# NATIONAL PROVIDENT FUND AMENDMENT BILL

## EXPLANATORY NOTE

THIS Bill contains miscellaneous amendments to the National Provident Fund Act 1950.

*Clause 2* reduces, from 16 years to 15 years, the age at which persons may become contributors.

*Clause 3:* The principal Act contains provisions permitting contributors who have left New Zealand or who have left the employment of a local authority to retain their rights to benefits on payment of certain contributions. The amendments proposed by this clause provide that, in the discretion of the Board, no Government subsidy shall be paid in respect of any such payment, but that an amount equal to the subsidy shall be paid by the contributor concerned.

*Clause 4:* Section 38A of the principal Act authorises the Board to enter into pension schemes with an employer on behalf of his employees. The clause authorises the Board to initiate a special scheme under the section whereby no Government subsidy will be paid on contributions under the scheme but the Government will guarantee an annual payment to the Fund at a rate of not less than 4 per cent on contributions.

*Clause 5* provides that where an employer (other than a local authority and certain other bodies) is a contributor on behalf of employees, no Government subsidy shall be payable in respect of contributions but an amount equal to the subsidy shall be payable by the employer. Certain contributions under existing schemes may be exempted from the provision.

*Clause 6* rewrites section 60 of the principal Act. The only changes effected by the amendment are to include the Bank of Western Samoa in those Western Pacific organisations which may become contributors to the Fund and to provide that contributions under the section will not carry a Government subsidy.

*Clause 7* follows an amendment made to the Superannuation Act 1956 in 1962. The amendment permits a contributing employee to anticipate his right to receive a proportion of his pension in cash at retirement.

No. 52—1

*Price 6d.*

*Hon. Mr Lake*

# NATIONAL PROVIDENT FUND AMENDMENT

ANALYSIS



## A BILL INTITULED

**An Act to amend the National Provident Fund Act 1950**

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:

**1. Short Title**—This Act may be cited as the National Provident Fund Amendment Act 1964, and shall be read together with and deemed part of the National Provident Fund Act 1950* (hereinafter referred to as the principal Act).

**2. Age of contributors**—(1) Paragraph (b) of subsection (1) of section 15 of the principal Act is hereby amended by omitting the words "sixteen years", and substituting the words "fifteen years".

*1957 Reprint, Vol. 10, p. 787
Amendments: 1958, No. 105; 1959, No. 44; 1960, No. 75; 1961, No. 110; 1962, No. 122; 1963, No. 122

(2) Subsection (1) of section 28 of the principal Act is hereby amended by omitting the words "sixteen years", and substituting the words "fifteen years".

**3. Provision in respect of subsidies**—(1) Subsection (1) of section 36 of the principal Act is hereby amended by adding to the first proviso the words "but, in any such case, the Board, in its discretion, may determine that no subsidy under section 71 of this Act shall be payable on contributions paid in respect of any such extended period, and, upon any such determination being made, the subsidy shall not be payable but an amount equal to the subsidy shall be paid into the Fund by the contributor:".

(2) Section 55 of the principal Act is hereby amended by adding the following subsection:

"(3) Any determination of the Board under the proviso to subsection (1) or under subsection (2) of this section may include a condition that no subsidy under section 71 of this Act shall be payable in respect of any payment made pursuant to the determination, and, in any such case, the subsidy shall not be payable but an amount equal to the subsidy shall be paid into the Fund by the contributing employee concerned."

(3) Any payment made to the Fund before the commencement of this section which would have been authorised if this section had been in force at the time when the payment was made shall be deemed to have been authorised and validly made.

**4. Special schemes for employers**—Section 38A of the principal Act (as inserted by section 3 of the National Provident Fund Amendment Act 1958) is hereby amended by adding the following subsections:

"(6) The Board may accept as a contributor to the Fund under this section any person (including a body of persons, whether corporate or unincorporate) who proposes to become a contributor on behalf of any person employed by him (in this section referred to as a contributing employee), on the following special terms and conditions, namely:

"(a) That any pension, allowance, or other benefit payable under the scheme (other than the amount payable to the contributing employee on his withdrawal from the scheme before becoming entitled to elect to receive a pension) shall be calculated on the basis that, in addition to the contributions paid by or on behalf of the contributing employee under the scheme, an amount specified in the scheme and representing earnings on contributions shall be credited each year to the account of that contributing employee; and

"(b) That the additional amount referred to in paragraph (a) of this subsection shall be not less than an amount equal to interest at the rate of four per cent per annum on all amounts (including all interest previously credited to the account) standing to the credit of the account of the contributing employee at the thirty-first day of March in each year.

"(7) No subsidy shall be payable under section 71 of this Act in respect of contributions under any scheme to which subsection (6) of this section applies and the provisions of subsection (3) of this section and of section 73A of this Act shall have no application in respect of any such scheme.

"(8) Where any deficiency in the accounts of the Board relating to any scheme referred to in subsection (6) of this section arises from the application of paragraph (b) of that subsection, the Minister shall, on the request of the Superintendent, without further appropriation than this section, pay into the Fund by way of subsidy out of the Consolidated Revenue Account such amount as may be required to meet the deficiency.

**5. Reduction of subsidy in certain cases**—(1) Section 58 of the principal Act is hereby amended by adding the following subsection:

"(3) No subsidy in respect of contributions under any scheme authorised by this section shall be payable under section 71 of this Act but an amount equal to the subsidy shall be paid into the Fund by the employer:

"Provided that the Board may, in its discretion, exempt from this subsection any contributions—

"(a) By any employer whose principal function is, in the opinion of the Board, to provide educational, charitable, research, or medical and nursing services; or

"(b) Under any scheme entered into before the commencement of this subsection—

and, in any such case, the full subsidy under section 71 of this Act shall be payable."

(2) This section shall be deemed to have come into force on the first day of May, nineteen hundred and sixty-four.

**6. Certain organisations may become contributors**—(1) The principal Act is hereby further amended by repealing section 60, and substituting the following section:

"60. (1) The Government of any British possession or British protectorate in the Western Pacific Ocean, the Government of Western Samoa, the Western Samoa Trust Estates Corporation, and the Bank of Western Samoa may, by agreement with the Board, become a contributor to the Fund in respect of all or any of the persons employed by it.

"(2) The agreement may be made in the same manner and shall have the same effect as if any such Government or body were a local authority, and the provisions of this Part of this Act shall, as far as they are applicable and with the necessary modifications, apply accordingly.

"(3) No subsidy in respect of contributions under any scheme authorised by this section shall be payable under section 71 of this Act but an amount equal to the subsidy shall be paid into the Fund by the employer."

(2) Section 7 of the National Provident Fund Amendment Act 1954 and section 5 of the National Provident Fund Amendment Act 1961 are hereby repealed.

**7. Capitalisation of pension**—Section 73A of the principal Act (as inserted by section 9 of the National Provident Fund Amendment Act 1955) is hereby amended by inserting, after subsection (1), the following subsection:

"(1A) Where a contributing employee is within three months of ceasing duty, whether or not he will remain in the same employment on leave for a period after he ceases duty, he shall be entitled to anticipate his right to make an election under subsection (1) of this section to the extent of half of what he is permitted under that subsection on condition that, between the date on which he receives any sum in anticipation under this subsection and the date on which he would be entitled to make an election under the said subsection (1), he shall pay interest to the Fund at such rate as the Board shall determine on any sum which he so receives in anticipation, which interest shall be recoverable as a debt due to the Board, and may be deducted from any pension payable to the contributing employee:

"Provided that an election by a contributing employee under this subsection shall not prevent his making a further election under the said subsection (1) so far as he has not anticipated his rights as aforesaid.

"Provided also that no sum shall be paid to any contributing employee under this subsection at any time after the Board has made a decision to defer the commencement of the payment of a pension to him.

"Provided further that no contributing employee may anticipate his right to make an election under subsection (1) of this section if the pension payable to him from the Fund is to commence from any date after the day following the termination of his employment."

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