

Conference Session #3 & 4 DATA OF INTEREST

Queens birthday
Cards:
1952 → 257 cards
2011 → 10000 cards

83% NZ health
funding comes
from public sector.
69% in Australia.

Median age
in NZ in 2012
is 37, will be
44 in 2061

Average taxable
income
2011 → \$34,000
2061 → \$72,600

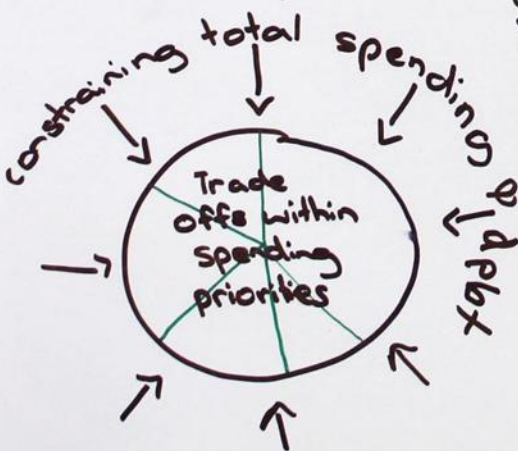
Average tax rate	PIT+GST
2011 27.2	27.2
2012 20.7	27.2
2061 34.8	28.3
diff 17.6	+1.1

0.4% due to population ageing
0.4% from labour participation
rest mostly comes from fiscal drag

UK plans to
equalise and
raise its
retirement
age to 68 for
men & women
by 2049.

Top marginal
rate ↓ over
time but the
average marginal
tax rate has ↑.

Ring-fences
make reform
weaker



Group Orange

QUOTES

"Post event
rationalisation"
Michael
Belgrave

You can't always
get what you want
but if you try
sometimes, you just
might find, you get
what you need.
-rolling stones

The path
forward is
politically
difficult

"It's not
necessarily about
getting predictions
right, but on
ability to project
issues & ideas
into the future."

Budget constraints
are becoming
more & more
important

Unpopular policies.
Need to say no
as much as we
say yes.

Balkstein-Euro
Commissioner
"pay more, work
longer, get less
is not an easy
message to sell."

Policy is
built by
concessions

PAGES

Poverty
reduction
vs.
Income
Smoothing

Fiscal drag?
vs.
Increase/
decrease
tax rates?

Everything
on the
table

Raising the
retirement
age - we are
behind the
curve
internationally
Index to longevity?

Means-testing
- but have to
be aware
of targeting
issues.

Increasing taxes
could ~~be~~
be an option
& might be
less inequitable
than initially
thought

raising retirement
age to 65 → 67
not a radical
policy, many
countries doing
this

Focus on
decumulation.
NZ good at accumulation
through kiwi saver.
Focus on annuities.

Entitlement
reform key.
Not an if but
when.

Yellow Group Session 4

DATA

SOCIAL SPEND
↑ ~3-4% pts/yr
ATR
↑ ~2.5-3.5% pts

QUOTES

KEY MESSAGES

Raising GST
won't make
much difference

Change in tax
revenue is
mainly caused
by fiscal drag

Build a
system where
tax avoidance
more difficult.

Older age groups
may receive ^{PRIS}
spending... but
they will also
pay an ↑ tax
share.

IMAGERY

PURPLE GROUP - SESSION 4

DATA

QUOTES

"Form is our most fundamental belief"
- Gunnar Craxson

"Need to think of the sustainability of the blue team"
- Gunnar Craxson

"Targeting a more equitable is theory than in practice"
- Paul Kishely

"Summing intergenerational discount"
- Susan St John

"Kims need to get the message that living on credit is not the way ahead"
- Gunnar Craxson

Personal Responsibility often conflict with the choices of individuals who live in a form of individualism

IMAGE



Your future is NOT a wheel of fortune.



KEY MSGS

Gunnar Craxson: "Need to hold on to universal aspirations of 'it's a natural feature'"

"There are systematic features of the 21st Century system that do need to drive inequality further."

Universality of Super means greater equity for closing gap

Super means testing is a no-go back here - why go there?
→ equity advantages in climbing up rather than working age

Thinking from the future what we have never done in the past. "unfair"

Many alternative interpretations exist - this is one of a few that changes to NZ Super should be based + evaluated on

future opportunity cost

GREEN TAX + RETIREMENT INCOME

Data of Interest

Quotes

Imagery, doodles, other ways of communication

Session 4/5
KEY Messages

NZS is 42.8% of social assistance spending in 2011. Forecast to grow to 51.1% in 2016

Financial literacy is increasing

Housing costs: 5x Average salary vs 2x Average salary in 1990s

Historically, average tax rates are increasing and the top tax rate is decreasing

Housing costs: 5x salary

"Targeting is more easily done in theory than in practice"
- P. Rowley

"Previously our decisions gave to future generations. These days our decisions impose costs on future generations"
- Andrew Coleman

"Calculating the positive outweighs satisfying the negative"
Susan St John

"Fairness is our most fundamental belief"

The dictatorship of the present over the future (or vice versa)

Critics say: 'Pensions for millionaires'

The housing issue is a retirement issue...

Decisions we make now are taking from the future more than they have done before
- Andrew Coleman

Still large support for Universal Superannuation

Means testing could take the pressure off raising the retirement age.

The welfare state makes promises about NZS etc. but the \$\$\$ is not there

Welfare state is a promise about future entitlements, the money is not actually there

Whenever you tax someone, you prevent them from investing that money. This earning more if they had been taxed.

Over 65's have a lower marginal tax rate than loan repayers and WFF