



A blue wooden building on a pier over water at dusk. The sky is a deep blue with some clouds, and the water is calm. In the background, there are some lights and buildings across the water.

FOCUS

Australia & New Zealand

Australia and New Zealand belong to the “Australasia” region, together with the island of New Guinea, and neighbouring islands in the Pacific Ocean.

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The current geopolitical use of the name only refers to these two countries, who share some common features but also differ significantly in their history and culture. Both colonised by the British since the 18th century, Australia and New Zealand have been a destination for migrants, for a long time although Australia was founded to be a penal colony while New Zealand was founded to be a religious colony. The geographic landscape is also very different, with Australia's immense deserts contrasting with lakes and glaciers of its smaller neighbor.

Australia

Economic outlook

According to the OECD's latest economic survey, Australia is among the countries with the highest living standards in the world, thanks to good macroeconomic policies that allowed a relatively painless passage through the global financial crisis. However, an significant share of the country's economy still depends on the mining sector, with exports of coal and iron ore accounting for nearly 45% of total goods and services exports (nominal terms) and about 10% of GDP. After a peak in commodity trade, the declining prices of coal and iron are combined with a budget deficit, generated by stimulus spending to offset the effects of the global recession, have caused a temporary slowdown in the country's economic growth. Business investment is now expected to target other activities such as tourism and services aimed at the Asia-Pacific region, in order to diversify the economy and provide a basis for a more balanced growth in the future. Another current issue is the booming house prices in some urban areas: even though boosting construction and partly compensated the drop in resource-based income, they also increase the risk of economic shocks in case of a sharp drop of prices. However, the relatively sound fiscal balance and the government's objective of a budget surplus by the early 2020s are positive backgrounds for the advancement of the non-resource sector, supported by historically low interest rates and a fall in the exchange rate.

According to current estimates, the Australian economy is forecast to grow 2.5% in 2014-15 before accelerating to 3% in 2015-16, a below-trend rate that requires interventions to restore the country to its potential growth prospects. Yet, the overall economic outlook is positive, since Australia has a highly competitive regulatory framework with simplified procedures for business formation and flexible labor regulations.

The government has reduced tariff and non-tariff barriers and the open financial sector is well-developed, with prudent regulations that saved banks from big shocks during the international crisis.

The government has also planned a series of interventions aimed at pursuing market-oriented policies that promote open trade and investment flows, as well as improving productivity and managing the transition from resources led to non-resources led growth. Fiscal consolidation and redirection of spending towards infrastructure, productivity and workforce participation are the pillar concepts of these measures, including:

- A \$11.6 billion Infrastructure Growth Package announced in the 2014-15 Budget, leading to additional investment from State and Territory governments and the private sector for total \$125 billion of infrastructure investment.

- An Asset Recycling Initiative providing \$5 billion in incentive payments to State and Territory governments to sell assets and reinvest both the proceeds from selling the assets and the incentive payment from the Government in new economic infrastructure, for a potential \$33 billion of additional infrastructure investment.

- Employment welfare reforms aimed at boosting labour supply, creating more jobs and making the Australian economy more flexible, including: pension age increase to 70 years by 2035, with an expanded wage subsidy scheme to boost employment opportunities for mature age jobseekers; introduction of a new Paid Parental Leave Scheme from 1 July 2015 to support higher levels of participation of women by providing recipients with up to 26 weeks of replacement wage.

- A Higher Education Reform Package will increase Australian universities' competitiveness and equitable access.

Other broad-ranging actions are aimed at reducing the regulatory burden on businesses, domestic and foreign, operating in Australia. For instance, the company tax rate will be cut by 1.5 percentage points from 1 July 2015.

Despite the positive impact expected from government reform packages, the Australian economy is still subject to several challenges including wide socio-economic gaps between the 3% of Indigenous Australians and the rest of the population. The OECD reports that Indigenous people's life expectancy is about 10 years lower and employment rate is 25 percentage points lower than the non-indigenous majority.

When it comes to the environmental issue, Australia's Great Reef is the canary in the coal mine signaling the worrying progression of climate-change and pollution on a global scale. The government has recently repealed a controversial carbon tax to replace it with a greenhouse-gas reduction mechanism, but pollution is not the only challenge, since Australia also faces relevant water supply issues and is subject to severe droughts.

Major pressure comes from environment-friendly organisations to preserve the peculiarity of Australia's natural landscape and fauna, particularly in view of the country's massive mining and extraction activity. The forecasted shift to a non-resource driven economy is therefore a welcome step towards a more sustainable growth that may preserve the unique characteristics of this island-continent.

As regards foreign trade, Australia will establish a Trusted Trader Programme that will grant low-risk frequent traders and industry partners exporting to Australia reduced border compliance costs. Moreover, as a part of the trade liberalisation agenda, Australia is conducting sector-specific negotiations to reduce tariffs on environmental goods, liberalise services and expand the information technology agreement product list.

Recently signed free trade agreements (FTAs) with Japan and Korea, respectively Australia's second and fourth biggest trading partners, and will eliminate all tariffs on \$28.4 billion imports, with around 85% of the tariffs receiving duty-free treatment on entry into force.

Healthcare

Australia's health system is composed of a network of public and private providers. The Australian government provide funds to public hospitals, but they are managed by state and territory governments, while private hospitals are owned and operated by the private sector. The Australian Government and state and territory governments fund and deliver a range of other health services, including population health programs, community health services, health and medical research, Aboriginal and Torres Strait Islander health services, mental health services, and health infrastructure. Primary health care is typically provided by general medical and dental practitioners, nurses, Indigenous health workers, pharmacists and other allied health professionals, either in general practices, Aboriginal and Community Controlled Health Services, community or allied health centres.

According to the Australian Institute of Health and Welfare, spending on primary care services almost equals spending on hospital services, accounting for 36.1% (\$50.6 billion) of total health expenditure in 2011-12 compared with 38.2% (\$53.5 billion) on hospital services.

Secondary care provided upon referral includes services provided by both public and private hospitals and specialist medical practices. In 2011-12, there were 1,345 hospitals in Australia and total hospitalisations rose by 4.6% to almost 9.3 million from 2010-11 to 2011-12.

Australia has immense inhabited areas where human settlements are scattered at long distance from each other. In such a context, telehealth services and technology can make a big difference to people living in regional, rural and remote areas who previously had to travel to the nearest major city to see a specialist, and who can instead use video-conferencing and teleconsulting. The government has established a number of Primary Health Networks, to be operational from 1 July 2015, in replacement of 61 Medicare Locals that were used to deliver services to meet particular local needs. Moreover, 136 Local Hospital Networks link services within a region or through specialist networks across a state or territory. Whether LHNs

include a number of local hospitals, or just one, they enjoy autonomy and flexibility in responding to local needs. 123 LHNs are geographically based and 13 are state or territory-wide networks that provide specialised hospital services across jurisdictions.

Health expenditure in Australia is around 9% of GDP, with almost 70% of funding provided by government and the remaining 30 divided among out-of-pocket payments (17%), private health insurers (8%) and accident compensation schemes (5%).

The universal public health insurance scheme, Medicare, was introduced in 1984 to provide free treatment for public patients in public hospitals, the payment of benefits or rebates for professional health services listed on the Medicare Benefits Schedule, and subsidisation of the costs of a wide range of prescription medicines. The Medicare scheme can be integrated with private health insurance coverage, while lower income households can benefit from further support such as smaller out-of-pocket costs. Medicare, however, does not cover ambulance services, most dental examinations and treatment, as well as a range of therapies, physical aids and medical and hospital services which are not clinically necessary. Additional government programs target people living in rural and remote Australia, Indigenous Australians, those with chronic illnesses and older Australians.

Private health insurance covers services not covered by Medicare, including dental services. Currently, around 11 million of Australians, or 47% of the population, has some form of private hospital cover and 12.7 million (55%) had some form of general treatment cover. According to a recent article by the Sydney Morning Herald, private health insurance premiums are expected to rise by 7% in 2015 because of increased use of services, rising care costs and more expensive medical technology. The annual increase is based on the expected rise in the cost of private hospitals and medical providers payment.

Dental care

According to the Australian Dental Association, there are 20,749 registered dental practitioners in Australia. The dental services market is dominated by private dental practices and funded by individual payments, although public dentistry is also present. Demand for dental services is influenced by either financial or geographical factors, resulting in more than 30% of the population having some difficulty in accessing dental care, especially residents of rural and remote areas and indigenous people.

FOCUS ON Australia & New Zealand

Cover Photo

Matilda Bay
boathouse in
Perth, Australia.

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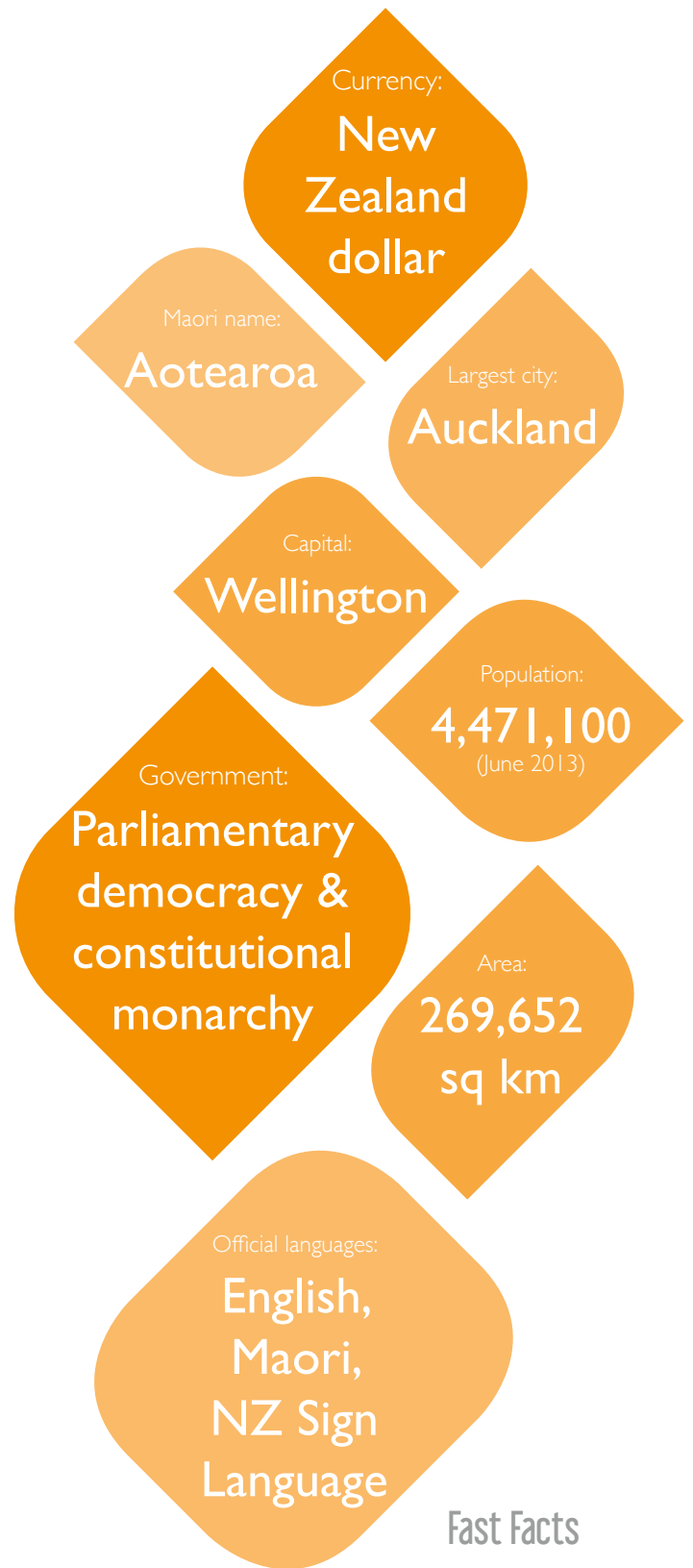
On the other hand, the urban areas are registering an emerging surplus of dentists. As a general trend, such a surplus is expected to be fully evidently within 5 years, since the increasing number of graduates from Australia’s dental schools is likely to bring the number of dentists per 100,000 from 53.6 in 2010 to about 65 in 2020, according to a projection by the Australian Workforce and Productivity Agency.

The Australian dental market has been affected by the unwinding economy and reduced consumer confidence, also in consequence of the removal of a Government-funded Chronic Disease Dental Scheme.

New Zealand

New Zealand is composed of two main islands and numerous smaller islands, totalling approximately the same size of United Kingdom or the Philippines.

The volcanic area of the Pacific Rim, where the country lies, causes earthquakes such as the one that hit the city of Christchurch in the South Island in 2011. Despite a generally temperate climate, New Zealand is subject to frequent droughts that can have a strong impact on the country’s agricultural activity. Known as Aotearoa or “land of the long white cloud” for the Maori inhabitants, it was one of the last land masses to be settled by humans, as their early ancestors arrived on their canoes the 14th century.



Photo

Emerald Lakes, Tongariro National Park, New Zealand

*Pichugin Dmitry
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Gross domestic product (GDP)
Last 5 year average growth (%) **1.7**

Gross domestic product (GDP) in current prices (billion USD) **1 505**

AUSTRALIA

Gross domestic product (GDP) in current prices (billion AUD) **1 556**

Gross domestic product (GDP) per capita (000 USD PPP) **44.6**

Basic Statistics

OECD Economic Surveys: Australia

STATISTICS — AUSTRALIAN DENTAL INDUSTRY INTELLIGENCE REPORT

1.7%

Latest 5-year average growth (%)

14.4%

Population over 65 (%)

27.0%

Foreign Born (% 2011)

23.1%

Population (million)

18.9%

Population under 15 (%)

A key role for the Australian Dental Industry Association (ADIA) is to provide the information necessary for its member businesses to grow, create jobs and operate sustainably. To this end, ADIA publishes the Australian Dental Industry Intelligence Report which has rapidly gained a reputation internationally as the most authoritative analysis of the Australian market for products and services supplied by the dental industry to dentists and allied oral healthcare professionals. The latest edition of the report can be viewed at: www.adia.org.au

ADIA Argues For Reduction In Dental Product Red Tape

THE AUSTRALIAN GOVERNMENT is conducting a review of the current regulatory framework for medicines and medical devices aimed at reducing the burden faced by manufacturers and suppliers and cutting unnecessary red tape. The Australian Dental Industry Association has tendered a detailed submission in response to the discussion paper issued by the government. ADIA's position was based on the key requirement that "the TGA's medical device regulatory framework be based on a risk management approach designed to ensure public health and safety, while at the same time freeing industry from an unnecessary regulatory burden."

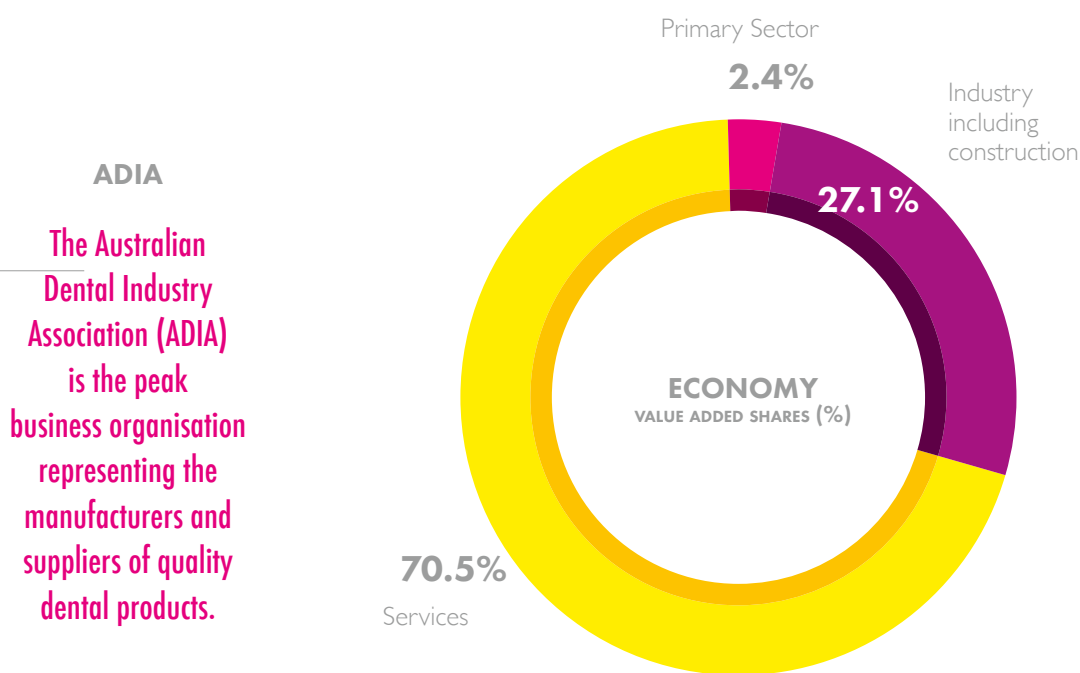
In response to the issues raised in the discussion paper released by the review panel, outlining a number of options to reduce the current red tape faced by businesses in the medical device sector, ADIA stated four key recommendations:

"The focus of the TGA should be on establishing protocols with European Union Designating Authorities that will see acceptance (for Australian regulatory purposes) of Notified Bodies acceptable within each European Union member state;

"The TGA should approve the inclusion of a medical device on the ARTG, regardless of classification of the device, on the basis that it has been approved for the same purpose by a "trusted" overseas regulator;

"Australia should adopt the European Union classification system for medical devices; and "Low-risk medical devices that are not the subject to an independent conformity assessment should continue to be included on the ARTG"

Editor's note: The full release and reference is available on ADIA's website: www.adia.org.au



OECD Economic Surveys: Australia

Land, People and Electoral Cycle

MEN **79,9** Life expectancy (years, 2012) WOMEN **84,3**

OECD Economic Surveys: Australia

Whereas the public health system focuses on urgent and essential treatments, private healthcare includes specialist services, primary care and private hospitals which provide non-urgent and elective treatments.

Five hundred years later, the country had been colonised by Great Britain and the Treaty of Waitangi was signed with the Maori tribes. Currently, around 600,000 Maori live in New Zealand, keeping alive their language, art, and culture. It is worth mentioning that in 1893 the country became a world's pioneer as the first to grant all women the right to vote. The following year the government adopted compulsory arbitration between employers and unions and a few years later it also introduced the first general pensions scheme in the British Empire.

Economic outlook

New Zealand's economy has been opened to foreign investment after a series of free-market reforms started in the 1980s. New Zealand is one of the top five dairy exporters in the world and the farming industry is a core activity, but the service sector and in particular tourism, film production, and winemaking have also become important assets in the country's economy. Australia is the main trade partner, having a close tie that allows citizens to travel and move freely across the two countries. Other major partners are China, the United States, and Japan.

After a post-crisis slowdown in 2009, New Zealand returned to grow at a constant pace and GDP yearly increase is now around 3%, with per capita GDP in current prices estimated at over \$47,000.

The export-driven growth, supported by demand from Australia and China, was further boosted by the rebuilding of Christchurch. Moreover, the government operated interventions on taxation and spending cuts which resulted in a faster and sounder recovery compared to many other developed economies, although this outcome is also tied to New Zealand's position in the Asia-Pacific market which has also been faster in recovering from the crisis.

Healthcare

New Zealand residents, or workers with a visa valid for two years or more, benefit from a public health system that is free or low cost thanks to heavy Government subsidies. However, there may be some co-payments required for services involving private providers.

The public health system is articulated in three key sectors: the District Health Boards (DHBs), funded by the government and provide or fund health and disability services in their district, and the Primary

Health Care out-of-hospital services, not necessarily government-funded, including general practice, mobile nursing and community health services. These services are coordinated by local Primary Health Organisations. Whereas the public health system focuses on urgent and essential treatments, private healthcare includes specialist services, primary care and private hospitals which provide non-urgent and elective treatments such as recuperative care, elective procedures and a range of general surgical procedures, as well as diagnostic services such as radiology and laboratory testing. However, private accident, emergency and medical clinics also operate in the delivery of urgent care.

If a resident or a visitor has an accident or injury, the Accident Compensation Corporation (ACC), the government's personal injury scheme, covers the full range of personal injuries and subsidises related medical and treatment fees and rehabilitation costs or residential care.

Dental care

Adult oral health services in New Zealand are almost all delivered through a market-driven, private practice model and are funded directly by patient payments, while it is free for eligible children up to 18 years of age. In absence of fixed or recommended fees, dental practices set their fees according to where it is located, whether it is a specialist or general dental practice, and the degree of advanced equipment or techniques used. Some groups are entitled to receive free dental services, including people with disabilities or medical conditions such as mouth cancer who can get hospital treatment upon referral, or people on low incomes who may be eligible for emergency or basic dental care.

According to the New Zealand Dental Council, there are approximately 2,700 dentists in the country, but their distribution is quite uneven. Due to the predominantly private nature of the market, the groups of higher socio-economic status are those that have easier access to dental care, but also those with lower levels of oral disease. Moreover, there is a particular need for dentists in the provincial areas of New Zealand. The number of dentists is expected to grow by around

2.8% per year until 2018, also in consequence of government's support to the immigration of skilled dentists in New Zealand.

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Ministry of Business, Innovation and Employment - <http://www.mbie.govt.nz/>



PHOTO
**Moeraki
Boulders
at Sunrise**

The Moeraki Boulders on the East Coast of New Zealand's South Island.

Photographed at first light with blurred water lapping over the formation

Candid Wedding

jschallerphotography /

istockphoto