
Environment Scan: Economic and fiscal update

Presentation to Audit NZ
Central Government Update
for Government Departments

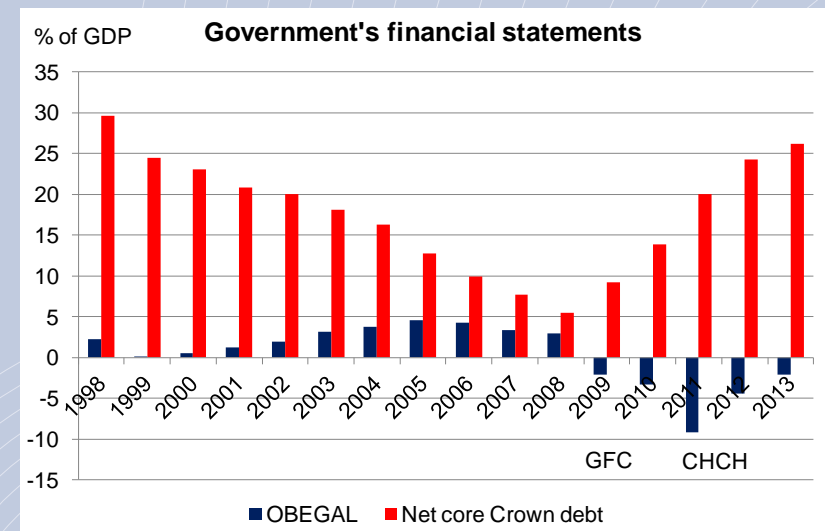
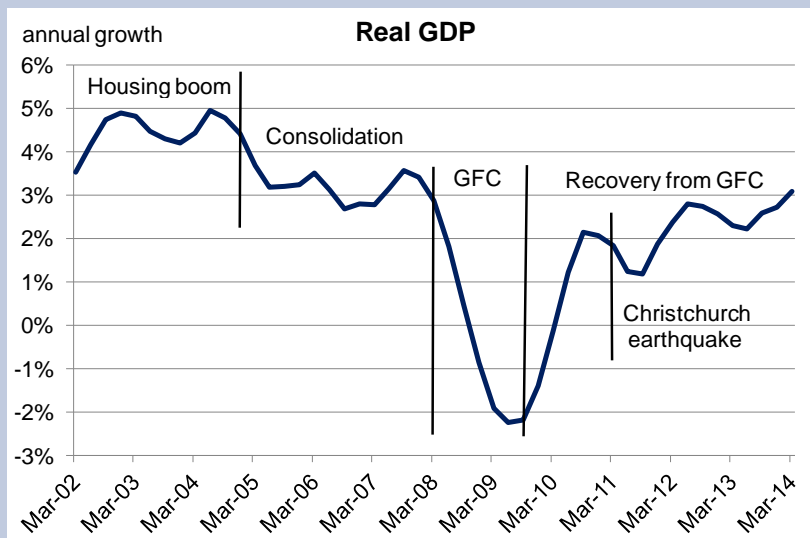
28 April 2014

Patrick Conway
The Treasury

Economic and fiscal performance

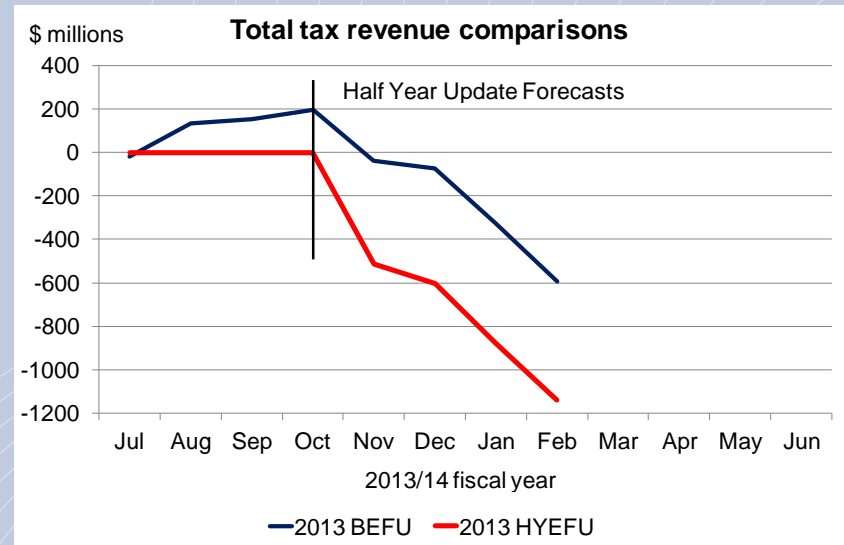
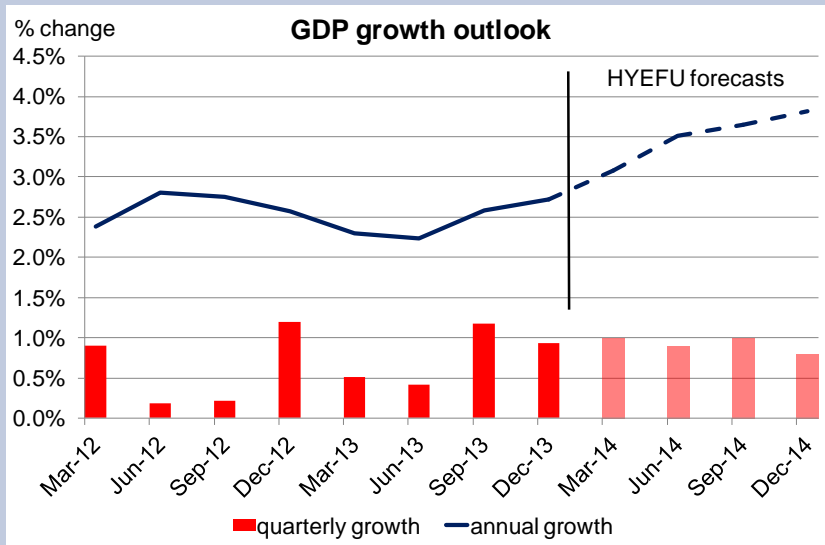
- Strengthening economic growth

- Deficits declining
- Debt still increasing



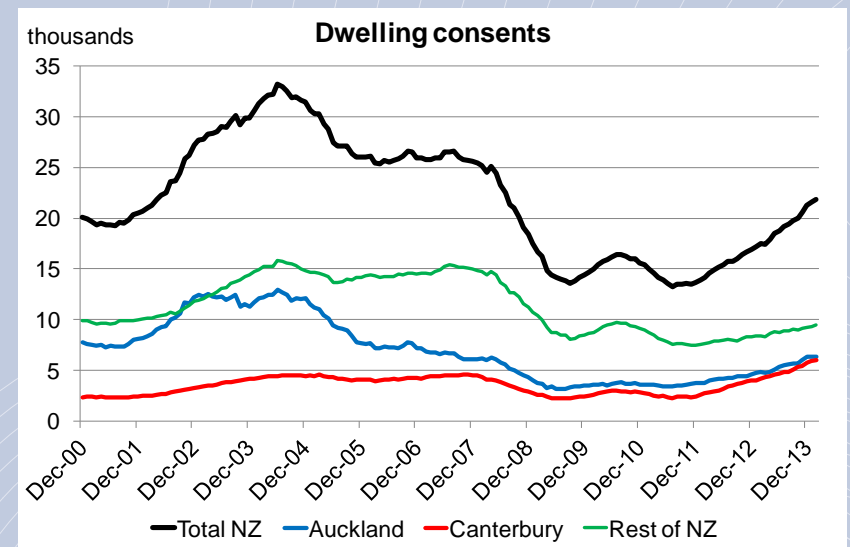
Strong growth, but tax below forecast

- Pick-up in economic growth recently
- Tax revenue below forecast since HYEUFU



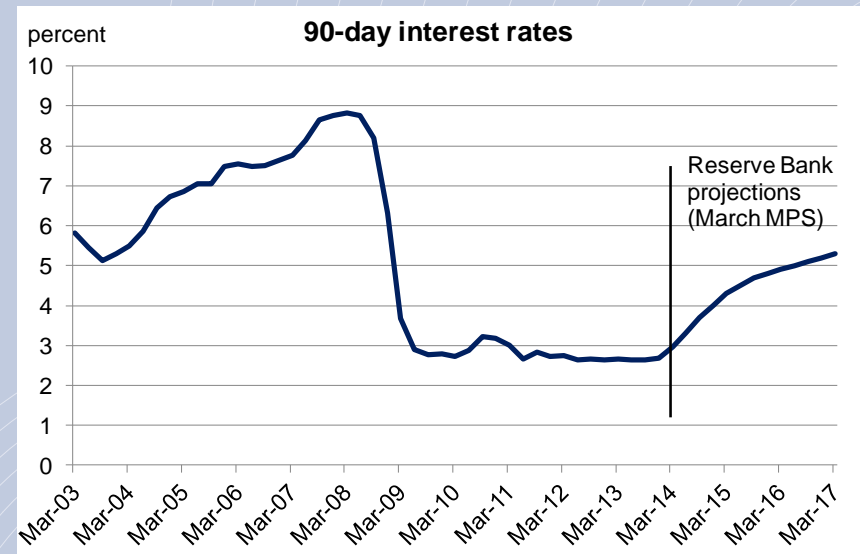
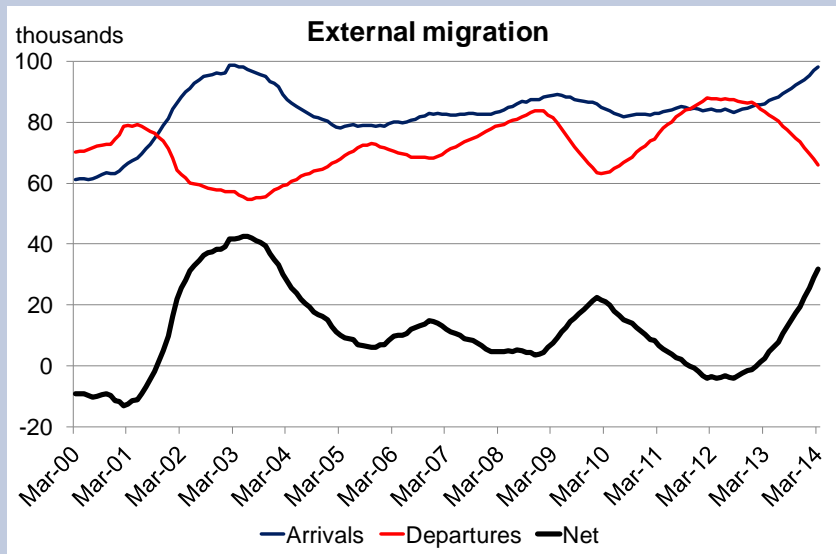
Key drivers of economy - 1

- High export commodity prices
- Strong demand for housing



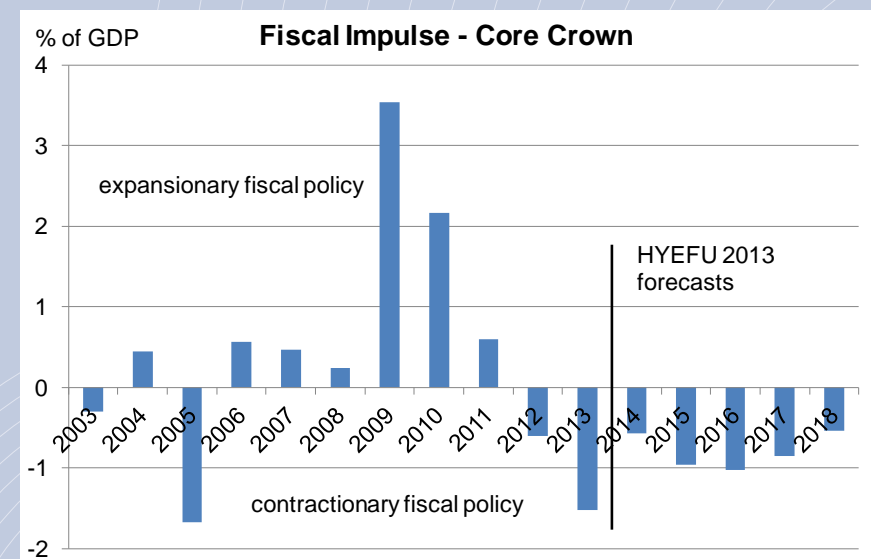
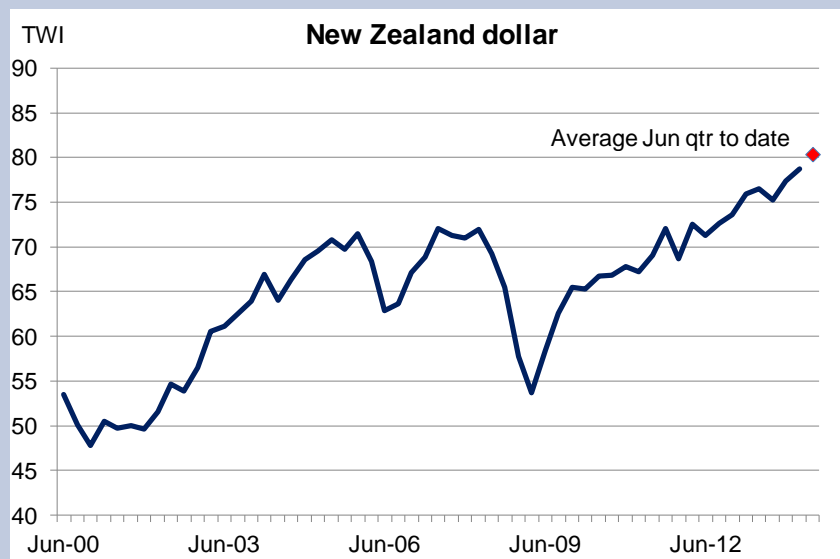
Key drivers of economy - 2

- Turnaround in external migration
- Interest rates low but increasing



Key drivers of economy - 3

- High exchange rate constraining exports
- Fiscal consolidation will subtract from GDP



Govt on track to meet objectives

- Fiscal surplus (OBEGAL) by June 2015

- Net debt no higher than 20% of GDP by 2020

Figure 1 – Total Crown operating balance before gains and losses³

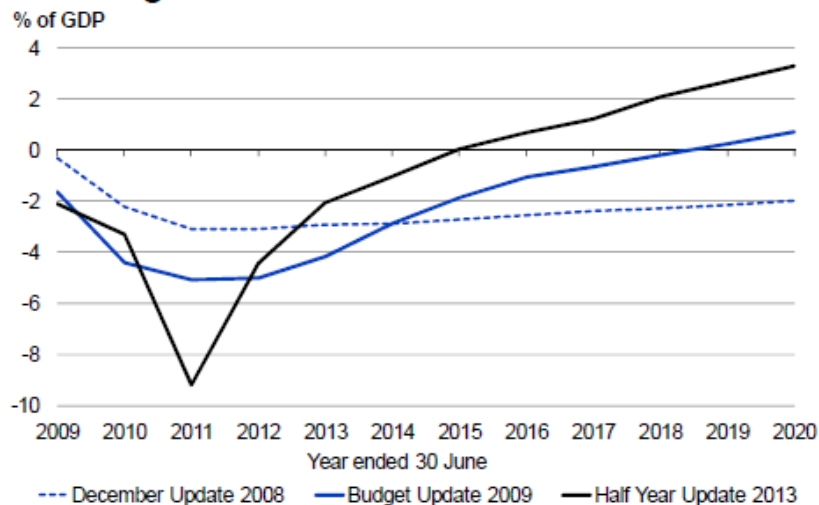


Figure 2 – Net core Crown debt

