

# A family snapshot

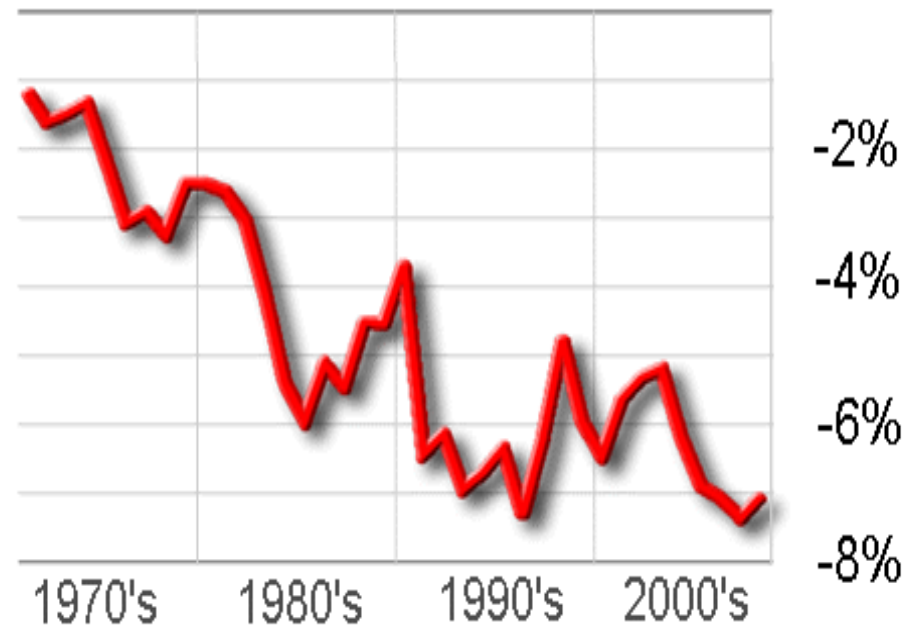


- The problem
- NZ\$ = 87.4 Usc
- TWI at 74
- Currency up 17%
- Dairy prices down 16% since March

- Relatively high interest rates
- Higher currency
- Enabled by foreign borrowing
- Asset sales
- High foreign debt

# The foreign drain

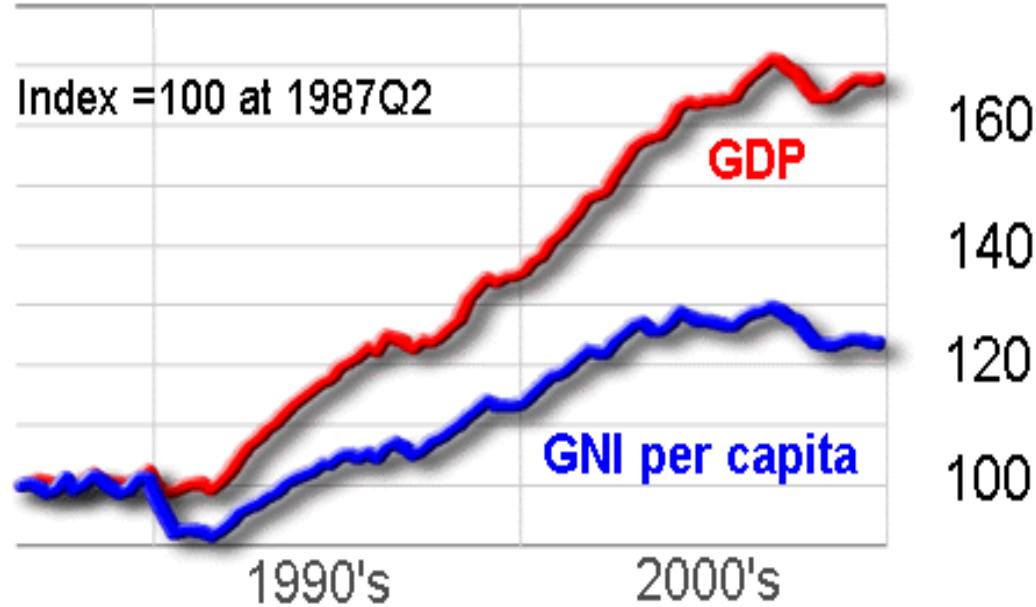
GDP going to foreigners



SOURCE: Stats NZ

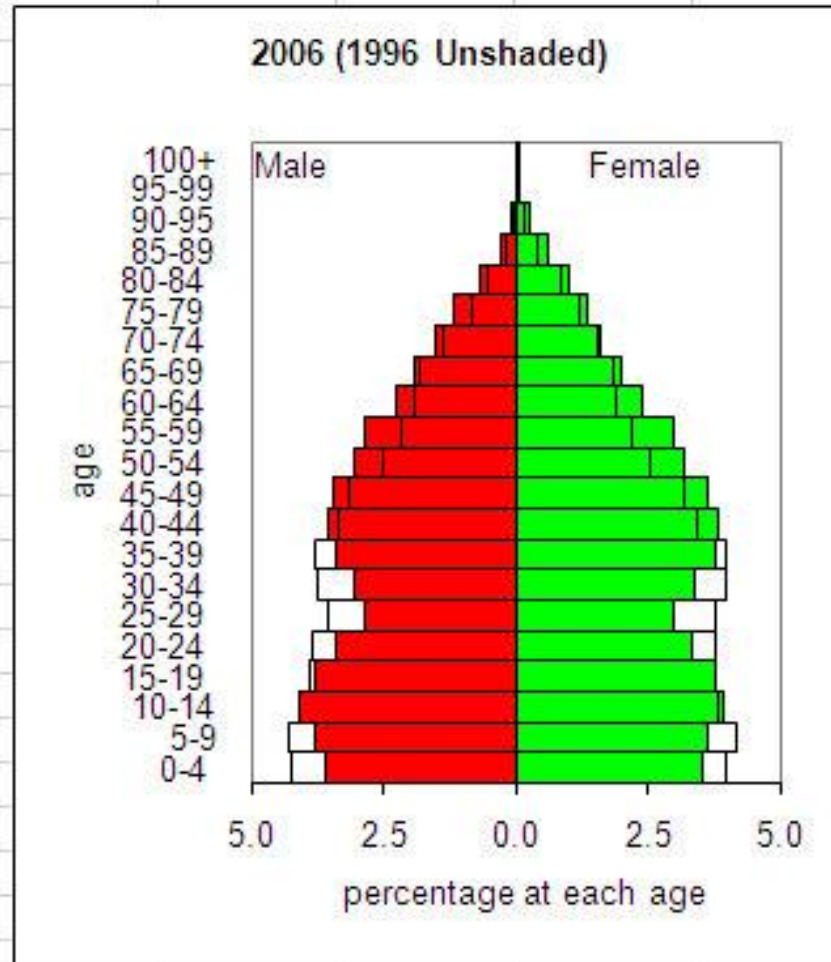
# The real problem

Getting poorer since 2003



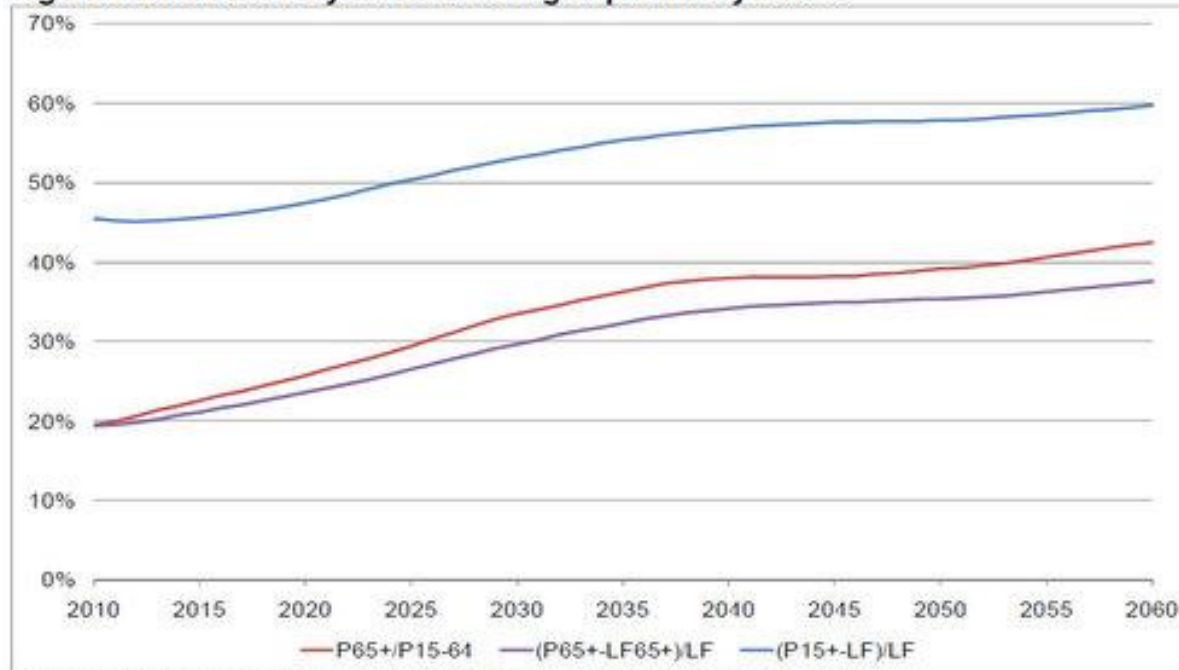
SOURCE: Stats NZ

# They just left



# 40% support 60%

Figure 2: Different ways of measuring dependency ratios

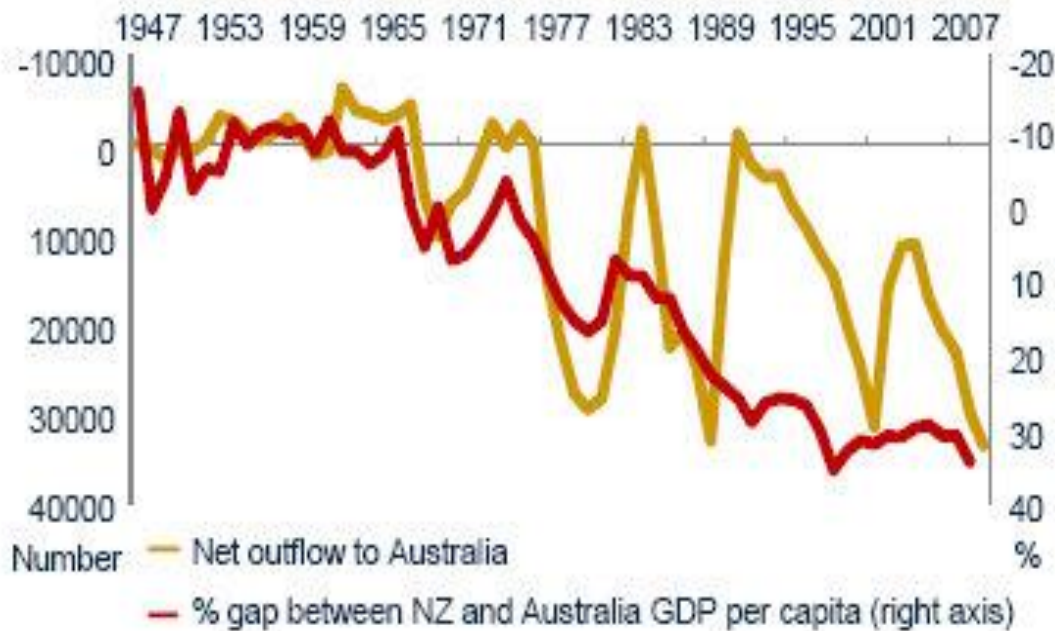


Source: Statistics New Zealand, medium population and LF projections

# Hollowed out NZ

## Migration and income appear related

Net outflow of NZ citizens to Australia, GDP per capita





- The solution
- 10 ideas
- Use macro-prudential policy
- Core funding ratio
- Basel III capital levels

- LVR ratios
- Foreign funding
- Tax on foreign borrowing
- Asset sales ban
- More local savings
- Surpluses

- Land tax
- Investment in infrastructure
- Monetary policy
- Exchange rate?
- Employment? QE?
- Procurement

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