



THE TREASURY
Kaitohutohu Kaupapa Rawa

Health Expenditure: a long-term economic and fiscal lens

Presentation by Peter Mersi, Deputy Secretary to the Treasury
Thursday 7 June 2007

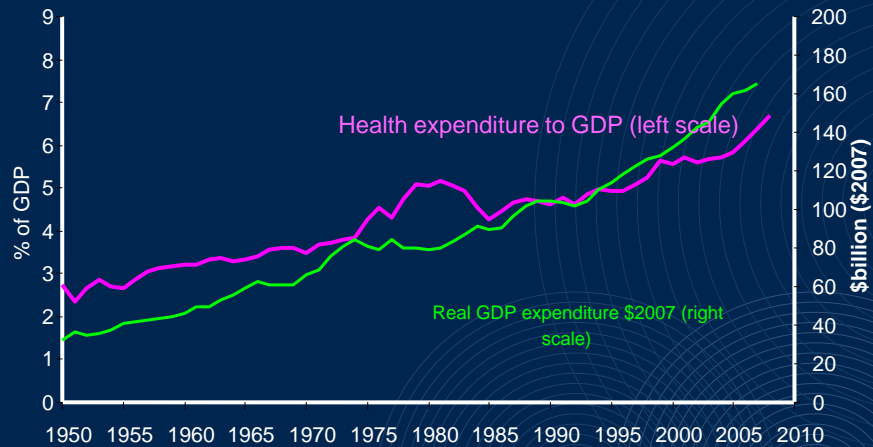
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Where have we been ... and where are we heading?



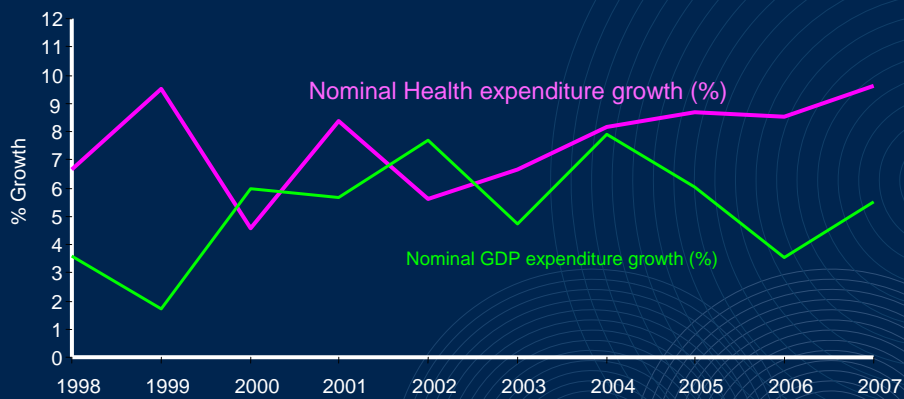
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Health expenditure and GDP - 1950 to 2007



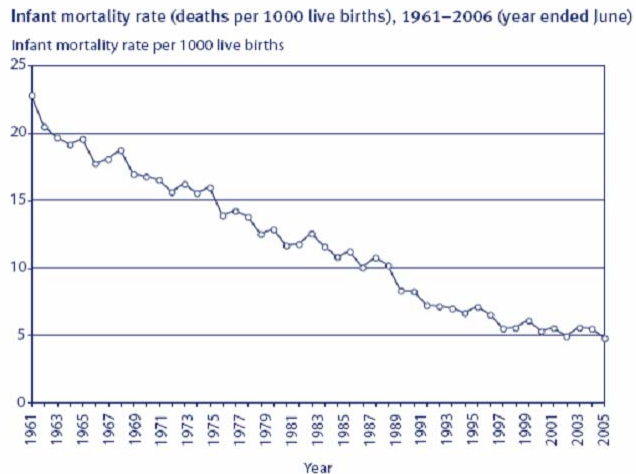
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Longest period of sustained economic growth in 30 years



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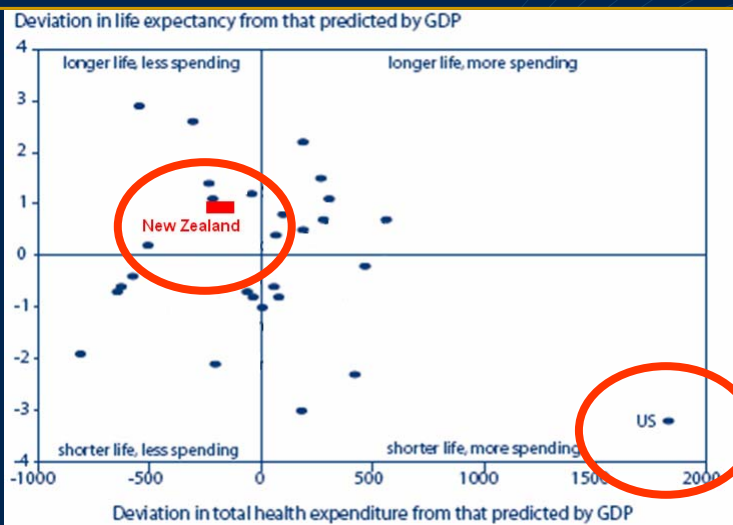
We have got quite a lot for our investment...



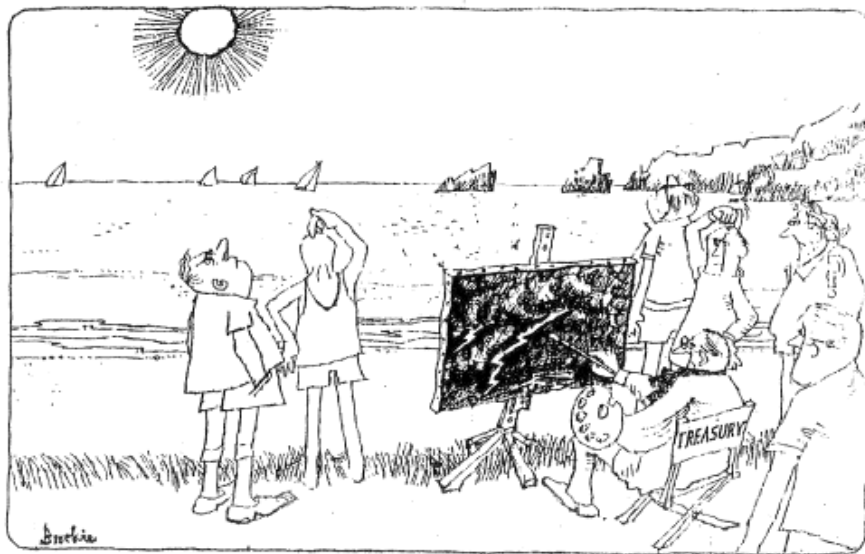
Source: The Health and Independence Report 2006, Ministry of Health.

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... but, more spending isn't necessarily the answer.



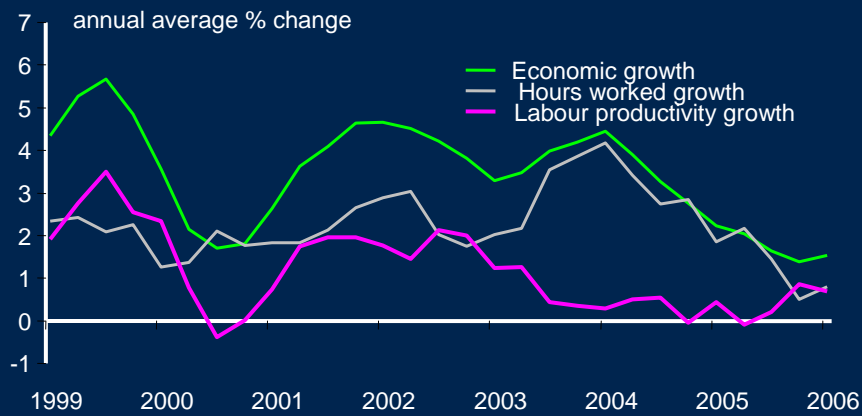
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Treasury officials always saw a cloud somewhere. Bob Brockie, *National Business Review*

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Growth has been driven by labour participation ... not productivity.



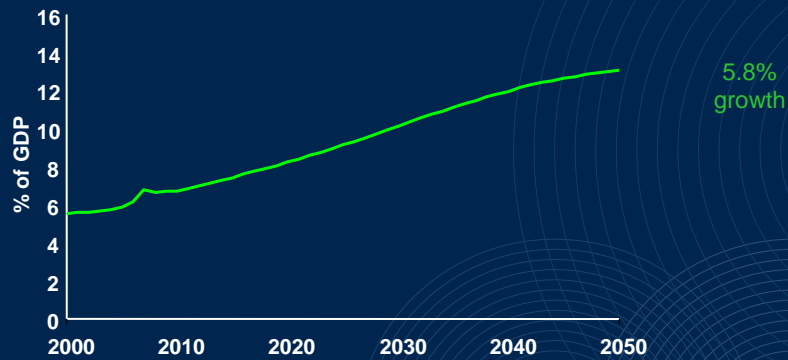
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The health sector is economically significant.



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Health as a % of GDP could double again over the next 40 years



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Why does this matter?

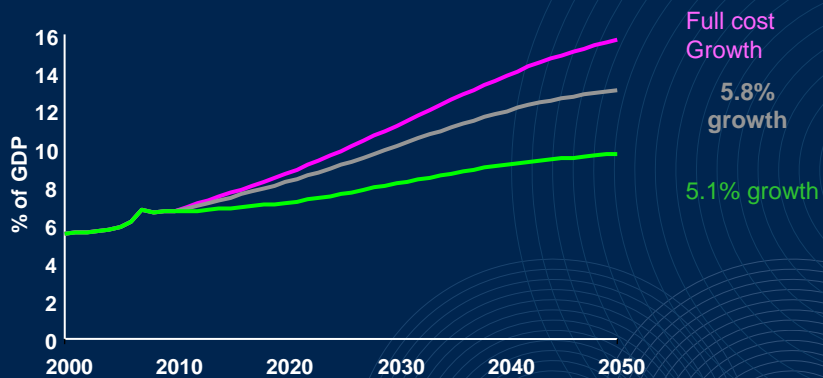


Health growth is expected...

...but, 12% of GDP makes for difficult tradeoffs.

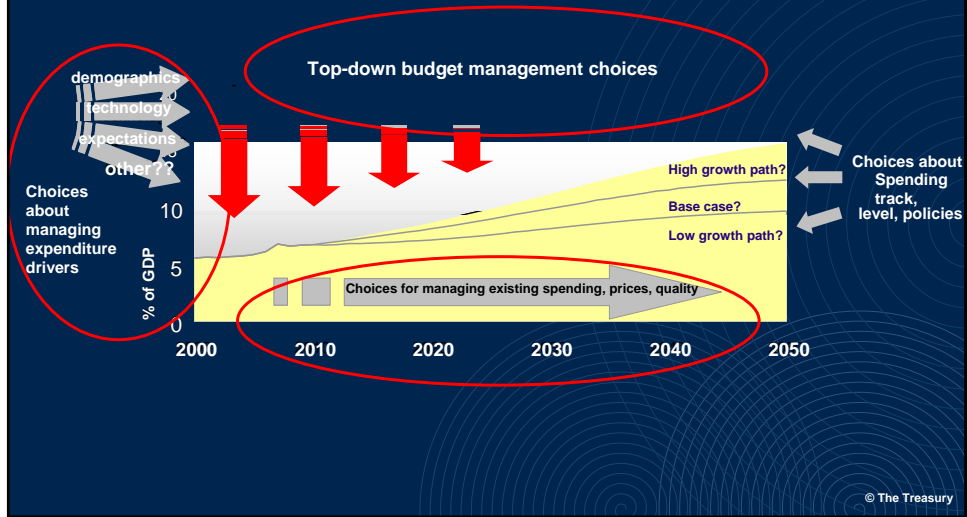
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Growth rates can have a big impact in the long-term.



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Managing expenditure...



... through Value-for-Money...



...promotes a virtuous circle.



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