

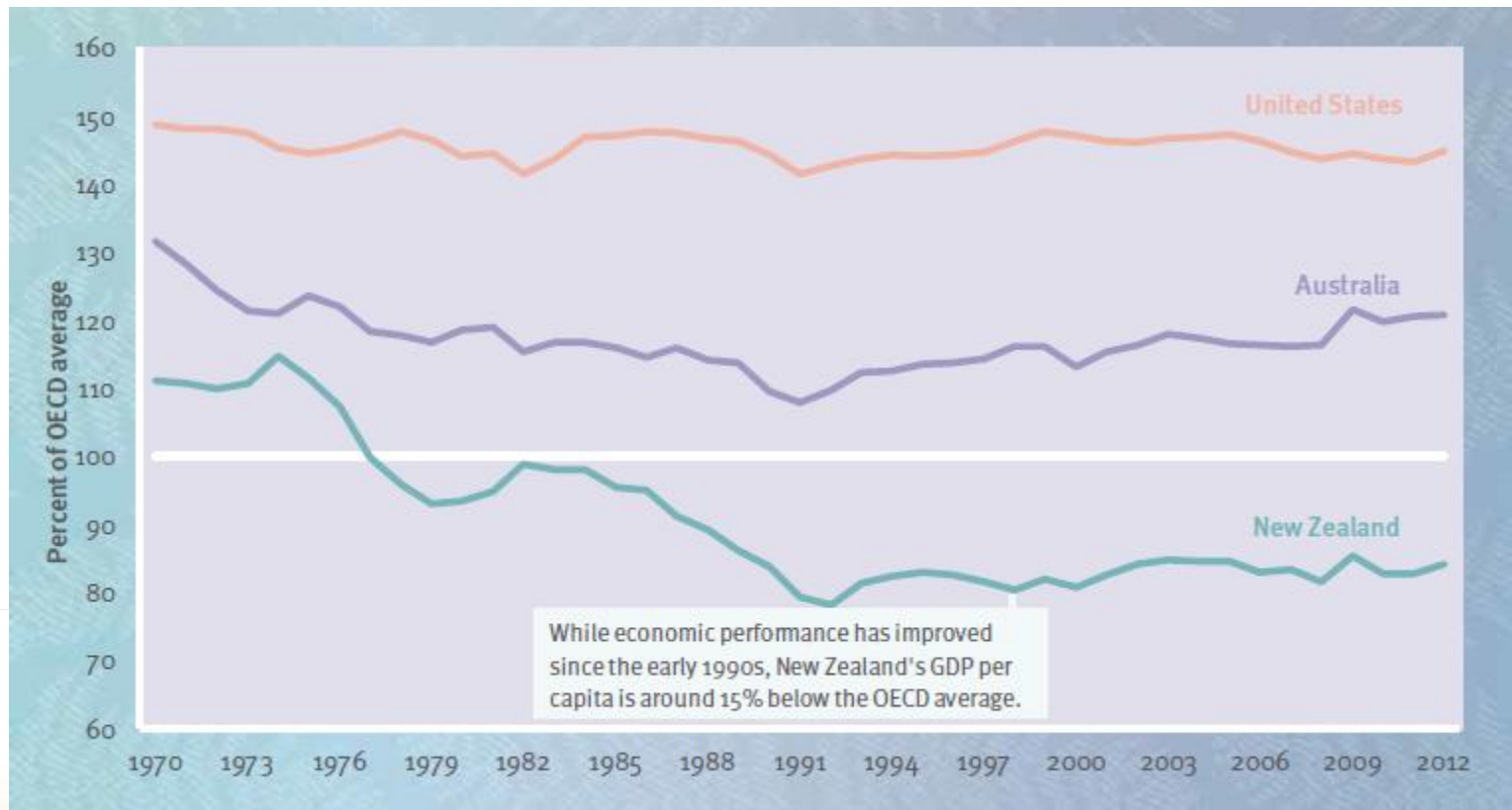
Decision making for the future



- Pushing out the LSF pentagon
- Supporting complimentary policies
- Acknowledging tensions and trade-offs

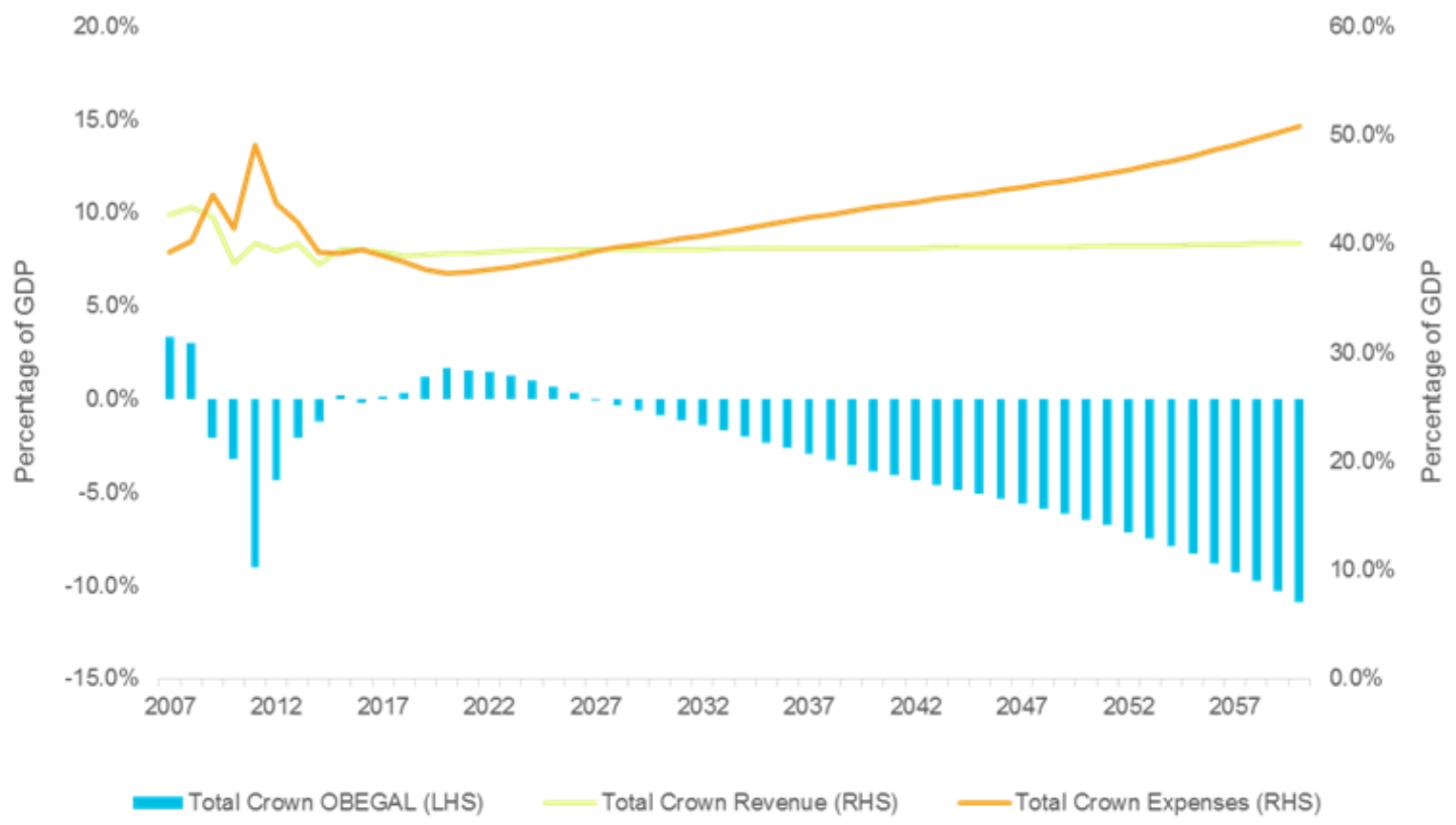


New Zealand's economic growth per person remains low by OECD standards





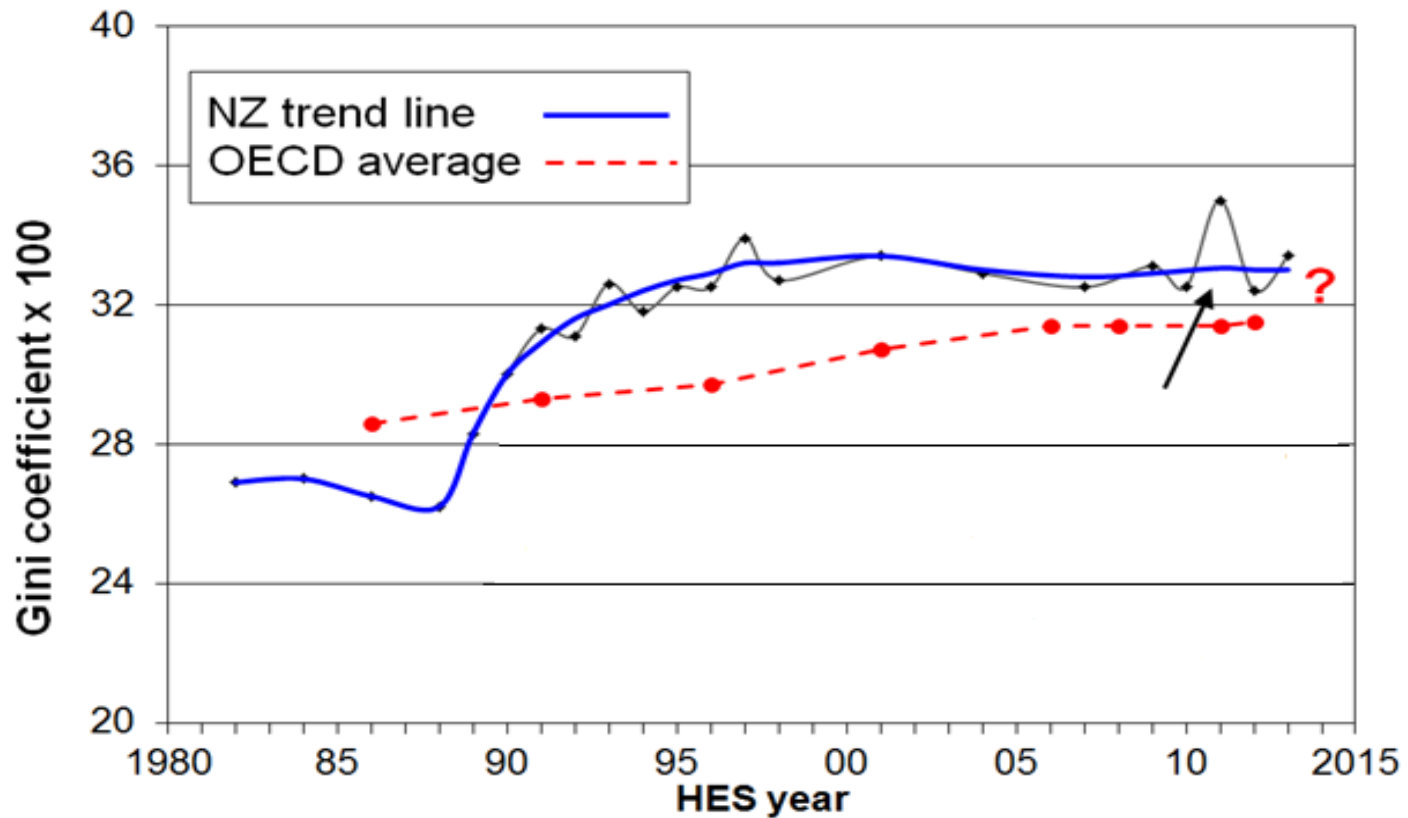
There are sustainability challenges, particularly for government finances and the environment





Increasing
Equity

All New Zealanders should have the opportunity to fully participate in society



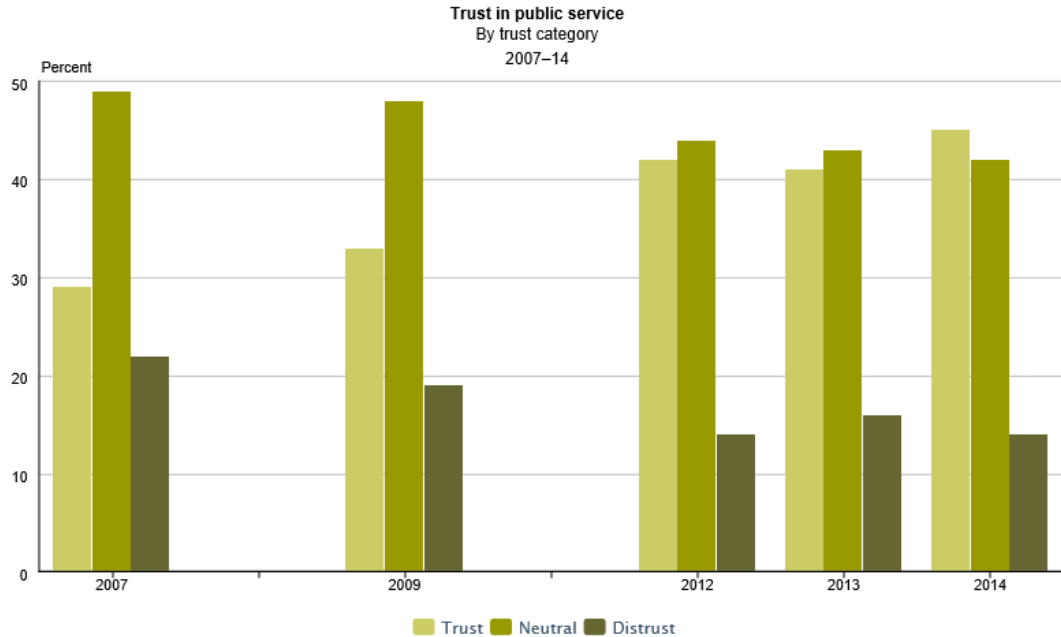


Social cohesion can be enhanced through government interventions

YOUTH CRIME

198 PER 10,000 POPULATION

DOWN **39%** OVER 5 YEARS



FAMILY VIOLENCE

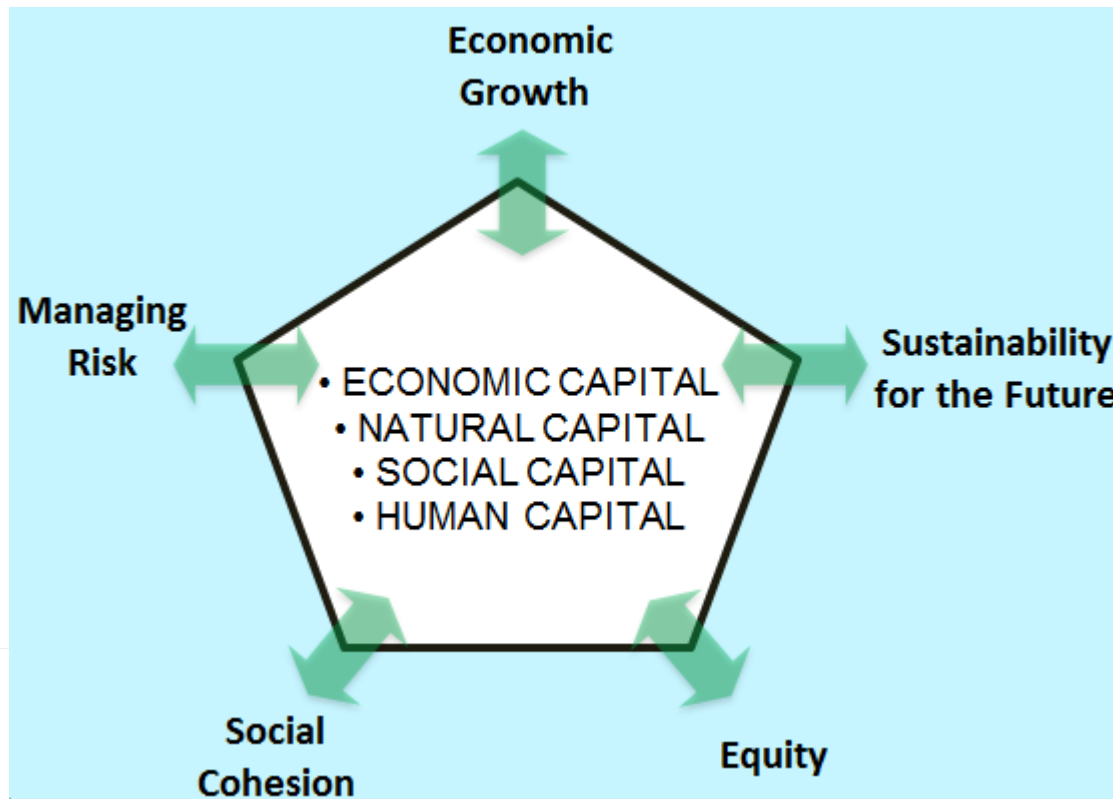
202,661 REPEAT FAMILY INCIDENT CALLS IN 2014/15



Strategic decisions are required despite future uncertainty



Treasury aims to grow all dimensions of living standards



Acknowledging tensions and trade-offs

Universal benefits don't dampen work incentives and have no stigma

BUT they cost the tax-payers more and benefit some people who don't need it

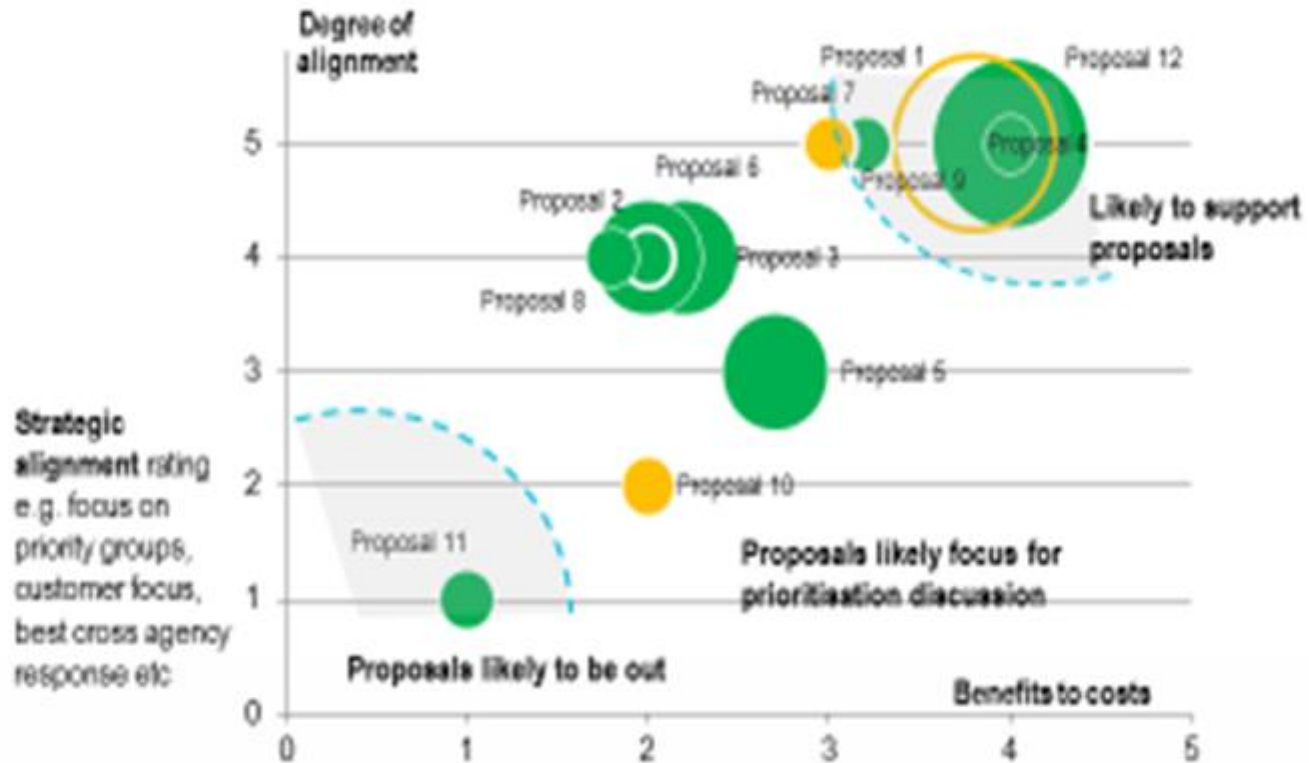
Higher benefits reduce poverty

BUT higher benefits reduce incentives to work

A higher minimum wage (e.g. living wage) would reduce in-work poverty

BUT it prompts firms to substitute more capital and more older workers

Comparing options



Rating of **benefits vs. costs** e.g. CBAX analysis, RoI and un-quantified impacts, VFM rating

Three ideas – macro and fiscal

- To create and maintain a business and NGO sector that is flexible, diverse, resilient and internationally connected
- To ensure that government activities (taxation, spending, ownership, rule-making) promote a strong and durable New Zealand society efficiently and affordably
- To build a strong base of physical, social and environmental assets to underpin future prosperity

Three ideas – micro and social

- To make sure that we know what works for disadvantaged and vulnerable populations, so we can apply the right interventions for long-term success and use feedback to refine and enhance our approach to delivering social services
- To build strong connections between social inclusion and labour market/economic participation – building a human capital pipeline rather than treating these as unconnected issues
- To unlock the potential of New Zealand's assets (human, physical, intellectual) to sustain and lift economic growth