



“Critical Issues for New Zealand’s Economic Future”

Craig Stobo

Chairman - Elevation Capital Management Limited

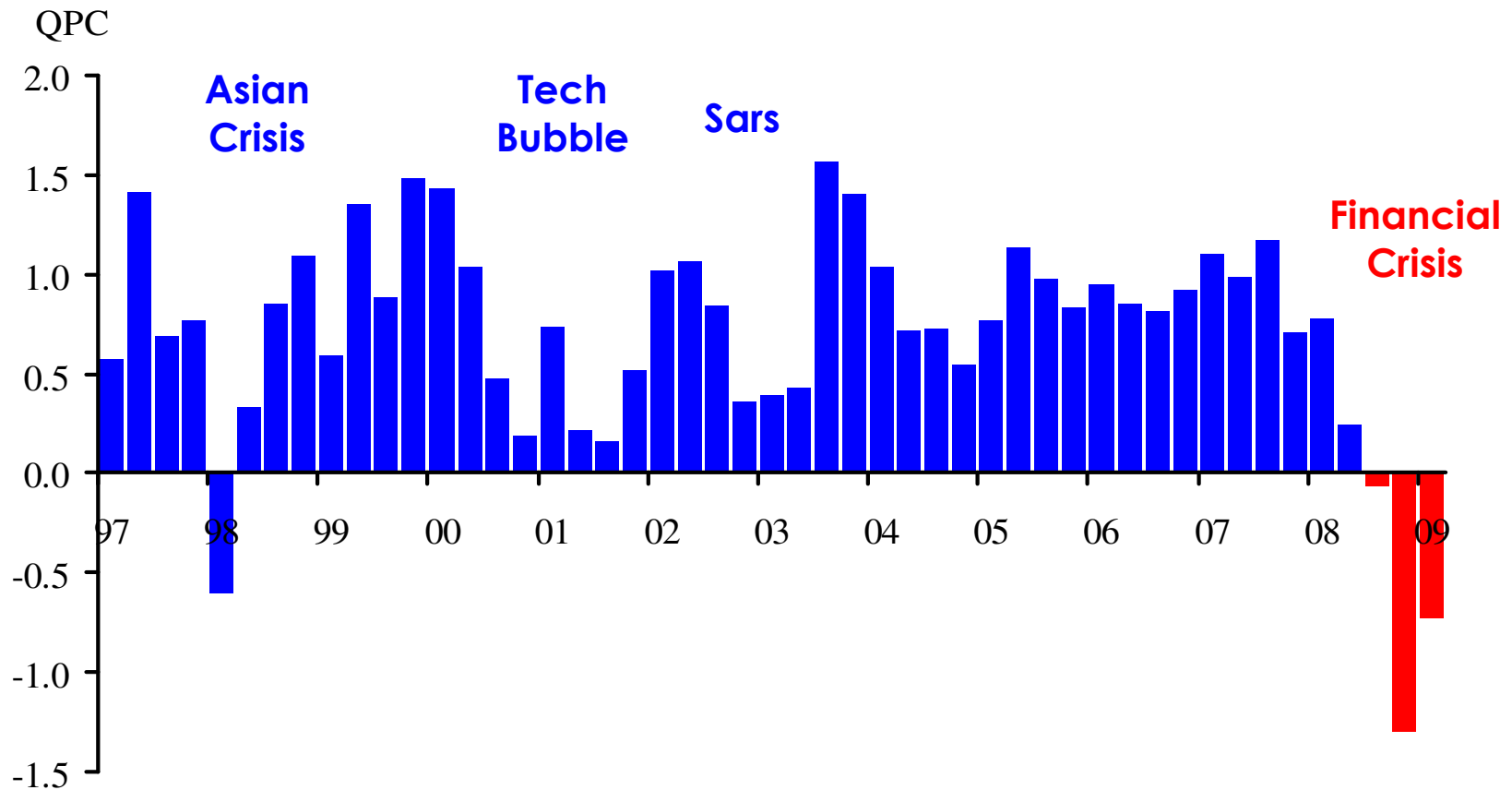
18 March 2009

The biggest destruction of global wealth ever?

	Value Loss [Est. USD]
Credit- Related Losses	US\$ 2 trillion
Equity Markets	US\$ 30 trillion
Housing	US\$ 4 trillion
Lost Output	US\$ 3 trillion

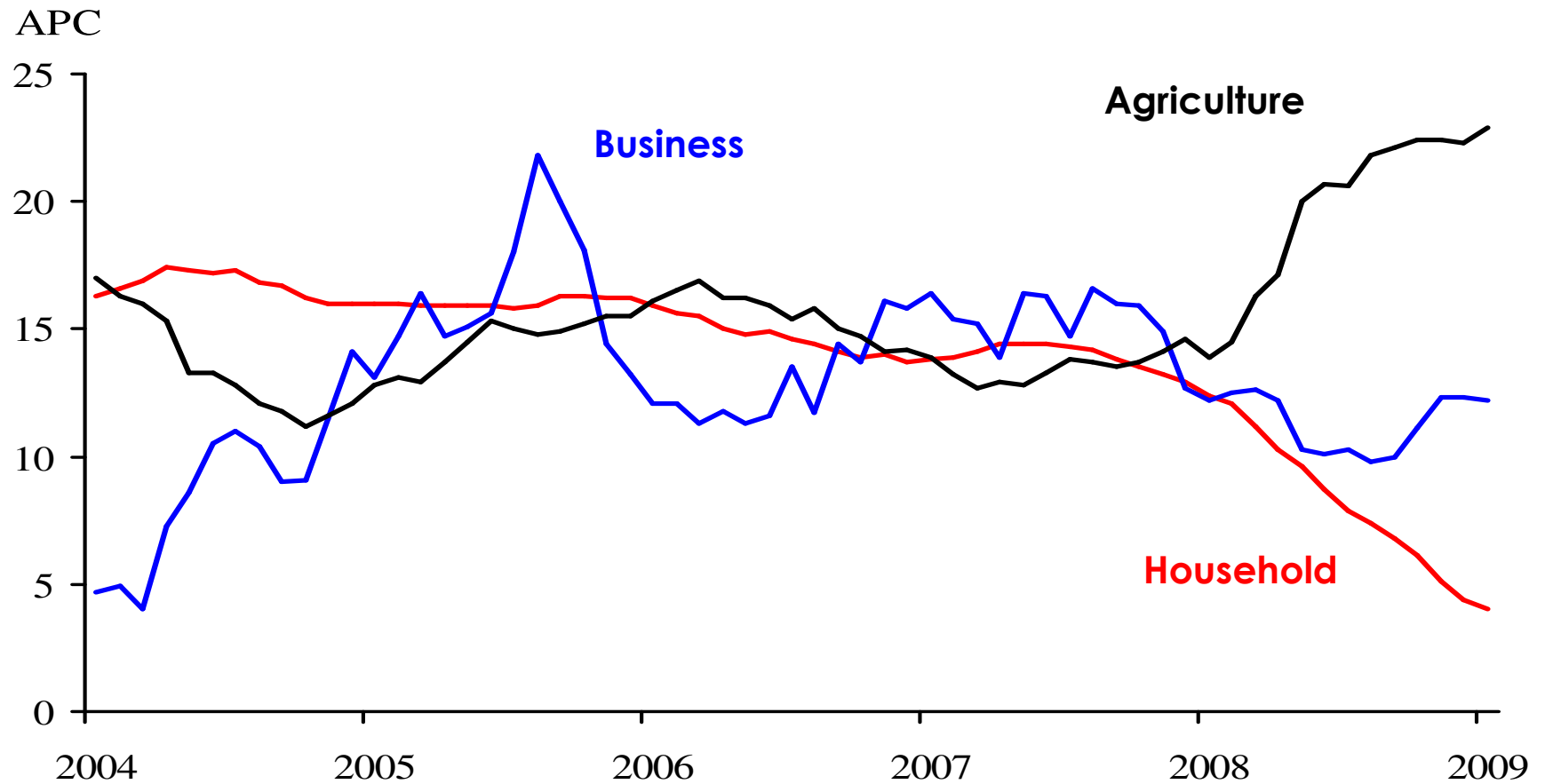
Source: RBNZ – 2009 Job Summit Presentation

Trading partner growth slows



Source: RBNZ – 2009 Job Summit Presentation

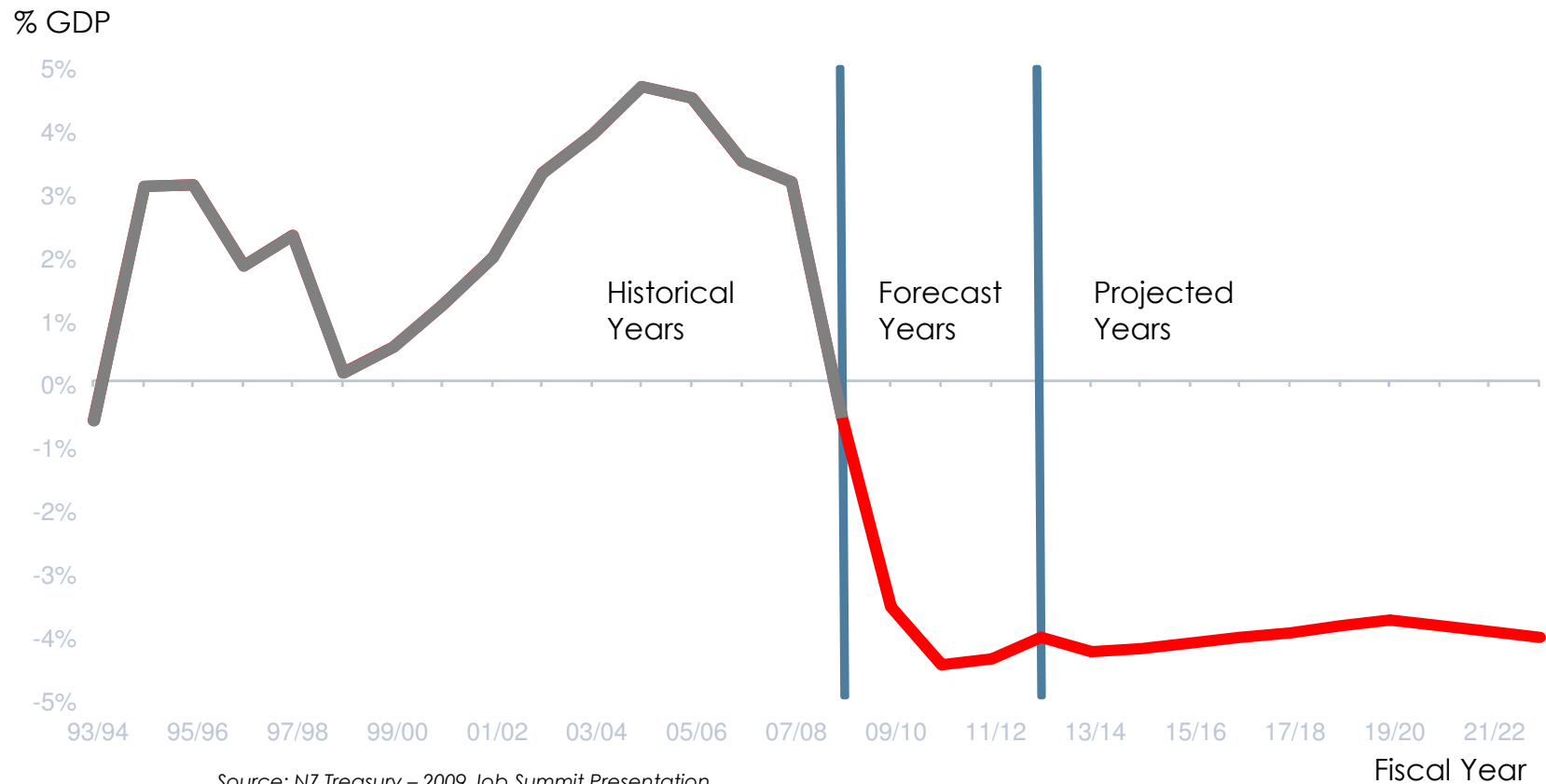
Domestic credit growth



Source: RBNZ – 2009 Job Summit Presentation

Operating Balance

OBE GAL to GDP

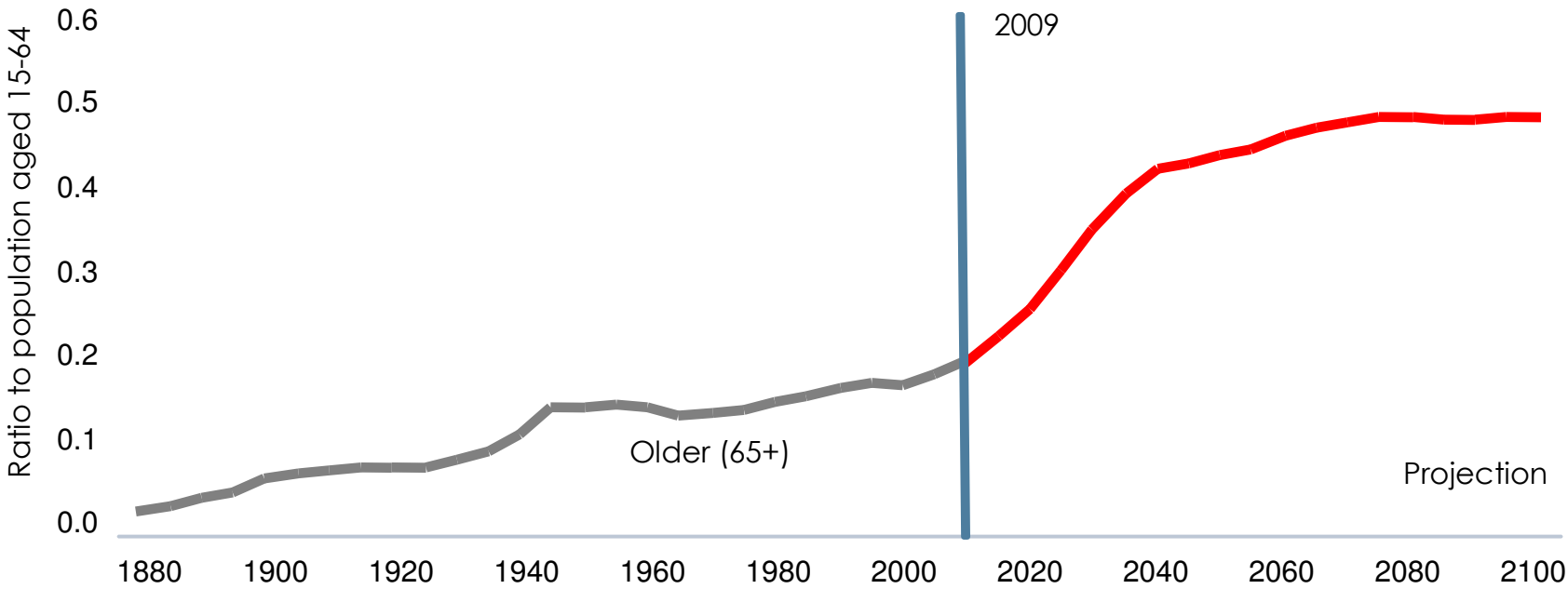


Source: NZ Treasury – 2009 Job Summit Presentation

- Capitalism isn't broken;
- Animal Spirits need boundaries;
- Accelerate adjustment to deleveraging – balance sheet repair;
- Transition assistance (income support / retraining);
- Private sector job creation.

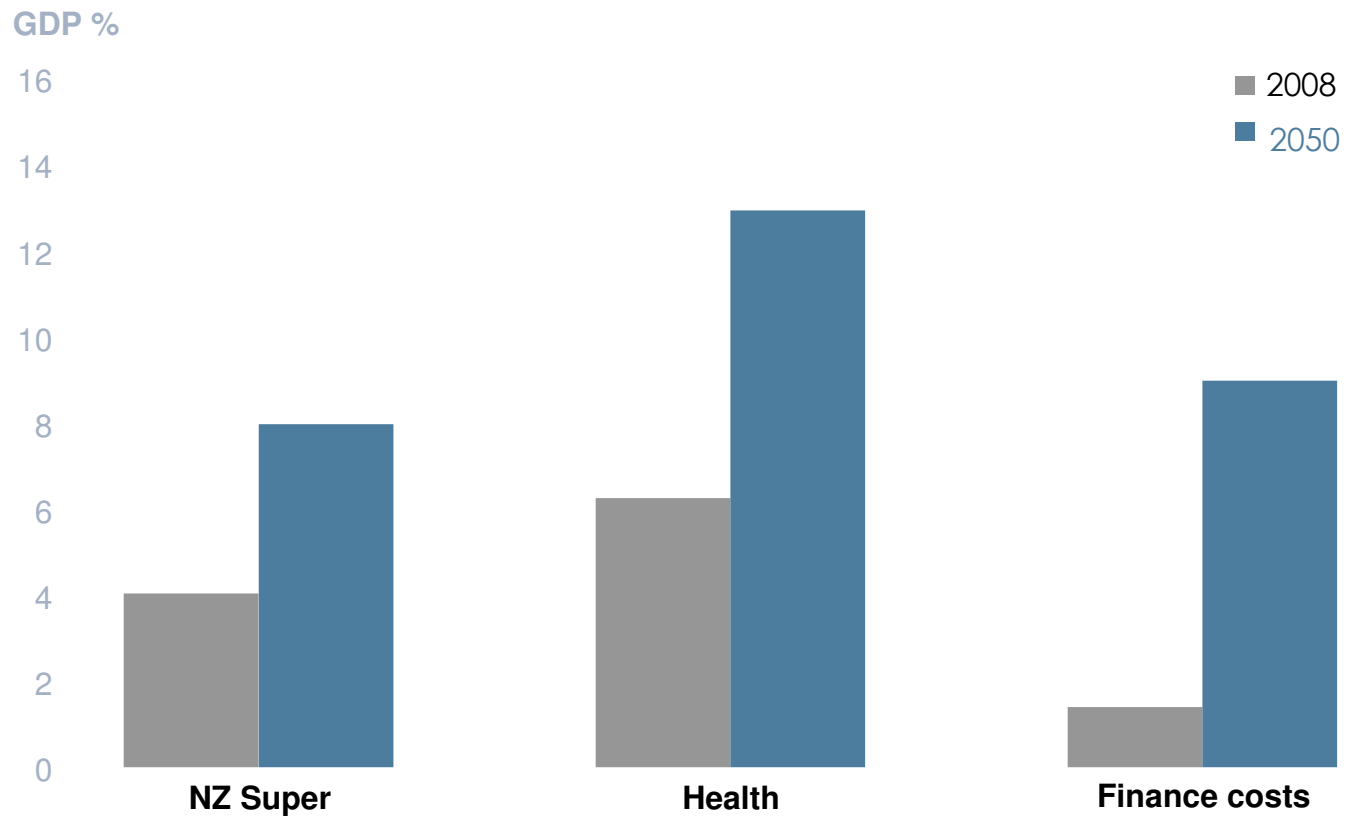
Demographics

Ratio of those aged 65+ to 15-64



Source: Statistics New Zealand / NZ Treasury – 2009 Job Summit Presentation

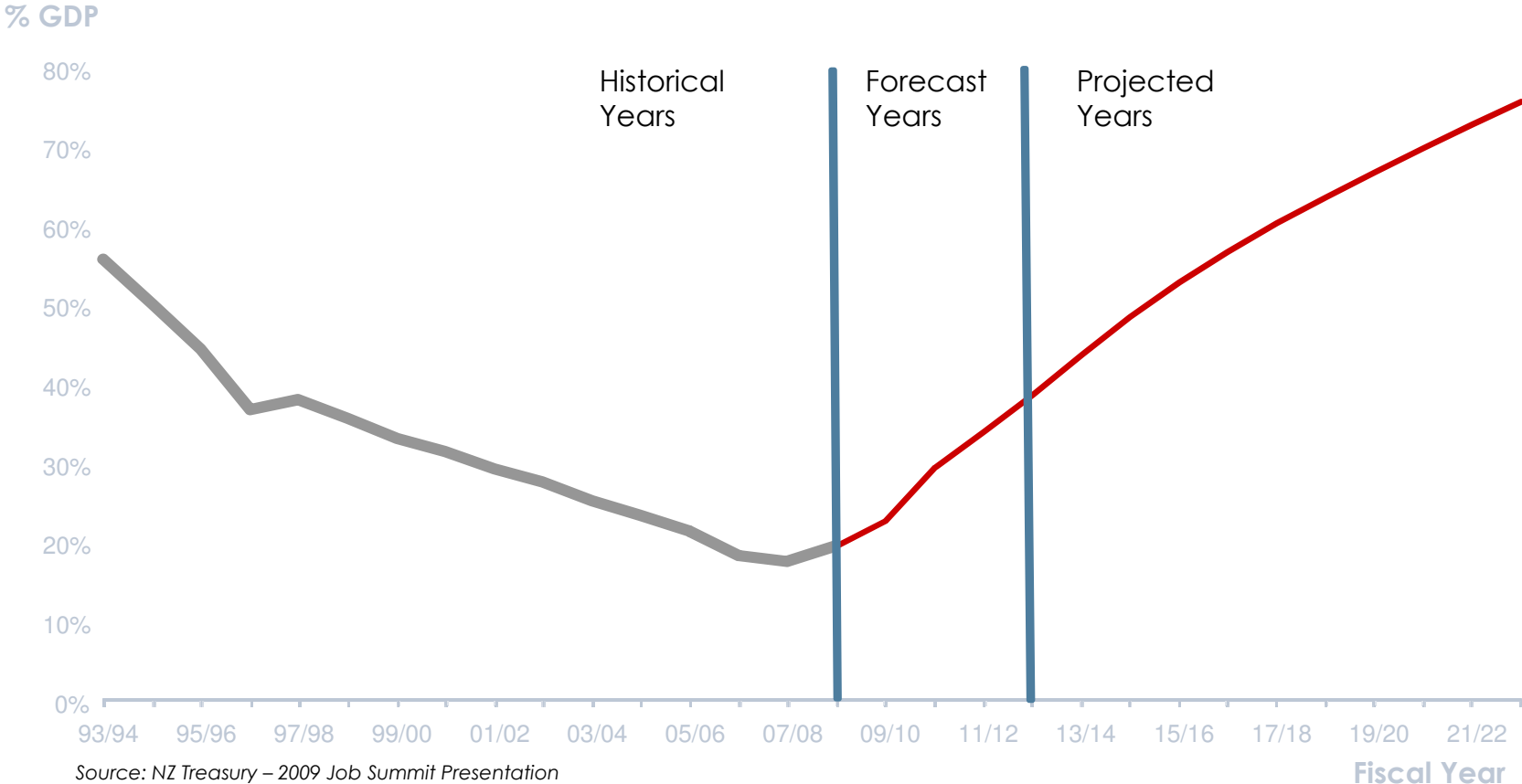
Spending changes – 2008 to 2050



Source: New Zealand long-term fiscal model / NZ Treasury – 2009 Job Summit Presentation

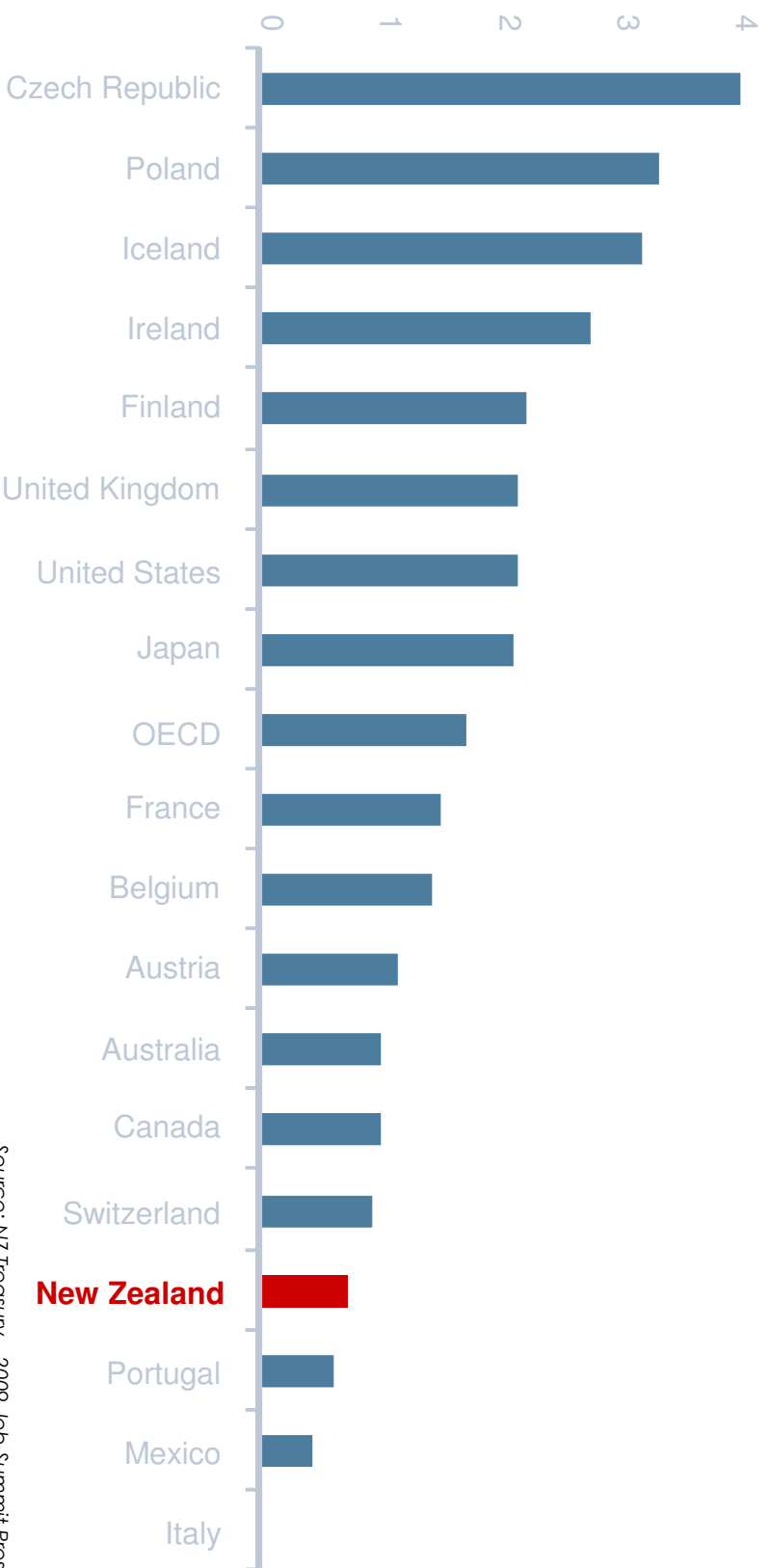
Debt

GSID to GDP



Source: NZ Treasury – 2009 Job Summit Presentation

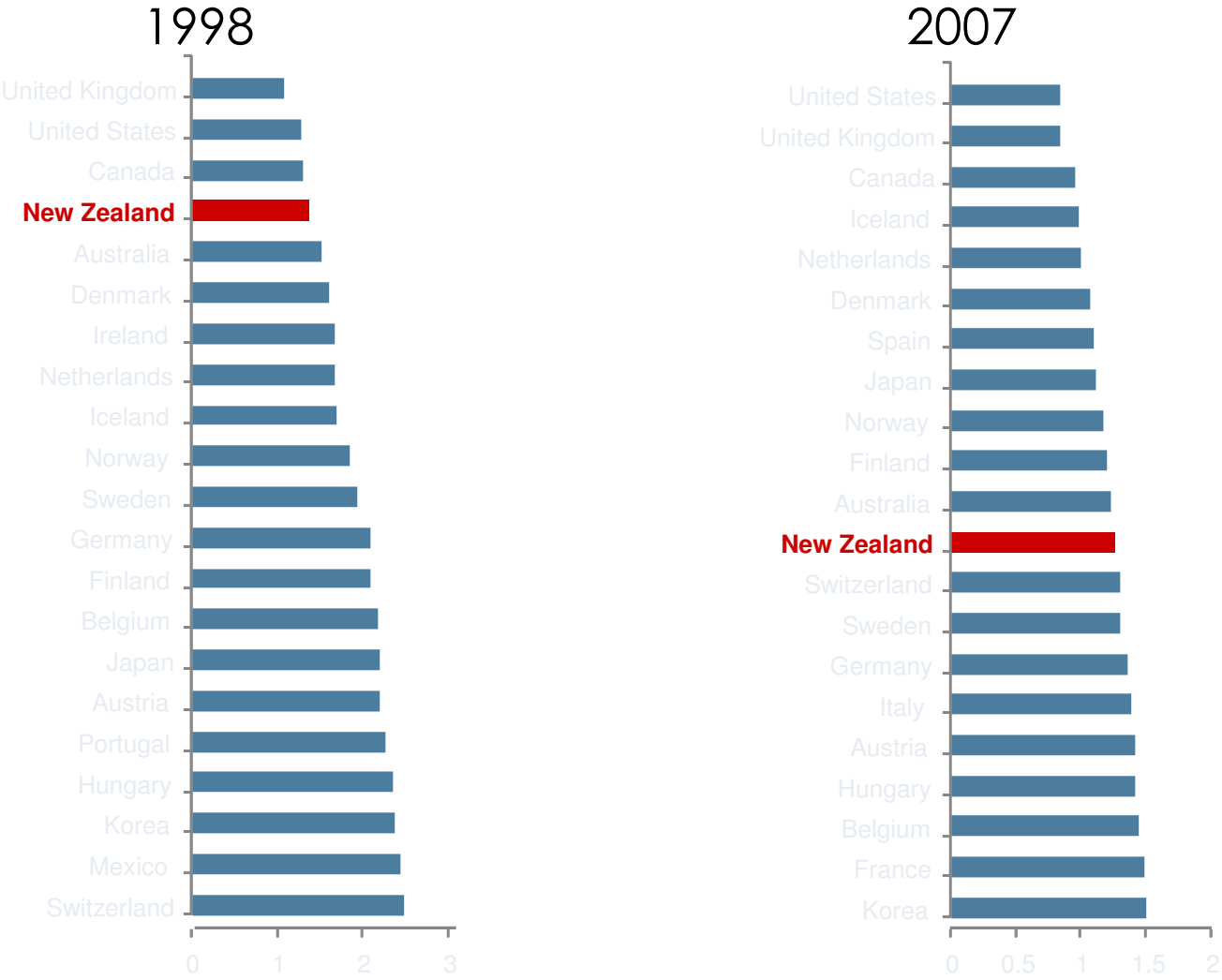
Growth in GDP per capita 2001-2006



Source: NZ Treasury – 2009 Job Summit Presentation



Regulation / Competitiveness



Source: NZ Treasury – 2009 Jobs Summit Presentation

Wealth Creation Strategies:

- increase private sector incomes through productivity;
- reduce effective taxation of incomes;
- analyse level, quality and efficiency of government spending;
- ensure savings can find best risk / reward outcomes.

- **Innovation** – Increase levels of private sector R&D / IP.
- **Enterprise** – Improve incentives to work [tax / regulation / competition frameworks].
- **Investment** – Increase capital stock per worker.
- **Skills** – remedies to counter:
 - tail of low achievers
 - low % of educated 15 – 20 yr olds
 - low growth of completed degree / post grads
- **Natural Resources** – urgently need water and carbon allocation strategies based on price.
- **Global connectedness** – migration / cultural confidence / traders to titans.

Mailing Address: PO Box 911145
Victoria Street West
Auckland 1142
New Zealand

Contact Numbers: Toll Free: 0800 92 82 62
Phone: 09 307 6741
Facsimile: 09 307 6742

Email: info@elevationcapital.co.nz

Website: www.elevationcapital.co.nz

Contacts: Craig Stobo
stobo@xtra.co.nz
Phone: 307 6741
Mobile: 021 733 751

Christopher Swasbrook
chris.swasbrook@elevationcapital.co.nz
Phone: 09 307 6741
Mobile: 021 928 262

The information contained in this presentation has been prepared solely for informational purposes and for presentation at the NZ Philanthropy Conference on Wednesday 18th March, 2009.

All sources of information have been attributed / sourced and the views expressed within this presentation are those of Craig Stobo.

This presentation will be made available at www.elevationcapital.co.nz (Media Section) from Thursday 19th March, 2009.