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On behalf of the editing team, I would like to thank Heinz Leuenberger very much for his dedicated work with regards to the New Zealand Superannuation versus AHV issue. Heinz has kindly provided a copy of the "Government Response" on the matter.
-Marianne

Presented to the House of Representatives in accordance with Standing Order 253

Introduction

1 The Government has carefully considered the Social Services Committee's report on Petition 2005/60. The Government welcomes the Committee's report, which highlights the important issue of the treatment of overseas pensions paid to New Zealand superannuitants. The Government responds to the report in accordance with Standing Order 253.

2 The Government is currently undertaking a comprehensive review of the treatment of overseas pensions paid to superannuitants and the payment of New Zealand Superannuation overseas. It is intended that a paper on the treatment of overseas pensions and related issues will be considered by Cabinet in early 2007. Legislative implications, if identified, will be progressed during the life of this Parliament.

RECOMMENDATION AND GOVERNMENT RESPONSE

Background

3 Rules for the treatment of overseas pensions paid to New Zealand superannuitants are set out in section 70 of the Social Security Act 1964. This policy ensures that New Zealand shares the cost of providing a retirement income with the country where an overseas pension recipient has lived. When a person is entitled to New Zealand Superannuation, the effect of this is to top up their relevant overseas pension to the level of New Zealand Superannuation entitlement so that a person (or couple) living in New Zealand receives a pension entitlement which is the greater of either the overseas pension or the New Zealand Superannuation entitlement. The Government is currently conducting a review of the treatment of overseas pensions paid to superannuitants and the payment of New Zealand Superannuation overseas.

4 The Social Services Committee considered Petition 2005/60 which requests a select committee inquiry into the appropriateness of, and the administration of, the provisions contained in section 70 of the Social Security Act 1964.

Government Response to Report of Social Services Committee on Parliamentary Petition 2005/60

5 The Minister for Social Development and Employment provided a response, dated 16 August 2006, to a Committee question on the Petition.

6 The Social Services Committee presented its report on the Petition to the House of Representatives on 7 September 2006. In its report the Committee made the following comments.

"We understand that aspects of New Zealand Superannuation, including the direct deduction provisions contained in section 70 of the Social Security Act 1964 which impact on equity issues for those with private overseas contributory pension schemes, are currently being reviewed by the Government.

We believe that it is inappropriate for the committee to supplicate the work of this review. However, given the ageing population and immigrant component of New Zealand's current demographics and the widespread concerns conveyed by the petitioners, the Government's review should be accorded urgency."

Recommendation

7 In its report the Social Services Committee recommended:

"that the Government make plain the aim, scope and timing of the review."

Response

8 The aims, scope and timing of the Government's current review of the treatment of overseas pensions paid to New Zealand superannuitants and the payment of New Zealand Superannuation overseas are outlined below.

Aims of the Review

9 The aims of the Government's review are to:

- review the current policies relating to the treatment of overseas pensions paid when a New Zealand superannuitant is receiving an overseas pension similar to New Zealand Superannuation to ensure that they meet today's requirements and those of the future.
- consider issues raised with the payment of New Zealand Superannuation overseas.

10 These objectives encompass the Government's commitment, under its Confidence and Supply Agreement with New Zealand First, to "investigate ways to improve options for senior citizens who may be eligible for foreign pensions as well as New Zealand Superannuation."

Scope of the Review

11 There are two areas of focus to the review: the treatment of overseas pensions paid to New Zealand superannuitants, and the payment of New Zealand Superannuation to people resident overseas. The legal provisions relating to these components are set out in section 70 of the Social Security Act 1964 and sections 21 to 35 of the New Zealand Superannuation and Retirement Income Act 2001.

12 The specific criteria guiding the review are to:

- ensure adequate incomes for persons eligible for New Zealand Superannuation.
- provide consistent rights that are fair and equitable.
- ensure that policies are fiscally sustainable and administratively effective.
- ensure that policies are acceptable to the international community.

Timing

13 Officials have reported on the various issues under the scope of the review and further work is currently under way. Cabinet is due to make decisions in early 2007. The proposals will be assessed against other initiatives in relation to the Budget process. Legislative implications, if identified, would be progressed during the life of this Parliament.

Conclusion

14 The Government is aware of the interest in the current work on the issues related to the treatment of overseas pensions and the payment of New Zealand Superannuation overseas. The current review of these provisions has a high priority and Government is progressing this review with urgency.

15 The Government would like to thank the petitioners and the Social Services Committee for highlighting this important issue.