

He Tirohanga Mokopuna

2016 Statement on the Long-Term Fiscal Position – at a glance

The Treasury's vision is to raise living standards for New Zealanders. The Public Finance Act requires the Treasury to prepare a statement on New Zealand's long-term fiscal position at least every four years. The following provides a snapshot of key highlights from the Statement.

A growing and prosperous economy

Economic growth provides people and governments with incomes and options, contributing to New Zealand's well-being.

We can develop a more productive, adaptable and resilient economy through:

- stronger international connections
- improved investment and innovation
- greater competitive intensity
- more diverse, higher value exports
- collaborating on regional economic development
- using Auckland as our major international connector
- supporting Māori economic development.



The changing nature of work and education

Knowledge and skills enable people to participate in society and the economy.

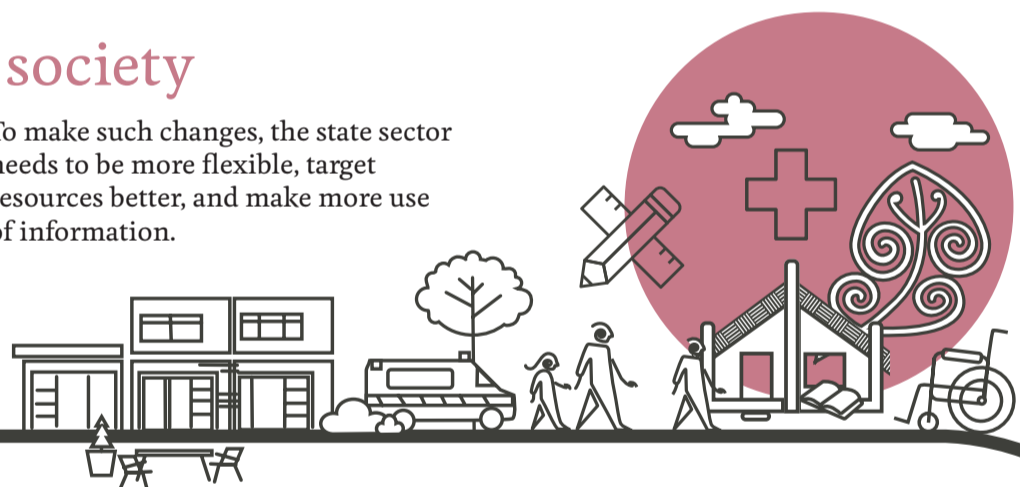
As the nature of work continues to evolve and skill requirements continue to change, education, training and labour market systems will need to adapt to ensure New Zealanders are ready for the future.

The demographic composition of New Zealand is evolving. While labour force participation of older people remains strong by international standards, realising this potential will become even more vital as we continue to become an older population. Māori and Pacific people will play an increasingly important role in New Zealand's future workforce.

Promoting an inclusive society

Most New Zealanders are benefiting from the country's increasing prosperity, but some face significant economic and social barriers.

- Making social services more effective will help people participate more in society as well as make the economy better off.
- To make such changes, the state sector needs to be more flexible, target resources better, and make more use of information.



Managing our natural resources

Using our natural resources sustainably is essential for our long-term living standards.

- More evidence on the state of our natural resources and how they are changing would help New Zealanders make better decisions.
- Defining how we value natural capital could improve our consumption and investment decisions.
- Our resource management and planning system will need to respond better to emerging issues and balance competing interests.

What does this mean for New Zealand's long-term fiscal outlook?

- While current government finances remain relatively strong, fiscal pressures will increase significantly.
- Making government finances sustainable will help improve long-term living standards, as well as reduce the risks associated with economic, social or environmental shocks.
- Population ageing will have an impact on our long-term finances through higher costs for New Zealand Superannuation and increased demand for health services.
- Lifting economic growth through improving productivity, skills, and social outcomes gives the government more options to address future expense pressures.

