

# Welfare overhaul: Passing on Child Support to sole parent beneficiaries

**We're changing Child Support to end discrimination against sole parents and expect to lift up to 14,000 more children out of poverty in the process.**

## Wellbeing Budget 2022

**Government is creating a fairer welfare system by providing \$354.266 million over five years to pass on Child Support payments directly to sole parents, treating them the same as most other beneficiaries with children.**

**This initiative means that, from 1 July 2023, Child Support payments for sole parent beneficiaries collected by Inland Revenue will be passed on to those parents, and not held by the Crown.**

**This will give sole parents more money to support their children and ensures they're treated the same as most other beneficiaries raising tamariki.**

- Currently, sole parent beneficiaries who have Child Support are treated differently to other family types getting assistance from MSD.
- From 1 July 2023, all Child Support payments will be treated as income when determining the amount of financial assistance payable under the Social Security Act.
- The change is forecast to increase the incomes of around 41,550 sole parent families by a median of \$24 a week, although the amount will vary from family to family depending on circumstances.
- The change is expected to reduce child poverty by an estimated 10,000 (+/-4,000) according to the moving-line BHC50 (before-housing-costs) measure and 6,000 (+/-3,000) using the fixed-line AHC50 (after-housing-costs) measure.
- Sole parents on a benefit will also no longer be required to have their Child Support payments assessed and paid via Inland Revenue, giving them greater flexibility.
- The change is the next step in the Government's Welfare Overhaul as recommended by the Welfare Expert Advisory Group..
- The net cost includes \$45.75 million for the Ministry of Social Development and Inland Revenue to implement the initiative (both one-off and ongoing), and \$20.2 million to make the necessary changes to both agencies' information technology systems.
- Child support will not be passed on to recipients of the Unsupported Child's Benefit at this time, while longer-term work by Oranga Tamariki – Ministry for Children is completed.
- International evidence suggests parents who pay Child Support form improved relationships with their children when they know the money will be passed on directly to benefit their tamariki.

Costs (operating and capital) \$/m	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
	2.409	22.146	110.297	109.884	109.530	<b>354.266</b>