



## Prime Minister

16 JUN 2010

Ms Liz Baxendine and Mr Les Howard  
Age Concern New Zealand and Grey Power New Zealand Federation Inc  
PO Box 10-688  
**WELLINGTON 6143**

Dear Liz and Les

Thank you for your letter of 20 April 2010 about making changes to New Zealand Superannuation. Your letter was prompted by a report on the adequacy of New Zealand Superannuation prepared by Mr John Logan.

Let me just say that I am pleased that I have the opportunity to write to you both. I know that you and your organisations carry out a wide range of very helpful activities with the community. I and the Government certainly appreciate the time and effort that you put in.

Dealing with the subject of your letter, I can tell you that the Ministry of Social Development has carefully examined Mr Logan's report and Hon John Carter, Minister for Senior Citizens, has written to Mr Logan on my behalf. There are unfortunately some significant flaws in the research and the conclusion cannot therefore be accepted.

I would like to draw your attention to some of the Ministry of Social Development's research which shows that the great majority of older New Zealanders have enough income and assets for a reasonable standard of living, and that many have a very good standard of living. Poverty rates are relatively low among older New Zealanders.

Internationally, the hardship rate for older New Zealanders is among the lowest in the developed world.

Like you, this government is concerned about any older New Zealanders who are facing financial difficulty, even though we may not be in agreement with you on the size of this group. People in hardship can also apply for assistance through a range of supplementary assistance measures including one off payments for essential and emergency needs. While providing additional targeted financial assistance to this group, there is also a need to encourage younger people to make provision for their later years to ensure that in the future all New Zealanders can enjoy a comfortable retirement.

I am aware that New Zealand Superannuation plays a key role in the lives of most older New Zealanders. I have publicly committed on several occasions that the Government will maintain the married couple rate of New Zealand Superannuation at a minimum of 66 percent of the after-tax average wage, and that people will continue to be eligible for New Zealand Superannuation when they reach the age of 65.

In the current fiscal and economic climate it is not possible for the government to consider an increase in New Zealand Superannuation. I am sure that you will understand that the Government does not have unlimited taxpayer funds to spend – more support for one group means reducing support for others. These are not easy decisions to make. I note that New Zealand Superannuation is paid at higher rates than income tested benefits for working age people.

The recently announced Budget will have positive flow on effects for future payments of New Zealand Superannuation.

I have attached for your reference a background paper about the material wellbeing of older New Zealanders prepared by the Ministry of Social Development. It comments on Mr Logan's paper, and provides a summary of recent Ministry research on the extent of material hardship among older New Zealanders. I hope you find this helpful.

If you would like further clarification or information, I would encourage you to contact Hon John Carter, the Minister for Senior Citizens. John will be happy to look into any further matters you care to raise.

Thank you for writing to me.

Yours sincerely

A handwritten signature in black ink, appearing to be 'John Key', written over the text 'Yours sincerely'. The signature is fluid and cursive, with a large loop at the top and a long horizontal stroke at the bottom.

Hon John Key  
**PRIME MINISTER**