



**MINISTRY OF SOCIAL  
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

- 2 DEC 2016

On 13 October 2016 you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- *Any reports, briefings, aide memoirs, research, and advice given to the Minister from the Ministry that are about, or include mention of, Section 70a (of the Social Security Act) sanctions since 1<sup>st</sup> March 2016; and*
- *Any reports, briefings, aide memoirs, research, and advice given to the Minister that are about, or include mention of, Section 70a (of the Social Security Act) and/ or Clause 176, 177 and 178 (in the Social Security Legislation Rewrite) since 1<sup>st</sup> March 2016.*

The matter of section 70A deductions has recently been considered by the Social Services Committee as part of its deliberation on the Social Security Legislation Rewrite Bill. The Committee did not recommend any changes to these provisions. However, the Minister for Social Development has asked the Ministry to provide her with advice on the policy that provides for reductions in the rate of benefit for sole parents when the other parent is not identified in law or when Child Support is pursued.

There are certain circumstances where a person does not have to apply for Child Support; for example, where the paying parent is deceased; where the parent caring for the child or children would be at risk of violence if they took steps to meet their Child Support obligations; where the paying parent is in prison; or the child was conceived as a result of sexual violation.

Enclosed is a copy of the report titled '*Departmental Report: Social Security Legislation Rewrite Bill*', dated 3 August 2016. You will note that some information is withheld as the information is out of scope of your request.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public after ten working days. The Ministry will do this by publishing this letter and attachments on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

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If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

You have the right to seek an investigation and review by the Ombudsman of this response. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S O'Dea', written in a cursive style.

Sacha O'Dea  
**General Manager, Working Age Policy**



# Report

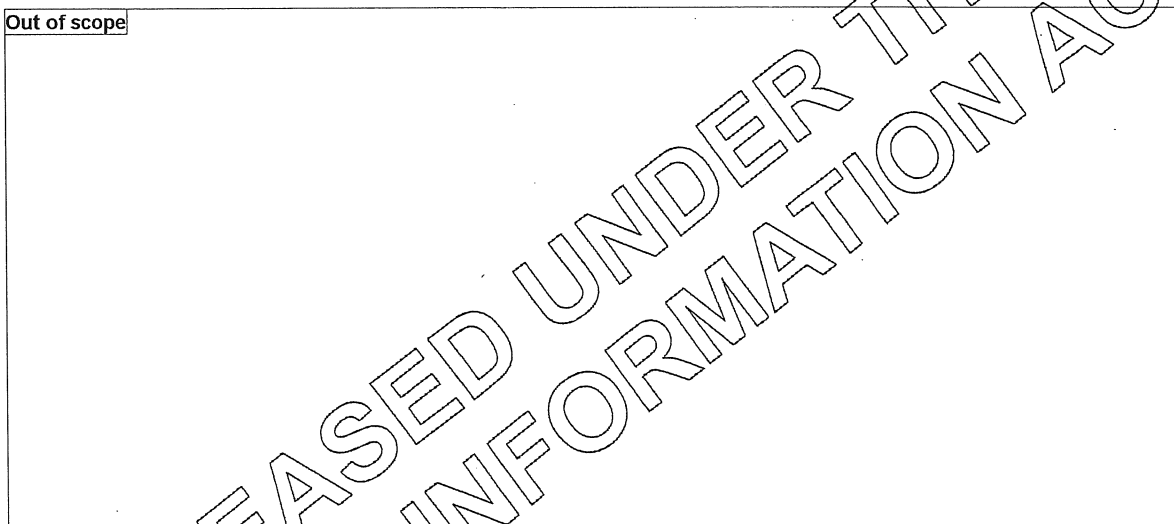
**Date:** 3 August 2016

**Security Level:** IN CONFIDENCE

**To:** Hon Anne Tolley, Minister for Social Development

## Departmental Report: Social Security Legislation Rewrite Bill

Out of scope

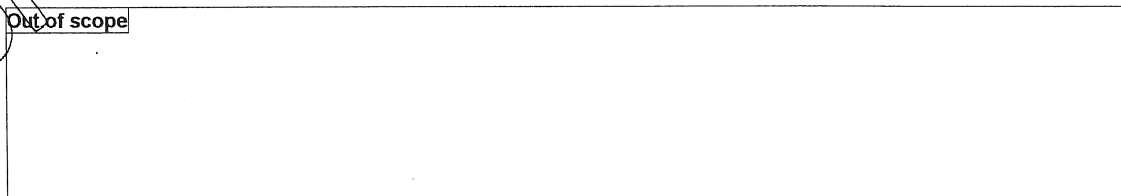


*Reduced rate for sole parents do not name the father of the child or meet their Child Support obligations*

5 The great majority of submissions raising concerns about existing policy criticised clauses 176 to 178 of the Bill (section 70A in the current Social Security Act) which provide for reductions in the rate of benefit for sole parents when the other parent is not identified or child support pursued. Submitters argued this policy is ineffective, increases hardship on clients and their children, and that seeking exceptions to the benefit reduction can be distressing and onerous.

6 Out of scope

7



Out of scope

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Out of scope

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Sacha O'Dea  
General Manager – Working Age Policy

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Date

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Hon Anne Tolley  
Minister for Social Development

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Date

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**Reduced rate for sole parents do not name the father of the child or meet their Child Support obligations**

- 4 The great majority of submissions raising concerns about existing policy criticised clauses 176 to 178 of the Bill (section 70A in the current Act) which provide for reductions in the rate of benefit for sole parents when the other parent is not named on the birth certificate or child support pursued.
- 5 The main issues raised by submitters were:
  - Sole parents are already more likely to suffer hardship, or severe hardship, when compared with other beneficiaries, and the reduction compounds that hardship.
  - It is the children of beneficiaries who suffer the consequences of reductions. The best interests of the child should be the primary consideration.
  - The reduction disproportionately affects women (98% of those affected) and Māori (53%). A comparison was made with Inland Revenue writing off some child support penalties, which largely benefited men.
  - There is no evidence that this reduction increases the number of people who apply for child support, or that additional reductions correlate to increased compliance.
  - It can be highly distressing and upsetting for some people to disclose the events relating to the conception of their child, or the reasons why they believe that disclosing the other parent's details may result in a risk of violence particularly if the conversation takes place in an open plan MSD office.
  - The provisions effectively penalise women who may have valid reasons for not wanting contact with the father.

- Case Managers may lack the training to deal appropriately with distressing conversations involving sexual violence, or to recognise violent situations.
  - The procedural requirement for a legal opinion to prove some exemptions is onerous and unnecessary.
  - The current reduction is higher than the average amount paid in child support.
  - Beneficiaries were not always notified that a reduction had been applied.
- 6 There was widespread concern and feedback about this policy but simply revoking the provision would have a financial cost. This issue needs further work to determine the impact of revoking and to explore other options to encourage sole parents to apply for child support and liable parents to pay it.
- 7 We estimate that removing the reduction entirely would have a fiscal impact of approximately \$25 million a year due to additional benefit payments. The impact on applications for child support is unknown.
- 8 Alternatives to revoking the provision entirely could be explored. These include decreasing the amount of the reduction (which under the Bill can be done through regulations), removing the additional \$6 reduction that applies 13 weeks after the reduction is put in place, or stopping the cumulative (per child) application of the reduction. There are also procedural issues that were raised by submitters that could be addressed through changes to service delivery procedures and training.
- 9 While we do not recommend making changes to the provisions in the Departmental Report, we ask you to direct officials to undertake further policy work exploring whether the current provisions can be eased and provide you with advice by 30 September 2016. This date would enable any decisions to be reflected in this Bill by you releasing a Supplementary Order Paper for consideration during the Committee of the whole House stage, or through a separate legislative vehicle.

It is recommended that you:

1. **note** a significant number of submissions raised concerns with the current policy that reduces the rate of sole parent benefits where Child Support obligations are not met, which is intended to act as an incentive to encourage sole parent beneficiaries to apply for Child Support

Yes / No

2. **note** the current model of incentivising clients to meet their Child Support obligations has material impacts on sole parents and their children, but carries social and financial implications if the provisions were to be repealed or amended

Yes / No

3. **note** officials are not recommending any changes to the provisions that allow a sole parent's benefit to be reduced if they do not meet their Child Support obligations in the Departmental Report

Yes / No

4. **direct** officials to provide you with recommendations on the longstanding policy of reducing benefit rates if beneficiaries do not meet their Child Support obligations, by 30 September 2016

Yes / No

*The reduction does not apply to carers of other people's children*

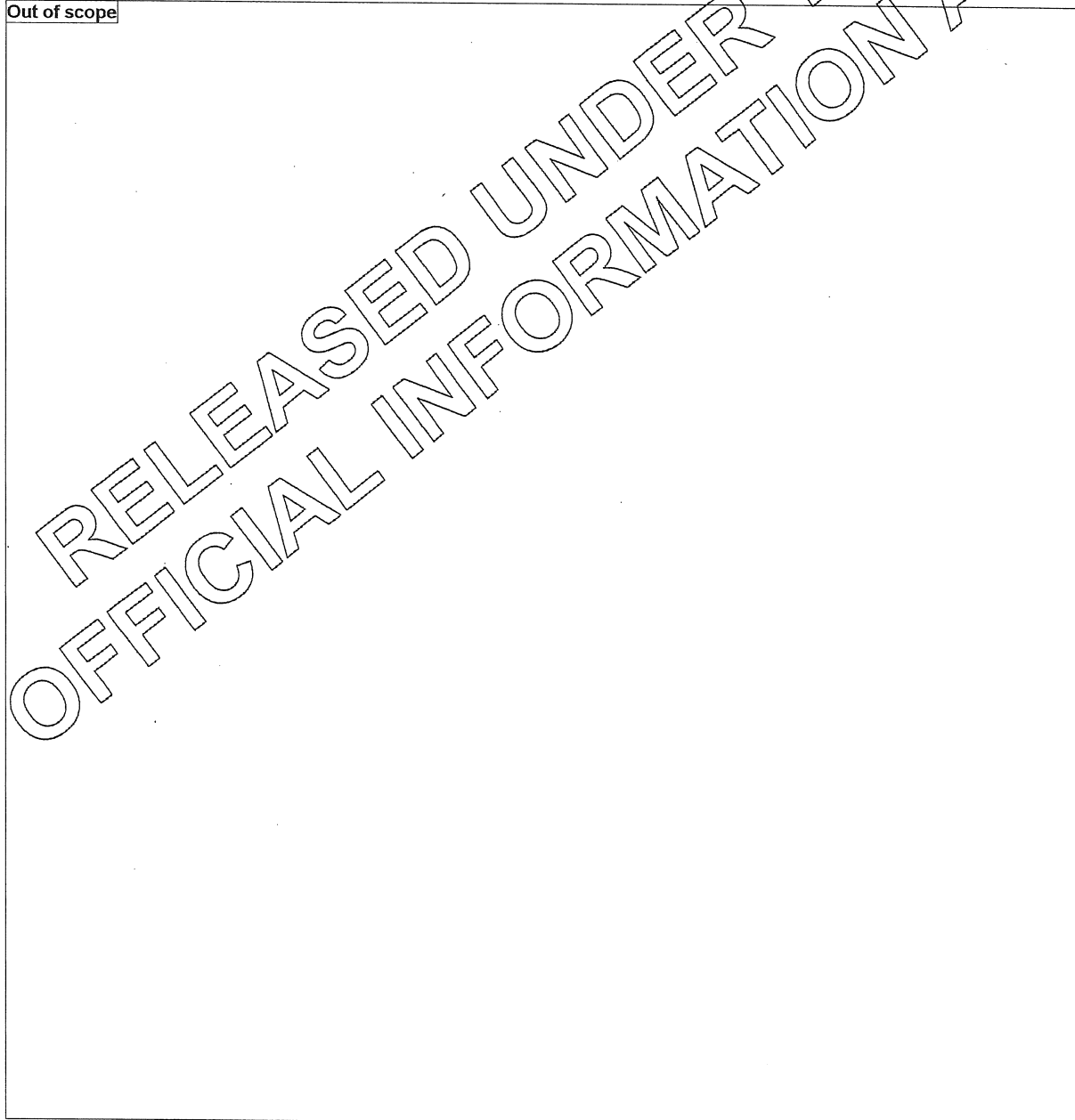
- 10 The reduced rate for sole parents currently does not apply to carers for children for whom Orphan's Benefit or Unsupported Child's Benefit is paid. When Cabinet agreed to merge these benefits into Supported Child's Payment [SOC Min (15) 12/1 refers] the current Child Support settings were intended to continue. On reviewing the provisions we consider the legislation could be made clearer by explicitly excluding a reduction in benefit to confirm the current policy and to avoid any unintended impact on these carers.

It is recommended that you:

5. **agree** the current Child Support settings should continue in the newly merged Supported Child's Payment, and to avoid all doubt, a reduction in benefit related to children for whom Supported Child's Payment is paid should be explicitly excluded

Agree / Disagree

Out of scope





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