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| 103 | The Committee notes the Government has not yet responded to two of the Commission’s inquiries: *More effective social services* report and its *Boosting productivity in the services sector* report. Is it of any concern to the Commission that the Government has not yet responded to these inquiries? | The Government is under no obligation to implement Commission recommendations or to respond to our final reports. Under our Act the Responsible Minister is only required to present a copy of our final report to the House of Representatives “as soon as practicable after the Minister receives it”. In practice, however, the Government has chosen to issue formal responses to the majority of the Commission’s inquiry reports, spelling out which recommendations it agrees with and will implement. We welcome that practice and encourage the Government to continue it. We are aware of work underway within agencies to consider and respond to the *More effective social services* report and are aware that *Boosting productivity in the services sector* has also been influential within relevant agencies. The latter report was, by its nature and in some respects, less open to specific policy responses. |
| 104 | The Committee notes the Commission has reported that the Government has agreed to implement most of the Commission’s recommendations contained in its *Using land for housing* report*.* What were the more significant recommendations in the report, and how has the Government implemented them? | The *Using land for housing* inquiry final report contained a number of findings and recommendations to improve processes used by Government and Councils to provide land for housing, including:

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| Government should: | Councils should: |
| * Removal of barriers to the use of charges such as road tolls and congestion charges
 | * Make greater use of existing tools to fund growth such as targeted rates
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| * Removal of rates exemptions on some Crown-owned land
 | * Price infrastructure to recover costs from those who benefit (user pays)
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| * Removal of barriers to contracting for water services
 | * Better manage infrastructure and allow growth to occur where spare capacity exists
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| * Creating an inventory of Crown-owned land
 | * Adopt rating systems that encourage the efficient use of land
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| * Improving the Resource Management Act
 | * Ensure land use restrictions pass robust cost benefit tests
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| * Improving governance and performance benchmarking of infrastructure
 | * Ensure CCOs are aligned with plans for growth
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The Commission also identified areas where more fundamental change is needed:* *An overhaul of planning legislation*. The current planning system gives insufficient attention to cities and housing and makes it hard to integrate decisions about land use, transport and infrastructure. A review of planning legislation is needed to reduce duplication, rationalise processes, and increase the system’s ability to respond to changes to demand.
* *Government should assist councils to develop inner-city sites*. Some councils are establishing urban development authorities (UDAs) to pursue redevelopment of city centres. The Government should assign UDAs compulsory acquisition powers and streamlined planning processes, with Ministerial oversight.
* *Steps needed to ensure that councils make enough land available*. Government should set a land price threshold, above which councils would be required to bring forward the release of greenfield land and service it with infrastructure

Government actions already taken in response to the report include developing a National Policy Statement (NPS) on Urban Development Capacity requiring local council to ensure land supply for housing keeps ahead of population and economic growth; creating a Housing Infrastructure Fund to address constraints faced by high growth councils by providing access to finance for core infrastructure needed to unlock residential development; and, developing urban development legislation for designated large-scale development anywhere in New Zealand.Following the *Using land for housing* inquiry the Government asked the Commission to undertake a first-principles review of the New Zealand planning system (i.e. our current *Better urban planning inquiry*) and identify the most appropriate system for allocating land use to support desirable social, economic, environmental and cultural outcomes. |
| 105 | The Committee notes that the Commission undertakes research each year into issues relating to productivity. * What research work did the Commission undertake during the year?
* What lessons or insights did the work provide into New Zealand productivity issues?
 | For a specific list of research papers undertaken during 2015/16 the Committee is referred to the Commission’s Research page on its website – <http://www.productivity.govt.nz/research-papers-list>. Key lessons or insights gained into New Zealand productivity issues from our research work programme in 2015/16 include:* A need to shift from a development model based on working more hours per person to one focused on generating more value from time spent at work. With labour force participation forecast to decline with population ageing, the focus now needs to go on lifting productivity.
* New Zealand’s persistently weak labour productivity performance can be traced to the impact of small and insular markets; low capital per worker, weak international connectivity and weak investment in knowledge-based assets.
* On the basis of this diagnosis, policy reform that would help improve long-run growth in productivity and incomes is required.
* Making the most of these new opportunities implies a reform agenda focused on skills, flexibility, openness and receptiveness to new technology. In addition to these important new challenges, some perennial concerns also remain. For example, how can policy facilitate scale and competition in a small and remote economy to improve resource allocation across firms?

For an independent assessment of our 2015/16 research work programme the Committee is referred to the report prepared by John Yeabsley a Senior Fellow at the New Zealand Institute of Economic Research – <http://www.productivity.govt.nz/sites/default/files/Research%20function%20evalutaion%20September%202016%20PDF%201436Kb%20%28002%29.pdf> |
| 106 | The Committee notes that the Commission is currently working on a Productivity Narrative. * When will the narrative be finalised?
* How will the Commission use the findings of the narrative?
 | The Productivity Narrative was published in November 2016 as a Research paper entitled, *Achieving New Zealand’s productivity potential* and is available to the Committee at the following web link - <http://www.productivity.govt.nz/research-paper/achieving-new-zealands-productivity-potential>The paper is an invaluable tool to support public engagement in discussing New Zealand’s productivity challenges – particularly in regard to policy direction and to guide future research priorities. A key objective is to move discussions beyond simply identifying problems to identifying policy changes that could be most effective in lifting New Zealand’s productivity and the trade-offs involved in these changes. |
| 107 | How has the Commission utilised its international links to enhance its research programme? | The Commission’s research work programme has provided an opportunity to enhance international linkages, particularly through the advent of the OECD’s newly established Forum on Productivity [<http://www.oecd.org/global-forum-productivity/>]. The Commission has been influential in the establishment of the Forum and we believe there are important opportunities to extract real value for New Zealand from its work. For example, by getting relevant New Zealand analysis into OECD work programmes which is essential for benchmarking New Zealand’s productivity performance. Other ways in which our international linkages have enhanced our research programme include:* *Connecting people and ideas* – international relationships have helped to established a community across academia, public, private and voluntary sectors with an interest in productivity research in order to make the best use of knowledge and research outputs;
* *Sharing research products* – international linkages can facilitate platforms for exchanging research output, e.g. through events like the Commission’s bi-annual *Productivity Symposium* or by creating storehouses for research (analysis, evidence and data); and,
* *Shaping research agendas* – as noted above international relationships can assist in creating opportunities to collaborate on research work programmes to improve their quality and efficiency.
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| 108 | The Commission has an evaluation and review framework that regularly reviews the Commission’s work. How, if at all, has the Commission improved its inquiry and research work as a result of its external reviews and evaluations? | The evaluations undertaken of our inquiry and research output is designed to provide an independent view on the quality, robustness, relevance, and value of our work. We do believe the feedback contained in these evaluations has helped to improve our work in a number of ways:* Ensuring our reports are appropriately focused and relevant to the particular subjects under consideration;
* Highlighting areas where we need to deepen our productivity knowledge (e.g. demonstrating our knowledge of New Zealand’s productivity challenges through our ‘productivity narrative’);
* Focusing on the development of high-quality evidence-based analysis as the basis for findings and recommendations;
* How we can extend and improve our suite of communications tools to support our reports and deliver key messages with clarity and in professional formats; and,
* Refining our engagement processes to a point where they are viewed as a strength and a reliable platform for engaging interested parties in our work.
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