



Cabinet Social Wellbeing Committee

Minute of Decision

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Welfare Overhaul: Removing the Subsequent Child Policy

Portfolio **Social Development**

On 22 July 2020, the Cabinet Social Wellbeing Committee:

- 1 **noted** that the subsequent child policy was introduced in 2012 and impacts eligibility for Sole Parent Support and places obligations on parents to return to work earlier if they have an additional child while receiving a main benefit;
- 2 **noted** that the Welfare Expert Advisory Group recommended removing the subsequent child work obligation;
- 3 **noted** that as part of the welfare overhaul, the Minister for Social Development has signalled to Cabinet the intent to progress the removal of the subsequent child policy [SWC-19-MIN-0168];
- 4 **noted** that the Ministry of Social Development's modelling on the cohort affected by the subsequent child policy has found no evidence to suggest that the policy has reduced time on benefit or improved social or financial outcomes for families;
- 5 **noted** that the subsequent child policy:
 - 5.1 disproportionately impacts Māori and women;
 - 5.2 has increased inequity, compliance requirements and complexity in the welfare system;
 - 5.3 has reduced flexibility for parents to spend time with their subsequent children;
- 6 **agreed** to the removal of the subsequent child policy, to be given effect from November 2021;
- 7 **noted** that the removal of the subsequent child policy is intended to achieve:
 - 7.1 increased flexibility to spend time with children in the first 1,000 days of their life (which is a critical time period for a child's long-term development);
 - 7.2 increased equity and simplicity in the welfare system;

- 7.3 eligibility for additional (albeit minimal) financial assistance for some clients;
- 7.4 a likely reduction in stress and therefore positive impact on mental health and wellbeing;

8 **approved** the following fiscally neutral adjustment to give effect to the policy decision in paragraph 6 above, with no impact on the operating balance and net core Crown debt:

Vote Social Development Minister for Social Development	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure Improved Employment and Social Outcomes Support MCA					
Departmental Output Expenses: Administering Income Support (funded by Revenue Crown)	-	(0.012)	(0.012)	(0.012)	(0.012)
Improving Work Readiness Outcomes (funded by Revenue Crown)	-	0.012	0.012	0.012	0.012
Benefits or Related Expenses: Jobseeker Support and Emergency Benefit	-	(26.297)	(101.047)	(104.695)	(104.695)
Sole Parent Support	-	26.297	101.047	104.695	104.695
Total Operating	-	-	-	-	-

- 9 **noted** that implementation costs of \$4.01 million over four years for this policy change will be covered within the Ministry of Social Development’s departmental operating baseline;
- 10 **noted** that implementation work for this initiative will commence in August 2020;
- 11 **noted** that removal of the subsequent child policy will require amendment to the Social Security Act 2018 and regulations;
- 12 **invited** the Minister for Social Development to issue drafting instructions to the Parliamentary Counsel Office;
- 13 **noted** that the Minister for Social Development will report to the Cabinet Legislation Committee in due course with a Bill to amend the Social Security Act 2018.

Charlotte Doyle
Committee Secretary

Attendees: (see over)

Present:

Rt Hon Winston Peters
Hon Kelvin Davis
Hon Grant Robertson
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Andrew Little
Hon Carmel Sepuloni (Chair)
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Jenny Salesa
Hon Damien O'Connor
Hon Tracey Martin
Hon Willie Jackson
Hon Aupito William Sio
Hon Julie Anne Genter
Jan Logie, MP

Officials present from:

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