



BUSINESS SCHOOL

Economic Policy Centre

The University of Auckland Business School

The Pensions and Intergenerational Equity Hub

Newsletter for December quarter 2023

The RPRC now operates as the [Pensions and Intergenerational Equity \(PIE\) hub](#) of the Economic Policy Centre.

The year finishes with a new coalition government and new policy priorities that for the most part will adversely affect intergenerational equity.

During 2023, PIE drew attention to the many issues facing the ageing population that remain unresolved. We noted that many superannuitants who are struggling in the rental market are ineligible for additional assistance because they fail the asset test. To have no more than \$8,100 in cash to qualify for any assistance is unacceptable but remains unresolved.

We also engaged in the debate over [asset and income testing residential aged care](#) and the unfairness of the treatment of couples.

The controversy re the qualifying age for NZ Super was put to bed for the duration of the new government with National relinquishing their desire to raise the age slowly to 67 in favour of a guarantee it will remain at 65. But does that mean we can afford the current settings? PIE notes that the increase in NZS expenditure over the next 4 years is \$7 billion and NZS expenditure at \$22 billion towers over all other social security spending. The first babyboomer turns 85 in 2030 and as the ranks of the 85+ swell in the next 20 years the costs of care will mushroom. At what opportunity cost? As PIE has argued the NZ Super Fund does not guarantee any aspect of NZ Super, see [here](#).

Perhaps we need to follow the UK's lead and reconsider the value of annuities as a way of funding older age. See [Annuities are back in favour](#).

As recessionary pressures build pre-Christmas, more are turning to their KiwiSaver account to cash in savings under hardship provisions. To improve equity in tough times, PIE recommends making [employer contributions of 3% mandatory for all KiwiSavers, whether on a savings suspension or not](#).

Moral challenges arise as new policies unfold under a new government. For example, some, apparently, are happy with the reversal of NZ's world leading smoke-free legislation because earlier deaths mean savings on NZ Super. Others are horrified at the implications for the health of the young and the pressure on an overtaxed health system.

PIE Commentaries

This section of the PIE webpage encourages debate about policies and issues that impact on pensions and intergenerational equity. New commentaries for the December 2023 quarter are:

[PIE Commentary 2023-17: Age Friendly Auckland Symposium](#).

[PIE Commentary 2023-16: The coalition agreement for Working for Families will fail to achieve National's objectives but tweaks could improve it.](#)

[PIE Commentary 2023-15: University underfunding is compounded by their greater corporatisation.](#)

[PIE Commentary 2023-14: The new government needs a simple fix to improve child poverty - here's what it should do](#)

[PIE Commentary 2023-13: Who is asked to bear the costs of old age](#)

[PIE Commentary 2023-12: Structuring taxes to achieve equitable and efficient outcomes.](#)

Events:

- The inaugural Sir Owen Woodhouse Visiting Fellow, Professor Richard Gaskins' lecture illuminated the revolutionary concepts presented by Sir Owen Woodhouse in the 1960s, arguing that these ideas hold a key to confronting modern-day threats like climate change and global pandemics. [Sir Owen Woodhouse Memorial Lecture 2023 - The University of Auckland 25 October 2023 at Auckland Law School](#)
- At "Age Friendly Auckland Symposium: Uplifting the voices of older people", Dr Claire Dale chaired panel discussion: *Combatting ageism in Tamaki Makaurau*. 1 November.
- Forthcoming: Te Ara Ahunga Ora Retirement Commission's Super Summit in Wellington on 21 March 2024. [9.30am - 4.30pm Public Trust Hall, Lambton Quay](#)

PIE in the media December quarter 2023

- St John, S (2023) [The coalition agreement for Working for Families is very weak but tweaks could improve it.](#) Daily Blog 27th November
- Dale, C & St John (2023) [Who'll pay to care for us when we grow old, and then even older?](#) Newsroom 12th November, republished Senior Watch 13th November, republished Ageing Well National Science Challenge Newsletter - Issue #5, 2023, [Susan St John Radio NZ, The Panel, 15th November](#)
- St John, S (2023) [If NZ's new government wants a simple fix to improve child poverty, here's what it should do](#) The Conversation, 10th November, republished NZ Herald
- St John, S and O'Brien, M (2023). Structuring taxes to achieve equitable and efficient outcomes. [CPAG 2023 Policy Brief Tax.](#)
- Dale, M C & St John, S (2023) quoted by Mary Holm in [NZ Herald](#) 28 October
- Dale, M C (2023) Auckland Council's Advisory Panels outline key priorities to [Councillors](#) 16 October
- Dale, M.C. (2023) [Auckland Council press release](#) quotes Dr M.C.Dale 13 October