

RPRC Update

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COVID-19: The endgame, and how to get there

An extract from the article by [John Daley](#). Published at *The Conversation*, March 21 2020, available [here](#).

Many discussions are underestimating the likely political reactions when death counts rise. They are also underestimating the economic and social consequences of an open-ended epidemic that will have enormous real-world impacts on small and medium businesses, as well as many not-for-profit organisations in every sector of the economy and society. We are not facing up to the social consequences if many close, and credit markets collapse.

Of three possible endgames, none is attractive, but one is better than the others.

Endgame A is the plan to “flatten the curve” – restricting movements in order to lower the peak in cases, while accepting that infections will continue to grow until the epidemic has run its course. There will be many deaths.

Endgame B is to trace and track every infection, something governments are trying to do. Endgame B is only plausible if you start with very few infections and have sealed borders.

Endgame C is to “stop then restart”. This means minimising activity and interactions, and sealing the borders to passenger traffic including citizens (although not trade), until infections are driven down to zero. Only essential services would be maintained (particularly the food supply chain and utilities such as electricity, water and the internet).

Endgame C would allow domestic travel and tourism, hospitality, and other domestic activity once the shutdown was over. More importantly, if it is communicated clearly, Endgame C would give businesses a plausible end date, a reason to hang on if government intervenes to tide them over.

Endgame C could offer hope.



MANATŪ HAUORA

Ministry of Health: COVID-19 Advice for older people

Older people often have underlying health issues, including respiratory issues that make them more vulnerable to COVID-19, so it is especially important to follow the rules.

If you do visit the supermarket, keep two metres apart from other people and follow good hygiene rules including washing your hands and covering your mouth or sneezing into your elbow. We also encourage anyone under seventy living with you to practice a spirit of manaakitanga and run these kinds of errands for you.

Right now, the most important thing you can do is to avoid contracting COVID-19. This means being careful, clean and making a plan. Don't be scared, be prepared.

If you feel you are not coping, it is important to talk with a health professional. Call your regular health care provider or for support with grief, anxiety, distress or mental wellbeing, you can call or text 1737 – free, anytime, 24 hours a day, 7 days a week – to talk with a trained counsellor.

If you're not sure who to contact for help, call the free government helpline [0800 779 997](tel:0800779997) (8am–1am, 7 days).

The full information is available [here](#).

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RPRC's PensionCommentaries respond 2019 Review of Retirement Income Policies

The **New Zealand Superannuation and Retirement Income Act 2001** requires the Retirement Commissioner (RC) to review Retirement Income Policies every 3 years. The Government sets the Review's terms of reference. The RC advises on options to ensure, now and in the future, New Zealanders have a good standard of living as they age.

The 2019 Review was overseen by Interim RC Peter Cordtz, with contributions by the staff of his office, the Commission for Financial Capability (CFFC), and independent experts. The final report was delivered to the Minister of Commerce and Consumer Affairs, Hon. Kris Faafoi, in December 2019, tabled in Parliament in January 2020, and then made public. The RPRC contributed two research reports to the Review and uses PensionCommentaries to continue the discussion.

The 2019 Review, *Facing the Future*, is available [here](#).



BUSINESS SCHOOL

Retirement Policy and Research Centre

PensionCommentary 2020-01: Holistic view of New Zealand pensions welcomed

Susan St John, Director & Claire Dale, Research Fellow, RPRC. First published 19 February 2020, Newsroom, Ideasroom. PensionCommentary 2020-01 is available [here](#).

The latest three-yearly 2019 Retirement Incomes Policy Review takes a refreshingly holistic view of retirement policy and is welcomed by the University of Auckland's RPRC.

Interim RC Peter Cordtz has followed signals given in the Terms of Reference that reflect this government's wellbeing approach. This broader scope has enabled a move away from the simplistic mantra that the retirement age should rise to 67. Instead, the review allows for a nuanced assessment of wide costs and benefits if the pre-retirement group is expected to be self-supporting for two more years.

PensionCommentary 2020-02: The NZ Super Fund's 'magical' thinking

Susan St John, Director, RPRC. First published 28 February 2020, Newsroom, Ideasroom. PensionCommentary 2020-2 is available [here](#).

By underfunding investment in the young we've created budget surpluses to be siphoned into the NZ Super Fund at the current rate of nearly \$2.5b a year. This has seriously impacted many families.

New Zealand also has one of the least progressive tax systems in the Western world: it imposes income tax on the first dollar earned and an additional 15% GST when the after-tax income is spent. Families are taxed twice: first to pay for current superannuitants, many of whom are vastly wealthier than they are themselves, and second, to fund their own New Zealand Superannuation - except it doesn't. The double taxation contributes to shifting debt to today's workers, many of whom may, for example, end up with

bigger mortgages and more student debt which will then make it harder to save for their own retirement.

Contrary to received wisdom, the NZ Super Fund does not change the future cost of New Zealand Superannuation but provides some modest tax smoothing.

PensionCommentary 2020-03: The Kiwis falling through the KiwiSaver cracks

M.Claire Dale, Research Fellow & Susan St John, Director, RPRC. First published 16 March 2020, Newsroom, Ideasroom. PensionCommentary 2020-03 is available [here](#).

Many low income Kiwis can't afford KiwiSaver contributions, and growing numbers are making hardship withdrawals. This vulnerable group needs options that will lift their incomes when they retire. They miss out on Government and employer contributions; and they miss the compounding benefit of saving even a small amount of money in KiwiSaver. This exacerbates the wealth gap over time.

The importance of addressing the needs of this group was a welcome inclusion in the RC's 2019 Review of Retirement Income Policies 2019 *Facing the Future*... But truly "facing the future" would involve increasing welfare benefits to adequate levels, ensuring relevant legislation guarantees safe and secure rental options and massively increasing the availability of affordable home ownership.



New Zealand Sociology Vol 34 Issue 2, December 2019

Susan St John and Gerard Cotterell:

[National's family incomes support policy: A new paradigm shift or more of the same?](#)

M.Claire Dale: [National's retirement policy stagnation and labour's response](#).

At the start of the new millennium, some significant changes in family policy and retirement policy were introduced by the Labour-led government. These articles by Susan St John & Gerard Cotterell, and M.Claire Dale explore the changes and what preceded them.

NZ Superannuation increases, 1 April 2020

MCA Ltd provide an overview of qualifying criteria and rates for New Zealand Superannuation (NZS) [here](#), and this simple table showing NZS rates applying from 1 April 2020:

	Before tax (gross)		Post-tax (net)	
	- a year	- a week	- a year	- a week
Single, living alone	25,517.96	490.73	22,039.16	423.83
Single, sharing	23,467.08	451.29	20,343.44	391.22
Married person (each)	19,358.04	372.27	16,953.04	326.02
Married couple	38,716.08	744.54	33,906.08	652.04

In response to the COVID-19 virus, the Government has doubled the **Winter Energy Payment** (WEP) for 2020, paid from 1 May to 1 October along with other regular W & I weekly or fortnightly payments. It doesn't affect other W & I payments or Income Related Rent; is non-taxable, and can't be paid as a lump sum. Weekly rates are:

Single people with no dependent children: \$40.91

Couples / those with dependent children: \$63.64

More information is available at Work and Income [here](#).



RETIREMENT POLICY AND RESEARCH CENTRE

International co-operation: Japan Research Institute



On 11 February 2020, RPRC Research Fellow Dr M. Claire Dale met with Yosuke Yasui, Senior Economist, Japan Research Institute, a leading think tank in Japan, before his meetings with Treasury and Ministry of Business, Innovation and Employment in Wellington.

Yasui was here to understand the growth in employment among older workers. His research has shown that the Japanese government and private firms need to make use of recurrent education to promote employment of seniors. However, their success is less than achieved here: we have 24% of people aged 65+ still working, compared to UK 10%, Australia 12%, USA 19%, Japan 20% and Iceland 35%, and 44% of Kiwis aged 65-69 still have jobs.

Our conversation centred on how New Zealand has been advantaged by strong human rights legislation that protects against ageism and other prejudices impacting employment. Another advantage is that, unlike other welfare benefits, the age pension is not abated against earned income.

After his return to Japan, Yasui wrote:
I feel New Zealand is making huge progress in terms of human rights compared with Japan. During 1990s when New Zealand was having much agitation toward equality and equal opportunity, Japan was trapped by economic stagnation following the bubble burst. Even if Japanese people had appealed such equality rights ... many firms and the government would not have had room to take this into account. Now would be good time to proceed such movements ... to combat age discrimination in Japan because many seniors who want to continue work are struggling with employers' prejudice.

Useful resources include:

Commission for Financial Capability (2019) *Work and the workforce*, Commission for Financial Capability Review of Retirement Income Policies, available [here](#).
Working Group (2018) *Act Now Age Later*, Employers and Manufacturers Association & Commission for Financial Capability, available [here](#).
OECD (2018) *Ageing and Employment Policies Working Better with Age: Japan*, available [here](#).

Office for Seniors' Community Connects grants up to \$15,000



The Office for Seniors' *Community Connects* grants help fund projects that promote the inclusion and contribution of older people in community life, and support communities to become age friendly.

The successful applicants were: Age Concern Wellington, Alexandra Community House, Connect the Dots (Auckland), Alzheimers Otago, Age Concern Auckland, Coromandel Independent Living Trust, Dementia Wellington, Hutt Timebank (Lower Hutt), Waitaki District Council.

Two successfully bidding projects are Dementia Wellington's project which will support people with dementia to remain actively engaged in their community. A key component is providing advice and education to community groups, so they know and understand how best to be supportive and inclusive for people with dementia.

Hutt Timebank will be piloting a transport initiative that involves identifying the transport needs and providing weekly transport services for older people.

The Scoop story 21 January 2020 is available [here](#).

The Voxy report 21 January 2020 is available [here](#).

For more information on *Community Connects* grants, go to www.superseniors.msdc.govt.nz.

Positive ageing initiative: Video technology to monitor and connect older people in their homes with retirement villages

Qestral Corporation, a developer of retirement villages, has been working in a joint venture with Spritely, a healthcare monitoring company, on a video communications system. The intention is to offer the systems to other retirement village operators about June.

The free video communications system is being introduced to its retirement villages as a communications and social tool for residents to talk to each other and to management. Its other purpose is to offer a subscription-based health monitoring service to village residents. In time this service will be offered to local people wanting to be connected to a village's care facilities without moving into a village.

The Stuff article 21 January 2020 is available [here](#).

Hamilton TechFest 2020, 2-3 March: Tech and data for sustainable cities and communities

Hosted by Hamilton City Council with Smart Cities Council Australia New Zealand and Association of Local Government Information Management at Claudelands Event Centre.

Smart cities leaders, councils, designers and planners, decision makers, academics and researchers, technology entrepreneurs and innovators, were invited to consider how to leverage technology and data aligned with Sustainable Development Goals to design and build 'Sustainable Cities and Communities'.

As part of TechFest 2020 (www.techfest.nz) this event provided an opportunity to share knowledge, discuss how to and who could do more, and to start the conversation around a framework and approach across NZ to design and build 'Sustainable Cities and Communities'.

Over 1,000 people attended to talk with the 45+ exhibitors, attend the STEM Schools Experience, or join one or more of the 15+ breakout sessions.

See the full report [here](#).

Positive Ageing still isn't happening in Auckland City: more e-scooters mean footpaths are less safe and Auckland is extremely age-unfriendly



Brittany Keogh reports that despite the withdrawal of two major operators, [e-scooter-related injuries](#) in Auckland continue to cost taxpayers more than \$40,000 per week. New data shows ACC paid out \$179,477 for [e-scooter related incidents](#) in December.

The safety of e-scooters was [first questioned](#) days after the arrival in Auckland of rent-to-ride e-scooter operator, [Lime, in October 2018](#). A year later a study found e-scooter injuries cost Auckland's health system [\\$1.3 million in seven months](#). July to November 2019 averaged 30 presentations per month at [Auckland City Hospital's emergency department](#) for such injuries. In December, there were 44 – the highest number in six months.

The 25 January 2020 Stuff article is available [here](#).

Have your say:



Accessible Streets Public Consultation

"To increase the safety and accessibility of our footpaths and streets, and encourage active modes of transport, the Government is seeking public feedback on the 'Accessible Streets' rules package.

The package proposes a number of new rules to respond to the rise of micro-mobility devices like e-scooters. Rule changes are also proposed to improve the safety and efficiency of active transport modes and buses.

Accessible Streets proposes new rules that would require anyone riding a device on the footpath to give way to pedestrians, to not exceed a speed limit of 15km/h, and for the device to be no wider than 75cm.

After consulting with their local community, local authorities would be able to reduce the maximum footpath speed limit and restrict which devices can use areas of footpaths, such as during busy times or in high pedestrian areas.

Accessible Streets also proposes that bicycles would be able to use the footpath under these conditions. This is primarily aimed at allowing children to cycle on the footpath."

The Ministry of Transport website is available [here](#). The consultation document, FAQs and further information on how to make a submission can be found on the Waka Kotahi NZ Transport Agency website:

[www.nzta.govt.nz/accessible-streets-consultation\(external-link\)](http://www.nzta.govt.nz/accessible-streets-consultation(external-link)).

The consultation closes 22 April 2020.

Time to rethink everything especially super policy

The Daily Blog
Read The Other Side Of The Story

By [Susan St John](#), March 23, 2020

... Today's share market crash reflects not just the bursting of a speculative bubble but also a loss of faith in the viability of the underlying businesses associated with tourism and travel.

While housing is a real asset and still gives shelter, its monetary value can also fall steeply and its potential to provide a buffer for retirement spending can rapidly diminish. New Zealand has had the strongest speculative housing bubble in the Western world. What happens next is not hard to predict.

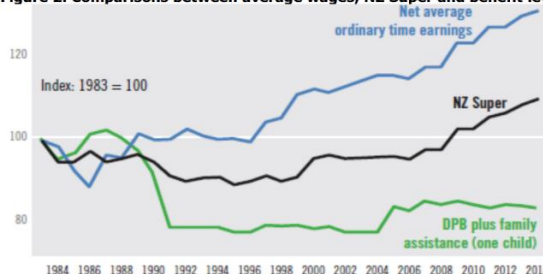
The emerging poverty among older New Zealanders was noted in [the RPRC report on fiscal sustainability](#) for the 2019 retirement income review. Much of this poverty is driven by the inadequacy of the benefit system for those aged 50-65, and the way the housing market has become a speculative bonanza for the well-off instead of providing basic healthy housing for everyone. Housing stress is bound to become a whole lot worse.

We also questioned the unscrutinised expansion of the NZ Super Fund (NZSF) as if that was going to help us "afford" NZS. CO-VID 2019 calls into question the belief that a treasure chest like the NZSF will save us. Even worse, the NZSF is projected to deliver only a trickle, and that only by 2050. Under the current formula the fall in the value of the fund may push even this meagre contribution much further out.

Read the full DailyBlog article [here](#).

29 January 2020, Newsroom Pro, Bernard Hickey's Chart of the day: This chart via the Auckland University's RPRC tells the story of the political pain underpinning the New Zealand Superannuation debate. Pensioners have done much better than the working poor and beneficiaries in the 30 years

Figure 2. Comparisons between average wages, NZ Super and benefit levels²³



See: **Intergenerational impacts: the sustainability of New Zealand Superannuation** [here](#).

PensionReforms aims to stimulate high quality, international debate on retirement and pension issues - both public and private - by sharing others' work.

Seventeen new reports were added to PensionReforms in the first quarter of 2020. Three of them relate to the latest official look at Australia's retirement income arrangements. The links go directly to the PensionReforms' abstracts.

Retirement Income Review – Consultation Paper

Australia has established yet another 'Review Panel' to look at its overall retirement income arrangements. It will report by mid-2020 and has posed 26 'consultation questions' (and 30 'consultation considerations') to guide submitters. The Panel's task is extensive and its targets ambitious. See [here](#).

Millennials and Super: the case for voluntary superannuation

This 2019 report questions the current orthodoxy and argues that the compulsory Tier 2 should be voluntary. See [here](#).

No free lunch- higher super means lower wages

Compulsory contributions to Australia's SG retirement savings scheme are nominally the responsibility of employers. However, this 2020 report explains that at least 80% of the cost to employers is effectively passed through to employees as lower pay. That proportion is likely to increase. See [here](#)

PensionReforms now has abstracts for 840 reports by 1,096 authors from 297 institutions. The reports cover 74 countries (and country groups) and are indexed (and searchable) by 175 topics.

Contributing editor retires

PensionReforms records the retirement of contributing editor **Professor Ted Marmor**, a PensionReforms' supporter, contributor and wise counsel since we started in 2006. Ted's academic career extended from Harvard in 1962 to Oxford in 1966, Wisconsin (1967), Minnesota (1970), Chicago and Yale. In 1983 he became Professor of Public Policy, School of Management, Department of Political Science, Yale University, Adjunct Professor of Law at Yale University in 1999 and Director of the Robert Wood Johnson Foundation's post-doctoral program in Health Policy, Institution for Social and Policy Studies, Yale University in 1993. Ted has also been a Member of the Board, National Academy of Social Insurance, 1987-95 and a Member of the Board, of the 2030 Center: Social Security Project Advisory Board in 1998.

[PensionReforms](#) aims to challenge readers. In every country, the issues associated with saving, pensions and retirement are different as to detail but similar in principle. There are lessons to be learned from understanding how different countries have responded to the challenges involved.

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6 February 2020, stuff.co.nz, Susan Edmunds quotes Susan St John in '[New Zealand's pension is one of the world's most generous - will you be getting it at 65?](#)'.

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23 March 2020, TheDailyBlog, Susan St John writes '[Time to rethink everything especially super policy](#)'.

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