



BUSINESS SCHOOL

Retirement Policy and Research Centre

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

24 August 2018

To: Office for Seniors, c/o ageing_population@msd.govt.nz

SUBMISSION: Strategy for an ageing population

Thankyou for the opportunity to submit on the new Strategy for an ageing population. The Retirement Policy and Research Centre (RPRC) is based in the Department of Economics at the University of Auckland Business School. Information on the people and their research is found on the website at <http://www.rprc.auckland.ac.nz>.

As stated on the SuperSeniors website,¹ the new Strategy will inform the development of a common platform to support central and local government, nongovernmental organisations, businesses and communities to work together to respond effectively to the changing shape of society. The new Strategy will need to support and complement some key strategies that have already gone through a comprehensive public consultation process, including the Healthy Ageing Strategy 2016, Carers' Strategy 2008 and Carers' Strategy Action Plan for 2014 to 2018, and the Disability Strategy 2016.

Contact details: Dr M.Claire Dale, Research Fellow
Retirement Policy and Research Centre
Centre for Applied Research in Economics, University of Auckland Business School
Private Bag 92 019, Auckland 1142, New Zealand
E m.dale@auckland.ac.nz **P** +64 9 9236968 <http://www.rprc.auckland.ac.nz>

1. BACKGROUND

As the profound and enduring ageing of the population occurs in New Zealand and most of the rest of the world, consideration of emerging issues, including intergenerational equity, is increasingly urgent. Almost 24% of New Zealand's workforce is aged 55-plus years; there are only four to five teachers/nurses to replace every 10 that will retire; and 44% of all GPs plan to retire within 10 years. Seniors currently make up around 6.2% of the workforce, and by 2033 they will make up 10.6% of the workforce. An ageing population, a declining birth rate and a deepening skills shortage demand that New Zealand intelligently manages its ageing workforce, yet little is being done. Where attention is being given, the focus is narrow and largely medical. Consequently, the RPRC has welcomed three recent initiatives which will have far-reaching consequences.

¹ See the *Discussion Document He Pukapuka Matapakī: Developing a new strategy to prepare for an ageing population* on the SuperSeniors website [here: http://www.superseniors.msd.govt.nz/about-superseniors/ageing-population/index.html](http://www.superseniors.msd.govt.nz/about-superseniors/ageing-population/index.html). Following the consultation officials will draft the new strategy and an action plan. A second round of consultation on the proposed strategy will take place in early 2019.

Discussion Document He Pukapuka Matapaki: Developing a new strategy to prepare for an ageing population was launched in late June 2018 by the Minister for Seniors, Hon Tracey Martin. The Minister stated that:

If, in a little under 20 years, people aged 65+ are to make up almost a quarter of our population, the implications for our economy, workforce, healthcare and government services will be significant. We need more than a "whole-of-government approach". We need everyone – government, local government, non-governmental organisations, communities, whānau, family, individuals, and businesses – to work together.

Act Now Age Later: Unlocking the potential of our ageing workforce, a white paper² on the ageing workforce from a working group co-ordinated by the Employers & Manufacturers Association and the Commission For Financial Capability, was also launched in late June 2018 by the Hon Tracey Martin. The most recent EMA Employers Survey showed 83% of employers have no plans to address the challenge presented by the ageing population. The white paper outlines three key recommendations for consideration. 1. A national strategy on the ageing workforce to ensure Government agencies work collaboratively on key policies; 2. Establishment of a Government-led taskforce, or similar, responsible for designing key outcomes and co-ordination of key stakeholders in an independent manner; and 3. Development of an ageing workforce tool-kit for both employers and workers to ensure their future needs are met.

Auckland City resolved to join the World Health Organisation Global Network of Age-friendly Cities and Communities³ on 10 July 2018. Membership of the network requires a commitment to a continuous improvement process for creating age-friendly environments. The Environment and Community Committee Chair, Councillor Penny Hulse, explained the importance of this decision:

Auckland will be home to larger numbers and greater proportions of ethnically and culturally diverse older people over the next few decades. Our older population is growing faster than any other age-group and is predicted to increase from 11% in 2013 to 19% by 2046.

2. SUBMISSION

A vision for positive ageing now and in the future involves promoting and valuing wellbeing across all generations, returning to a 'cradle to the grave' approach to social support.

To prepare for, and respond to, our ageing population, we need to consider the welfare system that currently favours the senior members of our society: around 19% of children aged 0 to 17 years are in poverty (60% of median AHC) compared to only 8% of those over 65 years.⁴ A 'positive ageing strategy' requires a positive approach to all citizens, and especially to children. Childhood poverty compromises health, education and lifetime prospects, and New Zealand is currently compromising the future of one in every 5 children. Even without the demographic change, the implications of this are dire.

The new strategy for an ageing population could complement existing strategies and other work underway, including the Healthy Ageing Strategy 2016, Carers' Strategy 2008 and Carers' Strategy Action Plan for 2014 to 2018, the Disability Strategy 2016, and the review of the Social Security legislation. A new strategy,

² The white paper *Act Now Age Later* is available here:

<https://www.ema.co.nz/resources/EMA%20Reports%20and%20Documents/Advocacy/Act%20Now%20Age%20Later-Aging%20Workforce%20White%20Paper%202018.pdf>.

³ The press release, *Auckland to join global network of age-friendly cities*, is available here:

<http://ourauckland.aucklandcouncil.govt.nz/articles/media/council/2018/07/decision-digest-environment-and-community-committee-july-2018/>. International membership of the global network has increased from 302 cities in 2016 to 600 cities today, sharing the expectation that an age-friendly city is more inclusive and beneficial for everyone, regardless of their age.

⁴ Perry, B. 2017, Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2016. Wellington: Ministry of Social Development, p. 129, Table G.3.

intergenerational in its vision and application, for equitable and adequate provision of income and other support for all those who need it, would benefit all New Zealanders, now and in the future.

We can respond most effectively to diversity by genuinely consulting with our diverse communities, and incorporating their responses in the future strategy.

We can make sure people continue to feel valued as they age by ensuring our children and young people are valued and receive the support they need.

We can ensure older people are respected and receive the support they need by ensuring our children and young people are valued and supported, so our culture changes from individualistic 'market rules' to valuing and respecting community and environment.

To help older people stay connected, the price of connection has to be affordable, and the methods of connection have to be easy to learn.

To help seniors access new technologies, the price of new technologies has to be affordable, the methods and skills of new technologies have to be easy to learn, and the seniors have to be given continuous opportunities to practice and maintain their new skills.

To strengthen older people's ability to adapt to life changes and unexpected shocks, we need to ensure resilience and connectedness in our communities, including taking an intergenerational equity approach to welfare and public spending.

To better support older people to remain in work, employers need to investigate best practice in countries where employers are preparing for an older workforce.

Changes employers could make to help seniors stay employed or gain employment include introducing glide time options for working hours, and opportunities for mentoring by senior or junior and of senior by junior employers.

Expectations and aspirations for life in retirement include good health, adequate income, stimulating activities, and opportunities to continue to contribute to the community.

To help people plan for their older years involves more than just financial planning and information. The mental and physical aspects of ageing need to be part of the conversation, and the exciting options that are available to seniors to continue education, to contribute to community, or to be entertained and informed.

To reduce older people's risk of abuse and harm, the government and ministries need to take an intergenerational equity approach to the provision of welfare. In addition, it would be helpful to have a 'Seniors Commissioner' with a role similar to that of the Children's Commissioner and the Human Rights Commissioners, with oversight and investigative authority to ensure the contracted and promised standards of care and support are provided in residential and other settings.

To support older people to continue to make their own decisions and prepare for the future, the reality of the ageing population, and all that entails in the way of strengths and vulnerabilities, needs to become part of the public conversation and consciousness.

To improve the position of older renters in New Zealand, safe, healthy, affordable social housing needs to be constructed in required numbers, and the rights of renters need to be strengthened, so for example, there is some security of tenure.

To enable older New Zealanders to be more secure and healthy in their homes and communities, housing, neighbourhoods and transport must be shaped to maintain autonomy, wellbeing, and identity; adequate standards for healthy homes must be met; communities need to investigate and aspire to age-friendly communities which carries

benefits for all ages, and intergenerational equity needs to be part of the public conversation and government practice.

Missing from the questions posed in the Discussion Document are equity and access questions relating to the age pension, New Zealand Superannuation (NZS), and comparison of that to other welfare benefits, and comparison of that to other nations' pensions. For example, NZS eligibility only requires 10 years residence and is non-contributory (thus implicitly valuing non-paid work), whereas most other age pensions are contributions-based and require 35 to 40 years residence. The design of NZS and of KiwiSaver are also overdue for reconsideration given increased international mobility and demographic and other changes.

It is also important for the Government and policy makers to consider the introduction of safe and fair long term care insurance and annuity products to enable intragenerational sharing of the costs of the ageing population.⁵ Other options for policy change that could contribute to intergenerational equity include

*public agencies with 'guardianship-type' roles in relation to future generations; advisory bodies with responsibilities to promote sustainable development; parliamentary committees with specific duties to consider long-term issues; legislative requirements for governments to produce regular reports on their efforts to protect citizens' long-term interests; and incorporating specific requirements into domestic statutes.*⁶

The Welsh Government in 2015 introduced the *Well-being of Future Generations (Wales) Act*.⁷ This law means that, for the first time, public bodies listed in the Act must ensure that, when making their decisions, they take into account the impact they could have on people living in Wales in the future. The Act also establishes Public Services Boards for each local authority area in Wales, which must improve the economic, social, environmental and cultural well-being of its area by working to achieve the well-being goals which are:

*A Wales that is prosperous, resilient, healthier, and more equal; a Wales of cohesive communities, vibrant culture and Welsh language; and a globally responsible Wales.*⁸

The Act also establishes a statutory Future Generations Commissioner for Wales,⁹ whose role is to act as a guardian for the interests of future generations in Wales, and to support the public bodies listed in the Act to work towards achieving the seven well-being goals. The Welsh Government has also defined sustainable development as:

*The process of improving the economic, social, environmental and cultural wellbeing of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the well-being goals.*¹⁰

We submit that New Zealand could follow this model and pathway to an equitable future.

⁵ St John, S., Dale, M. C., & Ashton, T. (2012). A new approach to funding the costs of New Zealand's ageing population. *New Zealand Population Review*, 38.

⁶ Boston, J., & Stuart, T. (2015). Protecting the Rights of Future Generations: are constitutional mechanisms an answer? *Policy Quarterly*, 11(2), 60 - 71.

⁷ See <http://gov.wales/topics/people-and-communities/people/future-generations-act/?lang=en>.

⁸ Welsh Government. (2015). Well-being of Future Generations (Wales) Act 2015. *The Wales we want by 2050 - A Welsh society's commitment to a better quality of life for future generations* Retrieved from <http://gov.wales/topics/people-and-communities/people/future-generations-act/?lang=en>.

⁹ See <https://futuregenerations.wales/>.

¹⁰ Future Generations Commissioner for Wales. (2017). *Strategic Plan 2017 – 2023*. Wales: futuregenerations.wales Retrieved from <https://futuregenerations.wales/wp-content/uploads/2018/01/2018-01-03-Strategic-Plan-FINAL-1.pdf>.