



Cabinet Legislation Committee

Minute of Decision

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Social Assistance Legislation (Budget 2019 Welfare Package) Amendment Bill: Approval for Introduction

Portfolio Social Development

On 21 May 2019, the Cabinet Legislation Committee:

- 1 **noted** that on 15 April 2019, as part of Budget 2019, Cabinet agreed to the initiative *Incomes for People Receiving Benefits – Indexing Main Benefits, Removing Deductions and Changing Abatement Thresholds* (Budget 2019 Welfare Package) in order to support the government’s objectives for a significant and sustained reduction in child poverty, and contribute to the achievement of the ten-year child poverty reduction targets [CAB-19-MIN-0174.36];
- 2 **noted** that the impact of the proposed changes are that:
 - 2.1 12,000 sole parents are better able to support their families by not having a deduction applied to their benefit;
 - 2.2 rates of main benefits are maintained relative to wages in society;
 - 2.3 people can continue to work approximately the same number of hours on the minimum wage before their benefit begins to abate;
- 3 **noted** that Cabinet agreed the following key changes which require legislative and regulatory amendment in order to come into effect from 1 April 2020:
 - 3.1 remove deductions for sole parent beneficiaries who fail to apply for child support by repealing sections 192 of the SSA (repeal of section 192);
 - 3.2 that the rates of main benefits will be adjusted annually in line with any upwards percentage movement in average wage (net), rather than CPI (indexation changes);
 - 3.3 increase abatement thresholds in line with planned increases to the minimum wage in 2020, 2021, 2022 and 2023 for main benefit recipients, New Zealand Superannuation (NZS) recipients where they have a non-qualifying partner included in their NZS, and Veteran’s Pension (VP) recipients (increasing abatement thresholds);

- 4 **noted** that, under delegated authority from Cabinet [CAB-19-MIN-0174.36, the Minister for Veterans and the Minister for Social Development have agreed to:
- 4.1 create a regulation making power for abatement thresholds under section 265 of the Veterans' Support Act 2014;
 - 4.2 shift the details of the Veteran's Pension abatement thresholds out of section 171 of the Veterans' Support Act 2014 and into the Veterans' Support Regulations 2014;
 - 4.3 remove the detailed definition of Income Test Three from section 158 of the Veterans' Support Act 2014;
- 5 **noted** that the Bill makes substantive amendments to the following legislation:
- 5.1 Social Security Act 2018;
 - 5.2 Veterans' Support Act 2014; and
 - 5.3 Child Support Act 1991;
- 6 **noted** that, on 15 April 2019, Cabinet agreed that these decisions be implemented through the Social Assistance Legislation Bill (which holds a category 4 priority on the 2019 Legislative Programme) and through Orders in Council as part the Annual General Adjustment of Benefits [CAB-19-MIN-0174.36];
- 7 **noted** that it is important that the 2019 Budget Welfare Package is legislated as soon as possible to provide certainty for affected people;
- 8 **agreed** that the Budget 2019 Welfare Package be legislated through the Social Assistance Legislation (Budget 2019 Welfare Package) Amendment Bill, with a category 2 priority (to be passed in 2019);
- 9 **approved** the Social Assistance Legislation (Budget 2019 Welfare Package) Amendment Bill [PCO 21833/1.19] for introduction, subject to the final approval of the government Caucuses and sufficient support in the House of Representatives;
- 10 **agreed** that the Parliamentary Counsel Office be authorised to make minor, technical and editorial amendments to the attached draft Bill prior to its introduction;
- 11 **agreed** that the Bill be introduced on 30 May 2019;
- 12 **agreed** that the government propose that the Bill be passed through all stages and enacted under urgency on 30 May 2019.

Vivien Meek
Committee Secretary

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Present:

Hon Chris Hipkins (Chair)
Hon Stuart Nash
Hon Iain Lees-Galloway
Hon Tracey Martin
Hon Kris Faafoi
Hon Peeni Henare
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for LEG

Hard-copy distribution:

Minister for Social Development