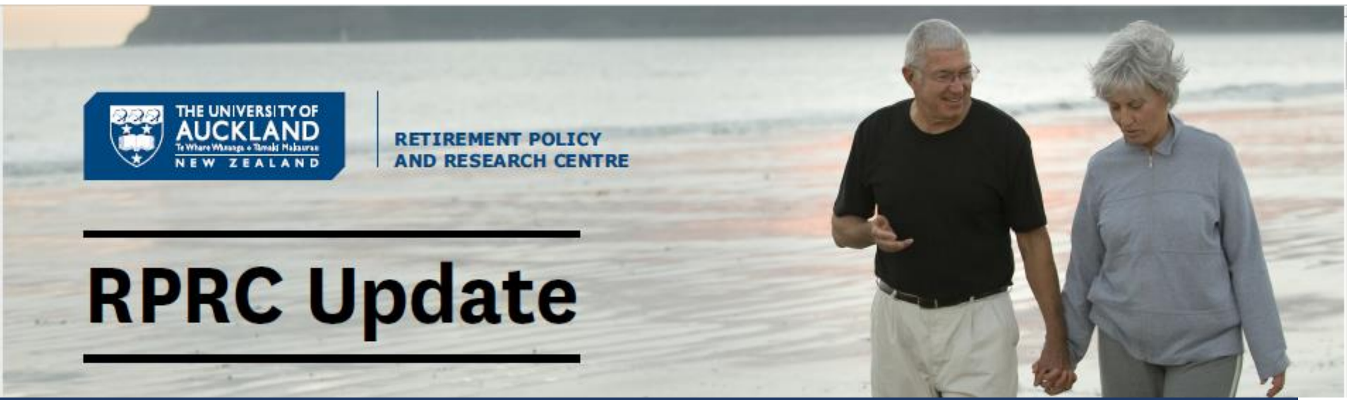
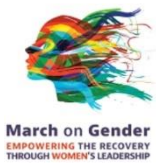


March 2021 | Volume 14, Issue 1 of the quarterly RPRC Update

OECD's gender lens on retirement policy

Findings from ***Women and Retirement in a post COVID-19 world***, by M.Claire Dale and Susan St John, commissioned by David Harris, GM TOR Financial Consulting, UK, were presented by the authors at an International Zoom workshop for Insurance Ireland on 7 October: *A Universal Pension for Ireland – voices from New Zealand, Australia and Sweden***.** On 19 October, St John presented the report findings at an online conference for IAPF (Irish Pensions Savers) conference*: A gender lens: Pensions Policies New Zealand, Ireland and Australia*.



On 10 March 2021, as a result of RPRC's report, Dale was invited to join the international panel at the zoom launch of OECD's publication ***Towards Improved Retirement Outcomes for Women***. After the opening address from Juan Yermo, Chief of Staff to the Secretary-General, OECD, Dr Pablo Antolin, OECD's Principal Economist and Head of the Private Pensions Unit, chaired the panel discussion. Panel members were Júlia Čillíková, Executive Director, Supervision and Financial Consumer Protection Division, National Bank of Slovakia; **Dr Claire Dale**, Research fellow, RPRC; Paul Leandro, Partner, Barnett Waddingham, UK; and Dr Mathilde Mesnard, Deputy Director, Directorate for Financial and Enterprise Affairs, OECD. The video of that discussion is available here.

Dale commented on the OECD report findings in addition to the RPRC's report: *Across the OECD, the gender pay gap on average has reduced to 13% but the gender pensions gap can reach more than 40%. If we are to close this gap, we need to tackle the gender pay gap, the disincentives linked to the cost of care provision, the low financial capabilities among women, and improve the design of retirement savings arrangements.*

Women contribute less to their retirement savings plans due to lower wages and a higher likelihood of being in part-time work. Career breaks linked to caretaking can also lead to contribution gaps and shorter contribution periods for women compared to men.

Internationally, some comparatively easy policy fixes include removing any minimum income eligibility requirements for participation in pension saving (eg. Australia and Ireland). The introduction of a simple, accessible, national scheme, such as New Zealand's KiwiSaver, has wide coverage with over 3 million active or provisional members in our total population of just over 5 million.

Another important aspect of an efficient and effective retirement saving scheme is ensuring the portability of contributions when changing employers. With the Inland Revenue Department as the 'clearing house' for managing the collection and payment of contributions to the chosen fund, KiwiSavers trust the system.

Access and membership to a retirement saving scheme needs to be part of being a citizen, and not confined only to those in the paid workforce. Voluntary contributions can be encouraged, and, as already occurs in many countries, providing 'care credits' or saving subsidies for maternity and caretaking is another way to close the gender pension gap.

It is vital that financial education is tailored to women. Also, annuity options and mechanisms to allow for gender-neutral annuitisation of Second Tier lumpsums need to be explored. At RPRC we argue that state involvement is necessary to ensure affordability and fairness in annuitisation.

We endorse the suggestion in the OECD report that: Pension funds (which are increasingly significant) could invest in projects that address the sources of the gender gap, such as childcare and financial education; and they could also ensure the companies they invest in are seriously embracing gender equality in terms of pay and executive level representation.

The main message is: progress toward gender equity in pay and pensions could be made in a flash if the need was prioritised.

Contents

The ACC-Futures Forum

Brentwood Hotel, 16 Kemp St, Kilbirnie, Wellington

Friday, April 30, 2021 - 8:45am - 5pm
Programme and registration at
https://accfutures.org.nz/EVENTS/ACC

Organising committee: Glenn Barclay, Hazel Armstrong and Susan St John, RPRC.

The Forum will examine the ways in which the ACC scheme is currently operating, its underlying structure, and how it has been shaped by public sector reform.

- How well does the current model of ACC fit with our obligations under Te Tiriti?
- Is the ACC scheme well designed to meet the needs of the 21st century including that of an ageing population?
- What can we learn from Australian health and disability reforms?

New Zealand has faced several major national disasters in the last decade in addition to climate change and other events such as the COVID pandemic. The remainder of the 21st century is bound to see more such events. We also have a rapidly ageing population and huge dislocation to key sectors of the economy. The time for action has arrived.

The programme includes a commentary from Australia by Professor Richard Madden on their National Disability System which seeks to integrate the treatment of sickness and accidents.

The ACC-futures Coalition is comprised of unions, community groups, health practitioners, lawyers and academics who believe in the unique advantages to the distinctly New Zealand approach to no-fault, 24-hour accident coverage, yet see many unresolved issues in the way that ACC operates.

The RPRC is an affiliate of the ACC-futures Coalition, and has long worked in this area, including hosting public forums and publishing research.

Some history of the RPRC's ACC work is available here.

ACC Futures Coalition was established to uphold the principles of the original Woodhouse report on compensation, treatment and rehabilitation of injuries and their prevention. These principles are:

- Complete rehabilitation
- Comprehensive entitlement
- Administrative efficiency
- Real compensation
- Community responsibility

BUSINESS SCHOOL

Retirement Policy and Research Centre

A Briefing from the Retirement Policy and Research Centre

PensionBriefing 2021-1: Gender: pay & pensions gaps, and penalty of COVID-19

This PensionBriefing is based on the RPRC 2020 Working Paper, *Women and Retirement in a post COVID-19 world*, by M.Claire Dale and Susan St John, comparing gender pay gaps, gender pension gaps and COVID-19 penalties in New Zealand, Australia and Ireland. The gender *pay* gap shows how much less women are paid than men for the same work. The gender *pension* gap is seldom measured or even acknowledged, largely because most social insurance and work-based retirement savings schemes have lacked a gender lens. Women are absorbed into a male model of workplace participation, yet their paid working lives tend to be very different. The gender *penalty* of COVID-19 has increased the magnitude of both pay and pension gaps.

Unfortunately, there is no gender analysis by either IRD or FMA of KiwiSaver withdrawals, but we can assume that a similar proportion of the $126 million withdrawn from KiwiSaver in the year to June 2020 due to financial hardship was from women's retirement savings.

It is unlikely that women's retirement savings will ever recover from these withdrawals. Their on-average lower incomes in addition to the effects of compounding on their diminished savings do not augur well for their future retirement.

A further gender penalty is revealed in the unemployment rates in New Zealand. Pre and post COVID rates for women were higher than the rates for men: unemployment rates December 2019: Men 3.8% Women 4.1%; December 2020: Men 4.5% Women 5.4%. Unemployment rates for men increased by 7 percentage points over the year, and for women by 13 percentage points.

The New Zealand Treasury's 2021 Budget Policy Statement (pp. 14-15) also recognizes those most affected by COVID-19 were women and young people, and one of the five government priorities is to support them into employment. Unfortunately, Treasury simply makes vague references to innovation and technology then reverts to the 'shovel ready' male-dominated model of economic recovery.

Prior to COVID, the average old-age poverty rates for women and men in the OECD equal 15.7% and 10.3%, respectively. So it does not augur well for the future that, during the pandemic, women have been more likely than men to draw down their retirement savings under 'hardship' rules. Such drawdowns deplete their already smaller accumulations.

Without doubt, COVID has made the situation for women worse now, and our fear is that it will be even more dire in the future if governments do not take appropriate 'recovery' action.

See the PensionBriefing here.

TE TAI ŌHANGA
THE TREASURY

New Zealand’s 2021 Budget Policy Statement’s five wellbeing priorities:

· *Just Transition* – Supporting the transition to a climate-resilient, sustainable and low-emissions economy while building back from COVID-19.

· *Future of Work* – Enabling all New Zealanders and New Zealand businesses to benefit from new technologies and lift productivity and wages through innovation, and support into employment those most affected by COVID-19, including women and young people.

· *Māori and Pacific* – Lifting Māori and Pacific incomes, skills and opportunities, and combatting the impacts of COVID-19.

· *Child Wellbeing* – Reducing child poverty and improving child wellbeing

· *Physical and Mental Wellbeing* – Supporting improved health outcomes for all New Zealanders and keeping COVID-19 out of our communities.

The BPS also contains a Wellbeing Outlook (as well as an Economic and Fiscal Outlook) that describes the current state of wellbeing in New Zealand.

See the BPS here.

Submissions on the Budget Policy Statement closed at noon on 15 March 2021.

The BPS states:

Like other countries, New Zealand faces longstanding pressures from changing demographics, from climate change, from rising expectations of healthcare and other services. Treasury is developing the 2021 statement on the long-term fiscal position, which will examine the post-pandemic fiscal outlook, medium- and long-term trends, and the choices that those will present for Governments.

The Australian Royal Commission into Aged Care Quality and Safety’s final report proposes an overhaul of the aged-care system.

Among the 148 recommendations, 4 are prioritised:

1. Australia needs a rights-based aged-care system.
A new Aged Care Act to underpin reform should set out the rights of older people, including their entitlement to care and support, based on their needs and preferences. This would be a significant shift away from the current ration-based system, and would bring aged care more in line with the principles of Medicare.

This would mean the number of people in the system would no longer be capped,, and the long waiting lists for care would disappear over time.

The current aged-care programs, such as home-care packages and residential care, would be replaced by a single program under which all older Australians in need of support would be independently assessed, and allocated care according to their personal needs and preferences — whether at home or in residential care. With the right support, this would enable older Australians more choice and control over their care.

2. The system needs stronger governance.
The report calls for much stronger governance, regulation of the quality of care, prudential regulation, and an independent mechanism to set prices. Such changes would ensure the “quasi-market” aged-care system was much better regulated, holding providers to a higher standard of care, and better able to address any service gaps in the system, including the introduction of home care in locations where such services were not previously available.

This change would require all aged-care providers to be accredited against the new standards, thus weeding out some of the poorest performers in the sector. Offices across the country would provide local support to older Australians and providers. Unfortunately, commissioners diverged on the exact mechanisms for these changes.

3. Workforce conditions and capability need to improve.
The final report makes numerous important recommendations to enhance the capability and work conditions of formal carers. It calls for better wages and a new national registration scheme for all personal care workers, who would be required to have a minimum Certificate III training.

Residential care facilities would need to ensure specified minimums of staff time with residents. The facilities would be required to report staffing hours provided each day, specifying the breakdown of residents’ time with personal care workers versus nursing staff.

These measures are the bare minimum, giving facilities a minimum 2 or 3 star rating. But coupled with recommendations for stronger transparency, including the publication of star ratings and quality indicators to compare provider performance, providers might be incentivised to go above this minimum standard.

4. A better system will cost more.
The final report makes a series of complex recommendations about fees and funding. Essentially, the proposed new funding model would provide universal funding for care services, such as nursing, meaning there would be no requirement for aged-care recipients to pay a co-contribution, like public patients in public hospitals. Instead, the expectation is people pay for their ordinary costs of living, such as cleaning, subject to a means test and up to a maximum amount in residential care.

These changes would coincide with the phase-out of the refundable accommodation deposits, currently paid by some residents as a lump sum to providers when they enter residential care. This approach is a shift away from the current muddled set of means-tested arrangements, and may help offset some of the additional spending needed to pay for a rights-based system.

The commissioners’ views diverged as to the specific arrangements, and the report does not touch on how much the recommended changes would cost. Australia should be prepared to pay the price of a better system.

See the full report here.

In Memorium: Gerry Hughes

The RPRC marks with sadness the passing of Professor Gerry Hughes on March 12, 2021 in Ireland. Gerry was a great colleague and friend to the RPRC and was a valued editor of PensionReforms.

Gerry became a visiting Professor at Trinity College after his retirement from the ESRI. He has made a lasting impact through his work on labour markets and pension issues - not only in Ireland but through his work for the OECD and as a founder member of the European Research Network on Supplementary Pensions.

Everyone that he collaborated with and mentored will always remember his energy and his kindness. He remained active in retirement and was a recent recipient of the Miriam Hederman O'Brien Prize from the Foundation for Fiscal Studies for work on pensions with Micheál Collins of UCD.

In 2008 the RPRC invited Gerry to New Zealand to speak at our conference Symposium: Retirement income policies in New Zealand - looking back and looking forward**.** Gerry's paper marked the beginning of a long association with the RPRC and our involvement with pensions issues in Ireland.

Gerry's paper is available online: 2008 RPRC symposium paper: Lessons from New Zealand for Ireland's green paper on pensions (403KB)

Our deepest sympathies to his family at this sad time.

Report on Ageism

This UN Global Report on ageism is designed to start a global conversation. The link to the Report and the diverse tools and resources in English is here: https://bit.ly/combatageism.

Three **strategies to reduce ageism** have been shown to work: **policy and law, educational activities** and **intergenerational contact interventions:**

Policies and laws can be used to reduce ageism towards any age group. They can include policies and legislation that address age discrimination, inequality and human rights laws. Such strengthening can be achieved by adopting new instruments at the local, national or international level and by modifying existing instruments that permit age discrimination. This strategy requires enforcement mechanisms and monitoring bodies at the national and international levels to ensure effective implementation of the policies and laws addressing discrimination, inequality and human rights.

Educational interventions to reduce ageism should be included across all levels and types of education, from primary school to university, and in formal and non-formal educational contexts. Educational activities help enhance empathy, dispel misconceptions about different age groups and reduce prejudice and discrimination by providing accurate information and counter-stereotypical examples.

Intergenerational Contact Interventions Investments should also be made, which aim to foster interaction between people of different generations. Such contact can reduce intergroup prejudice and stereotypes. Intergenerational contact interventions are among the most effective interventions to reduce ageism against older people, and also show promise for reducing ageism against younger people.

Auckland Transport Consultation – closes 2 May 2021

Over the next 10 years, $36 billion is planned to be spent across Auckland's transport network, funded through:

- Auckland Council - rates, development contributions and debt
- Central Government - funding from the National Land Transport Fund, other Crown allocations for rail projects including the City Rail Link.
- User pays service charges - parking fees and public transport fares
- Regional Fuel Tax.

Objectives include:

- Significantly reduce climate change emissions
- Accelerate better travel choices for Aucklanders
- Make the transport system safe by eliminating harm to people
- Better connect people, places, goods and services
- Enable Auckland's growth Increasing urban density and provision of new funding tools

Safety issues could include:
- Pedestrian safety, including safety from e-scooters
- Improved safety on public transport for children, disabled, elderly and others
- Safer access to schools
- Improved condition of footpaths
- Compulsory defensive driving training to obtain driver's licence.

Read the full draft Regional Land Transport Plan (2021-2031) (RLTP) to see the proposed policy changes.
The consultation document is available here.

A resource for preparing a submission:
Paul Callister and Heidi O'Callahan's Institute for Governance and Policy Studies Working Paper 21/09 ***How to decarbonise New Zealand's transport sector.*** From page 9 of this Working Paper:
Car dependence - including high car ownership, biased regulations, unhealthy streets prioritised for vehicles, and sprawling development patterns - is at the root of Auckland's high transport emissions: Car-dependent transport systems are an important component of 'carbon lock-in', i.e. "the interlocking technological, institutional and social forces that can create policy inertia towards the mitigation of global climate change"... suburban

sprawl can be seen as the effect of state capture by the car-dependent transport system, rather than an outcome of citizen preferences… The strength of this state capture is evident in the recent update to the Auckland Transport Alignment Project29. With a budget of $31.4 billion, ATAP 2021 is the largest investment in business-as-usual car dependent planning the city has seen. The 10-year programme puts the city on track to increase transport emissions by 6% over the decade.

The programme ignores the Council's commitment to C40 "innovative city" membership, which requires innovation and leadership to inspire other cities. The Auckland Climate Plan's target of reducing transport emissions by 64% over the decade, and various specific targets, such as increasing cycling modeshare to 7%, were ignored.

An optimum retirement age?

OECD data shows New Zealanders have some of the longest working lives in the developed world: the average effective age of retirement in New Zealand is 69.8 years for men, and 66.4 years for women.

"Only men and women in the culturally work-obsessed Japan and South Korea, and the Latin American countries of Mexico and Chile, have a later "average effective" retirement age."

See Rob Stock's article in stuff.co.nz here.

LifeCurve app for aging well launches in Bay of Plenty

Launching LifeCurve app: Kathy Everitt, BOPDHB CEO Pete Chandler, Professor Ngaire Kerse, and Sarah Mitchell.

Project Research Lead, Kathy Everitt says "*Research shows we can make a difference to how we age, and getting older does not have to mean losing independence. No matter what age we are, small changes like adding more movement into our lives can make a big difference.*"

"*It's about prevention, independence & empowerment*," says University of Auckland, Joyce Cook Chair in Ageing Well (and RPRC Associate), Professor Ngaire Kerse. "*The app offers practical ways to maintain health and function through the later years, empowering you to age well and helping you live life to the fullest.*"

The app's New Zealand launch is the result of ongoing work between the BOPDHB, ADL Smartcare Limited and the University of Auckland.

To find and download the app, go to the Apple or Android app stores by searching for 'LifeCurve', or go to the website https://bayofplenty.lifecurve.co.nz and click on the orange tab labelled 'Start using the LifeCurve'.

See the full **sunmedia article here.**

NEW ZEALAND FABIAN SOCIETY — INCITING DEBATE | WERO I TE AHI

THE POLICY OBSERVATORY

Auckland Fabians 2021

Wednesday, 28 April, 6.30-8pm,
AUT Auckland City Campus,
Lecture Theatre WG126

The housing crisis, tax policy and restoring equity to the social fabric of New Zealand, presented by:
Associate Professor Susan St John, UoA, and Terry Baucher, Founder Director, Baucher Consulting

The bright line test has been extended to ten years. Tax deductibility for the cost of a mortgage for landlords is to be removed. These are steps are a start. There is more to be done. With Susan and Terry, we have two advocates for making the tax system in NZ more fair, equitable and capable of raising the funds needed to enable the country to support the wellbeing and infrastructure necessary for a good society. The session will be a significant contribution to what the post covid settings should be of a prosperous and fair NZ.

Susan St John is director of the University of Auckland's Retirement Policy and Research Centre and a founding member of Child Poverty Action Group. Current projects include retirement policies, overseas pensions and their treatment in New Zealand, international pension systems, long-term care, the family tax credit system, child poverty, the welfare state and targeting, the gender and economic implications of the ACC scheme, and tax reforms especially taxation of housing.

Terry Baucher is a tax consultant and director of Baucher Consulting Limited which he founded in 2004. He advises a range of matters such as immigrating to New Zealand, the impact of overseas taxes such as the UK's inheritance tax and the taxation of foreign investments and superannuation schemes. He has a keen interest in tax policy and is the co-author with Deborah Russell MP of "Tax and Fairness" published in May 2017. A regular media commentator on tax matters, he regularly presents at seminars, and also hosts the podcast "*The Week in Tax*", with the transcript published at interest.co.nz.

Wednesday, 28th April, 6.30-8pm,
AUT Auckland City Campus,
Lecture Theatre WG126

RPRC Media mentions and public presentations:

26 December 2021, www.interest.co.nz, Susan St John argues for taxing a deemed rate of return on excessive real estate holdings (after a family home exemption), to redirect scarce housing resources to where they are needed most.
5 January 2021, NZH, Professor Craig Elliffe quotes Susan St John in his support of her article: "Taxing residential properties: Is it time to pull the lever?"
7 January 2021, NBR, Susan St John writes "*Any economic fix starts with fixing inequality"* (paywalled). Here, *Audio link to interview.*
22 January 2021, Scoop.nz.co, M.Claire Dale quoted in "*Ngā Tāngata Microfinance Calls For Tougher Penalties For Pyramid Scheme Promoters*".
17 February 2021, oral submission: Susan St John made an oral submission to the Finance and Expenditure Committee on *New Zealand Superannuation and Retirement Income (Fair Residency) Amendment Bill.* The RPRC written submission on the bill is available here.
24 February 2021, NZHerald, Susan St John wrtes: *Time to use the Tax hose on the housing market*.
8 March 2021, Daily Blog, Susan St John writes: *"International women's day? How are the worst off mothers and their kids doing?"*
9 March 2021, written submission: Susan St John made a written submission to the Irish Pension Commission on the *Irish State Pension*, available here.
10 March 2021, Newsroom, M.Claire Dale writes "*Moola's $2.8m loss is the community's win*".
10 March 2021, OECD, M.Claire Dale on guest panel for launch of OECD publication "*Towards Improved Retirement Outcomes for Women*", youtube here.
12 March Daily Blog, Susan St John writes: "*IRD, Treasury and MSD – Does the tail wag the dog?"*

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