



Cabinet Legislation Committee

Minute of Decision

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Veterans' Support (Abatement) Amendment Regulations 2020

Portfolio **Veterans**

On 18 February 2020, the Cabinet Legislation Committee:

- 1 **noted** that on 15 April 2019, Cabinet agreed to new abatement thresholds, for main benefits, New Zealand Superannuation and Veteran's Pension, to be implemented from 1 April 2020 [CAB-19-MIN-0174.36];
- 2 **noted** that the Veterans' Support (Abatement) Amendment Regulations 2020 will increase the abatement thresholds of Veteran's Pension (over 65) with a non-qualifying partner and the Veteran's Pensions (under 65);
- 3 **noted** that the Veterans' Support (Abatement) Amendment Regulations 2020 will give effect to Cabinet's decision of 15 April 2019 to increase abatement thresholds, including those for Veteran's Pension;
- 4 **authorised** the submission to the Executive Council of the Veterans' Support (Abatement) Amendment Regulations 2020 [PCO 22645/7.0];
- 5 **noted** that the Veterans' Support (Abatement) Amendment Regulations 2020 will come into force on 1 April 2020.

Gerrard Carter
Committee Secretary

Present:

Hon Chris Hipkins (Chair)
Hon Andrew Little
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Iain Lees-Galloway
Hon Jenny Salesa
Hon Damien O'Connor
Hon Ron Mark
Hon Eugenie Sage
Michael Wood MP (Senior Government Whip)

Officials present from:

Office of the Prime Minister
Officials Committee for LEG

Hard-copy distribution:

Minister for Veterans

Office of the Minister for Veterans
Chair, Cabinet Legislation Committee

Veterans' Support (Abatement Thresholds) Amendment Regulations 2020

Proposal

1. I seek the Cabinet Legislation Committee's (LEG) approval to submit the Veterans' Support (Abatement Thresholds) Amendment Regulations 2020 to the Executive Council. The Amendment Regulations will specify increased Veteran's Pension abatement thresholds that come into effect on 1 April 2020.

Policy

2. The Veteran's Pension is administered by the Ministry of Social Development on behalf of Veterans' Affairs New Zealand. Two categories of Veteran's Pension are subject to abatement. They are Veteran's Pension (under 65), an income support payment grandfathered from the revoked War Pensions Act 1954, and Veteran's Pension (over 65) that includes a non-qualifying partner. Recipients can earn a certain level of income per week (abatement threshold) before their pension begins to reduce (abatement rate).

3. On 15 April 2019, Cabinet agreed to annually increase for four years from 1 April 2020 the abatement thresholds of main benefits, New Zealand Superannuation and Veteran's Pension, as part of the Budget 2019 initiative *'Incomes for People Receiving Benefits - Indexing Main Benefits, Removing Deductions, and Changing Abatement Thresholds'* (Budget 2019 Welfare Package) [CAB-19-Min-0174.36 refers].

4. The abatement thresholds were not subject to change and are set out in the Veterans' Support Act 2014. Cabinet recognised that regulatory amendment was required in order for the abatement changes to take effect on 1 April 2020 [CAB-19-MIN-0174.36 refers]. The Veterans' Support Act 2014 was subsequently amended by the Social Assistance Legislation (Budget 2019 Welfare Package) Amendment Act 2019.

5. The increased abatement thresholds will match expected increases to the minimum wage and will allow abatement rates to be maintained relative to wages. This means that recipients can continue to work approximately the same number of hours before their pension begins to abate.

Increases to the Veteran's Pension Abatement Thresholds

6. Veteran's Pension (over 65) recipients who have included a non-qualifying partner in their payment are subject to an abatement regime designed to encourage their non-qualified partner into full-time work. Combined income over \$100 a week is currently abated at 70 cents in the dollar. From 1 April 2020, the abatement threshold will increase to \$115 a week.

7. Veteran's Pension (under 65), a grandparented income support payment, was granted under the War Pensions Act 1954 to veterans who were unable to work due to illness or injury. The abatement regime was designed to encourage part-time work. There is an individual rate and a relationship rate with two abatement thresholds (lower and higher) that mirror those for Sole Parent Support and Supported Living Payment.

8. Veteran's Pension (under 65) for an individual is currently abated at 30 cents in the dollar for employment income over \$100 and at 70 cents in the dollar for employment income over \$200. From 1 April 2020, the first abatement threshold will increase to \$115 a week. The second abatement threshold will increase to \$215 a week.

9. Veteran's Pension (under 65) for a couple is currently abated at 30 cents in the dollar for combined income over \$100 and at 70 cents in the dollar for combined income over \$200. From 1 April 2020, the first abatement threshold will increase to \$115 a week. The second abatement threshold will increase to \$215 a week.

Future Increases to the Abatement Thresholds

10. The abatement thresholds will increase by an additional \$5 every 1 April from 2021 up to and including 2023 [CAB-19-Min-0174.36 refers].

Timing and 28-Day Rule

11. Subject to Cabinet's approval, I propose that Cabinet refer the Amendment Regulations to the Executive Council on 24 February 2020. Following this, the instrument will be gazetted and will come into effect on 1 April 2020 thus complying with the 28-day rule.

Compliance

12. The Amendment Regulations comply with:

- a. the principles of the Treaty of Waitangi;
- b. the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993;
- c. the principles and guidelines set out in the Privacy Act 1993;
- d. the relevant international standards and obligations; and
- e. the Legislation Guidelines (2018 edition), which are maintained by the Legislation Design and Advisory Committee.

13. The increase in the abatement thresholds of Veteran's Pension complies with these guidelines. Authority for the Amendment Regulations is provided by sections 171 and 265 of the Veterans' Support Act 2014.

Regulations Review Committee

14. Officials consider that there are no grounds for the Regulations Review Committee to draw the Amendment Regulations to the attention of the House under Standing Order 319.

Certification by Parliamentary Counsel

15. The Veterans' Support (Abatement Thresholds) Amendment Regulations 2020 have been certified by Parliamentary Counsel as being in order for submission to Cabinet.

Impact Analysis

16. The Treasury Regulatory Quality Team determined that the decisions sought in the Social Assistance Legislation (Budget 2019 Welfare Package) Amendment Bill were not subject to the Regulatory Impact requirement on the basis that they would substantively duplicate other government policy development, reporting and publication requirements or commitments.

Financial Implications

17. Cabinet agreed to increase the abatement thresholds of main benefits, New Zealand Superannuation and Veteran's Pension, as part of Budget 2019 initiative '*Incomes for People Receiving Benefits - Indexing Main Benefits, Removing Deductions and Changing Abatement Thresholds*' (Budget 2019 Welfare Package) [CAB-19-Min-0174.36 refers].

Legislative Implications

18. The Veterans' Support Act 2014 was amended by the Social Assistance Legislation (Budget 2019 Welfare Package) Amendment Act 2019 to allow for the increases in abatement to be made by regulation and for regulations to be made to enable the increases to take effect from 1 April 2020.

19. Section 171 of the Veterans' Support Act 2014 requires that the abatement thresholds are adjusted by regulation. The Veterans' Support Regulations 2014 will include regulations specifying the abatement thresholds and associated rates.

Publicity

20. Veterans' Affairs will publish the new Veteran's Pension abatement thresholds on its website prior to 1 April 2020.

21. The Ministry of Social Development will also publish information on its website about abatement increases to main benefits, New Zealand Superannuation and Veteran's Pension abatement thresholds.

Proactive Release

22. I intend to release this paper in full.

Consultation

23. The Ministry of Social Development and the Treasury have been consulted in the preparation of these Amendment Regulations.

Recommendations

24. I recommend that the Cabinet Legislation Committee:

1. **Note** that on 15 April 2019 Cabinet agreed to new abatement thresholds, for main benefits, New Zealand Superannuation and Veteran's Pension, to be implemented from 1 April 2020 [CAB-19-Min-0174.36 refers].
2. **Note** that the Veterans' Support (Abatement Thresholds) Amendment Regulations 2020 will:
 - 2.1 increase the abatement thresholds of Veteran's Pension (over 65) with a non-qualifying partner and the Veteran's Pensions (under 65).
3. **Note** that the Veterans' Support (Abatement Thresholds) Amendment Regulations 2020 will give effect to Cabinet's decision of 15 April 2019 to increase abatement thresholds, including those for Veteran's Pension.
4. **Authorise** submitting to the Executive Council on the 24 February 2020, the Veterans' Support (Abatement Thresholds) Amendment Regulations 2020.
5. **Note** that the Veterans' Support (Abatement Thresholds) Amendment Regulations 2020 will come into force on 1 April 2020.

Authorised for lodgement

Hon Ron Mark
Minister for Veterans