

Challenges to & opportunities for improving productivity in a post-COVID world

Dr Ganesh Nana, Chair
New Zealand Productivity Commission



NZ Productivity Commission

- Established 2011 as an Independent Crown Entity
- Purpose – “to provide advice to the Government on improving productivity in a way that is directed to supporting the overall wellbeing of New Zealanders, having regard to a wide variety of communities of interest and population groups in New Zealand society”
- Must act independently



Thinking about productivity

- NZPC Act emphasises “overall wellbeing” of NZers.
- Implies broad definition of productivity – ie, changes that enhance our resources.
- Living Standards Framework identifies 4 sets of resources:



Physical
capital



Human
capital



Natural
capital

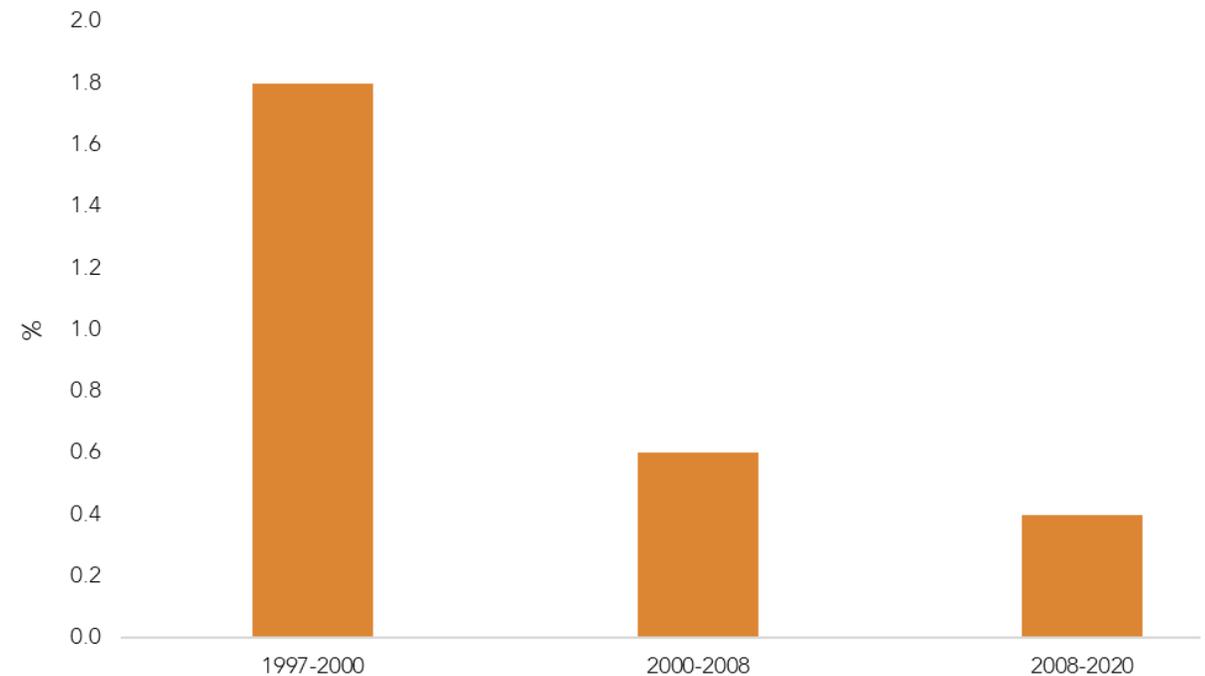


Social
capital

Past performance has been poor

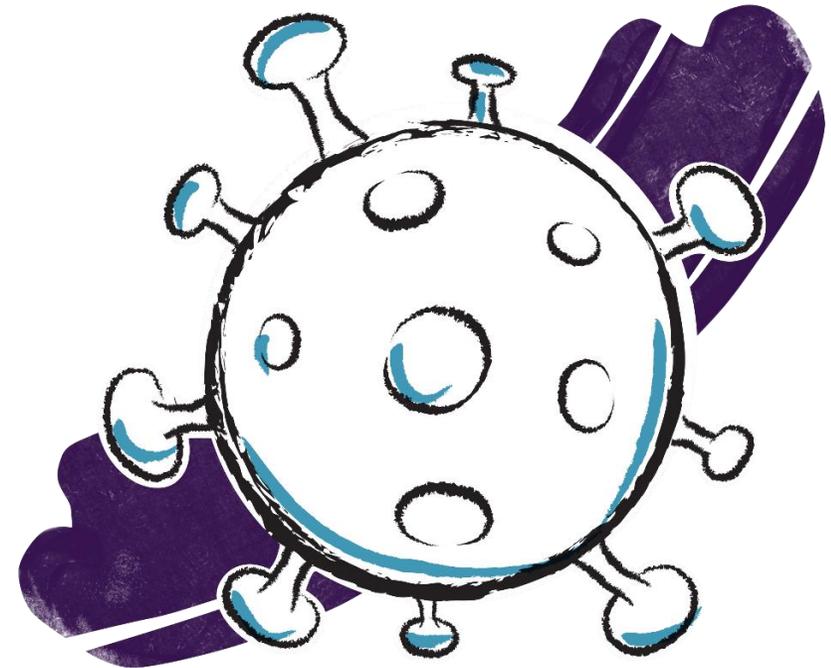
- NZ's productivity improvement is slowing.
- This limits our ability to make progress on the 4 capitals.
- COVID 'reset' chance to change direction.

Average annual multifactor productivity growth in the measured sector, by growth cycle (March years)



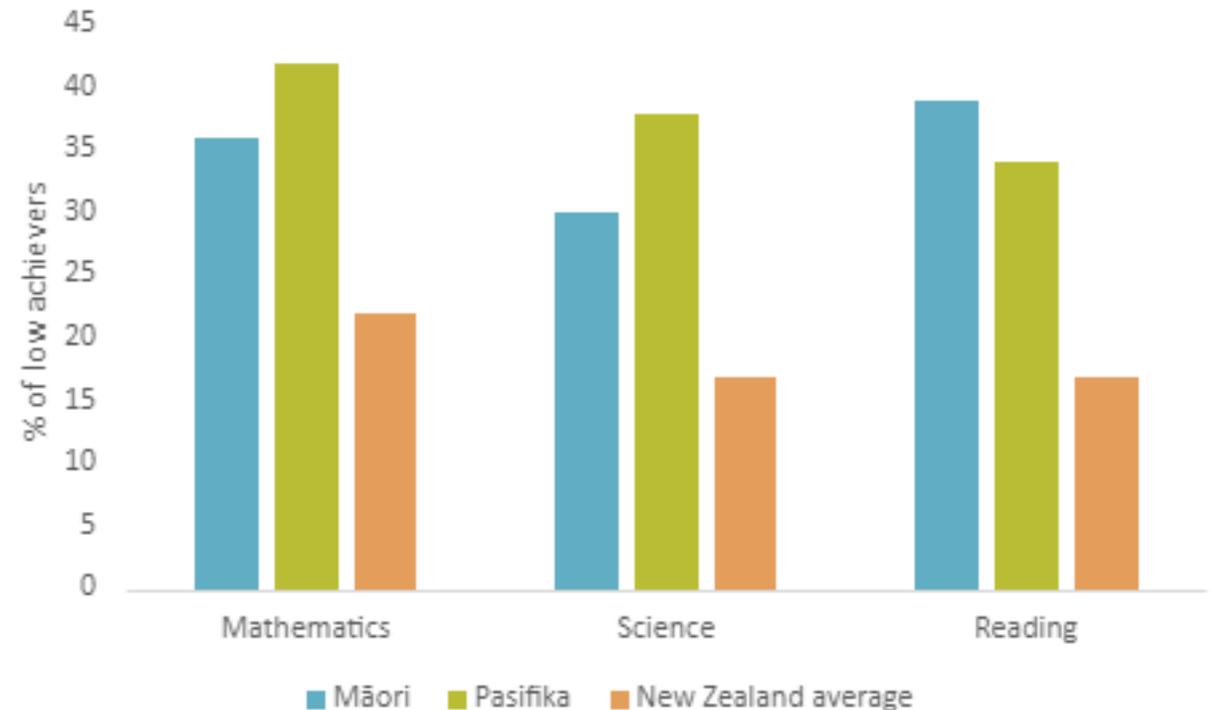
The overall impact of COVID

- Less dramatic than initially feared.
- Accentuated some long-standing challenges.
- Highlighted some known strengths.



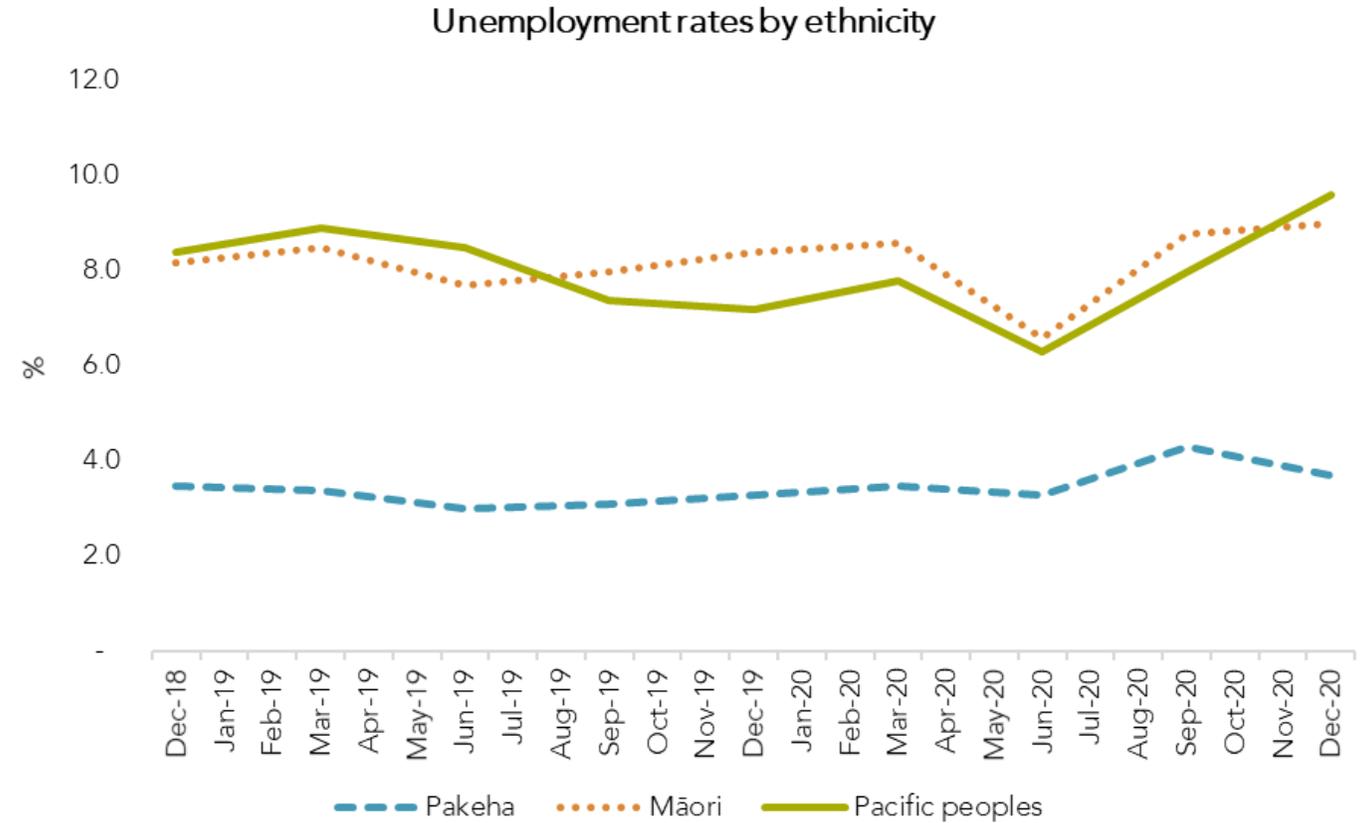
Challenges & strengths: skills

- Large skill gaps by ethnic group.
- International experience suggests lockdowns & school closures hit minority and poor students hardest.



Challenges & strengths: work

- Prior differences in income & labour market participation.
- COVID job shock felt most strongly by Māori, Pacific.



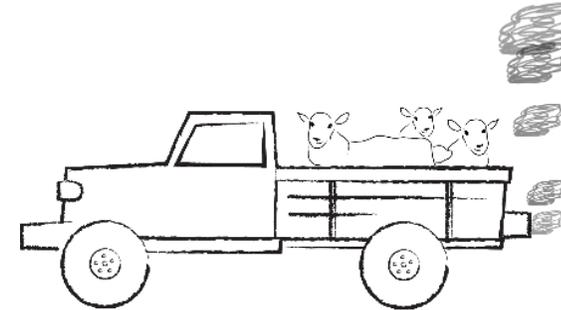
Challenges & strengths: distance

- **Size and location:** helpful for COVID mgmt, but
 - Travel restrictions limit international connections
 - Supply chain constraints & goods shortages
 - Tourism losses



Challenges & strengths: economy & society

- **Carbon-intensive economy:** brief, but not sustained, fall in emissions during lockdown.
- **Social capital:** cohesive and effective COVID response.

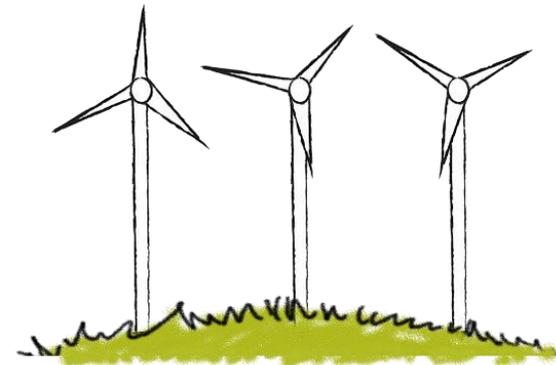
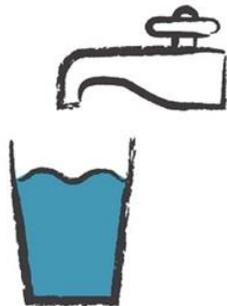


Be kind

Unite
against
COVID-19
New Zealand Government

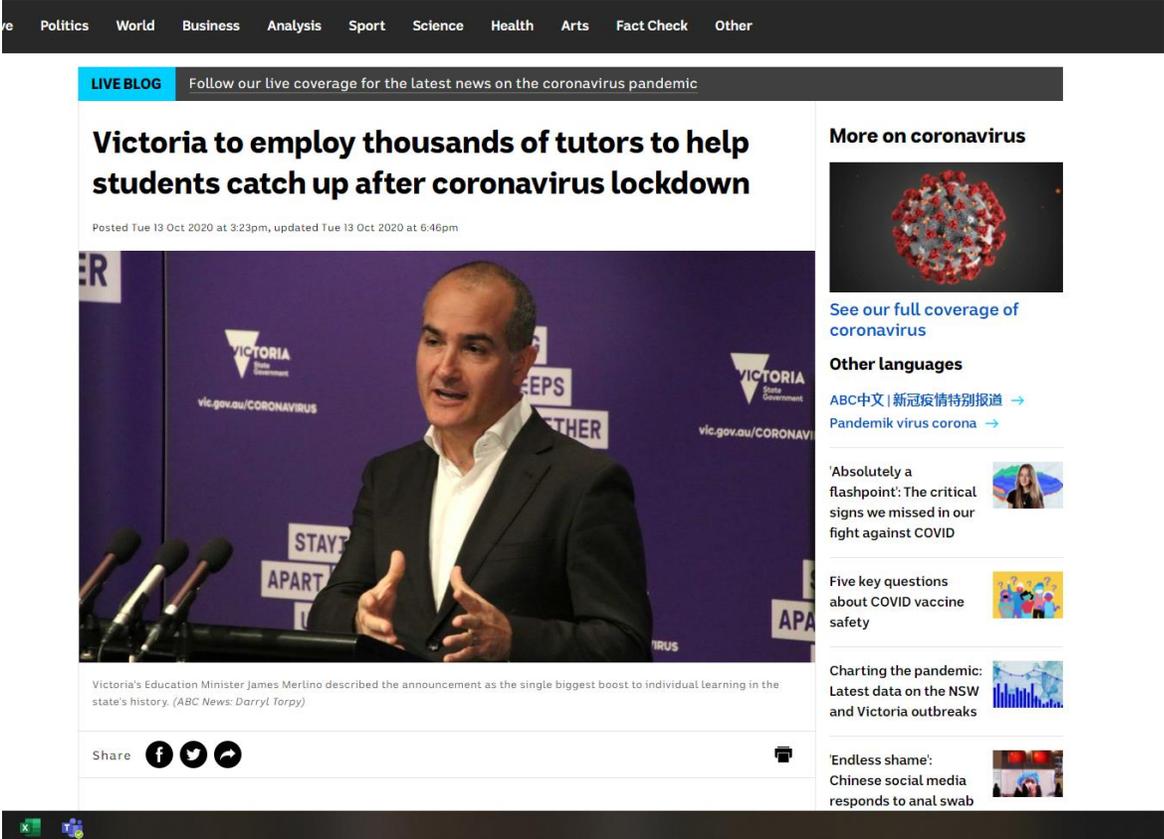
Opportunities

- **Physical capital:** COVID uncertainty may discourage investment, but:
 - Govt infrastructure programme, InfraCom could boost confidence
 - Can use existing assets better (eg, congestion charging, 3 Waters)
 - Focused innovation policy would support frontier firm growth
 - Online shopping growth could help SMEs control costs.
 - Implications of remote work, online shopping for cities, CBDs & regional NZ?



Opportunities

- **Human capital:** Future is skill-biased.
- Need to urgently tackle achievement gaps.
 - Address declining core skills
 - Look at int'l experiments on closing gaps (eg, targeted intensive tutoring in Victoria, Aus)



The screenshot shows a news article from ABC News titled "Victoria to employ thousands of tutors to help students catch up after coronavirus lockdown". The article is dated Tuesday, October 13, 2020, at 3:23pm, with an update at 6:46pm. The main image shows Victoria's Education Minister James Merlino speaking at a podium. The background features the Victorian Government logo and the slogan "STAY SAFE, STAY APART, STAY TOGETHER".

LIVE BLOG Follow our live coverage for the latest news on the coronavirus pandemic

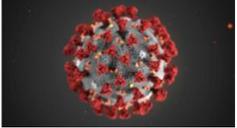
Victoria to employ thousands of tutors to help students catch up after coronavirus lockdown

Posted Tue 13 Oct 2020 at 3:23pm, updated Tue 13 Oct 2020 at 6:46pm

Victoria's Education Minister James Merlino described the announcement as the single biggest boost to individual learning in the state's history. (ABC News: Darryl Torpy)

Share   

More on coronavirus



[See our full coverage of coronavirus](#)

Other languages

[ABC中文 | 新冠疫情特别报道 →](#)

[Pandemik virus corona →](#)

'Absolutely a flashpoint': The critical signs we missed in our fight against COVID 

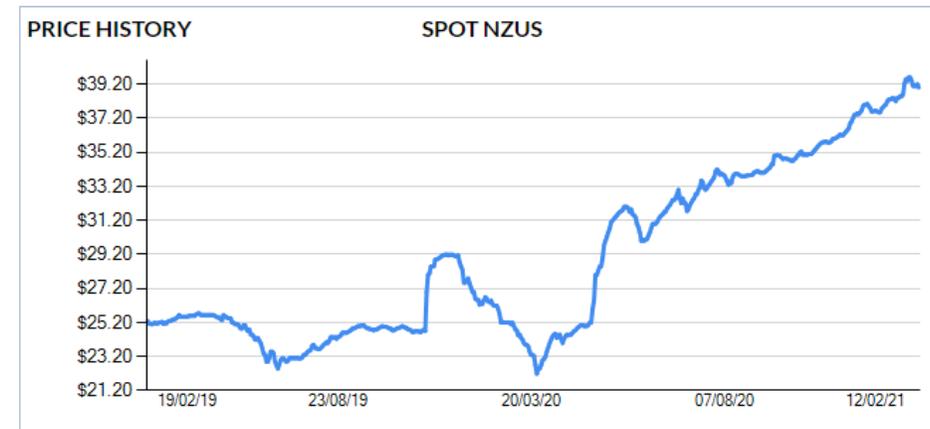
Five key questions about COVID vaccine safety 

Charting the pandemic: Latest data on the NSW and Victoria outbreaks 

Endless shame: Chinese social media responds to anal swab 

Opportunities

- **Natural capital:** climate change action feasible & timely.
- NZPC, CCC reports have shown paths & options.
- Clear and consistent policy & economic signals will matter.



Opportunities

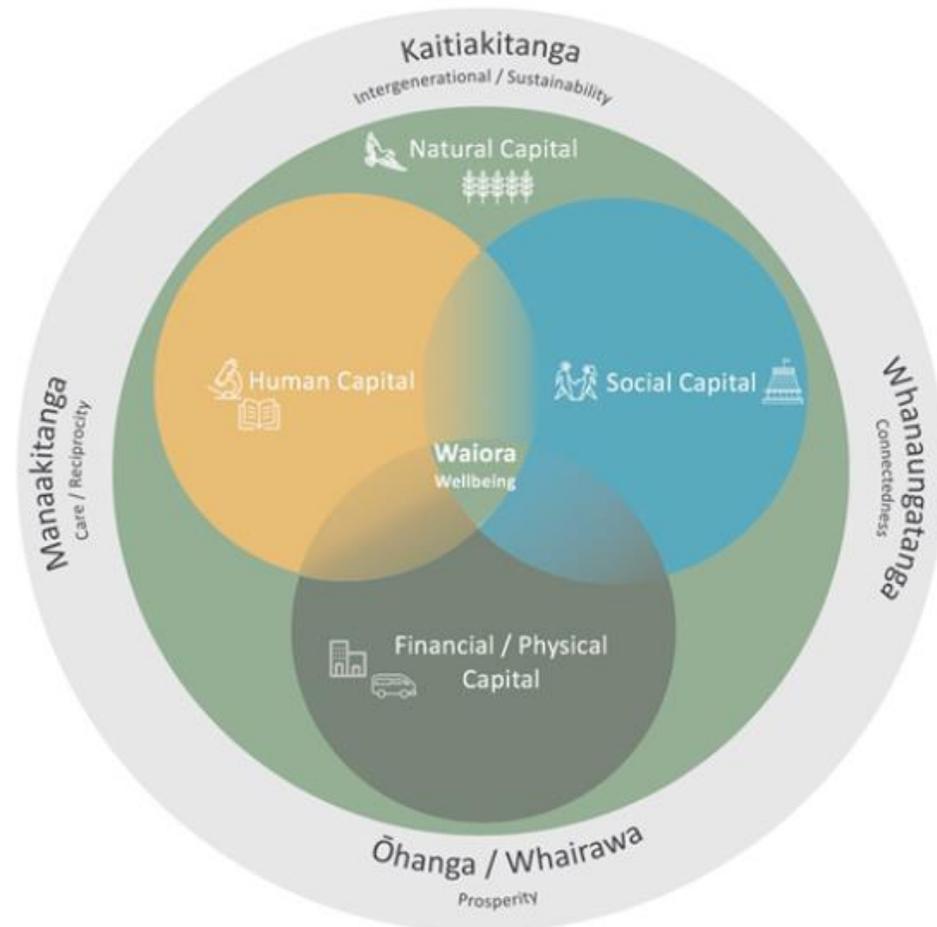
- **Social capital:** make growth more inclusive, and community more receptive to change:
 - Better income-smoothing for displaced workers
 - More flexible & accessible adult training.
 - Acknowledgement of unpaid/voluntary work's contribution



My role

- Core NZPC role: “promote public understanding of productivity-related matters”
- Productivity needs champions & broad community support if necessary changes are to be made.

Te Ara Waiora



Thank you

Visit our website to find out more and to subscribe to updates:

www.productivity.govt.nz

