



Cabinet Business Committee

Minute of Decision

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New Zealand Superannuation and Veteran's Pension Legislation Amendment Bill: Approval for Introduction

Portfolio Social Development

On 30 September 2019, the Cabinet Business Committee:

- 1 **noted** that the New Zealand Superannuation and Veteran's Pension Legislation Amendment Bill holds a category 3 priority on the 2019 Legislation Programme (to be passed if possible in the year);
- 2 **noted** that the New Zealand Superannuation and Veteran's Pension Legislation Amendment Bill is an omnibus bill amending the New Zealand Superannuation and Retirement Income Act 2001, the Veterans' Support Act 2014, the Social Security Act 2018, the Income Tax Act 2007, and the Tax Administration Act 1994;
- 3 **noted** that in May 2019, the Cabinet Social Wellbeing Committee:
 - 3.1 agreed to modernise and simplify New Zealand Superannuation and the Veteran's Pension by:
 - 3.1.1 shifting toward assessing entitlement to these payments on an individual basis, including:
 - 3.1.1.1 closing the non-qualified partner provision (with existing recipients' entitlements grandparented);
 - 3.1.1.2 removing the direct deduction of a government-administered overseas pension received by a superannuitant's partner from that superannuitant's rate of New Zealand Superannuation or Veteran's Pension;
 - 3.1.2 improving the consistency and clarity of policy and legislation, including:
 - 3.1.2.1 treating people who work overseas for secular charitable organisations similarly to missionaries when calculating their length of residence;
 - 3.1.2.2 exempting any voluntary component of a government-administered overseas pension from 'direct deduction';
 - 3.1.2.3 removing inconsistencies with the definition of 'living alone';

3.1.2.4 amending the wage indexation minimum in legislation from 65 per cent to 66 percent to reflect the current minimum level of indexation;

3.1.2.5 minor and technical amendments;

3.2 authorised the Minister for Social Development, in consultation where necessary with the Minister of Finance and the Minister for Veterans, to take decisions on issues of a minor nature that may arise during the drafting of the legislation and regulations;

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4 **noted** that the Minister for Social Development (the Minister) has addressed the unintentional omission from the rewrite of social security legislation of an equivalent of section 79 of the Social Security Act 1964 ('Persons who have had income tax deducted or withheld on earnings from employment overseas to be treated as resident and present in New Zealand') for New Zealand Superannuation by including in the New Zealand Superannuation and Veteran's Pension Legislation Amendment Bill:

4.1 an equivalent of that section as new section 10A of the New Zealand Superannuation and Retirement Income Act 2001;

4.2 a provision to validate actions taken as if under that section since the replacement of the Social Security Act 1964 on 26 November 2018;

5 **noted** that the Minister has also made several clarifications and improvements:

5.1 as a consequence of paragraph 3.1.1.2, the Minister has clarified that Winter Energy Payment is not subject to spousal deduction;

5.2 in respect of paragraph 3.1.2.1, the Minister has clarified that the changes to the periods of absence that can count toward the residence requirements for New Zealand Superannuation and Veteran's Pension flow through to the calculation of proportional rates of payment paid under 'general portability';

5.3 in respect of paragraph 3.1.2.3, the Minister has retained the existing list of places in residence in which a single person living alone receives the single living alone rate in primary legislation, and added the new category of a self-contained mobile home (and included a regulation making provision in the Bill which will allow additional places of residence to be included in future regulations);

5.4 in respect of paragraph 3.1.2.5, with regards to minor and technical amendments, the Minister has decided to remove the pre-1991 grandparented rate for a couple including a non-qualified partner only for Veteran's Pension only;

6 **noted** that the Minister of Finance's statement on consultation carried by the current draft of the New Zealand Superannuation and Veteran's Pension Legislation Amendment Bill (as required for a Bill amending part 1 of the New Zealand Superannuation and Retirement Income Act 2001) is subject to approval by the Minister of Finance, and any required adjustment, before introduction;

- 7 **approved** for introduction the New Zealand Superannuation and Veteran's Pension Legislation Amendment Bill [PCO 21243/20.0], subject to:
- 7.1 any required adjustment to the Minister of Finance's statement on consultation, and that Minister's approval of that statement;
 - 7.2 the final approval of the government caucuses and sufficient support in the House of Representatives;
- 8 **authorised** the Minister to make minor and technical amendments to the Bill prior to Cabinet's confirmation;
- 9 **agreed** that the Bill be introduced on 15 October 2019;
- 10 **agreed** that the government propose that the Bill be:
- 10.1 referred to the Social Services and Community Committee for consideration;
 - 10.2 enacted by the end of May 2020.

Gerrard Carter
Committee Secretary

Present:

Rt Hon Jacinda Ardern (Chair)
Rt Hon Winston Peters
Hon Kelvin Davis
Hon Grant Robertson
Hon Phil Twyford
Hon Dr Megan Woods
Hon Andrew Little
Hon Carmel Sepuloni
Hon David Clark
Hon David Parker
Hon Stuart Nash
Hon Nanaia Mahuta
Hon Tracey Martin
Hon James Shaw

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet

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Minister for Social Development