

24 October 2018

To the Social Services and Community Committee

Submission: KiwiSaver (Foster Parents Opting in for Children in their Care) Amendment Bill (Bill)

This submission is from the Financial Services Council of New Zealand Incorporated (**FSC**).

The Financial Services Council is a non-profit member organisation and the voice of the financial services sector in New Zealand. Our 35 members comprise 95% of the life insurance market in New Zealand, and manage funds of more than \$47.5bn. Members include the major insurers in life, disability and income insurance, fund managers, KiwiSaver scheme providers, professional services and technology providers to the financial services sector.

Our submission has been developed through consultation with FSC members, and represents the views of our members and our industry. We acknowledge the time and input of our members in contributing to this submission.

The FSC's guiding vision is to be the voice of New Zealand's financial services industry and we strongly support initiatives that are designed to deliver:

1. Strong and sustainable consumer outcomes;
2. Sustainability of the financial services sector; and
3. Increasing professionalism and trust of the industry.

We support changes that make it easier for all New Zealanders to enjoy a well-funded and worry-free retirement.

Subject to consideration of the operational challenges noted on the following page, we are therefore supportive of the proposed amendment to section 35 of the KiwiSaver Act 2006 to make it possible for any foster parent or kin carer with proof of their foster responsibilities to approach a KiwiSaver scheme provider to open an account for a foster child in their care.

I can be contacted on 021 0233 5414 or richard.klipin@fsc.org.nz to discuss any element of our submission.

Yours sincerely

Richard Klipin
Chief Executive Officer, Financial Services Council

Operational Challenge One – Foster parent authority

Where a foster parent/kin carer seeks to open a KiwiSaver account the provider will likely require “proof” of that person’s authority to act on behalf of the child. To support quality customer experiences, consideration should be given to the documentation that is to be given to providers for this purpose.

We note the proposal for a care plan verified by VOYCE or Oranga Tamariki Ministry for Children to be used to obtain a birth certificate and IRD number. This (or some other form of verified documentation) could also be given to KiwiSaver scheme providers as proof of authority. Further guidance would also be required as to what is acceptable or not as a verification document which the industry is not familiar with.

To ensure ongoing quality customer experiences, we highlight that the foster care evidence of authority guidance should contemplate both the opening, and the maintenance, of KiwiSaver accounts.

Operational Challenge Two – Commencement

The commencement date for these changes should follow a transitional period of 12 months after Royal Assent to enable providers to:

- update any documentation (e.g. product disclosure statements (PDS) and application forms) and where applicable deliver any new PDS stock to the Inland Revenue; and
- review and update internal processes and staff training to support quality customer experiences.

Having a transitional period will help to minimise the costs and implementation effort for the industry. It may also be helpful for providers to be given relief for any potential non-compliance, similar to that contained in s239 of the KiwiSaver Act.

Further Policy Considerations

Our final recommendation is that the right to sign up children to a long-term commitment like KiwiSaver should only be available for those foster parents with permanent arrangements i.e. not available to foster parents who provide only short term, emergency or respite care.