



MINISTRY OF SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Description of New Zealand's current retirement income policies

***Background paper prepared by the Ministry of Social Development
for the Retirement Commissioner's
2013 Review of Retirement Income Policy***

April 2013

Executive summary

- 1 This report provides an overview of public provision for retirement income in New Zealand. The purpose of the report is to assist the Retirement Commissioner to compile the three yearly *Review of New Zealand Retirement Income Policy* (The Review). Where possible, the report describes current provision as at March 2013 and compares this with provision in March 2007 and March 2010 to provide a comparison since the previous Reviews.
- 2 This report includes other forms of social assistance provided under the Social Security Act 1964 that are accessed by older people.
- 3 We have also provided some context for the Review by briefly summarising some other aspects of retirement income provision beyond the responsibility of the Ministry of Social Development.

New Zealand Superannuation: fundamental principles

- 4 New Zealand Superannuation (NZS) is a simple, universal pension paid to all who qualify on age and residency criteria. Its simplicity and universality means it has a low administration cost in comparison to publicly-funded retirement schemes in many other countries. Ninety four per cent of New Zealanders over the age of 65 receive NZS.
- 5 NZS is an equitable, effective, simple and secure foundation for retirement income because:
 - it does not discourage personal saving as it is not income or asset tested
 - those still in paid employment can receive it
 - it is not contingent on past earnings history or contributions
 - annual indexing to wages and prices maintains its relativity with incomes of the general population.

New Zealand Superannuation: an overview

- 6 The New Zealand Superannuation and Retirement Income Act 2001 provides the legislative framework for NZS. To be eligible for NZS a person must:
 - be aged 65 years or older
 - be a New Zealand citizen or permanent resident
 - have been resident and present in New Zealand for not less than ten years since the age of 20, of which five years or more must be since the age of 50
 - be ordinarily resident in New Zealand on the date of application.
- 7 Veteran's Pension (VP) is an alternative pension paid at the same rate as NZS to qualifying persons. A person who has reached the qualifying age for NZS, has served in a recognised war or emergency and is in receipt of not less than 70 per cent of a War Disablement Pension, may qualify for VP under Part 6 of the War Pensions Act 1954. A person may also qualify for VP who has not reached the qualifying age for NZS, but has

served in a recognised war or emergency, and is unable to work for a substantial period due to either a physical or psychological disability. VP confers some additional advantages on recipients and their families (eg a payment upon death of a veteran or veteran's spouse and eligibility to a community services card without an income test).

- 8 The rates of NZS/VP¹ payable vary according to living arrangements. The three main rates paid are known as:
 - married, civil union or de facto couple² (where both qualify for NZS/VP)
 - single sharing accommodation
 - single living alone.
- 9 A qualified New Zealand superannuitant who is married, or in a civil union or in a de facto relationship, with a New Zealand permanent resident, or citizen, who does not meet NZS/VP eligibility criteria, can elect to receive a special rate of NZS/VP that includes their spouse or partner. This is known as a non-qualified partner. This rate is subject to an income test against the couple's joint income.
- 10 For people aged 65 and over who do not meet the qualifying criteria for NZS or VP and who have no other means of support, an Emergency Benefit may be available (subject to a hardship test of income and assets). Some people aged 65 and over receive other social security benefits which can include Unemployment Benefit, Widow's Benefit, Invalid's Benefit, Sickness Benefit or Domestic Purposes Benefit. Unlike NZS/VP, social security benefits available to those aged 65 and over are income tested.
- 11 Table 1 illustrates the numbers receiving NZS/VP and other benefits in March 2013 compared to March 2010 and March 2007. The table counts a small number of people who are aged under 65. The majority of these are counted as NZS/VP recipients on the basis of being non-qualified partners of qualified people. Some have applied for NZS/VP in anticipation of turning 65 within the next six months.

¹ NZS/VP refers to all recipients of either New Zealand Superannuation or Veteran's Pension. Except where stated, this includes non-qualified partners (those usually under the age of 65 who receive NZS/VP because they are a partner of a qualified recipient).

² *Married couple* refers to a NZS/VP recipient who is married, or in a civil union, or a de facto couple, (including same-sex couples). From 1 April 2007, same-sex couples in a de facto relationship have the same status as married, civil union and opposite-sex couples. Prior to this, same-sex de facto couples were treated as single people.

Table 1 Summary of recipients of New Zealand Superannuation, Veteran's Pension and other main benefits aged 65 and over

Description	End March 2007	End March 2010	End March 2013	Change from 2007 to 2010 absolute numbers	Change from 2010 to 2013 absolute numbers
NZ Superannuation	485,907	532,528	606,718	+ 9.6%	+ 13.9%
NZ Superannuation non-qualified partners	13,307	12,486	12,656	- 6.2%	+ 1.4%
Total NZS	499,214	545,014	619,374	+ 9.2%	+ 13.6%
Veteran's Pension	9,653	10,369	8,910	+ 7.4%	- 14.1%
Veteran's Pension non-qualified partners	277	263	213	- 5.1%	- 19.0%
Total VP	9,930	10,632	9,123	+ 7.1%	- 14.2%
Emergency Benefit	5,873	4,952	3,788	- 15.7%	- 23.5%
Other main benefit ³	1,566	2,876	4,041	+ 83.7%	+ 40.5%
Total main benefit	7,439	7,828	7,829	+ 5.2%	0%
Total	516,583	563,474	636,326	+ 9.1%	+ 12.9%

Source: Ministry of Social Development administrative data

³ Includes Unemployment Benefit, Widow's Benefit, Invalid's Benefit, Sickness Benefit and Domestic Purposes Benefit.

Recipients of NZS/VP

12 Table 2 illustrates numbers receiving the various rates of NZS/VP as at 31 March 2013

Table 2 Numbers of recipients of New Zealand Superannuation and Veteran's Pension by rate and sex as at 31 March 2013					
Rate type	NZS		VP		Total
	Female	Male	Female	Male	
Individuals in a married, civil union, or de facto couple where each qualifies for NZS/VP	160,367	205,529	1,680	2,186	369,762
Single sharing accommodation	54,300	25,858	1,078	429	81,665
Single living alone	110,940	49,697	2,690	847	164,174
Single	13	14	-	-	27
Non-qualified partner in a married, civil union, de facto relationship where one qualifies for NZS/VP	11,131	1,525	213	-	12,869
Total	336,751	282,623	5,661	3,462	628,497

Source: Ministry of Social Development administrative data

13 The number of recipients of NZS/VP who receive each rate is further analysed in Tables 3 and 4 by both sex and age group. These compare the situation on 31 March 2013 with the same date in 2010 and 2007. General trends over the period observed show that:

- the number of NZS/VP recipients aged from 65 to 69 has increased by nearly 13 per cent from 2010 to 2013, but has remained constant at around 31 per cent of the total proportion of all NZS/VP recipients
- since 2007 the 85 plus age group has increased at a greater rate for males than females
- the number of those aged 85 and over has slightly decreased from 11.8 per cent to 11.5 per cent as a proportion of all NZS/VP recipients
- for every seven female NZS/VP recipients there are six males, and 73 per cent of all males live in a couple relationship, compared to only 47 per cent of all females.

Table 3 Female recipients of New Zealand Superannuation or Veteran's Pension (including non-qualified partners) by age group and rate type. Comparison between 31 March 2013, 31 March 2010 and 31 March 2007.

Female – rate type							
Period	Age group	Single Living Alone	Single Sharing	Single	Married	Non-qualified partner	Female Total
March 2007	<65*	112	37	3	499	12,066	12,714
	65-69	19,549	8,347	5	49,601	221	77,718
	70-74	19,332	7,417	2	32,393	74	59,216
	75-79	21,983	8,173	3	23,043	13	53,212
	80-84	21,150	9,181	6	12,078	6	42,415
	85-89	13,382	8,641	5	4,005	2	26,030
	90+	5,499	7,707	0	760	-	13,966
	Total	101,007	49,503	24	122,379	12,382	285,271
March 2010	<65*	136	46	0	533	10,983	11,698
	65-69	21,634	9,185	4	55,848	282	86,949
	70-74	20,760	8,089	4	37,899	92	66,840
	75-79	21,635	7,796	1	24,087	24	53,542
	80-84	21,415	8,842	2	13,476	2	43,735
	85-89	14,896	8,812	1	5,006	2	28,716
	90+	6,303	7,857	3	994	-	15,154
	Total	106,779	50,627	15	137,843	11,385	306,634
March 2013	< 65	131	61	-	651	10,919	11,762
	65-69	24,711	11,032	4	66,680	273	102,700
	70-74	23,366	9,858	1	46,146	110	79,481
	75-79	21,473	8,241	3	26,678	39	56,434
	80-84	21,223	8,834	1	14,946	2	45,006
	85-89	15,265	8,915	1	5,663	1	29,845
	90+	7,461	8,437	3	1,283	-	17,184
	Total	113,630	55,378	13	162,047	11,344	342,412

Source: Ministry of Social Development administrative data

* Includes people under 65, other than non-qualified partners, who have applied for NZS in anticipation of turning 65 within the next six months

Table 4 Male recipients of New Zealand Superannuation or Veteran's Pension (including non-qualified partners) by age group and rate type. Comparison between 31 March 2013, 31 March 2010 and 31 March 2007.

Male – rate type							
Period	Age group	Single Living Alone	Single Sharing	Single	Married	Non-qualified partner	Male Total
March 2007	<65*	183	67	6	767	1,064	2,081
	65-69	11,118	5,809	4	57,825	50	74,802
	70-74	8,847	4,430	1	40,959	41	54,277
	75-79	8,332	4,323	2	32,661	31	45,347
	80-84	6,492	3,395	0	19,546	13	29,446
	85-89	3,416	2,308	0	7,338	3	13,065
	90+	1,429	1,478	0	1,948	0	4,855
	Total	39,817	21,810	13	161,044	1,202	223,873
March 2010	<65*	181	61	0	857	1,145	2,244
	65-69	12,774	6,335	4	64,495	65	83,669
	70-74	9,779	5,081	1	47,285	76	62,221
	75-79	8,475	4,044	3	33,766	52	46,337
	80-84	7,274	3,617	2	21,946	21	32,858
	85-89	4,289	2,606	2	9,253	4	16,152
	90+	1,631	1,560	2	2,339	1	5,531
	Total	44,403	23,304	14	179,941	1,364	249,012
March 2013	< 65*	147	54	1	788	1,265	2,255
	65-69	15,520	7,372	5	75,094	90	98,081
	70-74	11,682	6,228	5	57,248	76	75,239
	75-79	8,730	4,131	2	36,695	52	49,610
	80-84	7,490	3,782	-	23,874	33	35,179
	85-89	4,880	2,885	-	10,987	8	18,760
	90+	2,095	1,835	1	3,029	1	6,961
	Total	50,544	26,287	14	207,715	1,525	286,085

Source: Ministry of Social Development administrative data

* Includes people under 65, other than non-qualified partners, who have applied for NZS in anticipation of turning 65 within the next six month

Take-up rate of NZS/VP

- 14 Not all people living in New Zealand aged 65 and over receive NZS/VP. In 2007, 92.7 per cent of all people aged 65 and over were receiving NZS/VP, and by 2010 this increased to 94 per cent. By 2012 this had increased to 97 per cent. Data is collected on take-up rate of NZS/VP by dividing the number of qualified superannuitants by the population aged 65 and over. This population figure is based on Statistics New Zealand population projections, and estimates based on past take-up rates.
- 15 Since 2008, take-up rates have been further analysed by age group. This has revealed differences in rate of take-up across age cohorts, as shown in Table 5 below. To date, there has been no detailed analysis of the factors that drive these variations across different age groups. Possible explanations for lower take-up include increased migrant inflows in older age groups boosting numbers of people aged 65 and over who may not meet residency criteria, or people with independent financial means who may choose not to apply for NZS/VP.

65-69	98.8%
70-74	98.7%
75-79	95.0%
80-84	95.4%
85+	93.7%
Average	97.0%

Source: Statistics New Zealand Population data

The structure of NZS/VP rates

- 16 The key legislative platform for retirement income policy is the New Zealand Superannuation and Retirement Income Act 2001 and Part 6 of the War Pensions Act 1954.
- 17 NZS/VP is governed by these Acts, which set out the rates of payment and how these are annually adjusted. The net weekly rates of NZS/VP must be adjusted on 1 April each year, in line with any annual percentage increase in the Consumers Price Index (CPI) for the year ending the previous 31 December.⁵
- 18 After this adjustment, the after-tax⁶ weekly amount of NZS/VP payable to a married couple (where both qualify) must be at least 65 per cent of the average wage after tax, but cannot be greater than 72.5 per cent of the average wage after tax. It is current Government policy to ensure that the after-tax married couple rate is maintained at a minimum of 66 per cent of the average wage after tax.

⁴ As at 19 April 2013, figures for the take-up rate of New Zealand Superannuation or Veteran's Pension by age as at March 2013 had not been released by Statistics New Zealand.

⁵ The process for adjusting the rates of payment for Veteran's Pension, described under the War Pensions Act 1954, mirrors that for New Zealand Superannuation.

⁶ After tax at the standard 'M' rate.

- 19 If the after-tax married couple rate after the CPI adjustment is less than 66 per cent of the average wage after tax, a further adjustment is made to bring the rate up to this level. A further adjustment, above the CPI, was required on 1 April 2010, 1 April 2011, 1 April 2012 and 1 April 2013. Following the price and wage adjustment, the single sharing and living alone rates are set at:
- 60 per cent of the married couple rate for single people sharing accommodation
 - 65 per cent of the married couple rate for single people who are living alone (and qualify for the Living Alone Payment).
- 20 Table 6 outlines the weekly after-tax payment rates of NZS/VP from 1 April 2013, based on the tax code 'M'. This is the amount people will receive if NZS/VP is their main source of income. Recipients have their NZS/VP taxed at a higher rate if it is not their main source of income.

Rate type	Net rate based on M tax code	Gross rate
Married, civil union, de facto couple (both qualify)	\$549.88	\$620.68
Single sharing accommodation	\$329.93	\$377.05
Single living alone	\$357.42	\$410.32
Married, civil union, or de facto couple (maximum payable to a couple where a non-qualified partner is included)	\$522.62	\$ 587.46

Source: Ministry of Social Development administrative data

Non-qualified partner rate of payment

- 21 NZS/VP is not subject to any income or asset test unless an eligible superannuitant has elected to include a 'non-qualified partner'. If a couple's combined annual income (other than NZS/VP) is below \$25,786.06 gross⁷, it is financially beneficial for the qualified partner to elect to include their non-qualified partner in their NZS/VP rate of payment. The maximum amount of NZS/VP payable in this situation is \$23.94 per week less than that paid to a couple where both qualify. This is referred to as the 'partnered/non-qualified' rate. Where the joint income of the couple is less than \$5,200 gross per annum, the full 'married/non-qualified rate' is payable. Each dollar of extra income in excess of this level reduces the before-tax amount of NZS payable by 70 cents.
- 22 Couples where only one partner qualifies for NZS/VP may choose not to undergo the income test. In this situation the eligible person receives half the married rate and their non-qualified partner does not receive NZS/VP.

⁷ From 1 April 2013.

NZS/VP rates – overall rationale

- 23 NZS/VP is designed to provide a basic but adequate standard of living. On its own, it is not designed to maintain the living standards that people may have been accustomed to during their working lives.
- 24 The Ministry's research shows the majority of older New Zealanders have sufficient income and assets to provide a reasonable standard of living. Although there is evidence of a small group of older New Zealanders (between 4 and 9 per cent) whose living standards are very restricted, the hardship rate for older New Zealanders is lower than for any other age group.
- 25 These relatively good outcomes are due to the mix of public provision (mainly New Zealand Superannuation) and the private provision and assets superannuitants have built up over lifetimes. A key component of the private provision is home ownership: 75 per cent of older New Zealanders own their own home mortgage free.⁸
- 26 This assessment of the relative material wellbeing of older New Zealanders is based on three strands of research using:
- household incomes (after taking housing costs into account) as an indicator of material wellbeing
 - non-income measures which seek to get a more direct measure of actual daily living conditions in the population
 - self-ratings of income adequacy and material wellbeing.⁹
- 27 This research also found that for those over the age of 65:
- 40 per cent have virtually no income source other than NZS
 - 20 per cent have on average around 80 per cent of their income from NZS and other government transfers
 - this degree of dependence has not changed greatly in the last two decades
 - around one in three older New Zealanders receive more than half their income from sources other than NZS/VP.

Rationale for relativities between single living alone (65 per cent of married couple rate) and single sharing (60 per cent of married couple rate)

- 28 The rate paid to a married, civil union or de facto couple, where both qualify, is the base rate for NZS/VP. This rate is then halved and paid to each individual in the couple – often referred to as a 'married person rate'. The single rates are then calculated as a percentage of the rate for a married couple.
- 29 Setting the single rate at 60 per cent of the married couple rate is a long-standing principle that has applied to the social security benefit system both in New Zealand and

⁸ This figure is provided by Statistics New Zealand with the caveat that 2006 Census data on home ownership rates for older people is particularly sensitive to different housing unit types and ownership mechanisms including occupancy rights of retirement village units and homes owned by family trusts.

⁹ See the Ministry's *Household Incomes Report* and *Working Paper* on the 2008 Living Standards Survey for full details of the methodologies used and other findings. These are available on the Ministry's website www.msd.govt.nz/about-msd-and-our-work/publications-resources/index.html

in many overseas countries. The issue of recognising the differing financial requirements for different household types to achieve a similar standard of living (all else being equal) is based on a concept called 'equivalence scales'.¹⁰ Equivalence scales are used in a range of contexts by government, researchers and analysts around the world.

- 30 Couples living together in a married, civil union or de facto relationship are paid less than double the single rate because it is considered that they can take advantage of certain economies of scale that individuals in shared accommodation cannot. Thus, the rate paid to a married person is less than that paid to a single person. For example, a married couple:
- could be able to enjoy lower accommodation costs than two single people
 - could be able to have their personal household effects on one insurance policy whereas two single people who are sharing accommodation would be more likely to have separate insurance costs totalling a higher amount
 - could share vehicle expenses, while two single people may be more likely to have their own individual transport and vehicle costs
 - could generally share meals, while two single people sharing accommodation may not have merged their lives to that extent.
- 31 In 1990, the Living Alone Payment was introduced to recognise that single people living alone face greater costs than a single person sharing accommodation. Originally, this was paid as an extra payment of \$20 (gross) a week on top of the single sharing rate. From 1 April 2013, the difference between the single sharing and single living alone rates of NZS/VP paid to a single person is \$33.27 per week. The after tax difference is \$27.52 per week using the 'M' tax code. The extra payment meant that the total amount of NZS paid to a single person living alone was equivalent to 65 per cent of the married couple rate.
- 32 Expressing the two single rates as proportions of the married couple rate was formalised through the Accord on Retirement Income Policies (the Accord). The Accord was a document signed by the Alliance, Labour and National political parties in August 1993, and by the United Party in 1995. Its purpose was to achieve consensus on retirement income policies to be implemented in New Zealand. Some of the Accord provisions were then given legislative effect by the Social Welfare (Transitional Provisions) Amendment Act (No 2) 1993. The appropriateness of the settings for the single rates was last considered by Parliament with the passing of the New Zealand Superannuation Act in 2001.¹¹
- 33 On the 5 April 2013, the Social Assistance (Living Alone Payment) Amendment Bill received the Royal Assent. From September 2013, the separate Living Alone Payment will be replaced by a single living alone rate of NZS/VP. The total amount of assistance payable to a single superannuitant who is living alone will not change.
- 34 The Australian state pension system also recognises the different living costs faced by single and married people by paying a higher rate to single persons than to each

¹⁰ Jensen revised scale 1988.

¹¹ The Act was amended in 2005 to include the function of the Retirement Commission and renamed the New Zealand Superannuation and Retirement Income Act 2001.

member of a couple. Their single rate is currently 60 per cent of the combined couple rate.

- 35 New Zealand research on this issue considered the question of the relativities between single and married couple households.¹² The tentative conclusion was that setting the single rates of NZS at 60 per cent (sharing) and 65 per cent (living alone) of the married couple rate was appropriate. This and later research indicate that the rate of hardship for married couples is lower than for those on single rates.¹³

International aspects of eligibility to NZS/VP

- 36 Section 70 of the Social Security Act 1964 requires that New Zealand residents who are eligible for NZS/VP or a social security benefit, and who receive a public pension from an overseas country, have their New Zealand payment reduced by up to the amount of the overseas pension. The policy on the treatment of overseas pensions is commonly referred to as the 'direct deduction' policy.
- 37 When a client is eligible to receive or is receiving any overseas benefit of pension, a direct deduction of the gross amount is generally deducted from their New Zealand benefit.

The overseas benefit or pension is deducted from:

- the gross rate of New Zealand Superannuation or Veterans Pension and
 - the net rate of any other New Zealand benefit (including Accommodation Supplement)
 - when an overseas pension is considered to be in the nature of a Disability Allowance, it will be directly deducted from any New Zealand Disability Allowance but not any other New Zealand benefit.
- 38 NZS/VP can also be paid to New Zealanders living or travelling overseas under the following provisions:
- *Temporary Absence*: payment of NZS/VP may continue at the full rate to a person who is temporarily absent for up to 26 weeks, provided that the person returns to New Zealand within 30 weeks
 - *Social Security Agreement*: payment may be made at up to 100 per cent of the core¹⁴ rate, depending on the length of residence in New Zealand over a period of 40-45 years, to a person intending to reside, or already residing, in a country with which New Zealand has a social security agreement. These countries are Australia, Canada, Denmark, Greece, Ireland, Jersey and Guernsey, and the Netherlands. Although New Zealand has a social security agreement with the United Kingdom, this Agreement does not allow payment of NZS/VP to people who intend to reside in

¹² Ministry of Social Development *Living Standards of Older New Zealanders*, 2001.

¹³ *Household Incomes in New Zealand: trends and indicators of inequality and hardship* the current report is available on: <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/index.html>

¹⁴ 'Core rate' does not include the Living Alone Payment, the non-qualified partner rate and supplementary payments such as the Disability Allowance.

the United Kingdom. Instead, the Agreement allows former New Zealand residents now residing in the United Kingdom to access the United Kingdom Age Pension

- *Special Portability*: payment may be made at up to 100 per cent of the core rate, depending on length of residence in New Zealand over a 20-year time frame, to a person who intends to live for 52 weeks or more in one of the 22 specified Pacific countries covered by this arrangement
- *General Portability*: payment may be made at up to 100 per cent of the core rate, depending on the length of residence in New Zealand between the ages of 20 and 65, to a person intending to travel or reside in one or more overseas countries not covered by the Special Portability arrangement or a social security agreement.

39 Table 7 illustrates the number of recipients of NZS/VP who have overseas pension deductions. It shows the proportion of all NZS/VP recipients who have deductions made has increased since 2007. While it appears the average value of the deduction has reduced over the period, this value is sensitive to exchange rate fluctuations. Considerable variance in the GBP/NZ\$ exchange rate can contribute to the lower value of overseas pension deductions. Overseas pension recoveries made by the Ministry as part of the direct deduction policy totalled around \$240 million in 2012/2013.

As at end March	Number of recipients	Proportion of total NZS/VP recipients	Average annualised value of deducted pension in \$NZ
2007	47,232	9.3%	\$4,083
2010	53,938	9.9%	\$3,742
2013	65,042	10.3%	\$3,532

Source: Ministry of Social Development administrative data

NZS/VP: expenditure

40 Table 8 illustrates the expenditure on both NZS and VP for the year ended March 2013 compared to the year ended March 2010 and 2007. There was an increase in expenditure of around 23 per cent in March 2013, a slight increase compared to March 2010 when the increase in expenditure was just over 22 per cent.

	New Zealand Superannuation 000s	Veteran's Pension 000s	Total 000s
Year ended March 2007	\$6,675,183	\$138,852	\$6,814,035
Year ended March 2010	\$8,165,022	\$179,899	\$8,344,921
Year ended March 2013	\$10,063,817	\$172,605	\$10,236,422

Source: Ministry of Social Development administrative data

Main benefits received by people aged 65 and over who do not receive NZS/VP

- 41 People aged 65 and over who do not meet residency criteria for NZS can qualify for other main benefits. People on other main benefits prior to turning 65 (other than Emergency Benefit) are not obliged to transfer to NZS when they reach the age of eligibility or meet the relevant criteria, but it is likely to be financially beneficial for most to do so.
- 42 Compared to 2010 the number of people aged 65 and over receiving main benefits other than NZS/VP has remained static in 2013.
- 43 The number of people aged 65 and over receiving the Emergency Benefit or another main benefit is shown in Table 9. While some changes can be observed in relativities between benefits since 2007, the overall numbers remain largely constant across the three periods observed.

Emergency Benefit

- 44 The Emergency Benefit is an income and asset tested benefit payable to people who are experiencing hardship, or who do not qualify for any other main social security benefit or NZS/VP. At the end of March 2013, 3,788 people aged 65 and over were receiving an Emergency Benefit (compared to 628,497 on NZS/VP).
- 45 The common reason people aged 65 and over receive Emergency Benefit is that they do not meet the residency criteria for NZS/VP or they have no other source of income. To qualify for an Emergency Benefit a person must:
- be unable to earn sufficient income for themselves (and any dependent family)
 - be unable to receive another social security benefit

¹⁵ Any inflation effects are reflected in the average wage and CPI on which the NZS annual adjustment is based.

- be experiencing hardship (as determined by an income and cash asset test).

46 Unlike working age people, those aged 65 and over receiving Emergency Benefit are not expected to earn an income, although those who are willing and able to work are able to access help from the Ministry with obtaining employment.

Other main benefits

47 Other main benefits paid to people aged 65 and over include:

- Domestic Purposes Benefit
- Invalid's Benefit
- Sickness Benefit
- Unemployment Benefit¹⁶
- Widow's Benefit.

Benefit	As at end March 2007	As at end March 2010	As at end March 2013	Change from 2007 to 2010 absolute numbers	Change from 2010 to 2013 absolute numbers
Emergency Benefit	5,873	4,952	3,788	- 15.7%	- 23.5%
Domestic Purposes Benefit	55	75	78	+ 36.4%	+ 4.0%
Invalid's Benefit	660	1847	2,706	+ 179.8%	+ 46.5%
Sickness Benefit	392	519	814	+ 32.4%	+ 56.8%
Unemployment Benefit ¹⁷	276	170	42	- 38.4%	- 75.3%
Widow's Benefit	183	265	401	+ 44.8%	+51.3%
Total other main benefits	7,439	7,828	7,829	+ 5.2%	0%

Source: Ministry of Social Development administrative data

Supplementary social assistance payments to older people in need

48 Supplementary assistance is available on the basis of need to people receiving NZS/VP or a main social security benefit. Supplementary assistance is means-tested and assessed weekly, and includes:

¹⁶ From September 2007, age-related exemptions from the work test were removed for recipients and for partners of beneficiaries.

¹⁷ Unemployment benefit includes: Unemployment Benefit, Unemployment Benefit Hardship, Unemployment Benefit Training and Unemployment Hardship Student.

- Disability Allowance
- Accommodation Supplement
- Special Benefit
- Temporary Additional Support.

49 Table 10 gives a snapshot of the total number of people aged 65 and over receiving one or more supplementary assistance payments. The number of people aged 65 and over receiving supplementary assistance has increased in absolute terms since 2007 but, relative to total numbers of people aged 65 and over, has reduced slightly in 2013.

50 The slight reduction in the proportion of older people receiving supplementary assistance is surprising, as it could be expected that the global economic recession would increase take-up of hardship assistance. It is possible that people aged 65 and over may be less affected by the recession than those of working age, as fewer are in employment. However, older people will be experiencing negative impacts on the value of private incomes and savings due to both the recession and finance company failures, and some of these impacts may be yet to take effect.

Table 10 Total recipients of supplementary assistance aged 65 and over								
	As at end March 2007		As at end March 2010		As at end March 2013		Change from 2007 to 2010 absolute numbers	Change from 2010 to 2013 absolute numbers
	Number	Proportion of total population 65+ *	Number	Proportion of total population 65+ *	Number	Proportion of total population 65+ *		
Total recipients	133,119	26.5%	141,876	25.8%	143,505	23.0%	+ 6.6%	+ 1.1%

Source: Ministry of Social Development administrative data

* Total population aged 65 and over includes all NZS/VP and other benefits including non-beneficiary assistance

51 The number of 'Total recipients' in Table 10 is not equivalent to the sum of the individual supplementary benefits shown in Table 11, as some people receive more than one form of supplement assistance.

52 Table 11 shows the number of people receiving the different types of supplementary assistance at the end of March in 2007, 2010 and 2013.¹⁹ This analysis is limited to those aged 65 and over who receive NZS/VP or other main benefits. This gives a more accurate picture of hardship amongst older people because a higher proportion of older recipients of other main benefits receive supplementary assistance than NZS/VP recipients.

Source: Ministry of Social Development administrative data

Supplement type	As at end March 2007			As at end March 2010			As at end March 2013		
	Number of recipients	Proportion of total population 65+*	Average weekly payment	Number of recipients	Proportion of total population 65+*	Average weekly payment	Number of recipients	Proportion of total population 65+*	Average weekly payment
Accommodation Supplement	25,694	5.1%	\$49	30,314	5.5%	\$54	35,045	5.6%	\$58
Disability Allowance	122,471	24.4%	\$25	129,743	23.6%	\$26	129,123	20.7%	\$25
Temporary Additional Support	315	0.06%	\$48	2,246	0.4%	\$56	3,253	0.5%	\$55
Special Benefit	1,292	0.26%	\$40	670	0.12%	\$48	383	0.1%	\$64

* Total population aged 65 and over receiving NZS/VP or other main benefit

¹⁸ Excludes supplementary assistance provided to NZS/VP non-qualified partners under 65.

¹⁹ While NZS/VP payments and other main benefits are relatively predictable across the span of a year, supplementary assistance is demand driven and fluctuates, so this data is provided as a snapshot for the last week in March 2007, 2010 and 2013.

53 Total expenditure on the four supplementary assistance payments to people receiving NZS/VP in the year ended March 2013 was \$276.3 million, compared with \$256.1 million in 2010 and \$214.5 million in 2007. Table 12 provides details on expenditure for each type of supplementary assistance.

Table 12 Expenditure on supplementary assistance to recipients of New Zealand Superannuation or a Veteran's Pension²⁰			
	Supplementary Assistance	NZS \$000	VP \$000
Year ended March 2007	Accommodation Supplement	\$48,773	\$836
	Disability Allowance	\$156,069	\$5,745
	Special Benefit	\$2,770	\$5
	Temporary Additional Support	\$311	\$0
	Total	\$207,923	\$6,586
Year ended March 2010	Accommodation Supplement	\$66,547	\$1,077
	Disability Allowance	\$174,780	\$7,186
	Special Benefit	\$1,732	\$0
	Temporary Additional Support	\$4,757	\$23
	Total	\$247,816	\$8,286
Year ended March 2013	Accommodation Supplement	\$88,098	\$1,088
	Disability Allowance	\$171,847	\$5,750
	Special Benefit	\$1,247	\$9
	Temporary Additional Support	\$8,322	\$12
	Total	\$269,514	\$6,860

Source: Ministry of Social Development administrative data

²⁰ Table 12 only shows supplementary assistance paid to NZS/VP recipients - a different group to the analysis of numbers receiving supplementary assistance in Tables 10 and 11.

Disability Allowance

- 54 Disability Allowance provides non-taxable assistance to people who have on-going, additional costs because of a disability. At the end of March 2013, Disability Allowance was being paid to 129,123 people aged 65 and over, a slight decrease from 2010. We suspect this is a result of many people working beyond 65, and not meeting the income test for Disability Allowance.
- 55 To be eligible for a Disability Allowance a person must:
- have a disability that is likely to last at least six months
 - have regular, ongoing costs because of the disability that are not fully covered by another agency
 - meet an income test
 - be a New Zealand citizen or permanent resident and generally be ordinarily resident in New Zealand (but no minimum period of residence is required).

Accommodation Supplement

- 56 An Accommodation Supplement is a non-taxable weekly benefit that provides assistance towards a person's accommodation costs.
- 57 At the end of March 2013, an Accommodation Supplement was being paid to 35,045 people aged 65 and over.
- 58 To be able to receive an Accommodation Supplement a person must:
- have accommodation costs for the home they occupy (as renter, boarder or owner), providing it is not owned or managed by Housing New Zealand Corporation²¹
 - spend at least 25 per cent of their income on housing costs (30 per cent for home-owners)
 - meet an income and cash asset test
 - be a New Zealand citizen or permanent resident and generally be ordinarily resident in New Zealand (but no minimum period of residence required)
 - not receive a Residential Care Subsidy.
- 59 Many superannuitants do not meet the cash asset test, and others who are mortgage-free home-owners may have insufficient weekly housing costs.

²¹ Many Housing New Zealand Corporation tenants aged 65 and over receive accommodation assistance in the form of the income-related rental subsidy.

60 Table 13 below illustrates the numbers of people aged 65 or over receiving an Accommodation Supplement by tenure.

	As at end March 2007	As at end March 2010	As at end March 2013	Change from 2007 to 2010 absolute numbers	Change from 2010 to 2013 absolute numbers
Renting	17,251	20,652	24,522	+ 19.7%	+ 18.7%
Boarding	4,132	4,602	4,724	+ 11.4%	+ 2.7%
Owning	4,309	5,060	5,799	+ 17.4%	+ 14.6%
Total	25,692	30,314	35,045	+ 18.0%	+ 15.6%

Source: Ministry of Social Development administrative data

Temporary Additional Support

61 Temporary Additional Support is a non-taxable weekly benefit that can be paid for a maximum of 13 weeks. It can be granted for subsequent 13-week periods after a review. It is paid as a last resort to help a person with their regular essential living costs that cannot be met from their chargeable income and other resources.

62 At the end of March 2013, Temporary Additional Support was being paid to 3,253 people aged 65 and over.

63 To be able to receive the Temporary Additional Support a person must:

- meet a cash asset test
- take all necessary steps to obtain other financial assistance or resources available
- take reasonable steps to reduce their costs or increase their chargeable income
- be a New Zealand citizen or permanent resident and generally be ordinarily resident in New Zealand.

64 A person does not have to be receiving NZS/VP or other main benefit to qualify for Temporary Additional Support.

Special Benefit

65 Special Benefit is a discretionary non-taxable benefit which has been superseded from 1 April 2006 by Temporary Additional Support. At the end of March 2013, Special Benefit was being paid under grandparenting provisions to 383 people aged 65 and over.

Hardship or emergency payments to older people

66 In addition to weekly supplementary assistance payments, Special Needs Grants and Advance Payment of Benefit can be made to meet immediate and essential needs. These are subject to an income and asset test. Payments are one-off but a person can make more than one application subject to meeting the criteria. Each application is considered on its merits. This assistance has low take-up rates in proportion to the number of people aged 65 and over.

67 Table 14 illustrates the number of Special Needs Grants and advance payments of NZS/VP or other main benefit paid to people aged 65 and over.

	Year ended March 2007		Year ended March 2010		Year ended March 2013	
	Number granted	Number granted proportional to total population 65+ *	Number granted	Number granted proportional to total population 65+ *	Number granted	Number granted proportional to total population 65+
Special Needs Grant²²	10,101	1.95%	19,171	+ 3.40%	16,436	+ 2.60%
Advance Payment	14,875	2.88%	22,126	+ 3.93%	19,283	+ 3.10%

Source: Ministry of Social Development administrative data

* Total population aged 65 and over receiving NZS/VP or other main benefit

Special Needs Grant

68 A Special Needs Grant (SNG) provides non-taxable, one-off financial assistance to meet immediate needs and can be recoverable or non-recoverable depending on the reason for the grant.

69 In the year ended March 2013, 16,436 SNGs were paid to people aged 65 or over.²³

70 To be eligible a person generally must:

- have an essential need, emergency need or require payment for specific circumstances
- not be able to meet the need from their own resources or through other sources

²² The availability of some grants has been extended since 2007. From 4 August 2008 the maximum annual amount of assistance available for food was doubled.

²³ The number of grants does not equate to number of grant recipients, as one person may receive more than one grant over the course of a year.

- meet an income and cash asset test
- be a New Zealand citizen or permanent resident and generally be ordinarily resident in New Zealand.

- 71 A person does not need to be receiving NZS/VP or a main social security benefit to qualify for a SNG.
- 72 For people aged 65 or over, the average value for a SNG in 2013 was \$166.46, with the total value \$2.7 million.
- 73 Table 15 illustrates the number of SNGs paid to people receiving NZS/VP or another main benefit (aged 65 or over) by reason. Over half the SNGs were for food, which is non-recoverable. The average value of a SNG for food was \$100.20, with the total value of \$900,000 spent on food.

Table 15 Number of Special Needs Grants paid for clients aged 65 or over as at March 2013	
Reason group	Total number of SNG
Ambulance Subscription Fees	144
Domestic Violence Programme	2
Driver Licence	2
Effluent Treatment	130
Food	9,376
Health Related	301
Medical And Associated Costs (SNG)	4,117
Other Emergency Situations (SNG)	921
People Affected By Benefit Stand Downs (SNG)	2
Re-Establishment Accommodation Element	15
Re-Establishment Grants (SNG)	101
Sickness benefit/invalid benefits Assessment Travel	1
Student Allowance Transfer Grant	13
Transfer To NZS (SNG)	1,307
Youth Transition	4
Total	16,436

Source: Ministry of Social Development administrative data

Advance payment of NZS/VP or other main benefit

- 74 A person receiving NZS/VP, or other main benefit, and who requires assistance to meet a particular immediate need for an essential item can apply to access advance payment of up to 6 weeks of their net entitlement. This payment is recoverable from subsequent benefit payments.
- 75 In the year ended March 2013, the number of advances made to people aged 65 or over totalled 19,283.²⁴
- 76 To receive an Advance Payment of Benefit a person must:
- have an immediate and essential need
 - meet an income and asset test.
- 77 For the year ended March 2013 the average advance value was \$550.95. The total amount paid for advances was \$10.6 million.
- 78 Table 16 illustrates the number of Advance Payments of Benefit paid to people receiving NZS/VP or another main benefit (aged 65 or over) by reason.

Reason	Total number	
Advances	472	
Ambulance Subscription Fees	14	
Medical And Associated Costs (SNG)	6,236	
Other Emergency Situations (SNG)	Accommodation	844
	Bedding	31
	Beds, Table, Chairs	322
	Bonds, Tenancy	1,385
	Car Repairs	1,793
	Car Restraints, Safety Helmets	1
	Clothing	208
	Electricity, Gas	1,375
	Fire Loss, Burglary	10
	Funeral, Tangihanga	157
	Other	3,710
	Rent Arrears	332
	Stranded Travel	146
	Telephone Installation	92
	Washing Machines, Fridge	1,340
School Education Costs (SNG)	298	
Urgent House Repairs and Maintenance	517	
Total	19,283	

Source: Ministry of Social Development administrative data

²⁴ The number of grants does not equate to number of grant recipients, as one person may receive more than one grant over the course of a year.

Senior Services

- 79 Significant changes in the Ministry's frontline service delivery for NZS/VP recipients took effect on 1 March 2010, when responsibility for NZS/VP was transferred from Work and Income and brought together under the name of 'Senior Services'. The new entity has responsibility for administration of NZS/VP payments, SuperGold card, Community Services card, International Services and Residential Care Subsidies. Senior Services case managers continue to work from Work and Income premises. The Ministry expects streamlined processes for older people under the new structure, will enable it to better respond to the growing numbers of applications for NZS, as the first of the baby boomers²⁵ reached 65 in 2011. In the year ended March 2007, 45,032 applications for NZS were received. By the year ended March 2010, this had increased to 49,093 and by the year ended March 2013 it had increased to 58,101 which is 29 per cent higher than the year to March 2007. Increasing numbers of older people are using the internet and other communication technologies.²⁶ As new cohorts of people turn 65, the proportion of NZS/VP clients with internet access is expected to increase. This will drive changes in the way government agencies provide information and services to the public, now and into the future.
- 80 The Ministry launched online applications for NZS through its Seniors website in May 2010. Since May 2010 applications received through the online services has increased to approximately 30 per cent per month.

SuperGold card

- 81 The SuperGold card was introduced in August 2007. It is a discount and concession card managed by the Ministry. It is available free of charge to all New Zealanders aged 65 and over, and those under 65 years receiving NZS/VP. It allows its holders access to a wide range of concessions and business discounts, and facilitates easy access for older people to government entitlements, including subsidised disability aids, and local authority services. The number of participating business almost tripled in 2012 with over 2,800 new businesses joining. At the end of 2012 there were 4,300 participating businesses nationwide. In October 2008 free off-peak travel was introduced, and this comprises the major component of government concessions on the card. From 2013 the SuperGold Card can also be used at participating Senior's Card²⁷ businesses in participating states in Australia.

Community Services card

- 82 The Community Services Card is available free of charge enabling access to subsidised health services. Recipients of NZS must meet the income test to qualify for a Community Service card. NZS clients and their non-qualified spouse/partners who receive an income-tested payment must also meet the Community Services card income test. Clients who transfer to NZS from another benefit do not need to reapply for a Community Services Card. The Seniors Support Centre identifies eligible clients and sends them a combined SuperGold/Community Services Card. Veteran's Pension clients and their spouse/partners automatically qualify for and receive a card.

²⁵ Generally regarded as those born between 1946 and 1964.

²⁶ Numbers of people aged 65 and over with internet access in the home increased more than two-fold to 39 per cent between Census 2001 and Census 2006 <http://www.socialreport.msd.govt.nz/social-connectedness/telephone-internet-access.html>

²⁷ The Senior's Card is the Australian version of the SuperGold Card.

Appeals process

- 83 A person who is unhappy with a decision made by the Ministry under the Social Security Act 1964, Part 1 of the New Zealand Superannuation and Retirement Income Act 2001, or Part 6 of the War Pensions Act 1954, can apply for a review by a Benefits Review Committee.
- 84 Initially, an internal review of the decision is undertaken. If this does not resolve the issue, the matter is formally considered by a Benefits Review Committee. If the issue is still not resolved, there is a right of appeal to the Social Security Appeal Authority. From the Appeal Authority's decision, any question of law can be taken to the High Court, Court of Appeal and Supreme Court.
- 85 In relation to NZS/VP, 241 decisions were taken to review in 2012. There were 240 NZS decisions taken to review and one decision was reviewed for VP.
- 86 Across the whole Ministry approximately 4,000 requests for review are made every year. This equates to one review for every thousand reviewable decisions made by the Ministry. The outcomes of reviews relating to NZS/VP follow a similar pattern to the reviews of other benefits the Ministry administers. Approximately 65 per cent of reviews are resolved at the internal review stage, with 35 per cent proceeding to the Benefits Review Committee.

Other forms of government assistance for people aged 65 and over

- 87 Older people may also be eligible for subsidies and rebates. Assistance typically available to older people includes Residential Care Subsidies, Funeral Grants, and the Rates Rebate Scheme.

Residential Care Subsidies

- 88 A Residential Care Subsidy is available to those people aged 65 and over who have been assessed as requiring long-term residential care and who meet income and asset thresholds. Most of the NZS/VP payment is paid to the care provider and a personal allowance is paid to the resident. The Ministry of Health assesses aspects of a person's eligibility and makes payments to the rest home or hospital. The income and asset testing is the responsibility of the Ministry of Social Development.

Residential Care Loans

- 89 A Residential Care Loan is available to those people aged 65 and over who do not qualify for a Residential Care Subsidy. The Residential Care Loan is an interest free loan that is secured over the client's former home. The loan is generally due to be repaid when the client dies or the former home is sold or otherwise disposed of, whichever happens earlier. The Ministry of Health is responsible for the payment of the loan to the rest home or hospital. The Ministry of Social Development administers the loan scheme.

Funeral Grants

- 90 A Funeral Grant is a non-taxable lump sum payment that provides assistance towards a person's funeral expenses. The Funeral Grant helps people with actual and reasonable funeral costs only and is available to people of any age who meet an income and asset

test. The test also depends on whether the deceased has a surviving partner or dependent child.

Rates Rebate scheme

- 91 Low income owner-occupiers of all ages qualify for a rates rebate of up to \$590 a year. Income thresholds²⁸ for this rebate enable many older people whose sole source of income is NZS/VP to qualify for this assistance. The scheme is mainly accessed by older people, and is administered by local authorities. The Department of Internal Affairs is responsible for the rates rebate scheme, and reimburses local authorities.
- 92 In 2011/2012 115,074 people received a rates rebate. It is estimated that around 73 per cent of that group were recipients of NZS/VP.

New Zealand's retirement income policy: future context

- 93 Population ageing is a world-wide phenomenon. Increasing numbers of people will become eligible for NZS/VP each year. Currently, around 14 per cent of New Zealanders are aged 65 and over (around 600,000 people). By 2031, this will be around 21 per cent, and the number of superannuitants will exceed 1 million.²⁹ Life expectancy will increase for the population over the age of 85, resulting in a significant additional increase in the number of superannuitants.
- 94 Maintaining policies that encourage people to make adequate provision by saving for their retirement years is critical to retirement income in the future. Policies need to be designed so that older people are not discouraged from working if they choose to. This section outlines some aspects of this issue.

Increasing labour force participation by those aged 65 and over

- 95 Baby boomers reaching the age of superannuation entitlement will have quite different expectations of life after 65 from their parents or grandparents. While many will be actively involved in voluntary work, caring for family – such as a spouse, grandchildren, or increasingly their older parents – many will also be continuing in paid work, whether by financial necessity or choice.
- 96 The proportion of the population aged 65 and over in the labour force is expected to rise from the current rate of 20.4 per cent³⁰ to reach around 33 per cent by the mid-2020s.³¹ the labour force aged 65 years and over increased from 25,000 in 1991 to 62,000 in 2006 and was around 118,000 in 2012.³² It is projected to reach 233,000 by 2021. This means that around 8 per cent of our total labour force will be aged 65 and over by 2021

²⁸ For the rating year June 2012–2013 the income threshold is \$23,650, increasing by \$500 for each dependent in the household.

²⁹ National Population Projections: 2011 (base) to 2061, (median projections), Statistics New Zealand, Wellington, July 2012.

³⁰ Household Labour Force Survey: September 2012 quarter, Statistics New Zealand, Wellington, November 2012.

³¹ National Labour Force Projections: 2006 (base) – 2061 (August 2012 Update), (median projections), Statistics New Zealand, Wellington, August 2012.

³² Household Labour Force Survey: September 2012 quarter, Statistics New Zealand, Wellington, November 2012.

(up from the current 4 per cent).³³ Labour force participation is defined as regularly working one or more hours per week or actively seeking work.

97 While the trend of those aged 65 and over remaining in the workforce is likely to continue, eventually the baby boomer cohort will age to the point where they exit the workforce, and growth in labour force participation rates will slow.

98 New Zealand's participation rates of older workers compare well with its OECD counterparts. Unlike many member countries of the OECD, New Zealand has policy settings that encourage older people to choose to remain active in the workforce after they qualify for NZS/VP. These are:

- no compulsory retirement age
- superannuation that is not means tested or contributions based
- legislation against workplace age discrimination
- no age-based workplace insurance obligations on employers.

99 In addition to these policy settings, a number of other factors may influence a person turning 65 to stay in work.³⁴ These are:

- financial motivators such as having a mortgage, needing income for day-to-day or additional expenses, or wishing to pursue travel and other interests
- non-financial motivators such as keeping busy, feeling they have something to contribute, and contact with other people
- changing attitudes and expectations of those reaching 65.

100 Features that could facilitate workforce participation for older people include:

- removing labour market barriers such as age discrimination
- flexible work hours
- work with less responsibility or fewer physical demands
- being able to take more unpaid leave
- job-sharing
- age-specific provision of employment assistance services.³⁵

Projected economic contribution by those aged 65 and over: 2011 to 2051

101 Recent research indicates that over the next four decades New Zealanders aged 65 and over will make a significant contribution to the economy. In addition to paid work, older people will contribute through unpaid work, voluntary work and caregiving. They will also contribute through their growing power as consumers.³⁶ The research highlights that:

³³ National Labour Force Projections: 2006 (base) – 2061 (August 2012 Update), (median projections), Statistics New Zealand, Wellington, August 2012.

³⁴ Ministry of Social Development (2009) *To Work, or Not to Work?*

³⁵ Ministry of Social Development (2009) *To Work, or Not to Work?*

³⁶ *The Business of Ageing: Realising the economic potential of older people in New Zealand: 2011 – 2051*, Ministry of Social Development, Wellington, 2011.

- older New Zealanders earnings from paid employment is projected to rise from just over \$1 billion³⁷ in 2011 to about \$10 billion by 2051
- the amount of tax paid on older New Zealanders' earning from employment is projected to increase from about \$200 million in 2011 to about \$1.8 billion in 2051
- the value of unpaid and voluntary work undertaken by older people could rise from an estimated \$5 - \$6 billion in 2011 to over \$22 billion by 2051
- older consumers are expected to spend over \$45 billion in 2051, compared to just over \$10 billion in 2011.³⁸

Conclusion

102 This report has outlined the public provision of retirement income in 2013, and compared this with 2007 and 2010. The Ministry looks forward to being of any further assistance to the Retirement Commissioner in completing the 2013 Review.

³⁷ Values are expressed in real 2006 dollars, adjusted for the expected real growth in the value of wages between 2011 and 2051.

³⁸ Ibid.