Submission on Economic Resilience

Resilience is about being able to handle a shock and come out the other side not only unscathed but richer with the learnings gained. This requires a lean flexibility to constantly build our systems, measure their impact and learn as we go.

Firstly it is important to reflect on first principles, why is productivity important for NZ and why do we want it to be resilient in the face of disruptions?

NZ and its citizens have needs that have to be met, think Maslow's pyramid. But NZ as a nation is a not-so-old and modern concept, we have used trade as a means to define ourselves against other nations as well as build stable relationships based on kindness(to ensure our security).

We also have desires to purchase things from overseas that we do not produce and that requires an equal exchange of value.

We are currently dependent on global trade where if it was disrupted, we would be left wanting.

We should focus our productivity strategically to achieve the following goals.

1. Maintain a high standard of living
2. Enable geopolitical security via global trade

We either produce the things we need or we trade for them. This means we need a surplus in some things which we can trade for other things we are in a deficit of in order to meet the standard of living equation.

The key principle here is to place our metaphoric eggs in multiple, diverse types of baskets. We need a complex audit of everything that goes into achieving our standard of living and how we might ensure the standard of living continues with a given disruption.

We also need to address usage behaviours and not just production. This country for example wastes a tremendous amount of energy because people choose to unnecessarily drive fuel-inefficient vehicles to do things that don't require it. In the main centres, from a holistic perspective, we don't enable people to move from A to B efficiently as there is a lack of useful transport options.

Because the goal is to enable a high standard of living, we need to measure success not only in the volume of production but also in the quality of it and the quality of life that it enables.

Housing for example could be built much more cost-effectively with traditional natural building materials such as cob or mud bricks. These are things we can source locally instead of being subject to extortionate costs of imported construction supplies.

Transitioning from imported energy types such as oil and gas to locally produced energy such as electricity will be essential. We will however need to ensure a diversified and distributed electricity production network. We should have excess energy production capacity which we funnel into non-critical value creation processes that can be turned on and off depending on whether a disruption reduces capacity anywhere. The metaphor here is to make hay while the sun shines. We need to maintain different types of electricity production distributed throughout the entire country. Hydro, wind, solar, geothermal. We need to increase the efficiency of the energy we use, ensuring houses and transportation are energy efficient. We should be able to store excess energy in hydrogen.

We should maintain as many trade relationships with as many countries as possible to ensure we can get import anything we need if our internal capacity is disrupted. We should also ensure we maintain multiple distribution channels with each country whether it be shipping, digital, or human. We should back these trade relationships up with cultural exchanges.

In terms of what we produce today, we are extremely reliant on extractive primary industry activities such as dairy and agriculture. We need to diversify our production into higher-value goods and services, such as in technologies and manufacturing.

The last big question is how quickly we can get back on our feet or adapt to disruption. We need proactive mitigation of risks as well as reactive fixing which feeds learnings back to the proactive activities.

Yours Kindly,

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