

RPRC Update

June 2021 | Volume 14, Issue 2 of the quarterly RPRC Update

Policy pressure points – facing up to the ageing population

University of Auckland Alumni Event

When: 10 August, 5.30pm,

Where: Decima Glenn, UoA Business School



By 2030 the babyboomers will all be over 65, with the oldest entering their expensive post 85 years. How well prepared are we? The Retirement Policy and Research Centre asks a panel of experts to discuss the economic and social impacts of our ageing population, and whether policy changes can ease the pressure points. The panel session is followed by questions from the floor.

Panelists:

Chair, Dr M.Claire Dale, RPRC Research Fellow, will provide short introductions to the topic and the speakers:

Matthew Bell, Treasury Analyst, will focus on New Zealand Superannuation and its rise relative to GDP; the [NZ SuperFund's](#) role in helping those future costs; and will share some insights on the impact of ageing on [Treasury's Long Term Fiscal projections](#).

Professor Ngaire Kerse, Joyce Cook Chair in Ageing Well, will discuss the present and likely future of healthcare and support for our ethnically diverse ageing populations, and the problems of provision of care across vastly different environments.

Retirement Commissioner Jane Wrightson shares Te Ara Ahunga Ora Retirement Commission's ideas for improving the general population's financial preparation for ageing well.

Associate Professor Susan St John, RPRC Director, will consider possible responses to fiscal

pressures, and ways of making KiwiSaver, NZ Super, housing and long-term care policies more equitable.

Register for the Alumni Event [here](#).

Please contact Natalie Newton if you have any questions about this event: n.newton@auckland.ac.nz.



BUSINESS SCHOOL

Retirement Policy and Research Centre

Department of Economics, Owen G Glenn Building, 12 Grafton Rd, Auckland

RPRC Submission: New Zealand Superannuation and Retirement Income (Fair Residency) Amendment Bill

This Bill amends section 8b of the New Zealand Superannuation and Retirement Income Act 2001 (the principal Act), raising the minimum residency requirement for New Zealand Superannuation (NZS) from 10 to 20 years, after age 20.

The universalism of current NZS policy is admired, as is its comparative generosity, funded by current taxpayers. The problem is access to this benefit based only on 10 years of residency... The issues are international and intergenerational equity, justice and fairness.

In June 2020, Ministry of Social Development tables show 809,001 people in receipt of NZS (... plus 6,390 in receipt of the Veteran's Pension)... Given expected average years of life at age 65 of 86.9 (male) to 89.3 years (female),.. a net benefit of \$490 per week for around 23 years would total \$356,720 to \$458,640 per recipient, paid by current taxpayers.

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RC recommends review of RV legislation; Symposium: R & D in ARC and RVs; ACC Futures Forum.

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In addition to NZS, which is expected to cost \$20 billion a year by 2031, the vast array of 'aged' services and support (only some of which are means-tested) includes in-home care, Rest Home and Hospital subsidies, and subsidised prescription costs. If a superannuitant's overall income is low, or comprised primarily of NZS, further financial assistance is available. Non-recoverable government funding can contribute to or cover housing costs (rent or board, mortgage, rates, repairs and maintenance), health (doctor's visits and prescriptions, dental treatment, home help, residential care), essentials (from glasses to car repairs or a fridge), and travel expenses. There is also the SuperGold card and the many benefits and discounts it accesses... Currently comprising around 16% of the population, people aged 65+ also capture around 45% of the total Health spend...

See RPRC's full September 2020 Submission [here](#).

RPRC was gratified to see the Bill pass its Second Reading:



New Zealand Superannuation and Retirement Income (Fair Residency) Amendment Bill – Second Reading

"The Bill amends section 8b of the New Zealand Superannuation and Retirement Income Act 2001 (the principal Act), raising the minimum residency requirement for New Zealand Superannuation (NZS) from 10 to 20 years, after age 20.

Recommendation

The Finance and Expenditure Committee has examined the ... Bill and recommends by majority that it be passed with the amendments shown.

Introduction

The bill would ... raise the minimum residence requirement to qualify for NZS or the Veteran's Pension ... from 10 years after the age of 20, to 20 years...

The bill is in response to the member's belief that the current minimum residence requirement does not strike a fair balance between long- and short-term New Zealand residents. Extending the residence requirement will improve fairness of superannuation for people who have been "resident and present" in New Zealand for longer. By raising the residence requirement to 20 years, the bill would help to ensure that people who are benefitting from NZS have a substantive connection to New Zealand. This is consistent with the original intention behind the principal Act. The bill is also intended to contribute to the sustainability of superannuation.

Phased increase by birthdate

... we propose introducing the longer residence requirement through a phased increase by birthdate. We propose that, for every two complete years a person was born after 1 July 1955, they would need one additional year of residence, up to a maximum of 20 years. Anyone

born on or after 1 July 1975 would be subject to the bill's 20 year residence requirement... For clarity, we propose including a table in the bill, similar to the following:

Age as at 30 June 2021	Residence requirement (after age 20)
64 and over	10 years
62-63	11 years
60-61	12 years
58-59	13 years
56-57	14 years
54-55	15 years
52-53	16 years
50-51	17 years
48-49	18 years
46-47	19 years
45 and under	20 years

Modifications for Cook Islands, Niue, and Tokelau

We ... recommend amending the bill by including in section 8 the ability to count residence and presence in the Cook Islands, Niue, or Tokelau toward the additional residence requirement... People planning to migrate to one of these countries and one day receive NZS would not be delayed from doing so. This would ensure that the longer residence requirement would not encourage depopulation of these countries; nor would it disadvantage people who have already returned there.

Modifications for refugees and protected persons

We ... propose amending the bill by inserting clause 5, new section 8A. Our amendment would retain the current 10 year residence requirement for a refugee or protected person who becomes a resident at age 55 or higher.

Download the [PDF version](#) of the Bill.

The RPRC would now like to see the deduction of overseas pensions (that are similar to KiwiSaver) abandoned for all those who meet the residency requirement of 20 years, including the currently retired.



BUSINESS SCHOOL

Retirement Policy and Research Centre

Department of Economics, Owen G Glenn Building, 12 Grafton Rd, Auckland

2 May 2021, [RPRC Submission: draft Regional Land Transport Plan \(RLTP\), the 10-year plan for Auckland's transport network](#)

It is evident that public transport has not been meeting the needs of the public when it has taken 70 years and an 500% increase in the greater Auckland population (from 319,000 in 1950 to 1,630,000 in 2020) to once again reach 100 million annual public transport boardings. Outer suburbs and lower-income suburbs of Tāmaki Makaurau are poorly served by irregular and expensive public transport. In particular, public bus transport is failing to deliver a desirable alternative to private vehicles.

We also note that Senior Road Users are more likely to be injured or die following a crash than younger people. In Auckland between 2015 to 2019, Senior Road User accidents resulted in 58 deaths and 398 serious injuries.



RETIREMENT POLICY AND RESEARCH CENTRE

Recommendation 1: To produce better outcomes for Auckland, use public consultation to explore the reasons why public bus transport is failing to deliver a desirable alternative to private vehicles.

Recommendation 2: Standardise 'safety' speed limit at 30kph in main pedestrian areas and around schools.

Recommendation 3: Increase the penalty for drivers using phones behind the wheel to \$1,000.

Recommendation 4: Improve safety for pedestrians, and restore Auckland City as a desirable destination by adapting the 2019 Proposed e-scooter regulations in France, promoting both user and pedestrian safety.

Recommendation 5: Investigate the design and application of congestion charges in London, and user charges in other jurisdictions, while ensuring adequate protections for city dwellers.

Recommendation 6: The RLTP requires urgent attention and adequate solutions to address Auckland's immediate and long-term transport-related problems, and improve passenger safety on public transport, before, during and after the journey; pedestrian safety on footpaths and roads; and public health generally.

See the full RPRC submission [here](#).

Unacknowledged consequences of the gender pay gap



11 May IdeasRoom article, see [here](#).

M. Claire Dale, Research Fellow RPRC: The gender pension gap is seldom measured or even acknowledged. As the population ages, we must address the gap before it widens.

It has [been reported that](#) the majority of the 10 highest paid individuals across government departments and most universities are still men.

It is particularly concerning that Treasury is the least equal department, with men being nine out of the 10 highest paid individuals below the chief executive. While the gender pay gap in Treasury has reduced from 18.9% in 2019, it is still 14.3%.

How can a gender-skewed Treasury bring a gender lens to the analysis and advice it provides to the Government? The gender pay gap is primarily the combination of lower pay rates, for fewer hours, for fewer years of the working age lifespan. Women's work is often part-time: in New Zealand, women comprise nearly 72% of the part-time workforce and 48% of the full-time workforce. Other factors contributing to the gender pay gap include conscious and unconscious bias, later-age divorce, and the high cost of childcare.

It is critical to recognise the adverse effect the gender pay gap has on pensions. The gender *pension* gap is seldom measured or even acknowledged, largely because it is rarely reviewed or analysed. Women's lower pay during

their working years limits their ability to accumulate assets and save for their retirement. And while New Zealand's age pension, NZ Superannuation, is relatively generous, a comfortable and secure retirement here depends largely on owning a mortgage-free home.

But solutions to the gender pension gap must begin prior to pension age. As well as being in line with natural justice, arguments supporting more gender pay equality include higher economic productivity, more diversity and economic and political stability, better mental health, more stable and happier families and less female poverty.

RPRC published [Women in retirement in a post-Covid-19 world](#) by Dr Dale and Associate Professor Susan St John comparing gender pay- and pension-gaps and COVID-19 penalties in New Zealand, Australia and Ireland. The report is also available at <https://www.pensionpolicyinternational.com/>.

Running a gender lens over our sacred social policies



27 June NZHerald article, [here](#). Susan St John, Director RPRC, challenges social policy myths.

We think we have a world leading no fault ACC scheme that many other countries would love to have, a universal, flat rate NZ Superannuation that is genuinely good for women, and a KiwiSaver for all over the age of 18 years, not just perks for men in company tax-subsidised pension schemes. But rosy utopia is far from the actual reality that many women experience. [ACC is the latest example to be exposed for its latent sexism and racism.](#)

A conference in Wellington put on by the [ACC-futures Group](#) on the 30th April discussed how the tentacles of neoliberalism dragged ACC away from its initial conception based on the visionary conception of Owen Woodhouse in the late 1960s, to become a dressed-up private insurance scheme. Like private insurance there are fine line rules about what qualifies and what doesn't. What is valued and what is not.

In many families, a woman's KiwiSaver is expendable in times of hardship or is swallowed up in the deposit for a home. It can take a long time to recover, if at all, from such raiding of her pension pot.

When she is at home, unpaid, it is more than likely that she is not contributing to her KiwiSaver at all and gets no benefit from the Government contribution of \$521 a year. When she is in paid work it is often part-time and if she can't afford to be in KiwiSaver she is effectively paid 3 per cent less than her male counterparts and misses out on government contributions too.

A woman with children is likely to receive far less in total KiwiSaver employer subsidies and government contributions between these ages and to receive any top-ups later than men and so fail to fully benefit from the magic of compounding.

New Apprenticeship For People Working In Aged Care

Scoop.co.nz report 21 April 2021

Jane Wenman, Chief Executive of Industry Training Organisation 'Careerforce' announced its Apprenticeship in Aged Care, with specialisations in dementia, palliative care, and complex conditions. "We're excited by the launch of this new programme, and the important role it will play in supporting critical workforce upskilling".

"If we are looking for any positives arising from the Covid-19 pandemic, one has to be the greater recognition and appreciation of our essential workers, and the importance of attracting and upskilling the aged care workforce", said Wenman.

The New Zealand Aged Care Association (NZACA) welcomes the new apprenticeship programme. Chief Executive, Simon Wallace says. "NZACA and its members make up more than 90% of the 40,000 rest home beds in the sector. Healthcare assistants make up the largest proportion of the aged residential care workforce at around 22,000 and the COVID-19 pandemic demonstrated the increasing importance of the role. The Aged Care Apprenticeship is a welcome initiative to both upskill our current workforce and attract more Kiwis into the sector."

See the full article [here](#).



Decade of healthy ageing

We are halfway through the first year of the [UN Decade of Healthy Ageing \(2021-2030\)](#). Welcomed by the UN

General Assembly on 14 December 2020, this initiative is a global collaboration aiming to improve the lives of older people, their families, and the communities they live in.

This decade provides an opportunity to highlight and address the issues of older people. We need to individually and collectively make the most of the decade to advance the interests and issues of older people.

There is a huge pool of information and resources on the official Decade of Healthy Ageing website, specifically targeted across multiple audiences.

[Click here to go to The Decade of Healthy Ageing website.](#)



Lifelong learning at the University:

The University Lecture Course Programme gives participant-observers the opportunity to attend regular lectures alongside enrolled students in a selection of courses. In this stress-free learning opportunity, observers are not eligible to attend tutorials, take part in assessments or exams, or access online course materials.

Courses available in Semester 2 include Contemporary Pacific Art; Shakespeare: comedies and tragedies; and How humans evolve. For more information, see [here](#).

Goodbye chequebook, Hello DIAA & SeniorNet

[The entire banking sector](#), including smaller banks like TSB and SBS, went from 934 retail bank branches at the end of September 2019 to 850, and from 2,465 ATMs to 2,216 at the end of September 2020.

As banks close around the country, there are increasing calls for the industry to solve a lack of service in rural areas. Options for online banking are hampered by poor internet and mobile phone links that make EFTPOS transactions and online banking almost impossible.

When Christchurch City Council announced it would not accept cheques, from April 30, in response to the banking sector's decision, Age Concern Canterbury chief executive Simon Templeton said "We have people contacting us every single week concerned about 'What am I going to do? What's my neighbour going to do?'"

The New Zealand Government earmarked \$600,000 in its [2020 Wellbeing Budget](#) to invest in programs such as 'Better Digital Futures' and 'Pacific Senior Connect,' bridging this digital divide. For those not familiar with online banking, [Digital Inclusion Alliance Aotearoa](#) (DIAA) and nationwide [partners](#) and [SeniorNet](#) provide courses to assist people with transitioning to digital access.

DIAA, an initiative from the ADHB, Minister for Seniors and 20/20 Trust, and winner in the [IDC Smart City Asia Pacific Awards \(Education\)](#), covers 16 topics including digital safety and security. **SeniorNet** is a community training network that supports and motivates people to enjoy and use technology in their everyday lives.

Measures banks have taken to mitigate disruption and confusion include online information on alternative modes of payment, and on-call staff to offer assistance.

See the full StarNews article [here](#).

Another rebranding:



The Office of the Retirement Commissioner, while remaining the same legal entity and retaining the same address, GST number and NZBN, has changed the trading name and logo (see above).

The physical Auckland address is:

Te Ara Ahunga Ora Retirement Commission, Level 15, 19 Victoria Street West, Auckland 1010. The PO Box remains unchanged as PO Box 106-056, Auckland City 1143.

To know the story behind it, please click [here](#).

Mai i te 1 o Hūrae ka mōhiotia ai mātou ko 'Te Ara Ahunga Ora Retirement Commission', he ingoa e whakaatu ana i te hauora me te oranga whānui, otirā ko te oranga ahumoni tētahi wāhanga.



RETIREMENT POLICY AND RESEARCH CENTRE

From 1 July the Commission for Financial Capability will be known as Te Ara Ahunga Ora Retirement Commission, a name speaking to the broad view of health and wellbeing, of which financial wellbeing is a part.

Jane Wrightson, Mana Ahungarua / Retirement Commissioner, invites subscriptions to the quarterly newsletter by emailing newsletter@retirement.govt.nz.

Retirement Commissioner recommends review of retirement village legislation

The office of Mana Ahungarua / Retirement Commissioner Jane Wrightson [released a report](#) urging the government to "lift the lid" on the retirement village industry to better protect the elderly.

Read the whitepaper [here](#).

[Wrightson says](#) a growing number of New Zealanders are now heading into rest homes and it's time the Retirement Villages Act 2003 was made fit for purpose.

At the end of 2019, 34,200 villas, apartments and serviced apartments were housing about 44,500 people and it is estimated that across the country nearly 14% of those aged 75 or over are living in a retirement village compared with 9% in 2012. The growth is such that in seven years' time the sector is expected to need another 18,000 units. See more [here](#).

Criticisms of the White Paper include the need for issues of equity, cultural sensitivity, and tikanga Māori to be incorporated into any future draft. See more [here](#).

Also, little or no attention is given to the co-location of long term residential care within most villages, a vital asset when independence comes to an end.



Symposium: Research and development in Aged Residential Care and Retirement Villages

Thursday, 1 July, University of Auckland.

The programme [can be viewed here](#).

Chaired by Prof. Ngaire Kerse, Joyce Cook Chair in Ageing Well, the programme opened with Chris Fleming, CE Southern DHB and lead for older people's health who covered aged residential care (ARC) and the health system redesign. Joanna Hikaka Ngāruahine Research

Fellow, UoA and Waitemata DHB, spoke to looking back to create a vision for the future: Māori and ARC.

Later in the day, Dr Katherine Bloomfield, Geriatrician, WDHB, Senior Lecturer UoA shared the preliminary findings of the retirement village study. She was followed by John Collyns, CEO of the Retirement Village Association.

The programme focussed primarily on aged residential care. The presenters focussed primarily on the necessity for regular assessment of residents to monitor and manage any changes in health or wellbeing.



The ACC-Futures Forum was held Friday, April 30, 2021 Wellington

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

The Forum examined 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?

The proceedings of this forum will be available shortly.

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:

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

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](#).



My Home, My Choices

A new online information tool from the Office for Seniors. The tool is independent. It does not promote any product or company. The research has been undertaken by independent researchers at CRESA, Public Policy & Research, Katoa, and the University of Auckland. More about the Find the Best Fit research and other home and house related research for older people is at www.goodhomes.co.nz.

For example, Section i – Issues includes:

- [i1 - I'd like to manage, repair and maintain my home more cheaply.](#)
- [i2 - I'd like more money for everyday living expenses.](#)
- [i3 - The housework is getting too much for me.](#)
- [i4 - The lawns and garden are getting too much for me.](#)
- [i5 - I'd like some help with my day-to-day activities like cooking, shopping, showering or dressing.](#)
- [i6 - I'd like to find better ways of heating or cooling my home.](#)
- [i7 - I'd like to reduce the risk of falls, for me or my partner.](#)
- [i13 - I'd like to feel more secure in my home and neighbourhood.](#)

Section A – Opportunities includes:

- [A2 - Getting Help with Day-to-day Costs](#)
- [A3 - Repairing and Maintaining Your Home](#)
- [A4 - Modifying Your Home](#)
- [A5 - Preventing Falls](#)
- [A7 - Making Your Home Perform Better](#)
- [A8 - Getting Help with Your Housework](#)
- [A9 - Gardens and Comfort](#)
- [A10 - Receiving In-home Care](#)
- [A11 - Getting a Personal Care Alarm](#)
- [A12 - Receiving Some Help](#)
- [A13 - Leaving Home Ownership](#)
- [A14 - Reverse Equity and Mortgages](#)
- [A15 - Selling and Buying a Cheaper Home](#)
- [A18 - Getting out, Getting to Services and Meeting Others](#)

See options and possible solutions [here](#).

Email the Office for Seniors: ofs@msd.govt.nz

RPRC Media mentions and public presentations:

3 April 2021, Daily Blog, Susan St John, Oral submission to the Finance and Expenditure Committee: The Budget Policy Statement [We are facing a pandemic of poverty that has been intensified by COVID.](#)

28 April 2021, Auckland University of Technology, Susan St John and Terry Baucher [‘The housing crisis, taxation policy: restoring equity to the social fabric of New Zealand’.](#)

4 May 2021, CPAG, Caitlin Neuwellt & Susan St John: [Rethinking Income Support for Children Part 1: Ensuring Adequate Indexation of Working for Families.](#)

7 May, 2021, podcast, Bernard Hickey Interview with Susan St John, on financial priorities [‘Lower debt in, cutting child poverty out.’](#)

11 May 2021, Newsroom: M.Claire Dale reports on [‘Unacknowledged consequences of the gender pay gap’.](#)

13 May 2021, LinkedIn, [‘Listen to the Business School’s M.Claire Dale discuss her research into the connections between ageing and the gender pay gap.’](#)

13 May 2021, Daily Blog, Susan St John, [‘Running a gender lens over our sacred social policies’.](#)

20 May 2021, The SpinOff, Susan St John [Commentary on the 2021 budget](#)

22 June, 2021, Radio NZ, Waitea News, Susan St John, [ACC papers on Women Maori Pacifica and disabled.](#)

27 June, 2021, NZH, Susan St John: [‘Running a gender equity lens over social policies, childbirth, women’s work’.](#)

30 June 2021, RPRC working paper, forthcoming.

Susan St John and Terry Baucher, The Fair Economic Return: restoring equity to the to the social fabric of New Zealand.



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Te Whare Wānanga o Tāmaki Makaurau
NEW ZEALAND

RETIREMENT POLICY AND RESEARCH CENTRE

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