

In Confidence

Office of the Minister for Social Development and Employment

Chair, Cabinet Legislation Committee

Social Security Amendment Regulations (No 3) 2025, and Student Allowances Amendment Regulations (No 2) 2025

Proposal

- 1 This paper seeks authorisation for submission to the Executive Council of the attached Social Security Amendment Regulations (No 3) 2025, and Student Allowances Amendment Regulations (No 2) 2025.
- 2 These regulations will ensure that:
 - 2.1 legislative changes coming into force on 2 March 2026 to recognise boarders' contributions when considering a person's eligibility for and rate of housing subsidy, will also apply to Temporary Additional Support
 - 2.2 the meaning of accommodation costs in relevant provisions of the Social Security Regulations 2018 (Social Security Regulations) is defined by reference to the appropriate provision in the Social Security Act 2018 (Social Security Act)
 - 2.3 the Student Allowances Regulations 1998 (Student Allowances Regulations) reference the correct provisions in the Social Security Act and Social Security Regulations governing the rate payable, and asset limits for, Accommodation Supplement (AS). These provisions in turn determine the amount of Accommodation Benefit payable.

Executive Summary

- 3 Cabinet agreed as part of Budget 2024, that all housing contributions from boarders (and renters) will be counted in the assessment of housing subsidies, from 2 March 2026.¹ The scope of the initiative is intended to cover all housing subsidies that use the current definition of accommodation costs in section 65 of the Social Security Act, and the rate of Income-related Rent (IRR) a social housing tenant pays.
- 4 The Social Assistance Legislation (Accommodation Supplement and Income-related Rent) Amendment Act 2025 (Amendment Act) implements Cabinet's decision and will come into effect on 2 March 2026. While the Amendment Act makes changes to how the AS and IRR will be calculated, it does not extend to cover other housing subsidies, including Temporary Additional Support. It was agreed that these would be progressed through consequential amendments to secondary legislation.

¹ CAB-24-MIN-0148.74 and CAB-25-MIN-0014 refer.

- 5 To implement Cabinet's policy decision and ensure Temporary Additional Support payments are covered by the changes made by the Amendment Act, amendments are required to the Social Security Regulations. It is not feasible to leave the rate of Temporary Additional Support (or other forms of housing assistance) to be calculated with reference to accommodation costs as currently defined in the Social Security Act, because the Amendment Act repeals that definition and introduces a new term 'weekly qualifying accommodation costs' which limits the costs that may be subsidised to an applicant's personal accommodation costs. Amendments are also required to ensure the appropriate definition of 'accommodation costs' applies when MSD assesses a youth support payment application.
- 6 Further minor amendments to the Social Security Regulations, to ensure consistency with changes made by the Amendment Act, have been identified. A minor amendment to the Student Allowances Regulations is also required, so that it references the correct legislative provisions governing the rate payable, and asset limits for, AS (which in turn determine the amount of Accommodation Benefit payable).
- 7 The changes also require consequential amendments to other forms of assistance administered by the Ministry of Social Development (MSD) through other secondary legislation (Ministerial directions and welfare programmes). These changes are being progressed separately.
- 8 The Social Security Amendment Regulations (No 3) 2025, and Student Allowances Amendment Regulations (No 2) 2025 have been developed to make the consequential changes giving effect to Cabinet's decision. I am recommending that these are authorised for submission to the Executive Council.

Policy

Legislation has been enacted to implement Cabinet's decision under Budget 2024 to count all housing contributions from boarders in the assessment of housing subsidies

- 9 As part of Budget 2024, Cabinet agreed that from 1 April 2026 all housing contributions from boarders will be counted in the assessment of housing subsidies.² Cabinet later agreed that this change will come into force on **2 March 2026**.³
- 10 The Amendment Act implements this decision, and means MSD will no longer disregard housing contributions received from the first two boarders when assessing someone's entitlement to and rate of housing subsidies under the Social Security Act.
- 11 The policy intent underpinning the changes is to remove the inconsistency of the current approach, whereby a portion of the same accommodation costs can be claimed by more than one person, and be subsidised more than once by government as a result. The changes are also intended to ensure that payments received from boarders and renters are treated more equitably and reduce expenditure on housing subsidies.

² CAB-24-MIN-0148.74 refers. Cabinet also authorised the Minister for Social Development and Employment, Associate Minister of Housing, and other Ministers as appropriate to make final decisions on the details of the policy changes.

³ CAB-25-MIN-0014 refers.

- 12 The housing subsidies referred to by Cabinet include all housing subsidies administered by MSD, which rely on the current definition of ‘accommodation costs’ in section 65 of the Social Security Act. This includes Temporary Additional Support, the grandparented Special Benefit, Away from Home Allowance, and the Student Allowance Accommodation Benefit paid at a sole parent rate. The Amendment Act repeals the current definition in section 65 on 2 March 2026, adds a new definition in section 65AAA, and introduces a new term ‘weekly qualifying accommodation costs’ to ensure only personal accommodation costs are subsidised.

Consequential amendments to secondary legislation are needed to ensure changes apply to other forms of assistance relying on the definition of ‘accommodation costs’ under the Social Security Act 2018

- 13 The Amendment Act makes changes to the way MSD will assess a person’s entitlement to and rate of AS, but does not cover Temporary Additional Support payments or other forms of assistance relying on the definition of accommodation costs under the Social Security Act.
- 14 The intention is that settings for Temporary Additional Support, and other assistance using the Social Security Act’s definition of ‘accommodation costs’ will be amended to align with the changes made by the Amendment Act, so that housing contributions from boarders are recognised by reducing an applicant’s allowable accommodation costs. During the drafting process for the Amendment Act, it was agreed that changes to Temporary Additional Support would be progressed separately, through amendments to the Social Security Regulations.
- 15 The changes also flow through to other forms of assistance administered by MSD, which are being progressed through amendments to affected Ministerial directions and welfare programmes.
- 16 A minor amendment to the Student Allowances Regulations is also needed, to ensure that the appropriate rate of AS that an eligible student would receive (which in turn determines the amount of Accommodation Benefit payable) is determined by the correct legislative references.

Consequential amendments are proposed to the Social Security Regulations 2018

Amending the definition of ‘accommodation costs’ that are ‘allowable costs’ for the purpose of calculating Temporary Additional Support payments

- 17 Temporary Additional Support is a means-tested weekly hardship payment, that helps people with insufficient funds to cover their essential living costs. When calculating the rate of Temporary Additional Support a person is entitled to, their ‘allowable costs’ are considered. These include the person’s accommodation costs, as defined in regulation 57.
- 18 A change is required to regulation 57 because it refers to the definition of ‘accommodation costs’ in section 65 of the Social Security Act, however, section 65(2) has been repealed. If no change is made, the definition of ‘accommodation

costs' for the purposes of determining what is an 'essential expense' for Temporary Additional Support would refer to a repealed section 65(2). The definition would also not refer to 'weekly qualifying accommodation costs', a term introduced by the Amendment Act.

- 19 The 'weekly qualifying accommodation costs' calculation is set out in section 15(3) of the Amendment Act. This is to be used in assessing a person's entitlement to and rate of AS, rather than simply using 'accommodation costs' at section 65AAA. The calculation allows for the deduction of 'accommodation income' from boarders, renters and additional residents, as well as costs that are not part of a person's 'accommodation costs'; for example, a self-contained part of the premises that is separately rented, or a part of the premises that is used for business purposes.
- 20 An amendment to regulation 57 is therefore needed so that the definition of 'accommodation costs' is repealed and a new definition 'weekly qualifying accommodation costs' is inserted, by reference to Part 7 of Schedule 4 of the Social Security Act. Amendments are also needed to regulations 66 and 71, to replace references to 'accommodation costs' with 'weekly qualifying accommodation costs'.
- 21 These amendments will ensure Temporary Additional Support is captured by the changes made by the Amendment Act, and will implement policy decisions taken by Ministers and Cabinet.

Amending the definition of 'accommodation costs' that may be required as supporting evidence to complete a youth support payment application

- 22 Currently, regulation 173 of the Social Security Regulations sets out the supporting evidence that MSD may require as proof of 'accommodation costs' and 'service costs' as part of the application process for a young person granted a youth support payment. 'Accommodation costs' and 'service costs' are defined by reference to section 65(2) which will be repealed from 2 March 2026 and replaced with section 65AAA.
- 23 'Accommodation costs' include 100 percent of the amount paid for board and lodgings for the purposes of section 162 of the Social Security Act, as this information is used for budgeting discussions and to help MSD or a contracted provider assess the young person's financial position to grant a youth support payment. However, section 65AAA in the Social Security Act defines 'accommodation costs' to determine a client's eligibility for assistance.
- 24 An amendment to regulation 173(1) is needed so that it refers to the amended definition of 'accommodation costs' in section 162(2) of the Social Security Act, rather than section 65AAA. The definition of 'accommodation costs' at section 162(2) was amended to make it clear that the accommodation costs of a young person granted a youth support payment are 100 percent of their housing contributions or board payment (rather than 62 percent under section 65AAA).
- 25 A further amendment to regulation 173(1) is required so that it refers to the definition of 'service costs' in section 65AAA of the Social Security Act.
- 26 These amendments implement policy decisions taken by Ministers and Cabinet.

A minor amendment is needed to the Student Allowances Regulations 1998, to ensure the correct legislative provisions are referenced, for the purpose of determining the amount of Accommodation Benefit payable

- 27 The Accommodation Benefit is payable under the Student Allowances Regulations 1998 rather than the Social Security Act, and was not within scope of the Amendment Act's provisions.
- 28 The Accommodation Benefit is payable to eligible students getting a Student Allowance, with two types of rate: the sole parent rate, and the standard rate for all other students. Broader eligibility settings for the Accommodation Benefit are covered by regulation 9 of the Student Allowances Regulations, while the amount payable for a single student with a supported child is set out under regulation 24A.
- 29 Eligible sole parents receive the same AS rates payable to eligible recipients of Sole Parent Support. The sole parent rate of Accommodation Benefit is calculated in the same way, using the same policy settings and methodology.
- 30 Regulation 24A of the Student Allowances Regulations sets out the amount of Accommodation Benefit payable. Regulation 24A(3) provides that section 65 of the Social Security Act applies for the purpose of determining the appropriate rate of AS, which in turn is used to determine the rate of Accommodation Benefit payable to an eligible student. However, the appropriate rate of AS should be determined by reference to the provisions governing the rate of AS in Schedule 4 of the SSA, rather than section 65.
- 31 An amendment to regulation 24A(3) is therefore needed to provide that the appropriate rate of AS must be determined in accordance with:
- 31.1 Schedule 4, Part 7 of the Social Security Act 2018; and
- 31.2 the cash asset requirements set out in regulation 15(1) of the Social Security Regulations 2018.

Timing and 28-day rule

- 32 Amendments to the Social Security Regulations and the Student Allowances Regulations are to take effect on 2 March 2026. This timing is to align with the date that the Amendment Act comes into force, on 2 March 2026.
- 33 To ensure the Amendment Regulations are in effect on 2 March 2026, the amendment regulations will be notified in the *New Zealand Gazette* no later than 1 February 2026.

Compliance

- 34 The Amendment Regulations are consistent with:
- 34.1 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993;
- 34.2 the principles of the Treaty of Waitangi;

- 34.3 the disclosure statement requirements;
- 34.4 the principles and guidelines set out in the Privacy Act 2020;
- 34.5 relevant international standards and obligations; and
- 34.6 the Legislation Design and Advisory Committee Guidelines 2021 edition.

Regulations Review Committee

- 35 There are no grounds for the Regulations Review Committee to draw the Amendment Regulations to the attention of the House of Representatives under Standing Order 327.

Certification by Parliamentary Counsel

- 36 The draft regulations have been certified by the Parliamentary Counsel Office as being in order for submission to Cabinet.

Impact Analysis

- 37 The Ministry for Regulation has determined that the following amendments to enact changes resulting from the Amendment Act are exempt from the requirement to provide a Regulatory Impact Statement on the grounds that the relevant issues have already been adequately addressed by existing impact analysis [CAB-24-MIN-0148.74 and [supplementary-analysis-report-treatment-of-housing-contributions-from-boarders.pdf](#) refers]:
 - 37.1 the Social Security Regulations 2018; and
 - 37.2 the Student Allowances Regulations 1998.

Publicity

- 38 I have previously announced that legislative changes to ensure housing contributions from all boarders are included when housing subsidies are calculated will come into effect on 2 March 2026. This includes Temporary Additional Support and Accommodation Benefit for students who are sole parents. The amendment regulations will be notified in the *New Zealand Gazette* and published on MSD's website.

Proactive release

- 39 I intend to proactively release this Cabinet paper within the standard 30 working days timeframe.

Consultation

- 40 The Ministry of Social Development consulted the following agencies during policy development relating to the Amendment Act: Ministry of Housing and Urban Development; Kāinga Ora; Ministry of Education; The Treasury; Ministry for Pacific Peoples; Te Puni Kōkiri; Whaikaha – Ministry of Disabled People; Ministry for

Ethnic Communities; Inland Revenue; Statistics New Zealand; Ministry of Health; Ministry of Youth Development; Social Investment Agency; Department of Internal Affairs; and the Office for Seniors. The same agencies have been informed of this paper and the draft regulations.

- 41 The Ministry of Education was consulted regarding the consequential amendments to the Student Allowances Regulations. The Ministry of Education supports the changes proposed.

Recommendations

- 42 I recommend that the Cabinet Legislation Committee:
- 1 **note** that as part of Budget 2024, Cabinet agreed that housing contributions from all boarders will be counted in the assessment of housing subsidies from 1 April 2026 [CAB-24-MIN-0148.74 refers];
 - 2 **note** that Cabinet later agreed that this change will come into force on 2 March 2026 [CAB-25-MIN-0014 refers];
 - 3 **note** that the Social Assistance Legislation (Accommodation Supplement and Income-related Rent) Amendment Act 2025 gives effect to Cabinet's decisions;
 - 4 **note** that due to the Social Assistance Legislation (Accommodation Supplement and Income-related Rent) Amendment Act 2025 coming into force on 2 March 2026, consequential amendments are required to the Social Security Regulations 2018 and the Student Allowances Regulations 1998, to ensure that:
 - 4.1 the legislative changes to recognise boarders' contributions in the assessment of accommodation costs, when considering a person's eligibility for and rate of housing subsidy, will also apply to Temporary Additional Support;
 - 4.2 the meaning of accommodation costs in relevant provisions of the Social Security Regulations 2018 is defined by reference to the appropriate provision in the Social Security Act 2018;
 - 4.3 the Student Allowances Regulations 1998 reference the correct provisions in the Social Security Act and Social Security Regulations governing the rate payable, and asset limits for, Accommodation Supplement (AS). These provisions in turn determine the amount of Accommodation Benefit payable;
 - 5 **note** that the Social Security Amendment Regulations (No 3) 2025, and Student Allowances Amendment Regulations (No 2) 2025 will give effect to Cabinet's decision referred to in recommendations 1 and 2 above;
 - 6 **authorise** the submission to the Executive Council of the Social Security Amendment Regulations (No 3) 2025, and Student Allowances Amendment Regulations (No 2) 2025;

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- 7 **note** that, if approved, the Social Security Amendment Regulations (No 3) 2025, and Student Allowances Amendment Regulations (No 2) 2025 will come into force on 2 March 2026.

Authorised for lodgement

Hon Louise Upston

Minister for Social Development and Employment

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