

KiwiFund Bill

Member's Bill

Explanatory note

General policy statement

This Bill establishes an independent working group with the objective to set up a government-owned and operated KiwiSaver provider, known as KiwiFund. It is intended that the working group would first examine the accountability of current KiwiSaver providers relating to complaints of charging exorbitant fees, unethical investments, and profiteering in the trading of Kiwisaver providers. The working group would be made up of 4–5 specialists across banking, savings, and retirement fields. The working group would advise on setting up KiwiFund based on broad principles such as:

- a lower and transparent fee structure;
- a government owned and operated KiwiSaver scheme;
- a requirement that profits stay in New Zealand;
- preferential treatment given to New Zealand based investments;
- a requirement that funds are invested in socially and ethically responsible ways; and
- the new provider be supported by a government guarantee.

KiwiFund would provide an option for people to choose a KiwiSaver provider that is ultimately accountable to New Zealand taxpayers.

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 is the commencement clause.

Part 1

Preliminary provisions

Clause 3 states the purpose of the Bill.

Clause 4 provides that the Act binds the Crown.

Part 2

KiwiFund working group

Clause 5 provides for the term of the working group.

Clause 6 provides for the membership of the working group.

Clause 7 states the primary objective of the working group.

Clause 8 provides for the remuneration for members of the working group.

Clause 9 provides that the working group must prepare a report of its findings and present the report to the Minister.

Clause 10 provides that the Treasury will provide secretariat support to the working group.

Clause 11 provides that the working group will be funded by permanent legislative authority.

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the KiwiFund Act **2017**.

2 Commencement

This Act comes into force on the day after the date on which it receives the Royal assent. 5

Part 1 Preliminary provisions

3 Purpose

The purpose of this Act is to establish a working group to investigate the feasibility of establishing a government-owned and operated KiwiSaver provider, to be called KiwiFund. 5

4 Act binds the Crown

This Act binds the Crown.

Part 2 KiwiFund working group 10

5 Term

The working group will, from the day after the date of its first meeting, have 12 months to make their recommendations to the Minister.

6 Membership of working group

- (1) The working group consists of 5 members 15
- (2) The members of the working group must include—
- (a) at least 1 person with experience in banking:
 - (b) at least 1 person with experience in savings:
 - (c) at least 1 person with experience in retirement issues.

7 Primary objective of working group 20

The primary objective of the working group is—

- (a) to examine the accountability requirements of current KiwiSaver providers relating to fees and investment practices:
- (b) to advise on establishing a government-owned and operated KiwiSaver provider. 25

8 Remuneration

- (1) A member is entitled, in accordance with the fees framework,—
- (a) to receive remuneration for services as a member at a rate and of a kind determined by the Minister; and
 - (b) to be reimbursed for actual and reasonable travelling and other expenses incurred in carrying out his or her office as a member. 30
- (2) For the purposes of subsection (1), **fees framework** has the same meaning as in section 10 of the Crown Entities Act 2004.

9 Report of working group

- (1) After completing the investigation, the members must prepare a report containing the results of their investigation.
- (2) The report must be provided to the Minister by the date specified for the completion of the term of the working group. 5
- (3) After the Minister has considered the report, the Minister must present the report to the House of Representatives.
- (4) **Minister** means the Minister of the Crown, who, under the authority of any warrant or with the authority of the Prime Minister, is for the time being responsible for the administration of this Act. 10

10 Provision of administrative and other support

The Treasury is responsible for providing to the members the administrative, secretarial, and other support necessary for the members to conduct their investigation effectively and efficiently.

11 Permanent legislative authority for payment of certain expenses 15

Any expenses incurred that are reasonably connected with the work of the working group may be incurred without further appropriation, and must be paid without further authority, than this section.