

## **Impasse on Superannuation Age Must be Broken**

“Retirement Commissioner Diana Crossan deserves credit for her a-political advice that New Zealand needs to face up to the issue of raising the age of eligibility for New Zealand Superannuation”, Roger Kerr, executive director of the New Zealand Business Roundtable, said today.

As the 2025 Taskforce also said in its report last month, changes to NZS are “vital and are already well overdue.” New Zealand simply cannot hope to achieve the growth rates needed to catch up to Australian income levels with the present share of government spending in the economy, let alone higher ratios with the increased spending on superannuation and health associated with an aging population.

The Taskforce pointed out that the benefits of increasing the superannuation age beyond 65, in line with moves in Australia and other countries, included:

- lower spending on superannuation itself
- higher GDP per capita and tax revenue from increased participation of older people in the labour force, and lower tax rates when this effect is combined with lower spending on superannuation, and
- modestly reduced health spending (it is well-established that if people remain active longer they also tend to keep in better health).

At the same time it has to be recognised that the government has made a commitment not to raise the eligibility age, and such commitments should not be lightly breached.

A way forward, however, could be similar to the resolution of the dilemma the Howard government in Australia faced over GST.

Former prime minister John Howard had made a commitment not to introduce a GST, but came to realise that was a mistake.

He had the courage to put the issue to voters in a subsequent election and was successful in securing a mandate to implement a GST.

“There seems no good reason to think New Zealanders are not realistic enough to support a planned and gradual increase in the eligibility age if the issue is put to them clearly and openly”, Mr Kerr said.

“An even better way forward might be a multi-party agreement on such a course of action.

“The worst outcome would be to keep deferring an inevitable decision until a future government has to take precipitate action against the background of a fiscal and economic crisis.”

8 December 2010

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