Supplement and Income-related Rent) Amendment Bill

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.

20 May 2025.

Contents

Part One: General Policy Statement 3

Part Two: Background Material and Policy Information 5

Part Three: Testing of Legislative Content..... 7

Part Four: Significant Legislative Features 9

Appendix One: Further Information Relating to Part Two 11

Part One: General Policy Statement

Introduction

The Social Assistance Legislation (Accommodation Supplement and Income-related Rent) Amendment Bill (the **Bill**) is an Omnibus Bill introduced under Standing Order 267(1)(a) that amends the Social Security Act 2018, the Public and Community Housing Management Act 1992, and the Public and Community Housing Management (Prescribed Elements of Calculation Mechanism) Regulations 2018. Consequential amendments are also made to the Residential Care and Disability Support Services Act 2018.

The Bill implements the following single broad policy: addressing the issue of double subsidisation of housing subsidies (when both a boarder and the person receiving board payments are claiming housing subsidies for the same accommodation costs), and ensuring households are treated more equitably when calculating housing subsidies or other assistance under the Social Security Act 2018 and when calculating the income-related rent subsidy under the Public and Community Housing Management Act 1992.

The amendments are to ensure board payments received from all boarders are included in the calculation of housing subsidies administered by the Ministry of Social Development (**MSD**). Currently, only board payments received from the third and subsequent boarders impact housing subsidies paid under the Social Security Act 2018 (unless board payments are a person's main source of income). For social housing tenants, only board payments received from the third and subsequent boarders (i.e., additional residents) impact a person's income-related rent (unless board payments are a person's main source of income).

Context

The policy of disregarding contributions received from 1 or 2 boarders, when calculating a person's entitlement to housing subsidies and assistance under the Social Security Act 2018 (the **boarders' contributions policy**), was introduced around 1992. It was intended to encourage better utilisation of State housing (ie, occupation of empty rooms) and encourage beneficiary households, particularly sole parent beneficiaries living in larger State houses, to take on a boarder or boarders to offset some of their costs. The wider context to the introduction of the policy was a reduction in the rates of most main social security benefits in 1991 (and a 2-year freeze in the rates of the pension), and the transition to market rents for State housing tenants from October 1992. While the boarders' contributions policy aimed to encourage better utilisation of State housing stock, and is stated in the Public and Community Housing Management (Prescribed Elements of Calculation Mechanism) Regulations 2018, the policy of disregarding contributions received from 1 or 2 boarders has been applied to all assessments for assistance under the Social Security Act 2018.

Objectives of the Bill

The objectives of the Bill are to—

- ensure that housing contributions received from all boarders are considered when calculating entitlement to and rate of housing subsidies, which will ensure more equitable treatment of board and rent payments received:
- prevent subsidisation of the same accommodation costs more than once:

- ensure households that receive housing contributions from boarders are treated more equitably with households that receive payments for rent when determining the rate of any assistance that uses the Social Security Act 2018 definition of income.

To help achieve these objectives, the Bill will—

- recognise the housing contributions (62% of payments) of all boarders in a person's accommodation costs when assessing their entitlement to and rate of an accommodation supplement:
- recognise housing contributions (62% of payments) from all additional residents in the income-related rent calculation for social housing tenants under the Public and Community Housing Management Act 1992, instead of just the third and subsequent additional residents:
- treat housing contributions from boarders that exceed the total allowable accommodation costs, or the market rent applicable for the social housing property of the person receiving board payments, as income for any income-tested assistance that uses the Social Security Act 2018 definition of income:
- define boarder in the Social Security Act 2018 for the purposes of the accommodation supplement, and, if a person is not identified as a boarder or an additional resident, cause them to be treated as a renter (meaning that 100% of their rent payment will be treated as a contribution towards accommodation costs, instead of 62%):
- require MSD to grant an accommodation supplement to an applicant who meets the eligibility criteria (except if MSD is satisfied that—
 - the accommodation supplement would, if granted, be payable at a rate of zero; or
 - the applicant, or their spouse or partner, has not realised any assets available for the applicant's personal use):
- require MSD to cancel an accommodation supplement that has been granted if it has been payable at a rate of zero for 8 consecutive weeks:
- clarify that the proportion of a person's residential premises that is used for business purposes is excluded when calculating the rate of their accommodation supplement:
- enable a process to resolve discrepancies in information provided by a beneficiary paying board or rent and a beneficiary receiving board or rent should the information provided by those people be inconsistent.

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
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Relevant international treaties

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

2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?	NO
A Regulatory Impact Statement was not prepared when Cabinet took policy decisions, however, the Ministry of Social Development (MSD) produced a Supplementary Analysis Report (SAR) "Including Boarders' Contributions in the Calculation of housing Subsidies" on 30 April 2025. The SAR can be downloaded here .	

2.3.1. If so, did the RIA Team in the Treasury provide an independent opinion on the quality of any of these regulatory impact statements?	NO
No independent opinion was given as the SAR was assessed as partially meets the quality assurance criteria.	

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
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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
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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>We have estimated that 8,200 households who receive the Accommodation Supplement (AS) have boarders. Of these, we expect 7,000 to have a reduction in their housing subsidy as a result of this change. The estimated average loss per week for a AS client receiving board payments, across any number of boarders is \$100.</p> <p>There are 6,200 affected households in social housing with at least one boarder and there is an average increase in their Income-Related Rent (IRR) of \$132 per week for affected social housing tenants receiving board payments.</p> <p>Due to direct and flow on impacts of the boarders' contributions policy, some cohorts are likely to be disproportionately affected, including Māori, Pacific peoples, older people, disabled people and young people.</p> <p>More detailed financial impacts of the policy changes can be found on pages 21 – 24 of the SAR.</p> <p>Further information on the potential financial impact, in the event of an unresolved discrepancy between the amount of board/rent paid and the amount received, can be found in Appendix One.</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
<p>There is a risk of non-compliance where MSD is unaware a client receives payments from a boarder or renter. Where that boarder or renter is also an MSD client, however, MSD will link a household in its system to ensure the rate of board or rent received from the boarder/renter matches the information provided by the person receiving the board/rent payment.</p>	

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 issues relevant to international obligations were identified in the development of the policy in this Bill. As such, there have been no formal steps to determine whether the policies to be given effect by this Bill are consistent 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?

Further analysis can be found in page 26 of the SAR .

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 here 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.
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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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Housing contribution information collected by MSD will be used by MSD to link clients through a household view in the contribution recipient's record. The household view will be used to validate information where the recipient and payer both currently receive either Social Security Act 2018 assistance or IRR. Further information can be found in page 36 of the SAR .

3.5.1. Was the Privacy Commissioner consulted about these provisions?	YES
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The policy proposals in this Bill have been consulted on with the Office of the Privacy Commissioner.

The disputes process was tested with the Office of the Privacy Commissioner, who advised on our approach. The Office of the Privacy Commissioner stressed the importance of verifying accuracy of information before suspension, and clearly communicating the process with clients. MSD will ensure these expectations are met to mitigate identified privacy, ethics, and reputational risk.

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?

NO

There was limited stakeholder engagement undertaken after Budget 2024 decisions were made by Cabinet to progress this initiative. The savings from this initiative had already been returned to the Crown at this time, so engagement was limited to feedback recognising the overarching policy decisions had already been made. Following decisions announced as part of the 2024 Budget, this initiative was discussed with the National Beneficiary Advocate Consultative Group, Community Law, MSD's Housing Reference Group, MSD's Pacific Reference Group, and MSD's Pacific Leaders Forum.

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?

NO

MSD has undertaken high level business analysis, risks analysis, and business process modelling.

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
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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
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Retrospective effect

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

Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO
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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?	YES
<p>The proposed disputes process will require legislative changes to enable MSD to always suspend AS or other housing assistance for the clients in the household where agreement cannot be reached and cancel this assistance where an agreement cannot be reached, or where one party does not respond, following an eight-week suspension period. See Appendix One for further detail on the dispute resolution process.</p> <p>Boarders will be defined in the legislation, for the purposes of AS, and if a person is not identified as a boarder, they will be treated as a renter (meaning 100 percent of their contribution towards their accommodation will be treated as accommodation costs, instead of 62 percent).</p>	

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?	NO
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4.8. Does this Bill create or amend any other powers to make delegated legislation?	NO
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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 allows for a process to resolve any discrepancy between information provided about the rate of board/rent paid, and the rate of board/rent received. This will require legislative changes to enable MSD to always suspend certain housing assistance where an agreement cannot be reached, or where one party does not respond, and cancel this assistance following a suspension period. In the case of social housing tenants paying IRR, their IRR will be set at market rent (noting that for tenants in community housing, the provider retains their current discretion to set the rent at or below market rent). (see Appendix One for further information).</p> <p>The Bill also allows MSD to collect information from both the person paying board and the board recipient, and to match that information at the household level to help prevent double subsidisation of the same accommodation costs.</p>	

Appendix One: Further Information Relating to Part Two

The Bill allows for a process to resolve any discrepancy between information provided about the rate of board/rent paid, and the rate of board/rent received. This includes legislative changes to enable MSD to suspend certain housing assistance where an agreement as to the amount of board or rent paid and received cannot be reached, or where one party does not respond, and cancel this assistance following a suspension period. In the case of social housing tenants paying IRR, their IRR will be set at market rent.

If a discrepancy is identified in the amount of board or rent paid and received, and it cannot be resolved by MSD within one working day, MSD will notify both clients of the particulars of the discrepancy. Both clients will be given 10 working days from the date of notification for both to confirm a consistent rent or board amount.

If the information is not provided within 10 working days, or continues to be inconsistent, both clients' AS payments will be suspended, or for social housing tenants, they will be notified that their IRR will move to market rent after 60 days, while the other client has their AS suspended (community housing providers are able to set the IRR at or below market rent). This suspension/notice of shift to market rent will apply even if one person has complied with MSD's request for further information, and the other person has been non-contactable or has refused to provide evidence.

When a client's AS has been suspended for eight weeks, MSD will cancel their AS payment. Each client will need to reapply for AS (or other housing assistance) after this if they wish to receive it again. For social housing tenants, their payment will remain at market rent, but will be reassessed at the eight-week mark. At this point, either the boarder or renter's AS will have been cancelled, removing the mismatch between information provided, or the boarder/renter has reapplied for housing assistance and the process of reconfirming the rate of payment recommences.