

Treasury Report: KiwiSaver Paper for Cabinet Legislation Committee

Date:	10 February 2006	Treasury Priority:	High
Security Level:	IN-CONFIDENCE	Report No:	T2006/165 PAD2006/18

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Dr Michael Cullen)	Agree to all recommendations Sign the attached paper and submit it to the Cabinet office	10am, Monday 13 February 2006
Associate Minister of Finance (Hon Phil Goff)	Note	None
Associate Minister of Finance (Hon Trevor Mallard)	Note	None
Minister of Commerce (Hon Lianne Dalziel)	Agree to recommendations b and c	10am, Monday 13 February 2006
Associate Minister of Finance (Hon Clayton Cosgrove)	Note	None
Minister of Revenue (Hon Peter Dunne)	Agree to recommendations b, e and f	10am, Monday 13 February 2006

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
	Senior Analyst, Markets, Infrastructure and Government, The Treasury		
Kirstie Hewlett	Manager, Financial Sector Team, MED		
Mike Nutsford	Policy Manager, Policy Advice Division, Inland Revenue		

Enclosure: Yes

10 February 2006

SH-13-0-7

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Summary

The attached Cabinet Legislation Committee (LEG) paper seeks approval to introduce the KiwiSaver Bill.

Following further checking of the Bill, officials recommend that you agree and seek Cabinet approval for the following:

- that the KiwiSaver Bill be binding on the Crown. Provisions in the Bill relevant to the Crown include the obligations on the Crown as an employer to offer KiwiSaver to its employees. Failure to bind the Crown by this Act would reduce the coverage of KiwiSaver and not subject the Crown to the same obligations as other employers;
- that the provisions in the Bill be consistent with the actual commencement date(s) rather than 1 April 2007, to allow for flexibility. The intention is for the KiwiSaver scheme to commence on 1 April 2007. However, there is uncertainty over whether this will be possible. In addition, some provisions, such as registration of providers, applications for employer exemptions from the automatic enrolment provisions and preparation of information packs and investment statements, may need to happen prior to the scheme becoming fully operational; and
- that the anti-money laundering policies and procedures for KiwiSaver providers be progressed as part of the financial sector reviews currently being undertaken by the Ministry of Justice, in conjunction with the Ministry of Economic Development and Treasury. The Cabinet Policy Committee has agreed that compliance with the OECD's Financial Action Task Force recommendations should be progressed as part of these reviews [POL Min (05) 18/3 refers]. It will be necessary for the LEG to rescind the earlier Cabinet Business Committee decision that all KiwiSaver providers should have in place, or be prepared to put in place, anti-money laundering policies and procedures [CBC Min (06) 3/7], because the financial sector reviews will not be completed before KiwiSaver is implemented (1 April 2007).

The attached paper seeks LEG approval for these issues.

We recommend that you sign this attached paper and submit it to the Cabinet Office to enable discussion at the LEG meeting on 16 February 2006. Note it would be possible to defer LEG consideration of the Bill by an additional week, and still introduce the Bill in February, if necessary in light of your consultations with other political parties.

The Parliamentary Counsel Office will print copies of the Bill and deliver these to Cabinet Office. However, these are unlikely to be delivered by 10am on Monday.

Recommended Action

We recommend that you:

- a **agree** that the KiwiSaver Bill will be binding on the Crown;

Agree/disagree.

Minister of Finance

- b **agree** that the provisions in the Bill be consistent with the actual commencement date rather than 1 April 2007, to allow for flexibility;

Agree/disagree.

Agree/disagree.

Agree/disagree.

Minister of Finance

Minister of Revenue

Minister of Commerce

- c **agree** that the anti-money laundering policies and procedures for KiwiSaver providers be progressed as part of work being undertaken by the Ministry of Justice, in conjunction with the Ministry of Economic Development and the Treasury;

Agree/disagree.

Agree/disagree.

Minister of Finance

Minister of Commerce

- d **agree** that it is reasonable that the collection and use of address information by third parties (i.e. employers) is inconsistent with the privacy principles, because this information is necessary for effective administration of KiwiSaver;

Agree/disagree.

Agree/disagree.

Minister of Finance

Minister of Revenue

- e **sign** the attached paper and submit it to the Cabinet office by 10am, Monday, February 2006 for discussion at Cabinet Legislation Committee on 16 February 2006.

Minister of Finance

Senior Analyst,
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for Secretary to the
Treasury

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