



10 December 2024

Tēnā koe

Official Information Act request

Thank you for your email of 13 November 2024 to NZ Superfund, transferred to the Ministry of Social Development requesting information about the figures/data used to calculate Superannuation.

I have considered your request under the Official Information Act 1982 (the Act). Please find my decision set out below.

New Zealand Superannuation (NZS) rates are adjusted annually as required by the New Zealand Superannuation and Retirement Income Act 2021 (NZSRI Act)

There is a statutory requirement to adjust the net weekly rates of NZS on 1 April each year, if required, by percentage increases in the Consumers Price Index (CPI) and further adjust the amount payable to a couple who both qualify to ensure it is not less than 66% or more than 72.5% of the net average wage. This requirement, and the relevant calculations are provided in further detail below.

The new average weekly wage is calculated and used to test the 66% to 72.5% wage band as described in section 16 of the NZSRI Act, where it specifies the quarterly employment survey published by Statistics NZ before 1 March (after deduction standard tax and ACC earner levies) of each year is to be used.

The gross average ordinary time weekly wage is used to calculate the net wage. This figure is published by Statistics New Zealand each quarter as part of the Quarterly Employment Survey (QES).

Below is a spreadsheet link to the QES Published on 7 February 2024:

<https://www.stats.govt.nz/assets/Uploads/Labour-market-statistics/Labour-market-statistics-December-2023-quarter/Download-data/quarterly-employment-survey-december-2023-quarter.xlsx>

Gross average wage - column P in Table 7 (in the spreadsheet above) shows that the December 2023 ordinary time wage for full time equivalent (FTE) workers was **\$1,556.16** per week before tax.

Both 'earners levy' and 'QES' are defined in [section 16 \(2\)](#) of the NZSRI Act and the term 'standard tax' refers to the M tax code and is defined in [section 15 \(1\)](#) of the same Act.

The easiest place to find both earners levy (ACC) rates and tax rates is on the IRD web pages which can be found here:

- www.ird.govt.nz/income-tax/income-tax-for-individuals/acc-clients-and-carers/acc-earners-levy-rates

- www.ird.govt.nz/income-tax/income-tax-for-individuals/tax-codes-and-tax-rates-for-individuals/tax-rates-for-individuals

The above IRD link shows the post 31 July 2024 taxation rates, when the income tax thresholds were raised. The link below shows the rates applicable as at 1 April 2024 when NZS was last CPI adjusted.

- [Income Tax Rates - New Zealand Parliament](#)

The rates to be used are as they pertain at the date of the adjustment to NZS rates = 1 April.

For example, in 2024 total income tax plus ACC earner levy was calculated on the gross ordinary time weekly wage of \$1,556 per week (\$1556.16 with cents removed) as equalling the sum of:

- 1st marginal tax rate: $(10.5\% + 1.60\%) * \$1,556 = \188.2760
- 2nd marginal tax rate: $((17.5\%+1.60\%) - (10.5\%+1.60\%)) * (\$1,556 - \$269.23) [= \$14,000/52] = \$90.0738$
- 3rd marginal tax rate: $((30.0\% + 1.60\%) - (17.5\%+1.60\%)) * (\$1,556 - \$923.08) [= \$48,000/52] = \$79.1154$
- 4th marginal tax rate: $((33\%+1.60\%) - (30\% + 1.60\%)) * (\$1,556 - \$1,346.15) [= \$70,000/52] = \$6.2954$

Tax on gross average wage - the above four amounts sum to \$363.7606, and truncated (rounded down) to nearest cent = **\$363.76**.

Net average wage - final calculation is Gross less Tax equals Net or
 $\$1,556.14 - \$363.76 = \$1,192.40$ per week.

The resulting figure should be the same as that in the printed IRD (Weekly) Tax Tables for pay-as-you-earn (PAYE) tax code M. They can occasionally differ marginally due to rounding within the tables.

On page 56 of the following IRD link it shows that a gross weekly amount of \$1,556 gives an M PAYE tax amount of \$363.76 = same as above: [IRD Tax Tables April 2024 to July 2024](#)

The net weekly wage amount of \$1,192.40 is used purely to test the 66% to 72.5% wage band as described in section 16(1)(a) of the NZSRI Act.

NZS rates are adjusted according to rules set out in sections 15 and 16 of the NZSRI Act. Section 15(2) states that NZS net-of-tax rates should be adjusted each 1 April by the percentage movement (providing it is an increase) in the all-groups CPI index for the previous December year.

Statistics New Zealand publishes the CPI as an index number each quarter. For April 2024 the ratio between the December 2023 index number and the December 2022 index number is used to produce the annual 'CPI' percentage.

The CPI itself is defined in section 15(1) of the NZSRI Act - the number of decimal points is not specified and so the full ratio is utilised - no rounding in the percent figure (the final weekly dollar amounts are rounded to the cent).

The December 2023 quarterly CPI release is here:

www.stats.govt.nz/information-releases/consumers-price-index-december-2023-quarter/

Within this page, the first spreadsheet shows the relevant all-groups CPI index numbers:

www.stats.govt.nz/assets/Uploads/Consumers-price-index/Consumers-price-index-December-2023-quarter/Download-data/consumers-price-index-december-2023-quarter.xlsx

Column O of Table 1 shows the index numbers for All Groups.

December 2023 = 1259

December 2022 = 1203

Annual CPI percent change = $(1259/1203) - 1 = 4.6550291\%$.

Calculation of NZS rates by CPI and (if needed) by additional wage floor adjustment.

The net rates for NZS at April 2023 are found here:

<https://www.workandincome.govt.nz/products/benefit-rates/benefit-rates-april-2023.html>

Refer to "NZ Super and Veteran's Pension" heading.

Net weekly rate **Apr 23**

(after tax at 'M')

Single, living alone	\$496.37
Single, sharing	\$458.18
Both you and your partner qualify (each)	\$381.82
Both you and your partner qualify (combined)	\$763.64

Rating these up by the 4.655% CPI gives the following increments:

	CPI increase	
	Apr 23 net rate * CPI	CPI adjusted
	(4.6550291%)	(no rounding)
Living alone	\$23.1062	\$519.4762
Single sharing	\$21.3284	\$479.5084
Partnered (each)	\$17.7738	\$399.5938
Partnered (combined)		\$799.18 (rounded to cent)

By convention the 'combined' rate is set equal to twice the 'each' rate to ensure the couple rate is always divisible by two when making separate payments.

Section 15(3)(a) of the NZSRI Act says to ensure that the CPI adjusted rates found under section 15(2) also meet the rules specified in section 16(1)(a) which specifies that the partnered rate must be between 66% and 72.5% of the net ordinary time average wage.

Using the average wage derived above this 'floor' is $\$1,192.40 * 66\% = \786.98 . It is clear that the married (combined) rate of $\$799.18$ exceeds the 66% floor of $\$786.98$.

Alternatively, the April 2024 ratio of the married rate to the average wage may be looked at and equals $\$799.18 / \$1,192.40 = 67.02\%$. As this exceeds the 66% floor then no further action is required under section 16(1)(a).

Sections 16(1)(b) and 16(1)(c) ensure that the single living alone and the single sharing rates equal 65% and 60% respectively of the partnered rate.

(after tax at 'M')

Both you and partner qualify (combined)	\$799.18 (from above)
Single, living alone	\$519.47 (65% rounded to cent)
Single, sharing	\$479.51 (60% rounded to cent)

These April 2024 rates are published here:

www.workandincome.govt.nz/products/benefit-rates/benefit-rates-april-2024.html

In Budget 2024 the Government announced changes to the income tax thresholds with effect from 31 July 2024.

This directly resulted in an increase to NZS payment rates by retaining existing gross of tax amounts and applying the now reduced tax rates to give a higher net of tax fortnightly payment rate.

These new rates (expressed weekly) are published here:

www.workandincome.govt.nz/products/benefit-rates/benefit-rates-july-2024.html

Please note that the average wage and CPI are only updated at each April and were not adjusted at the same time as the taxation changes.

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with my decision on your request, 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 or 0800 802 602.

Ngā mihi

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Magnus O'Neill
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Ministerial and Executive Services