

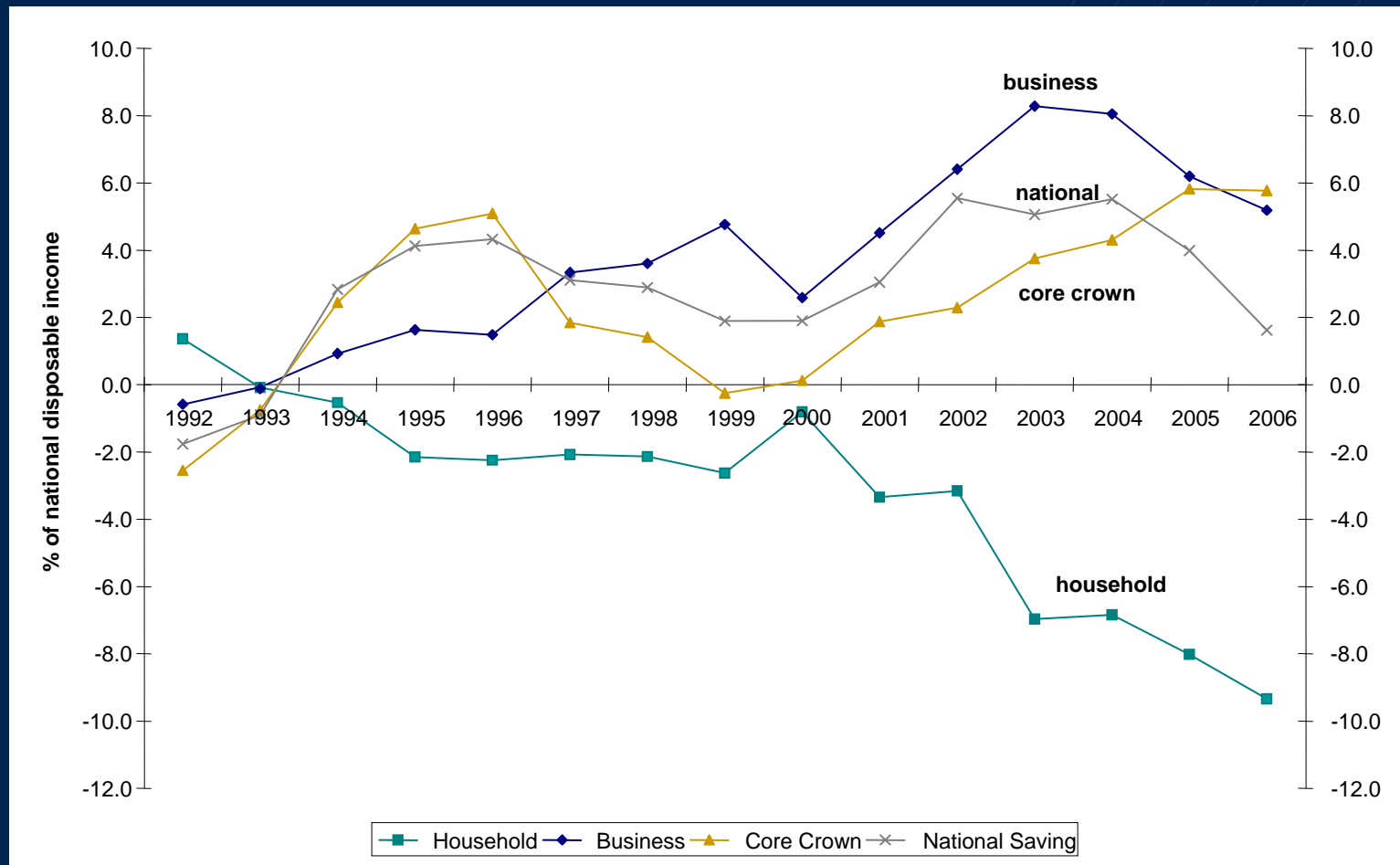


THE TREASURY
Kaitohutohu Kaupapa Rawa

Better saved than sorry: Treasury's position on NZ's savings performance

The saving picture in NZ (macro)

Chart: Saving by sector



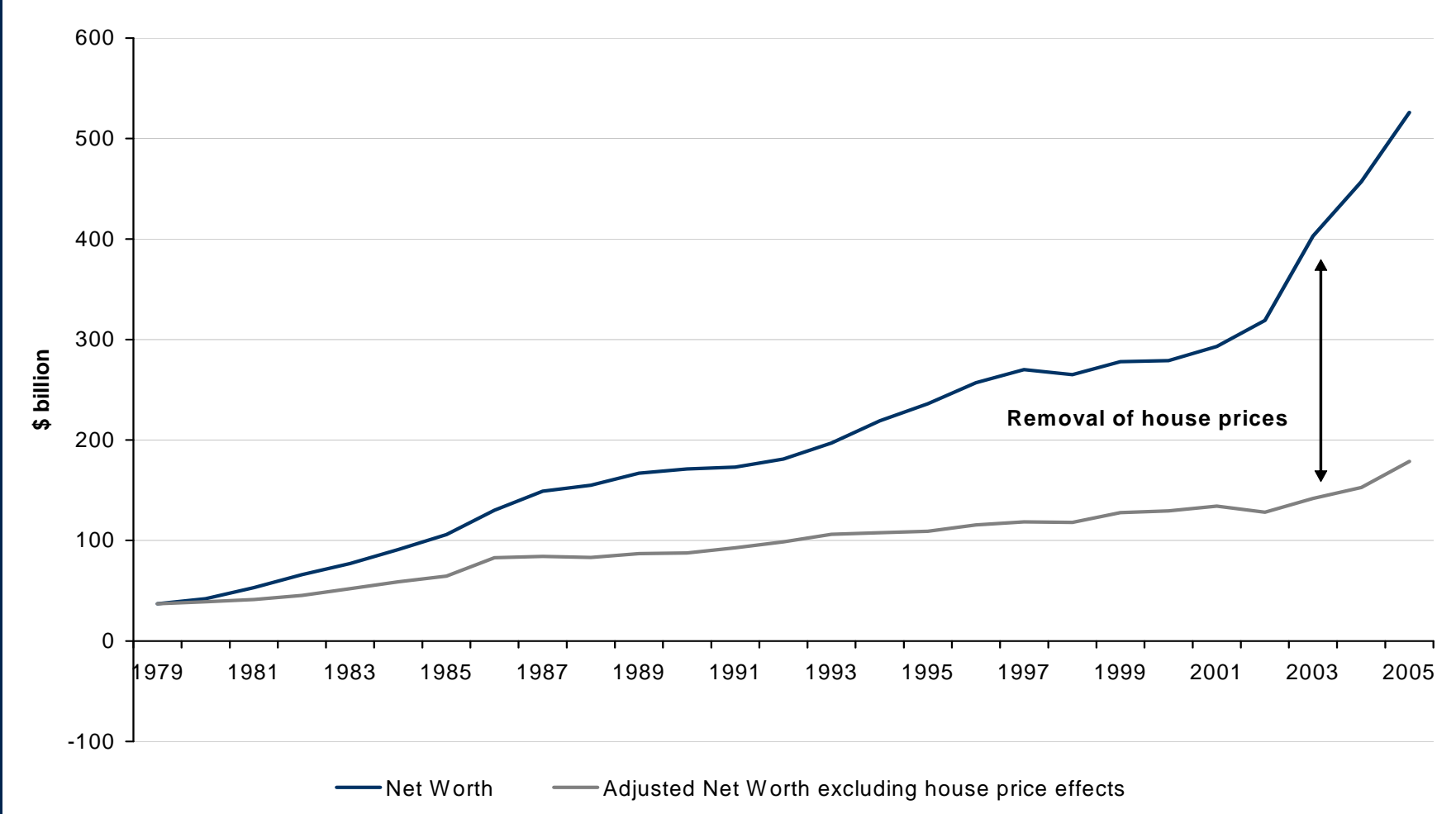
International comparisons suggest NZ has low household saving

Table: Selected country household saving rates (period averages as a % of household disposable income)

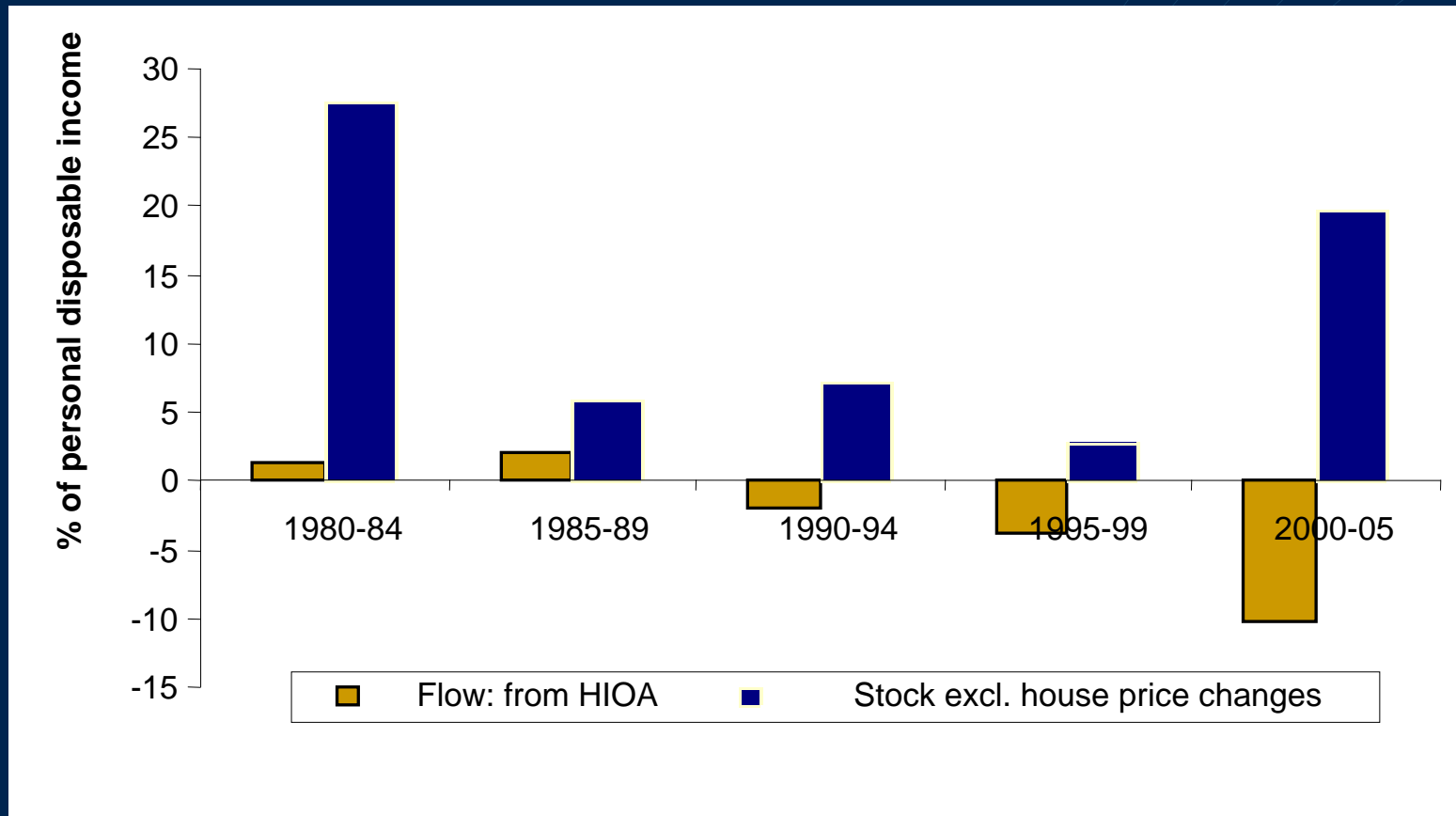
	1970s	1980s	1990s	2000-2004	2005
Australia	14.2	11.1	5.4	-0.5	-2.6
United States	9.6	9.1	5.2	2.1	-0.4
Canada	12.0	15.3	9.1	3.4	-0.2
Germany	13.1	12.8	11.4	9.9	10.7
France	13.2	9.5	11.6	12.2	11.6
Netherlands	4.1	14.3	14.1	8.4	5.7
Japan	23.7	16.3	12.4	5.0	2.4
New Zealand	3.6	2.8	-1.6	-7.2	-14.8

Data for Japan for 1970s are for period 1972-1979. Source: OECD

Stock measures suggest that wealth has increased even after allowing for house price increases



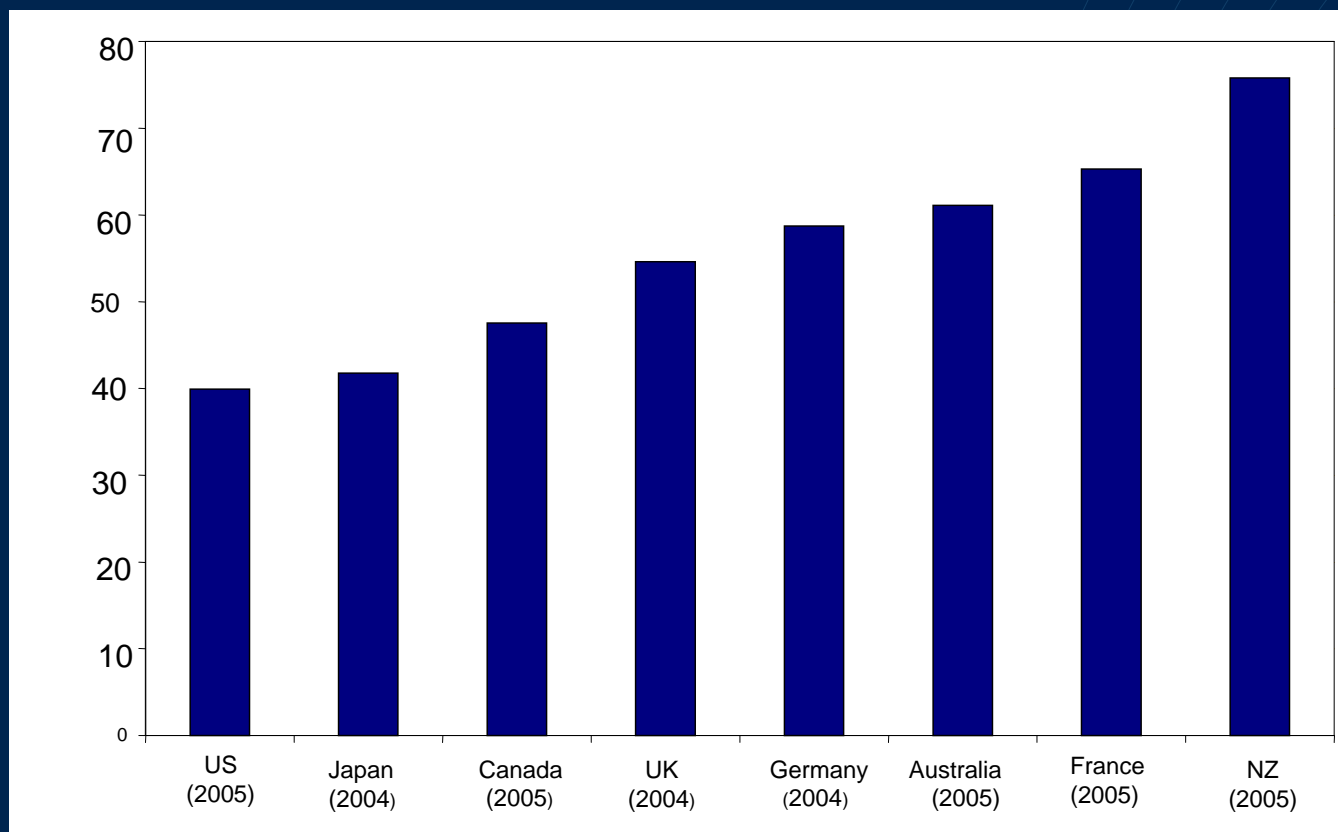
Stock-based estimates of HH saving rates are higher & show less evidence of a ↓ trend in recent years



Source: The Treasury

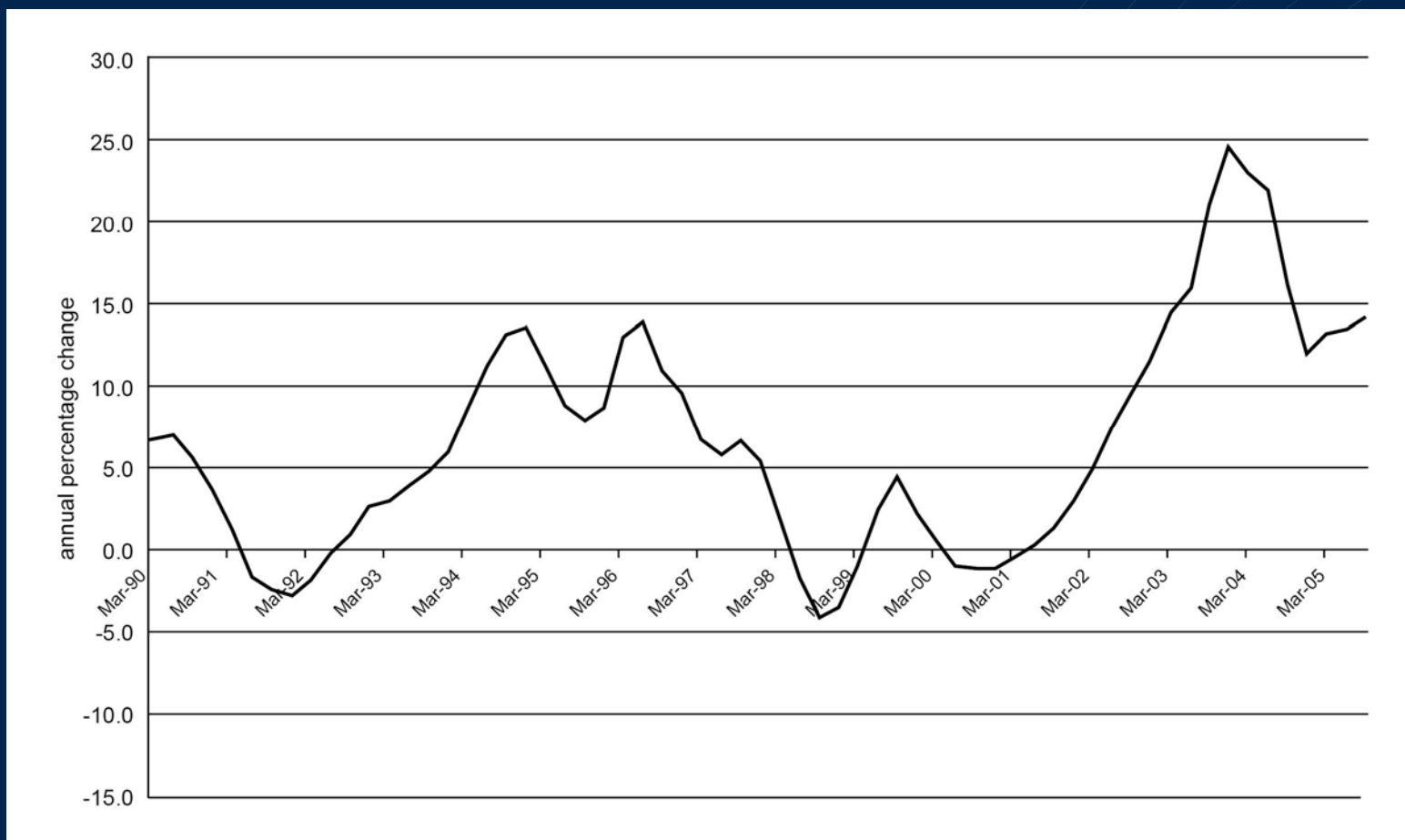
NZers rely a lot on housing for their wealth

Chart: Non-financial assets (mainly housing) as a % of total household assets



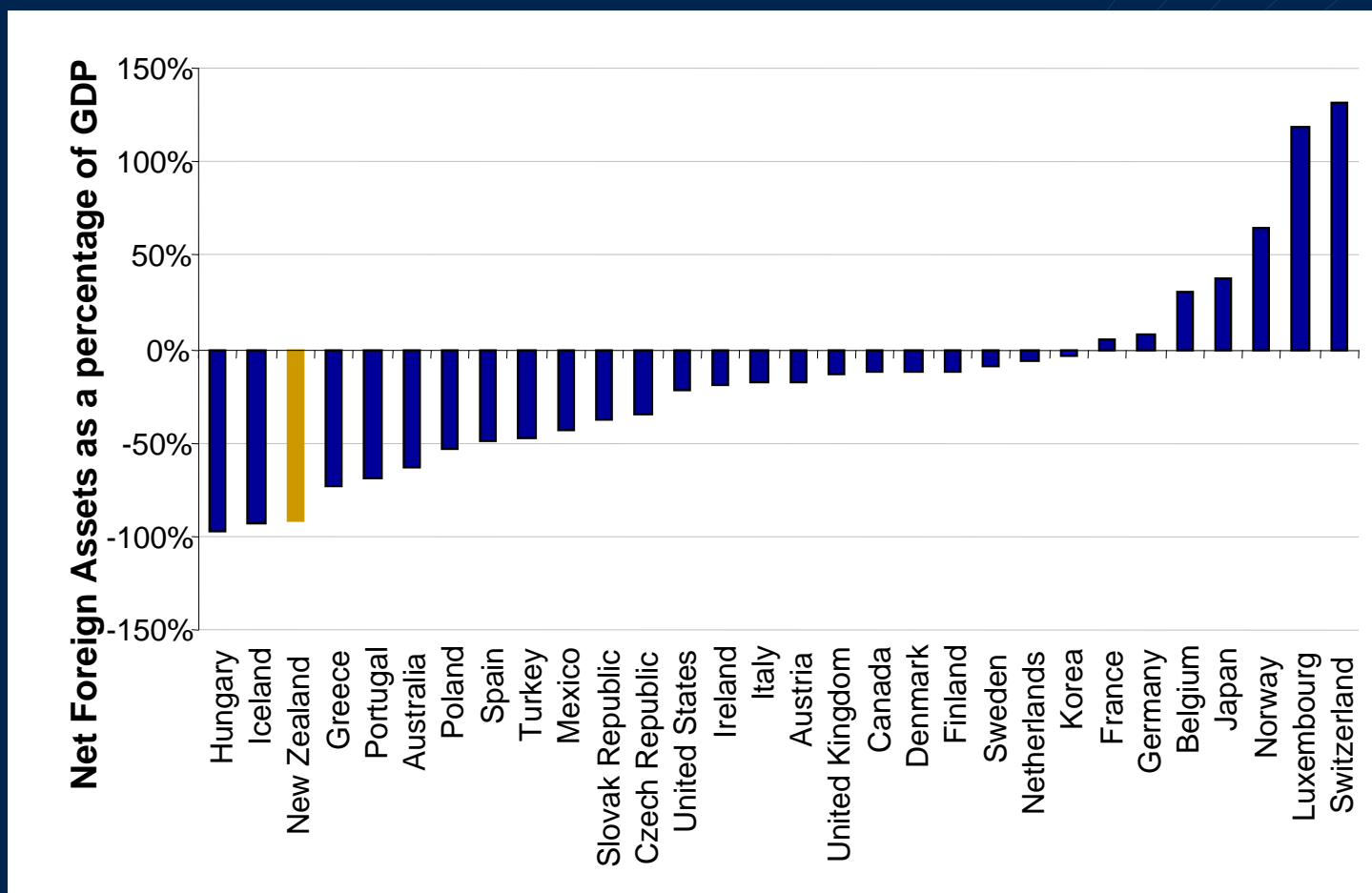
Source: OECD, Reserve Bank of New Zealand

Annual percentage change of house prices



Source: QVNZ (obtained through Reserve Bank of New Zealand)

Net external liabilities – % of GDP



Source: Lane and Milesi-Ferretti (2006)

The saving picture in NZ (micro)

Table:
Holdings of super schemes - by types of schemes

	Percent of population who hold a scheme (%)	Mean value of scheme (\$)	Median value of scheme (\$)
Workplace superannuation scheme	8.2	72,800	26,200
Personal superannuation scheme	12.0	40,500	15,600
Any superannuation scheme	19.3	56,200	20,000

Source: Treasury's calculations based on 2001 Household Savings Survey data for individuals aged 18-64

Table:
Holdings of any super scheme - by income quintile

Quintiles of income	Any superannuation scheme		
	Percent of population who hold a scheme (%)	Mean value of scheme (\$)	Median value of scheme (\$)
1	1	67,400	24,400
2	2	43,300	14,500
3	4	40,200	15,200
4	6	51,500	22,800
5	7	71,700	25,000
Total	19	56,200	20,000

Source: Treasury's calculations based on 2001 Household Savings Survey data for individuals aged 18-64

The saving picture in NZ: ages 45–64

Table: Proportions of the population who may be saving inadequately for retirement

	Baseline (%)	Adjusted (%)	Low-middle Incomes, adjusted (%)
Non-partnered individuals			
Ages 45-54	34	19	14
Ages 55-64	28	9	10
Couples			
Ages 45-54	37	30	34
Ages 55-64	37	14	23

Notes: The adjusted scenario assumes a decline in retirement consumption with age and introduces a cap on retirement consumption, which results in lower prescribed saving rates. “Low to middle incomes” is the group of people earning between \$15,000 and \$50,000 per annum.

Source: Le, et al. (2007) and The Treasury



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