

Human Resources Institute of New Zealand - HRINZ

1. Current economic and political situation in New Zealand

Economy and labour market situation

New Zealand's real production GDP rose 0.4 per cent in the June quarter, following the drought-affected 0.2 per cent rise in March 2015. This reflects a softening of the economy in the first half of 2015, after the strong growth of the previous year.

Some of the June quarter increase can be attributed to recovery from drought: specifically, the 3.0 per cent rise in agricultural production (led by dairy), and the 2.4 per cent increase in utilities activity (due to increased hydro generation). Increased dairy output also led to an increase in food manufacturing.

Despite the rise in food production, the manufacturing sector contracted 0.4 per cent in June, largely due to a shutdown at the Marsden Point oil refinery, and a drop in machinery and equipment manufacturing. Construction activity rose 0.8 per cent due to increased infrastructure development.

Business services increased 2.3 per cent in June, with strong growth in computer systems design and scientific, architectural and engineering services; and a pick-up in housing market activity leading to a 1.1 per cent growth in rental, hiring and real estate services. Overall, the services sector grew 0.5 per cent as these increases were partially offset by falls in basic material and agricultural machinery whole sales and reduced road transport and recreational services following the Cricket World Cup.

Leading indicators of economic growth bounced back in the latter half of 2015.

These indicators suggest a slightly more positive growth outlook, with Treasury expecting quarterly GDP growth to be around trend. Risks remain around international conditions: on the back of continued weaknesses in emerging economies, the IMF has lowered its global growth outlook for 2016 from 3.3 per cent to 3.1 per cent, and for 2017 from 3.8 per cent to 3.6 per cent. Global factors like world commodity prices, the situation in the Chinese stock market/overall economy, concerns over a UK exit from the European Union, a low global milk solids price and the instability caused by the Syrian crisis all conspire to make an internally buoyant NZ economy rather jittery in its outlook.

New Zealand's softening economy is reflected in a weaker labour market. Employment growth, which was robust throughout 2014 fell in the September 2015 quarter, the first quarterly fall in three years. Labour supply has declined; the labour force participation rate fell sharply over the quarter, and despite strong migration-led population growth, the labour force contracted for the first time since 2012. Wage pressures remain subdued, although this comes against the backdrop of historically low inflation. Wage growth (as measured by the Labour Cost Index) has outpaced growth in the Consumer Price Index for four years.

Political situation

Politically New Zealand continues to be democratic and stable. The Prime Minister and leader of the National Party, John Key, remains the favoured Prime Minister with popularity four times higher than the next two contenders. He has signalled he will run for a fourth term. The National Party (centre right) continues to be the leading political party in New Zealand and, in the current climate, would remain in power. The Green Party has recently slipped from third to fourth most popular party and NZ First (“grey power”) is now the third most popular party. A fourth National term would probably prolong stability although others would say at what long-term price?

2. HR challenges

The eleven main challenges facing the HR profession in New Zealand at present are:

- Health and Safety Reform Act 2015 comes into force 4 April 2016
- Ageing population
- Talent supply plus skills mismatches
- People leadership – the pressure of doing more with less
- Societal Mortality
- Work force engagement
- Rise of work as a consumer experience
- Increasing wage disparity
- Rise of the “precariat”
- “Never off” syndrome/well being/stress/bullying
- Influence and profile of HR.

3. HRINZ projects and initiatives

Major areas of HRINZ activity include the following:

- Increasing professionalisation via Chartered Member and Professional Pathways proposal
- Increasing connection – locally, nationally and globally
- Technology – including the introduction of an eLearning system in conjunction with ELMO
- Compelling value proposition
- Competitive challenge and finances.

4. Scheduled Conferences

- NZ HR Awards (25 February 2016)
- Conference & Expo (24-25 August 2016)
- NZ HR Summit in Christchurch (19 May 2016)
- NZ HR Summit in Auckland (26 May 2016)
- NZ HR Summit in Hamilton (2 June 2016.)

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