

31 October 2019

SOME ISSUES IN THE FUTURE THAT WE ALL MAY NEED TO DEAL WITH - 20 POINTS

Ten not so positive points:

- (1) The future of forestry and sheep and beef farming may clash to some degree. If sheep numbers drop another, say, 5,000,000, then some NZ freezing works may need to close at a cost of probably \$30,000,000 for a larger works.
- (2) At present, there is \$181,000,000,000 (\$181 billion) on deposit with NZ banks owned by NZ people who are looking down the barrel of a nil return on these funds or close to it. They will look for a higher yield with less security and more risk – this will lead to trouble in some cases.
- (3) No politician or government agency wants to yet make even a bracketed guess as to what NZ may have to fund financially for climate control - they are scared, of course, with the prospect of having to increase income taxes to pay for it. Government will not be able to fund it all from normal going.
- (4) In the Christchurch Press of 21 October 2019, there is a surf club faced with a cost of moving its surf club building back 50 metres because of rising sea level issues - these surf clubs have saved a lot of NZ lives over the years - the proposed shift/rebuild cost was estimated at \$3,000,000 (\$3 million).
- (5) The cost of NZ Superannuation is \$39,000,000 (\$39 million) per day - to be fair, though, government gets back in Income Tax from this National Superannuation of around \$6,000,000 (\$6 million), so the net cost per day is around \$33 million - an annual cost to the NZ government of around \$12,050,000,000 (just over \$12 billion). NZ people are living longer - approximately a month a year is being added to people's longevity such that every 12 years, another year is being added to this longevity figure - some financial planners are now working on at least one member of a 70 year old couple getting to 93 years old - at present, a couple on average are getting around 18 years out of National Superannuation - that is on present terms the equivalent of around \$630,000 before tax. More and more people are working beyond 65 years, but the 65 figure will need to rise but only slowly and with plenty of advance warning - perhaps a couple over 65 years of age earning, say, twice the combined National Superannuation figure (presently \$35,000 before tax) don't need National Superannuation - this point would not be a best seller, but maybe it needs to be looked at.
- (6) Some forestry owners and farmers have been receiving carbon credits for some years now - this is a language we are all going to have to get familiar with and understand.
- (7) The largest contributing countries to world climate change issues are not parties to the Paris Agreement - even if they do gradually come on board, they will push out their timeframes for conforming at least 30 - 40 years - even the conformers already are pushing things out 25 - 35 years.
- (8) Around 30% of NZ men and women (and almost certainly their children in time) are poor with money - but as a country, we are doing very little about this - at present, this 30% looks like a future figure as well - that means the other 70% are going to have to support this 30% in all sorts of direct and indirect way - this is no way to run any sort of business.
- (9) Constantly wanting to seemingly increase everybody's standard of living is a very expensive business. Around 62% of NZ people own their own home - this leaves 38% renting. The government and key agency advisor's comments are that house prices across the country will rise gradually but steadily - from around a base of \$500,000 (\$850,000 in Auckland). If we say the figure will be \$650,000 and a couple work for, say, 43 years, then they are having to find \$15,000 per year to pay off the original purchase - there effectively will be a further approximately \$560,000 of interest they will have paid also over the 43 years - you need to wonder just where this ends and whether this is a good thing to encourage our children into - the problem is that no real alternative jumps out of the woodwork either other than renting forever. Health costs in USA are a major problem - some 20% of the population cannot afford their family health costs and they cannot afford the health insurance costs either. In time this will be a major problem in NZ also.

- (10) Low interest rates over a reasonable period of time will mean that debt will accumulate to an unworkable level when interest rates return to even close to the old rates operating 10 years ago - there is a potential trouble in this area. Not enough NZ people understand the importance of building their financial reserves - this usually means their children will not learn this issue either.

Ten more positive points:

- (1) While the NZ superannuation age eligibility may need to be moved higher gradually and maybe higher earners excluded in time, it is still a simple and better pension scheme than most countries around the world presently have in place.
- (2) Immigration issues are causing all sorts of serious problems around the world - NZ is taking in a small percentage each year more or less relative to its population - but all NZ political parties seem to have a reasonable perspective on common sense regarding this issue.
- (3) The NZ government debt of around \$80 billion (NZD) is not out of balance relative to its trading position, its ability to service it and relative to its population of 4,725,000 - the average government debt per adult NZ citizen is around \$27,000 - \$28,000 per head.
- (4) NZ does not have the religious issues and race issues that many other countries around the world have - these issues cause wars - there are around 17 major conflicts around the world right now, all of which involve one or both of these two never-ending problems.
- (5) NZ's isolation in a world of uncertainty is a major plus.
- (6) NZ is strong on fresh water - what a major plus this is.
- (7) NZ people, when in other countries, have a reputation of punching above their weight regarding hard work, very limited corruption, openness regarding business, tending to be greenish, healthy food producer, stable government, people immigrate to NZ, not away from NZ, a balanced trade budget and a good place to raise children - not too many countries can match this list.
- (8) Around 62% own their own home and are usually debt-free at 65 - 70 years of age - this figure probably has as much chance of decreasing as increasing but presently it is a good feature for this 62% and their children and probably their grandchildren.
- (9) At present, it looks as though many NZ parents will leave, on average, maybe \$200,000 each to their children - maybe not until their children are 60 - 70 years old, but this is still a plus - it is almost a grandchild issue.
- (10) The rest of the world is apparently responsible for around 99.83% of the world's present carbon emissions, leaving NZ being very responsible for 0.17% - NZ has approximately .065% of the world's present population so we will be well covering our share at least on a population basis.



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