

# NEW ZEALAND

WORLD RANK:

3

REGIONAL RANK:

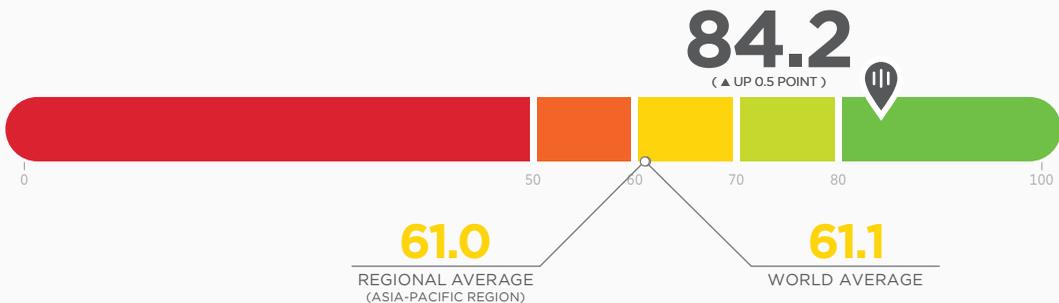
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ECONOMIC FREEDOM STATUS:  
**FREE**

New Zealand's economic freedom score is 84.2, making its economy the 3rd freest in the 2018 *Index*. Its overall score has increased by 0.5 point, with an improvement in **government integrity** outpacing a decline in the **labor freedom** indicator. New Zealand is ranked 3rd among 43 countries in the Asia-Pacific region, and its overall score is far above the regional and world averages.

A global leader in economic freedom, New Zealand has followed a long-term, bipartisan market-oriented policy framework that fosters economic resilience and growth. The new government, however, has pledged to be more interventionist, promising "an economy that delivers for everyone" by reducing immigration, banning foreign housing investors and hiking property investors' capital gains taxes, imposing tougher restrictions on the sale of farmland to foreigners, tightening rules on foreign direct investment, repealing some income tax cuts, and raising the minimum wage.

## ECONOMIC FREEDOM SCORE

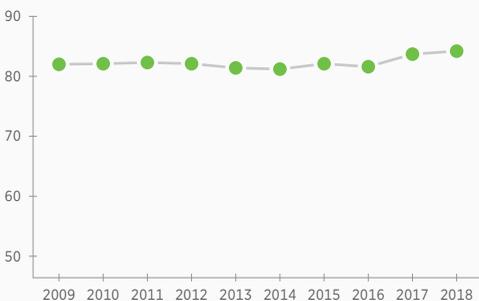


**NOTABLE SUCCESSES:**  
Rule of Law, Regulatory Efficiency, and Open Markets

**CONCERNS:**  
Government Spending

**OVERALL SCORE CHANGE SINCE 2014:**  
+3.0

## FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
4.7 million

**GDP (PPP):**  
\$177.0 billion  
4.0% growth in 2016  
5-year compound annual growth 2.9%  
\$37,294 per capita

**UNEMPLOYMENT:**  
5.2%

**INFLATION (CPI):**  
0.6%

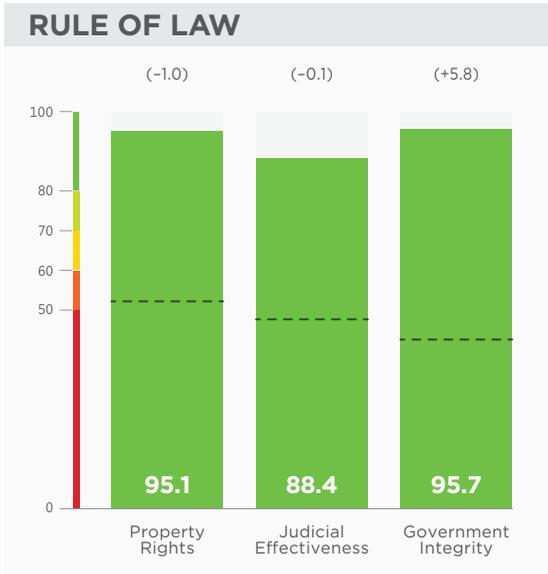
**FDI INFLOW:**  
\$2.3 billion

**PUBLIC DEBT:**  
29.5% of GDP

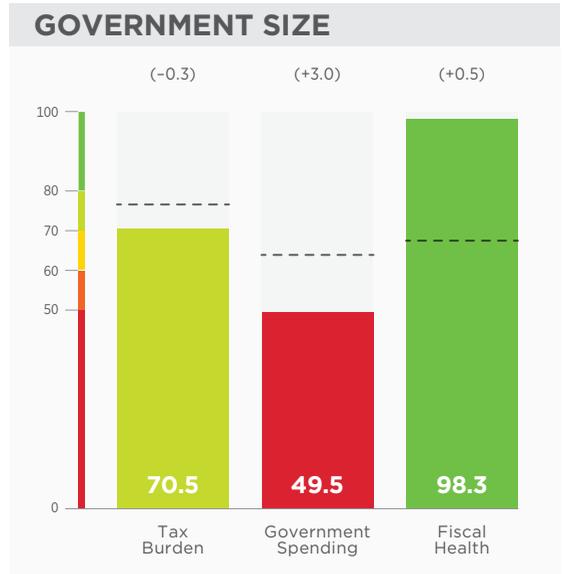
2016 data unless otherwise noted. Data compiled as of September 2017

**BACKGROUND:** The former British colony of New Zealand is one of the Asia-Pacific region's most prosperous countries. The center-right National Party, led by Prime Minister John Key, returned to power in 2008 and was reelected in 2011 and 2014. When Key resigned, his deputy, Bill English, succeeded him in late 2016. September 2017 elections resulted in a hung parliament, with the "kingmaker" and populist New Zealand First party subsequently forming a minority coalition, enabling new Prime Minister Jacinda Ardern's Labor Party to return to power. Far-reaching deregulation and privatization since the 1980s have largely liberated the economy. Agriculture is important, as are manufacturing, tourism, and a strong geothermal energy resource base. The economy has been expanding since 2010.

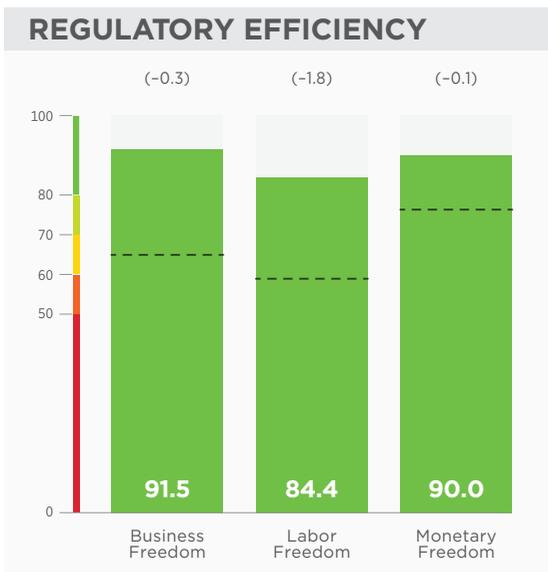
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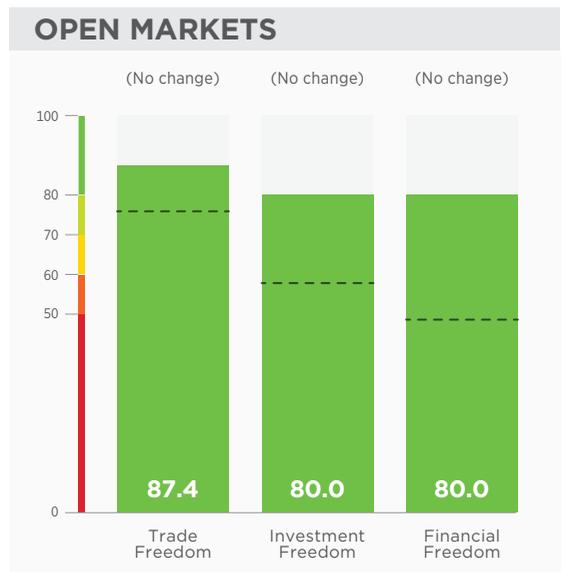
New Zealand recognizes and strongly enforces secured interests in property, both movable and real. Contracts are notably secure. The country has a generally strong record of protecting intellectual property rights. The judicial system is independent and functions well. New Zealand ranked first out of 176 countries surveyed in Transparency International's 2016 *Corruption Perceptions Index*.



The top income tax rate is 33 percent, and the top corporate tax rate is 28 percent. Other taxes include goods and services and environmental taxes. The overall tax burden equals 32.8 percent of total domestic income. Over the past three years, government spending has amounted to 41.0 percent of total output (GDP), and budget surpluses have averaged 0.3 percent of GDP. Public debt is equivalent to 29.5 percent of GDP.



The entrepreneurial environment is one of the world's most efficient and competitive. Transparent, well-enforced labor laws facilitate a dynamic labor market. New Zealand, which has the lowest subsidies among OECD countries, removed all farm subsidies more than three decades ago and spurred the development of a vibrant and diversified agriculture sector.



Trade is significant for New Zealand's economy; the combined value of exports and imports equals 55 percent of GDP. The average applied tariff rate is 1.3 percent. Nontariff barriers impede some trade. In general, government policies do not significantly interfere with foreign investment. The financial system has remained stable, and prudent regulations allowed banks to withstand the global financial turmoil with little disruption.