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J. 17

## Legislative statement for the second reading of the Social Security (Financial Assistance for Caregivers) Amendment Bill

Presented to the House of Representatives  
in accordance with Standing Order 272

This legislative statement supports the second reading of the Social Security (Financial Assistance for Caregivers) Amendment Bill (The Bill). The Bill has been reported back by the Social Services and Community Committee (the Committee).

The Bill amends the Social Security Act 2018 (the Act) and also makes some consequential amendments to the Act and the Social Security Regulations 2018 (the Regulations).

### About financial assistance for caregivers

Financial assistance for caregivers supports around 15,000 caregivers who provide day-to-day care for around 24,000 children in New Zealand whose parents are unable to care for them. This consists primarily of:

- The Orphan's Benefit (OB) and Unsupported Child's Benefit (UCB), administered by the Ministry of Social Development (MSD) under the Social Security Act 2018, for children living with caregivers outside of the State care system. These payments support children who have no parent able to care for them. The OB supports children whose parents have died, are missing, or have a long-term serious disability. The UCB supports children whose parents are unable to care for them or provide fully for their support because there has been a breakdown in their family.
- The Foster Care Allowance (FCA), administered by Oranga Tamariki—Ministry for Children under the Oranga Tamariki Act 1989, for those caring for a child in State care.

### Policy intent of the Bill

The Bill forms part of the Government's response to a comprehensive review of financial assistance for caregivers, led by Oranga Tamariki—Ministry for Children in 2019.

The Government's response to the review included setting the strategic direction for the system of financial assistance for caregivers through a set of overarching objectives and principles. The initiatives in this Bill seek to make progress towards the following principles:

- Regular, standardised payments should be available to, and accessible by, caregivers who provide the day-to-day care of children whose parents are unable to care for them.
- There should be no disparity in the standardised payment rate provided to support a child in the State care system compared with a child living with a caregiver outside of the State care system whose parents are unable to care for them.

### Proposals in the Bill

The key changes in the Bill are:

- extending eligibility for the OB and the UCB to caregivers who expect to provide care for less than 12 months, or for an unknown or uncertain period of time, by removing

- the requirement for a caregiver to be likely to be the principal caregiver of the child for at least 12 months (the 12-month rule)
- extending the Christmas and Birthday Allowances to OB and UCB caregivers at the same rate as that received by recipients of the FCA.

The proposals are intended to address some of the most pressing issues that caregivers are facing. They have been informed by consultation with stakeholders, including caregivers, undertaken as part of the 2019 review.

### ***Removal of the 12-month rule***

This proposal removes the 12-month rule from the eligibility criteria for the OB and the UCB. This is to allow caregivers to receive the OB and the UCB when the expected duration of the care arrangement may be shorter-term, unknown, or uncertain.

On the recommendation of the Committee, the Bill includes the new definition of “principal temporary caregiver” for these OB and UCB caregivers, to ensure that they are eligible for the OB or UCB.

Currently, OB and UCB caregivers who expect to be caring for children for 12 months or longer also have access to the Child Disability Allowance, Childcare Assistance, and Temporary Additional Support in respect of the child. The Committee has recommended consequential amendments to the Act and Regulations to extend eligibility for these forms of supplementary assistance to a “temporary OB or UCB caregiver”. The Bill now reflects these changes, to ensure that shorter-term OB and UCB caregivers have the same access to these forms of supplementary assistance as longer-term OB and UCB caregivers.

### ***Establishing Birthday and Christmas Allowances***

This proposal establishes a Christmas Allowance and a Birthday Allowance for caregivers receiving the OB or the UCB, in alignment with allowances received by FCA recipients.

On the recommendation of the Committee, the Christmas Allowance has been renamed as the Holiday Allowance. This change is intended to recognise that Christmas may not be observed by all caregivers and children, and to be more inclusive of other cultural and religious celebrations. The Holiday Allowance will still be tied to eligibility for the OB or UCB on 25 December each year, and paid in advance of that date.

The Committee has recommended a range of amendments to ensure the workability of the Bill, and to ensure that the Bill can be implemented in line with the policy intent. The Bill now specifies that:

- eligibility for the Birthday Allowance is linked to entitlement to the OB or UCB on the date of the child’s birthday, and eligibility for the Holiday Allowance is linked to entitlement to the OB or UCB on 25 December
- for children born on 29 February in a leap year, the entitlement date for the Birthday Allowance will, in every year, be taken to be 1 March
- both allowances are payable in advance of their respective entitlement dates
- debt is recoverable in situations where the Birthday or Christmas Allowance has been paid in advance of the entitlement date, but the caregiver is no longer entitled to the OB or UCB on the entitlement date.