



Pensions and Intergenerational Equity Hub

Newsletter for April- July 2025.

The last five mid-year months have been a time of high activity in the PIE hub. As a small unfunded hub, PIE concentrates on the implications for pensions and inter-generational equity of existing policies and possible reform options in a time of rapid demographic change. The fortunes of the young and the old are inter-connected, with the investment we make in the young directly impacting the quality of care of the old. Both ends of the age spectrum need monitoring and protection for equitable access to resources. There is never a shortage of things for us to work on.

Aged care and housing

One of the long-term problems PIE works on is increasingly inadequate housing for many older people. Here Claire Dale asks [As house prices drop, will the retirement nest egg still be such a safe bet?](#) Changes to KiwiSaver, global economic uncertainty and predictions house prices could drop by as much as 20% by 2030 all mean a retirement strategy based on the equity held in a house is no longer as reliable as it used to be.

Claire Dale has also worked with a small trans-disciplinary team since 2022 on the research project: "Aged Care in a Changing World". The first stage of the project was interviewing stakeholders in the aged care sector in Aotearoa New Zealand. In PIE working paper 2025-2 [Aged Care - Good, better, best](#) the interviews are described and reveal an alignment of values among for-profit and not-for-profit providers. This is encouraging because it indicates that the wellbeing of the people in their care is the primary concern.

Is New Zealand Superannuation (NZS) 'affordable'?

In the PIE hub, we believe policy development should be based on a sound framework such as we set out in a Policy Quarterly article, [St John and Dale \(2012\)](#). The essential first step is to carefully identify the nature of the problem. Omitted, we risk incoherence as can be seen in the current strident demands for a rise in the age of eligibility for NZS because NZS is believed to be 'fiscally affordable'

In the grips of a prolonged recession, the immediate problem is one of increasing unfairness, especially between the wealthy old and the impoverished young. Drawing on PIE research [New Zealand Superannuation as a basic income](#), we outline a solution here: [Take \\$3billion off the top end of super and redistribute within the welfare budget to reduce poverty and make it fairer.](#)

But once we have moderated the immediate inequities, let's not also expect NZS to do the heavy lifting of tackling long term problems such as climate change and health cost

pressures. For those longer term issues we need a wealth-based tax, such as suggested by PIE [here](#).

In the infamous 1991 'mother of all budgets', the National Government outlined how they would change NZ's state pension into a welfare benefit: a draconian policy to save money that was mercifully thrown out before implementation. PIE believes it is possible, under current austerity policies, for government once again to be tempted to adopt a joint means test, for instance akin to the one in Australia. PIE's basic income approach is intended to head off that possibility as it would damage the core of our retirement incomes policies.

Former RPRC co director Michael Littlewood contributes to the debate by highlighting how the fiscal cost outcomes show projections for NZS have moderated over time: [On the long-term costs of New Zealand Superannuation: more affordable now?](#). He suggests NZS can be improved but is basically worth protecting.

The fiscal straight-jacket

One emerging issue is that of how to conceptualise the projected fiscal costs and pressures, specifically from the ageing of the population, but also from climate change, and infrastructure deficits and other risks.

PIE has been contributing to various Treasury workshops (March- August) on long term fiscal planning. Susan St John was also an invited panelist at the Greens fiscal strategy launch in June. In [Reflections on the Green Party's Fiscal Strategy launch](#) the suitability of the accepted fiscal indicators and targets are questioned.

New Zealand was the first country to adopt a formal accounting framework for the Crown under the Public Finance Act (1989) and has gone further than other countries in treating the government as if it was a business. Goals for fiscal indicators like net debt, government spending and tax, all as a percentage of GDP, may however unduly constrain the government. For example, there may be a significant opportunity cost if net debt is not too high, but not high enough because we don't adequately invest in the real economy that might make the future fiscals more manageable.

One of the issues rarely discussed is the accounting treatment of our two main social insurance programmes, ACC and NZS. PIE will continue to explore these issues in the coming months.

Submissions and other activities

We continue to contribute to select committees with oral and written submissions on new bills such as the [Regulatory Standards Bill](#), and to consultations such as the recent MSD one on [Working for Families](#). It is a time consuming part of our work and one that we often fail to see any outcomes for, yet it is important for democracy that poor law and [time wasting consultations](#) are called out. A more rigorous regulatory impact statement process would help.

After the Coalition Government's announcement that the Census would be dropped, we were pleased to publish this Commentary by Len Cook: [What the public needs to know about the decision to stop the five-yearly census](#). We also commend the work of Research Associate Alec Waugh whose website is a treasure trove of newsletters and current debates on the future of New Zealand Superannuation. www.kaspanz.com.

PIE media & publications

- Dale, M.C. [As house prices drop, will the retirement nest egg still be such a safe bet?](#) The Conversation, 16 July 2025.
- St John, S (2025) MSD consultation : [Empowering families: Increasing certainty and preventing debt in the Working for Families scheme. Yeah right](#). | The Daily Blog 7th July

- St John, S [PIE Submission: 2025-2 Review: Empowering families: Increasing certainty and preventing debt in the Working for Families scheme](#)
- St John, S (2025) Panel discussion [Reflections on the Green Party's Fiscal Strategy launch](#) 16th June, Wellington Museum. PIE commentary 2025-4.
- Daily Blog Panel discussion 10th June 2025. [The Bradbury Group with Rawiri Waititi, Arena Williams, Dita de Boni and Assoc Professor Susan St John](#)
- Cook, L., Pie Commentary, [What the public needs to know about the decision to stop the five -yearly census](#), 30 June 2025.
- Dale, M.C., PIE [Submission 2025-1 : Regulatory Standards Bill](#), 23 June 2025
- Dale, M.C., PIE Working Paper 2025-2, [Aged Care in a Changing World: good, better, best](#) 16 June 2025,
- St John, S (2025) [The young need state support just as much as the old](#) Newsroom, 6th June, 2025
- St John, S (2025) interview with Susan Edmunds RNZ [Budget 2025: Economists split over Government's student loan move – NZ Herald](#), 25th May 2025
- St John, S (2025) : [Govt should defuse NZ's social time-bomb – but won't](#) Newsroom Op-Ed 21st May 2025
- Dale, M.C., University of Auckland, Opinion, [Housing security slipping for older Kiwis](#), 7 April 2025, republished in Age Concern Senior Matters, 5 May 2025
- St John, S (2025) [Same old story—let's frighten the horses with the bogey of net debt](#), Substack 3rd May 2025
- St John, S (2025) [\(16\) Ep 44 Head2Head – Susan St John on rethinking Superannuation](#), Substack interview with Bryan Bruce, 23rd April 2025
- St John, S (2025) [The fatal flaw in our social policies since 1991 remains to haunt us](#) Substack 7th April.
- St John, S (2025) [There is a truckload of trouble coming as the budget looms and the signals are ominous](#) Daily Blog 2nd April 2025