

TAS - Change to the Maximum Rate and Removing Child Support as an Allowable Cost**Initiative Sponsors: Ministry of Social Development****Description:**

This initiative rebalances the formula calculation for TAS and resets the expectation that TAS generally should not cover personal liabilities, which was the intention when TAS was introduced by:

- reducing the maximum rate of payment from 30 percent of main benefit rates to 25 percent (excluding clients on New Zealand Superannuation / Veterans Pension) and,
- removing formula-assessed child support liability as an allowable cost for all recipients

The initiative generates \$195.557 million in savings over four years (2026/2027-2029/2030).

These changes, alongside changes to the Accommodation Supplement and Income Related Rent make a start on improving equity and incentives in the housing subsidy system as a part of a multi-year programme to reform the social housing system.

The change to the maximum rate of payment will work to rebalance the formula calculation for TAS to account for the above-indexation increases that were made to main benefit rates over the last two terms of parliament, and ensure that the maximum amounts clients can receive in last-resort hardship assistance through TAS accounts for the above-indexation increases in benefit rates since 2018. This change realigns the TAS maximum rates to ensure entitlements better reflect what they would have been, adjusted for inflation, from 2018 to present.

The removal of formula-assessed child support liability as an allowable cost will reset the intention of the policy intent at TAS's introduction, which was that TAS would not cover personal liabilities, like court fines and debts including child support debt.

Financial Impact:**Vote Social Development Opex:**

(\$m)	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Total	-	(10.397)	(59.312)	(60.998)	(64.850)	(195.557)

Why is the government making changes to Temporary Additional Support?

This change will reduce reliance on Temporary Additional Support. Alongside changes to the Accommodation Supplement and Income Related Rents, this makes a start on improving equity and incentives in the housing subsidy system as part of a multi-year programme to reform the social housing system.

How will the savings be achieved?

The formula changes will reduce clients' maximum rate of payment and therefore client entitlement (excluding clients on NZS/VP). Clients who are currently claiming child support liability as an allowable cost will no longer have this factored into their formula calculation; some clients will have a reduction in their entitlement, and some will lose eligibility for TAS completely due to the change.

Who will be impacted by this change?

Clients on TAS (or Special Benefit) who are at the maximum (excluding clients on NZS/VP) and / or are claiming child support liability as an allowable cost will have their entitlement affected from 1 April 2027.

This is aligned with the increase to the Accommodation Supplement maxima, which will also come into effect 1 April 2027.

The interaction of the package of changes with the housing subsidies has varying effects on different cohorts. On average, sole parent families and families with children will gain slightly more from the package, while more beneficiary families lose than gain.