

New Zealand government to raise retirement age

Tom Peters, Daniel Bradley
15 June 2017

The National Party government last month falsely portrayed its annual budget as a generous package to assist working families. Most media commentators focused on the small income tax cuts and increases to the Accommodation Supplement.

Any meagre concessions contained in the budget will be more than cancelled out by other cuts to basic services. One major cut, not mentioned in the commentary surrounding the budget, is the government's decision, announced in March, to raise the superannuation entitlement (aged pension) age from 65 to 67.

The increase is estimated to cut \$4 billion per year from public pension funding. The government claimed that the superannuation system would otherwise not be "affordable" in future because of longer life expectancy.

The change is scheduled to be phased in between 2037 and 2040, but could easily be brought forward as the underlying economic crisis deepens. Legislation for the change will be introduced in 2018, following this September's national election.

The announcement represents a further escalation of the austerity measures implemented over the past decade. As in Europe, the US and Australia, the full burden is being imposed on the working class. The government has cut thousands of public sector jobs, increased the regressive Goods and Services Tax (GST), privatised companies, starved health and education sectors of funds and pushed thousands of vulnerable people off welfare.

Prime Minister Bill English said he wanted to "bring New Zealand into line with other countries like Australia, the United Kingdom, Denmark, Germany and the United States, which are all moving to a retirement age of 67."

A National Party press release threateningly declared: "Without making changes, future trade-offs—such as restricting spending increases in areas like health and education or increasing taxes—would be necessary."

Former Prime Minister John Key, who resigned in December 2016, promised during his eight years in office that he would not raise the retirement age. He criticised the opposition Labour Party for campaigning for the increase in the 2011 and 2014 elections. Days after Key's resignation, English indicated he supported raising the age—to the delight of the business elite and its representatives in the media.

The decision, however, had been prepared for years. Retirement commissioner Dianne Maxwell, appointed in 2013 to advise on policy changes, recommended last year that the eligibility age be gradually raised to 67. Her report stated that superannuation spending was not "affordable" without cuts to other areas of spending, such as health, education and infrastructure.

Business commentators echoed these claims and called on the government to act more quickly against pensioners. Economist Shamubeel Eaqub wrote on the Radio NZ website that "the willingness to engage in fixing the superannuation scheme is welcome and positive. But the super changes are so little and so distant, that it is pathetic."

A *New Zealand Herald* editorial declared the change "should not wait 20 years." According to the newspaper's business columnist Brian Fallow, "any serious attempt to put retirement income on a sustainable footing has to look beyond the state pension to private provision."

Far-right ACT Party leader David Seymour, National's main coalition partner, attacked the budget for failing to address the "ballooning cost of superannuation" and said "waiting 20 years is a farce."

The claim that there is not enough money for pensions is entirely false. There is plenty of money concentrated in the hands of the rich, who have received generous tax cuts and profited from property speculation, the privatisation of public assets and other pro-business policies under successive governments.

Labour, Greens and New Zealand First claim to oppose raising the eligibility age. This is entirely cynical; the opposition parties all accept the government's austerity agenda.

The 1999–2008 Labour government introduced KiwiSaver, a scheme that encouraged workers to save for their own retirement through contributions deducted from their salaries and placed in private funds. The purpose of the scheme, retained by National, is to undermine the principle of state superannuation and justify future cuts by making workers “personally responsible” for their income in retirement.

Labour Party leader Andrew Little said his party would not lift the age of entitlement while he is leader. However, Labour campaigned in both the 2011 and 2014 elections with a pledge to raise the retirement age and make KiwiSaver compulsory. The policy was extremely unpopular and contributed to Labour's record loss in both elections. Nevertheless, at a business event in 2015, Little suggested that state pensions could be means-tested.

Labour and the Greens, which are contesting the September election in a formal alliance, sought to win the support of the ruling elite by announcing in March an agreed set of Budget Responsibility Rules. The pact includes a promise to restrict government spending to under 30 percent of gross domestic product—the same as the level set by the National Party. This amounts to a commitment to continue underfunding vital services on which working people rely.

The right-wing populist NZ First Party is being courted as a political ally by Labour and the Greens. In a speech on May 16 leader Winston Peters declared he would wage “political war” against the age increase. However, NZ First agrees that government spending should be cut and welcomed a separate proposal to restrict entitlement for tens of thousands of immigrants. The government wants to require immigrants to live in New Zealand for 20 years, instead of the current 10, to be eligible for superannuation.

NZ First, echoed by Labour and the Greens, has

scapegoated immigrants, especially those from China, for the lack of affordable housing, unemployment, low wages and over-stretched public services, including welfare and pensions.

Whichever party or combination of parties takes office after the September election, the next government will intensify the assault on living standards, including the right to a decent retirement.

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