

# Youth Service and Money Management in New Zealand

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## Introduction

This briefing summarises the first independent study of New Zealand's Youth Service, which was established in 2012. The Youth Service is unique because NGOs, for the first time, are involved in administering social security benefits. Recipients of the Young Parent Payment (YPP) and the Youth Payment (YP) are also subject to Money Management, where most of their benefit is quarantined and monitored by Youth Service staff and the Youth Service Support Unit (part of the Ministry of Social Development – MSD).

Instead of being serviced by Work and Income, New Zealand's income support agency, NGOs are contracted to deliver on-going support and guidance for individual young people including support for budgeting/parenting programmes, and referring them to education, training, work-based training and other developmental opportunities. Youth Service providers support young people to make applications for YP/YPP and make recommendations around whether recipients have met obligations and should attract \$10 incentive payments or incur financial sanctions.

## Key Focus:

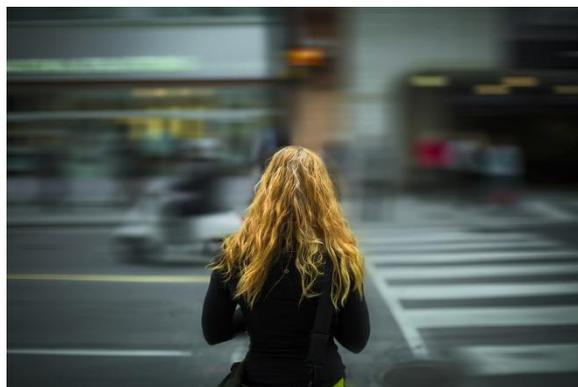
This research fills an important gap in our knowledge about the fundamental assumptions behind the Youth Service and Money Management and whether they are able to ensure the well-being of young people as they are supported in the transition from childhood to adulthood



New Zealand and Australia are the only countries to have implemented income management (the more common name for Money Management), and only these two payments are subject to it in New Zealand. Most of the benefit is paid directly to landlords and utilities, up to \$50 is cash in hand and the rest goes on a Payment Card that can only be used at particular suppliers and not to purchase alcohol, cigarettes, or electronic goods.

## Findings: Youth Service Model

1. Staff are well-intentioned but can be unaware of or reluctant to reveal full entitlements
2. Tend to be much more welcoming and supportive than traditional Work and Income offices
3. Youth Service mentors are often fantastic, but in spite of a structure that inhibits trust and does not support youth as well as one might expect. The compliance-centred framework does not support youth well-being



## Findings: Money Management

1. Based on untested assumptions around pre-existing financial skills and the ability of MM to reduce long-term reliance on income support
2. MM may improve financial stability (e.g. rent always paid) but not capability (knowledge and skills around finances, given little decision-making is practiced)
3. Young people can often get around Payment Card restrictions but in doing so are vulnerable to exploitation
4. Sanctions and incentives process insufficient for impacting long-term behaviours
5. MM can have negative impacts regarding restriction to consumer agency and rights, and harmful shame and stigma
6. Universal nature of policy may benefit a minority, but has harmful impacts on differing groups including: (mostly women) young parents; victims of family violence; Māori and Pasifika; those transitioning away from state care; and those not wishing to pursue post-secondary education

## Findings: Operational Issues

1. There is difficulty in the relationship between Youth Service providers and YSSU staff stemming from high staff turnover, understaffing, restructuring, different IT systems, and other factors
2. Uncertainty around effectiveness of Youth Service and MM, and around its cost-effectiveness too.

### Key Policy Recommendations:

1. Abolish Money Management given lack of evidence for need or effectiveness
2. If MM is kept, conduct a robust study of effectiveness for financial competence, and align MM with research and best practice in financial literacy programmes
3. Reorient Youth Service to be in line with youth development goals
4. Strengthen relationship between Youth Service staff and YSSU
5. MSD should undertake research and monitoring to assure public of effectiveness and cost-effectiveness of Youth Service

To find out more about this research, please visit:

<https://www.ohchr.org/Documents/Issues/Poverty/DigitalTechnology/UniversityAucklandAppendix1.pdf>

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*Adapted with assistance from Suzanne Woodward, PPI*