



BUSINESS SCHOOL

## Economic Policy Centre

The University of Auckland Business School

### Pensions and Intergenerational Equity Hub

#### Newsletter for September quarter 2023

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

This newsletter covers the September quarter including selected **publications, presentations and media**

#### **New pensions policies**

In an election year, policies that affect intergenerational equity come thick and fast. We note that the huge anomaly for those who need an accommodation supplement as reported in our previous newsletter has not been fixed. Many are ineligible for additional assistance because they fail the asset test. PIE suggested the cash asset threshold for the accommodation supplement be increased from its current woeful level of \$8,100 to a more realistic \$150,000. The figure of \$8,100 had its origins back in 1988 and has not been raised since. The cash that an older person has from KiwiSaver and other deposits is needed for future retirement needs and should not reduce housing assistance.

Post May 2023 budget there was quite a raucous debate on whether the age of entitlement to NZ Super should be raised. Misleadingly it was claimed by the government that their contributions to the NZ Super Fund would make super at 65 affordable. PIE has written extensively to explain how the fund does not guarantee any aspect of NZ Super, see [here](#). PIE says we need a full debate about policy options including aligning single sharing and married rates of NZS and a clawback through the tax system to ensure we treat all those on low incomes with more generosity and yet have policies that are sustainable and fair in the long term.

There are also growing concerns that too many New Zealanders are not saving for their retirement: over 1 million KiwiSavers are not regular contributors. To improve equity in tough times, PIE recommends making employer contributions of 3% mandatory for all KiwiSavers, whether on a savings suspension or not. The budget announcement that the government would pay the employer contribution of 3% on Paid Parental Leave was a minuscule nod in the direction of addressing low KiwiSaver balances of women in particular. We argued in the [PIE submission on the Tax bill](#) that spending another net \$4m a year (after admin costs) on this policy was ill-focused and only likely to benefit a tiny handful of higher income women.

In July, National proposed allowing those under 30 to access their [KiwiSaver balances to pay for residential bonds](#). PIE described the policy as "stop-gap, short-termism". It is important to protect the balances of KiwiSaver for retirement and find other solutions for low income people struggling with bond payments. PIE notes that there are already rigorous hardship access provisions for KiwiSaver so that funds are released only as a last resort. A separate category for housing bonds is not needed.

A KiwiSaver policy announced by National to allow for more than one provider for KiwiSaver is very worrying. [Some concerns voiced here](#).

Intergenerational equity demands attention to our inefficient and inequitable tax system. To manage the costs of an ageing population and to invest adequately in the future workforce on which older people depend, we need to raise more tax revenue. PIE published a commentary pre-election on the reform of the New Zealand tax system to secure more equitable and efficient outcomes. [PIE Commentary 2023-12: Structuring taxes to achieve equitable and efficient outcomes.](#)

### PIE presentations

- Susan St John was a guest speaker at the 1st Annual Pension Conference 14th September Pensi3n Research & Consulting: Building Gold Standard for Private Pensions hosted as a virtual event: see PIE presentation 2023-2. [What does the unique New Zealand approach to pensions policy offer women?](#) The features of the unique pensions framework of a secure, adequate, basic income (New Zealand Superannuation) and a well-designed auto-enrolment scheme (KiwiSaver) are potentially good for women.
- Claire Dale spoke at The New Zealand Association of Gerontology conference 6-8<sup>th</sup> September [Rethinking Ageing](#). See [PIE presentation 2023-1: NZAG Provider Consensus for Flourishing in Aged Care.](#) Dr Dale, PIE Honorary Research Fellow and Research Fellow in the School of Population Health, Faculty of Medical and Health Sciences, is part of a small multi-disciplinary team that has begun a research project to investigate aged care providers' perceived requirements to ensure their clients flourish. An unexpected consensus on essentials for flourishing in care was revealed.
- Susan St John was invited to take part in New Zealand's Population Conference 29-30<sup>th</sup> August Auckland University to commemorate the contribution of demographer Emeritus Professor Ian Pool. She spoke on the policy implications of ageing: [Population futures in an uncertain world: The changing face of Aotearoa.](#)
- Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill – commentary on the Bill. Pension and Intergenerational Equity Hub [PIE submission.](#)

**Podcast:** Susan St John and Claire Dale were interviewed by Sangita Chawla, Chief Marketing Officer at Standard Life.

[Podcast | What the UK can learn about auto-enrolment from New Zealand | Thinking Forward | Standard Life](#)



[Article New Zealand's KiwiSaver: a template for auto-enrolment reform in the UK?](#)

### Forthcoming Events:

- Te Ara Ahunga Ora Retirement Commission's Super Summit in Wellington on 21 March 2024. [9.30am - 4.30pm Public Trust Hall, Lambton Quay](#)
- The inaugural Sir Owen Woodhouse Visiting Fellow, Professor Richard Gaskins' lecture will illuminate 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 (9 Eden Crescent) 6pm Drinks in Staff Common Room (801-409) 6.30 Lecture in Stone Lecture Theatre (801-316).

### 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 September 2023 quarter are:

- [PIE Commentary 2023-11: The strange coalescence of agreement by Labour and National on Working for Families.](#) In contrast to the universal, poverty preventative and unconditional basic income (NZ super) everyone gets at age 65, children's

income through Working for Families is highly conditional, tightly targeted and does not prevent the worst child poverty. Neither labour nor National policies will reduce the worst child poverty, but, ironically, they will perpetuate severe work disincentives.

- [PIE Commentary 2023-10: NZ's housing market drives inequality – why not just tax housing income like other income?](#) One of the clear drivers of wealth and income inequality is housing. But the issues are not just monetary. Too many scarce materials and human resources are diverted into top end housing away from their use for the provision of affordable housing. Is there a practical way forward?
- [PIE Commentary 2023-9: Buy now, pay more for it later...](#) The fairly recent introduction of Buy Now Pay Later (BNPL) into New Zealand has been a convenient and low-cost form of credit for many people but has inadequate protections for consumers who may struggle to make repayments.
- [PIE commentary 2023-8: When do we ever learn?](#) We are very aware of outright frauds and con artists who can cause much pain to those with money to invest, but there are many pitfalls for the unwary in our shadow banking sector as history teaches us.
- [PIE Commentary 2023-7: All for an extra \\$20 a week?](#) This commentary questions the work done by Treasury to provide a tax-free threshold paid for by a wealth tax and asks "How would giving an extra \$20 a week to nearly everyone, paid for introducing a hugely complex wealth tax of \$4 billion ever going to be any kind of answer to the grave challenges NZ faces?"

#### **PIE in the media September quarter 2023**

- Dale, M.C. US Journalist Natash Hakimi Interviews Claire Dale on New Zealand's Superannuation, 27 September 2023
- St John, S (2023) [The Labour-National consensus on family support means the election won't change much for NZ's poorest households](#) The Conversation, 12<sup>th</sup> September 2023
- Dale, M.C. Newsroom: [Buy now, pay more for it later](#), 5 September 2023
- St John, S (2023) [So this is the best we can expect from the Working for Families \(WFF\) review?](#) 14<sup>th</sup> August 2023
- St John, S (2023) [What are we to make of welfare and Working For Families reform now?](#) Daily Blog 10<sup>th</sup> August, 2023
- St John, S (2023) [When will we ever learn?](#) Daily Blog 31<sup>st</sup> July, 2023
- St John, S (2023), [All for an extra \\$20 a week?](#) Daily Blog 17<sup>th</sup> July 2023
- St John, S (2023) [Paid Parental Leave KiwiSaver contributions.](#)