PARLIAMENTARY DEBATES
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Act 1960 that are not appropriate to the operation of the bonus-bond scheme, and that would impose unrealistic costs on the running of the scheme.

Clause 8(2) provides that any bank at which applications for units can be made must make available to the public on request a prospectus containing details of the terms and conditions of the units and the unit trust. Clause 8(4) provides that the bank must supply to a unit holder on request a copy of an audited statement of accounts of the unit trust together with a summary of amendments to the trust deed. Clause 8(5) exempts Post Office Bank Ltd from being removed, by the Minister of Justice or the trustee of the trust, as manager of the trust for a period of 2 years after the appointed day.

Clause 9 exempts approved unit trusts from the provisions of the Gaming and Lotteries Act 1977. Clauses 10 and 11 make consequential amendments to the Income Tax Act 1976 and to the Post Office Bank Act 1987 respectively. Clause 12 revokes the Post Office bonus bonds interest notice 1981. Part II makes amendments to substantive enactments. Clauses 13 to 35 and the first and second schedules are to be read with the Social Security Act 1964 unless it is specified that they are not to be. The clauses come into force on 25 July 1990.

[The question having been raised by the member for Waikaremoana and the bell having been rung, Mr Deputy Speaker declared that a quorum was present.]

Clause 39 inserts a new section 18(A) and deals with payments for people living alone. It provides that guaranteed retirement income earners and veteran pensioners who live alone are eligible for the payment. Clauses 43 to 63 amend the Government Superannuation Fund Act 1956, the State Sector Act 1988, and the Area Health Boards Act 1983. The amendments proposed to the Government Superannuation Fund Act, the State Sector Act, and the Area Health Boards Act will implement several major Government policy initiatives on state sector superannuation as well as making several minor amendments. The significant changes are that the voluntary general superannuation scheme for State servants will be closed to new entrants from 1 July 1991. However, as from the passage of the Bill, employers in the Government sector will be able to establish their own schemes for their staff, or to subsidise them in other schemes provided by the private sector.

Clauses 44 and 45 deal with the position of contributors to the Government superannuation fund who are employed by a State-owned enterprise or any subsidiary of a State-owned enterprise. The clauses make it clear that contributors employed by any organisation that is or was at any time named in the State-Owned Enterprises Act 1986 continue to be entitled as of right to contribute to the Government superannuation fund. That provision covers the position of employees of State-owned enterprises and their subsidiaries when the State-owned enterprise is sold and thus removed from the schedule.

Clause 46 provides that locally engaged staff of the New Zealand High Commission in London will no longer be able to join the new New Zealand Government superannuation fund although those who are now contributing may continue to do so. Until the present time those employees were compulsory contributors to the Government superannuation fund. Clause 47 covers the position of contributors to the former general scheme of the Government superannuation fund through the establishment of new departmental schemes. That scheme was closed to new contributors in 1985. Clause 48 makes it clear that Cook Islands Public Service contributors for whom the Government superannuation fund has long been a compulsory scheme may not withdraw from it while they remain in the Cook Islands Public Service.

Clause 49 provides that members of the Niue Public Service and the Tokelau Public Service may contribute under Part IIA of the Government Superannuation Fund Act. Clause 50 closes the voluntary new general scheme of the Government superannuation fund to new contributors from 1 July 1991. That is being done for two main reasons. First, it is clear that the conditions of one superannuation scheme covering most of the State sector do not and cannot meet the varying need of Government employees or employers. It is in keeping with State sector reforms brought about by the Government that decisions on superannuation should be for each chief executive, and not imposed centrally as has happened in the past. Later in the Bill criteria are set out for those departmental schemes.

The Government's second concern is one of costs. The Government superannuation scheme is not funded by the Government as an employer at the time employees make their contributions---we move to correct that factor later in the Bill. Hence a very large contingent liability has grown over the years. The former Government Actuary estimated that at 31 March 1988 the unfunded liability stood at $8 billion. It is likely that that figure has increased since that time, and the present Government is the first to take steps to deal with that liability. I emphasise that that provision does not detrimentally affect the position of present contributors. In fact, the next clause adds to their rights.

Thirdly, the provision does not change the compulsory schemes for the armed forces, the police, and the prison service. Clause 52 allows members of the prison service who are appointed on contracts to elect not to join the Government superannuation fund. Apart from that, the prison service scheme remains compulsory. Clause 53 covers the subsidy provisions of the Government superannuation fund up to 1 July 1991. That provision continues for a further year the present arrangement whereby contributors who are paid out of public money have their benefits subsidised by the Government at the time they are paid out---for example, at retirement. When contributors' salaries are paid from other sources---for example, those who work for State-owned enterprises---the employer pays the subsidy at the same time as the contributors pay. The redraft of the section provided in the clause was necessary because of some problems that have arisen with the definition of ``public money''. The redrafted section will ensure that that present practice continues to 1 July 1991.

Clause 54 provides for different subsidy provisions from 1 July 1991. From that time each employer will pay the subsidy required on contributions to the fund as contributions are paid. They will be invested to go towards paying contributors' benefits when they are paid out. The amount of the employer subsidy will be set by the Government Actuary, and the present provision that allows the Minister of Finance to set a lower rate will continue. It will obviously be many years before the schemes move to a fully funded position, and the Government will therefore need to continue to subsidise benefits when they are paid, although that will gradually be phased down. Thus the present provision for the permanent legislative authority item continues.

Clause 55 provides regulation-making authority for the Government to determine transfer values for payment from the Government superannuation fund to the new departmental schemes. Those will be made before 1 July 1991, which is the earliest time that contributors may elect to transfer to new schemes. There are other amendments relating to the State Sector Act and the Area Health Boards Act that reflect those general provisions. The new section 84B in clause 59 sets out the criteria for departmental schemes, which are to be established under trust deeds and registered under the Superannuation Schemes Act 1989. The schemes are to be fully funded on a cash accumulation basis as benefits accrue. Employer contributors are to be able to withdraw from the scheme at any time and there will be portability in and out of those schemes.

Clauses 96 to 99 amend the Tariff Act 1988. Clause 97 amends section 16 of the Tariff Act to allow for the prescribing of fees in certain circumstances. Clause 98 amends the Tariff Act on imported motor vehicles, automotive diesel, and motor spirits to reflect the reduced excise duty rates that will