

**EXECUTIVE
BOARD
MEETING**

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Supplement 1

April 21, 2021

To: Members of the Executive Board

From: The Secretary

Subject: **New Zealand—Staff Report for the 2021 Article IV Consultation—
Informational Annex**

Board Action:	Executive Directors' consideration (Formal)
Tentative Board Date:	Wednesday, May 5, 2021
Publication:	Yes*
Questions:	Mr. Raman, APD (ext. 34689)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	After Board Consideration—Asian Development Bank, Asian Infrastructure Investment Bank, Food and Agriculture Organization, Organisation for Economic Cooperation and Development, World Trade Organization

***Unless an objection from the authorities is received prior to the conclusion of the Board's consideration, the document will be published.**



NEW ZEALAND

STAFF REPORT FOR THE 2021 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

April 20, 2021

Prepared By

Asia and Pacific Department
(In consultation with other departments)

CONTENTS

FUND RELATIONS	2
STATISTICAL ISSUES	4

FUND RELATIONS

(As of March 31, 2021)

Membership Status: Joined: August 31, 1961; Article VIII

General Resources Account:	SDR Million	Percent Quota
Quota	1,252.10	100.00
Fund Holdings of Currency	935.93	74.75
Reserve position in Fund	317.26	25.34
Lending to the Fund		
New Arrangements to Borrow	10.71	

SDR Department:	SDR Million	Percent Allocation
Net cumulative allocation	853.76	100.00
Holdings	867.63	101.62

Outstanding Purchases and Loans: None

Financial Arrangements: None

Projected Payments to Fund (SDR Million; based on existing use of resources and present holdings of SDRs) ^{1/}

	Forthcoming				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Principal					
Charges/Interest	0.01	0.01	0.01	0.01	0.01
Total	0.01	0.01	0.01	0.01	0.01

^{1/} When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

Exchange Arrangement:

New Zealand accepted the obligations of Article VIII on August 5, 1982. The New Zealand dollar has floated independently since March 1985 and the de facto exchange rate arrangement is free floating. New Zealand maintains an exchange system that is free of restrictions on the making of payments and transfers for current international transactions, other than restrictions notified to the Fund in accordance with Decision No. 144-(52/51).

Article IV Consultation:

New Zealand is on the 12-month consultation cycle. The 2019 Article IV consultation was concluded by the Executive Board on September 20, 2019.

FSAP Participation and ROSCs:

New Zealand has participated in two FSAPs to date.

- The FSSA from the 2003 FSAP mission and the Detailed Assessments of Observance of IOSCO Objectives and Principles of Securities Regulation and FATF Recommendations for Anti-Money Laundering and Combating the Financing of Terrorism were published under Country Reports No. 04/126, No. 04/417, and No. 05/284, respectively.
- New Zealand participated again in 2016, with one FSAP mission in August 2016 and another FSAP mission in November 2017. The FSSA was discussed by the Executive Board at the time of the discussion of the Staff Report for the 2017 Article IV Consultation with New Zealand.

Technical Assistance:

- A monetary and financial statistics (MFS) technical assistance (TA) mission visited New Zealand during October 1-12, 2018. The [TA report](#) was published on June 14, 2019.

STATISTICAL ISSUES

(As of April 20, 2021)

I. Assessment of Data Adequacy for Surveillance
<p>General. Data provision is adequate for surveillance. The authorities are continuing to enhance data quality and expand the range of data available, and are making progress towards subscribing to the IMF's Special Data Dissemination Standard (SDDS).</p>
<p>Real Sector. Annual estimates of GDP are compiled for production, expenditure and income, in nominal and chained volume terms. Estimates are fully reconciled via supply and use tables and make use of annual enterprise and household surveys to update benchmarks. The authorities compile quarterly estimates of GDP for both production and expenditure, based on appropriate indicators. Quarterly production GDP is compiled only on a chained volume basis while quarterly expenditure GDP is compiled on both nominal and chained volume terms. National accounts data are released around 11 weeks after the close of the reference quarter. New Zealand only produces a quarterly rather than monthly consumer price index (CPI), which has national coverage and a contemporary weight reference period (2018/2019). CPI data is released three weeks after the close of the reference quarter. Data collection methods are appropriate, and include web-scraping and the use of scanner data.</p>
<p>Fiscal Sector. Stats NZ provides annual data (operating statement, balance sheet, government expenses by function, taxation revenue and non-financial assets reconciliation) on the general government and its central and local government subsectors following the Government Finance Statistics Manual 2014 (GFSM 2014) recommendations for data beginning from 2009 on a fiscal year (July-June) basis. It is published roughly five months following the fiscal year end, preceded by data on a provisional basis at the time of the budget (usually in May). It replaced the publication of data only on the central and local government subsectors on December 5, 2016. The authorities also report detailed central government debt data to the IMF / World Bank Quarterly Public Sector Debt Database.</p> <p>The Treasury also provides data on a timely basis for the central government that complies with New Zealand equivalents of the GAAP Public Sector Public Benefit Entity (PBE) Standards from 2005 onwards. They are provided on a monthly basis (with a one-month lag), with an annual statement published within 4 months of the fiscal year end. The impact of moving from NZ IFRS (International Financial Reporting Standards) to PBE Standards on July 1, 2014 was not significant, due to a strong degree of convergence between the two suites of standards.</p> <p>The provided data enable adequate assessment of the impact of fiscal policy measures on New Zealand's economic performance.</p>

Monetary and Financial Sectors. The Reserve Bank of New Zealand (RBNZ) publishes monthly and quarterly data on a broad range of monetary and financial variables. Monetary statistics compiled by the RBNZ are consistent with the methodology of the *2016 Monetary and Financial Statistics Manual and Compilation Guide (MFSMCG)*. New Zealand reports high quality monetary statistics regularly to STA for publication in *International Financial Statistics*. There is room for improving the timeliness of the data for other financial corporations.

RBNZ also reports some data and indicators of the Financial Access Survey (FAS), including the two indicators (commercial bank branches per 100,000 adults and ATMs per 100,000 adults) adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).

Financial Sector Surveillance: New Zealand currently does not report Financial Soundness Indicators (FSIs) for dissemination on the Fund website. The authorities should develop an action plan to submit the FSI data and metadata to the IMF for posting.

External Sector. Stats NZ provides timely information on the balance of payments and the international investment position (IIP) on a quarterly frequency since 2000. The data are released around 11 weeks after the close of the reference quarter. An expanded lending and debt statistic was introduced in 2012. The new series complements the existing IIP and international financial assets and liabilities measures of New Zealand's international balance sheet position, with a time series of external lending and debt in total and by sector, and the ownership relationship between the New Zealand-resident party and the non-resident counterparty of external lending and debt positions. This follows the IMF's external debt methodology in excluding values for financial derivative asset and liability positions. RBNZ provides monthly data on official international reserves. New Zealand's reporting of international reserves has been modified for March 2000 data onwards to conform to the standards required by the IMF for the purpose of subscription to the SDDS. Stats NZ also participates in the Coordinated Direct Investment and Portfolio Investment Surveys conducted by the IMF's Statistics Department.

New Zealand: Table of Common Indicators Required for Surveillance
(As of April 20, 2021)

	Date of latest observation	Date received	Frequency of Data ⁶	Frequency of Reporting ⁶	Frequency of Publication ⁶
Exchange Rates	4/16/21	4/16/21	D	D	D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	2/21	3/29/21	M	M	M
Reserve/Base Money	1/21	3/19/21	M	M	M
Broad Money	1/21	3/19/21	M	M	M
Central Bank Balance Sheet	2/21	3/12/21	M	M	M
Consolidated Balance Sheet of the Banking System	1/21	3/19/21	M	M	M
Interest Rates ²	4/16/21	4/16/21	D	D	D
Consumer Price Index	Q4 2020	1/22/21	Q	Q	Q
Revenue, Expenditure, Balance and Composition of Financing ³ – Central Government	2019/20	12/10/20	A	A	A
Stocks of Central Government and Central Government-Guaranteed Debt ⁴	2019/20	12/10/20	A	A	A
External Current Account Balance	Q4 2020	3/17/2021	Q	Q	Q
Exports and Imports of Goods and Services	Q4 2020	3/17/2021	Q	Q	Q
GDP/GNP	Q4 2020	3/18/2021	Q	Q	Q
Gross External Debt	Q4 2020	3/17/2021	Q	Q	Q
International Investment Position ⁵	Q4 2020	3/17/2021	Q	Q	Q

¹ Includes reserve assets pledged or otherwise encumbered as well as net derivative positions.
² Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes, and bonds.
³ Foreign, domestic bank, and domestic non-bank financing.
⁴ Including currency and maturity composition.
⁵ Includes external gross financial asset and liability positions vis-à-vis nonresidents.
⁶ Daily (D), Weekly (W), Monthly (M), Quarterly (Q), Annually (A), Irregular (I); Not Available (NA).