

Half Year Economic and Fiscal Update and Budget Policy Statement

Hon Bill English, Minister of Finance

18 December 2012

Our position at a glance

- NZ economy growing, but global challenges remain
- Our economic and fiscal position much better than in late 2008
- Government on track to surplus in 2014/15
- NZ well-placed compared with most countries
- Long-term challenges beyond 2014/15

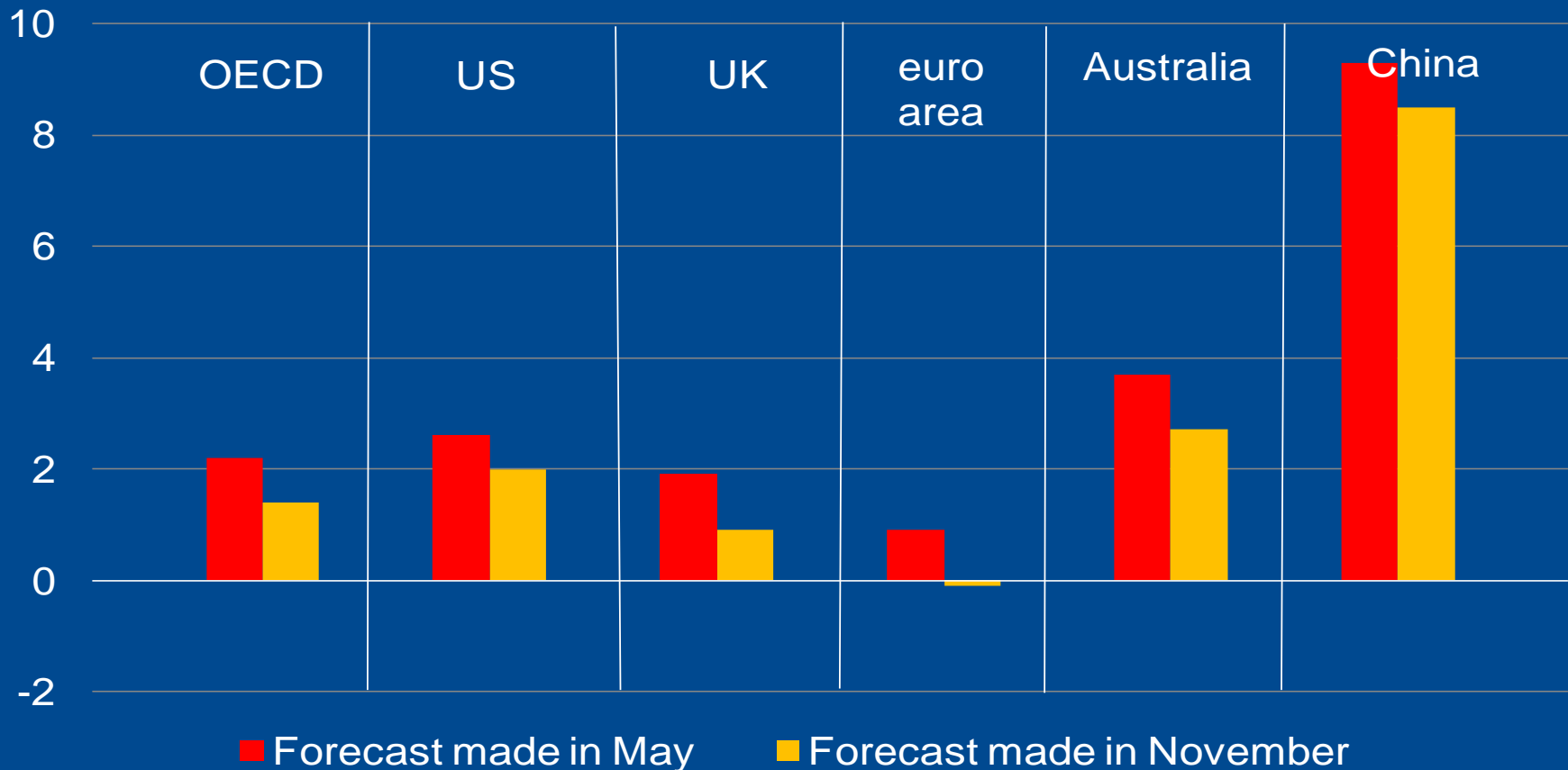
The Government's plan

- Responsibly managing the Government's finances
- Building a more productive and competitive economy
- Delivering better public services within tight financial constraints
- Rebuilding Christchurch

Uncertain global environment

OECD Real GDP Forecasts Calendar 2013

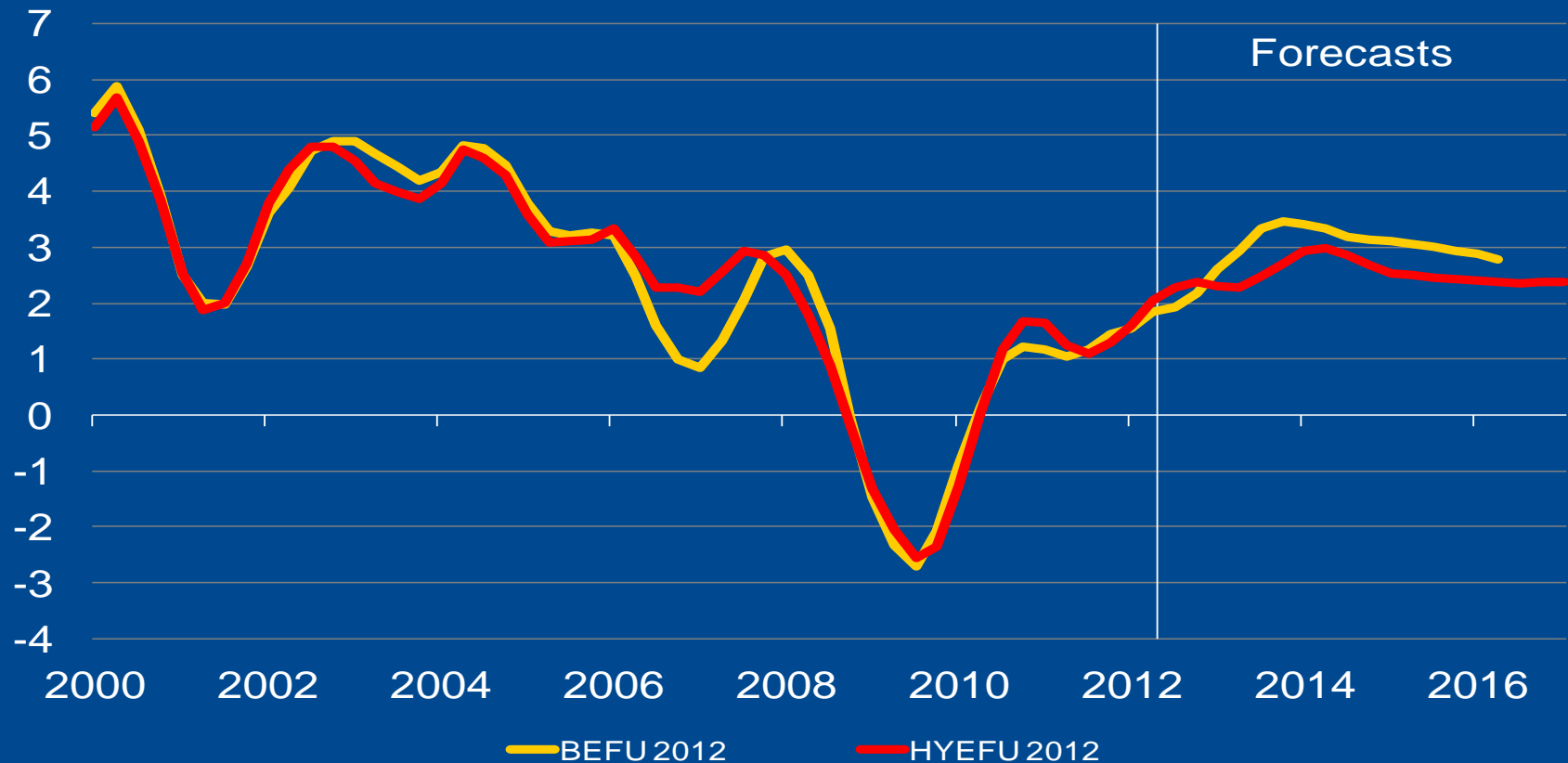
% change



NZ's outlook better than most

Annual average
% change

Real GDP Growth



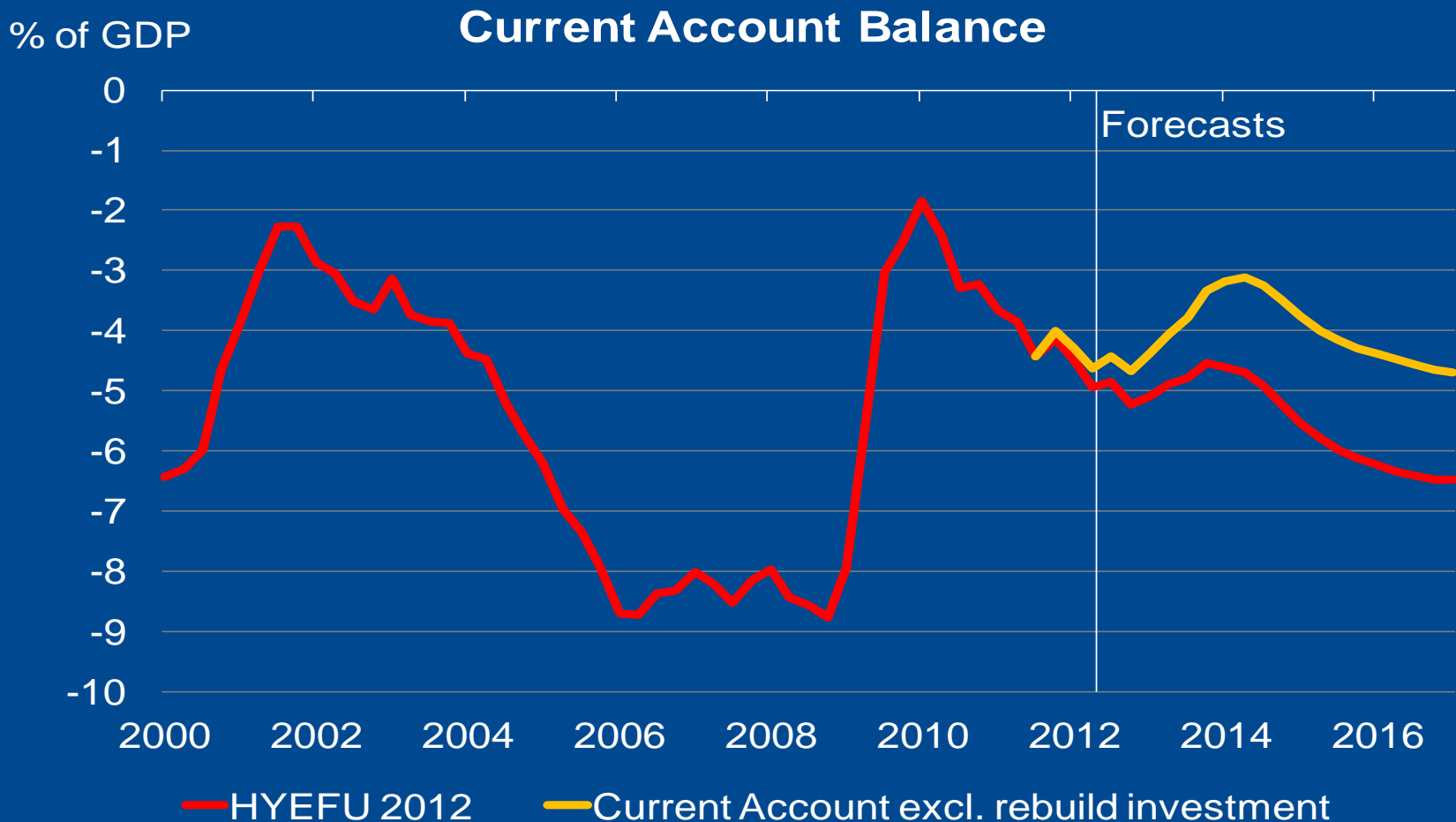
Unemployment forecast to fall



New jobs to rise over next 4 years



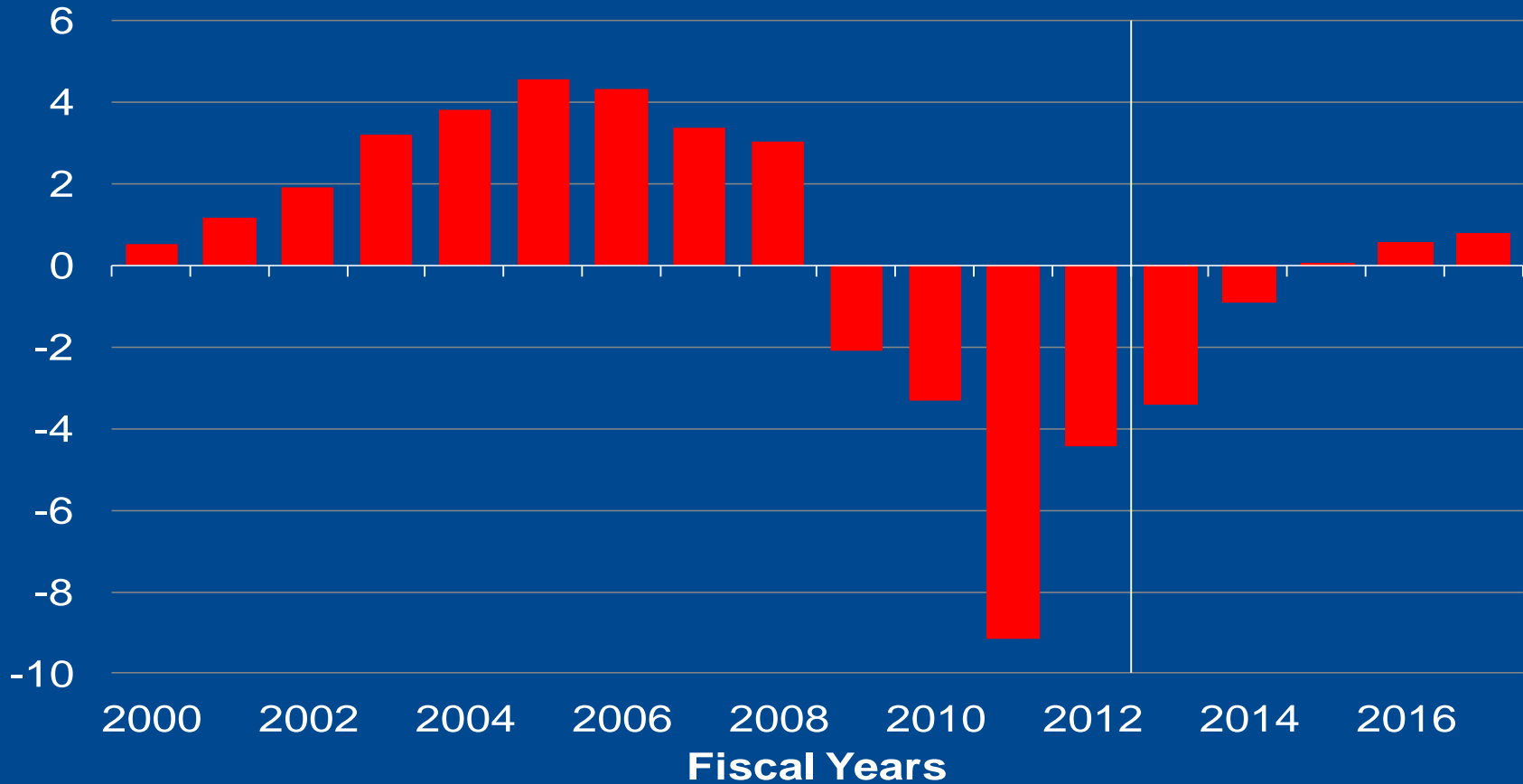
Current account deficit



On track to surplus in 2014/15

% of GDP

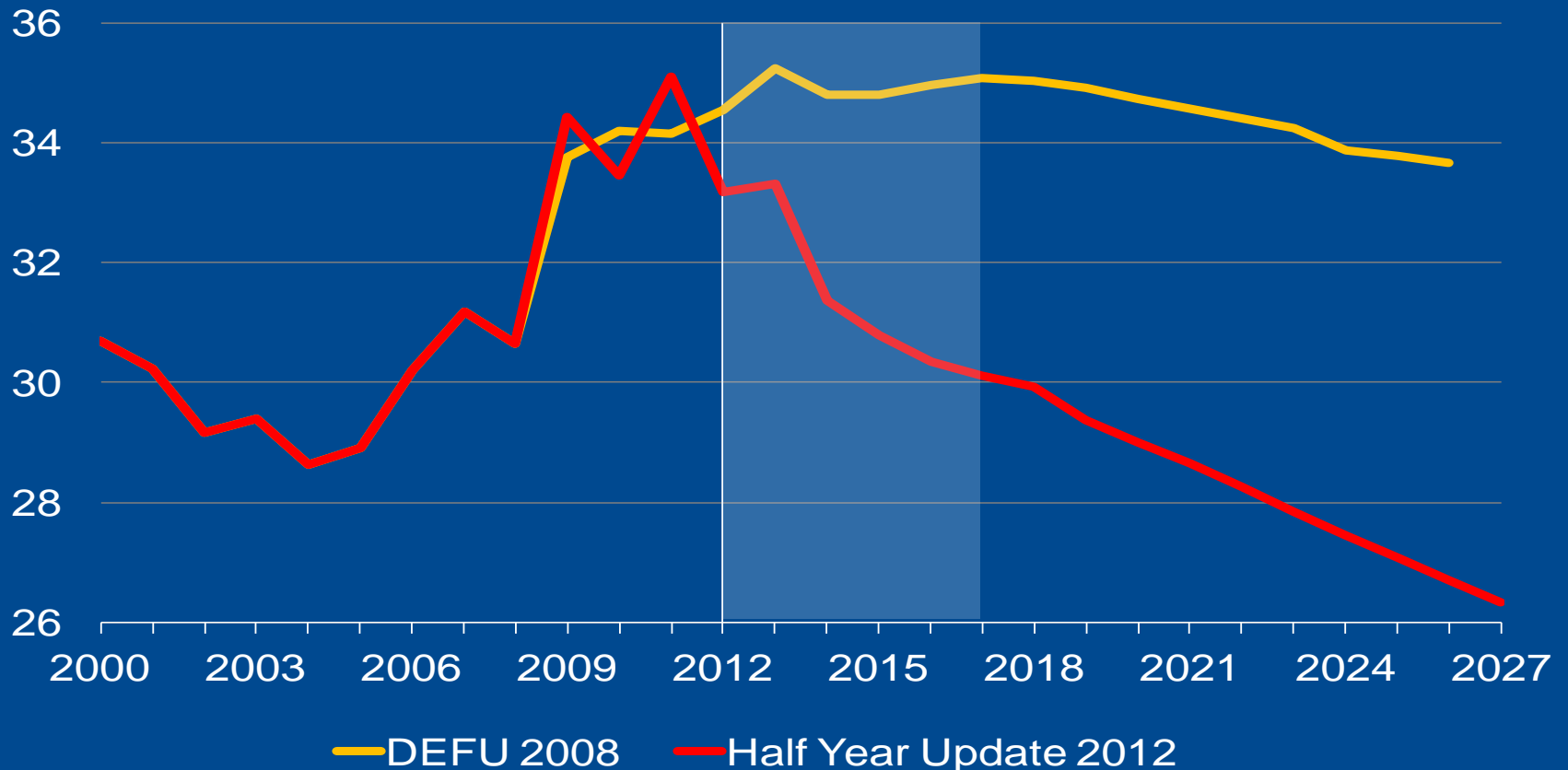
OBEFAL



Getting spending under control

% of GDP

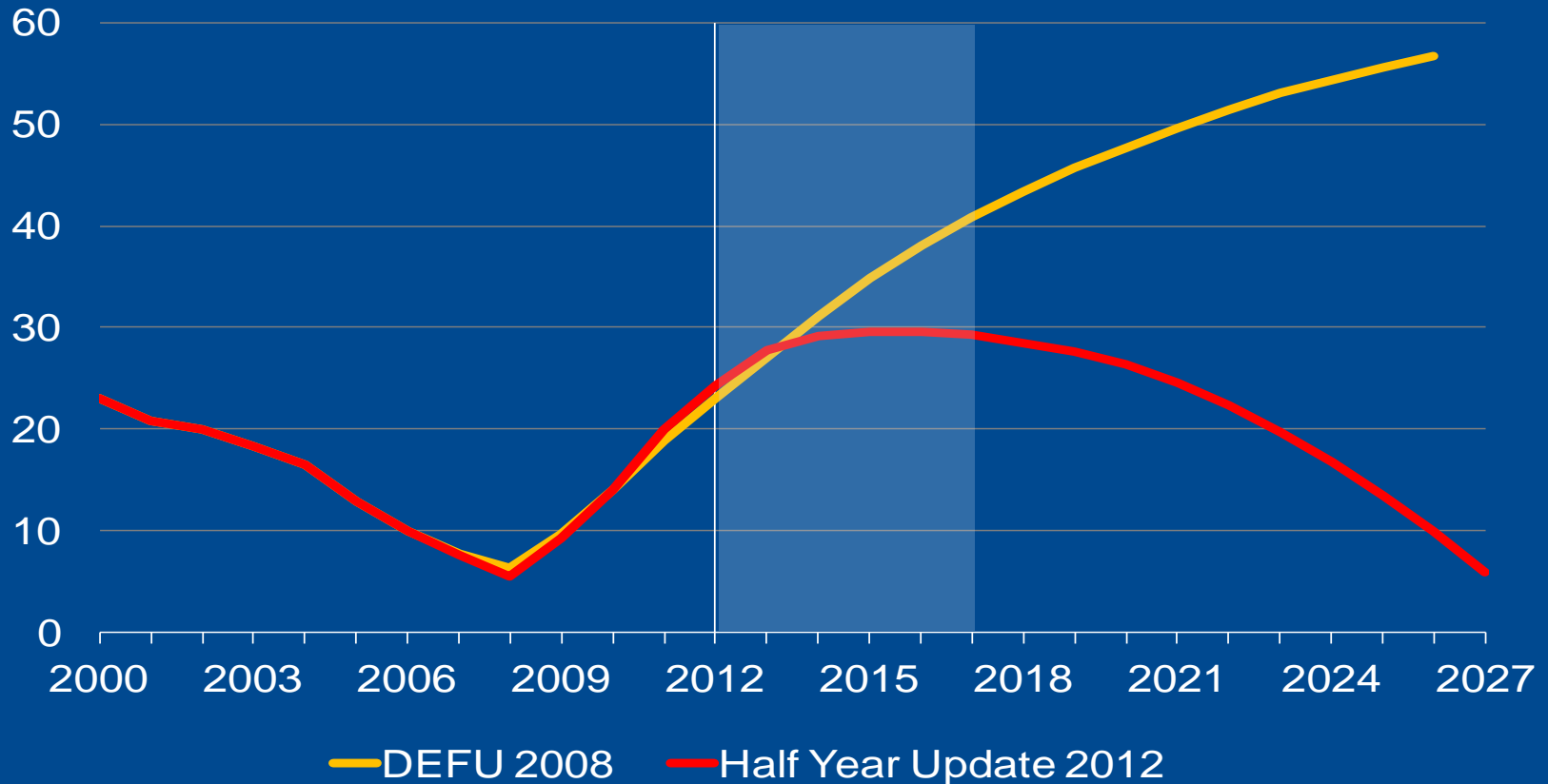
Core Crown Expenses



Keeping net debt under 30% of GDP

% of GDP

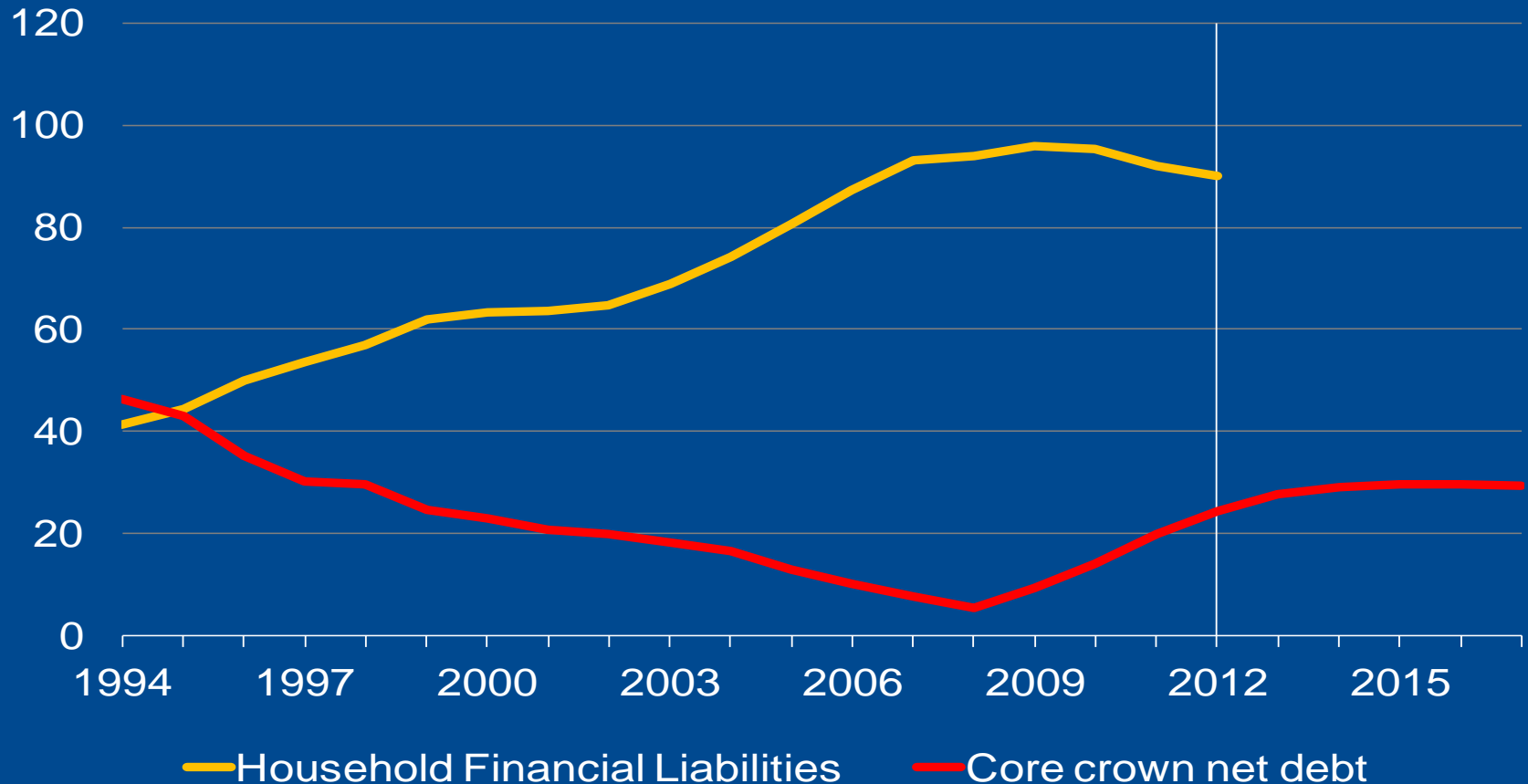
Core Crown Net Debt



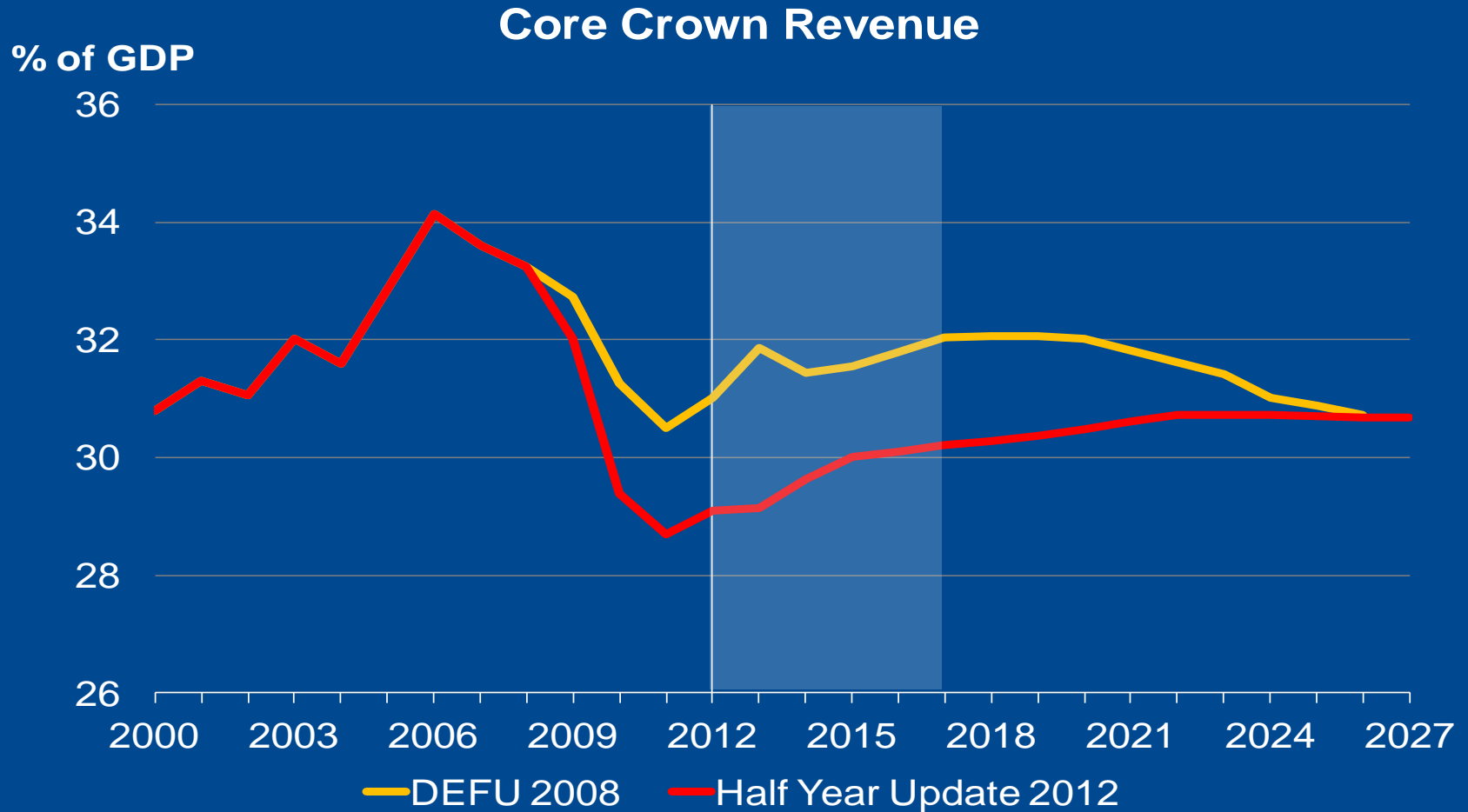
Household debt falling, still high

Household and Government Debt

% of GDP



Government revenue less certain



Looking beyond 2014/15

- Building a buffer against future shocks
- Beyond 2014/15 we will need to run sizable surpluses so we can:
 - repay debt and rebuild economic and fiscal buffers
 - resume NZ Super Fund contributions
 - invest in priority public services

Summary: Sticking to the plan

- No surprises in Budget 2013 – and that's the way it should be
- Opportunities for NZ – trade with Asia, more competitive businesses, rebuilding Christchurch
- We will stick to the plan so we can grasp these opportunities

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