NZ’s productivity paradox – a transport policy perspective

Productivity Symposium
2 July 2013

Ian Duncan and Joanne Leung
To unpick the NZ’s productivity paradox from a transport perspective, we ask three questions

• What elements are necessary?

• How does transport influence growth?

• What performance measures to use?
The transport system functions as a series of linkages and it is essential to take a system view when assessing its performance.

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- Transport policy and regulatory settings
- Transport providers and users
- Transport infrastructure and assets
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- Transport policy and regulatory settings
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- International

[Images and diagrams related to transport, including symbols for government, transportation, and regulatory settings.]
For example, private users do most of the travel, so their actions are also important for achieving efficiency of the network.
Is this a new trend?
Our propositions

1. The linkage between transport and the economy is not just about the performance of the ‘transport industry’ -
   - It is about the performance of the ‘transport system’, where
   - the actions and decisions by transport providers and users can impact on the performance of the transport industry and the wider economy.

2. The linkage between transport and the economy is complex, but under the right conditions, transport interventions have wider economic impacts that affect economic growth and development.

3. Traditional measure of productivity tends to focus on productive efficiency. But we should focus on dynamic progress and the creation of potential for economic growth in the longer term.
Three questions to unpick the NZ’s productivity paradox

• What elements are necessary?

• How does transport influence growth?

• What performance measures to use?
Projects with high BCR do not necessarily have significant contribution to economic growth

Q2: How does transport influence economic growth?

Source: Based on Graham (2005)
Transport improvements must be manifest in changes in transport-economic behaviour in order to transform into economic benefits.

Source: The Eddington Transport Study (2006), Main Report, Volume 1, p.24
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• What elements are necessary?

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• What performance measures to use?
Are we doing things the right way?

Q3: What performance measures to use?
Are we doing the right things?

Image source: www.doc.govt.nz
Are we doing things right?

A give way sign on a busy Churton Park intersection that contradicted the new road rules has been removed after it clogged morning peak-hour traffic.

Source: [www.stuff.co.nz](http://www.stuff.co.nz) (26.3.2012)
Productivity is only one aspect of performance

Source: Ministry of Transport
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THANK YOU