



NEW ZEALAND

What's happening in this economy

The New Zealand economy continues to perform well, with growth expected to remain at around three per cent in the near term. Broad macroeconomic indicators are sound. Unemployment rose slightly in 2019 to 4.4 per cent. Inflation, at two per cent, is near the mid-point of the Reserve Bank's target band. Government debt is low, currently around 20 per cent of GDP.

With increasing congestion, high house prices and a renewed focus on regional areas, the government has committed to a wide-ranging housing, transport and public services infrastructure program. Addressing housing shortages across the country, and particularly in Auckland, is a key focus. Labour's NZD 2 billion 'Kiwibuild' program aims to deliver 100,000 affordable dwellings over the next 10 years—including 50,000 in Auckland—by building new houses, underwriting existing developments and buying houses off the plan.

The NZD 3 billion, three-year Provincial Growth Fund was announced in February 2018 and includes funding for regional tourism, logging and rail projects.

In April 2018 the government announced a NZD 28 billion, 10-year transport package for Auckland. The 2019 Budget included NZD 1.7 billion over two years to fix hospitals and NZD 1.2 billion for schools over 10 years.

Key facts and figures

- Population: 4.9 million (2018)
- GDP growth: 2.5% (2019)
- GDP per capita: USD 41,989 (2019)
- New Zealand exports travel, business, and transport services, and dairy to Australia
- Australia exports travel, business and transport services, and mechanical machinery and equipment to New Zealand
- Total two-way investment: AUD 144 billion of which AUD 97 billion is Australian investment in New Zealand (2018)

Trade, investment, and commercial activities and opportunities

- Australian businesses have a significant presence in New Zealand's financial services industry:
 - Australian-owned banks in New Zealand account for over three-quarters of the banking sector
 - Australian insurers account for roughly three-quarters of New Zealand's insurance sector, and
 - Australian companies have a major presence in New Zealand's retail, construction, manufacturing, and media and communications industries.
- There is a strong bilateral investment relationship between Australia and New Zealand:
 - Australia is the largest foreign investor in the country, and
 - Australian foreign direct investment (AUD 56.5 billion) accounts for more than half of the total foreign direct investment in New Zealand.
- Australia is New Zealand's top investment destination:
 - total New Zealand investment in Australia is worth AUD 47 billion, of which total foreign direct investment is AUD 6.5 billion



connecting Australian business to the world

- a number of trans-Tasman initiatives have helped cement this strong investment relationship, including the ANZCERTA Protocol on Investment, which has resulted in lower compliance costs, higher screening thresholds and greater legal certainty when investing across the Tasman.
- Current and emerging commercial opportunities in New Zealand include:
 - New Zealand’s infrastructure and housing needs, The government’s significant commitments in these areas provide numerous opportunities for Australian businesses over the next decade
 - the country is internationally recognised as a food producer and is seeking opportunities to add value to food produced for export. Its focus on high-value products, including processed food, provides opportunities for Australian ingredients
 - New Zealand’s agribusiness expertise provides opportunities to collaborate on precision agriculture technologies, connectivity and smart farm management technology and practices
 - a revised New Zealand Health and Safety Act came into effect in April 2016. It is a major change to the country’s health and safety regime that aims to reduce workplace injury and deaths by 25 per cent by 2020. Australian companies can help New Zealand industries and businesses that need help, including in forestry and agriculture, and
 - collaboration between Australia and New Zealand in science, research and innovation, which is underscored by the 2017 Australian New Zealand Science, Research and Innovation Cooperation Agreement.

Trade policy and negotiations

Australia and New Zealand benefit from one of the world’s most comprehensive, effective and mutually beneficial free trade agreements. Since the Australia and New Zealand Closer Economic Relations Trade Agreement came into force in 1983, two-way trade has grown at an average annual rate of around six per cent. New Zealand is Australia’s seventh largest export market by value, but is the number one market destination for Australian exporters. Over 18,500 Australian businesses export to New Zealand, followed by the US (11,000) and China (7,100).

Using the foundations of the agreement, the Australian and New Zealand governments have been working to improve business opportunities by reinvigorating the trans-Tasman single economic market. Current initiatives include promoting digital trade, e-invoicing and further streamlining trans-Tasman movement of people and goods.

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