

# Hon Dr Duncan Webb

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Tēnā koe Jane

## **Interim Government response to the 2022 Review of Retirement Income Policies**

I want to thank you and your team for completing the 2022 Review of Retirement Income Policies (the 2022 Review).

Retirement policy settings have significant, long-term implications for the wellbeing of New Zealanders, and it is important that these settings aim to achieve the best retirement outcomes for all New Zealanders in the future. Your three-yearly reviews of retirement income policies are essential to provide a basis for future government work programmes. I acknowledge the extensive work that has gone into preparing this report, including the contribution of experts and the vast research underpinning the findings. The 2022 Review sets out a comprehensive set of recommendations to improve retirement outcomes for New Zealanders who have already entered retirement as well as those retiring in the future.

### **A full response will be provided once all recommendations have been received**

The 2022 Review has a particular focus on how different demographic cohorts have different experiences in retirement, particularly for Māori, Pacific peoples and women.

I note the 2022 Review provided specific recommendations to improve retirement outcomes for Pacific peoples and women, but not for Māori. The report contains a recommendation for Te Ara Ahunga Ora Retirement Commission (Te Ara Ahunga Ora) to establish a separate advisory group to consider retirement income policy changes that would better support Māori in late life. I understand that the advisory group is expected to present recommendations to the Government in 2024.

The Government will provide a complete response to the 2022 Review recommendations once the recommendations relating to Māori have been received. This will enable the Government to consider all the recommendations together in a comprehensive way.

### **Related Government work programmes already underway**

In relation to the Review's recommendation to maintain NZ Super at current settings, you will be aware that the Government has committed to keeping the NZ Super age at 65 to ensure that the scheme remains available under existing policy settings.

There are also already several work programmes underway across government that are undertaking work aligned to, or already considering, some of the recommendations made in the 2022 Review. The recommendations in the 2022 Review will be taken into account as we progress these work programmes.

Work programmes identified as relevant include:

- The Welfare Overhaul, which is considering the provision of employment services, as well as a *Review of Active Labour Market Programmes* (led by the Ministry of Social Development and the Ministry of Business, Innovation and Employment).
- The review of the Accommodation Supplement, which will take place in the next 12 months as part of the work on the Welfare Overhaul. Your recommendation on the cash asset limits will be explored as part of this.
- *Better Later Life - He Oranga Kaumātua 2019 to 2034*, the Government's Strategy for an ageing population, which includes achieving financial security and economic participation, as well as housing, as a key action area. In addition, the *Better Later Life Action Plan – He Mahere Hohenga 2021 – 2024* prioritises housing and employment and includes a range of actions relevant to the 2022 Review.
- The *Older Workers Employment Action Plan* encompasses those aged 50 and over who are working or who want or need to work. The purpose of the Action Plan is to ensure that disadvantaged older New Zealanders who want or need to work can find sustainable employment that fulfils their needs and aspirations and contributes to their overall wellbeing. We note the important role that employment income plays in enabling retirement savings. The Action Plan also contemplates links to other population employment action plans under the *Employment Strategy*, several of which focus on improving lifelong employment outcomes for groups that tend to have lower levels of lifetime retirement savings such as Pacific peoples and women (The Action Plan is led by the Ministry of Social Development).
- Work to bring the changes made to residency eligibility requirements for New Zealand Superannuation through the *New Zealand Superannuation and Retirement Income (Fair Residency) Amendment Bill* (passed in October 2021) into effect, including a communications plan to raise awareness of the changes (led by the Ministry of Social Development).
- A broad programme of work to support the objectives outlined in the *Government Policy Statement – Housing and Urban Development*, including regulatory reforms and reviews to support a greater volume and variety of housing, increased government investment in infrastructure and land development, and a range of programmes to deliver more affordable housing and housing support services (led by the Ministry of Housing and Urban Development).
- *MAIHI Ka Ora – The National Māori Housing Strategy* (and accompanying Implementation Plan) supports strong Māori-Crown partnerships, Māori-led housing solutions, more housing supply and housing supports to meet Māori needs, and a more coherent and accessible housing system for Māori.
- The *Fale mo Aiga: Pacific Housing Strategy and Action Plan 2030* promotes a deliberate Pacific housing response across Government and responds to the need for a culturally responsive and capable Pacific housing sector.
- Various workstreams to improve financial capability. The Ministry for Business Innovation and Employment (MBIE) and Te Ara Ahunga Ora have been undertaking work to take stock of current and planned initiatives of government agencies in the areas of financial capability, information and education. The Ministry for Pacific Peoples leads the Pacific Financial Capability Development programme which provides financial literacy training and pastoral care to help Pacific peoples budget, save, manage debt and purchase their first home.

- The Treasury produces a four-yearly statement on the long-term fiscal position of the government. The next statement will be published in 2025, which will pick up the fiscal impacts of current policy and demographic trends related to retirement income policies.

### **2019 Review of Retirement Income Policies KiwiSaver recommendations**

I'd like to acknowledge you and your teams' efforts for the research and policy thinking you have done in this area.

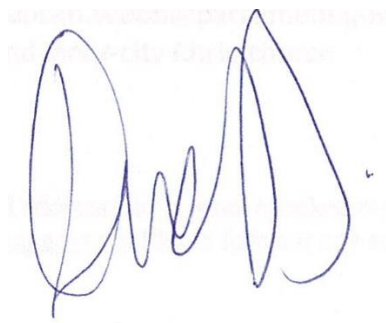
I also note that officials have considered KiwiSaver recommendations that were made in the 2019 Review of Retirement Income Policies and the Government has progressed work to address the gender gap between the average KiwiSaver balances of men and women.

In Budget 2023, the Government is enhancing the KiwiSaver scheme for parents (\$19.6 million for the forecast period 2022/23-2026/27). Through this funding the Government will pay a matching KiwiSaver 'employer' contribution to Paid Parental Leave recipients who contribute to their KiwiSaver. This recognises the unpaid nature of childcare and incentivises recipients of paid parental leave to save for their retirement.

### **Concluding comments**

Thank you again for completing the 2022 Review. I acknowledge the importance of this work, as well as the efforts and quality of the research and engagement that underpinned this work. As reflected in the report's recommendations, the government, employers, financial services industry, and Te Ara Ahunga Ora itself play an important role in improving New Zealander's retirement outcomes. I look forward to receiving the additional recommendations by and for Māori in due course.

Ngā mihi,

A handwritten signature in blue ink, appearing to read 'Duncan Webb', is written over a faint, light blue watermark of the same signature.

Hon Dr Duncan Webb  
**Minister of Commerce and Consumer Affairs**