



6 April 2018

S18.14

## **Submission to the Economic Development, Science and Innovation Committee on the KiwiFund Bill 7-1**

### **Introduction**

- 0.1. The National Council of Women of New Zealand, Te Kaunihera Wahine o Aotearoa (NCWNZ) is an umbrella group representing 245 organisations affiliated at either national level or to one of our 19 branches. In addition, about 350 people are individual members. Collectively our reach is over 350,000 with many of our membership organisations representing all genders. NCWNZ's vision is a gender equal New Zealand and research shows we will be better off socially and economically if we are gender equal. Through research, discussion and action, NCWNZ in partnership with others, seeks to realise its vision of gender equality because it is a basic human right. This submission has been prepared by the NCWNZ Economics Standing Committee and the Parliamentary Watch Committee based on previous work in relation to KiwiSaver.
- 0.2. NCWNZ has previously made submissions relating to the KiwiSaver Bill<sup>1</sup> and this submission follows comments made in that submission.

### **1. Executive Summary**

- 1.1. NCWNZ is supportive of this Bill and its objective to establish a working group to explore setting up a government-owned and operated KiwiSaver provider, but notes some additional recommended considerations.

### **2. KiwiFund Bill Principles**

- 2.1. The broad principles for the working group are supported by NCWNZ as they
  - a) encourage profits and investments to remain in New Zealand, in socially and ethically responsible ways, and
  - b) enhance government guarantees, transparent and low fees structures.

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<sup>1</sup> NCWNZ. 2006. S06.15 Submission to the Finance and Expenditure Select Committee On the KiwiSaver Bill.  
<https://www.ncwnz.org.nz/wp-content/uploads/2013/06/S06.15-KiwiSaver-Bill.pdf>

- 2.2. As noted previously, NCWNZ<sup>2</sup> members generally distrusted privately provided investment funds, therefore increased transparency and a sense of government guarantee is seen as positive and a potential incentive to encourage KiwiFund investors.
- 2.3. NCWNZ believes encouraging New Zealand based profits and investment will further increase the country's sustainability, and would support particular preferential treatment for home ownership investments.

### 3. Comment on Clauses

#### Clause 3 Purpose

- 3.1. As noted above NCWNZ supports the principles of the Bill and establishment of a working group to explore its feasibility.

#### Clause 6 Membership of Working Group

- 3.2. A five member working group appears to be an efficient size to NCWNZ, however effectiveness of such a group needs to be ensured by requiring appropriate membership diversity, including a gender balance. NCWNZ believes it is important to have women represented on the working group so specific gender concerns can be considered such as the gender pay gap implications.

#### Clause 9 Report of Working Group

- 3.3. NCWNZ is unsure from reading this Bill how long the working group have before the Minister requires them to submit their report, nor the terms of reference for consultation, scope or methodology of the feasibility investigation.
- 3.4. NCWNZ would encourage the scope of investigation to include consideration of international best practice.
- 3.5. NCWNZ wishes to ensure consultation with stakeholders be undertaken. As noted previously<sup>3</sup> NCWNZ is concerned compliance costs to businesses of a KiwiSaver scheme need to be reasonable and practicable and as such believes a wide range of business owners should be consulted.
- 3.6. Similarly NCWNZ has advocated that income earners with casual, part-time and seasonal earnings and those in unpaid volunteer and child care roles need to have flexibility for their contribution levels<sup>4</sup>. One's Marginal Propensity to Save (MPS)<sup>5</sup> is heavily dependent on income and revenue, which can vary significantly for those in vulnerable employment.
- 3.7. In terms of implementation, NCWNZ is unsure what level of detail the working group will be asked to recommend in its report. NCWNZ strongly urges there be flexibility to opt in and opt out along with

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<sup>2</sup> ibid

<sup>3</sup> ibid

<sup>4</sup> ibid

<sup>5</sup> Marginal Propensity to Save, see <https://www.investopedia.com/terms/m/marginal-propensity-save.asp>

reference to contact details for appropriately qualified and professional advisers and budgeting services. This is to encourage income earners to make well informed financial and investment decisions.

#### **Clause 10 Provision of administrative and other support**

- 3.8. NCWNZ supports the working group being provided administration and support service by Treasury and encourages appropriate budget allocation to ensure regional, stakeholder and meaningful consultation can be undertaken.

#### **4. Summary**

- 4.1. NCWNZ is supportive of the establishment of the working group and the broad principles and purpose as outlined in this Bill. Further details have been recommended in relation to the terms of reference for the group.
- 4.2. In particular NCWNZ urges the working group to consult widely, especially with the community and women's groups to ensure balanced, diverse and forward thinking considerations be taken.



Gill Greer  
Chief Executive



Pip Jamieson  
Convenor, Education Standing Committee