

Session 3 POPULATION AGEING & THE ROLE OF THE STATE

Quotes

Images, doodles,
other ways of
communication.

Data of Interest

GREEN
Key messages

"The private pillar is important"
- Patrick Nolan

Predicting the future is hard

"ring fences weaken the case for change"



"means testing is a third rail - if you touch it, you'll die"

"...gravitational pull of an object so large as the present."

RESIST IT.

"cheerful income smoothing and reducing poverty"
- Patrick Nolan

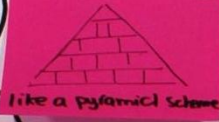
VOTE LOSERS.

Pay more
Work longer
Get less
Sell up home

"NZ Policymakers have always emphasised full employment"

"Pay more, work longer get less, is not an easy message to sell"
- Fritz Rolkestein
European Commissioner

Old + broke



Like a pyramidal scheme



Get it?!

Crowding out



40% of retired depend entirely on NZS

Each new cohort is better off than it's predecessor

It would be irresponsible not to think about the financial consequences of an ageing population.

ironclad statistic
people are okay w/ raising Superannuation ... I did a focus group with my mum and aunt.

Median age is expected to rise from 37 in 2012 to 44 by 2061

Not everyone faces the same life expectancy so we should be careful raising the retirement age

Individualism is trend

Social Expectations are Changing

Changing social structure can force policy changes.

'Kiwi dream' should be at the core of the LTP

Universal Super has eliminate elderly poverty

"Moral right" to super makes it difficult to adjust.

We should balance the cost of NZS with the cost of poverty and child welfare

DATA

Yellow Group Session 3

QUOTES

"The gravitational pull of the present"
- Michael Belgrave

"one of the convenient things about predictions is that you can explain them away"
- Michael Belgrave

Share of voters 65+ increases by 12.2% by 2050 from 18.1% of 30.2%

KEY MESSAGES

Look at options for decumulation (house wealth esp)
- Nolan

increase length of working life
- Nolan

to what extent are we responding to internal vs. external forces?

Private pillar of retirement welfare is just as important as the public pillar

The path forward is politically difficult

Move quickly so there's time for planning

IMAGERY



← Private Pillar just as important.

Conference Session #3 & 4

DATA OF INTEREST

Queens birthday Cards:
1952 → 257 cards
2011 → 10000 cards

83% NZ health funding comes from public sector.
69% in Australia.

Median age in NZ in 2012 is 37, will be 44 in 2061

Average taxable income
2011 → \$34,000
2061 → \$72,000

UK plans to equalise and raise its retirement age to 67 for men & women by 2049.

Average tax rate	PII + GST	
NB	with privs	with
2011	27.2	27.2
2011	20.7	28.2
2061	34.8	31.6
diff	17.6	+14.4
		+1.1

Top marginal rate ↓ over time but the average marginal tax rate has ↑.

0.4% due to population ageing
0.4% from labour participation
rest mostly comes from fiscal drag

Group Orange

QUOTES

"Post event rationalisation"
Michael Begrave

You can't always get what you want - but if you try sometimes, you just might find, you get what you need.
-rolling stones.

The path forward is politically difficult

"It's not necessarily about getting predictions right, but on ability to project issues & ideas into the future."

Budget constraints are becoming more & more important

Unpopular policies. Need to say no as much as we say yes.

Bolkestein-Euro Commissioner
"pay more, work longer, get less is not an easy message to sell."

Policy is built by concessions

PAGES

Poverty reduction vs. Income smoothing

Fiscal drag? vs. Increase/decrease tax rates?

Everything on the table

Raising the retirement age - we are behind the curve
international Index to longevity?

Means-testing - but have to be aware of targeting issues.

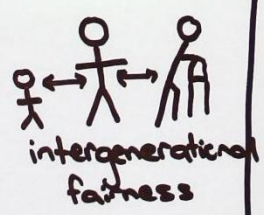
Increasing taxes could ~~be~~ be an option & might be less inequitable than initially thought

raising retirement age to 65 → 67 not a radical policy, many countries doing this

Focus on decumulation. NZ good at accumulation through kiwi saver. Focus on annuities.

Entitlement reform key. Not an if but when.

Ring-fences make reform weaker



PURPLE GROUP - SESSION 3

DATA

Radically funded health care
NZ - 83%
Aus - 69%

Using the power from expenditure a point which change is made
- original

The legitimacy of women raising children has eroded and women have needed to return to work
- Michael Belgrave

QUOTES

Balance independence on the support of the state is likely to continue
- Michael Belgrave

'Old x Brake'
- Frances Nelson

To government to create
- David Cameron

IMAGES

KEY MSGS

18% women created an environment that not previously existed of, and then created a path for other groups to follow suit

POLICY HAS BEEN BUILT BY CONVENTION EVEN IF THE CONVENTION IS WRONG

New Zealand has a record in industrial/technology support etc

Future of being - involves asking what is changing and what is remaining the same.

Opportunity cost of spending

What is the objective of expenditure? Every nation is making choices

No solution can exist which can solve our current problem