



06 November 2023



Dear 

Thank you for your request made under the Official Information Act 1982 (OIA), received on 18 October 2023. You requested the following:

Can I please have a full and complete list of the specific costs that are factored into determining the child support costs in the formula used for childcare cost assessment as per the IRD website. The information provided on <https://www.ird.govt.nz/child-support/types/formula-assessment/amount/estimate> is vague and unclear on what costs are factored in. For example, is there a nominal amount provided for extra-curricular activities such as sport/club membership fees? What about routine or expected expenses such as haircuts, school fees, clothing, etc. Can I please have a full and complete list of the costs that are factored into determining child support costs. At this time I do not need the formula – just the detail list of line items built into the formula. If you do not have such information or the formula has not been built by adding specific child care cost line items, or if specific line items have been bundled in such a way as to make the intent of my request difficult, then I wish to be provided the actual formula that is used for determine child support costs with any relevant explanation. For the purposes of clarity with respect to the level granularity I am asking for, I would refer to the government funded www.sorted.org.nz websites budgeting tool as a benchmark for the level of cost line item granularity I expect to see.

Child Support Formula Assessment

The child support formula does not have specific childcare cost line items. The formula was updated in 2013 to reflect the costs of raising a child more accurately. This followed research into the costs of raising children. The research used statistical information from the Household Economic Survey on amounts that households spend on living costs. The research estimated what parents spend on raising their children at different levels of household income by looking at the additional expenditure that households with children incur, compared to households with an equivalent living standard but without children.

While the formula has not been built by adding specific childcare cost line items, the types of costs that are reflected in the child expenditure calculation are referred to in the discussion document "*Supporting children – A Government discussion document on updating the child support scheme*". These costs include housing costs, energy consumption, food, clothing and footwear, household goods and services, childcare, health, transport, leisure, personal care, and education (including the cost of toys, books, sporting equipment and outings). You can read the full discussion document on Inland Revenue's Tax Policy website at: <https://www.taxpolicy.ird.govt.nz/publications/2010/2010-dd-supporting-children>.

As there are no specific childcare cost line items built into the formula assessment, your request for a detailed list of specific costs by line item is refused under section 18(g) of the OIA, the information requested is not held by Inland Revenue.

More information on the formula assessment is provided below, including information relating to the child expenditure calculation.

Child Expenditure in the formula assessment

The child expenditure calculation considers the amount of money that families, on average, spend on their children. The child expenditure is calculated using the combined incomes of the parents (after allowances have been deducted) and uses set tables. The tables are adjusted each year in line with changes to the average weekly earnings in New Zealand and are set out in schedule 3 of the Child Support Act 1991.

More information on the expenditure tables used for the 2024 child support year and how to calculate the expenditure amount, can be found on Inland Revenue’s website at: www.ird.govt.nz/child-support/types/formula-assessment.

Formula assessment calculation

The steps used to determine child support costs are on pages 13 and 14 of Inland Revenue’s guide “*Helping you to understand child support*”, which can be found at: www.ird.govt.nz/ir100.

Step 7 of the formula will direct you to use the child expenditure tables mentioned and linked above.

For completeness, I have included a basic example of a child support formula assessment below.

Components of Formula	Parent A	Parent B
Parents’ adjusted income	\$75,000	\$50,000
Less living allowance (standard)	\$26,606	\$26,606
Less any other allowances	\$0	\$0
Equals parents’ child support income	\$48,394	\$23,394
Combined child support income	\$71,788	
Parents’ income percentage (proportion of combined child support income)	67%	33%
Less care cost percentage for child	50%	50%
Equals parent’s child support percentage	17%	-17%
Positive = receiving carer, negative = liable parent.	Liable Parent	Receiving carer
Child expenditure cost	\$11,501	
Child support payable (child support percentage x child expenditure cost)	\$1,955 To pay	\$1,955 To receive

For this example, the child support expenditure amount of \$11,501 was calculated using the child expenditure table for 0–12-year-olds. The combined child support income of \$71,788 sits within the \$36,611 to \$73,220 income range which means the child expenditure for this calculation would be \$6,224 plus 15 cents for every dollar over \$36,610:

$$\begin{aligned}
 & \$71,788 - \$36,610 = \$35,178 \\
 & \$35,178 \times 0.15 = \$5,276.70 \\
 & \$5,276.70 + \$6,224 = \$11,500.70
 \end{aligned}$$

If you require more information relating to the formula assessment, you can call one of our customer service officers on 0800 221 221 between the hours of 8am and 5pm Monday to Friday.

Right of Review

If you disagree with my decision on your OIA request, you can ask an Inland Revenue review officer to review my decision. To ask for an internal review, please email the Commissioner of Inland Revenue via: CommissionersCorrespondence@ird.govt.nz.

Alternatively, under section 28(3) of the OIA, you have the right to ask the Ombudsman to investigate and review my decision. You can contact the office of the Ombudsman via email at: info@ombudsman.parliament.nz.

If you choose to have an internal review, you can still ask the Ombudsman for a review.

Publishing of OIA response

Please note that Inland Revenue regularly publishes responses to requests that may be of interest to the wider public on its website. We consider this response is of public interest so will publish this response in due course. Your personal details or any information that would identify you will be removed prior to it being published.

Thank you for your request.

Yours sincerely



Sue Gillies
Customer Segment Leader, Families