

13 April 2023

Submitted via: New Zealand Parliament website

Social Services and Community Committee
Parliament Buildings
Wellington

RE: Child Support(Pass On) Acts Amendment Bill

No child in Aotearoa should go without the essentials because of outdated and unnecessarily punitive rules.

All whānau should have access to a support system that truly supports the wellbeing of their whole whānau. A fit for purpose child support system will help to ensure that tamariki do not have to go without essentials because of the confusing and harmful rules of that support system.

We welcome the opportunity to give feedback to the omnibus Child Support (Pass On) Amendment Bill (**The Bill**). FinCap strongly supports the changes to the child support system which will see child support going directly to the parent on a sole parent benefit from 1 July 2023. We also strongly support the intention that changes ensure liable parents can have child support considered for Temporary Additional Support and Special Benefit purposes. Both changes should ultimately see more kai and heating in homes for tamariki.

Everyone in Aotearoa should have access to essential services without incurring unfair costs or extensive time. The efforts to ensure that the creation of debt to government is limited during the changes to the child support system are critical. However, it is also important to ensure that communication is clear and that whānau have clear options for disputing changes that are made.

We briefly expand on these comments in the submission below and would welcome the opportunity to also make an oral submission in response to the Bill.

About FinCap

FinCap (the National Building Financial Capability Charitable Trust) is a registered charity and the umbrella organisation supporting the 190 local, free financial mentoring services across Aotearoa. These services support more than 70,000 people in financial hardship annually. We lead the sector in the training and development of financial mentors, the collection and analysis of client data and encourage collaboration between services. We advocate on issues affecting whānau to influence system-level change to reduce the causes of financial hardship.

General comments

Financial mentors have noted that issues with overpayment debt are a major challenge. Debt to government creates a significant financial burden for whānau. It often compounds already present challenges and creates or entrenches distrust in the welfare system. Whānau have commented that when they have been told that they owe money back due to overpayments it has often been a big shock, when they have been trying hard to avoid this.

FinCap therefore welcomes the consideration in previous consultation to ensure that the risks of debt being incurred are mitigated. Waiving the notice period so that child support can be charged as income at the closest time possible to the change appears to eliminate chances of overpayment debt occurring. However, we also recommend additional considerations to be made alongside these changes.

Grace periods

FinCap has also recently submitted in response to the Inland Revenue Department's (**IRD**) *A proposed framework for debt to government Consultation paper*. As in that submission we recommend here that an ongoing four-week grace period is implemented for a whānau to report a change in circumstances as well as the proposed treatment of child support payments as equally split income over the future month.¹ Such grace periods would reduce the risk of overpayment debt arising and reduce stress for whānau, especially for those who often have unpredictable and irregular incomes.

Transparency and plain language

When the Bill is implemented and the changes begin in July, there should be clear and transparent sharing of information so that those who are impacted by these changes truly understand what it means.

Plain language should be used for all communication for reasons well described at paragraph 4.20 of the recent *IRD A proposed framework for debt to government Consultation paper*.

Section 30 of the drafting of The Bill amends Section 113 of the Social Security Act 2018 and sets out obligations for communications where circumstances are changing from both a whānau and the Ministry of Social Development (**MSD**). In the examples, it notes that MSD are to notify a beneficiary that their child support payments will be charged as income including any changes 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.

Please contact policy advisor Janeka Rutherford-Busck on 027 261 3690 or at janeka@fincap.org.nz to discuss any aspect of this submission further.

Ngā mihi,



pp: Moana Andrew – Kaihautū Deputy CEO

Ruth Smithers

**Chief Executive
FinCap**

¹ As discussed at pgs 9-10 here: <https://www.fincap.org.nz/wp-content/uploads/2023/04/230405-Debt-to-government-submission-.pdf>