

In Confidence

Office of the Minister for Social Development and Employment

Office of the Minister of Revenue

Chair, Cabinet

## **CHILD SUPPORT (PASS ON) ACTS AMENDMENT BILL: APPROVAL FOR INTRODUCTION**

### **Proposal**

1. This paper seeks approval for the Child Support (Pass On) Acts Amendment Bill (the Bill) to be introduced by 28 March 2023. The Bill is an omnibus bill which amends the:
  - 1.1 Child Support Act 1991;
  - 1.2 Child Support Rules 1992;
  - 1.3 Family Court Rules 2002;
  - 1.4 Social Security Act 2018;
  - 1.5 Social Security Regulations 2018;
  - 1.6 Public and Community Housing Management Act 1992; and
  - 1.7 Public and Community Housing Management (Prescribed Elements of Calculation Mechanism) Regulations 2018.
2. It is intended that the Bill holds a category 2 priority on the 2023 Legislative Programme (to be passed before the 2023 general election).

### **Policy**

3. The Bill implements the Child Support Pass On policy. A Bill is necessary as amendments to existing legislation are required to implement the proposed policy changes.

*The Bill removes the requirement that clients receiving a sole parent rate of benefit and who receive child support via Inland Revenue are treated differently to other beneficiaries*

4. Currently, parents and carers who receive a sole parent rate of main benefit or Unsupported Child's Benefit<sup>1</sup> must apply for child support assessed under the Child Support Act 1991 unless they have grounds for exemption or were not required to do

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<sup>1</sup> Defined as "social security beneficiaries" under the Child Support Act 1991.

so for other reasons. Child support payments made to Inland Revenue for social security beneficiaries are retained by the Government to cover the cost of paying benefits. However, other beneficiaries, such as parents who have a new partner, are not required to apply for a formula assessment and any child support payments made via Inland Revenue are passed on to them. These payments are then treated as income for calculating benefits under the Social Security Act 2018. The Bill removes this different treatment between parents receiving a sole parent rate of main benefit and other beneficiaries e.g., those with a new partner.

5. As part of Budget 2022, the Government agreed that:
  - 5.1 child support collected by Inland Revenue will be passed on to parents on a sole parent rate of main benefit;
  - 5.2 using automated systems, the child support passed on will be treated as income for calculating benefits payable under the Social Security Act 2018<sup>2</sup>, including for beneficiaries who already have their child support passed on;
  - 5.3 the legislative obligation for parents receiving a sole parent rate of main benefit to have child support assessed and paid by Inland Revenue will be removed;
  - 5.4 formula assessed child support payment liability will be considered as an “allowable cost” for Temporary Additional Support and Special Benefit purposes (meaning some people will become newly eligible for Temporary Additional Support or able to receive a higher rate of Temporary Additional Support or Special Benefit); and
  - 5.5 these changes will apply from 1 July 2023 [CBC-22-MIN-0021, CAB-22-MIN-0091 refer].
6. These changes mean that approximately 41,550 sole parent families will receive \$65 per week of child support income on average, with a median of \$24 per week. Once the Ministry of Social Development (MSD) reduce the financial assistance paid to families (abatement of benefit) based on the child support received, these families will gain overall by an average of \$47 per week, with a median gain of \$20 per week. Further, passing on child support is estimated to reduce child poverty by an estimated 10,000 (+/-4,000) children according to the moving-line BHC50 (before-housing-costs) measure and 6,000 (+/-3,000) children using the fixed-line AHC50 (after-housing-costs) measure.
7. Removing the requirement for parents and carers who receive a sole parent rate of main benefit to apply for child support will ensure the treatment of sole parents in the benefit system is fair and aligned with other beneficiaries.<sup>3</sup> This will give parents choice as to the type of agreement they have, based on what works best for their family – that is, a child support agreement with Inland Revenue, a private child support agreement, or no child support arrangement at all.

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<sup>2</sup> “Benefits” payable under the Social Security Act 2018 include main benefits such as Sole Parent Support, supplementary assistance such as the Accommodation Supplement, and Hardship Assistance such as Temporary Additional Support.

<sup>3</sup> The obligation will remain for Unsupported Child’s Benefit recipients.

8. As well as increasing a family's financial resources, research suggests that passing on child support will increase the incentive for liable parents to meet their child support obligations. This is likely because liable parents are more willing to pay child support when they know that their child will receive their financial support.<sup>4</sup>

*The Bill proposes to treat child support payments differently to other types of income for benefit purposes*

9. Child support is a monthly payment, whereas benefits are paid weekly or fortnightly. To align the child support payment with benefit payments, Cabinet agreed that child support will be treated as income and spread forward over the four or five weeks after it is received. This is consistent with the number of weeks that the child support payments are intended to support the child. This also ensures entitlement to benefits is assessed based on the current financial resources available to the receiving carer.
10. As child support will be treated as income on a forward-looking basis (known as 'charging forward'), reassessments of child support for a past period will not result in changes to a person's benefit in that same past period. Instead, any changes to their benefit will apply prospectively when the reassessment is reflected in the child support payments.
11. Charging forward child support payments is different from the general income rules in the Social Security Act 2018. Those rules provide discretion over which period the income is taken into account for benefit purposes. The intent of charging child support payments forward is to minimise debt for families by ensuring child support payments do not impact benefits that have already been paid.
12. To support this, Cabinet also agreed to automate the charging forward of child support income due to the large volume of manual actions that would otherwise be required. This automation will also reduce the compliance burden for MSD clients and improve the consistency and accuracy of how child support is treated as income. The automation will be based on child support payment details provided by Inland Revenue to MSD under the Approved Information Sharing Agreement, which will then be matched to MSD clients.
13. After the four or five weeks during which a child support payment has been treated as income, any unspent child support could be considered a cash asset for the purpose of asset-tested assistance.
14. A decision not to access child support or to end child support would no longer be taken into account when determining eligibility or the rate of benefit. This is in line with the proposal to remove the obligation to apply for child support with Inland Revenue.

*Child support pass-on will be progressed in two phases to ensure most of the proposal can be implemented by 1 July 2023*

15. Child support pass-on is complex, which is due in part to differences between how child support and benefit systems are administered and their respective purposes.

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<sup>4</sup> Cancian, M., Meyer, D. R. & Casper, E. (2008). *Welfare and Child Support: Complements, Not substitutes*. *Journal of Policy Analysis and Management*, 27(2), 354-375.

This has led to adopting a phased approach for implementation. Phase One will implement the core features of the child support pass-on design from 1 July 2023. Phase Two will implement the remaining, more complex components of the full design from mid-2025 at the earliest [SWC-22-MIN-0222, CAB-22-MIN-0535 refer].

16. The following components of the full design will be implemented in Phase One:
  - 16.1 Inland Revenue will pass on child support payments from 1 July 2023;
  - 16.2 only the cash amount passed on will be treated as income for benefit purposes;
  - 16.3 charging forward of child support will be supported by information sharing between Inland Revenue and MSD;
  - 16.4 child support payments will be charged forward over four or five weeks; and
  - 16.5 a liable parent's child support liability will be an allowable cost for Temporary Additional Support and Special Benefit purposes.
17. In Phase Two, the following components of the full design will be implemented:
  - 17.1 reducing an MSD client's income when they repay overpaid child support using personal resources such as savings;
  - 17.2 ensuring child support debt repayments are only taken into account for debts that relate to child support for periods after 1 July 2023;
  - 17.3 ensuring that child support received relating to a period when the client was not receiving a benefit will not impact the client's income for benefit purposes; and
  - 17.4 treating offset amounts of child support as income for benefit purposes.<sup>5</sup>

#### **Additional items also included in the Bill**

18. We have agreed to the following changes under our delegated authority [CAB-22-MIN-0091 refers].

*Applying one income charging rule for clients receiving both child support in excess of an Unsupported Child's Benefit and other child support not retained from the same liable parent*

19. Some MSD clients have child support paid by one liable parent in respect of two or more children, including a child for whom they receive Unsupported Child's Benefit. These clients receive two types of child support from Inland Revenue:
  - 19.1 Unsupported Child's Benefit excess (child support passed on because it is in excess of the Unsupported Child's Benefit rate); and

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<sup>5</sup> For example, if Sam owes Alex \$120 of child support and Alex owes Sam \$100 of child support, Sam only has to pay Alex \$20 and Alex pays nothing as \$100 of child support has been offset. In Phase One, despite having an interest in the \$120 and \$100 respectively, only Alex will have \$20 charged as income for benefit purposes.

- 19.2 other child support from Inland Revenue not retained because Unsupported Child's Benefit is not paid in respect of the child.
20. The Bill provides that in these cases, the entire amount of child support received is only charged as income for Temporary Additional Support, Special Benefit, and Childcare Assistance. This applies the current rules for Unsupported Child's Benefit excess to both forms of child support.
21. Of the approximately 30 clients who receive Unsupported Child's Benefit and other child support not retained (i.e., passed on in full), none currently receive excess child support.
22. Future clients who do receive both types of child support would not be disadvantaged. They may instead be better off as their child support would only be charged as income for Temporary Additional Support, Special Benefit, and Childcare Assistance, and not main benefits or other supplementary assistance. The impacted group of clients is estimated to remain small.

*Exempting child support as income when clients transfer between benefits on different pay cycles*

23. Clients can transfer between benefits paid on different pay cycles (weekly to fortnightly pay cycle or vice-versa). However, if a client is deemed to have received a child support payment on or after their new benefit commencement date, and the income charge is calculated to start before the new benefit commencement date, MSD will not be able to apply the child support income charging rules as intended.
24. The Bill exempts child support as income when a client is deemed to receive child support income on or after the new benefit commencement date and the income charge is calculated to start before the new benefit's commencement date.
25. There are approximately 250 clients per year with child support income who transfer between benefits with different pay cycles. Only a portion of these clients will fall into the above scenario. Clients in this scenario may see an increased benefit rate for a number of weeks. Any costs associated with this will be met within existing baselines.
26. Other clients who can have the child support income policy applied as intended may be comparatively disadvantaged by receiving a reduced benefit rate. Whether clients are impacted will depend on the timing of their new benefit commencement date and the receipt of their next child support payment.

*Clarification on backdating of child support as an allowable cost for Temporary Additional Support and Special Benefit*

27. Cabinet agreed that a transitional provision be introduced to allow MSD to backdate child support costs for clients receiving Temporary Additional Support or Special Benefit at 1 July 2023 [CAB-22-MIN-0535 refers]. The previous Cabinet paper noted

that clients would be required to apply for backdating by or at their next reapplication.<sup>6</sup>

28. However, some clients may not realise they could apply for backdating at the time of their reapplication. Therefore, the Bill provides that the client must apply for backdating on or before 29 September 2023, rather than by or at their next TAS reapplication. This allows clients to apply for backdating after they have reapplied for TAS, as long as it is on or before 29 September 2023.

*Extending non-recoverability and the ability to write off debt for individual errors resulting from automatically charging child support payments*

29. Cabinet previously agreed that in the event of a systems failure or a sudden unplanned event specific to the child support information shared between Inland Revenue and MSD, any resulting overpayment of benefit (debt) cannot be recovered from the client in all cases and will be written off. This was because it would be unfair for such debts to be recoverable as they arise from errors with the information share. These debts may not have met the current write off criteria and would have required a specific decision to write off all debts impacted by this issue.
30. Similar scenarios have been identified where a person could have child support income charged in error, or at the wrong time, leading to overpayment of benefit. These include when:
  - 30.1 incorrect child support payment information is provided by Inland Revenue, or the information is read or manually recorded incorrectly by MSD; or
  - 30.2 child support income may be added to the wrong client's file through the automated process that uses shared information, or MSD could accidentally match the wrong person to the child support.
31. If either of these situations occur, MSD will correct or remove the child support income charge, which could result in the client having benefit debt.
32. Debts arising from either of these scenarios will be deemed non-recoverable and written-off.

*Clients' obligation to declare changes in child support income is satisfied when that information is provided through the information share*

33. MSD clients have an obligation to notify MSD without delay of any changes to their circumstances that affects their eligibility to, or rate of benefit, including changes to their income.
34. Inland Revenue will share up-to-date child support information with MSD to enable MSD to automate the charging of child support payments as income. The intent of sharing this information is to reduce the circumstances in which clients need to declare such changes when this information is already shared by Inland Revenue.

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<sup>6</sup> Temporary Additional Support is a non-taxable payment paid for a maximum of 13 weeks. Clients must reapply after the 13-week period is over.

35. To enable this, a client's obligation to declare their child support income is satisfied if MSD is notified of a child support payment through the information share, MSD notifies a client of the information used to review their entitlement, and a client notifies MSD without delay if there is an error with these payments being charged as income.<sup>7</sup>

*Deprivation settings be extended to public housing clients and a redundant schedule with no legal effect will be repealed*

36. As agreed by Cabinet in November 2022 [CAB-22-MIN-0535 refers], the Public and Community Housing Management Act 1992 and associated regulations will be amended to give appropriate effect to the phased approach for public housing and Income Related Rent, without significantly altering the existing system. In addition, the Public and Community Housing Management Act 1992 will be amended to:

36.1 align with Cabinet's earlier decision [CBC-22-MIN-0021 refers] that any person not applying for child support, or cancelling a child support agreement, will not be considered to be depriving themselves of income; and

36.2 repeal Schedule 2, as its function was superseded by the Public and Community Housing Management (Prescribed Elements of Calculation Mechanism) Regulations in 2018 and does not have any legal effect. Prior to 2018, Schedule 2 detailed which elements of a tenant's income would be subject to the calculation of their income related rent.

*It is necessary to create three new regulation-making powers: to allow additional error scenarios to be made subject to review...*

37. In addition to the error scenarios identified above in paragraph 30, there may be other scenarios that could be identified in the future stemming from the forward-looking approach to automate the charging of child support as income and the prescriptive rules required to facilitate this approach.

38. To ensure clients are not disadvantaged from possible errors that are of no fault of theirs, but are yet to be identified and legislated for, the Bill includes a regulation-making power to allow additional error scenarios to be included in the future, should the need arise. This ensures that any errors (that may not have been previously anticipated) can be rectified in a more timely manner than if primary legislation changes were required. The regulation-making power would only apply to any error scenarios related to the automation of charging child support as income.

39. s 9(2)(h)

*... to define additional scenarios where child support should be income according to the general income charging rules...*

40. As discussed above, the Bill prescribes new income charging rules for child support to be charged forward. The intent of this is to minimise debt for families by ensuring child support payments do not impact benefits that have already been paid.

<sup>7</sup> MSD will notify clients when child support income is first charged or when changes in this income impact their eligibility to, or rate of, benefit. Clients will be expected to use these notifications to determine whether there are in errors with the child support payments.

However, in some cases, the current general income rules (which applies to other types of income) may be more appropriate to be applied to child support payments than the new forward charging rules.

41. For example, court ordered lump sum payments payable under section 109 of the Child Support Act 1991 can be payments that represent any period of time (including child support liability in the future). It would be more appropriate to apply the general income rules in this situation, which provides discretion over which period the income is taken into account for benefit purposes.<sup>8</sup> The Bill currently provides a definition of 'non-information share child support payment' to set out which scenarios require the general income rules to be applied instead of the new prescriptive income charging rules.
42. Efforts have been undertaken to identify all scenarios<sup>9</sup> under which child support should be treated as income under the current general income rules. However, it is possible that MSD may identify new scenarios where the application of the existing general rules would be more appropriate than the proposed new prescriptive rules, or where it is not possible to apply the prescriptive rules due to system limitations. This limitation and risk was noted in previous advice [CAB-22-MIN-0535 refers].
43. Clients could be disadvantaged if their child support income in particular scenarios was treated under the new prescriptive rules, and that scenario warranted discretion to consider the clients' circumstances. Therefore, the Bill includes a regulation-making power to enable additional scenarios to be included in the definition of 'non-information share child support payment' in the future, should the need arise due to unanticipated additional scenarios.

*... and to prescribe transitional and/or savings provisions to address any unintended outcomes from implementation*

44. As with any legislative change there is a risk that policy changes may cause unintended outcomes which treat clients differently or unfairly, or that legislative changes impair the function of other aspects of the legislation amended. This is common for Bills implementing complex policy changes.

45. s 9(2)(h)

46. The provision would empower regulations to be made under 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 be agreed to by the relevant Minister(s) responsible for the legislation impacted by those changes.
47. Establishing a regulation-making power would provide a way to address issues that may develop after implementation, so that any unintended outcomes potentially impacting clients or the functions of other aspects of the legislation, can be resolved


<sup>8</sup> Child support is currently charged under the existing general rules, which involves staff applying discretion to determine what period the child support income is charged over.

<sup>9</sup> Particular amounts, items, payments, or income from a specified source.



quickly, while more longer-term solutions (e.g., primary legislation changes) are progressed.


### **Contentious items**

48. The Bill results in child support payments being treated differently to other income for benefit purposes, as was agreed by Cabinet and outlined in previous advice in March and November 2022 [CBC-22-MIN-0021 and CAB-22-MIN-0091 refers]. These differences include:
- 48.1 child support income being charged forward from when it is received, rather than being allocated retrospectively to the periods to which the child support payment relates;
  - 48.2 child support income being automatically charged based on information shared under an Approved Information Sharing Agreement between Inland Revenue and MSD;
  - 48.3 restrictions on MSD's ability to review child support income - this restriction will not apply to errors in the information share, or use of the information supplied resulting in an incorrect amount of child support being treated as income; and
  - 48.4 additional regulation making powers – e.g., a new regulation allowing for additional error scenarios identified to be made subject to review.
49. s (9)(2)(g)(i)
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### **Impact analysis**

50. A regulatory impact statement was prepared for the policy items in the Bill (Regulatory Impact Statement: Child support pass-on, dated 16 March 2022). This was submitted at the time that Cabinet approval for the policy items was sought.
51. Following Cabinet's agreement to delegate authority on minor or technical policy decisions, the Minister of Housing, the Minister for Social Development and Employment and the Minister of Revenue, agreed to minor or technical policy changes to support the core child support pass-on policies and make the policies fairer. These changes add complexity to the design of the proposal.
52. In order to meet a 1 July 2023 implementation date, a phased approach was agreed to by Cabinet [CAB-22-MIN-0535 refers]. An addendum to the regulatory impact statement (dated 17 November 2022) was prepared and accompanied the Cabinet paper.

## Compliance

53. The Bill complies with:
- 53.1 the principles of the Treaty of Waitangi;
  - 53.2 the disclosure statement requirements (the draft disclosure statement is attached);
  - 53.3 the principles and guidelines set out in the Privacy Act 2020;
  - 53.4 relevant international standards and obligations;
  - 53.5 the *Legislation Guidelines* (2021 edition), which are maintained by the Legislation Design and Advisory Committee.
54. The Ministry of Justice will complete vetting of the Bill with respect its consistency with the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. Officials consider that there are no significant implications to rights and freedoms under these Acts. However, the following areas have been raised in previous advice as equity issues that are necessary to deliver the core features of child support pass-on, and are relevant when considering the different treatment of beneficiaries:
- 54.1 Child support being retained for recipients of the Unsupported Child's Benefit as Oranga Tamariki-Ministry of Children will be considering child support pass-on for Unsupported Child's Benefit recipients alongside work to reform the system of financial assistance and support for caregivers. However, the different treatment currently applied to beneficiaries on a sole parent rate of benefit is resolved by passing on child support to these beneficiaries.
  - 54.2 s (9)(2)(g)(i) 
  - 54.3 Child support payments automatically charged forward as income differs from the treatment of other income in the welfare system.
55. A disclosure statement has been prepared and is attached to this paper.

## Consultation

### *Government departments*

56. The Child Wellbeing and Poverty Reduction Group in the Department of Prime Minister and Cabinet, the Treasury, Public Service Commission, the Ministry for Pacific Peoples, the Ministry for Women, Te Puni Kōkiri, the Ministry of Justice, Te Arawhiti – the Office for Māori Crown Relations, the Ministry of Housing and Urban Development, the Ministry of Youth Development, the Ministry of Ethnic Affairs, Whaikaha – Ministry of Disabled People, the Office for Seniors, the Youth Service, and Oranga Tamariki—Ministry for Children were consulted on the development of

the proposals and on the Bill. The Policy Advice Group in the Department of Prime Minister and Cabinet has been informed.

### *Public consultation*

57. While there was no formal public consultation on the proposal to pass on child support, this change was recommended by the Welfare Expert Advisory Group in 2019 as part of a package of changes to the welfare system.<sup>10</sup> This change builds on the earlier policy change made in 2020<sup>11</sup> to remove the financial penalty for parents receiving a sole parent rate of benefit who did not name the other parent of their child and apply for child support, which was also recommended by Welfare Expert Advisory Group.

### *Briefing of Government Caucuses*

58. It is intended that the Government caucuses be briefed on this Bill prior to its proposed introduction in the House.

### **Binding on the Crown**

59. The 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 are binding on the Crown. The amendments will follow the position of the principal Acts.
60. The legislation will not create a new agency.
61. The legislation will not amend the existing coverage of the Ombudsman Act 1975, the Official Information Act 1982, or the Local Government Official Information and Meetings Act 1987.

### **Allocation of decision-making powers**

62. The draft legislation does not involve the allocation of decision-making powers between the executive, the courts, and tribunals.

### **Associated regulations**

63. The current Social Security Act 2018 includes provisions empowering the making of regulations (the Social Security Regulations 2018).
64. The Bill amends some existing regulations to:
- 64.1 ensure the calculation of 'total income' for the purposes of Childcare Assistance reflects child support payments intended to be treated as income;

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<sup>10</sup> Recommendation 27: Pass on all child support collected to receiving carers, including for recipients of Unsupported Child's Benefit (*Whakamana Tāngata: Restoring Dignity to Social Security in New Zealand*, Welfare Expert Advisory Group, 2019).

<sup>11</sup> Social Assistance Legislation (Budget 2019 Welfare Package) Amendment Act 2019.

- 64.2 ensure income for the purposes of Temporary Additional Support reflects child support payments intended to be treated as income;
  - 64.3 ensure 'allowable costs' for the purpose of Temporary Additional Support include a person's formula assessed child support liability under the Child Support Act 1991 (including offset amounts);
  - 64.4 ensure the definition of 'income' for the purpose of determining the initial income stand-down period for a benefit includes any amounts of child support paid under the Child Support Act 1991 over the average income calculation period, but does not include any offset amounts;
  - 64.5 provide an exception to the duty to recover debts in specific circumstances; and
  - 64.6 make debts caused by disruption to an automated electronic system non-recoverable by MSD.
65. The Bill includes new regulation making powers to:
- 65.1 make additional error scenarios to be made subject to review:
  - 65.2 define additional scenarios where child support should be income according to the general income charging rules, and
  - 65.3 prescribe transitional and/or savings provisions to address any unintended outcomes as agreed by relevant Minister(s) responsible for the legislation impacted by those changes (which has a sunset clause concluding 1 July 2026).
66. The Bill also aligns the treatment of child support payments between the Public and Community Housing Management Act 1992 (and associated regulations) and the Social Security Act 2018.

### **Other instruments**

67. The Bill does not include any provision empowering the making of other instruments that are deemed to be legislative instruments or disallowable instruments (or both).

### **Definition of Minister/Department**

68. The Bill does not contain a definition of Minister, department, or chief executive.

### **Commencement of legislation**

69. The Bill comes into force on 1 July 2023.

### **Parliamentary stages**

70. The Bill should be introduced by 28 March 2023, referred to the Social Services and Community Committee and reported back to the House by 24 May 2023.

71. Under Standing Order 298, debate in the House will be required for this shortened select committee period as it is less than four months.
72. As the proposal to pass on child support commences on 1 July 2023, the Bill should be enacted by 16 June 2023 to allow Inland Revenue time to make system changes to ensure the correct amount of child support liability is assessed from 1 July 2023.

### **Communications**

73. We will make an announcement about the proposals in the Bill when it is introduced. Inland Revenue and MSD will be undertaking targeted communications with affected clients. A commentary on the Bill will also be released at this time. Inland Revenue will include details of the new legislation in a Special Report after the Bill is enacted.

### **Proactive release**

74. We propose to proactively release this Cabinet paper, associated minutes, and key advice papers with appropriate redactions when the Child Support (Pass On) Acts Amendment Bill is introduced. The expected introduction date for this Bill is 28 March 2023.

### **Recommendations**

We recommend that Cabinet:

1. note that it is intended that the Child Support (Pass On) Acts Amendment Bill hold a category 2 priority on the 2023 Legislative Programme (to be passed before the 2023 general election);
2. note that the Bill will mean that:
  - 2.1 child support collected by Inland Revenue will be passed on to parents on a sole parent rate of benefit, removing the different treatment of these parents;
  - 2.2 child support passed on will be automatically charged as income for determining the amount of benefit payable under the Social Security Act 2018 including for beneficiaries currently having child support passed on;
  - 2.3 the legislative obligation for parents receiving a sole parent rate of main benefit to have child support assessed and collected by Inland Revenue will be removed;
  - 2.4 formula assessed child support payment liability will be considered as an 'allowable cost' for Temporary Additional Support and Special Benefit purposes;
  - 2.5 clients' obligation to declare changes in child support income are satisfied when that information is provided through the information share between Inland Revenue and the Ministry of Social Development (MSD), and the client promptly notifies MSD when there is an error with these payments being charged as income; and

- 2.6 these changes apply from 1 July 2023;
- 3. note that the following provisions included in the Bill have been made under delegated authority and apply from 1 July 2023:
  - 3.1 new regulation-making powers to make regulations by Order in Council to;
    - 3.1.1 include additional grounds for error review in respect of the automated charging of child support payments as income;
    - 3.1.2 define additional kinds of 'non-information share child support payments' to be charged as income according to the MSD general income charging rules;
    - 3.1.3 prescribe transitional and/or savings provisions to address any unintended outcomes that apply the Social Security Act 2018, the Child Support Act 1991, and the Public and Community Housing Management Act 1992 and require agreement from relevant Minister(s);
    - 3.1.4 the proposed regulation-making power in recommendation 3.1.3, and any regulations made under it, cease to have effect at the start of 1 July 2026;
  - 3.2 amendment of the Public and Community Housing Management Act 1992 to;
    - 3.2.1 ensure that any person not applying for child support, or cancelling a child support agreement, will not be considered to be depriving themselves of income; and
    - 3.2.2 repeal schedule 2 of this Act as it is now redundant and has no legal effect;
- 4. note that the Bill makes substantive, remedial, and technical amendments to the:
  - 4.1 Child Support Act 1991;
  - 4.2 Child Support Rules 1992;
  - 4.3 Family Court Rules 2002;
  - 4.4 Social Security Act 2018;
  - 4.5 Social Security Regulations 2018;
  - 4.6 Public and Community Housing Management Act 1992; and
  - 4.7 Public and Community Housing Management (Prescribed Elements of Calculation Mechanism) Regulations 2018;

5. approve the Child Support (Pass On) Acts Amendment Bill for introduction, subject to the final approval of the Government caucus and sufficient support in the House of Representatives;
6. agree that the Bill be introduced by 28 March 2023;
7. agree that the Government propose that the Bill be:
  - 7.1 referred to the Social Services and Community Committee for consideration;
  - 7.2 reported back to the House by 24 May 2023; and
  - 7.3 enacted by 16 June 2023;
8. note that under Standing Order 298, debate in the House will be required for this shortened select committee period as it is less than four months.

Authorised for lodgement

Hon Carmel Sepuloni  
Minister for Social Development and Employment

Hon David Parker  
Minister of Revenue