

**In Confidence**

Office of the Minister for Social Development and Employment  
Chair, Cabinet Legislation Committee

**ANNUAL GENERAL ADJUSTMENT 2025**

**Proposal**

- 1 This paper seeks Cabinet approval to submit to the Executive Council the following Orders and Amendment Regulations. These instruments will give effect to the 2025 Annual General Adjustment (AGA).
  - Social Security (Rates of Benefits and Allowances) Order 2025
  - Social Security Amendment Regulations 2025
  - Student Allowances Amendment Regulations 2025
  - Oranga Tamariki (Minimum Rates of Payment for Board and Lodgings) Order 2025
  - Health Entitlement Cards Amendment Regulations 2025
  - Residential Care and Disability Support Services Amendment Regulations 2025.

**Previous decisions**

**The Annual General Adjustment (AGA) is the process to adjust rates of social assistance on 1 April each year to reflect statutory requirements, a Cabinet decision, or long-standing practice**

- 2 There is a statutory requirement to adjust rates of main benefits, Student Allowances, Orphan's Benefit, Unsupported Child's Benefit, Foster Care Allowance Minimum Rates of Payment for Board and Lodgings, rates of main benefits payable to long-term hospital patients, and New Zealand Superannuation from 1 April each year.
- 3 Other adjustments are made in the AGA under the authority of a Cabinet decision or to reflect long-standing practice. These include adjustments to rates and thresholds of allowances and various other forms of supplementary assistance, such as Childcare Assistance, Disability Allowance, and Child Disability Allowance.

## IN CONFIDENCE

- 4 In December 2023, Cabinet agreed to increase main benefits by the annual percentage increase in the all-groups Consumers Price Index (CPI), for the year ending the previous 31 December, on 1 April each year [CAB-23-MIN-0490 refers].<sup>1</sup>
- 5 There is a statutory requirement to adjust the net weekly rates of New Zealand Superannuation, if required, by percentage increases in the CPI and then further adjust the amount payable to a couple who both qualify, to ensure it is not less than 66 percent, or more than 72.5 percent, of the net average wage. A further adjustment to the rates of New Zealand Superannuation will be required in the 2025 AGA to keep the net married couple rate at a minimum of 66 percent of the net average wage.
- 6 In March 2002, Cabinet delegated authority to jointly approve adjustments to rates and thresholds to the Minister of Finance and the Ministers responsible for New Zealand Superannuation, main benefits and allowances, the Community Services Card, Student Allowances, and War Pensions and Allowances [CAB Min (02) 7/1A refers].
- 7 Alongside myself, the Ministers responsible for the Finance, Housing, Health, Vocational Education, Veterans, and Children portfolios have approved the new rates and thresholds consistent with our delegated authority [REP/25/1/041 refers].

### **Orders and Amendment Regulations to give effect to the decisions**

- 8 To give effect to the above decisions, the Orders and Amendment Regulations will come into force on 1 April 2025 and will:
  - 8.1 increase the rates of main benefits, Student Allowances, Orphan's Benefit, Unsupported Child's Benefit, Foster Care Allowance Minimum Rates of Payment for Board and Lodgings, benefits payable to long-term hospital patients, and New Zealand Superannuation to comply with the statutory requirement to adjust the rates to reflect the 2.22 percent increase in the CPI (All Groups) over the previous year
  - 8.2 further increase the rates of New Zealand Superannuation in line with the commitment to keep the net married couple rate at a minimum of 66 percent of the net average wage
  - 8.3 increase various rates and thresholds of allowances and supplementary assistance in line with the 2.22 percent increase in the CPI (All Groups) over the previous year<sup>2</sup>
  - 8.4 increase income thresholds for Disability Allowance and the Community Services Card by applying the 2.22 percent increase in the CPI (All Groups) over the previous year<sup>3</sup>

---

<sup>1</sup> For the purposes of this paper, 'main benefits' refers to all types of assistance in section 453 of the Social Security Act 2018 and includes the Blind Subsidy and Housekeepers Allowance.

<sup>2</sup> Please note that not all rates and thresholds of supplementary assistance are adjusted annually through the AGA. For example, Accommodation Supplement (AS) cash asset levels, AS maximum rates, Accommodation Benefit, and Winter Energy Payment are not indexed.

<sup>3</sup> A net wage adjustment is applied to some Disability Allowance and superannuation-specific Community Services Card income thresholds to prevent people losing eligibility to this assistance.

## IN CONFIDENCE

- 8.5 increase Childcare Assistance and hardship assistance income thresholds to reflect the 3.51 percent increase in the net average wage over the previous year.

### Timing and 28-day rule

- 9 If approved, the Orders and Amendment Regulations will be submitted to the Executive Council for consideration on 24 February 2025. This timing is consistent with Rule 7.100 of the Cabinet Manual (the ‘28-day rule’) as it will enable the Orders and Amendment Regulations to be gazetted 28 days before they come into force.

### Compliance

- 10 The Orders and Amendment Regulations comply, where applicable, with the following:
- 10.1 the principles of the Treaty of Waitangi
  - 10.2 advice from the Treaty Provisions Officials Group on any Treaty of Waitangi provisions
  - 10.3 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993
  - 10.4 the principles and guidelines set out in the Privacy Act 2020
  - 10.5 relevant international standards and obligations
  - 10.6 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee.

### Regulations Review Committee

- 11 There are no grounds for the Regulations Review Committee to draw the Orders or Amendment Regulations to the attention of the House of Representatives under Standing Order 327.

### Certification by Parliamentary Counsel

- 12 The Orders and Amendment Regulations have been certified by the Parliamentary Counsel Office as being in order for submission to Cabinet.

### Impact Analysis

- 13 The Ministers responsible for the Finance, Housing, Health, Social Development and Employment, Vocational Education, Veterans, and Children portfolios have delegated authority to approve the policy for these annual adjustments to benefit rates and thresholds, which are required under legislation, long-standing practice, or previous Cabinet agreement (or a combination of these). Therefore, Cabinet’s impact analysis requirements do not apply.

## IN CONFIDENCE

- 14 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the threshold for significance is not met.

### Publicity

- 15 As part of the legislative requirements, the Orders and Amendment Regulations will be notified in the New Zealand Gazette at a minimum of 28 days before they come into force.
- 16 The Ministry of Social Development will work with relevant Ministers' offices to advise the public of the changes to rates and thresholds.

### Proactive release

- 17 I intend to proactively release this Cabinet paper within standard timeframes.

### Consultation

- 18 The Treasury, Ministry of Housing and Urban Development, Ministry of Education, Ministry of Health, Inland Revenue, Veterans' Affairs, and Oranga Tamariki–Ministry for Children have been consulted and agree with the recommendations in this paper.

### Recommendations

I recommend that the Cabinet Legislation Committee:

- 1 **note** that, acting with Cabinet's delegated authority [CAB Min (02) 7/1A refers], the Ministers responsible for the Finance, Housing, Health, Social Development and Employment, Vocational Education, Veterans, and Children portfolios have approved new rates of New Zealand Superannuation, main benefits, Student Allowances, Foster Care Allowance Minimum Rates of Payment for Board and Lodgings, and new rates and thresholds for allowances and supplementary assistance [REP/25/1/041 refers]
- 2 **note** that the proposed Orders in Council and Amendment Regulations will come into effect on 1 April 2025 and will:
  - 2.1 increase the rates of main benefits, Student Allowances, Orphan's Benefit, Unsupported Child's Benefit, Foster Care Allowance Minimum Rates of Payment for Board and Lodgings, benefits payable to long-term hospital patients, and New Zealand Superannuation, to comply with the statutory requirement to adjust the rates to reflect the 2.22 percent increase in the Consumers Price Index (All Groups) over the previous year
  - 2.2 further increase the rates of New Zealand Superannuation in line with the commitment to keep the net married couple rate at a minimum of 66 percent of the net average wage

**IN CONFIDENCE**

- 2.3 increase rates and thresholds of allowances and various forms of supplementary assistance in line with the 2.22 percent increase in the Consumers Price Index (All Groups) over the previous year
  - 2.4 increase income thresholds for Disability Allowance and the Community Services Card by applying the 2.22 percent increase in the Consumers Price Index (All Groups) over the previous year
  - 2.5 increase Childcare Assistance and hardship assistance income thresholds to reflect the 3.51 percent increase in the net average wage over the previous year.
- 3 **authorise** the submission of the following Orders and Amendment Regulations to the Executive Council:
- 3.1 Social Security (Rates of Benefits and Allowances) Order 2025
  - 3.2 Social Security Amendment Regulations 2025
  - 3.3 Student Allowances Amendment Regulations 2025
  - 3.4 Oranga Tamariki (Minimum Rates of Payment for Board and Lodgings) Order 2025
  - 3.5 Health Entitlement Cards Amendment Regulations 2025
  - 3.6 Residential Care and Disability Support Services Amendment Regulations 2025.

Authorised for lodgement

Hon Louise Upston

Minister for Social Development and Employment

**IN CONFIDENCE**