



**METHODIST
ALLIANCE**
NGĀ PURAPURA WETERIANA

**Submission to the Social Services
and Community Committee
on the
Child Support (Pass On) Acts
Amendment Bill
14 April 2023**

This submission is from:

The Methodist Alliance
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1. Ko wai tātou | Who we are

The Methodist Alliance is a formal alliance of Methodist Missions, parishes and community based social services and trusts, including cooperating ventures. This grouping constitutes a major provider of a range of services for tamariki/children, rangatahi/young people, and their families/whānau.

The Methodist Alliance brings together a number of large and medium social service providers such as Lifewise in Auckland, Methodist City Action in Hamilton, Palmerston North Methodist Social Services, Wesley Community Action in Wellington, Christchurch Methodist Mission, Methodist Mission Southern in Dunedin, as well as local community services provided by individual parishes. It includes new social service organisations, such as Siaola Vahefonua Tongan Methodist Mission; Puna’Oa - the Samoan Methodist Mission that operates within the Samoan Synod of the Methodist Church; and Te Taha Māori.

Ka whakahōnore mātou i tō mātou whakahoatanga Tiriti – we honour our Tiriti partnership. Te Tiriti o Waitangi is the covenant establishing our nation on the basis of a power-sharing relationship. It is the foundation for social, economic and political equality in Aotearoa New Zealand.

The Methodist Alliance is grounded in our commitment to Te Tiriti o Waitangi and the bi-cultural journey of the Methodist Church of New Zealand - Te Hāhi Weteriana o Aotearoa, where Te Taha Māori and Tauwiwi work in partnership. We claim the right bestowed by Article Four of Te Tiriti o Waitangi:

“E mea ana te Kawana ko ngā whakapono katoa o Ingarangi, o ngā Weteriana, o Roma, me te ritenga Māori hoki e tiakina ngatahitia e ia.”

“The Governor says the several faiths of England, of the Wesleyans, of Rome, and also the Māori custom shall alike be protected by him.”

The Methodist Alliance and our member organisations work collaboratively to achieve our vision of a just and inclusive society in which all people flourish, through our commitment to our faith and Te Tiriti o Waitangi.

2. Tirohanga Whānau | Overview

- 2.1 The purpose of the Child Support (Pass On) Acts Amendment Bill (Bill) aligns with the Methodist Alliance’s vision for a just society in which all people flourish.
- 2.2 We support the intention of this Bill to lift children/tamariki and their families/whānau out of poverty, however, we are concerned that some sole parent families will be worse off as a result of this Bill.

- 2.3 We recommend further work to refine this Bill to ensure that these changes will not adversely affect sole parents by creating debt.
- 2.4 We encourage the Committee to take the time to complete further work to refine this Bill to make greater impact on reducing the numbers of children/tamariki living in poverty in Aotearoa New Zealand.

3. Tautoko mō te pire | Support for the Bill

- 3.1 The Methodist Alliance supports the Bill's intent to increase financial support to sole parent families reliant on income from social welfare support. We acknowledge the complexity of the bill and the significant work undertaken in drafting this Bill.
- 3.2 We support the implementation of another recommendation from the Welfare Expert Advisory Group Report (WEAG), especially as it will provide more support to sole parents who are disproportionately represented in poverty statistics.¹
- 3.3 We also acknowledge and appreciate the positive change this Bill will bring about in addressing the inequity and inconsistency in how sole parents in receipt of a benefit are treated compared with others in receipt of social welfare support.

4. Taunakitanga | Recommendations

- 4.1 The Methodist Alliance believes that this Bill needs further reform and we recommend the following points for the Committee to consider:
- 4.2 We are disappointed that this Bill does not apply to Unsupported Child's Benefit (UCB) recipients as recommended by the WEAG and we **recommend** that the legislation is changed to include this.² The families/whānau who are receiving the UCB are some of Aotearoa's most vulnerable whānau and together with their children/tamariki are living in poverty.
- 4.3 To ensure that children/tamariki are growing up in families/whānau with enough resources for them to flourish, we **recommend** that they are not prejudiced from receiving their full welfare entitlements. The social contract imposes obligations on the State to ensure that our most vulnerable are receiving all the financial support they are entitled to.

¹ "Eighteen percent of sole parents stated that they did not have enough money to meet everyday needs. This compared with only 5.2 percent of partnered parents and 6.2 percent of those who were not a parent to a dependent child. A further 43 percent of sole parents stated they had only just enough money." See <https://www.stats.govt.nz/news/wellbeing-outcomes-worse-for-sole-parents/#:~:text=Eighteen%20percent%20of%20sole%20parents,had%20only%20just%20enough%20money.>

² Recommendation 27, WEAG Report, Whakamana Tāngata, 2019.

- 4.4 We **recommend** Work & Income includes a procedural step where staff confirm in writing that the sole parent is receiving their full and correct entitlement. This would provide reciprocity, as the recipients of support must confirm that all the information they have provided to Work & Income is true and correct. This will build up trust, confidence, and dignity in our welfare system, as well as ensuring that children/tamariki are growing up with enough to flourish and thrive.
- 4.5 The importance of caregivers, especially those who are raising their child/tamariki alone, needs to be valued. Ensuring that sole parents are in receipt of their full and correct entitlement will go some way to acknowledging the value of the work these sole parents are doing raising their child/tamariki on their own. We also note that the WEAG Report recommended the Ministry of Social Development and Inland Revenue publish annual data on full and correct entitlements, take-up rates of payments, employment outcomes, the impact of employment supports and services, and after-tax and abatement earnings.³ We **recommend** priority is given to implementing recommendation 5 from the WEAG report.
- 4.6 We further **recommend** that abatement thresholds are indexed to the minimum adult wage. In 1986, when abatement rates were first established, to support transition to employment, 15 hours of the minimum wage was deemed the optimum level for abatement. Today, the current abatement rate of \$160, falls well below this level. If abatement rates were at 15 hours of the current minimum wage this would mean a sole parent who choose to return to work could earn up to \$340.50 before their benefit is reduced, and this would provide a liveable income so their whānau can begin to thrive. This would have a significant effect on lifting children/tamariki out of poverty. It would also provide a bridge to employment and whānau self-sufficiency.
- 4.7 We are concerned that some sole parent families/whānau will be worse off financially as a result of this change in policy. We note that the Regulatory Impact Statement advises:
- “50 sole parent families are expected to lose financially from child support pass-on due to a combination of factors largely related to supplementary or hardship assistance.”⁴

³ Recommendation 5, WEAG Report, Whakamana Tāngata, 2019.

⁴ P4 Regulatory Impact Statement - <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/regulatory-impact-statements/binder1.pdf>

We **recommend** that a mechanism is included in the Bill that ensures that no sole parent family will receive less income because of these changes. If this is not addressed, the impact on the small number of families/whānau negatively affected by this policy change will be deeper poverty and material hardship.

- 4.8 We are also concerned about the potential impact of this Bill on debt owed to Government by sole parent families/whānau. Some child support payments will vary due to many factors, including change in circumstances. We note the advice in the Regulatory Impact Statement which states:

“That modelling cannot determine the impact of child support payment on client benefit debt.”⁵

We **recommend** this Bill includes a mechanism where any debt generated by this change is written off. This is in line with the Government’s commitment to lifting children out of poverty.

- 4.9 As this is a significant change to policy, we **recommend** these changes are communicated well to both staff within Inland Revenue and the Ministry of Social Development as well as affected sole parent families/whānau. Easily understood, accessible information in plain language is needed to support families/whānau.

- 4.10 We seek clarification regarding the effect of clause 37 Schedule 2 amended (1) and the insertion of:

“child support debt recovery by reduced further payments of child support, for a person who owes an amount of child support as a debt due to the Crown, means any recovery of the amount of the debt due to the Crown

- (a) under the Child Support Act 1991; and
- (b) by reduced further payments of child support that the person is entitled to receive (for example, under section 151(3) or 151AA(8) of that Act)”

Child support payments should be used to support the child’s/tamariki’s material needs, and not be diverted to repay debt to government that has previously been incurred by a parent.

⁵ P9 Regulatory Impact Statement - <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/regulatory-impact-statements/binder1.pdf>

As many children/tamariki in sole parent households, where household income comes from welfare support, are living in material hardship we consider this proposed change is inconsistent with lifting children/tamariki out of poverty.

5. Whakarāpopototanga | Summary

The Methodist Alliance supports intent of the Bill and the Government's actions to address inequalities created by the current policy. We strongly encourage Government to do more to lift more children/tamariki and their families/whānau out of poverty by implementing our above recommendations.

The Methodist Alliance does not wish to appear in support of this submission. However, we are willing to meet with the Committee or officials advising it if the Committee considers that would be of assistance.

Carol Barron

Kairuruku | National Coordinator

Ngā Purapura Weteriana | The Methodist Alliance