

Economic Policy Centre

The University of Auckland Business School

Pensions and Intergenerational Equity Hub

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

Newsletter for 6 months end June quarters 2024

[The 2023 December newsletter](#) observed that many issues facing the ageing population remain unresolved and noted the new coalition government with new policy priorities would for the most part adversely affect intergenerational equity.

In a surprise move the new Coalition Government reverted to excluding NZ Super Fund assets from net debt measures. The May budget reinforced the coalition Government's desire to contain expenditure and reduce the fiscal deficit and debt accumulation but refrained in its cost cutting from attacking any element of NZ Superannuation (NZS) or add-on benefits for seniors of free transport and winter energy payment. But as future austerity budgets are projected that immunity may not last.

NZS expenditure at \$23 billion in 2024/5 towers over all other social security spending. The first baby boomers turn 85 in 2030 and as the ranks of the 85+ swell in the next 20 years the costs of care will mushroom. Those aged 65+ already consume 50% of the cost of all health services (see [here](#).) And as PIE has argued, the NZ Super Fund does not guarantee any aspect of NZS, see [here](#).

On 20th March, the Retirement Commissioner held a Super Summit to engage with the superannuation community of interest groups and researchers on the shape of NZS. Susan St John contributed to a panel on fiscal sustainability of NZS, [see here](#). In May, several PIE Research Associates, including Claire Dale [here](#) and Susan St John [here](#), contributed to a Brightstar conference on equity for older New Zealanders.

During the first 6 months of 2024, PIE has published [a range of commentaries](#) from Research Associates and presentations.

In June, the Retirement Commissioner published her review of KiwiSaver. PIE is pleased to see that "In keeping with the OECD recommendations for simple design, and given that some KiwiSaver providers also have the option of splitting investments across multiple providers, the current setting limiting membership to one provider should be retained." We also support the proposed 4% contribution rate but note that as recessionary pressures build in 2024, 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 4% mandatory for all KiwiSavers, whether on a savings suspension or not](#).

We note with concern that the Retirement Commissioner's report states: "More than half of employers have adopted a total remuneration approach for some or all of the employees, further eroding the incentive for employees to contribute to KiwiSaver." We

agree that “employers could be doing more to match higher employee contributions and remove total remuneration approaches that may disincentivise saving”.

We also strongly agree that decumulation needs urgent attention. That report states: “KiwiSaver was established to help people save or ‘accumulate’. It is still a relatively new scheme so it may not be optimised to assist those who wish to drawdown or ‘decumulate’ their assets. We conclude that improvements can be made to assist members as they navigate the drawdown phase after age 65.”

PIE Commentaries and presentations

This section of the PIE webpage encourages debate about policies and issues that impact on pensions and intergenerational equity.

New commentaries

[PIE Commentary 2024-5: PIE 2024 Budget Analysis](#) This commentary offers some preliminary distributional analysis of the tax package based on media contributions in the week following the budget.

[PIE Commentary 2024-4: Addressing financial hardship](#) .On a panel with Brian Easton and Len Cook at the Brightstar conference 'Delivering equity for Older New Zealanders', Susan St John addresses some of the immediate policy issues around the financial hardship experienced by an increasing number.

[PIE Commentary 2024-3: Self-fulfilling expectations?](#) Emeritus Professor Tim Hazledine invites a discussion of the role of self-fulfilling expectations as New Zealand feels the chill winds of recession in mid-2024.

[PIE Commentary 2024-2: Superannuation – a fiscal challenge or opportunity?](#) St John, S contribution to The Retirement Commission’s Super Summit: New Zealand Super Issues and Options 21st March 2024, Wellington.

[PIE Commentary 2024-1: The Great Welfare Reset.](#) Susan St John’s invited 1News opinion piece on the direction of welfare reform in 2024 describes the return of a dated philosophy that makes paid work the only work that matters.

PIE presentations

[PIE presentation 2024-1: Building connected communities to improve equity for older people.](#) M Claire Dale’s Keynote presentation at “Delivering Equity for Older People in New Zealand”, Conference 30 April - 1 May 2024

PIE working paper

PIE Working Paper 2024-1(forthcoming): Diminishing Housing Options for Older People. M Claire Dale surveys housing options currently available to older people in Aotearoa New Zealand. Those who own their homes mortgage-free have multiple choices and opportunities to improve their comfort, including home-sharing, home equity release, and selling their home to downsize or purchase in a retirement village. Older people who are not home-owners are often in a more precarious situation.

PIE media

- Dale, M C [“Tiny House” or “Granny flat”? What a difference a name makes, Newsroom, 24 June 2024.](#)
- St John, S [Review of crippling debts to government now delayed to the Never Never.](#) Daily Blog 24th August 2024.
- St John, S [Time for a multi party focus on working for families,](#) Newsroom, 20th June 2024
- St John, S quoted in Susan Edmunds (16th June) [Warning as Working For Families debt increases by more than \\$42m | RNZ News](#)
- St John, S quoted in Susan Edmunds(17th June) [‘We don’t cope’: 55,000 people have Working for Families debt | Stuff](#)
- St John, S [The rich get richer while child poverty just increases](#) Daily Blog 4th June 2024. Also see: [Christopher Luxon says low- and middle-income Kiwis get ‘emphasis’ of tax package, Treasury figures say the opposite – NZ Herald](#)

- St John, S [What impact did the Coalition government budgets have on the reduction of child poverty?](#) Waatea interview 4th June 2024.
- Bryan Bruce podcasts: <https://lnkd.in/gxWVG7Sk> (12 mins) featuring CPAG co-founder [Susan St John](#) [Bernard Hickey](#) and [Max Harris](#). 30th May CPAG Auckland Post-Budget event.
- St John, S [Budget hot takes Ask the experts](#). Spinoff [Budget 2024: The great Spinoff hot-take roundtable | The Spinoff 30th May 2024](#)
- Dale, M C re-interviewed by Natasha Hakimi for her book manuscript "Another World is possible" to be published by *The New Press* in February 2025.
- [St John, S Will the true debt figure please stand up](#). Daily Blog 21st May 2024
- St John, S [Simplistic views of the causes of inflation don't do the left any favours](#). Daily Blog, 10th April 2024
- St John, S [Is child poverty really too hard to cure?](#) Daily Blog 28th February 2024
- St John, S [Opinion: The Government's great welfare reset is a broken record](#) [TVNZ One news](#) 21st Feb 2024 republished University Auckland News.
- St John, S [Stats show "an unprecedented depth of poverty" :Economist](#) RNZ Interview 24th Feb 2024 Nine to Noon
- St John, S with Charlotte Cook [Fears Government will target more beneficiaries after moves to impose sanctions on job seekers](#) RNZ Midday report 20th Feb 2024
- St John, S ["New Zealand's housing market drives inequality. Why not just tax houses like any other income?"](#) 2023: [A year of consequence—Essays that got the world talking](#), The Conversation, editors Grattan, M and Bergman J, Thames and Hudson, Australia