



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

**DEPARTMENTAL REPORT**

# **Child Support (Pass On) Acts Amendment Bill**

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

*Prepared by Income Support Policy, Ministry of Social Development and Policy and Regulatory  
Stewardship, Inland Revenue*

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Child Support (Pass On) Acts  
Amendment Bill – Departmental  
Report on the Bill

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# EXECUTIVE SUMMARY

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The Child Support (Pass On) Acts Amendment Bill (the Bill) was introduced on 27 March 2023 and referred to the Social Services and Community Committee (the Committee). The Committee is due to report the Bill back to the House by 24 May 2023.

This departmental report summarises submissions made on the Bill, alongside responses and further recommendations from officials.

Thirteen submissions were received on the Bill from a range of organisations and individuals. There was broad support for the intent of the changes. Some concerns were raised about what the changes would mean for clients. These particularly focused on how Inland Revenue and the Ministry of Social Development (MSD) are preparing for implementation (such as staff training, communication to clients and stakeholder organisations). Concerns were also raised on treating child support payments as income for benefit purposes, and not passing on child support to recipients of the Unsupported Child's Benefit (UCB).

No policy changes are being recommended as a result of the submissions.

However, as a result of additional work, officials have identified the following issues that require legislative changes to address:

- resuming an income charge for an 'information share child support payment' after a benefit or other assistance has suspended and resumed in the same income-charging period to ensure income once the benefit has resumed can be charged
- clarifying a person's obligation to advise of a change in circumstances for public housing
- excluding specific child support payments from being charged as income for a benefit or other assistance, and
- clarifying that the deprivation of income provisions continue to apply for UCB beneficiaries.

Officials have recommended changes to the Bill for approval by the Committee, to address these issues. These changes are contained in Appendix 2.

The Parliamentary Counsel Office (PCO) will also implement minor drafting changes and improvements to the Bill, in line with the policy intent. These changes do not need to be approved by the Committee.

Appendices 3 and 4 collate responses to inputs to the Committee from the Regulations Review Committee, and questions arising from the Memorandum on Legislative Scrutiny from the Clerk of the Committee.

Some material contained in this report was previously supplied to the Committee on 24 April 2023 but has been included for completeness.

# INTRODUCTION

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Currently, people who receive a sole parent rate of main benefit are required to apply for child support to be arranged and collected by Inland Revenue. The government retains the child support payments collected by Inland Revenue on behalf of these sole parent beneficiaries to offset the cost of their benefits. Once the cost of their benefit has been offset, any excess amount is paid to the beneficiary. However, other beneficiaries (such as re-partnered beneficiaries) have their child support passed on in full. This creates an inequity and inconsistency in how sole parents are treated in the benefit system.

The Bill proposes several policy changes to correct this inequity and inconsistency. The key policies are:

- to pass on any child support payments paid through Inland Revenue to beneficiaries receiving a sole parent rate of main benefit
- to remove the obligation for clients on a sole parent rate of main benefit to apply to have child support assessed and paid through Inland Revenue, and
- to treat the child support passed on as income when determining entitlement to a benefit or other assistance, in line with other child support.

The proposals are estimated to have a positive impact on approximately 41,550 sole parent families. On average, these families would gain overall by an average of \$47 per week, and a median of \$20 per week, after abatement of benefits.<sup>1</sup>

This is estimated to reduce child poverty by around 6,000 (+/- 3,000) children on the fixed-line after-housing cost (AHC50) measure<sup>2</sup>, and by around 10,000 (+/- 4,000) children on the moving-line before-housing cost (BHC50) measure<sup>3</sup> in the 2023/24 financial year.

This initiative aligns well with the government's ten-year longer-term child poverty reduction target to reduce material hardship from 13.3 percent of children to six percent.

The Bill also proposes to treat formula-assessed child support liabilities as an allowable cost for Temporary Additional Support and Special Benefit.

Numerous other amendments to support the key policies outlined above are proposed. One of these supporting policies is to automate the treatment of most types of child support

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<sup>1</sup> Based on data as at September 2021.

<sup>2</sup> AHC50 measures the number of children in households with incomes much lower than a typical 2018 household, after they pay for housing costs, and is measured by the threshold line set at 50 percent of the median income in 2017/2018 (base financial year), after housing costs are removed.

<sup>3</sup> BHC50 is a moving-line income measure, with the poverty threshold taken the year the data is gathered (low income before housing costs – moving-line measure). BHC50 measures the number of children in households with much lower incomes than a typical household, and is measured by the threshold line set at 50 percent of the median household income in the year measured.

payments as income for financial assistance purposes. This is underpinned by an information-sharing agreement between Inland Revenue and MSD.

The Bill is an omnibus Bill which amends the following legislation:

- Child Support Act 1991
- Child Support Rules 1992
- Family Court Rules 2002
- Social Security Act 2018
- Social Security Regulations 2018
- Public and Community Housing Management Act 1992, and
- Public and Community Housing Management (Prescribed Elements of Calculation Mechanism) Regulations 2018.

# OVERVIEW OF SUBMISSIONS

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There were 13 submissions received. Five were from individuals and eight were from organisations. Four oral submissions were heard on 19 April 2023, with a further two oral submissions heard on 26 April 2023.

The submissions were generally supportive of the proposals, although a few areas of concern were noted. One submission was not in support of the proposal to pass on child support due to the effect the abatement of benefit and other assistance may have on the receiving carer's income certainty.

Key areas of concerns outlined in the submissions included that:

- communications to clients are adequate and accessible,
- staff are adequately trained to handle the proposed changes,
- no benefit debt arises as a result of implementing the proposed changes,
- child support passed on is not treated as income for benefit purposes, and
- Unsupported Child's Benefit is included in the changes proposed.

No policy changes are being recommended as a result of the submissions received.



# SUBMISSIONS SUPPORTING THE BILL

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## Submissions

*(Association of Blind Citizens of New Zealand Inc, Child Poverty Action Group, Community Law Centres o Aotearoa, FinCap, Gaynor Fiske, Methodist Alliance, Natasha Fordyce, New Zealand Council of Christian Social Services, Racheal Pearce, Salvation Army Te Ope Whakaora, Save the Children)*

Supports the Bill in principle, recognising that this is intended to lift incomes of parents and carers on sole parent rate of main benefit. *(Association of Blind Citizens of New Zealand Inc)*

Fully supports the intention of the amendment to pass on the full child support to the adult carer. This was recommended by the Welfare Expert Advisory Group. *(Child Poverty Action Group)*

Generally supports the objectives of the Bill. The proposed change will generally mean more consistency and better outcomes for beneficiaries and their children. *(Community Law Centres o Aotearoa)*

Strongly supports the changes to the child support system that will see child support going directly to the parent on a sole parent benefit. Also strongly supports that changes ensure liable parents can have their child support considered for Temporary Additional Support and Special Benefit purposes. Welcomes consideration of debt risks being mitigated. Support waiving the notice period so that child support can be treated as income at the closest time possible to the change as this appears to eliminate chances of overpayment debt occurring. *(FinCap)*

Child support should be paid in full to the custodial parent (receiving carer). *(Gaynor Fiske)*

Requiring the paying parent (liable parent) to pay for the other parent's benefit is adversely affecting families. *(Natasha Fordyce)*

Supports intention of this Bill to lift children/tamariki and their families/whānau out of poverty. However, concerned that some sole parent families will be worse off as a result of the Bill. *(Methodist Alliance)*

Supports the intent of the Bill but questions the ability for the proposals to be enacted as intended. *(New Zealand Council of Christian Social Services)*

The Bill provides support with the cost of living and supports struggling families. *(Racheal Pearce)*

Strongly supports the intention of the Bill to ensure a fair pass on of child support payments to carers of children who are receiving the sole parent rate for a range of welfare income support payments. For those paying child support, greater opportunity is being offered to access welfare support which is a welcome change. Our financial mentors see the difficulties people

on low incomes have with managing obligations to pay child support. Making these allowable expenses will help ease this financial pressure for people who are already struggling. (*Salvation Army Te Ope Whakaora*)

Broadly supports the proposed changes to the way child support payments are collected and then passed on to support sole parent families and lift 6,000 - 10,000 children out of poverty. (*Save the Children*)

## **Recommendation**

That the submissions be noted.

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# **SUBMISSIONS NOT SUPPORTING THE BILL**

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## **Submission**

*(Dr Linda Hill and Kath Boswell)*

We do not support the proposals in the Bill, because they will increase the precariousness of income available to sole parents to care for their children and pay household bills.

## **Comment**

Child support passed on will be considered on a forward-looking basis. Only the amount of child support received in the hand (the cash amount) will be considered, not the entitlement assessed. If the liable parent does not pay, despite the receiving carer having an entitlement to child support<sup>4</sup> it would not be considered income for the receiving carer. This approach would treat child support as income for the periods it is intended to support the child.

Most sole parent beneficiaries will be better off under the proposal.

## **Recommendation**

That the submission be noted.

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<sup>4</sup> An interest in child support

# SUBMISSION THEME: CLIENT IMPACTS

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*Clause 55 and 56*

## Issue: Debt

### Submissions

*(New Zealand Council of Christian Social Services, Salvation Army Te Ope Whakaora)*

Request provision be made to ensure that when debt inadvertently occurs because of this specific process, a mechanism exists to write it off. Debt generation due to increasing complexity (over which the receiving parent has very little control) needs to be the responsibility of the system rather than the individual. Concern that the modelling cannot determine the impact of child support payment on client benefit debt. *(New Zealand Council of Christian Social Services)*

Appears to be a very real risk of overpayments occurring, which would result in further debt because of irregular flows of child support payments to carers. *(Salvation Army Te Ope Whakaora)*

### Comment

The forward-looking nature of the income charge attempts to mitigate the creation of benefit debt. Under this system, child support payments are split and charged against financial assistance over the weeks that the payment is intended to support the child (over four or five weeks).<sup>5</sup> This is done before the receiving carer's financial assistance is paid, reducing the occurrence of overpayments. This method of income charging is proposed for most child support payments, and this will therefore apply to other forms of financial assistance they are receiving as well.

When debt arises from an error with the income-charging process, including the automation, the Bill proposes that the debt is non-recoverable and is written off.

### Recommendation

That the submissions be noted.

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<sup>5</sup> Regular child support payments are paid monthly

## Issue: Loss of financial assistance

### Submissions

*(Methodist Alliance, New Zealand Council of Christian Social Services, Save the Children)*

A mechanism should be included in the Bill to ensure that no sole parent family will receive less income because of these changes. If this is not addressed, the impact on the small number of families/whānau negatively affected by this policy change will mean they are deeper in poverty and suffer material hardship. *(Methodist Alliance)*

There should be a commitment to ensuring every family retains certainty of overall income, irrespective of the makeup of that income. Fifty families should not be worse off because of this proposal. We recommend mitigation of the impacts where changes will result in an overall reduction of payment to the receiving parent. *(New Zealand Council of Christian Social Services)*

We acknowledge the intention that the changes to how child support payments are passed on will lift the incomes of sole parent families. However, the Government should ensure no families should be financially worse off because of these changes. *(Save the Children)*

### Comment

The Social Security Act 2018 contains a very broad definition of income designed to capture most of the resources available to a person. This helps to ensure that government support is tightly targeted to those with the greatest need. The broad definition of income aligns with the purpose of the Social Security Act 2018 – that people should look to their own resources before seeking financial support under the Social Security Act 2018.

Treating child support as income, alongside other forms of income a person or their spouse or partner may have, is consistent and aligns with the purpose of the Social Security Act 2018. This means there is potential for a person's financial assistance to reduce as their income from child support and/or other sources goes up.

The intention is that entitlement to benefits and other assistance is assessed based on the current financial resources available to the receiving carer. For the 50 families that would be worse off, if they were to receive the equivalent amount of money from another income source, it would in nearly all cases be treated the same and result in the same outcome.<sup>6</sup>

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<sup>6</sup> Around 25 of these families are expected to be worse off financially due to the child support payments abating their main benefit completely, therefore losing the Winter Energy Payment (WEP). Of the other 25 families, they are expected to lose due to a combination of reductions in their Temporary Additional Support, Special Benefit, Income-related Rent Subsidy and Childcare Assistance, with most losing less than \$10.

## Recommendation

That the submissions be noted.

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## Issue: Income security

### Submissions

*(Child Poverty Action Group, Dr Linda Hill and Kath Boswell, Salvation Army Te Ope Whakaora)*

Defining the child support passed on as income will mean that some sole parent beneficiaries and those responsible for the custodial care of children will find their benefit assistance reduced, meaning the full value of child support payments will be diminished. If the child support payments are received erratically, beneficiaries will often find themselves in potentially confusing and complicated payment arrangements that may lead to beneficiaries facing debt repayments because of their variable financial circumstances *(Child Poverty Action Group)*

The proposal to pass on contributing parent payments in full and count them against the carer's benefit eligibility will mean that the (total) income received by the carer and children will be more insecure and harder to predict. *(Dr Linda Hill and Kath Boswell)*

The proposal has the potential for a lack of surety of consistent payment amounts to receiving parents. *(New Zealand Council of Christian Social Services)*

Child support payments are often irregular and may come as lump sum payments. It is crucial that the new systems improve the way such irregular income is managed and leads to better outcomes for people receiving sole parent support. There is a real risk of overpayments occurring resulting in further debt or of underpayment of much needed income because of irregular flows of child support income to carers. The spreading-forward principle being applied where payments are spread over the next four or five weeks for the purpose of assessing income is a reasonable attempt to reduce the impact of this. *(Salvation Army Te Ope Whakaora)*

### Comment

Income security concerns are mitigated by the proposal to charge the payment on a forward-looking basis at the point it is paid and spread over the month (charged over four or five weeks). This means that each week the client's total income must be above the income abatement threshold before it starts to affect their benefit.

Large arrears will continue to be a problem where liable parents do not pay their child support liability on time. However, this problem is expected to reduce over time as newly liable parents have been required to pay child support via automatic deductions from their salaries or wages since October 2021.

## **Recommendation**

That the submissions be noted.

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## **Issue: Impact on income related rent subsidy**

### **Submission**

*(Community Law Centres o Aotearoa)*

Concerns that those on income related rent subsidies could face a decrease in their subsidy because of the change. Any decrease in such a subsidy could place families under significant financial strain, particularly given the increasing costs most households are facing, and it could also negate the beneficial impacts of these changes.

### **Comment**

Child support pass-on will be treated as income, and consequently this may impact how much public housing tenants pay in Income Related Rent (IRR). Sole parents with increased incomes from child support pass-on may see an increase in the IRR they pay for their public housing.

Despite increases to their IRR, MSD estimates these households will benefit overall from child support pass-on as the overall average increase to their incomes will be greater than the estimated average increase to their IRR.

### **Recommendation**

That the submission be noted.

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## **Issue: Benefits of proposal are modest**

### **Submission**

*(Save the Children)*

Every child in Aotearoa New Zealand has the right to a decent standard of living and having an adequate income is directly related to this right. However, we are cautious given the small lifts in income predicted to be a median gain of \$20 per week which are likely to be offset by the rising costs of living.

## **Comment**

The amount passed on reflects how much child support liable parents are assessed to pay under the current formula. This is a function of several factors, including the amount of income earned by each parent and the amount of care they provide to the child.

## **Recommendation**

That the submission be noted.

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# SUBMISSION THEME: INCOME TREATMENT

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## Issue: Income of child or no impact on benefit

### Submissions

*(Association of Blind Citizens of New Zealand Inc, Sam Brynand, Child Poverty Action Group, Community Law Centres o Aotearoa, Dr Linda Hill and Kath Boswell)*

In our view, neither the current legislation or proposed amendments address the importance of ensuring child support payments benefit the child. Child support payments could be treated as non-taxable income for the child and be paid into an account in their name. While it is stated that following abatement of income-tested financial assistance families will gain overall, in our view this equates to children of higher-earning parents not benefiting in full. The proposed amendments do not appear to distinguish implications that might arise for disabled parents and disabled carers who receive a sole parent rate of main benefit. In the event the Bill diminishes the ability of a disabled parent or disabled caregiver receiving a sole parent rate of main benefit to have their disability costs met, this is an equity issue. That is to say that the costs of disability of the parent or caregiver will fall on the child. In such a situation, the cost of disability will not be reduced for the household. This in turn introduces an unintended consequence of leaving that household at risk of falling below the poverty line. *(Association of Blind Citizens of New Zealand Inc)*

Child support should not be treated as income. The full child support payment should be given to parents and should not be counted as income – it is to help children *(Sam Brynand)*

Defining child support payments as income will potentially affect levels of core benefit payment and supplementary payments such as accommodation supplement, Temporary Additional Support and hardship grants, as well as eligibility for support through Working for Families tax credits. It is not clear from the legislation how income would be applied to eligibility for core first tier benefits and associated support such as accommodation supplement and Temporary Additional Support. Clarity is urgently needed. The effects of effective marginal tax rates on the range of assistance are well documented – child support pass-on makes a comprehensive review of the effects of the interaction of abatements across the income support system increasingly urgent. Until that review is completed and implemented, child support payment should not be treated as income. *(Child Poverty Action Group)*

Child support should be considered as payment made for the care of a child rather than as income for an adult caregiver. The focus should be on who the payment is for rather than who the payment is made to. We would like to see child support passed on to those on sole parent benefits without any consequential reduction in benefit entitlements. *(Community Law Centres o Aotearoa)*

Child support passed on must not affect the eligibility for or reliability of the base income support amount received by the carer and children. Instability of the liable parent's payments will impact the overall income of the receiving carer and their financial stability. *(Dr Linda Hill and Kath Boswell)*

## **Comment**

Child support payments received by other beneficiaries (such as those on a couple rate of benefit and who have children in their care from a previous relationship) are currently treated as income when calculating what support they receive. Therefore, the proposal to treat child support passed on as income for benefits and other assistance is consistent with current practice. This proposal is also consistent with the purpose of the Social Security Act 2018 that people are expected to use the resources available to them before receiving assistance. Not treating these payments as income could also raise equity concerns, as people who receive large sums of child support could still be eligible for a benefit.

The Welfare Expert Advisory Group also recommended treating child support payments passed on to receiving carers as income for benefit abatement, in the same way as wages.

## **Recommendation**

That the submissions be noted.

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## **Issue: Repayment of debt from future child support**

### **Clause 37**

#### **Submission**

*(Methodist Alliance)*

We seek clarification regarding the effect of the proposed insertion of the following definition in schedule 2 of the Social Security Act 2018 (see clause 37 of the Bill):

**child support debt recovery by reduced further payments of child support**, for a person who owes an amount of child support as a debt due to the Crown, means any recovery of the amount of the debt due to the Crown

- (a) under the Child Support Act 1991; and
- (b) by reduced further payments of child support that the person is entitled to receive (for example, under section 151(3) or 151AA(8) of that Act)

Child support payments should be used to support the child's/tamariki's material needs, and not be diverted to repay debt to Government that has previously been incurred by a parent.

## **Comment**

This proposed insertion describes a situation where a receiving carer is repaying previously overpaid child support by using a portion of their future child support received.<sup>7</sup> This is an existing practice but is generally only used upon the receiving carer's request.

Within the context of this Bill, it is proposed that the amount of child support used to repay previously overpaid child support is not treated as income for benefit purposes. This means that only the net amount of child support less any net repayments for previously overpaid child support is treated as income to determine the amount of financial assistance payable. This is a feature of the proposed forward-looking approach and that only the cash amount of child support is charged, rather than on the entitlement basis.

## **Recommendation**

That the submission be noted.

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<sup>7</sup> Inland Revenue may re-assess a client's child support entitlement for a past period and determine the client was entitled to less child support for this period. If this occurs, clients may be liable to repay the overpaid child support entitlement.

# SUBMISSION THEME: COMMUNICATION TO CLIENTS

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## Submissions

*(FinCap, New Zealand Council of Christian Social Services, Salvation Army Te Ope Whakaora, Save the Children)*

There should be clear and transparent sharing of information so that those who are impacted by these changes understand what they mean. Clause 30 of the Bill proposes amendments to section 113 of the Social Security Act 2018 and sets out obligations for communications where circumstances are changing for both a whānau and MSD. In the examples, it notes that MSD are to notify a beneficiary that their child support payments will be treated as income and also of any change in amounts or timing. Plain language and clear communication are crucial here. It is important that any amount to be paid or not is clear. Adding stress for whānau already juggling many unpredictable financial pressures should be avoided. *(FinCap)*

Recommend working closely with the community, providers, advisors, etc across the sector to develop a range of resources to support communication and understanding. *(New Zealand Council of Christian Social Services)*

Communication with people receiving income support is crucial. The automation of income requires proactive and effective communication to carers whose incomes is affected. Not clear what the requirement will be for timely notification to MSD clients. Waiving the 10-day adverse action notice period means that clients may not find out about changes to their income support payments until the money has been paid into their account. MSD and Inland Revenue should engage promptly with financial mentors and welfare advocates as well as people in receipt of sole parent benefits, to ensure the roll out of the changes is prepared well. *(Salvation Army Te Ope Whakaora)*

Ensure clear and easy to understand information is proactively shared with whānau that will be impacted by this change. *(Save the Children)*

## Comment

A summary of the activities each agency is planning in order to communicate the changes to clients and external stakeholders is set out below.

### Inland Revenue

Inland Revenue will provide internal communication and training to staff, and external communication to clients, outlining the changes to the Child Support Act 1991. That is:

- that child support payments will be passed on to sole parent beneficiaries

- these beneficiaries are no longer required to apply for a formula assessment of child support
- these child support changes do not apply to Unsupported Child's Benefit beneficiaries, and
- Inland Revenue will send their first mailout in mid-June to confirm clients' bank account details, and a second mailout in mid-August on the same topic.

Questions in relation to how child support will be treated for benefit purposes will be directed to MSD.

Inland Revenue's communications channels are direct marketing (letters - via post and myIR), and targeted social media. The social media will be static material (that is, not videos) and will provide the key messages and direct customers to other information – for example, Inland Revenue's website. Customers will also be able to ask questions through social media channels, which our social media team will respond to.

## **MSD**

### ***Communicating to clients***

Clients will get a number of direct letters over the next few months:

- MSD will send the first general letter covering the child support pass-on changes for all clients potentially affected by the change, at the end of May.
- In July 2023 MSD will send a letter to all clients receiving Temporary Additional Support or Special Benefit letting them know that child support can be included as an allowable cost for Temporary Additional Support/Special Benefit. MSD will also send a letter to clients who pay child support but do not currently receive Temporary Additional Support/Special Benefit.
- From 22 August 2023, MSD will send a letter to clients when MSD receives child support information from Inland Revenue. This letter advises clients the amount of child support and any changes to their payments.

High level information is currently on both Inland Revenue and MSD websites. These will be updated regularly as information is sent to clients.

- MSD will publish social media posts to support and promote the information on our websites.
- MSD will create short-form video content with MSD staff explaining the changes in plain English.
- MSD will provide translated material for clients, including Easy Read and large print formats and material for speakers of other languages.

## **Communicating to external stakeholders**

Between May and June 2023, MSD will use a variety of methods to share and socialise child support pass-on across a wide range of external stakeholders. The stakeholders have been grouped into those who deal directly with our clients, those who have a general interest in the changes, and government agencies.

For all stakeholders, an information pack will be sent out in mid-May 2023, including a presentation, one-page summary of key information, and links to further details and support.

Client-facing stakeholders will be invited to attend a webinar in late May 2023 where MSD will share key messages and take questions.

Stakeholders who deal directly with our clients	
<ul style="list-style-type: none"><li>▪ Disabled People’s Organisations Coalition</li><li>▪ NZ Council of Christian Social Services</li><li>▪ Māori Women’s Welfare League</li><li>▪ FinCap</li><li>▪ Fairer Futures</li><li>▪ Community Law</li><li>▪ National Beneficiary Advocacy Consultative Group</li></ul>	<ul style="list-style-type: none"><li>▪ Birthright</li><li>▪ Salvation Army</li><li>▪ Barnados</li><li>▪ Citizens Advice Bureau</li><li>▪ Advocate Community Connectors</li><li>▪ Auckland Action Against Poverty</li><li>▪ E Tū Whānau</li><li>▪ Muaūpoko Trust</li></ul>
Other stakeholders who have a general interest	
<ul style="list-style-type: none"><li>▪ Community Housing Aotearoa</li><li>▪ Chartered Accountants Australia and New Zealand</li><li>▪ NZ Law Society</li><li>▪ Privacy Foundation of NZ</li><li>▪ National Council of Women</li></ul>	<ul style="list-style-type: none"><li>▪ NZ Disability Trust</li><li>▪ Child Poverty Action Group</li><li>▪ Action Station</li><li>▪ Institute of Community Psychology Aotearoa</li><li>▪ Save the Children</li></ul>
Government Agencies	
<ul style="list-style-type: none"><li>▪ Kāinga Ora (KO)</li><li>▪ Whaikaha</li><li>▪ Oranga Tamariki</li><li>▪ Ministry of Education</li><li>▪ Department of Corrections</li><li>▪ Ministry for Women</li><li>▪ Te Puni Kōkiri (Ministry of Māori Development)</li></ul>	<ul style="list-style-type: none"><li>▪ Ministry for Pacific Peoples</li><li>▪ Ministry of Youth Development</li><li>▪ Ministry for Ethnic Communities</li><li>▪ Ministry for Housing and Urban Development (HUD)</li><li>▪ Te Arawhiti - the Office for Māori/Crown Relations</li></ul>

### ***Communicating to MSD staff***

MSD is communicating with our staff in several ways.

To 'warm up' trainers and Service Centre Managers, MSD is including information on child support pass-on in a series of our regular fortnightly change calls. In these sessions MSD explain what's changing and take questions.

MSD will hold briefings in May for all senior frontline and housing managers across MSD.

MSD will publish regular updates and reminders in the staff newsletters 'In the Loop', 'On the Radar' and 'Mahi and Manaaki'. These channels cover all staff including managers.

### **Recommendation**

That the submissions be noted.

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# **SUBMISSION THEME: BILL SHOULD BE IN PLAIN ENGLISH**

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## **Submission**

*(Dr Linda Hill and Kath Boswell)*

The legislation should be in plain English. Even if the legislation and income support systems are complex, we recommend the legislation is written in the everyday language of the people it affects.

## **Comment**

The Parliamentary Counsel Office (PCO) applies a plain language standard to their work, including legislative drafting. Legislative drafting includes this Bill, and the plain English statement and supporting resources can be found on the PCO website. The Bill has accordingly been drafted applying the PCO's plain language standard. The following factors are relevant:

- The Bill's subject-matter is very complex.
- The Bill amends many different provisions of multiple items of legislation.
- The Bill must fit within the precise structure and terminology of the legislation amended.
- In amending legislation, like this Bill, amendments are not set out in their relevant context (as occurs when they are consolidated into the legislation amended).
- The Bill has been reviewed by IRD, MSD, PCO editors, and PCO drafters to help to make the Bill accessible.
- Those reviews included the application of the plain language standard.
- PCO is open to making identified demonstrable plain language drafting improvements that are consistent with the Bill's policy and technical parameters.
- The Bill will also be accompanied by appropriate general and specific communications to people affected.

## **Recommendation**

That the submission be noted.

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# SUBMISSION THEME: IMPLEMENTATION

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## Issue: Training

### Submissions

*(New Zealand Council of Christian Social Services, Salvation Army Te Ope Whakaora, Save the Children)*

Strongly advocate for robust internal practices to ensure a deep understanding of the changes – otherwise there is potential for confusion. A confident, aligned and well-informed Inland Revenue and MSD workforce will be crucial to mitigate unnecessary anxiety in this group of parents. *(New Zealand Council of Christian Social Services)*

The Bill adds complexity to an already confusing welfare system. People needing support struggle to understand the complex requirements for information on their income and personal circumstances under current welfare legislation. We are concerned about the short period to prepare systems and train staff as well as in support agencies like ours. *(Salvation Army Te Ope Whakaora)*

Important that front line staff dealing with these changes are well trained and resourced to provide support to families that may need it as these changes take place. *(Save the Children)*

### Comment

Training for MSD staff has been split into four tranches, running from mid-May 2023 until mid-August 2023 (before the first information share). Learning is a mix of online and face to face, with each tranche including a recap of the changes:

- Tranche one – Overview of child support pass-on changes,
- Tranche two – Removal of obligation to apply for child support, child support as an allowable cost for Temporary Additional Support and Special Benefit, declaring child support as income, impacts on Housing and Students, and changes to Childcare Assistance,
- Tranche three – Getting ready for the first information share,
- Tranche four – More detailed information on the child support information share, matching and automated charging income.

Training for Inland Revenue staff runs from 1 June to 30 June 2023.

### Recommendation

That the submissions be noted.

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## **Issue: Grace period**

### **Submissions**

*(Salvation Army Te Ope Whakaora, Save the Children)*

During the implementation of the proposals, we recommend a grace period where debt arising from the changes to rules is not actively pursued. *(Salvation Army Te Ope Whakaora)*

We recommend a grace period when families will not incur debt to MSD and/or Inland Revenue if mistakes are made in determining the new payment levels. *(Save the Children)*

### **Comment**

The approach taken to the automated charging of child support payments supports a high level of accuracy and consistency of charging for both staff and clients. In the unlikely event that an error occurs, the Bill proposes that benefit debt arising from the treatment of child support payments as income, including the automation of this process, is not recoverable and is to be written off. It is therefore not anticipated that a grace period for debts arising from the proposed changes is necessary.

### **Recommendation**

That the submissions be noted.

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# SUBMISSION THEME: EVALUATION

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## Submission

*(Save the Children)*

We recommend a review period is established to ensure the system is reviewed after a determined period, possibly one year after the changes officially start. This would enable officials to determine whether the system is working as intended and whether that sole parent families are financially better off due to the changes.

## Comment

The Budget funding includes \$0.45 million in the two years following implementation for evaluation of the proposals in the Bill. The evaluation will be undertaken by MSD and use a mix of qualitative and quantitative methods to examine the impact of the changes, including how clients and staff are experiencing the changes.

Child support pass-on is a major financial initiative that has significant impacts for sole parent beneficiaries and their children. MSD has current evaluation and reporting underway to assess the impacts of the welfare overhaul work programme, including the Families Package and subsequent changes. This includes annual reporting tracking trends in relevant payments, as well as additional research on the quantitative impacts of these payments, and qualitative and quantitative studies to gain insights into client experience. Inland Revenue will also undertake a process evaluation to measure the effectiveness of the initiative. This is considered appropriate for identifying any problems that may arise during implementation. It will also monitor key metrics relating to this initiative, including changes to the number of child support applications, the amount of child support received, and the amount of child support arrears (excluding penalties).

In addition, MSD has secured further funding to include:

- additional monitoring, and impact evaluation if feasible, of private agreements, formula assessments, the proportion of liable parents making payments, and levels and frequency of payments, and
- an in-depth qualitative study of people's experiences of the changes, with a focus on sole parent beneficiaries' experiences of having to budget with fluctuating incomes (for example, where their liable parent is unreliable at making regular payments), clients' experience of child support payments automatically being charged forward over four or five-weeks, and sole parents', liable parents' and their children's wellbeing, perceptions of the quality of their relationships, and changes they see in the short-term.

Child support pass-on is being implemented in two phases. This Bill implements the first phase, that is, child support is passed on and most child support would be treated as income. The second phase would implement rules for how child support payments are treated as income in rarer cases and may come into effect in mid-2025 at the earliest. Any

issues identified with the implementation of the proposals can be addressed in the second phase.

### **Recommendation**

That the submission be noted.

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# **SUBMISSION THEME: CHANGES SHOULD APPLY TO UCB BENEFICIARIES**

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## **Submissions**

*(Child Poverty Action Group, Community Law Centres o Aotearoa, Methodist Alliance, Salvation Army Te Ope Whakaora)*

The effects of counting child support pass on payments as income are also highly significant for those in receipt of an Unsupported Child's Benefit (UCB). Effectively, for example, this means that a grandparent providing custodial care for grandchildren could find that the level of the UCB would be reduced because of the passing on of child support. As with those receiving benefit assistance, the positive effects of additional income are reduced. *(Child Poverty Action Group)*

We are disappointed that carers receiving the UCB are excluded from these changes on the basis that further work is being done by Oranga Tamariki. Our preference is for UCB beneficiaries to be included in these changes. *(Community Law Centres o Aotearoa)*

We are disappointed that the Bill does not apply to UCB beneficiaries as recommended by the Welfare Expert Advisory Group and recommend that the legislation is changed to include them. The families/whānau who are receiving the UCB are some of Aotearoa's most vulnerable whānau and together with their children/tamariki are living in poverty. *(Methodist Alliance)*

Excluding the UCB beneficiaries from these changes is disappointing and continues existing unfairness for children in those households. It leaves a disadvantaged group of children and their carers without much-needed additional support. *(Salvation Army Te Ope Whakaora)*

## **Comment**

Child support pass-on for caregivers receiving the UCB is being considered as part of the long-term work to reform the system of financial assistance and support for caregivers. These reforms also involve the Foster Care Allowance, which Inland Revenue does not retain child support for (as child support is retained by the Government to offset the cost of financial assistance).

The reforms intend to transform the caregiver financial assistance system so that it:

- supports tamariki to thrive under the protection of their family, whānau, hapū or iwi
- prevents the need for tamariki to enter or re-enter State care
- is more equitable for caregivers outside of the State care system, and
- addresses care, protection and wellbeing needs of children.

Cabinet agreed in December 2019 that there should be no disparity between the standardised payment rate provided to support a child in the State care system, and that

provided to support a child living with a caregiver outside the State care system whose parents are unable to care for them.

Child Support pass on will be considered in the context of the new model.

### **Recommendation**

That the submissions be noted.

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# SUBMISSIONS OUT OF SCOPE

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## Submissions

*(Association of Blind Citizens of New Zealand Inc, Dr Linda Hill and Kath Boswell, FinCap, Methodist Alliance, New Zealand Council of Christian Social Services, Salvation Army Te Ope Whakaora)*

In our view, there may be better ways to support families and whānau with disabled parents, disabled caregivers, and/or disabled children. For example, there are shortcomings in relation to the Disability Allowance that could be addressed. We express disappointment that more impactful changes that would support disabled people receiving Income Support have not been proposed. *(Association of Blind Citizens of New Zealand Inc)*

Benefits are set too low and should be increased. *(Dr Linda Hill and Kath Boswell)*

An ongoing four-week grace period should be implemented for a whānau to report a change in circumstances as well as the possible treatment of child support payments as equally split income over the future month. Such grace period would reduce the risk of overpayment debt arising and reduce stress for whānau, especially for those who often have unpredictable and irregular incomes. *(FinCap)*

We recommend a procedural step where staff confirm in writing that a sole parent is receiving full and correct entitlement. MSD and IR should publish annual data on full and correct entitlements, take-up rates, employment outcomes, etc, as recommended by the Welfare Expert Advisory Group. Abatement thresholds should be indexed to minimum adult wage. *(Methodist Alliance)*

We would recommend that the same care in relation to debt reduction is taken in applying this lens to other benefits, supplements, and subsidies that the receiving parent may be receiving, for example, Accommodation Supplement, childcare subsidies, and Working for Families etc which will interact with child support. *(New Zealand Council of Christian Social Services)*

Debt to government is already a significant burden on households relying on welfare, and we have called for proactive debt relief for low-income families and a centralised approach to managing debt owed to multiple government entities. There is limited information about the phased introduction and no indication of when the phase two legislation will be actioned. *(Salvation Army Te Ope Whakaora)*

## Comment

Inland Revenue and MSD consider that the matters raised in these submissions are outside the scope of the proposals in the Bill, therefore officials have not considered these further at this time.

## **Recommendation**

That the submissions be noted.



## **APPENDIX 1 - SUBMITTERS**

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Association of Blind Citizens of New Zealand Inc

Sam Byrnand

Child Poverty Action Group

Community Law Centres o Aotearoa

FinCap

Gaynor Fiske

Natasha Fordyce

Dr Linda Hill and Kath Boswell

Methodist Alliance

New Zealand Council of Christian Social Services

Racheal Pearce

Salvation Army Te Ope Whakaora

Save the Children

## **APPENDIX 2 - SUMMARY OF CHANGES RECOMMENDED**

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### **Resuming income charging after benefit suspended and resumed**

#### **Submission**

*(Matter raised by officials)*

Officials recommend an amendment to ensure that MSD can continue to charge an information share child support payment as income if this assistance suspends and resumes within the payment's income charging period.

This recommendation ensures that a client's information share child support payment is charged the same way as their other income when their financial assistance payments temporarily stop due to a suspension. This is consistent with existing policy and will reduce complexity and confusion for staff and clients.

#### **Comment**

Clients may experience a break in their financial assistance payments (a benefit or other assistance) due to a suspension. This can happen if a client is temporarily not eligible for their financial assistance, for example, because they are temporarily absent from New Zealand. MSD may later resume the client's financial assistance if there is sufficient evidence, they are eligible for the assistance again.

When MSD suspends and resumes a client's financial assistance in the same period over which they have income being charged, the current policy is that this income continues to be charged when their financial assistance resumes. This only applies to benefits that have been suspended due to a temporary change in circumstances, not benefits that have been cancelled due to a permanent change in circumstances.

This current policy for suspensions is intended to also apply to an income charge for an 'information share child support payment'. This would mean that MSD continue to charge an information share child support payment as income for a client's financial assistance if the assistance suspends and resumes within the payment's income charging period. The client's payment of financial assistance would then be based on the residual income charge on the days they were eligible for this assistance within the remaining income charging period.

In the example below, Tama receives an information share child support payment that is charged as income over four weeks from Monday 25 September to Sunday 22 October. On Thursday 5 October, Tama's benefit is suspended as he temporarily leaves New Zealand and MSD is not sure he is eligible for continued receipt of benefit. Tama provides evidence of his

return to New Zealand on 10 October and MSD resumes his benefit from this date. Please see below calendar showing this example.

Mon	Tues	Wed	Thurs	Fri	Sat	Sun
18 Sept	19 Sept	20 Sept Benefit payment	21 Sept	22 Sept	23 Sept	24 Sept
25 Sept IR releases payment Income charge begins	26 Sept Deemed date of receipt	27 Sept Benefit payment – CS income charge	28 Sept	29 Sept	30 Sept	1 Oct
2 Oct	3 Oct	4 Oct Benefit payment – CS income charge	5 Oct MSD suspends Tama's benefit	6 Oct	7 Oct	8 Oct
9 Oct	10 Oct MSD resumes Tama's benefit	11 Oct Partial benefit payment for 2 – 4 October)	12 Oct Tama provides required evidence	13 Oct	14 Oct	15 Oct
16 Oct	17 Oct	18 Oct Partial benefit payment 10 – 15 October (including arrears for part of the previous week) – CS income charge	19 Oct	20 Oct	21 Oct	22 Oct Income charge ends

The Bill as currently drafted would not allow for an information share child payment to continue to be charged as income in this circumstance.

## Recommendation

That the submission be accepted.

## Clarifying a person's duty to advise of a change of circumstances under the Public and Community Housing Management Act 1992 (PACHMA)

### Submission

*(Matter raised by officials)*

Officials recommend amending the Public and Community Housing Management Act 1992 (PACHMA) to clarify that clients do not need to declare a change in circumstances if the responsible agency is notified of the change via the information share. This means that for most people, they will not have to tell MSD if their child support income has changed via the information share.

However, there may be rare circumstances where the payment details in the information share are incorrect, and the person will need to advise MSD of the error. Therefore, we recommend including an exception in PACHMA clarifying that a client must declare a change in their circumstances if:

- the responsible agency is notified of the change via the information share
- the agency notifies the person of the information share child support payment, and
- the person considers the information share is incorrect and does not promptly dispute the correctness of the information.

This would avoid MSD referring to an incorrect amount of child support when determining a person's rate of income-related rent, eligibility for public housing, or their rating on the Public Housing Register.

### Comment

Currently under section 115 of PACHMA, clients are required to promptly advise MSD of any change in household circumstances that is likely to result in:

- the payment of a higher income-related rent<sup>8</sup>
- no longer being in need of, or eligible for, public housing.<sup>9</sup>

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<sup>8</sup> Income-related rent is a subsidised rent scheme for public housing tenants with low incomes. The rate of Income Related Rent is calculated based on a client's assessable income and their household type. MSD calculates the rate of income-related rent and the public housing provider charges this rate as rent to the client.

<sup>9</sup> To qualify for public housing, a person must meet an income and asset test, and be 'at risk' or 'in serious housing need' (as assessed through the Social Allocation System). Child support payments may impact a person's qualification.

This ensures a person's income-related rent, eligibility for public housing, and priority rating on the Public Housing Register is reflective of their circumstances and current income.

From 1 July 2023, MSD will be notified of a change in specified tenants' child support payments via an Approved Information Sharing Agreement between MSD and Inland Revenue. MSD will not be relying on people to self-declare changes in information share child support payments because this will be received via the information share and recorded in their system. The information can then be used for any future assessment of income-related rent, eligibility for public housing, or Register priority rating.

However, as the Bill is currently drafted, section 115 of PACHMA has not been amended, meaning that a person would still have a legal requirement to declare a change in circumstances. Officials consider it unreasonable for a tenant to have a legal requirement to declare a change in child support income if that change is already being communicated via the information share. A legislative amendment is required to avoid a person being at risk of debt if they had not self-declared their changes. It would also avoid adding an unnecessary administrative load when a person self-declares the change to MSD (such as via phone). Section 113 of the Social Security Act 2018 is undergoing a similar amendment to reflect that clients are not required to notify MSD of a change in circumstances if the change is notified via the information share.

## **Recommendation**

That the submission be accepted.

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## Excluding specific child support payments from being charged as income for a benefit or other assistance

### Submission

*(Matter raised by officials)*

Officials recommend an amendment to exclude the following from being considered income, any child support payment information for periods on or after 1 July 2023 that came through the Inland Revenue / MSD transactional file but was not matched to a client because they were not receiving income-tested assistance from MSD at the time Inland Revenue made the payment to them.

### Comment

A person's benefit commencement date can be earlier than when they apply for assistance, for example, if the 28-day rule applies under section 316 of the Social Security Act 2018 (SSA). MSD may be advised of child support payment information that the SSA requires to be charged as income when backdating the commencement of a client's benefit for periods after 1 July 2023.

This relates to child support administered by Inland Revenue for periods on or after 1 July 2023, that came through the Inland Revenue / MSD transactional file at the time the child support payment was made to the client, but was not matched to the client as they were not receiving income-tested assistance from MSD at the time Inland Revenue made the payment to them.

If a client self-declares this child support, it would need to be charged as income under MSD's general income charging rules<sup>10</sup> for the client's backdated commencement of benefit.

If MSD obtains this information from Inland Revenue through the secure email channel, this child support would be income under MSD's new prescribed income charging rules. This is because the verified payment information would meet the definition of 'information share child support payment'.

Example:

Jack is the primary caregiver for his son Aaron and receives formula assessed child support from his ex-partner, via Inland Revenue. He is in a new relationship with Lucia, who is supporting him financially.

On Sunday 27 August, Jack and Lucia break up. Jack decides to apply for financial assistance from MSD, but it takes him a while to make the application. He applies on Monday 18 September and the next day he is granted Sole Parent Support (SPS) with a commencement date of Monday 11 September (the day after Jack's benefit stand down period ends).

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<sup>10</sup> This means staff apply discretion to determine the period over which to charge the child support as income for benefits or other assistance.

Jack self-declares his child support for the week of 11 September, along with any other income he has, so that MSD may determine the rate of his SPS for that backdated period. However, the policy intent is not to charge this type of child support as income when backdating the commencement date of a benefit or other assistance. Only the information share child support payment that Jack receives on or after Tuesday 19 September will be charged as income against his SPS.

Charging child support as income in such cases would be contrary to the policy intent of phase one of child support pass-on to charge child support payments forward and only make retrospective adjustments to address specific errors. In line with this policy, child support payments, including those outlined above, will not be charged as income when backdating the commencement date of a benefit for periods post 1 July 2023 during phase one. This design feature may be revisited as part of phase two of child support pass-on.

The Bill as it is currently drafted would not give effect to the policy intent of not treating these child support payments as income when backdating the commencement of a client's benefit or other assistance.

## **Recommendation**

That the submission be accepted.

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# Clarifying that the deprivation of income provisions continue to apply for Unsupported Child's Benefit beneficiaries

*Clauses 47, 48 and 64*

## Submission

*(Matter raised by officials)*

Officials recommend an amendment to the Bill to exclude the changes to deprivation rules from applying to Unsupported Child's Benefit (UCB) beneficiaries. This will ensure that the status quo for UCB beneficiaries is preserved in line with the decisions taken by Cabinet on child support pass-on.

Officials also recommend amending the Public and Community Housing Management Act 1992 (PACHMA) clauses of the Bill to exclude these changes from applying to UCB beneficiaries in a voluntary child support arrangement, to align with existing policy settings.

## Comment

Alongside the decision to remove the obligation for people on a sole parent rate of main benefit to apply for a formula assessment of child support under the Child Support Act 1991, it was considered necessary to ensure the deprivation rules under PACHMA and the Social Security Act 2018<sup>11</sup> do not apply to decisions not to apply for or to revoke a child support arrangement of any kind, including arrangements made outside of Inland Revenue.

The Bill, as introduced, excludes an applicant, or an applicant's spouse or partner, from being considered as depriving themselves of income by not applying for a formula assessment of child support or revoking such an arrangement. This extends to voluntary agreements and private arrangements.

However, as drafted, the amendments include someone applying for UCB. As the proposals for child support pass-on do not apply to UCB, it is not appropriate that these exclusions apply to UCB beneficiaries.

## Recommendation

That the submission be accepted.

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<sup>11</sup> When making decisions about a client's entitlement to income-tested financial assistance, MSD considers whether a person has deprived themselves of income. This includes failing to access financial resources available to them, for example child support.



## **APPENDIX 3 – RESPONSE TO RECOMMENDATIONS OF REGULATIONS REVIEW COMMITTEE**

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### **Recommendations**

The Regulations Review Committee recommends that the Social Services and Communities Committee satisfy itself that the Henry VIII powers in the Bill are appropriate and that they have appropriate constraints on the use of those powers and, if not, recommend that the Bill be amended accordingly.

The Regulations Review Committee noted that it is unusual for an Act to be able to be amended by regulations that are made under a regulation-making power that is found under a different Act. It also noted that it would be clearer if each Act had its own regulation-making power in it.

The Regulations Review Committee recommends the Bill is amended to provide that each Act has its own regulation-making power in respect of transitional and savings provisions.

### **Response of officials**

The response below presents some of the same information provided to the Social Services and Communities Committee on 24 April 2023, in response to its question: *Regulation-making powers included in the Bill, specifically the Henry VIII clause – how will they work and why are they justified?*

As with any legislative change, there is a risk that intended policy changes may cause unintended outcomes that treat clients differently or unfairly, or that legislative changes impair the function of other aspects of the legislation amended. It is not unusual for complex legislation to contain empowering provisions to allow regulations to be made to address issues as they are identified, during implementation. For example, such a provision was included in the Social Security Legislation Rewrite Bill.

The Parliamentary Counsel Office (PCO) have recommended that an empowering provision is included in the Bill with a sunset provision that any regulations made under it, cease to have effect at the start of 1 July 2026. The empowering provision limits the effect of changes to within the transitional period and only to changes related to transitional and savings provisions.

PCO recommended that the provision be applicable to the Social Security Act 2018, the Child Support Act 1991, and the Public and Community Housing Management Act 1992. This is tempered by the requirement that regulations made must be agreed to by the relevant Minister(s) responsible for the legislation impacted by those changes.

PCO consider it is better practice to create a single regulation-making power to apply to the three Acts because the changes proposed in this Bill reflect a single policy change that applies to the three separate, but interrelated, Acts.

The Legislative Design and Advisory Committee guidelines note that if it is not possible to foresee all of the potential transitional and savings issues that might arise, it may be appropriate to create a provision that empowers the Executive to make regulations dealing with transitional and savings issues. This option is not a substitute for a thorough assessment of the potential transitional and savings issues and will likely be the subject of an adverse report from the Regulations Review Committee.<sup>12</sup>

Establishing a regulation-making power<sup>13</sup> would provide a way to quickly resolve issues that may develop after implementation, such as that any unintended outcomes potentially impacting clients, or the functions of other aspects of the legislation. Longer term, the primary legislation would be amended.

PCO consider the empowering provision is framed in line with relevant principles, stated in reports of the Regulations Review Committee and recognised in guidelines of the Legislation Design Advisory Committee, for transitional regulations that override primary legislation. The amendments this Bill makes are very complex, and they affect thousands of people. The empowering provision helps to ensure an orderly and workable transition to those amendments being brought into operation.

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<sup>12</sup> Legislation Design and Advisory Committee. *Legislation Guidelines: 2021 edition*. Chapter 12 Affecting existing rights, duties, and situations and addressing past conduct, question 12.6.

<sup>13</sup> Clause 69 of the draft Child Support (Pass On) Acts Amendment Bill inserting clause 98 in the new Part 9 in Schedule 1 of the Social Security Act 2018, Regulations for transitional and savings purposes.

## **APPENDIX 4 – RESPONSES TO RECOMMENDATIONS IN THE MEMORANDUM ON LEGISLATIVE SCRUTINY**

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### **Question**

Does the Ministry of Justice intend to provide further advice on the Bill's consistency with the Bill of Rights Act 1990, on the bill as introduced to the House?

### **Response of officials**

The Ministry of Justice has advised that its advice on the Bill's consistency with the Bill of Rights Act 1990 has not changed because of the final version of the Bill prior to introduction. It has also advised that it generally does not provide further advice following the introduction of a Bill to the House.

### **Question**

Can officials provide a comment on the lack of external consultation conducted on the proposals in the bill?

### **Response of officials**

The response below presents the same information provided to the Social Services and Communities Committee on 24 April 2023.

Though there has not been specific public consultation through this policy development process, previous consultation undertaken by the Welfare Expert Advisory Group (WEAG) clearly demonstrates various stakeholders' views.

In 2018, the Minister for Social Development commissioned the WEAG to undertake a broad-ranging review of the welfare system and advise Government on the future of New Zealand's welfare system. WEAG conducted an inclusive and consultative engagement process with opportunities for New Zealanders to provide input by survey, submissions, community forums, and hui. WEAG heard from nearly 3,000 New Zealanders from across the welfare system, including recipients of benefits, beneficiary advocates, and MSD staff.

Feedback received during consultation and formulated in the WEAG's 2019 report found that the welfare system did not treat its clients with dignity and respect, and that changes were needed to treat people with more compassion and empathy. Many respondents thought child support payments should be passed on to the receiving carer. Passing on child support was recommendation 27 of 42 made by WEAG in its 2019 report 'Whakamana Tāngata – Restoring Dignity to Social Security in New Zealand'. WEAG recommended that the payments be passed on to receiving carers and that these payments be treated as income for benefit abatement in the same way as wages.

In addition to WEAG's consultation, welfare advocacy groups, commissioned expert panels, and academics have all expressed the need for child support to be passed on. They expect it will reduce child poverty rates and prioritise the child's wellbeing.

In 2011, the Child Poverty Action Group undertook an analysis in their report 'Left Further Behind' and devoted a chapter to 'Reforming Child Support'. They considered that "part or all of Child Support should be paid directly to the parent on a benefit", and that "Child Support reform must have the child's well-being at the centre, not the financial needs of the Government".

In 2012, the Children's Commissioner commissioned the Expert Advisory Group on Solutions to Child Poverty. It recommended the Government pass-on child support payments to eligible sole parents who are on State-provided benefits (Recommendation 13), considering it the "practical, cost-effective and relatively inexpensive measure that will mitigate some of the worst consequences of child poverty."

In his 2017 thesis, economist Michael John Fletcher determined "that pass-on would improve outcomes following separation in terms of reducing the decline in living standards, ameliorating poverty rates, and reducing the gap between parents with care of children (mostly women) and paying parents (mostly men)."