Chapter 27

New Zealand

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Abstract New Zealand has high rates of workforce participation for people in the 55+ age groups. These rates have grown rapidly, and growth is expected to continue, especially for women workers. Existing policy settings support extended workforce participation. There is a universal flat rate pension at age 65, which can be received while continuing in paid work; flexible work arrangements; and legislation against age discrimination and compulsory retirement. However, assistance for working carers, education and training for older workers and direct support for employers are all very limited. There are many calls for a comprehensive approach to the challenges and opportunities of workforce ageing in New Zealand, many from government agencies, but comparatively little provides a gender perspective. Much depends on the extent to which individual employers recognise the implications of workforce ageing and respond with appropriate policies and practices.

Keywords New Zealand · Older workers · Policy · Women workers · Workforce ageing

Labour Force Participation by Age and Gender

New Zealand has the third highest employment rate of workers aged 55–64 in the OECD and the fourth highest in the 65–69 age group (OECD 2020). The labour force participation rate for the over 65 age group almost trebled from 1986 to 2006 (Jackson et al. 2013). A number of factors have contributed to this situation, including policy settings which are outlined below. Employment rates for older women are high in New Zealand compared to the OECD average (OECD 2020), with strong growth since the 1990s, largely due to the availability of part-time work (Callister 2014). Women aged 60–64 were over three times more likely to be in employment in 2018

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Table 27.1 Participation rates (%) at age 65 plus by sex—projections 2011–2036

	2011	2016	2021	2026	2031	2036
Men	24	30	33	35	35	34
Women	15	21	25	27	28	28

Source Statistics New Zealand (2011)

compared to 1987 and those aged 65+ over nearly five times more likely (OECD 2020). Both older men and older women are more likely to be working part-time as they age, with more than half employed women in the 65–69 age group working part-time (Callister 2014). Given expected demographic changes over the next few decades, numbers of people 65+ in the work force will increase (though possibly at a slower rate), so that by 2036 almost one third of New Zealanders aged 65+ will still be in the paid workforce to some extent (Table 27.1).

The New Zealand Retirement Income System

The statutory pension scheme (New Zealand Superannuation (NZS)) is available from age 65 for all men and women who have lived in the country for 10 years or more since the age of 20 (five of those years must be since turning 50). It is non-contributory, pay as you go scheme, but the flat rates depend on whether people are single and living alone, or married/partnered or living with others and sharing accommodation. There is no early eligibility option, although unemployment and disability benefits are available before age 65 for those unable to work or find work. NZS is funded out of general government revenues and taxable on an individual basis. NZS is not income or asset tested and workers need not exit the workforce at 65 in order to receive the benefit. These features encourage workforce participation beyond the age of eligibility and help to explain the high rate of participation by older workers (Jackson et al. 2013). The age of eligibility for NZS has always been the same for men and women, but was raised from age 60 to 65 in a gradual process between 1991 and 2001. This coincided with a marked increase in workforce participation in this age group (Hurnard 2005).

NZS provides a moderate replacement income for average wage earners, amounting to 66% of the ‘average ordinary time wage’, after tax, for couples and 40% for single people. The current level of NZS is sufficient to assure a basic living income. However, expectations of higher living standards in retirement, especially given growing life expectancy, encourage people to remain in paid work after receiving NZS or to supplement the pension in other ways.

In 2007, KiwiSaver (KS), a voluntary, contributory, work-based initiative was introduced to encourage long term saving for retirement. KS schemes are managed by private sector companies and are not guaranteed by Government. Members receive an annual tax credit and non earners can receive the tax credit as long as they contribute a

minimum annual payment (St John 2016). However, to receive the employer subsidy, contributors have to be in paid employment and, given interrupted work histories, women can expect to have lower balances at scheme maturity than men will receive. A recent bank survey found that women were contributing less into KS than men, had lower average balances and were less likely to have other investments to contribute to their retirement income (Westpac 2018). Compulsory enrolment in KS would ensure improved retirement income for all workers, but there are arguments against compulsion (CFFC 2014). For low income earners, especially those with dependent children, KS contributions could be a financial burden.

New Zealand Employment Policies

Flexible Work

New Zealand has legislation providing workers the ‘right to request’ flexible work arrangements. The right was initially confined to employees with caring responsibilities but is now extended to all workers. Employers have a ‘duty to consider’ any requests but do not have to agree if there is a good business reason not to. Current employment laws and contracts may accommodate flexible and part-time work, but only at the discretion of employers. Flexible work practices are widespread in New Zealand and are widely supported despite low rates of awareness of the legislation among older working carers (Alpass et al. 2015). An evaluation of the Employment Relations (Flexible Working Arrangements) Amendment Act 2007, found that a high proportion of requests were approved and only 56% related to caring responsibilities (Department of Labour 2011).

Assistance to Working Carers

Combining paid employment with eldercare is a growing issue in New Zealand. There is little research in New Zealand that focuses on unpaid/familial caregiving (often of older family members) by older working women, compared to childcare issues (Alpass et al. 2013). While several policies encourage extended labour force participation, the Government is also pursuing policies which rely on informal care for dependent older people (‘ageing in place’). Middle aged women are often expected and frequently do take on eldercare responsibilities.

The Health, Work and Retirement study (HWR) (Towers et al. 2016) is a source of extensive data on older working carers. Caregiving is associated with lower levels of workforce participation, but nearly a quarter (24%) of participants in the HWR who provided care every day were also working full-time, suggesting the potential for caregiver burden and work-related stress. Few employers have provisions to meet

the needs of working carers. A significant proportion take annual leave, sick leave and leave without pay to provide care (Keeling and Davey 2008; Stephens et al. 2014). Contractual rights to flexible working conditions and caring leave would benefit working carers, but there are no specific government policies in this area.

Education and Retraining

Opportunities for subsidised lifelong learning are very limited in New Zealand and are becoming more restrictive with cuts to funding for adult education. This is despite calls from the business sector for more workplace based (re)training and adult apprenticeship schemes (Davey 2014a). Suggestions that older workers lack up to date technical knowledge will be self-fulfilling if they are not given upskilling opportunities. Callister (2014) highlights education and training issues in his overview of the employment of older New Zealand women. More older women lack formal qualifications compared with older men, but these statistics are changing as younger women are becoming qualified and therefore better positioned in the labour market. Women under the age of 60 are now more qualified than men. The report notes that occupational segregation by gender has decreased in most highly skilled occupations but has increased for unskilled work.

Antidiscrimination Policies

The New Zealand Human Rights Act (HRA) came into effect in February 1999 and prohibits discrimination on a number of grounds, including age and sex. Its provisions apply to all aspects of employment and bans compulsory retirement. The workplace provides the most common grounds for complaints of age discrimination, which predominantly involve older people. Despite the HRA, discriminations continued existence in New Zealand is clear from numerous reports (EEO Trust 2012; OCG Consulting 2013). Enquiries and complaints in the area of employment and pre-employment made up 41% of all enquiries and complaints of unlawful discrimination to the Human Rights Commission in 2017–18, and enquiries and complaints on the grounds of age were the fourth highest after race, disability and sex-related grounds (Human Rights Commission 2016, 2018). Employers are called upon to develop effective HR policy and practice to combat age and sex discrimination. Legislation is a signal to society that age discrimination is not tolerated, but not the whole solution (Davey 2014b). It may not change employers' behaviour, but simply lead to more subtle and covert ways of discriminating.

Other Policies

Financial and other incentives to employ older workers, such as those that exist in Australia, are not in operation in New Zealand.

Health Policies

The established health benefits (e.g. quality of life, feeling of purpose, etc.) of continued employment (Davey 2007) support the idea of extending working lives. Davey (2008), using results from the HWR study and Equal Employment Opportunity (EEO) Work and Age survey, found that ‘pull’ factors, such as health and ‘wanting to do other things’ influenced retirement decisions. Health was a factor among those still working, although a higher percentage of women than men said this was important. Women were more likely to consider the health of a family member, whether their partner was about to retire, not being able to find work, as well as employers’ policy on older workers. Research on the health of older women workers in New Zealand is limited to occupationally specific studies, for example of nurses (Clendon and Walker 2013). There is also an interest in how older working carers reconcile work and care, the stress this can engender and how this impacts on wellbeing (Alpass et al. 2013).

Along with poor health, injury also impacts on workforce participation. Some older New Zealand workers lose up to a third of their work income through injuries (Davie and Lilley 2018). New Zealand is unique in providing a comprehensive state run accident insurance scheme through the Accident Compensation Corporation (ACC) which covers both work and non-work related injuries, funded through levies paid by employees and businesses. It is administered on a no fault basis; compensation is available for treatment costs, lost earnings, or vehicle and home modifications to accommodate serious injury. Careers such as teaching and care work, which are predominantly filled by women, have relatively low rates of injury (ACC 2018) but high rates of health related problems. Thus, there have been calls for ACC to offer cover for acquired illness and disability.

Precarious Employment

The work experiences of older women differ from those of men. They are more likely to be in part-time employment and this impacts on wealth and retirement savings. Over the lifecourse New Zealand women are also more likely to be in lower status jobs, earn less, and have more disrupted work histories compared to men, i.e. their employment is more likely to be precarious (Callister 2014). The growth of part-time work has made the greatest contribution to the overall growth in employment (particularly for women) in New Zealand. While increasing workforce participation

among older people means a longer period of earning, this does not necessarily equate to greater wealth because of part-time work and generally low pay rates. This especially impacts women (Jackson et al. 2013).

Research and Debate on Extending Working Lives

New Zealand research literature covers workforce participation rates and types of employment, but there is less coverage of gender-based issues/ideas regarding extending working life. A recent report for the National Advisory Council on the Employment of Women (NACEW), outlines initiatives relevant to older women workers by various agencies including: central/local government and quasi government agencies; trade unions; business and professional organisations and voluntary sector organisations (Davey 2015). A number of agencies have programmes concerned with gender issues and work. NACEW promotes and disseminates information on women's employment; it advises and makes recommendations to the Minister for Women and makes submissions to public enquiries. Among the priorities of the Ministry for Women are supporting women and girls in education and training, using women's skills, and encouraging and developing women leaders. A lot of the work on older women in the workforce focuses on particular occupations or sectors (State Services Commission 2014), financial issues (Dwyer 2012) or equal opportunities/human rights (Hyman 2015).

The Health, Work and Retirement study (HWR) provides a longitudinal perspective on older workers' lives. This data shows that concern about future finances is often an incentive for continued workforce participation, and women at all ages reported the highest levels of concern (Noone and Alpass 2014). Women reported poorer financial expectations for retirement. However, there were fewer gender disparities in work and retirement behaviours than expected. It is possible that the broad categories of male and female may not capture important differences based on gendered lifecourses and differential exposures to work and family life

Older Māori and Pacific people in New Zealand have poorer health outcomes. This is not fully acknowledged within the literature on extending working lives despite this having a clear impact on their ability to continue working past the traditional age of retirement. This points to a large research gap where there is little examination of the culturally specific realities of an ageing population and how extending working lives may unfold for these groups.

There have been many calls over recent years for a more comprehensive approach to addressing the challenges and opportunities of an ageing workforce in New Zealand (EMA and CFFC 2018; McGregor 2007; Ministry of Social Development 2011). For instance, a working group facilitated by the Employers and Manufacturers Association was recently formed to raise awareness of New Zealand's ageing workforce. This group includes members from government ministries (e.g. Ministry of Business, Innovation and Employment, Ministry of Social Development, Statistics New Zealand, Inland Revenue Department); business organisations e.g. (Business

New Zealand, Human Resources Institute of NZ), trade unions (New Zealand Council of Trade Unions), and NGOs (e.g. Commission for Financial Capability). The working group's 2018 report recommended a national strategy on the ageing workforce; a government led task force or advisory board; and the development of an ageing workforce toolkit for employers and workers (EMA and CFFC 2018). In addition, the Commission for Financial Capability (an autonomous crown entity) in its review of retirement policy, calls for a national conversation and attitude change towards older workers (CFFC 2016). The Commission has also called for the age of eligibility for NZS to be raised to 67 and the length of residence required to be increased to 25 years. However, much of the present debate fails to address workforce issues from a gender perspective.

The debate in favour of extended working lives argues that such policies are needed to support economic growth; and also to fund, through taxation, fiscal demands based on ageing. The burgeoning demand on NZS threatens its sustainability and puts pressure on other policies, including health services. Arguments against extended working life focus mainly on opposing any increase in the age of eligibility for NZS. These call on the disproved 'lump of labour' arguments, the belief that older workers are taking jobs away from the young, and on the entitlement of workers to supported retirement, especially when their health is deteriorating.

Policy Response

Existing policies in New Zealand, such as the freedom to engage in paid work while receiving NZS, provide a positive environment for extending workforce participation, even though this may not have been their original aim. The New Zealand Positive Ageing Strategy, dating from 2001 and recently revised to the Better Later Life —He Oranga Kaumātua 2019–2034 Strategy, stresses the benefits of prolonging workforce participation: 'Older workers have valuable skills and can help to address New Zealand's workforce shortage. ...Older people working will also have health benefits and help regions...' (Office for Seniors 2019). The Business of Ageing report, produced by the Ministry of Social Development, states: 'our competitiveness ... will hinge on building on the skills, knowledge and economic power of our older people' (Ministry of Social Development 2011). The New Zealand Human Rights Commission (2010) in their *National Conversation about Work* called on the Government to: 'urgently adopt a national programmatic approach to managing ageing workforce issues.' The EEO Commissioner (McGregor 2007) pointed out that there has been a variable response to Objective 9 of the original Positive Ageing Strategy, which calls for the 'elimination of ageism and the promotion of flexible work options.' She called for 'an active integrated programme' on ageing workers across the public and private sectors (p. 9).

Despite these positive statements, there is little focused policy attention to address the implications of workforce ageing in New Zealand. Raising the age of eligibility further for NZS has been proposed over recent years but this policy does not now

appear to have political support; nor does any proposal for higher pensions if uptake is delayed. Nevertheless, emerging trends which impact on the growing numbers of people moving into retirement require a policy response. These include declining home ownership rates; reduced possibilities of family assistance for older people because of smaller family size (of special relevance to women), geographical migration and weaker family structures, and the arrival at NZS eligibility age of increasing numbers of people who have been long term benefit dependent and are in a weak financial situation (Ministry of Social Development 2013).

A common suggestion in the literature is that the public sector could act as a role model, initiating policies to encourage higher workforce participation among older people. The State Sector Act (1988) and Crown Entities Act (2004) apply 'good employer' provisions to the public sector. The *Business of Ageing* report (2011, p. 30) suggested that government as an employer could act as a catalyst by prioritising best workplace practice and providing more flexible options for people to remain in paid work, especially in the health and education sectors, where serious shortages are looming.

Much depends on the extent to which employers recognise the implications of workforce ageing and respond with appropriate policies and practices in individual workplaces. Recent surveys of the views of New Zealand business have not been encouraging. For instance, the most recent New Zealand Diversity Survey revealed that over a third of respondents indicated that their organisation had no specific strategies in place for engaging with older workers (Diversity Works NZ 2019). In a 2018 survey of 500 New Zealand companies, only nine per cent said they had any specific policies or strategies relating to older workers (CFFC 2018) and only 24% were involved in active retirement planning with their employees. Workforce planning strategies mentioned by organisations that do have them include workplace health and safety, flexible working hours, training development, job design and phased retirement. These correspond well with what older workers are seeking (Alpass et al. 2015).

Conclusion

The trend for extended workforce participation in New Zealand has been supported by several factors which include increased longevity and emerging labour shortages as the workforce ages. Proponents of extended working life argue it is needed to meet the fiscal demands of an ageing population, however there is resistance to raising NZS eligibility due to the impact on vulnerable older workers. Growth in the numbers of both men and women working longer suggest that the incentives are effective. At the same time, more negative factors, including the need to meet increasing living costs in later life, covert age discrimination and the ageist attitudes of some employers, must also be recognised.

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