

In Confidence

Office of the Minister for Social Development and Employment

Cabinet Legislation Committee

2022 Annual General Adjustment: Blind Subsidy threshold indexation

Proposal

- 1 I seek Cabinet approval to submit to the Executive Council the Social Security (Rates of Benefits and Allowances) Order (No 2) 2022, to further amend the Social Security Act 2018 with the indexed Blind Subsidy thresholds, as part of the 2022 Annual General Adjustment.

Relation to government priorities

- 2 Indexing the Blind Subsidy thresholds is part of the Annual General Adjustment of benefit rates and thresholds.

Background

- 3 The Blind Subsidy is an additional allowance of up to 25 percent of a client's personal earnings from work, paid to those receiving a Supported Living Payment (SLP) on the grounds of total blindness. There are currently no recipients of the Blind Subsidy.
- 4 The Blind Subsidy thresholds represent the maximum weekly income clients can earn from all income sources to qualify for the Blind Subsidy. They are indexed annually on 1 April as part of the Annual General Adjustment (AGA) of benefit rates and thresholds.

s 9(2)(h)

- 5 Section 452A of the Social Security Act 2018 (the Act) requires that the Blind Subsidy couple and single thresholds are indexed by net average wage growth on 1 April each year. Prior to being indexed by net average wage growth, the requirement was to index these rates by increases to the Consumers Price Index (CPI). Section 452 of the Act also provides for discretionary increases to these thresholds.
- 6 In practice, indexation of the Blind Subsidy couple threshold is linked to SLP rates and main benefit abatement thresholds,¹ while indexation of the Blind Subsidy single

¹ The Blind Subsidy couple threshold is linked to changes in the half married, net, SLP rate, plus the first main benefit abatement threshold (\$160) and 30 percent of the difference between the first and second main benefit abatement thresholds (\$90).

supplement is linked to changes in the difference between SLP rates.² The single income threshold for the Blind Subsidy is the couple threshold plus the single supplement.

7 s 9(2)(h)

8 Officials provided further advice to the Minister of Finance and I on immediate indexation options for the 2022 AGA. s 9(2)(f)(iv)

For the 2022 AGA, I propose indexing the Blind Subsidy thresholds by net average wage growth...

9 For the 1 April 2022 AGA, the Blind Subsidy thresholds will be indexed by net average wage growth of 4.71 percent, as required by section 452A of the Act.

... with an additional top up for the Blind Subsidy couple threshold

10 For the Blind Subsidy couple threshold, an additional discretionary top-up will be applied to ensure the policy increases to main benefit rates on 1 April 2022 will also be passed on to this threshold. This discretionary top-up is provided for by section 452 of the Act. No additional top-up is recommended for the Blind Subsidy single supplement threshold as the indexation formula to achieve this is not consistent with the Act.

11 Table One shows the indexed Blind Subsidy thresholds that will take effect on 1 April 2022.

Table One: Indexed Blind Subsidy thresholds on 1 April 2022

	Opening threshold on 1 July 2021	Final threshold on 1 April 2022
Couple	\$462.27	\$ 492.00
Single Supplement ³	\$61.38	\$64.27

12 Joint Ministers had already approved the indexed Blind Subsidy couple threshold on 10 February 2022, consistent with their delegated authority [REP/22/2/049 refers].⁴ The Minister of Finance and I approved the new Blind Subsidy single supplement

² The Blind Subsidy single supplement is linked to changes in the difference between the SLP single 18+ rate and the SLP half married, no children rate.

³ The single income threshold for the Blind Subsidy is the couple threshold plus the single supplement.

⁴ This is because the current indexation formula for this threshold has been used to determine the discretionary top-up recommended by officials.

threshold on 27 February 2022, consistent with our delegated authority [REP/22/2/108 refers].

Future Annual General Adjustments

- 13 s 9(2)(f)(iv) [REDACTED]
- 14 Acting with Cabinet’s delegated authority [CAB Min (02) 7/1A refers], the Minister of Finance and I agreed that s 9(2)(f)(iv) the Blind Subsidy thresholds will be adjusted annually by net average wage growth, as required by section 452A of the Act [REP/22/2/108 refers].

Implementation

- 15 Adjustments to the Blind Subsidy thresholds will be progressed operationally as part of the 2022 AGA, to take effect on 1 April 2022.

Financial Implications

- 16 There are currently no recipients of the Blind Subsidy and therefore no financial implications to the proposals in this paper.

Legislative Implications

- 17 The Social Security (Rates of Benefits and Allowances) Order (No 2) 2022 will amend the Act with the indexed Blind Subsidy thresholds, as part of the 2022 AGA.
- 18 As these changes need to take effect on 1 April 2022, a waiver of the 28-day rule is required to ensure the legislative amendments take effect on 1 April 2022. The 28-day rule can be waived if a change only confers benefits to those affected.

Regulatory Impact Statement

- 19 Treasury's Regulatory Impact Analysis team has determined that the AGA of social assistance rates 2022 is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that the government has limited statutory decision-making discretion for the content of proposed legislation, or that the proposals implement previous Cabinet decisions.

Population Implications

- 20 There are currently no recipients of the Blind Subsidy and therefore no population implications to the proposals in this paper.

Human Rights

- 21 s 9(2)(h) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Consultation

- 22 The Treasury have been consulted on the proposals in this paper.

Communications

- 23 As part of the legislative requirements, the Social Security (Rates of Benefits and Allowances) Order (No 2) 2022 will be notified in the New Zealand Gazette at the earliest available opportunity.
- 24 The Ministry of Social Development will work with relevant Ministers' Offices to advise the public of the changes to rates and thresholds after they are confirmed by Cabinet and Executive Council on 14 March 2022.

Proactive Release

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

Recommendations

The Minister for Social Development and Employment recommends that the Committee:

- 1 s 9(2)(h) [REDACTED]
[REDACTED]
[REDACTED]
- 2 **note** that for the 2022 Annual General Adjustment:
- 2.1 the Blind Subsidy couple and single supplement thresholds will be indexed by net average wage growth as required by the Social Security Act 2018, and
- 2.2 an additional discretionary top-up will be applied to the Blind Subsidy couple threshold, to pass on the policy increases to main benefit rates being progressed on 1 April 2022
- 3 **note** that, acting with Cabinet's delegated authority [CAB Min (02) 7/1A refers], the Ministers responsible for the Finance, Children, Housing, Education, Social Development and Employment, Health and Veterans portfolios have approved the new rate of the Blind Subsidy couple threshold [REP/22/2/049 refers]
- 4 **note** that, acting with Cabinet's delegated authority [CAB Min (02) 7/1A refers], the Ministers of Finance and Social Development and Employment, approved the new rate of the Blind Subsidy single supplement threshold [REP/22/2/108 refers]

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- 5 **note** that there are currently no recipients of the Blind Subsidy and therefore no fiscal implications to Recommendation Two
- 6 s 9(2)(f)(iv) [REDACTED]
[REDACTED]
[REDACTED]
- 7 **note** that, acting with Cabinet's delegated authority [CAB Min (02) 7/1A refers], the Ministers of Finance and Social Development and Employment agreed to index the Blind Subsidy thresholds, s 9(2)(f)(iv) [REDACTED] by at least net average wage growth, consistent with the requirements of the Social Security Act 2018
- 8 **note** that the Social Security (Rates of Benefits and Allowances) Order (No 2) 2022 will amend the Social Security Act 2018 with the indexed rates of the Blind Subsidy thresholds and this will take effect on 1 April 2022
- 9 **agree** to waive the 28-day rule on the grounds that the amendments only confer benefits to those affected, so that the amendments can come in to force on 1 April 2022
- 10 **authorise** the submission to the Executive Council of the Social Security (Rates of Benefits and Allowances) Order (No 2) 2022.

Authorised for lodgement

Hon Carmel Sepuloni
Minister for Social Development and Employment