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A commentary from the Retirement Policy and Research Centre

PM's delays are a betrayal

RPRC PensionCommentary 2020-9¹

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Anomalies in the policy for superannuitants with overseas pensions are an indictment on the justice process in New Zealand

Along with many others, the Retirement Policy and Research Centre (RPRC) has worked assiduously for more than a decade to alert the public, policy-makers and politicians to grave anomalies in the policy for superannuitants with overseas state pensions.

Of these multiple anomalies the most egregious is the 'spousal deduction'. This policy reduces a person's superannuation when their partner has an overseas pension. A woman could have lived and worked all her life in New Zealand and entered into a second or third relationship later on only to find she gets less New Zealand Superannuation (NZS), or even none at all, and so loses her precious financial independence. Increasingly, men who marry women from other countries who have long working histories are affected as well.

Fobbed off with promises for years that change was imminent, usually after yet another report, a great deal of bitterness and cynicism festered. Early in 2018, three affected superannuitants, at great personal cost, went to the Human Rights Review Tribunal. In an expensive week-long court hearing, lengthy and banal filibuster submissions flowed from the Ministry of Social Development (MSD) to justify this indefensible policy. More than two years on, there is still no decision from the Tribunal nor any hint of one pending. This is an indictment of the justice process in New Zealand.

But then there was a ray of hope. This time in 2019 it seemed we could at last [break open the champagne](#). There had been an announcement buried in the 2019 Budget that the unfair spousal deduction policy would be removed.

"From 1 July 2020, your NZ Super or Veteran's Pension won't be affected if your partner's getting an overseas pension."

¹ PensionCommentaries are opinion pieces published as contributions to public debate, and do not necessarily reflect the view of the RPRC.

Change appeared to be coming, not because the spousal deduction was a human rights abuse (as Prime Minister Jacinda Ardern described it when in Opposition in 2015), but because the system needed 'modernisation'.

Since the RPRC became involved back in 2008, many of those affected by the spousal deduction have since died, and many others in their 70s and 80s are worn out by their fight for justice. So it was unfathomable that once the Government had agreed in mid-2019 that the policy is unjust, there would be no redress until July 2020, and furthermore there would be no backdating.

We are talking about a policy that at most affects 500 people with minuscule fiscal implications. There was an appropriation in the 2019 Budget of \$2 million to fix this anomaly, so why not just do it? Was it too early to break out the champagne? Worryingly, the Minister began to hint it would be only implemented in July if the legislation could be passed in time.

PM's 2020 betrayal

The bombshell arrived at the beginning of June 2020. Blaming COVID-19 work pressures at the MSD, the bill has been delayed until November, that is, until after the election. Worse, even if it passes, there will be no backdating to July let alone prior to that. What a contrast to COVID policies that can be implemented almost overnight.

The Government can't blame Winston Peters for this one. While New Zealand First has not been a strong voice on this issue over the years, he was first in the media with the news and has [pre-emptively exonerated](#) himself.

"New Zealand First is disappointed that the removal of the spousal deductions has had to be delayed by the Ministry of Social Development, due to Covid-19 workload pressures. New Zealand First has always stood for fairness when it comes to superannuation so we are very committed to removing what we consider an unfair deduction from New Zealanders who happen to have partners with an overseas pension."

It is beyond time for the 'Government of kindness' to put the well-being of people first, and not delay the removal of this anachronistic and heartless, foolish, petty policy. Generous compensation must also be a priority.

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