MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

4 June 2026

Tēnā koe

Official Information Act request

Thank you for your email of 7 May 2026, requesting a copy of the advice provided to the Minister in 2024 regarding shared care policy settings.

I have considered your request under the Official Information Act 1982 (the Act). Please find my decision on your request set out below.

Please find attached a copy of REP/24/6/579 – Report – *Shared care in the income support system,* dated 26 June 2024.

Some information is withheld under section 9(2)(h) of the Act in order to maintain legal professional privilege. The greater public interest is in ensuring that government agencies can continue to obtain confidential legal advice.

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with my decision on your request, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

pp.

Anna Graham
General Manager
Ministerial and Executive Services

Report

MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Date:	26 June 2024	**Security Level:**	IN-CONFIDENCE
To:	Hon Louise Upston, Minister for Social Development and Employment		
File Reference:	REP/24/6/579		

This report contains legal advice and is legally privileged. It should not be disclosed without further legal advice.

Shared care in the income support system and an update on a s9(2)(h) [redacted]

Purpose of the report

1 This report provides your requested overview of shared care policy in the income support system and a brief description of alternatives to that policy. s9(2) [redacted] s9(2)(h) [redacted]

Key points

2 Shared care refers to arrangements between separated parents for the care of their child or children.

3 The settings of the income support system mean that only the care provided by one of the parents in a shared care arrangement can be recognised.

4 The effect of these settings is that one parent is eligible for more income support than the other, regardless of how they share the care of the child or children.

5 In the past MSD has considered alternatives to current shared care policy, including duplicating income support to both parents, apportioning income support between parents commensurate to the level of care they provide, or a hybrid mix of those two options.

6 All the alternatives MSD considered in the past require legislative and significant operational change and are likely to create new inequities between

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parents with shared care arrangements and those who do not have such arrangements.

7 This shared care policy was first introduced in 1991 and its settings have not materially changed since.

8 s9(2)(h) [redacted]

9 [redacted]

10 [redacted]

11 [redacted]

Recommended actions

It is recommended that you:

1 **note** the contents of this briefing

2 s9(2)(h) [redacted]

26/06/2024

Dee Collins
Manager
Income Support Policy

Date

20240907

Hon Louise Upston
Minister for Social Development and Employment

Date

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Shared care under the Social Security Act 2018

Shared care describes arrangements between separated parents for the care of their child

12 In general, shared care refers to an arrangement between separated parents where each agree they are responsible for the care of their child or children some of the time.

13 Shared care has been given a more precise definition for the purpose of the Social Security Act 2018 (SSA). Section 195(1) of the SSA states that shared care means circumstances where:

- the parents of a dependent child live apart
- both parents receive a benefit
- each parent has primary responsibility for the care of the child at least 40 per cent of the time.

14 MSD does not record how many clients are in shared care situations described in section 195(1) of the SSA. In 2023 using Family Tax Credit data, we estimated that 8,500 people who receive a main benefit have a shared care arrangement. We are not able to estimate how many of those 8,500 people satisfy clauses (b) and (c) of section 195(1), i.e. both parents receive a main benefit and each has care of the child at least 40 per cent of the time.

Benefit eligibility under the SSA is based on the primarily responsible parent, which has implications for benefit rates and obligations

15 There are implications for parents who meet the criteria set out in section 195(1) (set out above in paragraph 13). When assessing entitlements and eligibility for income support, section 195(2) restricts MSD to only consider the care of the child provided by the "primarily responsible" parent.

16 The effect of section 195(2) for the parent not considered "primarily responsible" is that they do not have the care they provide taken into account when MSD assesses their eligibility for income support. This means they will receive the same benefit rates and face the same obligations as someone who does not have childcare responsibilities.[1]

17 The parent considered "primarily responsible" is eligible for benefits and rates that account for the care of the child or children. In essence, section 195

[1] Recognising that if they are responsible for the care of another child outside of the shared care arrangement, that care will be taken into account when their benefit eligibility is assessed.

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means that in shared care arrangements one parent is eligible for more income support than the other, regardless of how they share the care of the child or children.

18 Introduced in 1991, shared care policy reflects the then-Government's intention that the income support system should be based on the principles of fairness, self-reliance and efficiency. The then-Government wanted to ensure that at least one parent was able to work full-time and that clients were not encouraged to arrange their affairs to maximise the income support they receive from the State. The policy has remained largely the same since its introduction.

The SSA provides a stepped-down approach to determining which parent is "primarily responsible" for the care of the child

19 Section 195(3) directs MSD in the first instance to decide which parent is "primarily responsible" for the care of the child or children subject to the shared care arrangement. Section 196 provides the framework for MSD to make that decision, which prioritises the amount of time each parent cares for the child, followed by:

- How responsibility for the daily activities of the child is decided
- Who is responsible for taking the child to and from school and supervising their leisure activities
- How decisions about the child's health and education are made
- The financial arrangements for the child's material support
- Which parent pays for which expenses for the child.

20 If MSD is unable to determine which parent is "primarily responsible" using this framework, section 195(3)(b) directs MSD to consider who was the principal caregiver immediately before the parents separated. If that also proves inconclusive, then the parents themselves are asked to decide. If they cannot reach a decision, then section 195(4) states that neither parent can have their care of the child taken into account when MSD assesses their benefit eligibility.

Alternative ways to recognise shared care involve trade-offs

We have considered alternatives to shared care policy in the past

21 MSD has in the past considered alternatives to current shared care policy, including:

- providing both parents the same levels of income support provided to sole parents (known as duplication)

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- providing both parents levels of income support that are commensurate to the care that each provides (known as apportionment)
- a hybrid approach that combines elements of each of the above options, depending on the intent of the payment and whether those costs could be reasonably shared between separated parents.

22 In the past we have advised that duplication would not improve equity between separated parents unless they share the care of the child equally, i.e. a 50/50 split. It would also create new inequalities between parents with shared care arrangements and sole parents or couples on benefit, unless they are also provided a commensurate increase in their income support. Operationally, duplication would be the easiest option to implement as it would not require significant changes to operational practice or systems.

23 Similarly, we have advised that apportionment could create situations where neither parent has sufficient income to provide for the care of their child. This is because some payments, for example the Accommodation Supplement (AS), are provided to support costs that are not easily shared between parents, such as the extra housing costs of having a child. Apportioning those payments may mean that neither parent has the financial means to meet those extra costs.

A hybrid approach could improve equity between parents with shared care arrangements but it could create new inequities

24 A hybrid approach could improve equity between parents with shared care arrangements. This option would see income support payments that take into account the care of a child apportioned between parents, if the costs those payments are intended to cover are easily shared between separated parents. If the costs are not easily shared then the payments would be provided to both parents, i.e. duplicated.

25 Apportionment could be commensurate to the amount of care provided by each parent, or to improve ease of implementation, there could be set levels of apportionment, for example 40, 45 and 50 per cent.

26 Managing the 'parent premium' of main benefits, i.e. the difference between main benefit rates provided to recipients without childcare responsibilities and those who care for a child, has further challenges and may require its own bespoke option. This is because the extra income support provided to parents in main benefits recognises the additional ongoing costs of caring for a child, some of which are fixed and therefore difficult to share between separated parents.

27 Like duplication, this option would create new inequities between parents with shared care arrangements and sole parents or couples on benefit, unless

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those cohorts are also provided commensurate increases in their income support.

There are operational challenges associated with the hybrid approach

28 Operationally, the hybrid option is likely to prove challenging. Introducing apportionment to income support payments that are currently not apportioned would require developing new IT systems and operational practice.

29 Further challenges arise in respect of the work obligations parents in shared care arrangements face. Current policy results in the parent deemed "primarily responsible" for the care of the child facing different work obligations to prepare for and seek employment than the other parent. The other parent, unless they care for another child outside of the shared care arrangement, is likely to face work obligations similar to those faced by clients that do not care for a child.

30 'Apportioning' those obligations between parents with shared care arrangements would add significant complexity into the income support system and may not be practical to operationalise. Allowing both parents to face less stringent work obligations would be inequitable for couples with a child on benefit, where current regulation requires that one parent must prepare for and seek full-time employment. This would require resetting the rules by which work obligations are set.

31 Similar issues arise in respect of eligibility for hardship assistance. When MSD assesses applications for hardship assistance it takes into account a client's childcare responsibilities. If MSD were to take into account both parents' childcare responsibilities, they could be eligible for the same amount of support – and cumulatively more – than a sole parent who provides more care than a parent in a shared care arrangement.

These challenges are not insurmountable but overcoming them will require investment and trade-offs with other priorities

32 Further work is possible to explore options for improving the income support settings to better recognise the circumstances of parents with shared care, but all require decisions involving trade-offs (including raising new inequities), broadening eligibility, higher fiscal cost, change to current systems and rules across several benefit types, and investment to develop new systems and operational practice. It would also require amendments to the SSA, and potentially the Social Security Regulations 2018, including new funding.

33 In 2023 we estimated that these changes would likely be similar in scale to the changes to how Child Support payments are treated in the income support system. Those changes took approximately three years and cost $24

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million to develop and implement and a further $10.5 million in annual ongoing costs.

34 Given the scale of the changes, amending shared care policy would require MSD to reprioritise other areas of policy development.

The following two sections contain legal advice and are legally privileged. They should not be disclosed without legal advice.

s9(2)(h)

[redacted]

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Next steps

s9(2)(h)

[redacted]

41 Should you wish, we can discuss the contents of this report with you.

File ref: REP/24/6/579

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