



Cabinet Legislation Committee

Minute of Decision

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Veterans' Support Amendment Regulations (No 2) 2021

Portfolio **Veterans**

On 18 February 2021, the Cabinet Legislation Committee:

- 1 **noted** that on 7 December 2020, Cabinet agreed to increase abatement thresholds for main benefits, New Zealand Superannuation, and Veteran's Pension from 1 April 2021 [CAB-20-MIN-0512];
- 2 **noted** that the Veterans' Support Amendment Regulations (No 2) 2021 give effect to the above decision in relation to the Veteran's Pension;
- 3 **authorised** submission to the Executive Council of the the Veterans' Support Amendment Regulations (No 2) 2021 [PCO 23412/4.0];
- 4 **noted** that the Regulations come into force on 1 April 2021.

Charlotte Doyle
Committee Secretary

Present:

Hon Chris Hipkins (Chair)
Hon Carmel Sepuloni
Hon Andrew Little
Hon David Parker
Hon Nanaia Mahuta
Hon Poto Williams
Hon Kris Faafoi
Hon Michael Wood (Deputy Chair)
Hon Kiri Allan
Hon Dr David Clark
Hon Meka Whaitiri
Kieran McAnulty, MP (Senior Government Whip)

Officials present from:

Office of the Prime Minister
Officials Committee for LEG

Hard-copy distribution:

Minister for Veterans

VETERANS' SUPPORT AMENDMENT REGULATIONS (NO.2) 2021

Proposal

1. I seek the Cabinet Legislation Committee's (LEG) approval to submit the Veterans' Support Amendment Regulations (No.2) 2021 (Amendment Regulations) to the Executive Council. The Amendment Regulations will specify increased Veteran's Pension abatement thresholds that come into effect on 1 April 2021.

Policy

2. The Veteran's Pension is administered by the Ministry of Social Development on behalf of Veterans' Affairs New Zealand under a statutory delegation made under the Veterans' Support Act 2014. Two categories of Veteran's Pension are subject to abatement. They are the Veteran's Pension (under 65), an income support payment grandfathered from the repealed War Pensions Act 1954, and the Veteran's Pension (over 65) that includes a non-qualifying partner.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 7 December 2020, Cabinet agreed to a one-time increase, to take effect on 1 April 2021, to the abatement thresholds of main benefits, New Zealand Superannuation and the Veteran's Pension [CAB-20-MIN-0512 refers].

4. Increasing the abatement thresholds was signalled as a priority in the Labour Party's 2020 election manifesto. This aligns with the Government's priority to support New Zealand's economic recovery with incentivising those on a main benefit to engage in paid work, and builds on its commitment to ensure that benefit abatement thresholds better reflect existing labour market settings.

5. Increasing the abatement thresholds on 1 April 2021 means that people can work more hours before their pension begins to abate and keep more of what they earn.

Increases to the Veteran's Pension Abatement Thresholds

6. The 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 \$115 a week is currently abated at 70 cents in the dollar. From 1 April 2021, the abatement threshold will increase to \$160 a week.

7. The Veteran's Pension (under 65) 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. There are also two abatement thresholds. The abatement thresholds mirror those for the Sole Parent Support and the Supported Living Payment.

8. The Veteran's Pension (under 65) for an individual is currently abated at 30 cents in the dollar for employment income over \$115 a week and at 70 cents in the dollar for employment income over \$215. From 1 April 2021, the first abatement threshold will increase to \$160 a week. The second abatement threshold will increase to \$250 a week.

9. The Veteran's Pension (under 65) for a couple is currently abated at 30 cents in the dollar for combined income over \$115 a week and at 70 cents in the dollar for combined income over \$215 a week. From 1 April 2021, the first abatement threshold will increase to \$160 a week. The second abatement threshold will increase to \$250 a week.

Timing and 28-Day Rule

10. Subject to Cabinet's approval, I propose that Cabinet refer the Amendment Regulations to the Executive Council on 22 February 2021. Following this, the instrument will be gazetted and will come into effect on 1 April 2021 thus complying with the 28-day rule.

Compliance

11. 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 2020;
 - d. the relevant international standards and obligations; and
 - e. the Legislation Guidelines (2018 edition), which are maintained by the Legislation Design and Advisory Committee.
12. The increase in the abatement thresholds of the Veteran's Pension complies with these principles, standards and guidelines. Authority for the Amendment Regulations is provided by sections 171 and 265 of the Veterans' Support Act 2014.

Regulations Review Committee

13. 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

14. The Veterans' Support Amendment Regulations (No.2) 2021 have been certified by Parliamentary Counsel as being in order for submission to Cabinet.

Impact Analysis

15. A Regulatory Impact Statement was prepared in accordance with Cabinet's impact analysis requirements and was submitted at the time that Cabinet approval was sought for the policy relating to the relevant regulations [CAB-20-MIN-0512].

Financial Implications

16. Cabinet agreed to increase the abatement thresholds of main benefits, New Zealand Superannuation and the Veteran's Pension on 7 December 2020. [CAB-20-Min-512 refers].

Legislative Implications

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

Publicity

18. Veterans' Affairs will provide information on the Veteran's Pension abatement thresholds on its website.

19. The Ministry of Social Development will publish information about the abatement increases to main benefits, New Zealand Superannuation and the Veteran's Pension abatement thresholds.

Proactive Release

20. I intend to release this paper in full.

Consultation

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

Recommendations

22. I recommend that the Cabinet Legislation Committee:

1. **Note** that on 7 December 2020 Cabinet agreed to new abatement thresholds, for main benefits, New Zealand Superannuation and the Veteran's Pension, to be implemented from 1 April 2021 [CAB-20-Min-512 refers].
2. **Note** that the Veterans' Support Amendment Regulations (No.2) 2021 will give effect to Cabinet's decision of 7 December 2020 to increase abatement thresholds, including those for the Veteran's Pension.
3. **Authorise** submitting to the Executive Council on the 22 February 2021, of the the Veterans' Support Amendment Regulations (No.2) 2021.
4. **Note** that the Veterans' Support Amendment Regulations (No.2) 2021 2021 will come into force on 1 April 2021.

Authorised for lodgement

Hon Meka Whaitiri
Minister for Veterans