

THE FUTURE ENVIRONMENT





CHANGING DEMOGRAPHICS

There will be fewer working age people to pay for the support of a larger retired population. Over time taxation of investment income may become more important than taxation of wages, and more working age people will be Māori, Pasifika or Asian. What role can tax play in helping us manage this change?



TE AO MĀORI AND THE FUTURE

The Māori economy is growing - between 2010 and 2017, the Māori asset base grew from \$36.9 billion to \$50 billion. Māori have a thriving entrepreneurial base, with around 8,500 Māori owned businesses and 21,000 self-employed Māori across Aotearoa New Zealand. Māori values such as manaakitanga (the care of land and each other), whanaungatanga (wider kinship ties) and kaitiakitanga (guardianship and sustainability) drive business decisions. How can the tax system support this growth?



THE CHANGING NATURE OF WORK

We are seeing a growth in the 'gig economy' - where workers have a less regular income, fewer working hours and different conditions. This could have an effect on the collection of taxes as this would make collecting income tax on a pay-as-you-earn (PAYE) basis harder. A more internationally mobile and ageing workforce could also mean work looks very different in the future. Can tax play a role in managing this change?



ENVIRONMENTAL CHALLENGES

New Zealand's unique ecosystem makes an important contribution to our economy and quality of life. However, this could be under threat when you consider that 72% of native freshwater fish species are threatened or at risk of extinction; emissions of major air pollutants have increased; and we have the second highest level of carbon emissions per GDP in the OECD. Should current polluters incur the cost of any future financial loss being caused by their activity? Should they also pay for a possible loss in our future quality of life?



TECHNOLOGY

The digital revolution is already impacting many parts of New Zealanders' lives. Online platforms have made it easier for people to rent out their car or home. New technological changes could also mean tasks that were once done by people are performed by machines. How can the tax system be flexible enough to keep collecting revenue whatever changes come?



IMPROVING PRODUCTIVITY

The productivity of the New Zealand economy is well below leading OECD countries. At the same time, New Zealand's company tax rate is the tenth highest in the OECD. It is important that the tax system promotes the right balance between supporting the productive economy and the speculative economy. Are the current settings working for New Zealand?



INEQUALITY

It's not clear whether income and wealth inequality is increasing, decreasing or staying the same. It all depends on what you measure. But public concern about inequality is rising and is likely to continue to rise. Taxation plays a major role in redressing inequality. How could it be done better?



GLOBALISATION

Some multinational corporations pay little or no tax anywhere in the world. This is particularly a problem in the digital economy, where goods and services can be sold to New Zealanders from anywhere. This has to be addressed internationally, but are there issues that we in New Zealand should be particularly focused on?



WHAT DO YOU SEE AS THE MAIN CHALLENGES AND OPPORTUNITIES FOR THE TAX SYSTEM? HOW SHOULD IT CHANGE TO MEET THEM?