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GROUP



Child Poverty Action Group

Submission on Child Support (Pass On) Amendment Bill 2023

Attached please find our submission on the above Bill. We wish to speak to the submission.

Michael O'Brien

for Child Poverty Action Group



SUBMISSION ON CHILD SUPPORT (PASS ON) AMENDMENT BILL 2023

1. Child Poverty Action Group (CPAG) is a registered charity committed to research and poverty on child poverty and child poverty related issues. It has an extensive, comprehensive and sustained record on quality work aimed at understanding, informing and debating the nature, extent, depth and effects of child poverty in Aotearoa New Zealand. That work aims to inform, critique and influence government policy and contribute to public information and discussion on that policy and related issues. The group's vision is "an Aotearoa where all children can flourish free from poverty". The group's work can be found at www.cpag.org.nz.
2. CPAG **fully supports** the intention of the amendment to pass on the full child support to the adult carer. We note that this was recommended by the Welfare Expert Advisory Group in 2019 and urge speedy implementation of the legislation.
3. Child support represents a transfer of income from the non-custodial parent to the custodial parent and as such is a payment to support the custodial parent in providing for the child/ren in her/his care.
4. As noted in the WEAG report, and reflected in the observations of many other commentators, passing on the full child support payment would encourage non-custodial parents to meet their responsibilities for the support of their child/ren as they would see the monies being transferred directly to the carer and not being retained by the state to 'offset' sole parent support payments.
5. CPAG notes too, however, that **defining these payments as income** for the purposes of assessing social security eligibility will potentially affect levels of core benefit payment and supporting payments such as accommodation supplement, Temporary Additional Support and hardship grants, as well as eligibility for support through Working for Families tax credits.
6. It is not clear from the legislation how this income would be applied to eligibility for core first tier benefit and associated support such as accommodation supplement and TAS. Clarity around this is critical and CPAG **urges immediate clarification** on this. The effects of EMTR on the range of assistance is well documented – child support pass on makes a thorough, urgent and comprehensive review of the effects of the interaction of abatements across the income support system increasingly urgent.

7. Until that review is completed and implemented, CPAG recommends that income from the pass on of child support **not be treated as income** for the purposes of the Social Security Act in order to ensure that children receive the maximum benefits from the pass on. This would add to the reductions in child poverty noted in the introduction of the legislation.
8. Defining the pass on as income will mean that some sole parent beneficiaries and those responsible for the custodial care of a child/ren will find their benefit assistance reduced, meaning that the full value of child support payment will be diminished.
9. If the child support payments are received erratically, beneficiaries will often find themselves in potentially confusing and complicated payment arrangements. Such confusion and complications may lead to beneficiaries facing debt repayments as a result of their variable financial circumstances.
10. Such an outcome is obviously highly undesirable and CPAG recommends that Work and Income be instructed to **work proactively** with beneficiaries to ensure that these circumstances do not occur, making our recommendation above in relation to urgently reviewing abatement and related regulations even more apposite.
11. The effects of counting child support pass on payments as income are also highly significant for those in receipt of **Unsupported Child Benefit (UCB)**. Effectively, for example, this means that a grandparent providing custodial care for a grandchild/ren could find that the level of the UCB would be reduced as a result of the passing on of child support. As with those receiving benefit assistance, the positive effects of additional income are reduced.