

Summary of policy changes regarding childcare products administered by the Ministry of Social Development between 2000-2025

1. The following table provides a summary of reviews or changes to childcare products (or related assistance) administered by the Ministry of Social Development (MSD) between 2000 and 2025. The rationale behind the reviews and changes is also provided.
2. Changes to the settings for childcare products administered by MSD do not necessarily arise from 'reviews' per se - they may come about due to one-off decisions that amend or add to policy settings (normally with budget implications).
3. Over this time period the objectives of MSD-administered childcare products has been focused on:
 - a. Supporting families into employment, and making work pay
 - b. Supporting families with the costs of childcare from work to both reduce barriers to taking up employment, retaining that employment or increasing hours of employment.
4. Reducing childcare costs and supporting parental employment are also important poverty alleviation tools, particularly in the long-term and in the context of the Government's child poverty reduction targets.
5. The five levers framework (provided to you in previous material and attached at Appendix One) demonstrates how successive governments can use welfare policy to achieve its desired outcomes. For the most part changes, to MSD's childcare products (or related assistance) use the:
 - a. "Gateways" lever – focusing on eligibility settings and targeting (in particular income)
 - b. "Financial incentives" lever where childcare products/ assistance functions as an in-work payment to incentivise people to enter/remain in paid work, and disincentivise people from entering or staying on benefit.¹

Key to Table	
	Childcare related but not in scope of the ECE Funding Review
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Key childcare product terms used in this document:

Childcare Subsidy (CCS)
 Out of School Care and Recreation Subsidy (OSCAR Subsidy)
 Childcare assistance means a Childcare Subsidy or an OSCAR Subsidy (CCA)
 Guaranteed Childcare Assistance Programme (GCAP)
 Early Learning Payment (ELP)
 Flexible Childcare Assistance (FCA)

*Minority party Government

¹The other levers are "Obligations and sanctions", "Case Management" and "Employment services"

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Year	Review area	Rationale for programme / reform	Decisions/ changes made	Coverage	Are the changes still in effect?	
1983	Income Tested Childcare Subsidy Programme	National	<p>On 1 October 1983, the Childcare Subsidy Programme was introduced with three specific provisions:</p> <ul style="list-style-type: none"> income tested: the subsidy was paid in respect of children under five years of age, attending a licensed childcare centre for a minimum of 12 hours per week, where the parents met the income eligibility requirements; three rates of payment: \$32, \$28 and \$23 for full attendance of 30 hours per week; and social work referral: if the child is referred to childcare for supportive welfare or medical reasons, the full rate of subsidy (\$32) was paid irrespective of the hours of attendance or parental income. 	Childcare Subsidy	Still have Childcare Subsidy, but parameters are different	
1999	Extension of Childcare Subsidy to Out of School Care and Recreation [Not in scope of ECE Funding Review]	National/Mauri Pacific*	<p>From 1 February 1999 the Childcare Subsidy was extended to cover OSCAR Programmes for children aged five to 13 years.</p> <p>These changes automated the payment system, and involved paying parental subsidies:</p> <ul style="list-style-type: none"> directly to parents for OSCAR services, and to providers for early childhood care 9(2)(ba)(i) 	Inclusion of OSCAR (but not payable at the same rate as the Childcare Subsidy)	Still have OSCAR Subsidy, but parameters are different	
2001	Pathways to Opportunities – from social welfare to social development, June 2001, page 14	Labour/Alliance*	<p>Pathways to Opportunities – from social welfare to social development was a Government policy statement issued in June 2001.</p> <p>Pathways to Opportunity offered a new approach to social security for people of working age in New Zealand.</p> <p>The approach to reforming New Zealand's social security system focused on six key components:</p> <ul style="list-style-type: none"> building a simpler benefit system making work pay and investing in people supporting families and children building partnerships with the community outlining mutual responsibilities; and tackling poverty and social exclusion. <p>This statement provided explicit recognition that "good quality childcare is central to ensuring that parents are able to balance their work and family responsibilities".</p>			
2000-2001	Childcare Assistance: Hours increased	Labour/Alliance* Budget 2000	<p>On 15 May 2000, Cabinet agreed to extend the 30 hour maxima for Childcare Subsidy and OSCAR during school holidays, to 37 hours, for the period between 1 February 2001 and 30 June 2001 9(2)(ba)(i)</p> <p>To support those with children to move from benefit into work and assist those in employment to remain there rather than enter the benefit system it was proposed to increase the maxima subsidy hours. The proposal was also intended to support those undertaking training who require childcare.</p> <p>Without this increase, people requiring in excess of 30 hours of childcare per week would have needed to meet the full cost of any care over the 30 hour limit. For example, someone in full time employment, with a child not attending school is likely to require up to 45 hours per week childcare once travel time is taken into account. While this proposal provided assistance for only 37 hours, it made a significant contribution to the cost of childcare for those</p>	<p>The maximum number of hours qualifying for Childcare Assistance was increased from 30 hours to 37 hours per week for the Childcare Subsidy and the OSCAR Subsidy (during holiday periods).</p> <p>On 23 April 2001 Cabinet agreed to make the increases in the maxima subsidy hours permanent, effective 1 July 2001 9(2)(ba)(i)</p>	Childcare Assistance	No, superseded. Current settings allow for up to 50 hours per week

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		parents considering and already undertaking full time employment or training.			
2003	Future Directions: Childcare Assistance Hours increased	<p>Labour/Progressive*</p> <p>Budget 2003</p> <p>This change was intended to benefit low income families using registered childcare in respect of their full-time employment, education or training by increasing the maximum hours for Childcare Assistance. The increase allowed for up to 10 hours per day or 50 hours per week from 1 July 2003 9(2)(ba)(i)</p> <p>NB: The 50 hours covers a 40 hour working week, plus daily travel between home, care and employment.</p>	<p>The maximum number of hours qualifying for Childcare Assistance was increased from 37 hours to 50 hours per week for the Childcare Subsidy and the OSCAR Subsidy (during holiday periods).</p> <p>This changes was given effect to via the Childcare Assistance (Amendment No 2) 2003, which came into force on 1 July 2003.</p>	Childcare Assistance	Yes
2004	Reform of Social Assistance: Working for Families Package	<p>Labour/Progressive*</p> <p>Budget 2004</p> <p>The objectives of the Working for Families package were to:</p> <ul style="list-style-type: none"> • Make work pay by supporting families with dependent children, so they are rewarded for their work effort • Ensure income adequacy, with a focus on low and middle income families with dependent children to address issues of poverty, especially child poverty • Achieve a social assistance system that supports people into work, by making sure that people get the assistance they are entitled to, when they should, and with delivery that supports them into, and to remain in, employment. <p>As part of the Working for Families package decisions in May 2004, Cabinet agreed that rates and thresholds for Family Support and Childcare Assistance thresholds would be subject to a policy of regular adjustment "Decision on Reform of Social Assistance WFF package revised recommendations" 9(2)(ba)(i)</p>	<p><i>Regular adjustments of the Childcare Assistance thresholds</i></p> <ul style="list-style-type: none"> • Increased by movements in the CPO • Adjustments occur when the cumulative increases since the last CPI adjustment exceed 5 percent, from 5 October 2005. This requirement was put into the Social Security Act 1964. <p><i>Income threshold:</i></p> <p>Increase Childcare Assistance income thresholds significantly to reduce barriers to work from 1 October 2004 as set out in the paper.</p> <p><i>Rates:</i></p> <p>Increase OSCAR Subsidy rates to match Childcare Subsidy rates from 1 October 2004</p> <p>Increase all Childcare Assistance rates by 10% from 1 October 2004, and a further 10% from 1 October 2005 (in addition to annual rates adjustments in line with the CPI).</p> <p><i>Other:</i></p> <p>Remove the cap on absence hours to reduce unnecessary compliance costs and align with proposed changes to the Ministry of Education's ECE absence rules once these are finished in 2005.</p> <p>Move the Childcare Assistance provisions into legislation for a regulation-making power to allow for the detail of the provisions to be set out in regulations.</p> <p>The Childcare Assistance Ministerial Welfare Programme was revoked.</p>	Childcare Assistance; however, Working for Families would change childcare-based support more broadly.	No. Relevant settings for Childcare Assistance, including income thresholds and maximum rates at 1 April 2025, and a summary of changes since 1999, can be found here
	Social Security Benefits: Income disregard for home-based carers [Not in scope of ECE Funding Review]	<p>Labour/Progressive*</p> <p>The policy was intended to clarify and simplify the calculation of income and expenses for both MSD staff and beneficiaries who deliver home-based care.</p> <p>It remedied inconsistencies in policies which had operated for different organisations based on the way they paid their carers. For example, Barnardos had a 100% income exemption meaning their carers on benefit did not have to declare income whereas PORSE carers were only able to deduct expenses.</p> <p>Agreed by Cabinet on 30 August 2004 9(2)(ba)(i)</p>	<p>From 29 November 2004 a flat rate income disregard of \$2.67 per child per hour was applied to home-based carers who were receiving a Social Security Benefit.</p> <p>This exemption provided for a certain amount of the payments received by caregivers for providing home-based ECE not to be treated as the income of that caregiver (and therefore reduce their benefit).</p> <p>The flat rate income disregard was adjusted on 1 April each year to reflect the movement in the Consumers Price Index (CPI).</p>	This change applied to all home-based carers receiving an income-tested benefit.	No. Superseded by Schedule 8, Part 12 of Social Security Regulations 2018
	Early Intervention Programme	<p>Labour/Progressive*</p> <p>In November 2004, Cabinet agreed to develop The Early Intervention Programme 9(2)(ba)(i)</p> <p>The vision for early intervention was that:</p> <p>"All vulnerable children receive the support they need from before birth to their transition to school to provide them with the best start in life and enable them to maximise their potential".</p> <p>Cabinet agreed this would require investment across agencies and budget years, building on existing effective services and initiatives. It noted that proposals would be</p>			

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		put forward in Budget 2005 as a starting point for early intervention.			
2005	Enhancing Parent's Work Choices: Budget 2005 Initiatives and Overall Approach Additional support for parents	Labour/Progressive* Budget 2005 Cabinet agreement was sought to an overall approach to the labour force participation work programme and a number of specific measures related to childcare and good employer practices that can be adopted in the short term, and funded through Budget 2005, to enhance parents' (particularly women's) participation choices 9(2)(ba)(i). Subsequently, budget funding decisions were made 9(2)(ba)(i). The childcare proposals were aimed at increasing the range of participation options for some parents through improving the returns to work whilst also ensuring that their children and families achieve good education, social and economic outcomes. The changes built on the 2004 Working for Families childcare changes.	Two changes to the provide additional support for parents were agreed: <ul style="list-style-type: none">Widen eligibility to the Childcare Subsidy for children in home-based ECE, to ensure that ECE provided in the child's home would qualify, provided that care is approved and funded by the Ministry of Education.Raise the income thresholds for the Childcare Subsidy and OSCAR subsidies to broadened coverage - so that 60% of couples (and around 70% of families) with children are potentially eligible (delivered in 2006 as below). Amendments to the Social Security (Childcare Assistance) Regulations were made via the Social Security (Childcare Assistance) Amendment Regulations (No 2). From 1 August 2005, people with pre-school children using approved care in their own homes were able to access the Childcare Subsidy. From 3 October the rates of Childcare Subsidy and OSCAR were increased by 10% (as scheduled in the 2004 Working for Families changes above 9(2)(ba)(i)). These amendment Regulations also clarified the clarify the relationship between childcare assistance and payments from other sources towards the costs of a child's participation in an approved early-childhood programme or OSCAR programme.	Childcare Assistance	Yes in terms of the inclusion of home based ECE. No. Relevant settings for Childcare Assistance, including income thresholds and maximum rates at 1 April 2025, and a summary of changes since 1999, can be found here .
2005	Enhancing Parent's Work Choices: Budget 2005 Initiatives and Overall Approach OSCAR initiatives [Not in scope of the ECE Funding Review]	Labour/Progressive* Budget 2005 At this time OSCAR providers were able to access a one-off establishment grant of up to \$3,000 (to help meet the costs of setting up and/or of obtaining approval) and an annual assistance grant of up to \$9,000 (to meet deficits between operating costs and programme fees and other revenue). A recent evaluation identified that the current level of funding was too low. It was proposed that further support be provided to the Out of School Care (OSCAR) programme. 9(2)(ba)(i). Subsequently, budget funding decisions were made 9(2)(ba)(i).	Short-term proposals to increase assistance to OSCAR were to: <ul style="list-style-type: none">increase the cap on the OSCAR assistance grant to providers from up to \$9,000 annually to up to \$16,000 annually. The maximum Annual Assistance Grant for OSCAR providers was increased from \$9,000 to \$16,000 effective from 1 October 2005. Establishment grants were offered until 2014.	OSCAR	No longer offered
2005	Budget 2005: Family Start Access to Early Childhood Education Child Youth and Family (part of MSD/ Vote Social Development) now Oranga Tamarii	Labour/Progressive* Budget 2005 On 11 April 2005 Cabinet approved funding for inclusion in Budget 2005 to establish a pilot project to enable Family Start and Early Start families to access quality early childhood education (ECE) in seven locations 9(2)(ba)(i). Cabinet also invited the Minister for Social Development and Employment to approve a welfare programme under section 124(1)(d) of the Social Security Act 1964 to establish a pilot project. The aim of Family Start was to provide early intervention to the highest need families to improve the longer term outcomes for their children (e.g. improved health, educational attainment, and reduced incidence of abuse or neglect).	The Early Learning Payment (ELP) provided up to \$6.00 per hour for the cost of attending approved early childhood education for children aged between 18 months to 3 years. The ELP was available for up to 20 hours per week for an eligible child under 30 months of age or 15 hours per week for an eligible child 30 months of age or older. Family Start and Early Start family/whānau workers will assist families to obtain placements, complete and forward an application form to Work and Income, and assist in the evaluation of the pilot. Work and Income will make arrangements to pay the required fees to the Early Childhood Education site. Provided for in the Family Start and Early Start (Childcare Assistance) Programme which commenced on 1 December 2005.	ELP	No. The maximum hourly ELP rate at 1 April 2025 is \$9.72.
2006	Enhancing Parent's and Carer's Choice: Revised Medium Term Plan of Action	Labour/Progressive* In March 2006, Cabinet adopted the Enhancing Parents' and Other Carers' Choices: Revised Medium Term Plan of Action 9(2)(ba)(i). This was renamed as "Choices for Living, Caring and Working: A ten-year plan to improve the caring and employment choices available to parents and carers	Increase the income thresholds for the Childcare Assistance to a level that allowed 60% of couples (and around 70% of all families) with children to potentially qualify from 2 October 2006. Amendments to the Social Security (Childcare Assistance) Regulations via Social Security (Childcare Assistance) Amendment Regulations (No 3) 2006	Childcare Assistance	No. Relevant settings for Childcare Assistance, including income thresholds and maximum rates at 1 April 2025, and a summary of changes since 1999, can be found here .

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		<p>(Choices)", and was announced by the Prime Minister at the EEO Trust Work and Life Awards on 31 August 2006.</p> <p>Delivery of the 2005 Budget decision to increase the income thresholds for Childcare Assistance to a level that allowed 60% of couples (and 70% of all families) with children to potentially qualify 9(2)(ba)(i)</p> <p>As part of Budget 2005, Government announced these increases to Childcare Assistance income thresholds would come into force from October 2006, and be based on (unadjusted) Census 2001 data.</p>			
2007	Reform of Social Assistance: Working for Families	<p>Labour/Progressive*</p> <p>Change was driven by the goals of the Working for Families package, which were to improve outcomes for low and middle income families with childcare costs by reducing a barrier to work and making quality Early Childhood Education (ECE) and Out of School Care and Recreation (OSCAR) more affordable 9(2)(ba)(i)</p> <p>Section 132AC(2)(b) of the Social Security Act 1964, introduced through Working for Families, required that the income limits that determine the applicable rate of Childcare Assistance (Childcare Subsidy and OSCAR Subsidy) need to be adjusted when the cumulative percentage increase in the Consumers Price Index (CPI) exceeded five percent, calculated from the date that the last adjustment had been required.</p>	<p>Legislation dictates that the income thresholds for Childcare Assistance are increased by the cumulative value of the Consumers Price Index (CPI) from October 2004. In addition, a subsequent Cabinet decision also requires that the income thresholds for Childcare Assistance are at a level where a minimum of 60% of all couples with children and 70% of families should be eligible for Childcare Assistance and that thresholds should be adjusted upwards accordingly 9(2)(ba)(i)</p> <p>The Childcare Assistance income thresholds for the 2007 Annual General Adjustment will be adjusted to ensure that a minimum of 60% of all couples with children and 70% of families are eligible for Childcare Assistance as this results in thresholds that are higher than the cumulative increase in the CPI from October 2004.</p> <p>This was done as part of the Annual General Adjustment process.</p>	Childcare Assistance	No. Relevant settings for Childcare Assistance, including income thresholds and maximum rates at 1 April 2025, and a summary of changes since 1999, can be found here .
2007	A new system for Early Childhood Education Funding	<p>Labour/Progressive*</p> <p>The key driver was Pathways to the Future: Ngā Huarahi Arataki, the Strategic Plan for ECE in June 2002, it was recognised that free ECE would contribute to achieving the key goals of that plan 9(2)(ba)(i)</p>	<p>On 1 July 2007, the Ministry of Education implemented a new ECE policy which funded the cost of children aged three and four years attending early childhood education for up to 20 hours per week, up to a maximum of six hours a day.</p> <p>Childcare Assistance payable by MSD is not able to be charged for the same hours as the 20 Hours ECE.</p>	20 Hours Free ECE	Yes, but subsequent changes have occurred to 20 Hours Free ECE
2008 - 2009	Teen Parent Pilot: The Young Parent Childcare Payment pilot [Not in scope of the ECE Funding Review]	<p>National/ACT/United Future/Māori Party*</p> <p>In 2004 the previous Government agreed to fund a Teen Parent Pilot providing financial assistance with childcare costs to encourage young parents to return to or remain in secondary education 9(2)(ba)(i)</p> <p>Financial assistance provided in the Teen Parent Pilot was delivered through the Young Parent Childcare Payment. The payment was made to young parents under the age of 18 years who wished to continue or resume secondary education, but by virtue of their age and/or dependence, were unable to access any financial support to cover childcare costs where they attended school.</p> <p>The Young Parent Childcare Payment was established under the Training Incentive Allowance Ministerial Welfare Programme and with an expiry date of 31 December 2008. Officials assessed the Young Parent Childcare payment pilot and anecdotal evidence suggested that the payment encouraged some young parents to return to or remain in secondary education and that this is in line with Schools Plus goals. This drove the decision to extend the payment.</p> <p>As part of Budget 2009, Cabinet approved funding to establish the Young Parent Childcare Payment on a permanent basis.</p>	<p>The Young Parent Childcare Payment had been introduced as a pilot on 1 January 2006 and the provision to make payments (included in the Training Incentive Allowance Ministerial Welfare Programme) and expired on 31 December 2008.</p> <p>At this time the payment was providing 30 hours Early Childhood Education (ECE) to 40 young parents between 15 and 18 years of age.</p> <p>In 2008 it was agreed to extend the expiry date for the Young Parent Childcare Payment to 31 December 2009 for recipients of the payment in December 2008.</p> <p>This programme was made permanent in 2009.</p>	Young Parent Childcare Payment	No. The payment was effectively replaced by the Guaranteed Childcare Assistance Payment (GCAP) as of 20 August 2012, as part of the Youth Package.
2009	Reform of Social Assistance: Working for Families	<p>National/ACT/United Future/Māori Party*</p> <p>Change was driven by the goals of the Working for Families package, which were to reduce barriers to work, increase family income, and increase the affordability of quality early childhood education. 9(2)(ba)(i)</p>	<p>The combined effect of the 2004 decisions and the 2005 decisions left MSD with two methods of increasing Childcare Assistance thresholds which are not compatible.</p> <p>As the 5% cumulative Consumers Price Index (CPI) was reached in January 2009, MSD was legally required to increase the Childcare Assistance thresholds for 1 April 2009</p>	Childcare Assistance	No. Relevant settings for CCA, including income thresholds and maximum rates at 1 April 2025, and a summary of changes

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		Section 132AC(2)(b) of the Social Security Act 1964, introduced through Working for Families, required that the income limits that determine the applicable rate of Childcare Assistance (Childcare Subsidy and OSCAR Subsidy) need to be adjusted when the cumulative percentage increase in the Consumers Price Index (CPI) exceeded five percent, calculated from the date that the last adjustment had been required.	This was done as part of the Annual Adjustment of Rates of Social Security Benefits and Allowances (AGA). Legislation was also amended to take into account the 2005 Cabinet decision.		since 1999, can be found here .
2010	Future Focus Reforms: Retargeting Childcare Assistance income thresholds	<p>National/ACT/United Future/Māori Party*</p> <p>Future Focus consisted of a package of social welfare changes in line with the government's manifesto commitments. The aim was to create a fair benefit system with an unrelenting focus on work 9(2)(ba)(i)</p> <p>The Government considered that Childcare Assistance had become loosely targeted over the last 5 years. Specifically:</p> <ul style="list-style-type: none"> • The household income limits for receiving Childcare Assistance had more than doubled in the last 5 years. • This had increased the number of people of higher incomes receiving the subsidies, which was considered unjustifiable in the fiscal environment at the time. <p>To ensure that no-one would lose eligibility for Childcare Assistance until 2013 grandparenting provisions were agreed. 9(2)(ba)(i)</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<p>Reduce the income threshold to the levels that were in place in April 2008 (prior to the last CPI adjustment), and remove the provisions for indexation of these thresholds.</p> <p>People who were receiving or who have received Childcare Assistance during the 12 months prior to 27 September 2010 for up to 3 years had their rates grandfathered if they still met the qualifications.</p> <p>Changes made through the Social Assistance (Future Focus) Bill which took effect on 27 September 2010 (renamed Social Security (New Work Tests, Incentives and Obligations) Amendment Act 2010).</p> <p>Grandparenting was extended in September 2013 until the start of the 2014 school year.</p>	Childcare Assistance	No. Relevant settings for Childcare Assistance, including income thresholds and maximum rates at 1 April 2025, and a summary of changes since 1999, can be found here .
2010	Budget 2010 Amendment Regulations and Order in Council for Tax and Student Allowance Changes	<p>National/ACT/United Future/Māori Party*</p> <p>On April 12, 2010, Cabinet agreed to increase the rate of GST from 1 October 2010. It was also agreed to increase Childcare Assistance by 2.02 percent from 1 October to 31 March 2011 9(2)(ba)(i)</p> <p>Action was needed to compensate for GST increasing from 12.5% to 15% from 1 October 2010. This increase was expected to cause prices to rise overall by 2.02%.</p>	<p>A joint Treasury/MSD/IRD Report [REP 10/03/095 refers] recommended providing a payment equivalent to 2.02% of benefits from 1 October 2010, as otherwise beneficiaries would otherwise have to wait 6 months for their benefit to reflect a GST-induced price rise.</p> <p>Rates of Child Disability Allowance and the Foster Care Allowance, and maximum rates of Disability Allowance and Childcare Assistance were increased by 2.02 percent from 1 October 2010 to 31 March 2011.</p> <p>This resulted in the Social Security (Childcare Assistance) Amendment Regulations (No 2) 2010.</p>	This change covered all benefits	No. Relevant settings for Childcare Assistance, including income thresholds and maximum rates at 1 April 2025, and a summary of changes since 1999, can be found here .
2011	Welfare Working Group established	<p>National/ACT/United Future/Māori Party*</p> <p>The Welfare Working Group was established in April 2010 to examine ways to reduce long-term benefit dependency in New Zealand for people of working age. In particular, it was asked to focus on promoting better work outcomes for sole parents, sick people, disabled people and other people at risk of long-term benefit dependency.</p> <p>Delivered report into long-term welfare dependency in February 2011 which contained 43 recommendations.</p>			
2011	Government response to the Welfare Working Group A number of recommendations related to young people of benefit, particularly young parents.	<p>National/ACT/United Future/Māori Party*</p> <p>On 10 August 2011, the Cabinet Social Policy Committee (with Power to Act) agreed to a package of changes to redesign welfare assistance for 16-19 year olds 9(2)(ba)</p> <p>Decisions were made to replace existing benefits with the Youth Payment and the Young Parent Payment.</p>			

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	[Not in scope of the ECE Funding Review]	This also included support for you parent with the cost of Early Childhood Education so they can stay in education, training or work-based learning.			
2012	Further Policy Decisions on the Youth Package	<p>National/ACT/United Future/Māori Party*</p> <p>In February 2012, Cabinet agreed to establish a Guaranteed Childcare Assistance Payment (GCAP) of \$6 per hour for 16 to 18 year old parents with children under the age of five to meet their obligations while receiving assistance under the Youth Package, for up to 52-weeks a year 9(2)(ba)(i)</p>	<p>Social Security (Youth Support and Work Focus) Amendment Act 2012 passed. This introduced two new payments for young people from 20 August 2012:</p> <ul style="list-style-type: none"> • Youth Payment for 16-17 year olds with no dependent children • Young Parent Payment for 16-18 year-old parents. <p>This also included a package of obligations and services for these young people.</p> <p>GCAP was introduced on 20 August for 16-18 year old parents with children under the age of five years, so childcare costs are not a barrier to young parents from meeting obligations under the Youth Package (these include participating in education, training or work-based learning, parenting or budgeting courses).</p> <p>Led to the development of the Guaranteed Childcare Assistance Payment Welfare Programme. GCAP was not available when other childcare subsidies were being paid, or 20 hours ECE is being received for the child, for the same hours.</p>	GCAP	Yes. But rate is now \$6.52 per hour per child as at 1 April 2025
2013	Welfare Reform: Social Obligations for Parents [Not in scope of the ECE Funding Review]	<p>National/ACT/United Future/Māori Party*</p> <p>The National Party manifesto committed to policies:</p> <ul style="list-style-type: none"> • increasing participating in ECE (ECE policy) • increasing regular attendance at school and improving truancy services (Schools policy). • The Prime Minister's Results for New Zealanders also identified a number of Key Result Areas that could be supported by social obligations in the benefit system, including: <ul style="list-style-type: none"> - increasing participation in ECE, particularly for Māori and Pacific children - increasing the proportion of 18 year olds with NCEA level 2 or equivalent. <p>The Welfare Working Group's 2011 report recommended a wider range of obligations and services to promote the well-being of children in welfare dependent families. This included requirements to complete WellChild/Tamariki Ora checks, the enrolment of a child in Early Childhood Education once they turn three years of age, and compulsory school attendance.</p>	<p>There were four social obligations that the Minister proposed to establish. Relevant to childcare and ECE were the following two:</p> <ul style="list-style-type: none"> • aged three and over, enrolled in and attending ECE until they start school • enrolled in and attending school from the age of five (or six) depending on when the child first starts school. <p>From 15 July 2013, social obligations would require all beneficiary parents to ensure their children were attending one of the following from the age of three until starting school:</p> <ul style="list-style-type: none"> • an approved early childhood education programme; • Te Aho o Te Kura Pounamu – the Correspondence School; or • another approved parenting and early childhood home education programme. <p>They would also be required to have their children enrolled and attending school from the age of five or six years.</p> <p>These changes were introduced by the Social Security (Benefit Categories and Work Focus) Amendment Act 2013 from 15 July 2013.</p>	Changes applied to all working-age main benefits.	Yes. Social obligations for parents on benefit payments have persisted to the present, with enforcement depending on service delivery policies.
2014	Childcare Assistance – Expiry of Grandparenting provision	<p>National/ACT/United Future/Māori Party*</p> <p>Factors unforeseen at the time of the 2010 Future Focus decisions were the driver behind this work:</p> <p>The scheduled expiry would take place when reliance on OSCAR is potentially highest.</p> <p>The expiry of grandparenting is also likely to impact childcare providers as Childcare Assistance is paid directly to them.</p> <p>The risk that the public may attribute the reduction in Childcare Assistance to Welfare Reforms.</p> <p>Affected grandparented families had not been directly advised that their entitlement to Childcare Assistance was to be reduced.</p> <p>Expiry could have some adverse impact on ECE participation.</p>	<p>The Minister proposed that current grandparenting arrangements be extended to the start of the next school year, i.e. Friday 7 February 2014.</p> <p>From 27 September 2013, the grandparenting provision for Childcare Assistance (Childcare Subsidy and OSCAR Subsidy)'s income thresholds was extended until the start of the 2014 school year.</p>	Only Childcare Assistance.	No. Relevant settings for Childcare Assistance, including income thresholds and maximum rates at 1 April 2025, and a summary of changes since 1999, can be found here .
2014-2015	Investment Approach: Flexible Childcare Assistance	National/ACT/United Future/Māori Party*	To qualify, sole parent clients must be cancelling their benefit to move into employment and be working at least three hours a week where formal childcare facilities were not available. The job should be considered permanent which means it will last at least 13 weeks.	Only Flexible Childcare Assistance, and only for sole parents.	No. Flexible Childcare Assistance is now established permanently.

Year	Review area	Rationale for programme / reform	Decisions/ changes made	Coverage	Are the changes still in effect?
	[Not in scope of the ECE Funding Review]	<p>Programme (EWRAP), which was a welfare programme authorised under the Social Security Act 2018 (SSA).</p> <p>It was intended to help some sole parent clients by making a contribution toward the cost of childcare when their hours of work fell outside of times when childcare facilities were open, i.e. Informal childcare.</p>			Rates have increased on 1 April 2024 and 2025.
2015-2016	Budget 2015 package to address child material hardship in New Zealand	<p>National/ACT/United Future/Māori Party* Budget 2015</p> <p>At the time, there was high public policy interest in improving the lot of children who are living in households where they are considered "vulnerable", and their material wellbeing is below a minimum acceptable level.</p> <p>This was part of a burgeoning interest in a Social Investment approach.</p> <p>Options included reducing demands on the family budget through additional assistance with the costs of childcare/early childhood education (ECE).</p>	<p>Childcare Assistance increased as part of Budget 2015, and the changes came into force as of 4 April 2016.</p> <p>The Childcare Assistance rate would increase from \$4 to \$5 an hour for low-income families. The new rate would apply to both the Childcare Subsidy and the OSCAR Subsidy.</p>	<p>Budget 2015 had other components increasing support for children, including income thresholds and maximum rates at 1 April 2025, and a summary of changes since 1999, can be found here.</p>	No. Relevant settings for Childcare Assistance, including income thresholds and maximum rates at 1 April 2025, and a summary of changes since 1999, can be found here .
2017	National Coverage for Family Start	<p>National/ACT/United Future/Māori Party* Budget 2017</p> <p>Expanding the Early Learning Payment (ELP) was considered an investment which supported the goal of the Family Start Budget 2017, which was to invest in programmes that have shown evidence of making a positive difference in the lives of New Zealand's most vulnerable children.</p>	<p>ELP expanded from 1 October 2017.</p> <p>The provision of ELP was extended to all children aged 18-36 months while their family was enrolled in any Family Start or Early Start site.</p> <p>Also extended up to a maximum of 20 hours per week for all children on the programme.</p>	Only to ELP.	Yes.
2018-2019	Welfare Expert Advisory Group (WEAG) formed	<p>Labour/Green Party</p> <p>As part of the Confidence and Supply Agreement between the New Zealand Labour Party and the Green Party of Aotearoa New Zealand, the Government has made the commitment to "overhaul the welfare system, ensure access to entitlements, remove excessive sanctions and review Working For Families so that everyone has a standard of living and income that enables them to live in dignity and participate in their communities, and lifts children and their families out of poverty".</p> <p>In May 2018 the WEAG was established as part of this commitment 9(2)(ba)(i)</p> <p>The Terms of Reference for the WEAG outlined the Government's vision for a welfare system that ensures people have an adequate income and standard of living, are treated with respect and can live in dignity and are able to participate meaningfully in their communities.</p> <p>In February 2019 the Government released the Welfare Expert Advisory Group's (WEAG'S) report "Whakamana Tāngata: Restoring Dignity to Social Security in New Zealand".</p> <p>The report outlined 42 key recommendations and over 100 detailed recommendations.</p> <p>Relevant recommendation:</p> <ul style="list-style-type: none"> • The WEAG report noted the importance of affordable, good quality childcare as a prerequisite for participation in education, training, or work. • Reform supplementary assistance and hardship assistance so they are adequate, appropriately designed and easy to access 			

Year	Review area	Rationale for programme / reform	Decisions/ changes made	Coverage	Are the changes still in effect?
		Increase, as soon as possible, overall income support to levels adequate for meaningful participation in the community, as defined by the minimum income standard (which reflects different family circumstances, for example, children, disabilities and regional area) and maintain this level of support through appropriate indexation.			
2019	Childcare and OSCAR Subsidy and Guaranteed Childcare Assistance Cohort entry changes 2019	Labour/NZ First/Green Party* An Advisory Group on Early Learning recommended amending the Education Act to enable schools to enrol five year olds on a cohort basis. This was agreed to by the Ministry of Education, and consequential amendments were required so that those who received Childcare Assistance weren't disadvantaged by the change. 9(2)(ba)(i)	Eligibility for Childcare Assistance was extended so that subsidy recipients could either: <ul style="list-style-type: none">receive the Childcare Subsidy until the first term start date after the child turns five (where the child's fifth birthday falls between a mid-term date and a term start date); orreceive the OSCAR Subsidy from the term start date before the child turns five (where the child's fifth birthday falls between a term start date and a mid-term date). [SOC-16-MIN-0057 refers].	Only to Childcare Assistance.	Yes.
2019	Welfare Overhaul: Update of Progress and Long-Term Plan	Labour/Green Party Government response to the WEAG In response to the recommendations of the WEAG, the three priority areas were agreed in which to undertake immediate work 9(2)(ba)(i) <ul style="list-style-type: none">Addressing financial support with a focus on child wellbeingSupporting people who are able to be earning, learning, caring and volunteeringImproving access to affordable housing. Led to a multi-year welfare overhaul work programme. This included undertaking review of Childcare Assistance, with the aim of increasing participation in early childhood education, improving settings from a child wellbeing perspective, and supporting the labour force participation of low-and middle-income families by helping with childcare costs (as part of the longer-term work programme).	Cabinet endorsed the proposed short-term work programme, which included work focused on: <ul style="list-style-type: none">Reducing barriers to employment and trainingBetter support for parentsEnsuring income support is accessibleBetter support for disabled people and people with health conditions.		
2020	The Aotearoa New Zealand Homelessness Action Plan [Not in scope of the ECE Funding Review]	Labour/Green Party A Waitangi Tribunal inquiry (Wai 2750) on the issues relating to housing that Māori face, combined with the mandate given under the Homelessness Action Plan. A Cabinet paper "Preventing and Reducing Homelessness in New Zealand" agreed that MSD would administer a Flexible Fund for families with children receiving Emergency Housing Special Needs Grants and living in emergency housing 9(2)(ba)(i). This was part of Budget 2019. The purpose of the Flexible Fund was to support meeting education, early childhood and wellbeing needs of families with children that result from living in emergency housing.	This led to the establishment of a Ministerial Welfare Programme for the Flexible Funding Package for families with children receiving Emergency Housing Special Needs Grants. This was implemented on 2 November 2020, with an expiry date of November 2023.	Additional changes were made to housing assistance products, alongside Flexible Funding Assistance.	Yes.
2021	2021 Budget Package: Main Benefit Increase and Associated Changes	Labour/Green Party Budget 2021 Cabinet had endorsed a work programme to achieve greater adequacy of income for low-income New Zealanders 9(2)(ba)(i). This included a one-off increase to main benefits of \$20 per adult per week. It was agreed to amend the definition of income for Childcare Assistance to exclude Accommodation Supplement, Temporary Additional Support, Special Benefit, Disability Allowance, Special Disability Allowance, Youth Payment incentive payment and Young Parent	From 1 July 2021, supplementary assistance payments were no longer included within the definition of income for assessing eligibility to Childcare Assistance (Childcare Subsidy and OSCAR Subsidy).	Only to Childcare Assistance.	Yes.

Year	Review area	Rationale for programme / reform	Decisions/ changes made	Coverage	Are the changes still in effect?
		<p>Payment incentive payment as income from 1 July 2021 9(2)(ba)(i)</p> <p>The reason for this change was that Childcare Assistance is the only supplementary payment which charges other supplementary benefit payments as income. As such, a main benefit increase may have flow-on effects to some supplementary assistance which may reduce, or fully abate, Childcare Assistance. This limits the impact on child poverty targets and income adequacy commitments.</p> <p><i>Bringing forward the Review of Childcare Assistance</i></p> <p>At this time Income Support Ministers expressed an interest in bringing forward the Review of Childcare Assistance that was on the long-term welfare work programme 9(2)(ba)(i)</p> <p>The agreed scope of the Review out Childcare Assistance was to:</p> <ul style="list-style-type: none"> • Consider options to improve the administration of assistance • Gather further data on fees paid by parents/caregivers for childcare/ECE to better understand adequacy issues, and consider options to improve the adequacy of support to reduce hardship[in working families • Improve the flexibility of setting s to reflect current labour market demand and parental preferences, such as covering childcare costs during short gaps in employment • Explore approaches that could improve settings from a child wellbeing perspective. 			
2022-2023	<p>Supporting Child Wellbeing by Enhancing Social and Emotional Learning: Cabinet Paper</p> <p>Increasing the Childcare Subsidy and the Out of School Care and Recreation (OSCAR) Subsidy</p>	<p>Labour/Green Party</p> <p>The government had committed to improve child wellbeing and reduce child poverty through the Child and Youth Wellbeing Strategy, and to a Welfare Overhaul on the advice provided by the WEAG.</p> <p>WEAG had recommended that government consider increasing income thresholds to provide greater subsidisation of childcare costs for low- and middle-income working families and to ensure that effective marginal tax rates for these families were not too high.</p> <p>Budget 2022</p> <p>Through a pre-commitment against Budget 2023, the income thresholds for Childcare Assistance (Childcare Subsidy and Out of School Care and Recreation (OSCAR) Subsidy) were to increase on 3 April 2023 to account for growth in the net average wage since they were frozen in 2010 9(2)(ba)(i)</p> <p>Until this point the income threshold had been frozen since 2010, which meant the thresholds had eroded significantly relative to general inflation and wages, and fewer families were eligible for support.</p>	<p>From 1 April 2023, Childcare Assistance (Childcare Subsidy and Out of School Care and Recreation (OSCAR) Subsidy) income thresholds were increased by 6.24 percent to reflect the growth in the average wage over the past year, and by an additional one-off increase to reflect the increase to the average wage since the income thresholds were frozen in 2010.</p> <p>Also from this time, the income thresholds were adjusted on 1 April each year to reflect annual average wage growth.</p> <p>This was delivered through the Annual General Adjustment process in 2023.</p>	<p>Only to Childcare Assistance.</p>	<p>Relevant settings for Childcare Assistance, including income thresholds and maximum rates at 1 April 2025, and a summary of changes since 1999, can be found here.</p>
2022-2023	Childcare Review	<p>Labour/Green Party</p> <p>During 2022/23, MSD undertook a Review of its Childcare Assistance to identify ways to improve the affordability and accessibility of childcare. The objectives of the review were to:</p> <ul style="list-style-type: none"> • improve the administration of MSD's Childcare Assistance • increase participation in early childhood education 			<p>Only the change to the income threshold was progressed</p> <p>Relevant settings for Childcare Assistance, including income thresholds and maximum rates at 1 April 2025, and a summary of changes</p>

Year	Review area	Rationale for programme / reform	Decisions/ changes made	Coverage	Are the changes still in effect?
		<ul style="list-style-type: none"> increase labour market participation by parents/caregivers improve the flexibility of settings to reflect current labour market demands and parental preferences, such as covering childcare costs during short gaps in employment improve the adequacy of support to reduce the financial pressure for families improve settings from a child wellbeing perspective. <p>The review of Childcare Assistance was completed in 2023 as part of the medium-term welfare overhaul work programme.</p>			since 1999, can be found here .
2023	Review of Childcare Assistance: Budget package	<p>Labour/Green Party</p> <p>Budget 2023</p> <p>The review of Childcare Assistance completed in 2023 showed that MSD's childcare subsidies do not reflect current childcare costs or labour market realities.</p> <p>9(2)(ba)(i) [REDACTED]</p> <p>9(2)(ba)(i) [REDACTED]</p> <p>9(2)(ba)(i) [REDACTED]</p> <p>9(2)(ba)(i) [REDACTED]</p>	<p>The review identified that the main issues that parents were experiencing with Childcare Assistance include:</p> <ul style="list-style-type: none"> current administrative arrangements are time consuming and likely to be a barrier to take-up – the application process is paper-based and manual, with separate forms required for each child Childcare Assistance subsidies have not kept pace with childcare costs income threshold settings mean that some low-income and most middle-income families are excluded, and current settings are inflexible and are out of step with labour market realities – for example, the hours that formal childcare is available do not align with non-standard working hours (evening, night and weekend work). <p>The findings of the review informed the 1 April 2023 increase in the income thresholds for Childcare Subsidy and Out of School Care and Recreation (OSCAR) Subsidy in order to account for wage growth since 2010 and support more families with the cost of childcare.</p> <p>9(2)(ba)(i) [REDACTED]</p> <p>9(2)(ba)(i) [REDACTED]</p> <p>9(2)(ba)(i) [REDACTED]</p> <p>9(2)(ba)(i) [REDACTED]</p>	No changes made	
2024	20 Hours ECE funding conditions for home-based ECE services - Top up [Out of Scope of the ECE Funding Review]	<p>National/ACT/NZ First</p> <p>In August 2023, Cabinet agreed to allow for a new top up fee to be charged for children attending home-based ECE services funded under 20 Hours ECE 9(2)(ba)(i)</p> <p>This was to resolve situations where educators had to accept lower pay or seek voluntary additional payments from parents to cover the difference over additional hours above the funded 20 hours. These voluntary additional payments were in breach of the current Ministry of Education funding rules as they did not meet the definition of an optional charge or donation.</p> <p>Under current settings the Childcare Subsidy and the Guaranteed Childcare Assistance Payment could not be paid for hours being funded through 20 Hours ECE.</p> <p>To help parents and caregivers with any additional costs resulting from the new category of compulsory allowable payments for 20 Hours ECE, the Minister for Social Development and Employment also sought Cabinet approval to allow parents and caregivers access to the Childcare Subsidy and GCAP to cover these payments.</p>	<p>From 1 March 2024, changes were made to the Social Security Regulations 2018 to allow the Childcare Subsidy to be paid for top-up payments required by educators for children attending licensed home-based Early Childhood Education (ECE) services that were funded under the 20 hours ECE policy.</p> <p>Similar amendments were also made to the Guaranteed Childcare Assistance Payment Programme to ensure that this payment was available in respect of the 20 hours ECE funding when a top-up payment was required.</p>	Changes were made to Childcare Subsidy and GCAP	Yes

Year	Review area	Rationale for programme / reform	Decisions/ changes made	Coverage	Are the changes still in effect?
		There was nothing to preclude the Early Learning Payment from being paid for hours funded through 20 Hours ECE, so no changes were required.			
2024	Expansion of Flexible Childcare Assistance to assist more caregivers with the cost of informal childcare and rates increased [Not in scope of the ECE Funding Review]	National/ACT/NZ First A small amount of funding was retained by MSD as a contingency for implementing the expansion of FCA from 1 April 2024. From 1 April 2024, FCA was to be changed by: <ul style="list-style-type: none">• expanding the eligibility criteria• extending the payment duration from 26 to 52 weeks• Annually indexing rates to the Consumers Price Index (CPI) annually, including a catch up from 2014 as part of the Annual General Adjustment (ACA) process starting with the 2024 AGA on 1 April.	Eligibility for Flexible Childcare Assistance was expanded to assist more caregivers with the cost of informal childcare. The maximum duration of the payment was also extended to 52 weeks. As of 1 April, Guaranteed Childcare Assistance Payment rates were increased and aligned with the maximum rate of the Childcare Subsidy, and further would be adjusted each year with the annual general adjustment.	Flexible Childcare Assistance	Yes
2024	Guaranteed Childcare Assistance Payment – Rates increased and aligned with the maximum rate of the Childcare Subsidy	National/ACT/NZ First The review of Childcare Assistance found that although the Guaranteed Childcare Assistance Payment Programme (GCAP) rate had originally been set at a higher rate than Childcare Subsidy, the gap had been narrowing because the GCAP's \$6 per hour maximum subsidy rate was set in 2012 and had not been adjusted since then. Changes agreed via Budget 2023 included: <ul style="list-style-type: none">• increasing the Guaranteed Childcare Assistance Payment to align with the highest rate of the Childcare Subsidy• indexing GCAP to the Consumers Price Index (CPI) on 1 April each year, starting from the 2024 Annual General Adjustment.	These changes were implemented through the Annual General Adjust Process on 1 April 2024.		
2024	Amendment to the Flexible Funding Ministerial Welfare Programme [Not in scope of the ECE Funding Review]	National/ACT/NZ First Budget 2024 The extension of the Flexible Funding Programme was a Budget 2024 initiative as part of the extension of support services for households in emergency housing. The extension will ensure continued financial support for households with children in Emergency Housing Special Needs Grant accommodation for meeting the wellbeing needs of any dependent child, including education and early childhood education.	The Flexible Funding Assistance Programme was extended until the end of 30 June 2026.	Changes made to the Flexible Funding Programme	Yes
2025	Excluding Flexible Childcare Assistance from Youth Money Management [Not in scope of the ECE Funding Review]	National/ACT/NZ First Cabinet agreement was sought to exclude Flexible Childcare Assistance (FCA) payments from being paid in the Youth Money Management manner. This will enable both payments to be paid directly to the relevant client as is intended by the respective policy intents 9(2)(ba)(i) 9(2)(ba)(i) This was necessitated by the 1 April 2023 changes to the FCA eligibility criteria, which included beneficiary parents who are subject to Youth Money Management. If young beneficiary parents have high living costs or debts, young people under Youth Money Management may not be able to access the FCA payment to pay for childcare costs as intended by the FCA policy, because the payment will instead be redirected to cover those costs or debts. This could be a barrier to these young parents entering or staying in employment or training.	This proposed change is expected to come into force on 3 November 2025 via amendments to the Social Security Regulations 2018 to exempt FCA and TIA payments from being paid in a Youth Money Management manner		Change not yet made

Appendix One: Five levers in the benefit system

Levers in the benefit system	
Gateways	Affects flows onto benefit and receipt of supplementary or hardship assistance.
Obligations and sanctions	Affects actions while in the system, as conditions of benefit receipt.
Financial incentives	Affects the behaviours of benefit recipients and other agents in the system (e.g. entitlement levels, abatement regimes, in-work support, wage subsidies).
Case management	Affects the level and nature of interaction with the client to achieve the desired outcomes. Case managers assist clients with a wide range of needs, including income, housing, and employment.
Employment Services	Affects the additional products and services available to address clients' barriers and move clients off benefit.