

DEPARTMENTAL REPORT

Child Support (Pass On) Acts Amendment Bill

ADDENDUM TO THE DEPARTMENTAL REPORT TO THE SOCIAL
SERVICES AND COMMUNITY COMMITTEE

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Child Support (Pass On) Acts
Amendment Bill – addendum to
the departmental report on the
Bill

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OVERVIEW

In reviewing the drafting of the proposed amendments following the departmental report, two further issues relating to the suspension of benefits have been identified.

These issues are outlined in this addendum to the departmental report.

SUSPENSION OF BENEFITS

Issue one: Clarifying the scope of the suspension amendment

Submission

(Matter raised by officials)

That the draft Bill is amended to ensure that a client's 'information share child support payment' can be charged as income against benefit or other assistance for any reason if the temporary break in assistance is within the same period their 'information share child support payment' is charged as income.

Comment

Officials previously suggested in the departmental report that an information share child support payment would continue to be charged as income for a client's benefit or other assistance if it suspends and resumes within the payment's income charging period (generally four or five weeks).

This policy ensures information share child support payments are not unintentionally exempt from being income due to a temporary break in a beneficiary's assistance where the assistance becomes payable; that is, a client has entitlement again, within the income charging period.

Earlier advice outlined that this policy would only apply if a client's assistance was suspended due to a temporary change in circumstances and the same assistance resumed within the same period an information share child support payment is charged as income.

However, there are instances where a client also has a temporary break in their assistance due to another process, such as where the assistance is cancelled, and the same or new assistance is regrantd within the same period the client's information share child support payment is charged as income.

This could be because, for example, a client advised they were entering permanent employment, however their employment turned out to be temporary and ended after one week. In these situations, the client's benefit or other assistance is cancelled on the basis of their full-time employment, rather than suspended. If the employment ended unexpectedly, the same benefit or different assistance may be granted one week later, after the client tells the Ministry of Social Development (MSD) that the employment has ended.

Recommendation

That the submission be accepted.

Issue two: Beginning an income charge when child support is received during a benefit suspension or expiry

Submission

(Matter raised by officials)

That the draft Bill is amended to provide authority for MSD to begin to charge an 'information share child support payment' as income when a client's benefit or other assistance has been suspended or expired and charge this income against any benefit or other assistance that becomes payable within the same income charging period.

Comment

Inland Revenue will share child support payment information with MSD. MSD will match the child support information against all clients:

- who are currently receiving income-tested financial assistance, or
- whose assistance is suspended due to a temporary change in circumstances, or
- whose assistance has expired, for example, because they have not provided MSD with information required to complete their assessment for assistance.

The use of suspended and expired benefit statuses is intended to be in circumstances where a client's assistance is likely to resume. For example, once the temporary change in circumstances has passed (for example, returned from overseas) or once a client provides information necessary for their assessment of entitlement to be completed. A client with benefits in either of these statuses would not have their income charge apply until this assistance becomes payable within the same charging period.

This ensures that these clients can continue to have their child support payments matched and charged as income against their assistance if it becomes payable, despite not being paid a benefit or other assistance at the time MSD is notified of the payment.

For clients whose assistance has been cancelled, MSD will not match their child support information because they no longer have an active record with MSD.

Issue two is distinct from issue one as it relates to beginning a child support income charge while a client's assistance is suspended or expired. Issue one relates to resuming a child support income charge after a client has a temporary break in their assistance (for example, when their benefit suspends and resumes).

A person could receive a child support payment while their benefit is suspended or expired. If a client's benefit status is suspended or expired in MSD's system at the time of the match, MSD will match and begin to charge the information share child support payment as income forward, over a four- or five-week charging period. This child support income will only be applied and used to determine the rate of the client's financial assistance if their assistance becomes payable within the same income charging period.

Being able to charge the child support as income while the client's benefit status is suspended or expired ensures that MSD can continue to charge the child support against any assistance that becomes payable within the same income charging period.

Example

Tama receives Jobseeker Support. On Thursday 5 October, Tama temporarily leaves New Zealand and MSD suspends his benefit as it is unclear whether he is eligible to continue to receive the benefit.

Tama receives an information share child support payment on Wednesday 11 October, while his benefit is suspended. Inland Revenue shares this information with MSD who subsequently matches this against Tama's suspended benefit record.

Tama returns to New Zealand on Tuesday 17 October and provides MSD with evidence of this. MSD subsequently resumes his Jobseeker Support from this date.

In line with the proposed policy, MSD would charge Tama's child support income charge over four or five weeks from when the information was matched against his suspended benefit record. This means that when Tama's benefit resumes on 17 October, MSD can continue to charge the remaining child support as income against his benefit as it is within the same child support income charging period.

As currently drafted, the Bill does not provide authority for MSD to begin an information share child support payment income charge in this manner when a client has a suspended or expired record.

Recommendation

That the submission be accepted.