



Cabinet Social Wellbeing Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Passing on Child Support to Sole Parent Beneficiaries: Phased Implementation

Portfolio **Social Development and Employment / Revenue**

On 23 November 2022, the Cabinet Social Wellbeing Committee:

Background

- 1 **noted** that in March 2022, Cabinet agreed to pass on child support payments paid via Inland Revenue to sole parent beneficiaries, and to treat these payments as income for determining the amount of financial assistance payable by the Ministry of Social Development (MSD) from 1 July 2023 [CAB-22-MIN-0091];
- 2 **noted** that the initial design of the treatment of child support payments paid via Inland Revenue as income for determining the amount of financial assistance payable by MSD cannot be delivered by the intended implementation date of 1 July 2023;

Phased approach

- 3 **agreed** that a phased approach be adopted to implement the passing on of child support as described above;
- 4 **agreed** that in phase one, only the cash a client receives from Inland Revenue relating to periods from 1 July 2023 and where the payment information is provided to MSD through the information share will be automatically charged as income for financial assistance purposes;
- 5 **noted** that the overall gains clients are expected to receive in phase one are similar to the gains from the full design;
- 6 **agreed** that the period over which the child support is charged will be determined based on the date the payment is notified on the information share;
- 7 **agreed** to the following technical or minor policy amendments that are required to give effect to phase one of child support pass-on to:
 - 7.1 allow formula assessed child support as an allowable cost for Temporary Additional Support and Special Benefit to be backdated to 1 July 2023 for a limited period;
 - 7.2 remove previously declared child support income from MSD's system before commencement of the information share to prevent income being charged twice;

7.3 apply the current general income charging rules to court ordered lump sums, including determining if the court ordered lump sum payment is income or capital;

8 **noted** that the introduction of the following policies will be delayed until phase two and will require Cabinet agreement at a later date:

8.1 reducing the client's income charge when they repay overpaid child support using personal resources;

8.2 ensuring debt repayments are only taken into account for a debt relating to periods after 1 July 2023;

8.3 ensuring that child support relating to a period when the client was not receiving a benefit will not impact the client's income for financial assistance purposes;


8.4 treating offset amounts of child support as income;

8.5 treating child support received (for past periods) as income when a new MSD client has their benefit commencement backdated;

9 **agreed** to amend the Public and Community Housing Management Act 1992 and associated Regulations to give appropriate effect to the phase one for public housing and Income Related Rent;

10 **noted** that the phased approach will create temporary inequities as some aspects of the income charging rules will not be implemented in phase one;


11 s 9(2)(h)



12


13

14 s (9)(2)(g)(i)



15 **noted** that the proposals in the paper under SWC-22-SUB-0222 for phase one will be included in the Child Support (Pass On) Acts Amendment Bill;

16 s 9(2)(f)(iv)



17

Impact on emergency housing contributions

- 18 **noted** that when Cabinet made the child support pass on decisions in March 2022 [CAB-22-MIN-0091], the operating impact from Emergency Housing Client Contributions was not disclosed;
- 19 **noted** the following changes as a result of the decision noted in paragraph 18 above, with a corresponding impact on the operating balance and net debt:

Vote Social Development Minister of Housing	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & outyears
Non-departmental Revenue: Programme Recoveries	-	0.291	0.306	0.321	0.321
Total Operating	-	(0.291)	(0.306)	(0.321)	(0.321)

Legislative implications

- 20 **agreed** that amendments to the Child Support Act 1991, Social Security Act 2018, Public and Community Housing Management Act 1992 and associated Acts and regulations required to implement the policy changes agreed above will commence from 1 July 2023.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Jacinda Ardern
Hon Grant Robertson
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Carmel Sepuloni (Chair)
Hon Andrew Little
Hon Poto Williams
Hon Willie Jackson
Hon Jan Tinetti
Hon Dr David Clark
Hon Dr Ayesha Verrall
Hon Priyanca Radhakrishnan
Hon Meka Whaitiri

Officials present from:

Office of the Prime Minister
Office of the Chair
Officials Committee for SWC