

INTRODUCTION COPY

Hon. Dr Michael Cullen

SOCIAL WELFARE REFORM (NO. 2)

ANALYSIS

Title	
1. Short Title and commencement	3. Sections to be read with Social Welfare (Transitional Provisions) Act 1990
PART I	
AMENDMENT TO THE DISABLED PERSONS COMMUNITY WELFARE ACT 1975	4. Reversion of name to guaranteed retirement income
2. Certain provisions repealed	5. Guaranteed retirement income
PART II	
AMENDMENTS TO THE SOCIAL WELFARE (TRANSITIONAL PROVISIONS) ACT 1990	6. Rates of guaranteed retirement income
	7. Annual adjustment of guaranteed retirement income
	8. Rates of veterans' pensions
	9. Consequential repeals

A BILL INTITULED

An Act to remove various means tests and to make other provision in relation to retirement income

BE IT ENACTED by the Parliament of New Zealand as follows:

- 5 **1. Short Title and commencement**—(1) This Act may be cited as the Social Welfare Reform Act (No. 2) 1991.
 (2) This Act shall come into force on the **1st day of December 1991**.

PART I

- 10 **AMENDMENT TO THE DISABLED PERSONS COMMUNITY WELFARE ACT 1975**

- 2. Certain provisions repealed**—Sections 5A, 30A, and 31 (j) of the Disabled Persons Community Welfare Act 1975 (as inserted by the Disabled Persons Community Welfare Amendment Act 1991) are hereby repealed.
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PART II

AMENDMENTS TO THE SOCIAL WELFARE (TRANSITIONAL PROVISIONS) ACT 1990

3. Sections to be read with Social Welfare (Transitional Provisions) Act 1990—This section and the next succeeding 6 sections shall be read together with and deemed part of the Social Welfare (Transitional Provisions) Act 1990 (hereinafter referred to as the principal Act). 5

4. Reversion of name to guaranteed retirement income—(1) The principal Act is hereby amended by omitting the words “national superannuation” wherever they occur, and substituting in each case the words “guaranteed retirement income”. 10

(2) On and after the commencement of this section, every reference in any enactment, regulations, Order in Council, rule, bylaw, or other document whatever to national superannuation or national superannuitant shall be read, respectively, as a reference to guaranteed retirement income or to guaranteed retirement income earner. 15

5. Guaranteed retirement income—The principal Act is hereby amended by repealing section 3, and substituting the following section: 20

“3. Subject to the provisions of this Part of this Act and of the Social Security Act 1964, every person shall be entitled to receive guaranteed retirement income who has attained the age of— 25

“(a) Sixty years, on or before the 31st day of December 2006:

“(b) Sixty years and 6 months, during the period commencing on the 1st day of January 2007 and ending with the 31st day of December 2008: 30

“(c) Sixty-one years, during the period commencing on the 1st day of January 2009 and ending with the 31st day of December 2010:

“(d) Sixty-one years and 6 months, during the period commencing on the 1st day of January 2011 and ending with the 31st day of December 2012: 35

“(e) Sixty-two years, during the period commencing on the 1st day of January 2013 and ending with the 31st day of December 2014:

“(f) Sixty-two years and 6 months, during the period commencing on the 1st day of January 2015 and ending with the 31st day of December 2016: 40

“(g) Sixty-three years, during the period commencing on the 1st day of January 2017 and ending with the 31st day of December 2018:

5 “(h) Sixty-three years and 6 months, during the period commencing on the 1st day of January 2019 and ending with the 31st day of December 2020:

“(i) Sixty-four years, during the period commencing on the 1st day of January 2021 and ending with the 31st day of December 2022:

10 “(j) Sixty-four years and 6 months, during the period commencing on the 1st day of January 2023 and ending with the 31st day of December 2024:

“(k) Sixty-five years, on or after the 1st day of January 2025.”

15 **6. Rates of guaranteed retirement income**—The principal Act is hereby amended by repealing section 6, and substituting the following section:

“6. (1) Subject to subsections (2) and (3) of this section, the rate of guaranteed retirement income payable to a married person shall be \$8,811.40 a year (\$169.45 a week).

20 “(2) The rate of guaranteed retirement income payable to a married person who was entitled to receive national superannuation on the 10th day of October 1988 and whose spouse, on that date, was not entitled to receive national superannuation and is not entitled to receive either guaranteed
25 retirement income or a benefit in his or her own right under Part I of the Social Security Act or Part I of this Act shall be the greater of \$9,562.28 a year (\$183.89 a week) or the rate specified in subsection (1) of this section.

30 “(3) A married person whose spouse is not entitled to receive guaranteed retirement income may elect to receive either—

“(a) The rate specified in subsection (1) of this section; or

35 “(b) In the case of a married person with one or more dependent children twice the rate specified in subsection (1) of this section diminished by 30 cents for every complete \$1 of the total annual income of that person and his or her spouse in excess of \$3,120 a year, and by 70 cents for every complete \$1 of such income in excess of \$4,160 a year; or

40 “(c) In the case of a married person without dependent children twice the rate specified in subsection (1) of this section diminished by 30 cents for every complete \$1 of the total annual income of that person and his or her spouse in excess of \$2600 a

year but not in excess of \$4,160 a year, and by 70 cents for every complete \$1 of such income in excess of \$4,160 a year.

“(4) A person who has made an election under subsection (3) of this section may at any time change that election. 5

“(5) The rate of guaranteed retirement income payable to any unmarried person shall be such that after the deduction of income tax at the standard rate it shall equal 120 per cent of the rate payable under subsection (1) of this section after the deduction of income tax at the standard rate. 10

“(6) The rate of guaranteed retirement income payable to any unmarried person who is living alone shall be such that after the deduction of income tax at the standard rate it shall equal 130 per cent of the rate payable under subsection (1) of this section after the deduction of income tax at the standard rate. 15

“(7) For the purposes of subsection (6) of this section, a person shall be considered to be living alone if he or she occupies a principal place of residence that is—

“(a) A house or flat; or

“(b) A hotel room, motel unit, a room in a licensed boarding house, or a unit of accommodation in a caravan park— 20

and does not share that residence or household expenses (including accommodation expenses) with any person of or over the age of 18 years other than— 25

“(c) A dependent child of or over that age; or

“(d) A temporary visitor who stays less than 13 weeks in any period of 26 weeks.

“(8) For the purposes of this section and the succeeding section, the term “standard rate” in relation to the deduction of income tax means the amount according to tax code “G” as specified in section 344 of the Income Tax Act 1976.” 30

7. Annual adjustment of guaranteed retirement income—The principal Act is hereby amended by inserting, after section 6, the following section: 35

“6A. (1) Subject to subsection (2) of this section the rate of payment for guaranteed retirement income specified in subsection (1) of section 6 shall, on the 1st day of April each year, be adjusted so that, after the deduction of income tax at the standard rate, it shall change by the change in the Consumers Price Index in the year to the previous 31st day of December. 40

(2) The adjustment referred to in subsection (1) of this section shall not result in the rate of payment referred to in that subsection being, after deduction of income tax at the standard

rate, less than 32.5 percent nor more than 36.25 percent of the net average ordinary time weekly wage as disclosed by the last survey of wages and salaries conducted by the Department of Labour before the 31st day of December the previous year.”

5 **8. Rates of veterans’ pensions**—The principal Act is hereby amended by repealing section 11, and substituting the following section:

10 “11. The rate of payment to a person in receipt of veterans’ pension shall be the same as if that person were in receipt of guaranteed retirement income and the rates and conditions specified in section 6 of this Act shall apply, as the case may be.”

9. Consequential repeals—Section 18A of, and the First and Fourth Schedules to, the principal Act are hereby repealed.