NZ faces deepening debt with little way out - Treasury

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The economic crash has seen Treasury dramatically revising its long term outlook for the economy, questioning Government spending in virtually every area, including the eligibility of the pension for 65-year-olds.

Treasury says if spending follows historic trends, the books will remain in the red beyond 2050 and debt will rise to 220 per cent of the country's wealth.

It points to other countries raising the eligibility age for the pension, with Treasury Secretary John Whitehead saying decisions made now can prevent economic disaster later.

Mr Whitehead says making early incremental change reduces the risk around the quality of decision making and gives people time to adjust.

The Government has been adamant it won't change the eligibility age.

Today Finance Minister Bill English said the Government had a plan to tackle the report's findings.

"Future Governments will face two basic options. They can either lift economic growth above current assumptions or they can cut spending and reduce public services," Mr English said.

"This Government is focused on lifting our economic growth and we have a clear plan to do that.

"I remain confident about New Zealand's long-term future. We are coming out of the recession in a relatively strong position compared with many other countries.

"The task now is to unleash our real growth potential and ensure New Zealanders who lose jobs can find a new one as soon as possible."

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