



On 28 January 2019, you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- *Could you please state whether or not Chinese state pensions received but not subject to means testing against NZ Superannuation, Section 70, contain social insurance contributions from employers and employees. Also are any Chinese State pensions funded by the Chinese government. Also, are there any other overseas govt pensions not subject to Section 70?*

Your questions are answered in turn below:

- *Do Chinese pensions contain social insurance contributions from employers and employees?*

From 1951, only employers had to pay contributions. These contributions were administered at a local level by the All China Federation of Trade Unions. Employees did not contribute in any direct kind of way. However, the Chinese Government later required employees to also make contributions from their wages.

In 1997 China introduced a three pillar system based upon Document No. 26 which was entitled '*Establishment of a Unified Basic Old Age Pension Insurance System for Enterprise Employees*'.

The first pillar is a public pension scheme financed by employers. The second pillar is made up of individual accounts and is managed by the state. Employees and employers pay into this pillar. The third pillar is a voluntary supplementary savings scheme managed by commercial insurance companies.

In order to be deductible under section 189 of the Social Security Act 2018 (formerly section 70 of the Social Security Act 1964), overseas pensions have to originate from a state-administered pension scheme. The Ministry of Social Development has previously advised you that it considers that Chinese pension entitlements accrued prior to July 1997 do not arise from a state-administered scheme and this is why they are not deductible.

- *Are any Chinese State pensions funded by the Chinese government?*

As mentioned in response to your first question, the contributions were initially made by just employers but now are made by both employers and employees. However, since 1997, any shortfall in funds in the first pillar is made up by the Chinese Government.

- *Are there any other overseas government pensions not subject to Section 70?*

All overseas pensions that meet the criteria specified in section 187 of the Social Security Act 2018 are deductible under section 189 of that same Act. Section 187 defines an overseas pension as:

**overseas pension** means a benefit, pension, or periodical allowance, or any part of it, that—

(a) is granted elsewhere than in New Zealand; and

(b) is determined by MSD to be a payment that is part of a programme that—

(i) provides benefits, pensions, or periodical allowances for any of the contingencies for which benefits, pensions, or allowances may be paid under NZ benefits legislation; and

(ii) is administered by or on behalf of the Government of the country from which the benefit, pension, or periodical allowance is received; and

(c) is not a Government occupational pension (as defined in Schedule 2); and

(d) is not determined by MSD to be in the nature of, and paid for similar purposes as,—

(i) compensation for injury or death for which payment could be made under the Accident Compensation Act 2001 if the injury or death had occurred in New Zealand after the commencement of that Act; or

(ii) a war pension or allowance granted under the Veterans' Support Act 2014 of a type that would not affect any recipient's entitlement to a benefit under sections 18 and 199 to 201 of this Act unless the pension or allowance is a pension or payment granted under Part 6 of the Veterans' Support Act 2014; or

(iii) a disability allowance.

Overseas pensions that meet all of the criteria set out above in (a) to (c) are considered to be government or state-administered pensions and are therefore deductible. Overseas pensions that do not meet these criteria are not deductible.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public shortly. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response regarding Chinese pensions, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely



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