

New Zealand Superannuation and Retirement Income Amendment Bill, War Pensions Amendment Bill — Third Readings - 20 October 2009

Hon Sir ROGER DOUGLAS (ACT): This legislation sets up three regimes for people who wish to retire overseas; how much one gets depends on which country one happens to retire in. If one retires to a country with which we currently have a reciprocal arrangement, then the amount of superannuation one will get depends not only on the formula that is in the bill, but on the rules that are laid down in that agreement. If one elects to go to Australia, one might get anywhere from zero to 100 percent, depending on one's other income. One could work in New Zealand for 47 years, decide to retire in Australia, and get zero. The reason for this is that we have a reciprocal arrangement with Australia that is means-tested. The same applies if one goes to Canada, the UK, or any of the eight countries with which we have a reciprocal arrangement—the Netherlands is another one. On the other hand, if one goes to any other country outside those eight and outside the 22 Pacific Island countries, then one will get a pension anywhere from 50 to 100 percent. It is not means-tested.

So if one goes to Australia one gets zero to 100 percent—the reason one might get zero is because of the means testing—but if one goes to any other country, putting aside the 22 Pacific Island countries, one will get somewhere between 50 and 100 percent, so one is substantially better off. It depends on the number of years that one has worked. To get the full 100 percent one has to work in New Zealand for 45 years. On the other hand, if you elect to go to one of the 22 Pacific Island countries, you will get 50 percent after 10 years, 75 percent after 15 years, and 100 percent after 20 years.

Mr DEPUTY SPEAKER: The member is bringing the Speaker into the debate.

Hon Sir ROGER DOUGLAS: I am; I apologise. The superannuitant will get 50 percent after 10 years, 75 percent after 15 years, and 100 percent after 20 years. In fact, this policy was, as I understand it, promoted by the Ministry of Foreign Affairs, and it is a de facto foreign aid policy. I do not believe it is a particularly satisfactory one.

In this legislation we have an issue of fairness. Is it fair that a New Zealander who has worked here for 45 years and who goes to Australia to live could well get zero pension? On the other hand, someone who goes to a country other than one of the eight countries that we have reciprocal arrangements with and the Pacific Islands is treated more generously—after 20 years if one goes to Australia one will get somewhere between zero and 45 percent. One will get zero if one has too much income, but the maximum one gets after 20 years in New Zealand would be 45 percent. If one goes to another country, putting aside the 22 Pacific Island countries, one will get 45 percent. So in Australia it is zero percent to 45 percent; in other countries it is 45 percent with no means testing. If one goes to one of the 22 Pacific Island countries one will get 100 percent with no means testing.

We are saying to New Zealanders who have lived here for 65 years and who have worked in the workforce for 47 years or possibly longer that if they happen to choose to go to one of the eight countries with which we have a reciprocal agreement, after 20 years they will get somewhere between nought and 45 percent, and they will get 100 percent only if they have worked the whole 45 years. If they go to one of these other countries they can get up to 100

percent—it will depend on the number of years—but on the other hand, if they go to one of the 22 Pacific Island countries they will get 100 percent after 20 years.

I will be interested in how National and Labour actually explain to New Zealanders who have worked here 45 or 47 years why after 45 years' work they get zero pension if they have other income more than \$39,000, whereas if they had chosen to go to another country or a Pacific Island nation they would get 100 percent. In fact, if they chose to go to a Pacific Island nation they would get 100 percent after 20 years. I do not believe that that de facto foreign aid policy is a good policy. If we want to pass that money on we should do it directly rather than in this de facto way. There is an element of fairness, and I think a lot of New Zealanders in Australia are going to be asking politicians in this Chamber to explain why they get zero or a reduced benefit when compared with people from other countries. A good principle might lie behind this legislation, but I tell members that the way it has been implemented is anything but fair. I think a lot of New Zealanders in England, Canada, Australia, the Netherlands, and other countries will find this anything but fair.