

The Treasury

New Zealand Superannuation and Retirement Income Act 2001: Amendment to Section 59 Information Release

February 2023

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No information has been withheld.

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Cabinet Economic Development Committee

Minute of Decision

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New Zealand Superannuation and Retirement Income Act 2001: Amendment to Section 59

Portfolio **Finance**

On 17 November 2021, the Cabinet Economic Development Committee:

- 1 **noted** that the Guardians of New Zealand Superannuation (the Guardians) has requested a review of section 59 of the New Zealand Superannuation and Retirement Income Act 2001 (the NZSRI Act), which prohibits the New Zealand Superannuation Fund (NZSF) from holding a controlling interest in entities;
- 2 **noted** that removal of the control restriction would provide strategic benefits to the NZSF, the Crown and the New Zealand economy through domestic investment opportunities and the potential for increased risk-adjusted returns for the NZSF;
- 3 **noted** that by moving from minority to majority ownership, the Minister of Finance considers there is a heightened reputational risk for adverse business outcomes, but the Guardians have been independently reviewed to world class governance standards;
- 4 **noted** that the Minister of Finance considers the potential strategic benefits of relaxing the control restriction outweigh the original policy intent, and that the removal of the control restriction is essentially a transfer of investment accountability from policy makers to the Board;
- 5 **agreed** to amend the NZSRI Act to provide for the relaxation of the control restriction;
- 6 **agreed** that the Guardians be required to establish and maintain a new Statement of Investment Policies, Standards and Procedures for the selection and monitoring of controlling interests in entities;

Legislative implications

- 7 **agreed** to the inclusion of the New Zealand Superannuation and Retirement Income Amendment Bill on the 2021 Legislation Programme, with a category 5 priority (drafting instructions to be issued to the Parliamentary Counsel Office in 2021);
- 8 **noted** that a place on the 2022 Legislation Programme will be sought at the appropriate time;
- 9 **invited** the Minister of Finance to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above paragraphs;

- 10 **authorised** the Minister of Finance to make decisions on any further policy matters that arise as part of the implementation of the above paragraphs, provided those decisions are consistent with the recommendations in the paper under DEV-21-SUB-0233.

Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon David Parker
Hon Poto Williams
Hon Stuart Nash
Hon Kris Faafoi
Hon Willie Jackson
Hon Michael Wood
Hon Kiri Allan
Hon Dr David Clark
Hon Meka Whaitiri
Hon Phil Twyford
Rino Tirikatene MP
Dr Deborah Russell MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV