Human Resources Institute of New Zealand - HRINZ

1. Current economic and political situation in the country

A. Economy

- Private consumption growth likely moderated in the December 2016 quarter, following strong growth earlier in the year
- Migration and international visitor arrivals reached new record highs in January 2017
- Dwelling consents and prices ease
- Trading partner growth outlook remains positive, although political uncertainty (Brexit and President Trump) is creating risks.

Key economic data released in February 2017 points to a moderation in consumption growth in the December 2016 quarter, following strong growth in the previous two quarters. However, electronic card data surged in January, which in combination with rising consumer confidence in February points to a likely rebound in consumption growth in the March quarter 2017. Inbound tourism and migration reached new records in January, with 3.5 million international visitors in the year and 71,300 net migrants.

Dwelling consents and house prices continued to decline in December, at odds with the record net migration inflows which underpin housing demand. The dip in dwelling consents is expected to be temporary as a significant amount of work remains in the pipeline and sentiment in the construction sector continues to buoy the ANZBO business confidence measure, although capacity constraints in the sector remain a risk.

Prices continue to evolve as expected; dairy prices at the GDT auction in February retraced slightly from January's levels. However, the lift in dairy prices towards the end of 2016 supported higher producer prices in the December 2016 quarter, in addition to higher oil prices. Strong food prices in January indicate some upside to the near-term inflation outlook, depending on the extent of retracement.

The outlook for growth in NZ's major trading partners continued to improve. In Australia, growth in activity resumed in the December quarter following September's contraction, although it is expected to be some time before growth is sufficiently strong to generate a marked tightening in the labour market. In other regions, the faster pace of growth evident at the end of 2016 appears to have been sustained into 2017. Nonetheless, there are still a significant number of risks evident, with political risk in Europe prominent over the month. There is some evidence that heightened political uncertainty may harm global trade growth.

B. Labour market situation

New Zealand's economy grew steadily in 2016; annual gross domestic product (GDP) increased In the year to September 2016 (latest available) by 3.5 per cent. Real production GDP rose by

1.1 per cent in the September 2016 quarter, beating market expectations. Strong migration led population growth remained the key driver of the New Zealand economy, stimulating domestic demand.

As net migration continued to break records, labour force participation also increased to the highest level (70.5 per cent) it has ever been. As a result, there were more people who were employed and unemployed. Employment growth continued to exceed population growth this quarter, and was largely driven by an increase in full-time employment, particularly among women.

Real ordinary-time average weekly earnings growth (as reported by Quarterly Economic Survey) has remained steady and the Consumer Price Index (CPI) inflation has increased. Real wages increased only by 0.3 per cent over the year to December 2016. The gap between average weekly earnings and the CPI inflation has narrowed in the latest quarter.

C. Political situation

Politically New Zealand continues to be democratic and stable. However, Kiwi's favourite Prime Minister and the former leader of the National Party, John Key, resigned in late 2016 to spend more time with his family. The National Party (centre right) is now led by the less immediately charismatic Bill English but it does continue to be the leading political party in New Zealand. A fourth National term would probably prolong stability although others would say at what long-term price?

There are some signs that National continue to look a bit tired and lacking in ideas and, maybe, suffering from "third termitis". Recent high profile issues around unaffordability of housing, homelessness, wealth and income inequality, raising the retirement age and gender pay inequity have not helped National's popularity. 2017 is an election year and will be atypical and, as ever, create a ripple effect in the home of New Zealand Government, Wellington.

2. HR challenges

The 15 main challenges facing the HR profession in New Zealand at present are:

- Health and Safety
- Gender pay inequity (12.7% between men (+) and women (-))
- Ageing population/work population
- Baby boomers vs. millennials
- Qualification age for national superannuation (pension)
- 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 wealth, income, salary and health inequity
- Rise of the "precariat"
- "Never off' syndrome/well being/stress/bullying
- Burned out workforce
- Influence and profile of HR.

3. HRINZ projects and initiatives

Major areas of HRINZ activity include the following:

- Introducing Chartered membership
- Professional assessment
- Continuing professional development
- Growing membership numbers.

4. Scheduled Conferences

- NZ HR Conference and Expo 2017 (12 – 15 September, 2017 – Sky City, Auckland)

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