



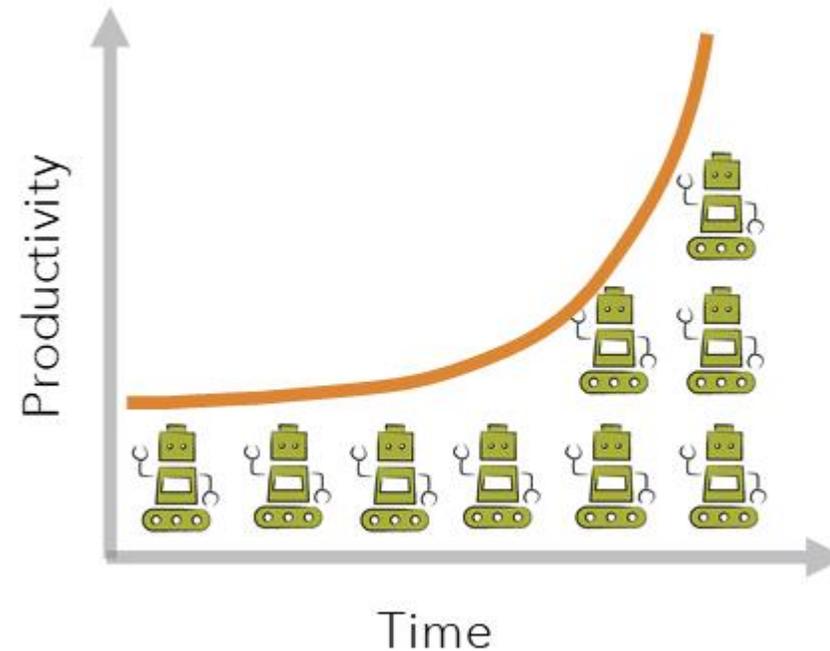
The economy, economics, productivity & wellbeing

Dr Ganesh Nana, Chair
New Zealand Productivity Commission



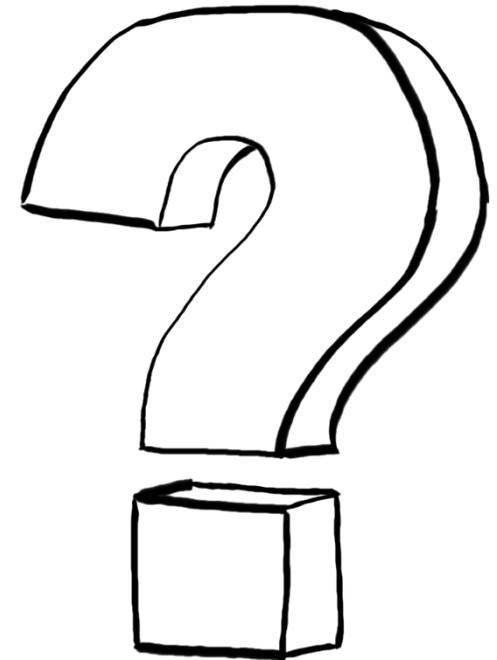
What is productivity?

- Technical definition =
outputs (goods & services sold)
inputs (workers, machines etc).
- Productivity growth = more output for same inputs; same output for fewer inputs.



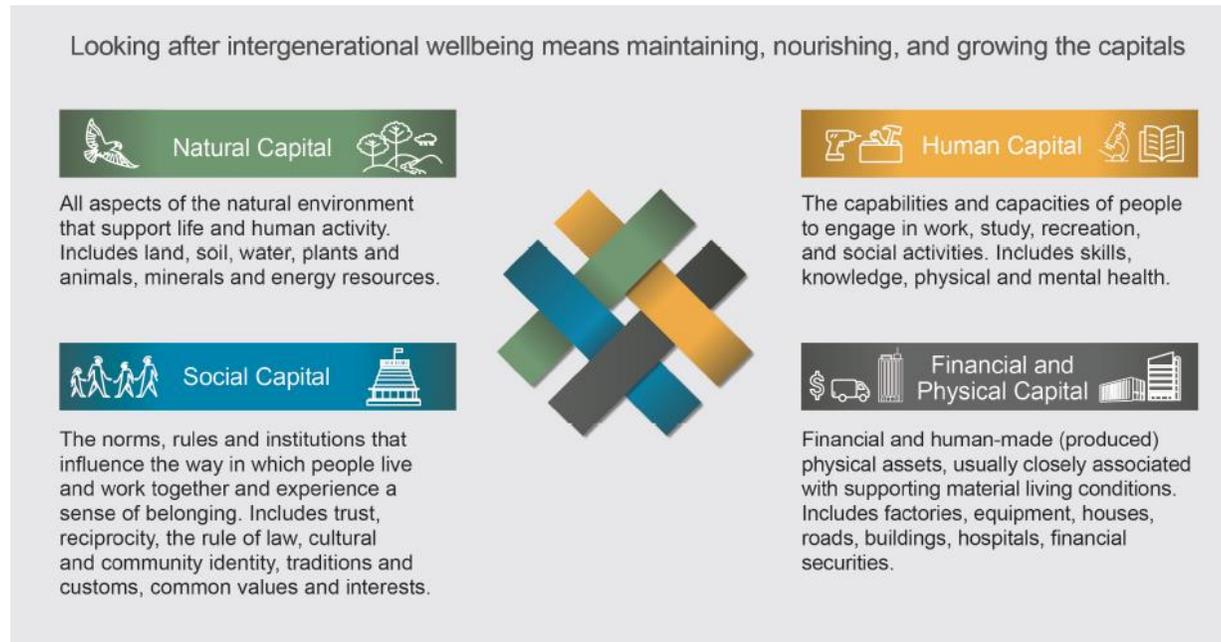
Limitations

- Official stats work best for market activities:
 - Public sector measurement trickier
 - Environment poorly reflected
- Productivity growth necessary but not sufficient for income growth & distribution.



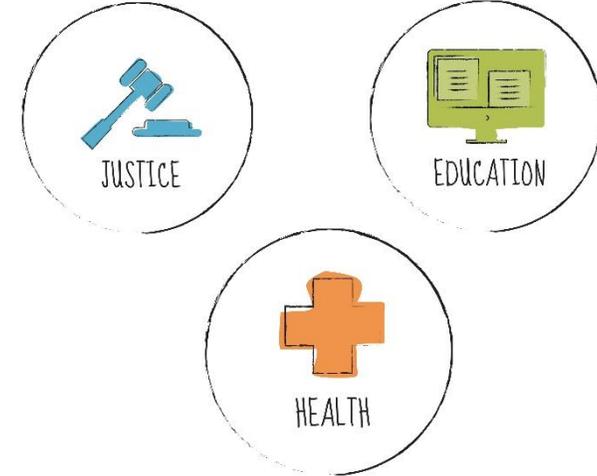
Our resources, our legacy

- Need broader view of outputs and inputs
- Living Standards Framework 4 capitals = assets that generate wellbeing now & in future



Why productivity matters

- Highly-productive societies grow incomes for people & public services.
- Slow productivity often = high prices, pressure on low income households.



Wellbeing

- Increasing area of focus, but not new concept.
- Many different definitions:
 - Subjective wellbeing (ie happiness),
 - Ability to live a life of your choosing,
 - Collective as well as individual wellbeing



Wellbeing measures: options

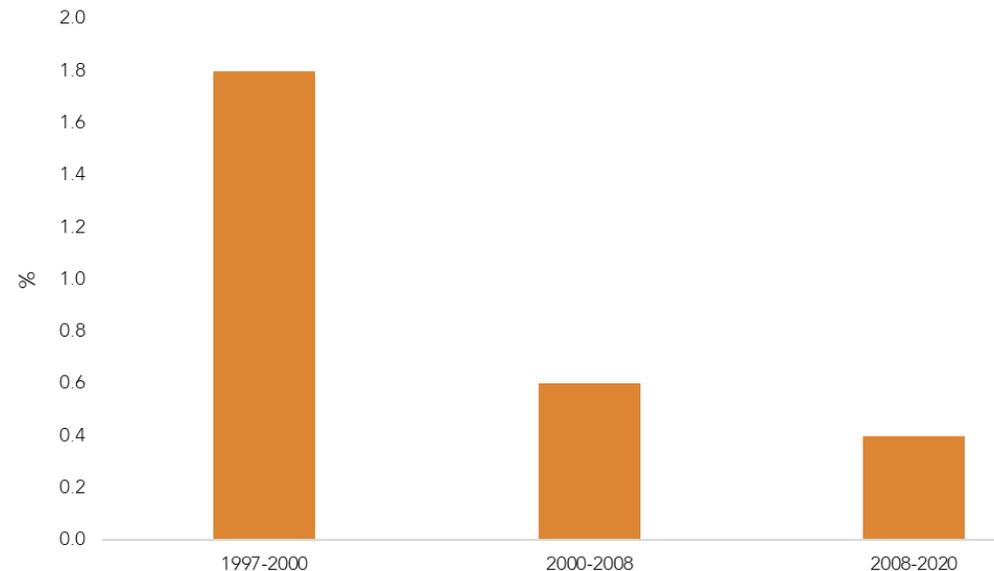
- Range of indices – dashboard
 - Income, education, housing, health ...
- Stock and state of resources
 - Quantity, value, and resilience
- Waiora
- Capabilities
- Opportunities



NZ productivity & wellbeing

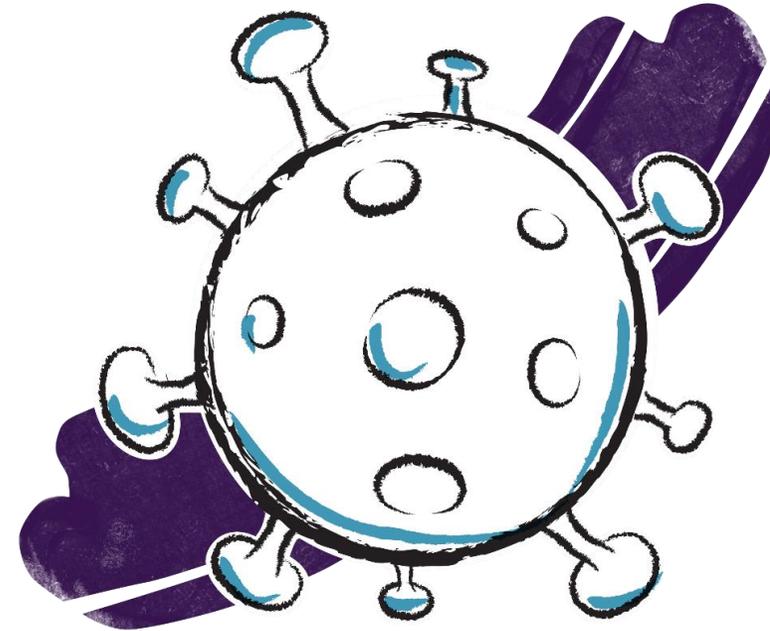
- Productivity growth low & slowing.
- Subjective wellbeing often scores well.
- Mixed picture on indices (high life expectancy, but education & income gaps, high housing costs)

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



The impact of COVID

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



COVID lessons

- Can make big policy moves in times of need, but need:
 - clear communication of problem & response, public buy-in;
 - good analysis & leadership, flexibility to change direction when necessary.



Be kind

Unite
against
COVID-19

New Zealand Government

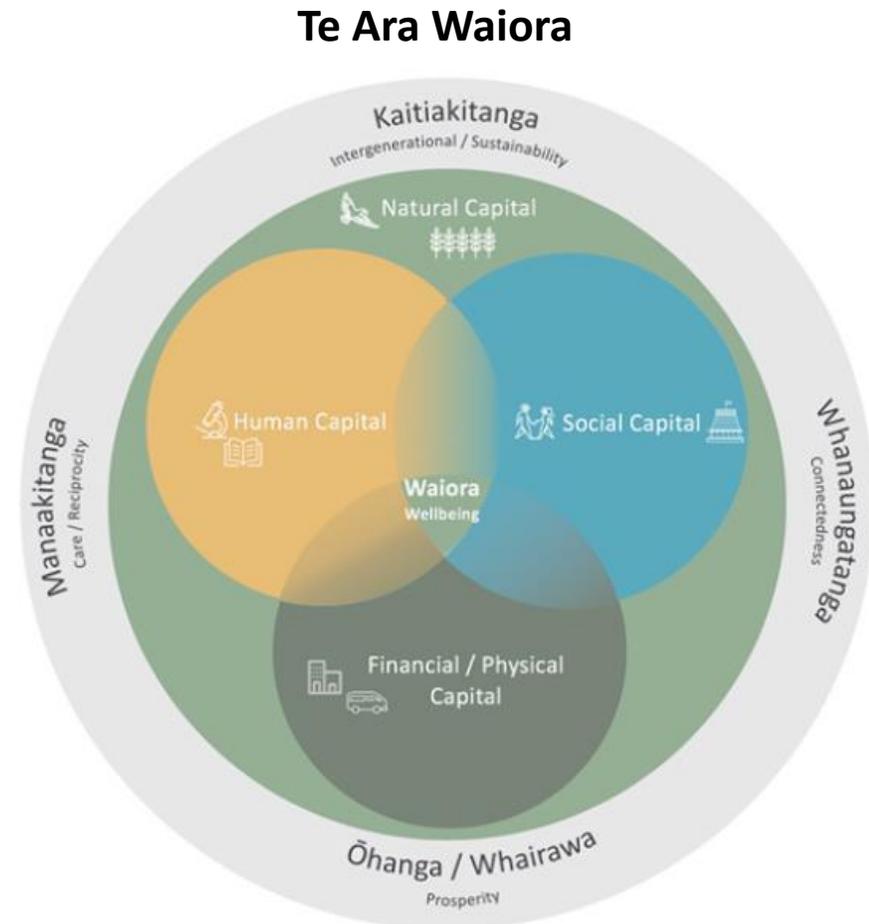
Better systems & policies

- No shortage of issues facing NZ.
- NZPC has made recommendations on several:
 - *High housing costs*: more responsive urban planning, better infrastructure funding
 - *Poverty*: reorient social service delivery around needs of clients
 - *Climate change*: better funding for innovation, tighter ETS caps.
- Looking forward to new inquiry mandates.



My role

- “Promote public understanding of productivity-related matters.”
- Need to broaden definitions, perspectives & audiences.
- Productivity needs champions & broad community support.



Thank you

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

www.productivity.govt.nz

