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**Opening Remarks from the Chair**

It is a large and important topic that we are addressing today. Issues of retirement extend quickly into many areas of economic and social policy. It is thirty years since the New Zealand Superannuation Scheme, soon followed by National Super, took a central place in our political debate, 65 years since the Social Security Act of 1938. The relationship between those two figures, 30 and 65, is worth contemplating; what we often think of as the modern phase is half as long as the existence of the social security system.

For enthusiasts, there is never enough public debate on the precise issues in which they are most interested, and we are all inclined to think that a satisfactory public debate is one which ends in universal acclaim for our own preconceptions. There has been continual debate about retirement income throughout my involvement in public affairs and our objective here is not only to stimulate public debate but to help make it progressive. We want to build on what we have learned, identify changes in the problems we face, and use newly-available information to shape our responses.

I greatly welcome the recent contribution of the ISI in approaching the range of issues we are addressing through its discussion paper on savings. Savings per se is not the focus of our concern and there will never be agreement on the proposition that savings should be increased unconditionally. The optimal level of savings depends on the community's structure of time preference and is not a simple maximization issue. However, exploration of savings behaviour is a route into understanding economic growth which is a major determinant of average levels of retirement income, and savings behaviour is also a major determinant of how retirement income is distributed among individuals. We therefore need to build on what the ISI has provided us with.

It is total savings rather than private savings which is important in the growth process and substituting private savings for government savings, which is the first although not necessarily the complete effect of tax incentives, is not a sensible objective in that context. Indeed, that line of enquiry takes us not so much towards debate about the form of savings as to debate about the quality of investment, and we soon find ourselves in a wide-ranging debate about relations between New Zealand and the international economy. We want no distortions in New Zealanders' decisions about where to invest or in decisions by overseas investors about whether to invest in New Zealand, and the meaning of "distortion" becomes crucial.

Private savings rather than total savings may be the centre of our attention when we want to understand how retirement income will be distributed. Private savings directed towards retirement income generate individual claims on the goods and service which are available at the relevant time.

We cannot ignore the interaction of public and private savings any more than we can ignore the importance of public provision of retirement income as we consider the adequacy of total provision. Not only does the public scheme have a large impact on incentives to make private provision, but the impact of public provision on the budget has a direct impact on total savings. It may be that we will eventually accept that the New Zealand community wishes to give a bigger role to public provision than many other societies and that our debate about private provision should take that as given. That is an issue that the current Periodic Review Group will no doubt consider, and to do so it will need to consider what that does to the optimal stance of fiscal policy. It may even need to consider the implications for the New Zealand financial system of a sequence like high public savings, low public debt, reliance on an *overseas* indicator of the return to riskless investment. I said this is a wide-ranging topic.

Central to it is time preference. How do New Zealanders judge current consumption against future retirement income? Can they act on their judgements of future against present? We have got some new information through the Household Savings Survey which the Retirement Commission along with Statistics New Zealand has been instrumental in developing. We are in the early stages of turning a lot of information into knowledge, and then integrating that knowledge with our existing understanding so that through the Periodic Review Group and otherwise we ensure that we keep abreast of the evolving issues of retirement income. That will be the focus of the symposium this afternoon.

We need to make sure that we locate our debate in the context of international knowledge and experience. I know from my interactions with the Retirement Commission that it does a good job of using the internet and international contacts to ensure that we do not become parochial. And throughout the policy community currently, I frequently hear the specific question, "are there good reasons why our response to international developments should be different from Australia's?" That is different from what, fortunately, we hear less commonly, "let's copy Australia", and it is a sensible way of economizing on our analytical resources. The focus of our discussion this morning is to ensure that we are up to date in our knowledge of what is happening in Australia.

So, wide-ranging, but focused on retirement income. Public debate which is participatory but progressive. Integrating new information into addressing public policy issues on the basis of knowledge. Global in scope but drawing on what we can learn from Australia. And concerned with how New Zealanders want to manage time preference.