In Confidence

Office of the Minister for Social Development and Employment

Chair, Cabinet

Social Security (Modernisation) Amendment Regulations 2026

Proposal

1 This paper seeks authorisation for submission to the Executive Council of the Social Security (Modernisation) Amendment Regulations 2026 (Modernisation Regulations) to give effect to my previous decision, with a small change, on transitional arrangements for mandatory reviews for overseas benefits and Childcare Assistance.

Government priorities

2 The Modernisation Regulations are necessary to support the effective implementation of the Social Security (Modernisation) Amendment Act 2026 (Modernisation Act). The Modernisation Act introduced additional specified benefits subject to mandatory reviews, to ensure that clients are receiving what they are entitled to. Mandatory reviews play a key role in supporting the Government be a fiscally responsible steward of public funds and supports the Government's target to have 50,000 fewer people on Jobseeker Support by 2030.

Policy

3 The Modernisation Act came into force on 1 July 2026 and introduced mandatory reviews for clients receiving overseas benefits, which will be implemented on 1 October 2026. Overseas benefits are New Zealand Superannuation, Veteran's Pension, Supported Living Payment, Orphan's Benefit and Widow's Benefit paid to people in circumstances where they are entitled to receive the benefit while overseas. It also introduces mandatory reviews for Childcare Assistance being implemented on 6 September 2027.[1]

4 Under my delegated authority from Cabinet, I agreed to transitional arrangements for clients already receiving overseas benefits and Childcare Assistance (and other specified benefits subject to mandatory reviews) [SOU-25-MIN-0013 refers]. I agreed that if a client's overseas benefit or Childcare Assistance commenced before the relevant implementation date for mandatory reviews, their review date will be either the later of:

4.1 52 weeks after their commencement date; or

4.2 52 weeks after their last review.

5 The Ministry of Social Development (MSD) has been monitoring the staggered implementation of the Modernisation Act to ensure that the legislation, policy and

[1] Childcare Assistance includes Childcare Subsidy and Out of School Care and Recreation (OSCAR) Subsidy.

72vh7ewzmz 2026-09-01 10:16:53

processes are aligned as future implementation dates approach. It is not uncommon for technical amendments to be required to legislation that is large and complex, such as the Modernisation Act.

6 As part of MSD's assurance processes, an issue was identified with the existing transitional provision for a specific cohort of overseas benefits and Childcare Assistance which requires amendment to align with my decisions set out in paragraph 4 above.

7 I propose amending Clause 33(2) in Part 16 in Schedule 1 of the Social Security Regulations 2018 to give effect to my previous decisions. To ensure all clients in scope are reviewed at the right time, the regulations will specify three cohorts where a client is already receiving an overseas benefit or Childcare Assistance before the relevant implementation date, so that their first mandatory review date will be one of the following that applies:

7.1 If the benefit commenced more than 52 weeks before the relevant implementation date, either:

7.1.1 52 weeks after the benefit was last reviewed, if that review occurred in the 52 weeks before the implementation date, or

7.1.2 52 weeks after the implementation date, if the benefit was not reviewed in the 52 weeks before the implementation date

7.2 If the benefit commenced in the 52 weeks before the relevant implementation date, either:

7.2.1 52 weeks after the benefit was last reviewed, if that review occurred in the 52 weeks before the implementation date, or

7.2.2 A date determined by MSD that is no later than 52 weeks after the commencement date, if the benefit was not reviewed in the 52 weeks before the implementation date

Timing and 28-day rule

8 Clients receiving overseas benefits will become subject to mandatory reviews from 1 October 2026 which is when MSD will have a statutory authority to undertake mandatory reviews for this cohort. This requires the amendment regulations to be notified in the Gazette by 2 September 2026 before the amendment regulations come into force on 1 October 2026.

Compliance

9 The amendment regulations comply with the following:

9.1 the empowering provision under sections 438A(1)(a), (1A)(b) and (1B) of the Social Security Act 2018;

9.2 the principles of the Treaty of Waitangi;

72vh7ewzmz 2026-09-01 10:16:53

9.3 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993;

9.4 the principles and guidelines set out in the Privacy Act 2020

9.5 relevant international standards and obligations;

9.6 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee.

Regulations Review Committee

10 There are no grounds for the Regulations Review Committee to draw the disallowable instrument or regulations to the attention of the House of Representatives as a Standing Order requirement.

Certification by Parliamentary Counsel

11 The draft regulations have been certified by the Parliamentary Counsel Office (PCO) as being in order for submission to Cabinet.

Regulatory Analysis

12 A Regulatory Impact Statement for the Social Security (Mandatory Reviews) Amendment Act 2025, and a Regulatory Impact Statement and addendum were prepared for the Social Security (Modernisation) Amendment Act 2026 at the time of passing of the Modernisation Act.[2]

Consistency with principles of responsible regulation

13 A Consistency Accountability Statement and an accompanying Summary of Underpinning Analysis have been prepared for the amendment regulations in accordance with the Regulatory Standards Act 2025 requirements. These are attached as **Appendices One** and **Two**. The assessments identified no inconsistencies with the principles of responsible regulation.

Publicity

14 The amendment regulations will be notified in the *New Zealand Gazette*.

Proactive release

15 I intend to release this paper proactively within 30 business days of it being considered by Cabinet, subject to appropriate redactions under the Official Information Act 1982.

[2] LEG-25-MIN-0216 and LEG-26-MIN-0082 refer. Regulatory Impact Statement: Introducing mandatory reviews to support implementation of the Budget 2024 cost-savings initiative to recognise housing contributions from all boarders. Regulatory Impact Statement: Automated Decision-Making in the Welfare System and addendum 2026.

72vh7ewzmz 2026-09-01 10:16:53

Consultation

16 Agencies were consulted during a shortened consultation window from 25 August to 27 August 2026. The following agencies were consulted: the Ministries of Business, Innovation and Employment, Education, Health, Justice, Youth Development, and Disabled People; the Ministries for Ethnic Communities, Pacific Peoples, Women, Primary Industries, Cities, Environment, Regions and Transport, and Regulation; the Departments of Inland Revenue, Internal Affairs, the Prime Minister and Cabinet; Oranga Tamariki, Te Puni Kokiri, the Social Investment Agency, the Treasury, Statistics New Zealand, and the Child Welfare and Poverty Reduction Group.

Recommendations

I recommend that Cabinet:

1 **note** that Cabinet agreed that a review date for a mandatory review will be 52 weeks since their last review, or 52 weeks from when their benefit commenced for clients who have not yet had a review [ECO-25-MIN-0216 refers];

2 **note** that the Minister for Social Development and Employment agreed (under delegated authority from Cabinet [SOU-25-MIN-0013 refers]) that if a client's specified benefit commenced before the relevant implementation date, their review date will be either 52 weeks after their commencement date or 52 weeks after their last review;

3 **note** that the Minister for Social Development and Employment subsequently agreed that if a client's overseas benefit or Childcare Assistance commenced before the relevant mandatory review implementation date, their first mandatory review date will be one of the following that applies:

3.1 If the benefit commenced more than 52 weeks before the relevant implementation date,[3] either:

3.1.1 52 weeks after the benefit was last reviewed, if that review occurred in the 52 weeks before the relevant implementation date, or;

3.1.2 52 weeks after the implementation date, if the benefit was not reviewed in the 52 weeks before the relevant implementation date;

3.2 If the benefit commenced in the 52 weeks before the relevant implementation date, either:

3.2.1 52 weeks after the benefit was last reviewed, if that review occurred in the 52 weeks before the implementation date, or;

3.2.2 A date determined by MSD that is no later than 52 weeks after the commencement date, if the benefit was not reviewed in the 52 weeks before the relevant implementation date.

[3] The relevant implementation date refers to 1 October 2026 for overseas benefits or 6 September 2027 for Childcare Assistance.

72vh7ewzmz 2026-09-01 10:16:53

4 **note** that the *Social Security (Modernisation) Amendment Regulations 2026* give effect to the decisions set out above;

5 **authorise** the submission to the Executive Council of the *Social Security (Modernisation) Amendment Regulations 2026;*

6 **note** that the *Social Security (Modernisation) Amendment Regulations 2026* will come into force on 1 October 2026;

Authorised for lodgement

Hon Louise Upston

Minister for Social Development and Employment

72vh7ewzmz 2026-09-01 10:16:53