

PITA'S PERSPECTIVE

Pita Alexander

FCA, BCOM, CA, DIP AGRIC, DIP VFM, FNZIPIM,
ANZIV REG VALUER, SPINZ, ONZM
1991 BLEDISLOE MEDAL, LINCOLN UNIVERSITY
NZ 1990 COMMEMORATION MEDAL

M: 021 465 426
E: pita@alexanders.net.nz
A: PO Box 84
Hanmer Springs 7334

21 May 2026

What Might New Zealanders Have In Front of Them for the Next 20 Years?

1. An aging population - a current and forward picture

	<u>30 June 2025</u>		<u>Possible split in 2045</u>	
0 to 14 years	971,180	(18.24%)	877,500	(15.00%)
14 years to 64 years	3,453,310	(64.85%)	3,612,500	(61.75%)
65 years and over	<u>900,170</u>	<u>(16.91%)</u>	<u>1,360,000</u>	<u>(23.25%)</u>
Total	<u>5,324,660</u>	<u>(100.00%)</u>	<u>5,850,000</u>	<u>(100.00%)</u>

- The estimated population in 2045 will depend somewhat, and perhaps significantly, on the net immigration numbers over the 20 years.
- The number of people in the 65 years and over age bracket has increased by 459,830 (51%).
- Nearly a quarter of the population is retired in 2045.
- The data is suggesting that for every retired person there are 2.65 people in work, but when you allow for students, people in training, and the unemployed, this figure could easily wind back considerably.
- If our present national superannuation gross payout for a couple of \$51,182.56 is increased by say 3.25% a year, then in 2045 the total New Zealand government gross cost for national superannuation would be around \$97,033 gross per couple and would cost the government \$65.982 billion per year.
- The data is suggesting that the total voting population in 2045 would be 4,975,500 and that the 65 year and over group would have 1,360,000 of these votes, or 27.33% of the total. If they all voted the same way this is a lot of political influence.

2. The New Zealand merchandise total exports for the 2026 year are \$80 billion, with most of this coming from agriculture There is another \$30 billion of services, which is mainly tourism.

The point being that New Zealand cannot afford to let either of these two income sources reduce as New Zealand has no other internationally competitive businesses.

- Agriculture in New Zealand is reasonably mature, and talk about doubling it looks optimistic, but we are constantly adding value to various sectors. Kiwifruit and seafood are examples.
- A lowish New Zealand dollar helps both of these two sectors.
- Our exports are very dependent upon China.
- Without agriculture and tourism many New Zealanders would, in time, end up buying tents and not houses.

3. You can go into all sorts of gymnastics about the New Zealand government needing more money, but the real key is it needs more income and income tax is its most likely source
 - a. Waiting for this issue to fix itself over a 5-year period is not a good enough plan.
 - b. Government is the biggest business in the country and needs to balance its books 4 years out of 5, which means bringing about a surplus in these 4 years.
 - c. Every 11.5 years a 'Black Swan' event hits countries, governments and people around the world and this time frame is, if anything, reducing. In today's environment these are not unforeseen events, they are normal shocks, which come in all matter of forms - they should not be surprises.

4. We have too many councils and too many members of parliament: 75 and 123 respectively.
 - a. My son Paul is constantly telling me that less is more; and this is a good example.
 - b. Fewer councils so they can scale up, and fewer MPs so we can improve their quality.

5. The New Zealand immigration policy and plan is a key one - we need immigration for several of our industries, but immigration is also expensive for New Zealand
 - a. We need a more regular pattern, not big volatility of numbers in and out.
 - b. Perhaps a regular 20,000 - 30,000 would be enough each year.
 - c. A number of countries around the world have made an absolute mess of their immigration policies. We must learn from this. The UK, Germany, France, and USA are good examples.

6. New Zealand is almost always short of skills in key areas such as health, engineering and technology
 - a. This is not going to fix itself
 - b. New Zealand needs more skilled immigrants
 - c. We should consider bonding, scholarships and dollars.

7. The way New Zealand is going, at 65 to 70 years of age, quite a number of New Zealand couples will be financially unable to purchase a home
 - a. This situation is coming.
 - b. Owning a house is not a right - it has to be earned.
 - c. Even with home ownership, a large number of New Zealand couples are still heading for a hard financial patch over their last 25 years in retirement. This is the period from 70 years to 95 years of age.
 - d. A larger and larger number of people will work through to 70 years of age.

8. Climate control
 - a. The need for climate control has not reduced, it has just stepped down in peoples' and countries' priorities.
 - b. It is now below:
 - i. cost of living
 - ii. health
 - iii. the economy
 - c. New Zealand is at around 85% renewables with its energy requirements, which is an excellent place to be.
 - d. Hardly any country has the financial resources required to deal with this climate control issue.

9. How much money does the New Zealand government have?

- a. Nothing like enough to provide what New Zealanders feel they need.
- b. The New Zealand government is presently flat out in this issue; perhaps 70% of what New Zealanders think they should be doing. Far too many people feel the New Zealand government has an endless money supply, but it certainly does not.
- c. It is all about priorities and communication.

10. Insurance

- a. Insurance is the biggest business in the world.
- b. Without it, the bank will not lend to you.
- c. At present around 8% of New Zealand couples do not have their home insured (or for nothing close to a replacement value).
- d. At 75 years of age, many couples cannot afford private medical insurance.
- e. More and more New Zealand households have key assets under-insured.

11. KiwiSaver

- a. KiwiSaver should be compulsory from a very early age.
- b. Needs to be 5% employer and 10% employee re contributions.
- c. Looking more and more to be a key retirement plan for New Zealanders.
- d. Parents and grandparents can guarantee to get this working well; if you can also get them involved financially.

12. Low birth rate

- a. Government and countries won't fix this, although some have tried hard (annual replacement is 2.1).
- b. Deaths already exceed births in some countries (Japan, South Korea, Cuba, Uruguay).
- c. Some of the world's populations will drop steadily, with all sorts of financial implications over time.
- d. New Zealand is on this track long term, with a present rate of around 1.56.

13. Pensions

- a. New Zealand has a single universal pension at 65, but this will need to move to 68 years in say 20 years time and to 70 in 30 years time. This is just simple economics.
- b. Our present pension is only about 50% of what a New Zealand couple presently need at the point of retirement to get them through to 95 years of age.
- c. Increasing the age of eligibility may not be enough in time, and means testing of some kind may be required.
- d. Any change here cannot be overnight - people will need ten years warning so they can plan accordingly.

14. Productivity

- a. New Zealanders have a good work ethic, but in a developed world productive sense we are near the bottom of the field.
- b. More technology, more assets, more infrastructure per New Zealand worker would seem to be required but will not be easy to fix.
- c. Give a Dutch sharemilking couple a good cowshed and a big herd of cows and things really happen, but not all New Zealanders would want this.
- d. There is a lot of talk about lack of New Zealand productivity, but actual practical day to day approaches to deal with it are very few and far between.

15. Cost of living

- a. This is a trap that perhaps 70% of New Zealand couples are presently caught up in.
- b. Once a couple are in this trap it is very hard to get out of it. They are locked in solid.
- c. The present average gross household income in New Zealand of this group is around \$144,000 to \$146,000, with their overall expenses being around the same bracket.
- d. This is the group that politicians need to focus on.

16. It looks as though New Zealand will be short of workers in 20 years time

- a. New Zealand will need to import-management and skills via immigration.
- b. AI may be positive - if it has a place for you, then use it early on.
- c. Robots will become common.
- d. Lawn mowers, vacuum cleaners, cars, tractors may run themselves; use the technology.
- e. Pay people at your shoulder well.
- f. Treat contractors well.
- g. Our children must have skills by 23 to 35 years of age that New Zealand employers are prepared to pay well for.

17. Risk Management

- a. Partly your problem, partly government problem.
- b. The best risk management for you and I is sound regular profitability.
- c. Avoid surprises later - in all areas of your life.
- d. If you don't recognise risk, then don't be in business.

18. Electricity

- a. New Zealand is currently importing close to \$12 billion of diesel and petrol a year (normally \$8 billion).
- b. With more charging stations and better batteries, electric vehicles will in time carry the day.
- c. Solar and wind in New Zealand have a place but they have a long way to go to be a major supplier.

19. Health

- a. Health is the New Zealand government's single biggest annual cost.
- b. It does not seem to matter how much government throws at and into health, it will probably never be enough.
- c. The USA and the UK both have monumental annual health costs with no obvious limit.
- d. Self insuring your health wants (or some of them) will become a more and more sensible option for a New Zealand couple and family. This will probable be done in, and from, their KiwiSaver account once they are over 65 years of age.

20. Education

- a. Helping your children acquire a top-class education is more than interesting today - it is crucial.
- b. They need to be better educated than you.
- c. If their education keeps you poor - stay with it.
- d. You must get them to a stand-alone financial position by the time they are 23 years to 25 years old.

21. Equality of income and equality of wealth.

Pushing for income equality is a waste of time – why?

- a. Some people want to work 50 hours a week.
- b. Some people struggle to work 30 hours a week.
- c. Some people are workaholics.
- d. Some people can't wait to retire.
- e. Some people love investing and compound interest.
- f. Some people much prefer cold beer and spending money at every opportunity.
- g. If you gave two people a million dollars each, and asked them both in 10 years time what they had achieved, there is a good chance that one would have spent the lot on all sorts of issues, and the other will have increased the \$1 million to \$1.5 million.
- h. People are very different creatures when it comes to work, discipline, money, living, and consumption. They start to differ a few years from birth.

22. Income Tax

- a. The money to correct the New Zealand government's present significant fiscal shortfall has to come from somewhere, and it will not matter what I suggest, you will not like it.
- b. With that said, I feel sooner or later there will be an income tax structure where New Zealanders will pay as a percentage of their gross income:

Direct tax of	22%	}	This is around 7% - 10% more than you are paying now.
Indirect tax of	<u>15%</u>		
	<u>37%</u>		

23. Reducing Risk

- a. Risk is everywhere - in rest homes retired people fall out of bed and break their pelvis.
- b. Calculated risks - to enable bold positive steps.
- c. Insurance for risk - all progress, invites risk.
- d. Banks spend a lot of money effectively reducing their risk.
- e. Thinking forward and planning for the future also means thinking and planning for risk.

24. Two Speed Society

- a. Really New Zealand has this now.
- b. 70% of New Zealanders are locked into a cost-of-living crisis.
- c. 30% are coping reasonably well.
- d. I do not see much this 70/30 mix changing much - perhaps even widening.
- e. An equal economic society would not last long. 70% would still be somewhat unhappy.

25. Up Skilling

- a. Never back away from improving your skills.
- b. AI will destroy some jobs but develop other jobs.
- c. Be prepared to change jobs and change bosses.
- d. You must though get 90% job satisfaction all the time.
- e. Everyone has potential - some don't want it, some can't see it, and some only read and think about it.

26. Deeply conservative

- a. 20 to 25% of the New Zealand population are probably in this group. They want risk-free lives.
- b. No risk often means no growth.
- c. Usually hard to live with.
- d. Children have the wrong mentor for the world they are leading into.
- e. Seldom reach their potential.
- f. Tend to spend more time worrying rather than planning.

27. Debt to GDP ratio

- a. The New Zealand government gross debt to GDP ratio at 30 June 2025 was around 46.6%.
- b. Many countries are over 100% and are starting to really struggle with their interest payments.
- c. The problem bringing this about has been insufficient income coupled with excess expenses - not very complicated economics.
- d. Are you going to pay your way, or do you expect your children and your neighbours' children to pay for it – that's what a high debt to GDP ratio means.
- e. Interest is the New Zealand government's current fourth highest expense.

28. New Zealand Household Debt

- a. At 31 January 2026, New Zealand household residential debt was \$388.5 billion.
- b. This represents an average of close to \$272,000 per homeowner.
- c. Around 32.5% of New Zealand house owners have no mortgage.
- d. This data suggests an average interest and principal mortgage cost at say 4.9%, and in the order of \$17,316 per year.
- e. Average New Zealand house value at 31 March 2026 is \$909,572
- f. The median value of a New Zealand house at 31 March 2026 is \$802,617

29. Saving

- a. 80% of New Zealanders find saving hard work.
- b. If at birth you save \$2 per day every day, and that earns 5% interest, then what will you have at

35 years of age	\$	47,702
55 years of age	\$	203,591
75 years of age	\$	564,872
95 years of age	\$	1,523,461
- c. At the point of your retirement, you should aim to have:
 - i. a debt free house
 - ii. one good car
 - iii. around \$800,000 earning 5% in savings
- d. If the previous point looks optimistic then living on your capital is ok - it's your money, just don't run out.

30. Things were good for a while – but my marriage failed

- a. Not uncommon - say it happens at 45 years of age.
- b. You end up with \$100,000 - what's your plan - invest in a Balanced Fund Kiwi Account.
- c. Deduct 20% of your monthly gross income to savings earning 5%.
- d. Plan to work until 72 years of age.
- e. Tighten up on all financial fronts.

f.	Your gross salary at 45 years is \$80,000 per annum		
g.	What might you have saved by 72 years of age:	\$1,267,918	
	Enough to purchase a reasonable house for		\$ 800,000
	Enough to help cover the next 23 years	\$ 467,918	
	Plus, your tax paid tax paid national superannuation		
	over the period from 65 years to 72 years (7 x \$30,000)	<u>\$ 210,000</u>	<u>\$ 677,918</u>
	Total at 72 years of age		<u><u>\$1,477,918</u></u>

You will need discipline though, and real care with future milkshake tests.

31. Government expenses - the New Zealand government must think and talk reality

- The current gross New Zealand national superannuation for an eligible couple
As from 1 April 2026 \$51,182.56 per year
- What was it 12 months earlier? \$49,552.88
- So, what was the increase as at 1 April 2026? 3.288%
- By 2045, this government superannuation cost per couple at an increase each year of, say, 3.25%, would be \$97,033. This will not work for long.
- At present the New Zealand government has a fiscal deficit of \$12 - \$14 billion.
- At present government is kicking this can down the road hoping time will fix the hole.
- Most New Zealanders are ready for a financial reset over the next 3 to 5 years.

32. Capitalism - pluses and minuses

- Capitalism is disruptive. If a business does well another similar business starts up in competition.
- It is really designed to keep the price down for consumers or at least competitive.
- For a developed economy, around 70% of the GDP is involved with consumption.
- It is not perfect but the world has not found a better system for a democratic society as yet.

33. Your life

- Perfection is impossible - excellence is the key.
- Having grit will carry the moment and the day.
- Keep practicing, keep working, keep learning.
- Open the door a little on yourself.
- You must be a master of the hard moments.
- You must have fun along the way
- There is life after business - family is the top team.



Pita Alexander

Cellphone: 021 465 426

DISCLAIMER

Any views or opinions expressed in this article are those of Pita Alexander only and do not reflect the views of any other person or organisation.

The information provided in this article is for informational purposes only and is not intended to be financial advice.

Any errors or omissions are the author's own.