

## **Legislative statement for the Child Support (Pass On) Acts Amendment Bill**

### **Third Reading**

This legislative statement is presented to the House of Representatives in accordance with Standing Order 272.

6 June 2023

#### **Objective**

This legislative statement supports the third reading of the Child Support (Pass On) Acts Amendment Bill (the Bill).

This Bill proposes amendments to ensure that beneficiaries receiving a sole parent rate of main benefit are not treated differently from other beneficiaries. It proposes that, from 1 July 2023, child support collected by Inland Revenue would no longer be retained and instead be paid to those beneficiaries. The Ministry of Social Development (MSD) would then treat these payments as income when determining entitlement to, or rate of, a benefit or other assistance.

#### **Overview of the Bill**

The Bill is an omnibus Bill that amends the following Acts and associated regulations:

##### *Child support legislation*

- Child Support Act 1991
- Child Support Rules 1992
- Family Court Rules 2002

##### *Related legislation*

- Social Security Act 2018
- Social Security Regulations 2018
- Public and Community Housing Management Act 1992
- Public and Community Housing Management (Prescribed Elements of Calculation Mechanism) Regulations 2018

The Bill contains two parts:

- Part 1 amends the Child Support Act 1991 and related legislation. It comes into force on 1 July 2023.
- Part 2 amends the Social Security Act 2018 and the Public and Community Housing Management Act 1992 and related regulations. It comes into force on 1 July 2023.

#### **Core features of the Bill**

The Bill gives effect to the following core features in the Child Support Act 1991. The Bill proposes:

- that child support collected by Inland Revenue will be passed on to parents on a sole parent rate of benefit;
- to remove the requirement to apply for child support through Inland Revenue; and

- that changes in this Bill would not apply to recipients of the Unsupported Child's Benefit.

The Bill also gives effect to the following core features in the Social Security Act 2018 and the Public and Community Housing Management Act 1992. The Bill proposes to:

- treat child support payments as income for benefits and other assistance, taking the monthly child support payment and turning it into weekly amounts by spreading the payment evenly across the next four or five weeks on a forward-looking basis;
- enable automated electronic systems to charge child support as income based on information provided by Inland Revenue to MSD under the Approved Information Sharing Agreement between the two agencies;
- enable parents liable to pay formula assessed child support to apply to have that liability as an allowable cost for Temporary Additional Support and Special Benefit;
- consider a clients' obligation to declare changes in circumstance relating to their child support income is satisfied when that information is provided through the information share between the two agencies, unless the person considers the information shared is incorrect;
- limit MSD's ability to review child support income in a past period to specified scenarios related to errors;
- treat child support payments as income for determining a person's eligibility for public housing, rating on the Public Housing Register, and for determining the rate of Income-Related Rent payable; and
- make changes to assist with the administration of child support pass-on – such as, how the proposals apply for benefit stand downs, cash asset tests, the deprivation of income rules, and abatement rules for recipients of the Youth Payment and Young Parent Payment.

#### *Regulation making powers*

The Social Security Act 2018 includes provisions empowering the making of regulations (the Social Security Regulations 2018).

The Bill amends some existing regulations to align them with the policy intent of proposals in the Bill. It also proposes new regulation making powers to:

- identify additional grounds for review of a person's child support payment shared by Inland Revenue and the corresponding income charge;
- define additional scenarios where child support should be income according to the general income charging rules; and
- prescribe transitional and/or savings provisions to ensure a workable transition to the amendments made by this Bill.