

Departmental Disclosure Statement

Social Assistance Legislation (Budget 2019 Welfare Package) Amendment Bill
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The departmental disclosure statement for a government Bill seeks to bring together in one place a range of information to support and enhance the Parliamentary and public scrutiny of that Bill.

It identifies:

- the general policy intent of the Bill and other background policy material;
- some of the key quality assurance products and processes used to develop and test the content of the Bill;
- the presence of certain significant powers or features in the Bill that might be of particular Parliamentary or public interest and warrant an explanation.

This disclosure statement was prepared by the Ministry of Social Development

The Ministry of Social Development, Inland Revenue and Veterans' Affairs certify that, to the best of their knowledge and understanding, the information provided is complete and accurate at the date of finalisation below.

23 May 2019

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Part One: General Policy Statement

This Bill gives effect to the income support policy changes announced through Budget 2019. The Budget 2019 initiative *Incomes for People Receiving Benefits – Indexing Main Benefits, Removing Deductions and Changing Abatement Thresholds* (Budget 2019 Income Support Changes), requires amendments to the Social Security Act 2018, Child Support Act 1991 and Veterans' Support Act 2014 in order to be brought into effect. This Bill makes the changes required. This Bill is an omnibus Bill introduced under Standing Order 263(a). That Standing Order states that an omnibus Bill to amend more than 1 Act may be introduced if the amendments deal with an interrelated topic that can be regarded as implementing a single broad policy.

Objectives

The Budget 2019 Income Support Changes are designed to increase the incomes of low-income individuals and families and to support a sustained reduction in child poverty.

The Budget 2019 Income Support Changes will—

- remove the benefit deductions, under sections 192 to 194 of the Social Security Act 2018 (formerly section 70A of the Social Security Act 1964), on sole parents who do not identify the other parent of the child, apply for child support, or both;
- index, or adjust, main benefits each year, by the percentage growth in average net wages each year;
- increase the amount that beneficiaries, veteran's pensioners, and the non-qualified partners of superannuitants can earn before their benefit or pension reduces, by lifting the abatement thresholds for these payments.

This Bill will—

- repeal sections 192 to 194 of the Social Security Act 2018;
- ensure mandatory annual adjustment of main benefits by the percentage of any increase in net average weekly earnings (replacing the current requirement for the adjustment of main benefits by any increase in the Consumer Price Index);
- create a new regulation-making power under the Veterans' Support Act 2014 to enable increases to the abatement thresholds for any income tested rate of the veteran's pension announced through Budget 2019 to be made in future years.

The other measures announced as part of the Budget 2019 Income Support Changes, including increases to abatement thresholds for main benefits, veteran's pensioners, and non-qualified partners of superannuitants, will be given effect separately from this Bill, and through regulations and Orders in Council.

Specific Changes

Repeal of section 192 of the Social Security Act 2018 (and related change to section 9(5B) of Child Support Act 1991)

This Bill repeals sections 192 to 194 of the Social Security Act 2018 in order to remove the benefit deductions on sole parents who do not identify the other parent of their child, apply for child support, or both. This will mean that sole parent beneficiaries who do not identify the other parent of their child, apply for child support, or both will no longer be subject to—

- a benefit reduction of \$22 for each dependent child for whom the client refuses or fails to meet their child support obligations:

- a possible further reduction of \$6 a week (once per client) after 13 weeks, regardless of the number of children to whom the \$22 reduction applies;
- the disclosure of sensitive personal information to Work and Income case managers that is not otherwise relevant to their entitlement for assistance.

The obligation to apply for child support under section 9 of the Child Support Act 1991 will still exist. Therefore, this Bill will make a related amendment to section 9(5B) of the Child Support Act 1991 in order to enable sole parent beneficiaries to discuss with either Inland Revenue or Work and Income whether they are required to apply for child support, or if one of the exemptions under section 9 of the Child Support Act 1991 applies to them.

Mandatory annual adjustment of rates of main benefits

This Bill will require that the rates of main benefits be adjusted, by Order in Council, on 1 April each year based on any percentage increase in average weekly earnings. Currently, rates of main benefits are required to be adjusted annually by any percentage increase in the Consumer Price Index (**CPI**).

As wage growth is generally higher than inflation, this policy change will provide additional financial support each year for beneficiaries. This change will ensure rates of main benefits are maintained relative to wages in society.

Abatement thresholds

This Bill also amends the Veterans' Support Act 2014 to empower the Governor-General, by Order in Council, to make regulations to change the abatement thresholds for the veteran's pension.

This new regulation-making power will ensure that changes to abatement thresholds can be made for any income tested rate of the veteran's pension in a similar way to how they can be made for main beneficiaries and superannuitants.

This Bill also repeals provisions that set out the details of all of the current arrangements for abatement (for example, abatement thresholds) on the basis that, on and after 1 April 2020, they will be prescribed instead by the Veterans' Support Regulations 2014.

Part Two: Background Material and Policy Information

Published reviews or evaluations

2.1. Are there any publicly available inquiry, review or evaluation reports that have informed, or are relevant to, the policy to be given effect by this Bill?	YES
<i>Whakamana Tāngata – Restoring Dignity to Social Security in New Zealand</i> , Welfare Expert Advisory Group, February 2019 - http://weag.govt.nz/assets/documents/WEAG-report/aed960c3ce/WEAG-Report.pdf	

Relevant international treaties

2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?	NO
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Regulatory impact analysis

2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?	NO
The Treasury Regulatory Quality Team has determined that the decisions sought in this paper are 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. This exemption however only applies if the previous analysis of the proposed policy is released publicly and in an accessible way.	

Extent of impact analysis available

2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?	YES
The paper to the Cabinet Legislation Committee will be proactively released to the public within 30 business days. This is likely to be accompanied by the release of key reports which informed final decisions on the Budget 2019 Income Support Changes.	

2.5. For the policy to be given effect by this Bill, is there analysis available on:	
(a) the size of the potential costs and benefits?	YES
(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?	YES
The key reports which informed final decisions on the Budget 2019 Income Support Changes will be proactively released to the public within 30 business days of the Bill being introduced.	
2.6. For the policy to be given effect by this Bill, are the potential costs or benefits likely to be impacted by:	
(a) the level of effective compliance or non-compliance with applicable obligations or standards?	NO
(b) the nature and level of regulator effort put into encouraging or securing compliance?	NO

Part Three: Testing of Legislative Content

Consistency with New Zealand's international obligations

3.1. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations?
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No specific issues relevant to international obligations were identified in the development of the policies in this Bill. As such, there have been no formal steps to determine whether the policies to be given effect by this Bill are consistent with New Zealand's international obligations. The Bill will assist with Articles 26 and 27 of the United Nations Convention on the Rights of the Child concerning the right to an adequate standard of living and to benefit from social security.
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Consistency with the government's Treaty of Waitangi obligations

3.2. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi?

In general, the Bill seeks to increase social assistance to low and middle income families and families with young children. Māori are over-represented in these groups and are likely to benefit from the measures in the Bill.
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No specific issues were identified in the Bill that may have implications for the rights and interests of Māori protected by the Treaty of Waitangi. As such, no formal steps have been taken to determine whether the policies to be given effect by this Bill are consistent with the principles of the Treaty of Waitangi.

Consistency with the New Zealand Bill of Rights Act 1990

3.3. Has advice been provided to the Attorney-General on whether any provisions of this Bill appear to limit any of the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990?	YES
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[Advice provided to the Attorney-General by the Ministry of Justice, or a section 7 report of the Attorney-General, is generally expected to be available on the Ministry of Justice's website at introduction of a Bill. Such advice, or reports, will be accessible on the Ministry's website at] http://www.justice.govt.nz/policy/constitutional-law-and-human-rights/human-rights/bill-of-rights

Offences, penalties and court jurisdictions

3.4. Does this Bill create, amend, or remove:	
(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?	NO
(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?	NO

Privacy issues

3.5. Does this Bill create, amend or remove any provisions relating to the collection, storage, access to, correction of, use or disclosure of personal information?	NO
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External consultation

3.6. Has there been any external consultation on the policy to be given effect by this Bill, or on a draft of this Bill?	NO
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Other testing of proposals

3.7. Have the policy details to be given effect by this Bill been otherwise tested or assessed in any way to ensure the Bill's provisions are workable and complete?	NO
The policy details have been reviewed by Inland Revenue, the Ministry of Social Development, Veterans' Affairs subject matter experts (within the time available) to assess the administrative impacts to ensure they are workable. Officials from The Treasury and Department of Prime Minister and Cabinet (Child Poverty Unit and Policy Advisory Group) were consulted during the development of the policy proposals.	

Part Four: Significant Legislative Features

Compulsory acquisition of private property

4.1. Does this Bill contain any provisions that could result in the compulsory acquisition of private property?	NO
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Charges in the nature of a tax

4.2. Does this Bill create or amend a power to impose a fee, levy or charge in the nature of a tax?	NO
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Retrospective effect

4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?	NO
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Strict liability or reversal of the usual burden of proof for offences

4.4. Does this Bill:	
(a) create or amend a strict or absolute liability offence?	NO
(b) reverse or modify the usual burden of proof for an offence or a civil pecuniary penalty proceeding?	NO

Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO
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Significant decision-making powers

4.6. Does this Bill create or amend a decision-making power to make a determination about a person's rights, obligations, or interests protected or recognised by law, and that could have a significant impact on those rights, obligations, or interests?	YES
Section 16 of the Bill provides a new power for the Commissioner of Inland Revenue to make decisions under section 9 of the Child Support Act 1991. This new power enables either the Commissioner of Inland Revenue or the Chief Executive of the Ministry of Social Development to determine whether a person in receipt of a social security benefit (as defined under the Child Support Act 1991) is exempt from the obligation to apply for child support. This new decision making power ensures that a beneficiary can be exempted from their obligation to apply for child support if either the Ministry of Social Development or Inland Revenue are satisfied that one of the exemptions applies under section 9(5B) of the Child Support Act 1991 apply. The intent of this change is to ensure that the client can disclose sensitive information to either the Ministry of Social Development or Inland Revenue for the exemption to be applied. This change was deemed necessary to enable clients to choose which agency to disclose this information to following to repeal of section 192 of the Social Security Act 2018.	

Powers to make delegated legislation

4.7. Does this Bill create or amend a power to make delegated legislation that could amend an Act, define the meaning of a term in an Act, or grant an exemption from an Act or delegated legislation?	NO
4.8. Does this Bill create or amend any other powers to make delegated legislation?	YES
Clause 20 of the Bill amends section 265 of the Veterans' Support Act 2014, by inserting subsection (1)(29A) which will empower the Governor-General to make regulations by Order in Council to change the abatement thresholds for Veteran's Pension. It also amends section 171 to remove the detail regarding abatement thresholds from the Veterans' Support Act and set limits on the regulation making power in s 265(1)(29A). This regulation-making power is necessary to enable amendments to the abatement thresholds for any income tested rate of the Veteran's Pension to be made in a similar way to how they can be made for superannuation and main benefits. Over time this will ensure that, where appropriate, the underlying settings for Veteran's Pension and New Zealand Superannuation can be kept in alignment. Note that the Social Security Act 2018 already contains a provision to amend abatement thresholds for main benefits and the income tested rate of New Zealand Superannuation by Order in Council. This is particularly important as the Budget 2019 Income Support Changes include increases to abatement thresholds for main benefits, the non-qualified partner rate of New Zealand Superannuation and Veteran's Pension in 2020, 2021, 2022 and 2023. This Bill also inserts a new Part 4 of Schedule 1 into the Veterans' Support Act 2014. This creates a power to make regulations after the Social Assistance Legislation (Budget 2019 Welfare Package) Amendment Act is made but before it commences on 1 April 2020. These regulations may set out the new abatement rates which will be used from 1 April 2020. The regulation-making power is constrained in its scope to abatement thresholds for veteran's pension.	

Any other unusual provisions or features

4.9. Does this Bill contain any provisions (other than those noted above) that are unusual or call for special comment?	NO
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