



Cabinet Social Wellbeing Committee

Minute of Decision

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Addressing Issues with the Fair Residency Bill

Portfolio **Social Development and Employment**

On 10 March 2021, the Cabinet Social Wellbeing Committee (SWC):

- 1 **noted** that in May 2019, SWC deferred consideration of proposals to amend legislation providing for the basic residence requirement for New Zealand Superannuation and the Veterans Pension [SWC-19-MIN-0050];
- 2 **noted** that the New Zealand Superannuation and Retirement Income (Fair Residency) Amendment Bill (the Bill), a private Member's Bill currently at Select Committee stage, proposes to raise the minimum residency qualification for New Zealand Superannuation from 10 to 20 years after age 20;

3 s 9(2)(f)(iv)

Increase the main residence requirement

- 4 **agreed** that the main residence requirement for New Zealand Superannuation (and Veterans Pension) be increased from 10 years after age 20 to 20 years after age 20, as proposed by the Bill;
- 5 **noted** that the amendment agreed in paragraph 4 above will not change the 5 years residence after age 50 requirement;

Transition approach

- 6 **agreed** that the Bill be amended so that:
 - 6.1 for every two complete years someone was born after 1 July 1955, that person must have met one additional year of residence and presence in New Zealand after age 20;
 - 6.2 anybody whose date of birth is on or before 30 June 1957 remains subject to the existing 10-year requirement;

Accommodation for the Realm of New Zealand

- 7 **agreed** that the Bill be amended so that:
- 7.1 only residence and presence in New Zealand after age 20 may count toward the first 10 years of the residence requirement; but
- 7.2 residence and presence in any one or more of New Zealand, the Cook Islands, Niue or Tokelau after age 20 count toward the additional period; and
- 7.3 residence in the Cook Islands, Niue or Tokelau does not count as residence in the calculation of rates of New Zealand Superannuation or Veteran's Pension payable under any portability provision;

Accommodation for refugees

- 8 **agreed** that the Bill be amended so that:
- 8.1 the 10-year residence and presence requirement continues to apply to any person granted refugee or protected person status in New Zealand at age 55 or higher; and
- 8.2 the total requirement for residence and presence in New Zealand after age 20 for a person granted refugee or protected person status in New Zealand while aged 45-54 is to be no more than the difference between the date that person was granted that status and the date on which that person turns 65;

Implementation

- 9 **agreed** that the Ministry of Social Development include the recommendations in paragraphs 6 to 8 above in its departmental report for the Finance and Expenditure Committee;
- 10 **authorised** the Minister for Social Development and Employment to make any further minor and technical amendments to the recommendations in the departmental report for the Finance and Expenditure Committee, in line with policy intent agreed to by Cabinet;

Financial implications

- 11 **agreed** to increase spending to provide for implementation costs associated with the decisions in paragraph 6 above, with the following impacts on the operating balance and net core Crown debt:

Vote Social Development	\$ million – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
Operating balance impact	-	2.548	(0.498)	(1.030)	(2.215)
Crown Debt Impact					
Operating Balance Only Impact	-	-	-	-	-
Net Core Crown Debt Only Impact	-	-	-	-	-
No impact (tax on benefits)	-	-	(0.111)	(0.232)	(0.502)
Total	-	2.548	(0.609)	(1.262)	(2.717)

- 12 **approved** the following changes to appropriations to give effect to the decisions in paragraph 6 above:

Vote Social Development Minister for Social Development and Employment	\$ million – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
Departmental Output Expenses:					
Income Support and Assistance to Seniors (funded by Revenue Crown)	-	2.548	-	-	-
Benefits or Related Expenses:					
New Zealand Superannuation	-	-	(0.954)	(1.972)	(4.231)
Veterans' Pension	-	-	(0.006)	(0.011)	(0.022)
Supported Living Payment	-	-	0.194	0.399	0.850
Jobseeker Support and Emergency Benefit	-	-	0.157	0.322	0.686
Total Operating	-	2.548	(0.609)	(1.262)	(2.717)

- 13 **agreed** that the fiscal impacts in paragraph 11 above and the appropriation changes in paragraph 12 above be managed outside of allowances, as they are likely to be at least fiscally neutral across the forecast period.

Rachel Clarke
Committee Secretary

Present:

Hon Grant Robertson
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Carmel Sepuloni (Chair)
Hon Poto Williams
Hon Damien O'Connor
Hon Kris Faafoi
Hon Peeni Henare
Hon Willie Jackson
Hon Dr Ayesha Verrall
Hon Aupito William Sio
Hon Meka Whaitiri
Hon Priyanca Radhakrishnan

Officials present from:

Office of the Prime Minister
Officials Committee for SWC