

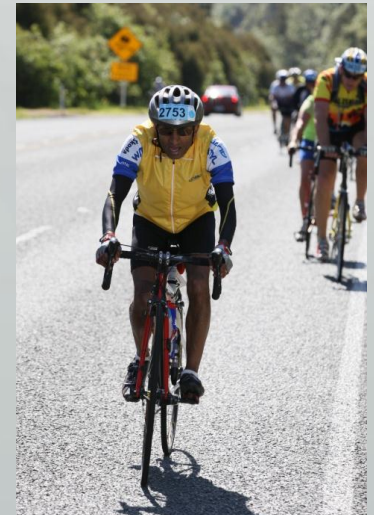
# Getting older and economic sustainability for NZ

some pictures and some thoughts  
for *The Next Stretch*

*08 May 2014*

**Dr Ganesh Nana**  
*Chief Economist*

ganesh.nana@berl.co.nz  
@GaneshAhirao



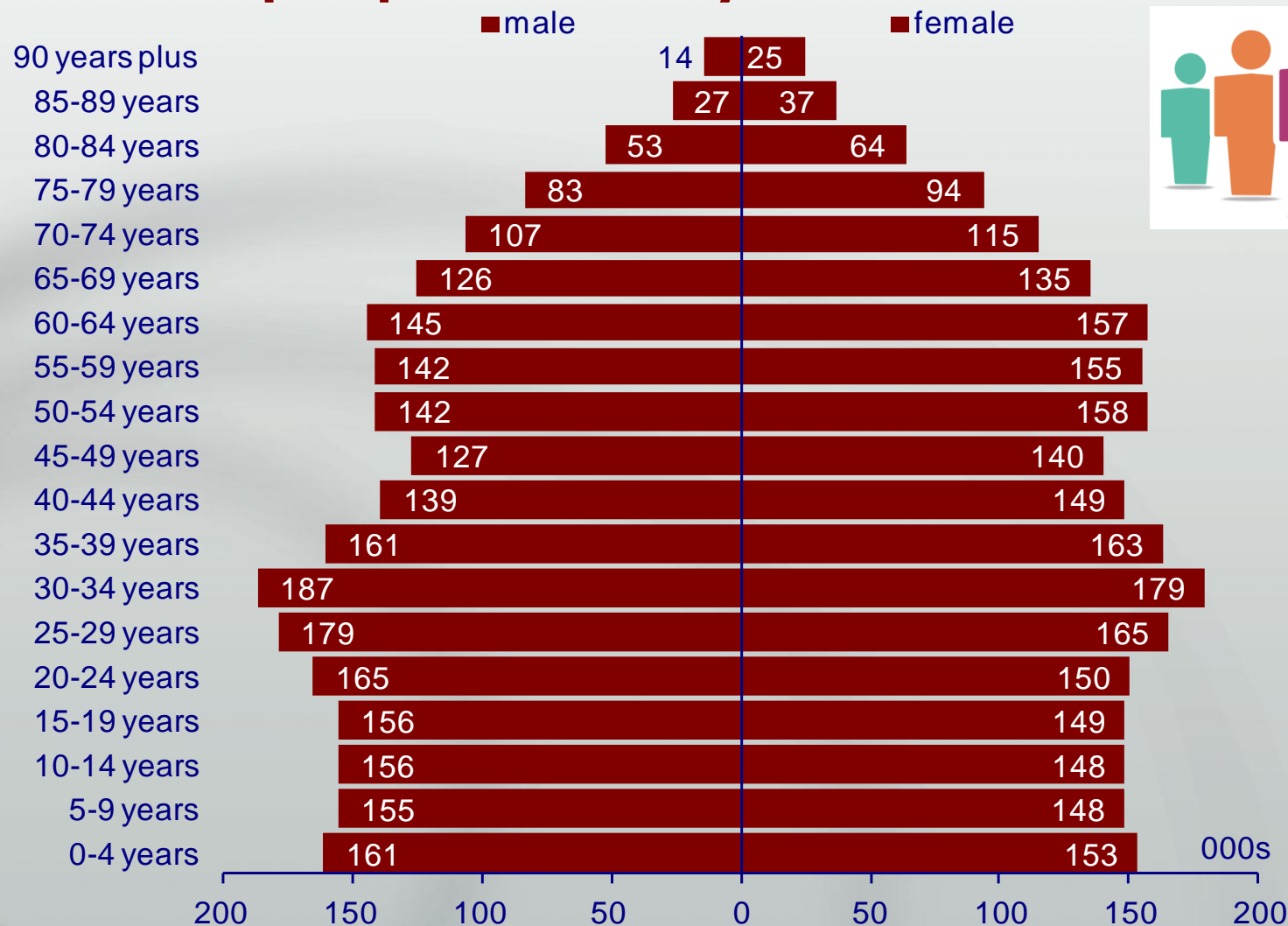
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*The Next Stretch – 080514  
slide 1*

# The economic conversation

- short-term focus on GDP and exports
  - \* associated focus on Auckland

# NZ popn ten years hence



Statistics NZ cyclic migration scenario

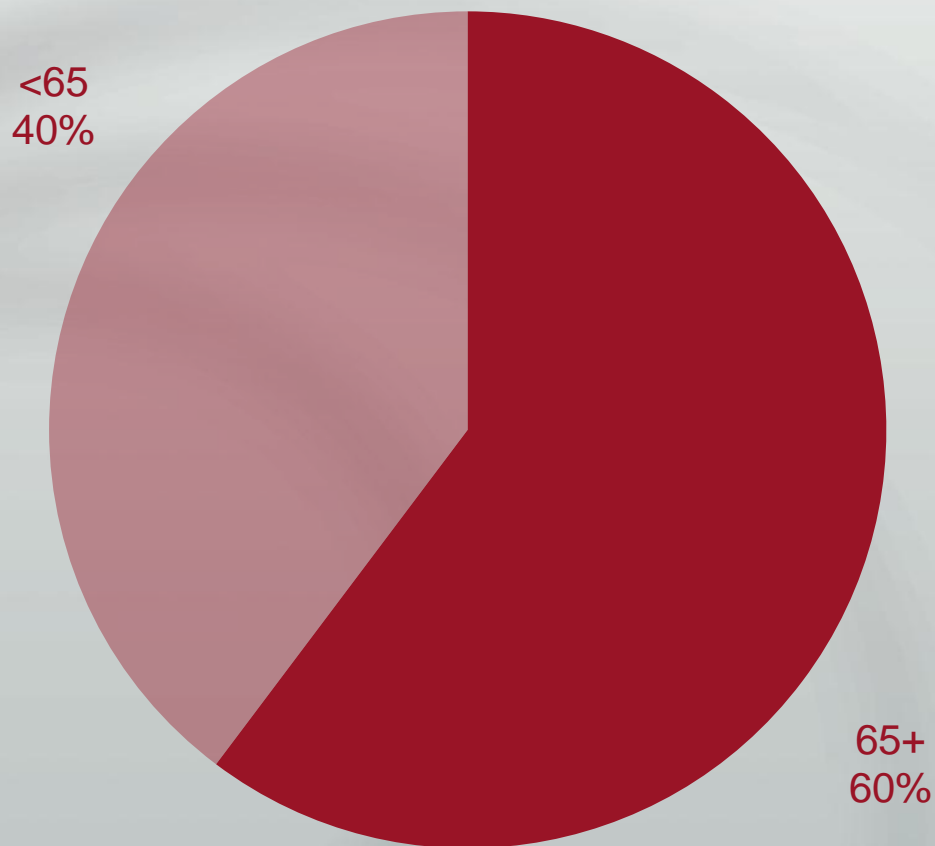
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slide 3

# NZ's population change next ten years

total change  $\approx$  400,000



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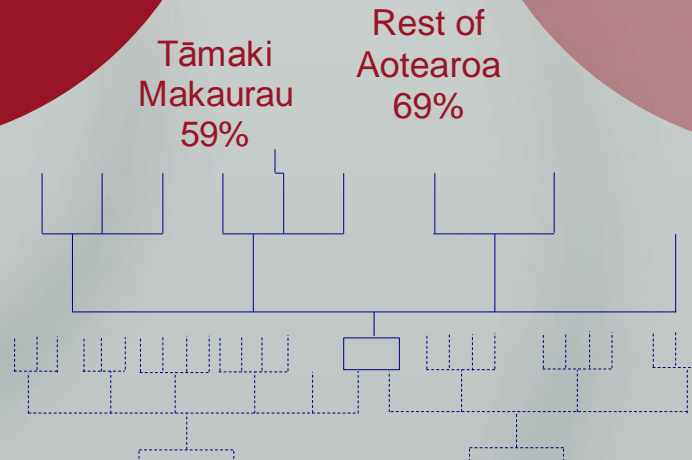
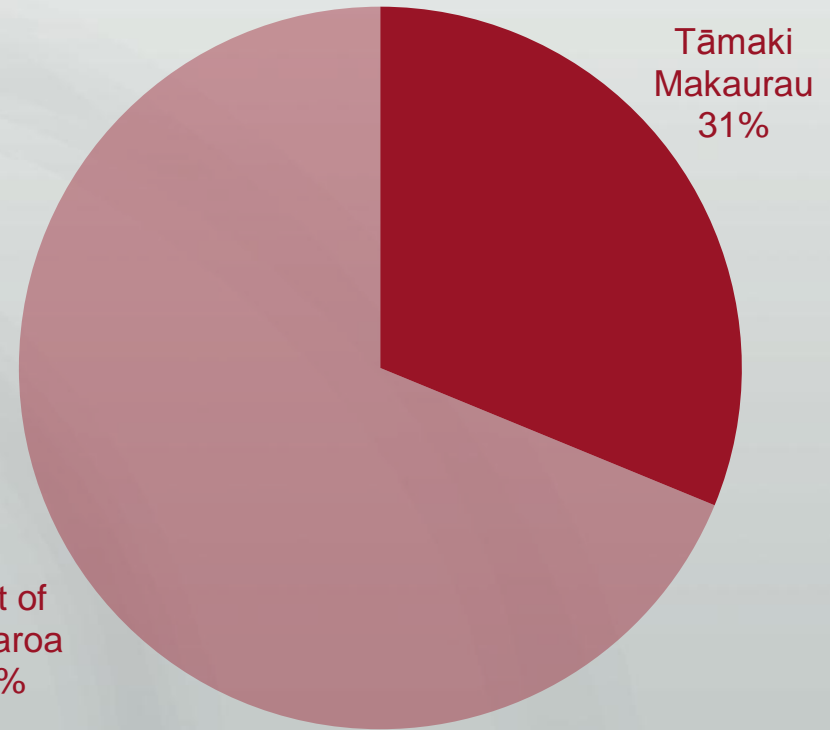
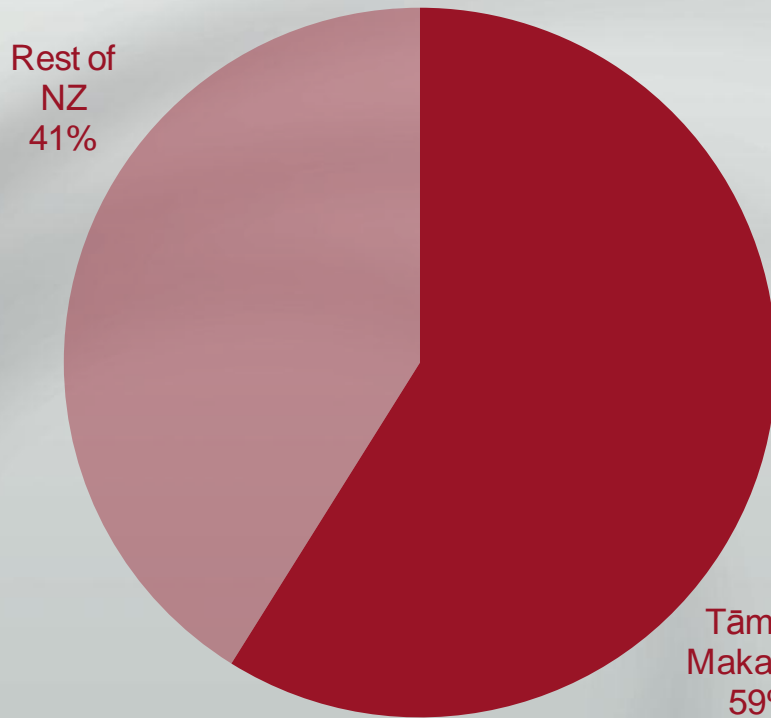
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slide 4*

# NZ's population change next ten years

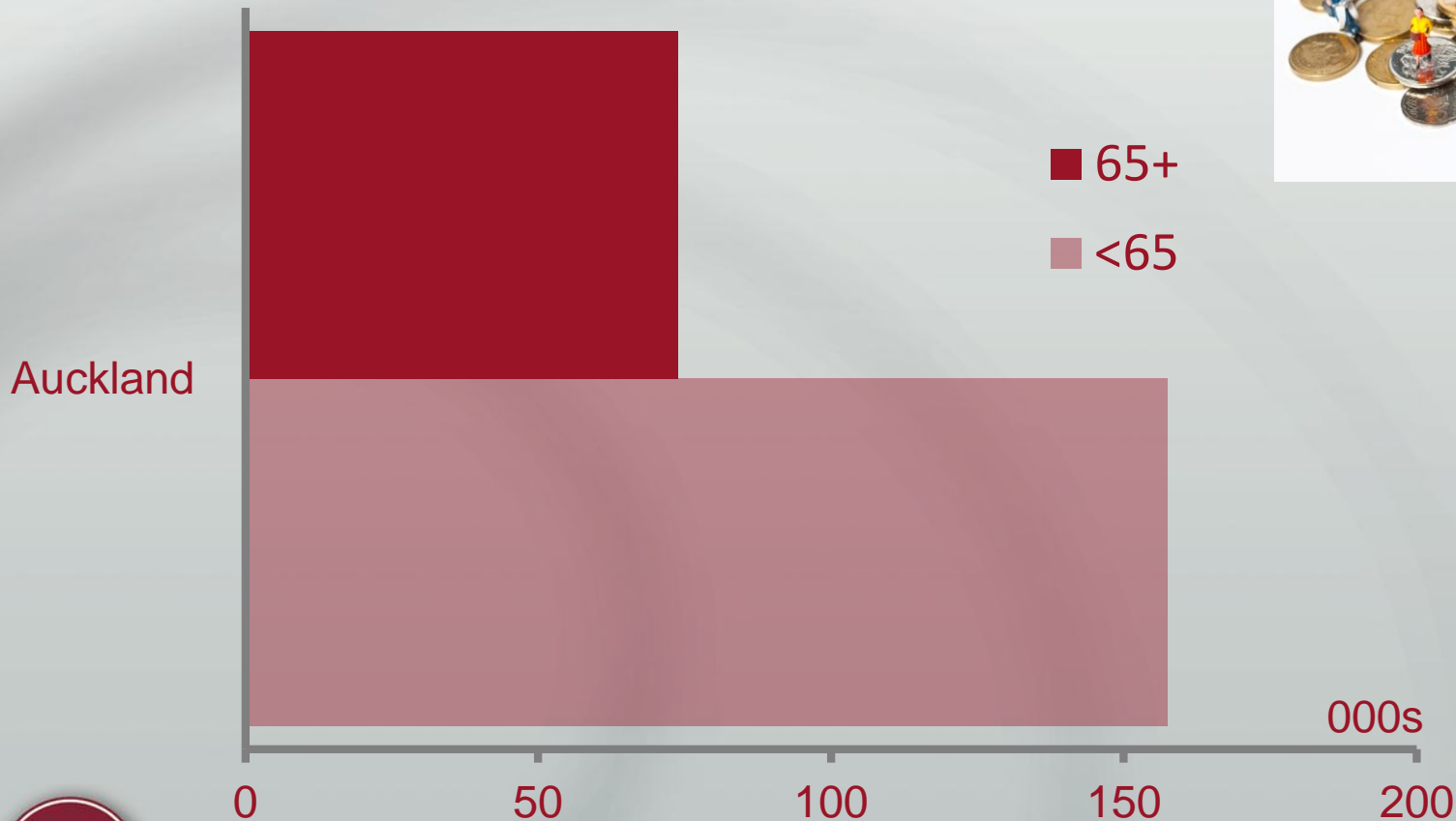
total change  $\approx$  400,000

change in 65+ popn  $\approx$  236,000



# Tāmaki Makaurau

Growth in Auckland population  
change over next decade



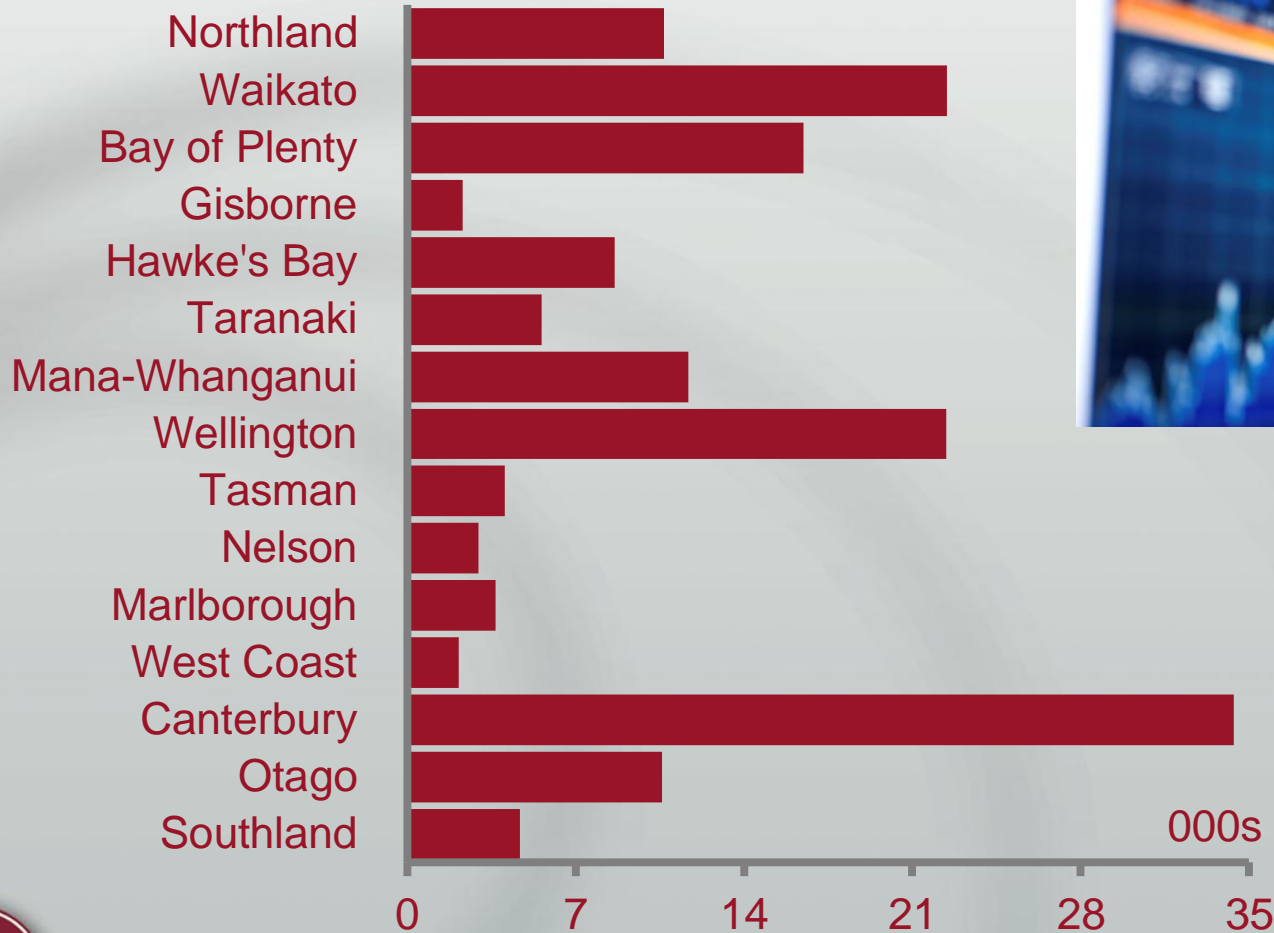
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# Growth in 65+ popn outside Auckland

## Population aged 65+ change over next decade



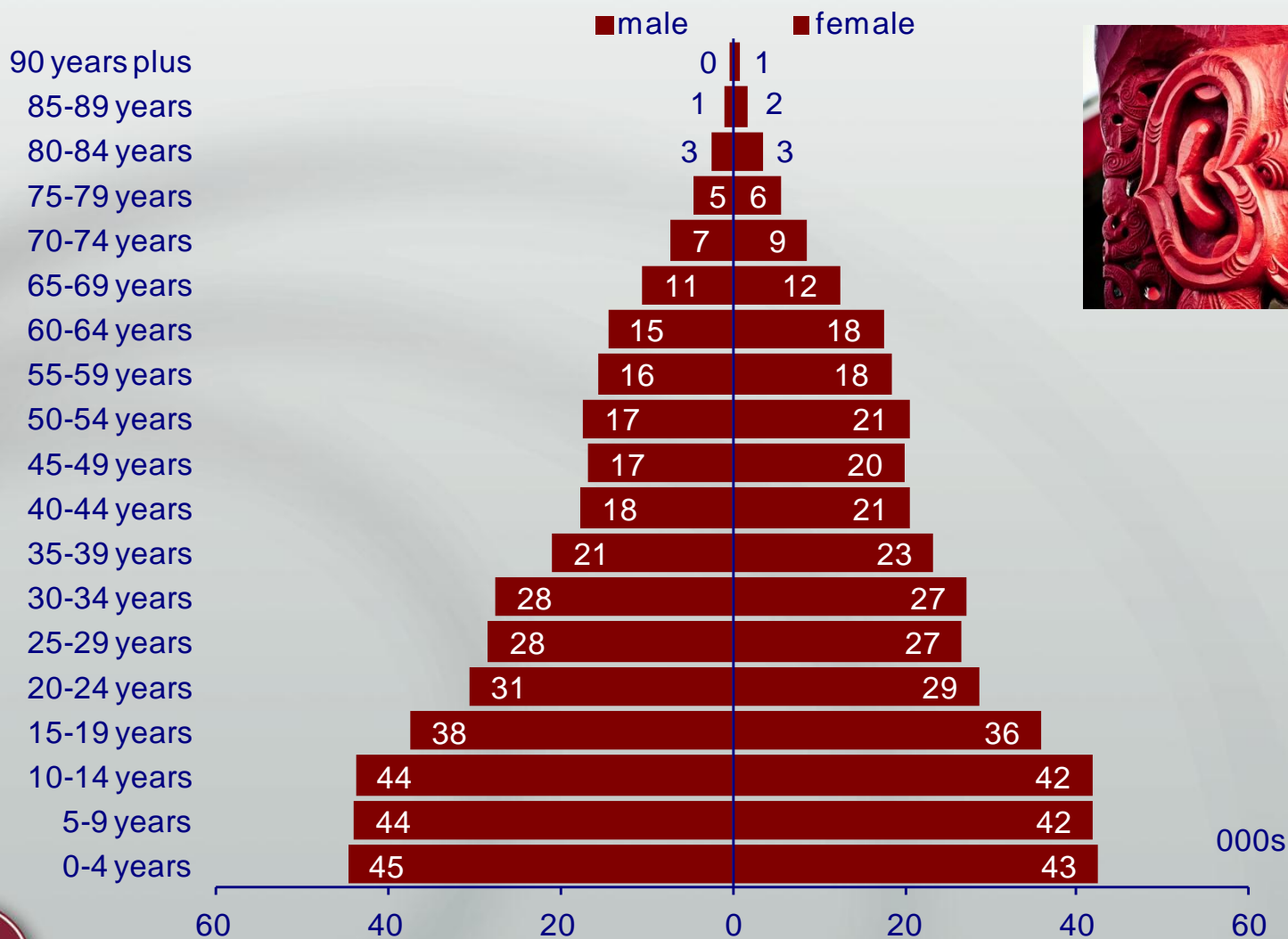
# Growth in popn outside Auckland

Growth in population change over next decade





# Māori popn ten years hence



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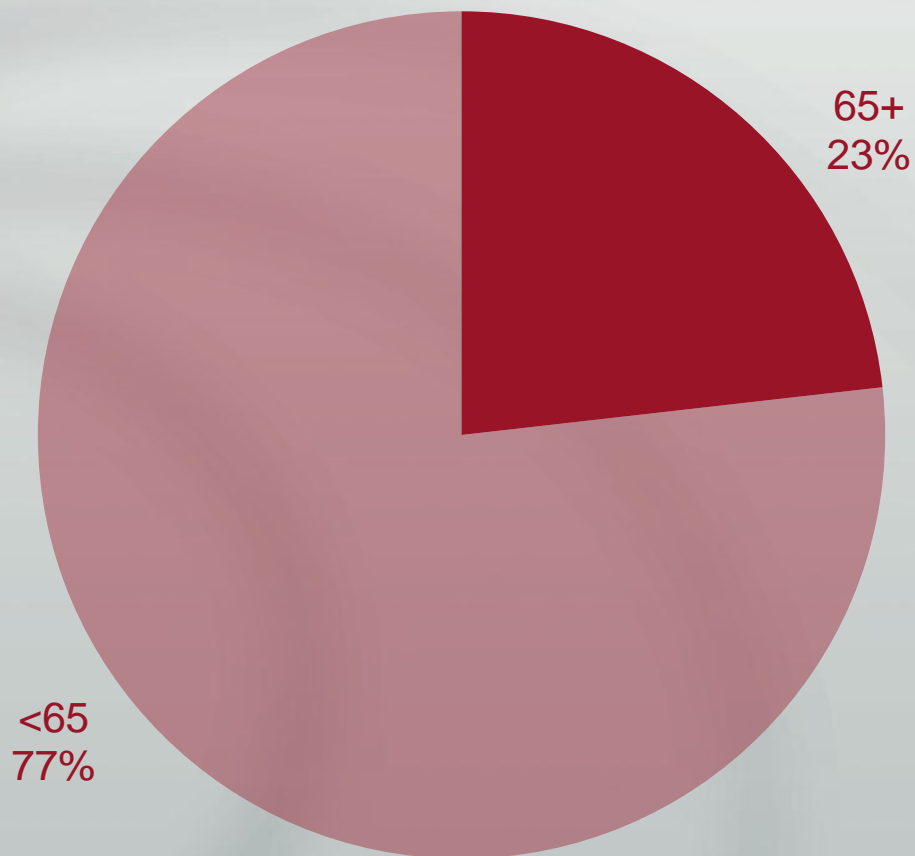
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# Māori population change

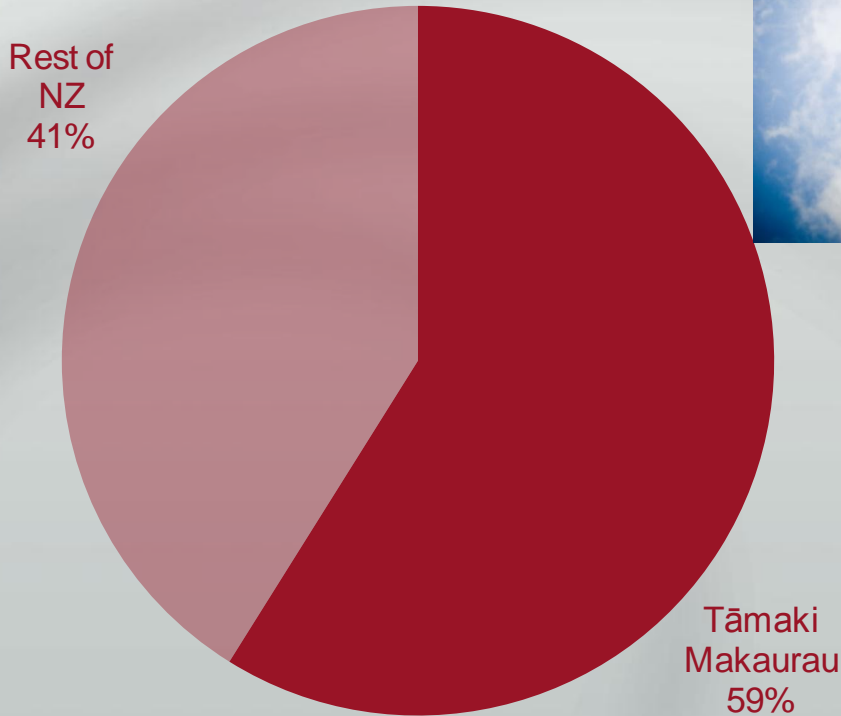
next ten years

total change  $\approx$  93,000

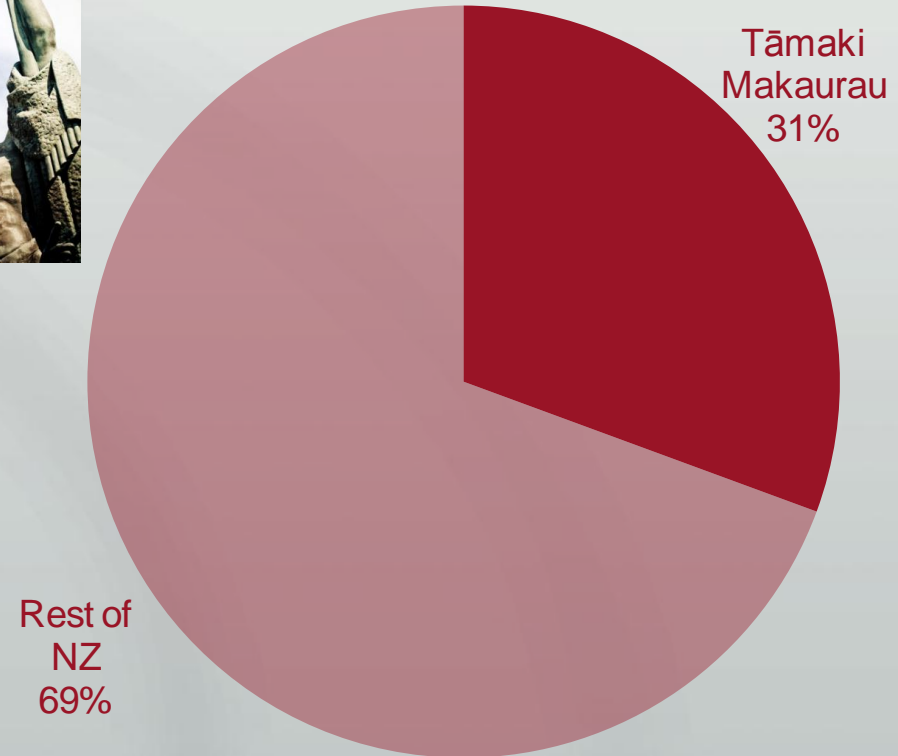


# NZ's population change next ten years

total change  $\approx$  400,000

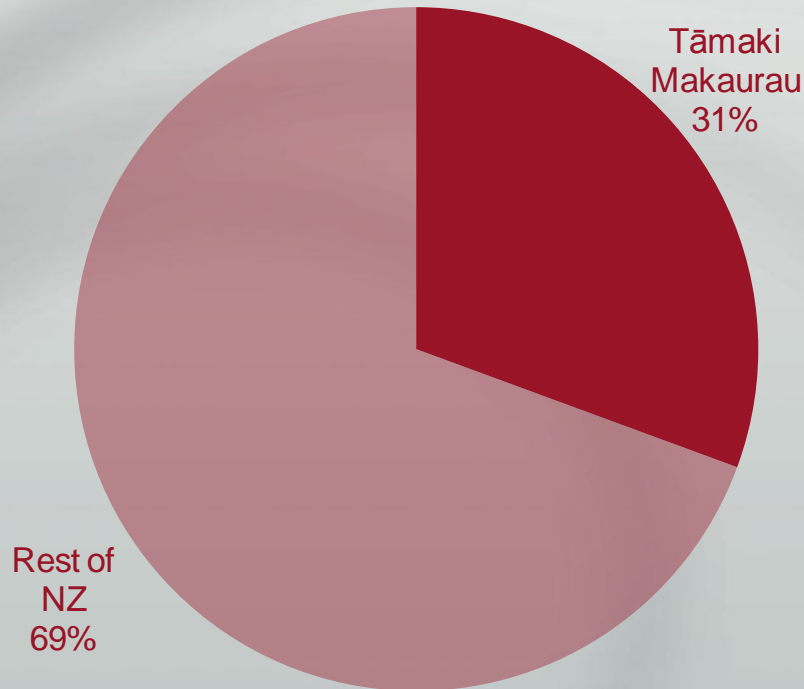


change in Māori popn  $\approx$  93,000

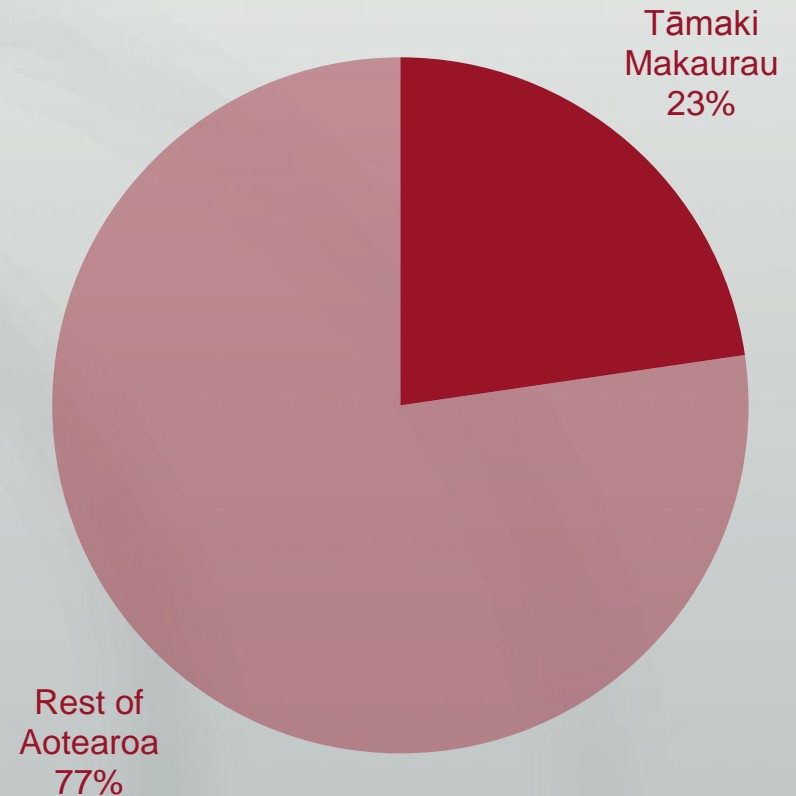


# Maori population change next ten years

total change  $\approx$  93,000



change in Māori popn 65+  $\approx$  21,000



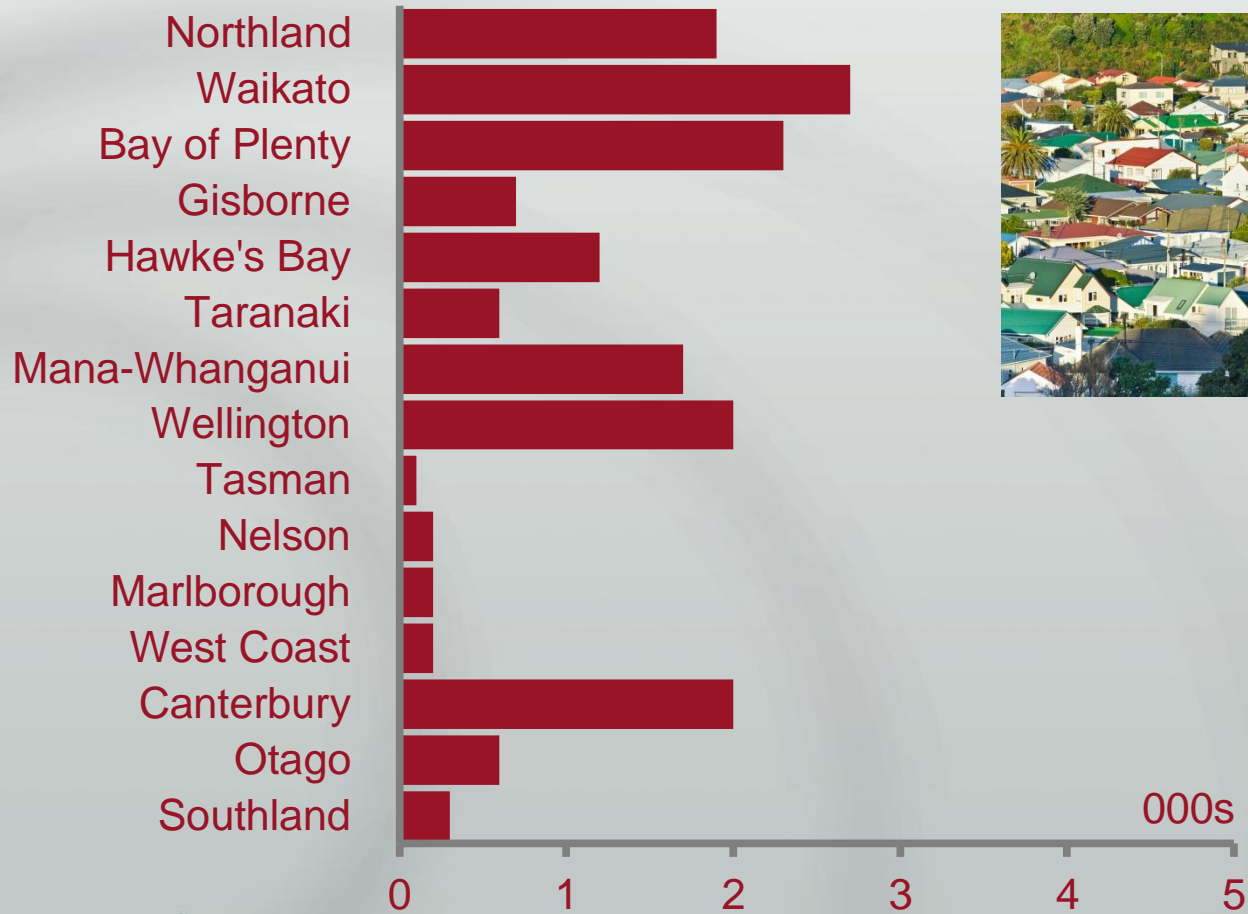
economics

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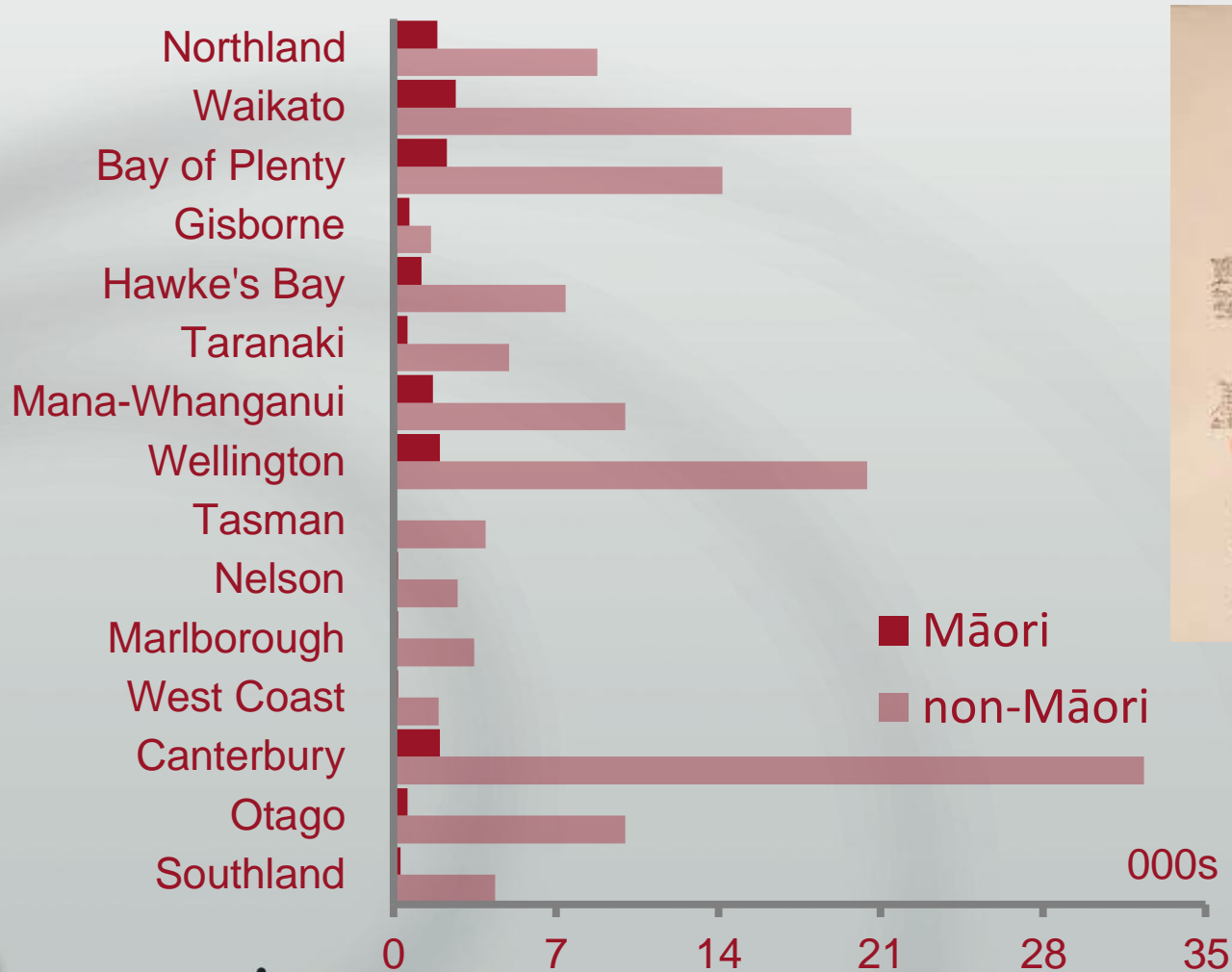
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# Māori outside Auckland

Maori population aged 65+  
change over next decade



# Growth in 65+ popn (outside Akld) change over next decade



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# The economic conversation

- short-term focus on GDP and exports
  - \* associated focus on Auckland
- need to gate-crash '*can't afford to*' response with '*can't afford not to*'
  - \* there are economic costs to doing nothing
  - \* long-term costs as resources shifted to bigger sticking plasters
- GDP as measure of economic success

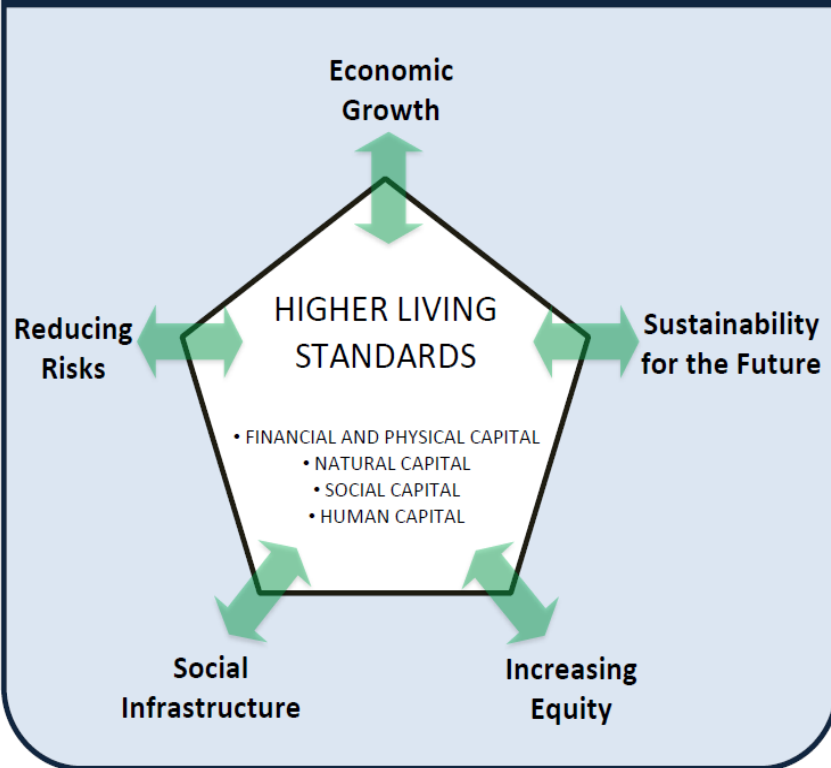


# Living standards framework

## NZ Treasury

### LIVING STANDARDS: THE HEART OF OUR POLICY ADVICE

Assess the impact of policy across key living standards dimensions



#### Economic Growth

- Does this improve the opportunities or incentives for higher incomes or greater economic growth?
- Does this remove obstacles that hinder resources moving to their most efficient use, or enhance the ability of people to take up new opportunities?

#### Sustainability for the Future

- Does this impact on the capital stocks for future use (e.g. physical capital, human capital, or the sustainability of the environment)?

#### Increasing Equity

- Does this impact on the distribution across society (both intra and intergenerational)?
- Does this improve opportunities for people to improve their position?

#### Social Infrastructure

- Does this impact on core institutions that underpin our society (e.g. trust in the rule of law, democracy, Crown-Māori relationship, cultural identity)?
- Does this impact on the trust and connections between people?

#### Reducing Risks

- Does this impact on NZ's ability to withstand unexpected shocks?
- In particular, does this impact on our macro-economic position (debt, deficits, inflation etc)?

Considering these five key aspects when developing your policy advice will ensure that Treasury consistently embeds Living Standards in our advice. It is an adjunct to, not a replacement for, a good evidenced-based process for developing free and frank advice. Need help or more information? See Girol Karacaoglu.





# Creating value

