

Office of the Minister for Social Development and Employment

Chair, Cabinet Legislation Committee

## **Social Security (Youth Money Management) Amendment Regulations 2025**

### **Proposal**

- 1 This paper seeks agreement to the attached Social Security (Youth Money Management) Amendment Regulations 2025. Amending the regulations will exclude Flexible Childcare Assistance (FCA) and the Training Incentive Allowance (TIA) payments from being paid in the Youth Money Management manner, enabling their direct payment to eligible clients, as intended by the respective policy intents.
- 2 There are time-critical interdependencies between the changes in Ministry of Social Development (MSD) IT systems that are required to implement the FCA-related changes, and the implementation of aspects of the Traffic Light System. That is, delaying the “go live” date for the FCA changes could have a negative knock-on effect for IT changes for the Traffic Light System.

### **Previous policy decisions by Cabinet**

- 3 On 26 May 2025, Cabinet agreed that, as per their respective policy intents:
  - 3.1 FCA payments be excluded from being paid in a Money Management manner as administered by the Youth Service, so that the payments can be used to pay for costs of informal childcare, and
  - 3.2 TIA payments made under the Training Incentive Allowance Programme be excluded from being paid in a Money Management manner, as administered by the Youth Service.<sup>1</sup>

### **Youth Money Management, Flexible Childcare Assistance (FCA), and the Training Incentive Allowance (TIA)**

- 4 Youth Money Management is used by MSD’s Youth Service to help young people<sup>2</sup> manage their MSD payments by prioritising the payment of living costs and any debt.
- 5 FCA is a form of childcare assistance administered by MSD and provides financial support to caregivers who use informal childcare arrangements. With the expansion of the FCA eligibility criteria on 1 April 2024, beneficiary parents who are subject to Youth Money Management are now eligible for FCA. Amending the regulations will enable caregivers who are receiving FCA, and who are also subject to Youth Money Management, to access FCA payments to pay for informal childcare costs, as per the original policy intent.

---

<sup>1</sup> SOU-25-MIN-0059 refers.

<sup>2</sup> Young people in receipt of Youth Payment, Young Parent Payment and young partners (aged 16 – 19 years) of people getting Jobseeker Support, Supported Living Payment or Emergency Benefit are subject to Youth Money Management, unless the person is over 20 years old and have chosen to opt out or they are assessed as being financially competent after continued compliance with their obligations.

- 6 The TIA provides extra help to sole parents, carers and disabled people receiving certain types of benefits to undertake training that will increase their skills and opportunities for employment. It helps with the upfront and ongoing costs associated with study, which can include care costs and transport.
- 7 Originally, the TIA was paid under the Employment and Work Readiness Assistance Programme (EWRAP), but since 1 July 2021, it has been provided under the Training Incentive Allowance Programme. When the instrument was changed, the requisite amendment to regulation 195(1)(c)<sup>3</sup> of the Social Security Regulations 2018 was overlooked. This means that currently, regular TIA payments must be paid in the Youth Money Management manner of payment.

### **Timing and 28-day rule**

- 8 The Social Security (Youth Money Management) Amendment Regulations 2025, if approved, will be submitted to the Executive Council for consideration on 13 October 2025, published in the New Zealand Gazette by 17 October 2025 to comply with the 28-day rule, and will come into force on 17 November 2025.

### **Publicity**

- 9 The exemption of FCA and TIA payments from Youth Money Management will be publicised on the MSD website. Young Parent Payment recipients will be informed directly.

### **Compliance**

- 10 The Social Security (Youth Money Management) Amendment Regulations 2025 comply, where applicable, with the following:
  - 10.1 the principles of the Treaty of Waitangi
  - 10.2 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993
  - 10.3 the principles and guidelines set out in the Privacy Act 2020
  - 10.4 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee.

### **Regulations Review Committee**

- 11 There are no grounds for the Regulations Review Committee to draw the Social Security (Youth Money Management) Amendment Regulations 2025 to the attention of the House of Representatives under Standing Order 327.

### **Certification by Parliamentary Counsel**

- 12 The Social Security (Youth Money Management) Amendment Regulations 2025 have been certified by the Parliamentary Counsel Office as being in order for submission to Cabinet.

---

<sup>3</sup> Regulation 195(1)(c) of the Social Security Regulations 2018 states that MSD may pay to or on account of a young person to whom regulation 194 applies, all or part of any payments of training incentive allowance under the Employment Readiness and Work Assistance Programme.

## Impact Analysis

### Regulatory Impact Statement

- 13 The Ministry for Regulation has determined that this proposal is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor economic, social, or environmental impacts.

### Climate Implications of Policy Assessment

- 14 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

### Use of external resources

- 15 No external resources were used in the development of this paper.

### Consultation

- 16 The following agencies have been consulted: Oranga Tamariki, Treasury, Te Puni Kōkiri, Ministry for Pacific Peoples, Ministry for Women, Ministry of Education, Te Kawa Mataaho (Public Service Commission), the Ministry for Regulation and the Department of the Prime Minister and Cabinet.

### Proactive Release

- 17 I intend to proactively release this paper subject to the provisions of the Official Information Act 1982.

### Recommendations

The Minister for Social Development and Employment recommends that the Cabinet Legislation Committee:

- 1 **note** that recipients of the Young Parent Payment, and partners (aged 16-19) of recipients of Jobseeker Support, Supported Living Payment, and Emergency Benefit who also receive Flexible Childcare Assistance (FCA) payments may not be able to use them as intended if they are paid using Youth Money Management administered by the Ministry of Social Development's Youth Service;
- 2 **note** that regulation 195(1)(c) of the Social Security Regulations 2018 refers to the Training Incentive Allowance (TIA) as being administered under the Employment and Work Readiness Assistance Programme instead of the Training Incentive Allowance Programme;
- 3 **note** that on 26 May 2025, Cabinet agreed that:
  - 3.1 FCA payments be excluded from being paid in the Youth Money Management manner, so that they can be used to pay for costs of informal childcare, as per policy intent; and

- 3.2 TIA payments made under the Training Incentive Allowance Programme be excluded from being paid in the Youth Money Management manner, as administered by the Youth Service, as per policy intent;
- 4 **note** that the Social Security (Youth Money Management) Amendment Regulations 2025 will give effect to the decisions referred to in recommendation 3 above;
- 5 **authorise** the submission to the Executive Council of the Social Security (Youth Money Management) Amendment Regulations 2025; and
- 6 **note** that the Social Security (Youth Money Management) Amendment Regulations 2025 will come into force on 17 November 2025.

Authorised for lodgement

Hon Louise Upston

Minister for Social Development and Employment