

Extending money management and intensive support to beneficiaries under 20

What is the Youth Service?

Under the Youth Service, the Ministry of Social Development contracts with community-based organisations, or providers, to work with young people on welfare.

Youth Service providers mentor young people, support them into education and training, or employment if they're ready, and manage their money through payment cards and redirections (unless the young person demonstrates they can do this themselves).

The Youth Service currently includes:

- 16 and 17 year olds without children, who get the Youth Payment (YP)
- 16 to 18 year-old teen parents, who get the Young Parent Payment (YPP)*

What happens with unemployed 18 and 19 year olds now?

Beneficiaries 18 and over (or 19 and over if they are teen parents) receive an adult benefit, either Jobseeker Support or Sole Parent Support. They meet with Work and Income case managers and have work obligations (unless they are sick, or have a child under 5).

What changes is National proposing for under-20 year olds needing welfare?

No one under 20 will go on a main benefit - instead they will receive either the Youth Payment or the Young Parent Payment. All teen parents needing welfare will be enrolled in the Youth Service, as well as 18 and 19 year old jobseekers needing extra support.

Jobseekers under 20 applying for welfare will be assessed by a Work and Income case manager, and those who need extra support will be referred to a Youth Service provider. The provider will work with the young person to develop an individual education or employment plan, including money management through a payment card and redirections of their benefit to pay their bills directly.

These changes will target teenagers on benefit who need more than work search support to get their lives on track. While all jobseekers under 20 years will be assessed, not all will be referred to a Youth Service provider. Self-motivated young people who are not likely to spend long on a benefit will continue their job search with the help of Work and Income, just as they do now.

There will be no change for young people receiving the Supported Living Payment.

How many 18 and 19 year olds will be affected?

Currently there are 5,700 work-tested 18 and 19 year olds on Jobseeker Support, and we expect between 2,000 and 3,000 of them to be referred to a Youth Service provider.

There are also 1,200 19-year-olds on Sole Parent Support who will be referred.

How much will it cost?

We estimate this will cost between \$10 to \$15 million per year, based on an average cost of \$2,500 for each young person referred to the Youth Service, and including extra weekly bonus payments for completing budgeting and parenting courses.

* The Youth Service also works on a voluntary basis with a number of 16 and 17 year-olds who are not on a benefit, but who are not in education or employment.

How will 18 and 19 year olds be referred to the Youth Service?

The decision about whether or not an 18 or 19 year old beneficiary should be referred to a Youth Service provider will be up to Work and Income. An assessment will be carried out based on their circumstances, education, work history, and skills. This sort of screening already happens with other beneficiaries to determine what level of case management they require.

Will 18 and 19 year olds still be required to look for work?

Yes, but there will be flexibility depending on their circumstances. Many 18 and 19 year olds may be better off in training or education to finish school, for example, which a Youth Service provider will assist with.

Will all 18 and 19 year olds have a payment card and their money managed?

All those attached to the Youth Service, including 18 and 19 year olds, will be given a payment card and will have their money managed for at least six months or until they prove they can responsibly manage their money. Costs like rent and utility bills are paid directly to suppliers. A young person can receive an in-hand allowance of up to \$50 per week directly into their personal bank account. If there is more than \$50 remaining after their costs are paid, the remainder is allocated onto their payment card, which they cannot use for alcohol or cigarettes.

Will there be any changes to benefit payment rates?

No. While under 20 year olds will get the Youth Payment or Young Parent Payment, the amount they receive will be the same as if they were still on a main adult benefit.

Why do we need to target 18 and 19 year olds?

We know that a third of the lifetime liability of the welfare population is down to people who first went on benefit under the age of 18 or as teen parents. A further 40 per cent is down to those who first went on welfare between 18 and 20 years. Many 18 and 19 year olds on welfare face significant barriers to getting into work, and would benefit from the wraparound intensive support that the Youth Service provides.

How will these changes improve things for young New Zealanders?

It will provide those who need more intensive support with help for longer. It will slow the pipeline of teenagers coming onto benefit while ensuring young people aged 18 and 19 years get the help they need to get their lives on track.

How has the Youth Service been performing?

A recent evaluation of the Youth Service is available [here](#).

What happens for 18 and 19 year olds who cannot work because of permanent ill health or disability?

They will still be able to apply for the Supported Living Payment, which has replaced the Invalid's Benefit. Those who are temporarily unable to work because of ill health will receive the Youth Payment and be supported by a Youth Service provider, but will be exempt from work obligations.