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**Re: Focusing on the Future: A Discussion Document**

This submission has been prepared by the Dunedin Community Law Centre (DCLC) in collaboration with Law for Change Dunedin.

The Dunedin Community Law Centre is a volunteer organisation that has been in operation for 33 years as a free legal advice, education, law reform and information service.

Our aims are:

- To provide and promote community based services that address the unmet legal needs of all cultures in the community.
- To provide and promote legal training and education for university students.
- To promote the dissemination of legal knowledge throughout the community.
- To promote legal services and law reform; which will increase access to justice and reflect the Treaty of Waitangi.

Law For Change Dunedin welcomes the opportunity to collaborate with the Dunedin Community Law Centre on this submission. Law For Change is a national and regional volunteer group, which encourages students and young professionals to engage in public interest law. Our aims are:

- To harness legal skills to serve the public good
- To connect and inspire like minded individuals
- To discover and promote opportunities in the public interest
- To create a legal community committed to serving the public good

The Dunedin Community Law Centre and Law For Change Dunedin welcome the opportunity to comment on the Commission for Financial Literacy and Retirement Income's discussion document *Focusing on the Future*, part of the 2013 Review of Retirement Income Policies. The DCLC had previously submitted on the *Retirement Commissioner's 2013 Review of Retirement Income Policy* (May 2013).

In this submission we will first discuss retirement in relation to rural folk, we will then address four proposals from the discussion document:

1. Age-friendly workplaces.
2. A proposal to raise the retirement age to 68.
3. The development of financial literacy programmes
4. Age-friendly housing

### Rural Retirement Policy

While this discussion document contains some great ideas, the overall feeling is of retirement policy directed at middle income urban New Zealanders. The DCLC covers both an urban and rural catchment, and issues facing older rural folk differ from those facing older urban individuals. People in rural areas, for instance, generally have a lower assets base; they may also be restricted in terms of services available to them. Statistics New Zealand states that age-related policy options for urban folk are, in some instances, not suitable for rural situations.

*“... policy solutions developed for larger urban centres may not be suitable for smaller centres or rural areas. For example, there are fewer public transport options available in smaller areas compared to the larger urban areas, and in some rural areas there may be none. Consequently services such as meals on wheels, or home help may be more difficult and more costly to provide in rural and remote areas.”<sup>1</sup>*

We further note a report commissioned by the Aged Residential Care Service Review Steering Group which states that, unlike Australia, “... New Zealand rest home operators are not officially designated as urban, regional or rural...”.<sup>2</sup> What this comment highlights is a lack of research and policy on the different experiences of retirement and ageing in rural communities.

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<sup>1</sup> [http://www.stats.govt.nz/browse\\_for\\_stats/people\\_and\\_communities/older\\_people/pop-ageing-in-nz.aspx](http://www.stats.govt.nz/browse_for_stats/people_and_communities/older_people/pop-ageing-in-nz.aspx)

<sup>2</sup> *Aged Residential Care Service Review* prepared by Grant Thornton on behalf of the Aged Residential Care Service Review Steering Group, September 2010, p. 33.

Rural areas are likely to see a larger increase in older people, and a decrease in young people, resulting in issues around the capacity for these communities to care for older members of their community.<sup>3</sup> Statistics New Zealand acknowledges that while over two thirds of New Zealand's elderly population live in major urban centres, "... significantly more elderly live in secondary and minor urban areas than the general population - 22 percent versus 16 percent."<sup>4</sup>

Many elderly folk in rural towns do not have immediate family living in close proximity, their adult children having left town for employment and educational opportunities. We would like to see retirement income policy accommodate the distinct differences between retirement in an urban setting and retirement in a rural setting – where an individual's asset base may be lower, and the cost of accessing services may be higher. As June 2006 study notes: "Rural ageing remains a seriously neglected topic in New Zealand."<sup>5</sup>

**Recommendation:** That the Ministry of Business, Innovation and Employment work with employers, industry associations and unions to implement ways to encourage the recruitment, retention, retraining and mobility between jobs of older workers, and report back on progress by 1 December 2014

In principle we support this recommendation – there are many people who wish to keep working beyond the current retirement age and are able to do so. This model also fits with best practice overseas. Staying in the workplace beyond the retirement age, however, should be by choice.

Age friendly workplaces have the positive spin-offs of older workers mentoring younger workers and breaking down attitudes towards aging. Further, more people in the workforce leads to more discretionary spending, a buoyant economy, and an increase in jobs.

Overseas jurisdictions have self-assessment tools, as noted in the discussion document, which identify perceived risks and organisational constraints; we see merit in developing similar tools here.

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<sup>3</sup> *A Report into Aged Care: What does the future hold for older New Zealanders*, commissioned by the New Zealand Labour Party and the Green party of Aotearoa New Zealand in conjunction with Grey Power, New Zealand, p. 17.

<sup>4</sup> [http://www.stats.govt.nz/browse\\_for\\_stats/people\\_and\\_communities/older\\_people/pop-ageing-in-nz.aspx](http://www.stats.govt.nz/browse_for_stats/people_and_communities/older_people/pop-ageing-in-nz.aspx)

<sup>5</sup> Jacqueline Lidgard, *Ageing in Rural Areas: A Review of the Literature*, Working Paper 4, June 2006, Population Studies Centre, University of Waikato, i.

In supporting this recommendation we do note it has limitations. We have dealt with cases where individuals in their late fifties have had a workplace accident and have been unable to re-enter the workforce. In one case a woman in her late fifties, who worked as a carer, had a workplace accident. As a result of the accident she was to return to light duties only, however, the job had no light duty options. As her skills base was limited she was forced into an involuntary retirement, having to take a benefit, but where there existed tensions with the new social security “work focus” mandate.

### **Proposal to raise the retirement age to 68**

Proposals to increase the retirement age to 68, need to factor in occupational safety and health. The discussion document proposes to gradually increase the retirement age to 68 by 2056. Under this scheme “...the 1962 birth cohort would be the first to start receiving New Zealand Superannuation later than their 65th birthday (which will fall in 2027)”:

*A one-year increase in eligibility age would then be completed every 10 calendar years so the cohort born in 1988 (today’s 25-year-olds) would have a scheduled eligibility age of 68 (in 2056). Given continued increases in longevity, it is likely that the age of eligibility would continue to rise after 2053.<sup>6</sup>*

In 2012 we submitted on the Independent Taskforce on Workplace Health and Safety. The consultation document noted that an aging workforce was one group at higher risk of workplace injury, a factor we argued needs to be taken into consideration by the Retirement Commission in any proposal to raise the retirement age to 68. While some folk may wish to stay in the workforce beyond the age of 65, for others this is not an option, due to risk factors in their chosen occupation, or because the type of work they do is physically hard on their body.

This policy may also have unintended consequences for rural folk, especially farmers, who have worked outdoors in physically demanding jobs for at least 50 years (if they started work when they were 18). By the time this cohort reach 68 they may still feel mentally young, but their body may be tired and arthritic.

**Recommendation:** That the Government provide the Commission for Financial Literacy and Retirement Income with an explicit mandate to lead the provision of financial education and advice to New Zealanders

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<sup>6</sup> Focusing on the Future: A Discussion Document, p. 38

We support Financial Literacy programmes, however, as the DCLC stated in its earlier submission this policy presents difficulties when considered alongside the trend towards a more precarious workforce. While some casual and contract employees have the financial literacy and remuneration package to save for retirement, for many in the casual workforce this is not an option, because they do not earn enough to save for their retirement. In addition to this the flexible/casual nature of work means that they cannot rely on a secure income week by week – this makes putting a little aside for retirement difficult.

The discussion document further notes that: *To drive financial literacy and help the public make more informed decisions, general financial information is increasingly being made available through the internet.*<sup>7</sup> This is good for a certain sector of the population but not everyone has access to the internet, the Digital Divide continues to exist in New Zealand and not everyone has access to the internet. A Statistics New Zealand survey has found that information technology is primarily used by households with higher incomes and whose occupants have formal educational qualifications.<sup>8</sup>

**Recommendation:** That the Ministry of Business, Innovation and Employment report by 1 December 2014 on creative ways to increase the supply of age-friendly housing.

Discussions on the supply of age-friendly housing in New Zealand need to take account of the rural/urban divide, as well as retirement attitudes about places to live, and health board policies.

The close-knit nature of rural communities can mean that there is a lot more neighbourliness; and friendship networks are also often stronger, as a result rural folk may want to remain in their established communities rather than shift into a retirement community. A report on ageing in rural areas notes that: “... that older rural residents have a negative view of retirement communities – viewing them as a ‘dependent’ housing option that is only an attractive option under restrictive circumstances.”<sup>9</sup>

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<sup>7</sup> Focusing on the Future: A Discussion Document, p. 87.

<sup>8</sup> [http://www.stats.govt.nz/browse\\_for\\_stats/Corporate/Corporate/CorporateCommunications\\_MR2009-ICT.aspx](http://www.stats.govt.nz/browse_for_stats/Corporate/Corporate/CorporateCommunications_MR2009-ICT.aspx)

<sup>9</sup> Jacqueline Lidgard, Ageing in Rural Areas: A Review of the Literature, Working Paper 4, June 2006, Population Studies Centre, University of Waikato, p. 8.

Some urban folk seek to retire to the country. Migration to rural areas is more popular with the young-elderly (9.4 percent in 1996) than with the old-elderly (4.3 percent in 1996).<sup>10</sup> As a person enters their eighties and nineties they may seek to re-establish themselves in the city to be close to basic services and amenities.

Changes to the way in which healthcare, and support services, are delivered to the elderly also needs to be factored into policy on age-friendly housing. For example, the Southern District Health Board has moved towards a “restorative” care approach enabling people to stay in their own homes for as long as practicably possible.<sup>11</sup> While we support people staying in their own homes for as long as possible the cost of utilities (ie: electricity etc) for a single pensioner can be exorbitant; the single pension rate barely covers the cost of living. Retirement income policy needs to intersect with health board policy on aging, and pensions need to be calculated accordingly.

We would also like to see initiatives such as the Electricity Industry levy, channelled into assisting low income consumers such as the elderly. For many older people the pension is the only income they have, and it is a fixed-income. Keeping warm in winter is important for wellbeing, both mental and physical. A Ministry of Social Development table showing the number of advance special assistance benefits paid for clients aged 65 + as at March 2012, indicates that 1,585 people sought advances for electricity and gas. This was the third highest advances category.<sup>12</sup>

Thank you for the opportunity to comment on this document.

Yours sincerely

The Dunedin Community Law Centre and Law for Change

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<sup>10</sup> Jacqueline Lidgard, Ageing in Rural Areas: A Review of the Literature, Working Paper 4, June 2006, Population Studies Centre, University of Waikato, p. 13.

<sup>11</sup> Southern District Health Board, Home and Community Support Services: Proposal for Change, p. 4

<sup>12</sup> Ministry of Social Development: Description of Current Retirement Income Policies, February 2013, Table 16, p. 24