

New Zealand

Exchange rate: US\$1.00 equals
1.58 New Zealand dollars (NZ\$).

Old Age, Disability, and Survivors

Regulatory Framework

First laws: 1898 (old-age pension), 1911 (widows' pension), 1924 (blind person's pension), and 1936 (disability pension).

Current law: 2001 (New Zealand superannuation).

Type of program: Universal and social assistance system.

Note: All net benefits reflect the primary tax rate applied.

Coverage

All residents.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: Total cost is financed from general revenues.

Qualifying Conditions

Old-age pension (New Zealand superannuation): Age 65 with 10 years' residence after age 20, including 5 years after age 50; no income or retirement test (except for a married pensioner with an unqualified spouse).

The pension is payable for up to 26 weeks if going abroad for no more than 30 weeks. A reciprocity agreement is required for the full payment of the pension if going abroad for longer; in other instances, partial payment up to 50%.

Disability pension (invalids' benefit): Permanent and severe restriction in working capacity or total blindness and at least 10 years' residence. The benefit is income-tested. If totally blind, personal earnings are exempt. The beneficiary must be older than age 16.

The disability pension may be paid for a limited period when going abroad temporarily, depending on individual circumstances.

Survivor pension (widows' benefit, orphan's benefit, unsupported child's benefit): Payable to a widow (or common-law wife) with dependent children, an orphan, or an unsupported child. The survivor must be a resident. The pension is income-tested.

The survivor pension may be paid for a limited period when going abroad temporarily, depending on individual circumstances.

Old-Age Benefits

Old-age pension (New Zealand superannuation): NZ\$249.09 (net) a week for a single person living alone, NZ\$229.93 (net) if sharing accommodation, or NZ\$383.22 (net) a week for an aged married couple.

The pension is not income-tested but may be reduced if receiving a benefit or pension from an overseas government.

A married pensioner with an unqualified spouse may receive half the married rate (NZ\$191.61 net) with no income test or the full married rate (NZ\$365.40 net) with an income test.

Benefit adjustment: Annual review of income-tested benefits according to change in the consumer price index for the previous calendar year.

Assistance benefits: Other assistance benefits available to old-age pensioners (some needs-tested) include an accommodation supplement, a disability allowance, and special needs grants.

Permanent Disability Benefits

Disability pension (invalids' benefit): Up to NZ\$205.18 (net) a week for a single person or NZ\$341.98 (net) a week for a couple.

Youth rate: If aged 16 or 17, NZ\$166.04 (net).

Income test: The benefit is reduced for income exceeding NZ\$4,160 a year. The personal earnings of totally blind persons are exempt.

Dependent supplement: Additional payments are provided for dependent children.

Benefit adjustment: Annual review of income-tested benefits according to change in the consumer price index for the previous calendar year.

Assistance benefits: Other assistance available to pensioners (some needs-tested) includes an accommodation supplement, family support payment, an advance payment of benefit, a training incentive allowance, transition-to-work assistance, a disability allowance, a special benefit, and special needs grants.

Survivor Benefits

Survivor pension

Widows' benefit: Up to NZ\$256.52 (net) a week. The pension is reduced for income exceeding NZ\$4,160 a year and is subject to taxation.

Orphan's benefit: Up to NZ\$113.97 (net) a week, subject to age, for each full orphan under age 18 (not taxable). The benefit is not income-tested.

Unsupported child's benefit: Up to NZ\$113.97 (net) a week, subject to age, for each full orphan under age 18 (not taxable). The benefit is not income-tested.

Funeral grant: Up to NZ\$1,569.28 for funeral costs (income-tested).

Income test: Net benefits are reduced by 30 cents for every gross dollar earned above NZ\$4,160 a year and by 70 cents for every gross dollar earned above NZ\$9,360.

Benefit adjustment: Annual review of income-tested benefits according to change in the consumer price index for the previous calendar year.

Assistance benefits: Other assistance benefits available to pensioners (some needs-tested) include an accommodation supplement, an advance payment of benefit, a training incentive allowance, transition-to-work assistance, a disability allowance, and special needs grants.

Administrative Organization

Ministry of Social Development (Work and Income) (<http://www.msd.govt.nz>) administers pensions through its local offices.

Sickness and Maternity

Regulatory Framework

First law: 1938.

Current laws: 1964 (social security), implemented in 1965, with 2001 amendment; and 1987 (parental leave and employment protection), with 2002 amendment.

Type of program: Universal and social assistance system.

Coverage

Cash sickness benefits (sickness benefit): Temporarily incapacitated for full-time work.

Maternity benefits (sickness benefit): Single women.

Paid parental leave: All residents, subject to employment history.

Medical benefits: All residents.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: Total cost is financed from general revenues.

Qualifying Conditions

Cash sickness and maternity benefits (sickness benefit): Aged 18 or older (age 16 if married with a dependent child) with 24 months of continuous residence. Must be resident. Benefits are income-tested.

For persons with less than 24 months of residence, an income- and asset-tested benefit is possible in cases of hardship.

Paid parental leave: Paid leave is payable for up to 12 weeks to one parent or shared between both parents. The paid leave replaces 100% of previous earnings, up to NZ\$334.75 gross a week (increasing to NZ\$346.63 gross a week from July 1, 2004). The recipient must have been employed by the same employer for more than 12 months before the expected date of childbirth or the adoption of a child under age 5 and have worked a minimum of 10 hours a week, including at least 1 hour a week or 40 hours a month.

Medical benefits: Resident or a stated intent to remain in the country for 2 years. There is no income test.

Sickness and Maternity Benefits

Sickness benefit: Up to NZ\$164.16 (net) a week if aged 25 or older, single, and with no children; NZ\$136.79 (net) if between ages 20 and 24, or if aged 18 or 19 and living away from home; NZ\$109.43 (net) if aged 18 or 19 and living with a parent.

Up to NZ\$235.12 (net) for a single beneficiary with one child; NZ\$256.52 (net) if single with two or more children. Up to NZ\$273.58 (net) for a married couple without children; NZ\$290.72 (net) for a married couple with one or more children. All benefit amounts are weekly rates.

The benefit is payable after a waiting period of between 1 and 10 weeks, depending on previous income and family circumstances.

There is no limit on the period of eligibility for sickness benefit (unless paid because of pregnancy or a pregnancy-related medical complication, see below).

Income test: The sickness benefit is reduced if the beneficiary's and his or her partner's combined gross income exceeds NZ\$80 a week.

Benefit adjustment: Annual review of income-tested benefits according to change in the consumer price index for the previous calendar year.

Maternity benefit (sickness benefit): The benefit is normally payable to a single pregnant woman at the sickness benefit rate (see above) after the 27th week of pregnancy. Payment can continue for up to 13 weeks after childbirth.

Income test: Maternity benefit is reduced if the beneficiary's and her partner's combined gross income exceeds NZ\$80 a week.

Benefit adjustment: Annual review of income-tested benefits according to change in the consumer price index for the previous calendar year.

Paid parental leave: Paid leave is provided for up to 12 weeks to one parent or shared between both parents. The paid leave replaces 100% of previous earnings, up to NZ\$346.63 gross a week. The recipient must have been employed by the same employer for more than 12 months before the expected date of childbirth (or the adoption of a child under age 5) and have worked a minimum of 10 hours a week, including at least one hour a week or 40 hours a month.

Benefit adjustment: Annual review of benefits according to any percentage movement upward in average ordinary-time weekly earnings. Average ordinary-time weekly earnings (employees) are determined by the quarterly employment survey published by Statistics New Zealand.

Workers' Medical Benefits

Subsidies are provided for those using health care. Free services include inpatient care in public hospitals, general practitioner care for children up to age 6, maternity services, and most laboratory services. Costs for care in a private hospital are not subsidized.

Cost sharing: Approved prescribed medicines are subsidized at various levels, depending on income.

Families with low income have access to a Community Services Card (CSC) that reduces prescription charges from a maximum of NZ\$15 per item to a minimum of NZ\$3 per item. If a family has paid for 20 items in a year, the charge falls to zero for CSC holders and NZ\$2 per item for other persons. There is no reimbursement for CSC holders for dental treatment, physiotherapy, work-injury related treatment, or for expenses for eyeglasses for children under age 6.

A government prescription charge applies for prescription items that are subsidized by the government. In certain cases, a premium must be paid if the cost of manufacture is more than the government subsidy. There is no government prescription charge on items for children under age 6. Some items have an unsubsidized manufacturer's charge.

Dependents' Medical Benefits

Same as for the family head, with special subsidies for low-income families (defined according to predetermined annual gross family income levels and the number of family members) or those who need intensive medical care.

Administrative Organization

Ministry of Social Development (Work and Income) (<http://www.msd.govt.nz>) administers cash benefits through its branch and district offices.

Ministry of Social Development (Community Services Card Service Centre) administers Community Services Cards.

Ministry of Health (HealthPac) (<http://www.moh.govt.nz/moh.nsf>) administers medical benefits.

The Inland Revenue Department (<http://www.ird.govt.nz>) administers statutory paid parental leave benefits.

Work Injury

Regulatory Framework

First law: 1908.

Current law: 2001 (injury prevention, rehabilitation, and compensation), implemented in 2002, with 2002 (employer levies; ancillary services) amendments.

Type of program: Universal and employer-liability (with a public carrier) system. Employers may self-manage claims.

Coverage

The accident compensation scheme provides coverage for work injury and occupational disease for all New Zealand citizens and residents.

Note: The scheme also provides coverage for medical malpractice and certain criminal injuries for all New Zealand citizens and residents and temporary visitors to New Zealand including children and nonworking adults. In return, people do not have the right to sue for a personal injury covered by the scheme, other than for exemplary damages.

Source of Funds

Insured person

Work injury: None.

Nonwork injury: The cost of insurance premiums for nonwork-related injuries.

Self-employed person

Work injury: The cost of insurance premiums.

Nonwork injury: The cost of insurance premiums for nonwork-related injuries.

Employer: The cost of insurance premiums for employee work injuries.

Government

Work injury: Special earmarked taxes, including gas and motor vehicle licensing fees. Contributes as an employer for employees.

Nonwork injury: General revenues fund the program for nonearners.

Note: All of the above contributions are assigned to one of seven accounts. The type of injury claim determines from which account the compensation will be funded.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

Nonwork-related injury benefits: There is a 1-week waiting period.

Survivor benefits

Spouse: Payments continue until the latest of the following: the end of 5 consecutive years from the date on which the entitlement first became payable, the date the deceased's youngest child reaches age 18, the date the spouse no longer provides care for the deceased's children younger than age 18,

or the date the spouse no longer provides care for any other qualifying dependent. (The spouse can choose between survivor benefits under superannuation or work injury.)

Orphan: Payments continue until the end of the calendar year in which he or she reaches age 18; the end of full-time study or age 21, whichever is earliest. A disabled orphan who was dependent on the deceased is eligible for weekly compensation after the end of the calendar year in which they reach age 18 if his or her average earnings are less than or equal to the minimum full-time earner rate.

Other dependents: Average weekly earnings over a 12-month period must not be greater than the minimum full-time earner rate, regardless of age.

Temporary Disability Benefits

Temporary disability benefit (weekly compensation): 80% of the worker's average weekly earnings is payable until he or she is able to return to work. Weekly earnings are calculated under prescribed rules according to the worker's earnings in the period before the incapacity began. For work-related personal injuries, the employer pays for the first week of incapacity. (For nonwork-related personal injuries, there is a 1-week waiting period.) The benefit is payable for as long as a certified incapacity lasts or until age 65 (at which point New Zealand superannuation is payable).

Must be substantially unable to perform the usual job as a result of the injury. A registered medical practitioner must provide a medical certificate. Medical certificates are normally valid for 13 weeks. If incapacitated after 13 weeks, the worker must be reassessed by a registered medical practitioner and be issued with another medical certificate.

The minimum weekly benefit for incapacitated full-time earners is NZ\$288 (gross) a week if aged 18 or older; NZ\$230.40 (gross) if younger than age 18.

The maximum weekly benefit is NZ\$1,449.63 (gross).

Earnings test: If a worker receives income from work during a period of incapacity, weekly compensation is reduced proportionately. No deduction is made for the first NZ\$61.56 of earnings; 24 cents is deducted for every dollar of earnings in excess of NZ\$61.56 per week but less than NZ\$98.44 per week; 56 cents is deducted for every dollar of earnings in excess of NZ\$98.44 per week. Thresholds are adjusted annually through indexation. A further reduction is applied if total weekly earnings plus the adjusted weekly benefit is greater than the pre-incapacity weekly earnings. The total earnings that a worker can receive from work and benefits are equal to the level of pre-incapacity earnings.

Employers may make an additional weekly payment to increase the employee's income during incapacity to the level of his or her normal wage. The additional payment is exempt from the benefit reduction.

Benefit adjustment: Benefits are increased annually according to changes in the labor cost index.

Permanent Disability Benefits

Permanent disability pension

Lump-sum payment: A single nontaxable payment to compensate for a permanent impairment resulting from an injury. Assessment for entitlement begins 2 years after the onset of injury, or once the injury stabilizes, whichever is earlier.

The worker must be assessed as having a permanent impairment of 10% or more. The lump sum ranges from NZ\$2602.73 for an assessed impairment of 10% to NZ\$104,109.06 for an assessed impairment of 80% or more.

Independence allowance: Payable for any long-term impairment resulting from an injury suffered before April 1, 2002. The allowance is paid on a quarterly basis, for as long as the worker remains eligible. The allowance is payable in addition to other cash assistance.

The worker must be assessed as having a permanent impairment of 10% or more. The allowance per quarter ranges from NZ\$139.49 for an assessed impairment of 10% to NZ\$837.07 for an assessed impairment of 80% or more. The allowance is nontaxable.

Attendant care: Provided to assist the worker achieve a maximum level of independence and rehabilitation. An assessor recommends the level of individual care required and the duration of the level of care. The cash benefit can be up to NZ\$3,000 a week, subject to individual needs.

Medical practitioners assess the degree of impairment.

Benefit adjustment: Benefit may increase if the initial assessed level of impairment increases.

Workers' Medical Benefits

Medical care

A minimum contribution must be made for entitlement to medical care and physical rehabilitation, as specified in legislation. In some cases, the minimum contribution may be the full cost. The cost of benefits that are not specified are paid in full. The full cost of elective surgery is generally fully funded.

Social rehabilitation

Provided without limit and includes attendant care, household help, child care, aids and appliances, modification of motor vehicles or residential premises, and travel-related costs.

Vocational rehabilitation

Provided for up to 3 years to those entitled to compensation for loss of earnings and potential earnings, or to those who could be entitled if they did not receive vocational rehabilitation.

Survivor Benefits

Survivor pension: If the deceased was an earner at the time of death, the weekly benefit is based on a percentage of the deceased's earnings. The benefit is payable to a surviving spouse, child, or other dependent.

Spouse benefit: 60% of the weekly compensation rate that would have been payable to the deceased.

Orphan's benefit (under age 18): 20% of the weekly compensation rate that would have been payable to the deceased; 40% for a full orphan.

Other dependents: 20% of the weekly compensation rate for a total incapacity that would have been payable to the deceased.

The maximum total weekly compensation payable to survivors is 80% of the deceased's weekly earnings, subject to the maximum.

Survivor's grant: NZ\$5,022.84 to a spouse; NZ\$2,511.42 to each child under age 18 or other dependent.

Child care (weekly compensation): NZ\$106.81 a week for one child; a total of NZ\$149.53 a week for three or more children. The benefit is nontaxable.

Funeral grant: A grant of up to NZ\$4,684.91 is payable to the deceased's personal representative.

Administrative Organization

The Department of Labor (<http://www.dol.govt.nz>) provides a purchasing and monitoring function and administers the legislation.

Accident Compensation Corporation (<http://www.acc.co.nz>) administers benefits.

Unemployment

Regulatory Framework

First law: 1930.

Current law: 1964 (social security), implemented in 1965.

Type of program: Social assistance system.

Coverage

All persons under the qualifying age for superannuation who are unemployed and actively seeking employment.

Independent youth benefit is paid to single persons aged 16 or 17 who are not living with their parents and who cannot be supported by their parents.

Exclusions: Pensioners, full-time students, and striking workers.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: Total cost is financed from general revenues.

Qualifying Conditions

Unemployment benefit: Aged 18 or older (age 16 if married with a dependent child) with 24 months of residence. The benefit is income-tested. If resident for less than 24 months, an income- and asset-tested hardship or emergency benefit is possible at an equivalent rate to the unemployment benefit. The person must be registered at a labor office and actively seeking work.

The benefit is not payable if unemployment was voluntary or due to dismissal for serious misconduct or involvement in an industrial dispute. The beneficiary must comply with the work test, which includes acceptance of any offer of suitable employment. The benefit may be withheld for up to 13 weeks in cases of voluntary unemployment or the failure to meet employment-related obligations.

Independent youth benefit: Aged 16 or 17 and not living with, and cannot be supported by, parents. Beneficiaries must have no dependent children; have lived continuously in New Zealand for 2 years or more; be available for and actively seeking full-time work; be in training; be sick, injured, or disabled; or be at school.

Unmarried beneficiaries must not be living with parents or financially supported by them and it is not reasonable to expect this support.

Unemployment Benefits

Up to NZ\$164.16 a week if aged 25 or older, single, and with no children; NZ\$136.79 if between ages 20 and 24 or if aged 18 or 19 and living away from home; NZ\$109.43 if aged 18 or 19 and living with a parent.

Up to NZ\$235.12 for a single beneficiary with one child; NZ\$256.52 if single with two or more children. Up to NZ\$273.58 for a married couple without children; NZ\$290.72 for a married couple with one or more children.

All benefits are weekly rates, net of tax.

Income test: The benefit is reduced if the worker's and his or her partner's combined gross income exceeds NZ\$80 a week. Income (including any income of a partner) is charged weekly, with 70 cents taken from the benefit for each NZ\$1.00 of income over NZ\$80.00 (before tax) a week. For a married worker (with or without dependent children) whose partner is granted a benefit in his or her own right (other than a veteran's pension) or is not entitled to receive benefit because of voluntary unemployment, misconduct, or strike action, 35 cents is taken from the benefit for each NZ\$1.00 of their combined income over NZ\$80.00 (before tax) a week.

The benefit is payable after a waiting period of between 1 and 10 weeks, depending on previous income and family circumstances.

There is no maximum period for which the unemployment benefit can be paid.

Benefit adjustment: Annual review of benefits according to change in the consumer price index for the previous calendar year.

Independent youth benefit: Up to NZ\$136.79 (net) a week.

Income test: For a single worker, 70 cents is taken from the benefit for each NZ\$1.00 of income over NZ\$80.00 (before tax) a week. For a married worker (if worker and spouse can both receive an independent youth benefit), 35 cents is taken from each of their benefits for each NZ\$1.00 of their combined income over NZ\$80.00 (before tax) a week. For a married worker whose partner is not receiving an independent youth benefit, 70 cents is taken from the benefit for each NZ\$1.00 of their combined income over NZ\$80.00 (before tax) a week.

Administrative Organization

Ministry of Social Development (Work and Income) (<http://www.msd.govt.nz>) administers benefits through its branch and district offices.

Family Allowances

Regulatory Framework

Current laws: 1973 (social security), 1978 (social security), and 1999 (taxation).

Type of program: Universal and social assistance system.

Coverage

Domestic purposes benefit: Single parents caring for a dependent child under age 18 or a person caring for someone (other than a spouse) who would otherwise be hospitalized. A domestic purposes benefit (woman alone) is payable to a woman who has no dependent children and has one of the following events take place after she has reached age 50: her last dependent child is no longer dependent and she has been married or had the care of a dependent child for at least 15 years in total; she has lost the support of her partner and was married for at least 5 years (loss of support can be due to the imprisonment of the partner); or she has stopped providing full-time care for an incapacitated relative and has provided this care for at least 5 years.

Emergency maintenance allowance: Payable to single parents who do not qualify for domestic purposes benefit on the grounds of residency or age or who are experiencing hardship. The allowance is payable at the same rate as the domestic purposes benefit.

Child disability allowance: Persons caring for children with physical or mental disabilities at home.

Family support: Low-income working and beneficiary families with dependent children.

Child tax credit: Low-income working families with dependent children.

Family tax credit: Low-income nonbeneficiary working families with dependent children.

Parental tax credit: Low-income working families.

Note: It is possible to be eligible for more than one tax credit and allowance.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: Total cost is financed from general revenues.

Qualifying Conditions

Family allowances

Domestic purposes benefit: Payable to unsupported single parents aged 18 or older who have resided in New Zealand during the last 10 years and have dependent children under age 18; no residence requirement if the child is born in New Zealand.

Emergency maintenance allowance: As a substitute for the domestic purposes benefit, payable to single parents experiencing hardship where: the beneficiary has children born outside New Zealand who do not meet the 5 years' residence criterion for domestic purposes benefit (single parent) or widows' benefit; workers who are unpaid during a break in employment; beneficiaries experiencing domestic violence and still living with their partner; or single parents aged 16 or 17 (never legally married) who cannot be supported by their parents.

Child disability allowance: The allowance is payable if the child was born in New Zealand or has resided there during the last 12 months, or if there is a stated intent to reside in the country permanently. The allowance is paid to a parent or guardian of a child under age 18 with serious disabilities living at home.

Family support: Payable to families with low or moderate income with children aged 17 or younger (age 18 if a student) living at home. Qualifying income depends on the number of children in the family.

Child tax credit: Low- to middle-income families with children aged 17 or younger (age 18 if a student) and not receiving other benefits. Qualifying income depends on the number of children in the family.

Family tax credit: Families receiving family support with children aged 17 or younger (age 18 if a student). Family annual income is under NZ\$18,368. A couple must be working jointly more than 30 hours a week; 20 hours or more a week for single-parent families. Eligibility also requires that at least one parent is working and neither are receiving superannuation or income-tested benefits.

Parental tax credit: Families with income under a certain level (depends on the number of children) on the birth of a child and not receiving superannuation or income-tested benefits.

Family Allowance Benefits

Family allowances

Domestic purposes benefit: NZ\$235.12 a week if a single parent with one child; NZ\$256.52 if single with two or more children. The benefit is payable after a waiting period of between 1 and 10 weeks, depending on previous income and family circumstances.

Emergency maintenance allowance: NZ\$235.12 a week if a single parent with one child; NZ\$256.52 if single with two or more children. The benefit is payable after a waiting period of between 1 and 10 weeks, depending on previous income and family circumstances.

Income test: The benefit is reduced if gross weekly income exceeds NZ\$80 (NZ\$4,160 a year). For gross weekly income between NZ\$80 and NZ\$180, the benefit is reduced by 30% and then 70%. The benefit may be reduced, suspended, or canceled if the recipient fails to meet the requirements of the personal development and employment planning process. This planning process may include attending interviews, developing and signing a personal development and employment plan, taking part in an annual review of the plan, and showing commitment to the goals included in the plan.

Child disability allowance: NZ\$36.30 a week; no income test.

Family support: Up to NZ\$47 a week for the first child; NZ\$40 for subsequent child over age 12; NZ\$32 for subsequent children between ages 0 and 12; and NZ\$60 for all children aged 16 to 18.

Income test: The tax credit is reduced by 18 cents for each NZ\$1 of income exceeding NZ\$20,356 (gross) a year and reduced by 30 cents for each NZ\$1 of income over NZ\$27,481 (gross) a year.

Child tax credit: Up to NZ\$15 per child a week.

Income test: The tax credit is reduced by 30 cents for each NZ\$1 of income once family support is fully abated.

Family tax credit: A guaranteed net income for working families of NZ\$286 a week (NZ\$18,368 a year).

Parental tax credit: The credit is paid to working families for the first 8 weeks after the birth or adoption of a child. The parental tax credit is available to families who qualify for family support, the child tax credit, or both. The parental tax credit is NZ\$150 (net) a week per qualifying child, and the maximum parental tax credit is NZ\$1,200 per child per year.

Benefit adjustment: Benefits are subject to periodic review and are adjusted at the discretion of the government.

Administrative Organization

Ministry of Social Development (Work and Income) (<http://www.msd.govt.nz>) administers allowances through its branch and district offices. It also administers family support payments to people whose total gross income is below NZ\$20,356 and receive a core benefit or a related emergency benefit.

Inland Revenue Department (<http://www.ird.govt.nz>) administers the child tax credit, family tax credit, parental tax credit, and family support (for people whose income is greater than NZ\$20,356 or who do not receive a core or related emergency benefit paid by the district and branch offices of Work and Income, Ministry of Social Development).