Integrated Report on New Zealand Structural Problems

FIXNZ DATA & TRUTH

English Edition

Published	June 2026
Version	1.0
Publisher	FIXNZ
Website	www.fixnz.org

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Executive Summary

New Zealand's current difficulties are not isolated policy failures. They form a connected structural pattern: weak productivity, population growth that runs ahead of infrastructure, high housing costs, persistent fiscal pressure, an economy heavily exposed to property and low-value services, outward migration of citizens, pressure on health and education, and declining public confidence.

The central issue is national capacity. A country can increase population, government spending and total GDP while becoming less able to provide affordable housing, competitive wages, reliable infrastructure and equal opportunity. This report brings the major problems together so they can be understood as one system rather than as separate political debates.

Core conclusion: New Zealand does not lack people, land, public spending or natural resources. It lacks a system that consistently converts those assets into higher productivity, broader ownership, stronger public services and long-term national capability.

1. Economic Growth Without Sufficient Productivity

For decades, New Zealand has relied heavily on population growth, longer working hours and expanding labour input to lift total output. This can support headline GDP, but it does not guarantee higher output per person or higher real wages.

- Labour productivity growth has remained weak relative to many advanced economies.
- Research and development expenditure remains modest by OECD standards.
- Many firms operate in small domestic markets and struggle to scale.
- Cheap or readily available labour can reduce the incentive to automate or invest in better equipment.
- Capital and household savings remain heavily concentrated in property rather than productive enterprise.

The result is a growth model in which people work hard but the value produced per hour rises slowly. Over time, that limits wage growth and makes New Zealand less competitive with Australia and other higher-income economies.

2. Population Growth, Migration and Citizen Outflow

The reopening of the border produced a sharp increase in net migration. This relieved labour shortages and supported demand, but population growth also increased pressure on housing, transport, schools and health services.

- Net migration rose rapidly after the pandemic, reaching historically high levels in 2023.
- At the same time, departures of New Zealand citizens reached record levels in 2024.
- A large share of departing citizens moved to Australia, where many occupations offer higher pay and larger career markets.
- New Zealand can therefore record population growth while losing locally trained citizens and replacing them with new arrivals.

This is not simply a demographic issue. When young and skilled citizens leave, New Zealand loses taxpayers, experience and the public investment made in their education and health. If immigration is used mainly to refill the population rather than increase productivity, the cycle can continue indefinitely.

Population replacement is not the same as national progress.

3. Household Debt, Capital Misallocation and Fiscal Pressure

High household debt reflects the central role of property in the economy. Housing debt absorbs income that could otherwise support consumption, business formation or productive investment. Rising land values reward existing owners, but they also raise the entry cost for younger households.

- Household debt has remained high relative to disposable income.
- Property investment has often appeared safer and more rewarding than investment in new businesses.
- The tax system relies strongly on labour and consumption while treating some forms of capital gain more lightly.
- Government expenditure has continued to rise while fiscal deficits remain substantial.

In 2024/25, total Crown expenditure was projected at approximately NZ$183.5 billion, with a large operating deficit. Ageing, welfare commitments, health costs and infrastructure needs make fiscal repair difficult. The challenge is not simply to spend less, but to ensure that spending produces measurable public value.

4. Housing, Land and Artificial Scarcity

New Zealand is not physically short of land. It is short of land that is legally available, infrastructure-ready and commercially feasible for housing.

- Planning controls have limited both outward expansion and higher-density redevelopment.
- Infrastructure financing constraints prevent councils from opening new land quickly.
- Development contributions and approval costs are passed into new-house prices.
- Theoretical zoning capacity is often far greater than the amount that can actually be built.
- Low holding costs can encourage land banking and delayed development.

The outcome is a transfer of wealth from renters, new buyers and younger generations to established landowners. High housing costs also weaken labour mobility, make it harder for firms to recruit and contribute to citizen emigration.

The political economy matters. When policymakers own large property portfolios, public confidence can be damaged even where no unlawful conduct is proven. Formal disclosure is not enough if decision-makers remain involved in policies that directly affect their own investment returns.

A housing system cannot be called successful when land rises in value faster than work creates income.

5. Public Services Under Capacity Pressure

Health, education, transport and social services have faced growing demand. Population growth, ageing and workforce shortages have all increased pressure, while new funding has often been absorbed by wage catch-ups, historical liabilities and operating deficits.

- Hospital waiting times and workforce shortages remain major concerns.
- School capacity and teacher recruitment are under pressure in fast-growing areas.
- Transport networks have not kept pace with population growth in major cities.
- Public-sector wage disputes often escalate before governments make large adjustments.
- Past administrative errors, including Holidays Act payroll liabilities, have created large costs without adding new services.

A recurring pattern is visible: governments delay action, the problem becomes a crisis, and emergency funding is then used to restore temporary stability. This approach is more expensive than early planning and weakens confidence in public administration.

6. Crime, Gangs and Social Stability

New Zealand remains safe by international standards, but several indicators have moved in the wrong direction. Gang membership has increased, serious youth offending has attracted public concern, and Australian deportation policy has transferred additional criminal and social risk to New Zealand.

- Recorded gang membership rose strongly after 2017.
- Some regions experienced especially rapid growth in gang numbers.
- Research on Australian section 501 deportees found high rates of reoffending after return to New Zealand.
- Many deportees had weak social ties in New Zealand and were vulnerable to gang recruitment.

Crime cannot be separated from housing instability, educational failure, addiction, family violence and weak labour-market attachment. However, recognising structural causes does not remove the need for equal law enforcement and public protection.

7. Trade and Industrial Structure

New Zealand is highly dependent on trade, but exports remain concentrated in primary products. Dairy, meat, forestry, horticulture and tourism generate most foreign earnings, while technology and specialised services are growing from a smaller base.

- China and Australia are major export markets.
- Primary-sector exports are globally competitive but exposed to commodity prices and biological risk.
- Manufacturing has declined as a share of the economy in several areas.
- Technology exports are growing, but the sector still employs a limited share of the workforce.
- Many domestic services are necessary but have low measured productivity.

The strategic goal should not be to abandon agriculture or tourism. It should be to process more products domestically, develop intellectual property, increase advanced manufacturing and build exportable services that produce more value per worker.

8. Social Division and the Erosion of Trust

Economic and institutional problems increasingly divide society into groups with very different experiences: owners and renters, older asset holders and younger taxpayers, public insiders and ordinary citizens, beneficiaries and long-term contributors, those able to leave and those who remain.

- Housing wealth has widened the gap between generations.
- Public-service shortages create competition between communities.
- Migration and identity debates become more intense when infrastructure is inadequate.
- Perceived conflicts of interest weaken trust in policy decisions.
- Repeated policy reversals create the impression that public projects serve political networks rather than national needs.

One of the clearest signals of lost confidence is emigration. When citizens believe that hard work will not produce housing, security or fair opportunity, leaving the country becomes a rational response.

The final cost of poor governance is not only financial. It is the loss of a shared belief that the system is fair.

9. Governance and Accountability

New Zealand's institutions are generally stable, but stability should not be confused with adequate accountability. Major projects can be cancelled, redesigned or overspent with limited personal consequence. Political turnover can reopen contracts, advisory appointments and project structures, creating opportunities for repeated spending.

- Major decisions should identify who proposed, advised, approved and altered them.
- Conflicts of interest should require genuine withdrawal from information, discussion and voting.
- Public contracts should disclose beneficial ownership, political donations and related-party relationships.
- Serious fraud or unlawful transfer of public assets should remain recoverable for an extended period.
- Performance should be measured by outcomes, not reports, meetings or expenditure alone.

A public-service supervision framework should distinguish honest error from incompetence, serious negligence, conflict of interest and fraud. The more deliberate the conduct, the stronger the personal, professional, financial and criminal consequences should be.

10. Integrated Reform Direction

Structural problem	Reform direction	Measure of success
Low productivity	Shift investment toward technology, equipment, skills and exportable firms	Higher output and real wages per hour
Migration-capacity mismatch	Link immigration to housing, infrastructure and fiscal capacity	Population growth no longer reduces per-capita services
Housing scarcity	Release serviced land, reform planning and expose land-banking incentives	Lower house-price-to-income and rent-to-income ratios
Citizen outflow	Improve wages, housing access and career pathways	Falling net loss of New Zealand citizens
Public-service crisis management	Publish long-term workforce and	Fewer emergency funding rounds

	capacity plans	and shorter waiting times
Weak accountability	Decision traceability, real recusal and financial recovery powers	Lower project waste and more successful recovery of losses
Capital concentration in property	Improve productive-investment incentives and competition	More business investment and higher domestic ownership of growth firms

11. A National Capacity Test

Every major policy should be tested against a common national-capacity framework:

- Does it raise productivity per person?
- Does it improve real wages and household affordability?
- Does it increase housing and infrastructure capacity?
- Does it create a positive long-term fiscal contribution?
- Does it strengthen equal treatment and social trust?
- Does it reduce the incentive for citizens to leave?
- Are the decision-makers accountable for the result?

FIXNZ principle: policy success should be measured by whether New Zealand becomes more capable of housing, paying, protecting and retaining its own people.

Conclusion

New Zealand's structural problems reinforce one another. Weak productivity limits wages. Low wages make housing less affordable. High housing costs drive citizens overseas. Migration then replaces population and labour, but adds further pressure if infrastructure does not expand. Public services become more expensive, fiscal deficits widen, and social trust weakens.

The country therefore needs more than isolated policy changes. It needs a consistent national framework that rewards production over speculation, links population growth to capacity, requires real accountability and measures progress by outcomes per person rather than by headline totals.

A country is not repaired when the numbers grow. It is repaired when ordinary people can build a secure life, public institutions deliver, and citizens believe the future is worth staying for.

References and Source Notes

1. Stats NZ migration, population and national accounts reporting.

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4. OECD productivity, research and development, and migration analysis.

5. Immigration New Zealand and Ministry of Business, Innovation and Employment publications.

6. Auckland Council and other local-authority housing-capacity and infrastructure reports.

7. Ministry of Justice, New Zealand Police and research on section 501 deportees.

8. Public registers and parliamentary disclosures concerning property and financial interests.

9. Trade and export reporting from Stats NZ, the Ministry for Primary Industries and industry sources.

10. The Chinese-language source edition from which this English publication was editorially reconstructed.

Editorial Note

This English edition is a translated and editorially reconstructed version of a Chinese-language research reference. The organisation and language have been standardised for an English-speaking New Zealand audience. Time-sensitive figures should be checked against the latest official releases before quotation.