

SPRFMO Staff Regulations

Some concerns of the Secretariat related to social security provisions

Since the initial circulation of the draft SPRFMO staff regulations in May 2014, the New Zealand government has clarified some aspects regarding the status of expatriate SPRFMO staff. Importantly it has been confirmed that expatriate SPRFMO staff do not have access to key parts of the New Zealand social security system. This was not known at the time of drafting. Therefore, the Secretariat requests that some of the provisions related to social security (Staff Regulation 8.1) be revised to ensure that, in particular, expatriate staff are not significantly disadvantaged in comparison to their New Zealand colleagues.

Retirement fund contributions:

1. It is important to recognize that the New Zealand “KiwiSaver scheme” referred to in 8.1 is designed to complement the New Zealand superannuation scheme and not to be a stand-alone solution for a retirement income. The NZ superannuation scheme consists of a significant pension paid to New Zealand nationals and residents above 65 years of age.

Initially, the KiwiSaver scheme was identified as a default option for the provision of a SPRFMO (supplementary) retirement funding. Consequently, all employees were enrolled in the Kiwi-saver scheme upon hiring and a 6% employer plus 3% employee retirement contribution for **all** staff was deposited into so-called KiwiSaver accounts¹.

However, in December 2014 the Secretariat was informed that expatriate staff are neither eligible for participation in the KiwiSaver scheme nor will they have access to the New Zealand superannuation. Therefore the KiwiSaver accounts of expatriate staff were closed in August 2015 and the monies returned to the originators².

Furthermore the pension schemes of most countries are contribution-dependent and conditional to employment in that country, i.e. voluntary contributions by expatriates are rarely permissible. In effect this means that many expatriate staff will be unable to obtain any national pension for the time they worked for SPRFMO.

2. The 6% (plus 3%) gross salary retirement contribution amounts contained in the draft staff regulations are insufficient for building a suitable stand-alone retirement income. By comparison, most other RFMOs (and the UN) contribute about 2.5 times as much towards a staff member’s pension (15.8% plus 7.9% of the Pensionable Remuneration).
3. In many RFMOs (and the UN) it is usual for a group pension scheme to be offered rather than individual retirement-savings plan (such as is described in 8.1). The shared-risk principle of a group pension scheme means that contributions can be calculated on the basis of average life expectancy whereas an individual retirement-savings plan should be calculated considering maximum life expectancy. Hence, in order to obtain the same monthly income, contributions when using individual retirement-savings plans will need to be higher than similar contributions towards a group pension scheme.

In conclusion the Secretariat believes that current retirement provisions in the Draft SPRFMO Staff Regulations are inadequate for expatriate staff. The Secretariat is confident that Members will agree on an equitable solution for all SPRFMO staff and hope that the level of contribution paid by many other RFMOs and the UN will be used as a guidance in this matter.

¹ A 2 to 1 ration was used as foreseen by the KiwiSaver scheme; it is also a commonly used ratio by other organisations.

² These monies were returned in proportion to the contributions paid by the SPRFMO and by the staff members in question. Note, the Secretariat is still researching retirement fund options for expatriate employee monies.

Other social security points:

Provisions for **life and accident, disability and/or income protection insurances** could be included in the staff regulations. New Zealand nationals and residents have full access to a comprehensive, no-fault personal injury cover through the Accident Compensation Corporation (ACC). In this context we note that expatriate staff members do not have access to the portion of the New Zealand ACC scheme granting income protection for the nationals and residents of New Zealand

The last point that the Secretariat wishes to address is an **education grant**. The purpose of such a grant should be to ensure that children of expatriate staff members from a different cultural and linguistic background are not disadvantaged in relation to local staff members. In particular, expatriate staff members should receive some compensation for costs incurred through additional schooling in subjects relevant to their home countries which are not taught in New Zealand (e.g. language, literature and history), for sending their children to a boarding school abroad or for additional support for non-English speaking children.