



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

New Zealand's future productivity to 2050

Summary of topic consultation feedback

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Te Kāwanatanga o Aotearoa
New Zealand Government

Summary of feedback from Topic Consultation

This document provides a summary of submissions and feedback received during the 2024-25 consultation on the proposed subject of the Ministry of Business, Innovation and Employment (MBIE) and Ministry of Foreign Affairs and Trade (MFAT) Joint Long-Term Insights Briefing (the Briefing). Thank you to everyone who provided information and insights to support our consideration of the subject matter for this Briefing.

Long-Term Insights Briefings are a way for government agencies to better understand issues that matter for the future well-being of New Zealanders. Since 2020, government departments are required to produce a Long-Term Insights Briefing at least once every three years. As noted on the Department of the Prime Minister and Cabinet [website](#) (2022): “the Briefings are think-pieces on the future, not government policy. The requirement to publish a Briefing is a statutory duty on departmental chief executives, independent of ministers”.

Our approach

On 9 December 2024, MBIE and MFAT published a consultation document seeking feedback on a proposed subject for a Briefing titled: [*New Zealand’s future productivity to 2050: Global trends, domestic factors, strategic choices.*](#)

The consultation period for written submissions was open until 7 February 2025. Over the submission period, there were over 250 visits to the public consultation webpage and 18 written submissions were received. Submissions were from a range of individuals and organisations including academics, economists and productivity experts, businesses (individual and associations), industry and union groups and a regional economic development agency.

Throughout this period, 13 verbal submissions were also received through meetings conducted by the project team. This process had a focus on stakeholders external to government but also included discussion with relevant people and teams within MBIE, MFAT and other relevant government agencies, including The Treasury and the Ministry for Primary Industries.

The MBIE-MFAT project team then analysed all submissions and in-person meeting notes, identifying common themes and sub-themes. There was broad support for the proposed briefing topic. Submitters presented a range of views on the scope and nature of productivity issues, trends, challenges and opportunities the briefing could focus on. The submissions have informed our thinking on this, including key themes and risks that will be featured in the Briefing. This document summarises what we heard.

What we heard

- All but one of the submitters were supportive of the topic, noting that productivity is critical to New Zealand’s long-term prosperity and wellbeing.

- Support for the four global megatrends was identified, with suggestions for a stronger focus on how the trends intersect with domestic factors and the potential future levers within our control.
- Submitters were supportive of the joint approach between MFAT and MBIE, noting the value from combining areas of expertise and responsibility.
- Several submitters encouraged further work on the following aspects of the topic:
 - A clearer scope and the need to fully understand and respond to the known drivers of low productivity.
 - A clear definition of productivity, including whether we are using a narrow or broad focus (most submitters encouraged the latter).
 - Ensuring we provide context about the wider objectives, aims and goals of productivity.
- The team was strongly encouraged not to duplicate the work of the former Productivity Commission, but to actively build on the existing findings and recommendations.
- Submitters were broadly supportive that the Briefing offers 'strategic choices' for New Zealand into the medium and long term.

Below is a summary of the responses to the consultation questions:

Question 1: Do you agree that 'New Zealand's future productivity to 2050: Global trends, domestic factors, strategic choices' is a worthwhile topic for the joint MBIE-MFAT Briefing? Please explain why/why not.

Support for the topic was near universal with many noting that focussing on it was very timely given rapid developments around the world in geopolitics, climate change and technology (especially artificial intelligence). The Briefing is seen as an opportunity to develop useful insights that could support informed decision-making, strategic foresight and adaptive governance, while raising timely questions for wider public discussion.

Submitters emphasised that New Zealand's future economy needs to be resilient, adaptable and agile in this complex global environment (including the likelihood of unexpected shocks), which can be supported by good strategic insights and scenarios. Some noted the need to look at economic patterns over time, as well as emerging trends.

Many submitters felt that productivity was a useful lens to explore changes in an objective way, and an important lever to achieve a better quality of life and wellbeing. There were comments that productivity would need to be well defined, however, and the Briefing should ensure it does not go too broad in examining the global megatrend topics. Too broad would make the LTIB confusing and unclear, too narrow and it would make it irrelevant for more comprehensive strategies.

Submitters encouraged the Briefing to build on the wealth of existing productivity analysis and recommendations (including from the former Productivity Commission), and to focus more on the gap in policy response over time. This would allow the Briefing to consider the impediments to past

and future action, and how to overcome these. Submissions also requested that the report be accessible and actionable.

Question 2: For this topic, are there particular questions you think the Briefing should explore?

While signalling overall support for the topic, most submitters sought further refinement and raised several potential questions:

- **Defining productivity:** This included further clarity on what we mean by ‘productivity’. Are we seeking just to understand the impacts of future trends on productivity, or also looking at options to maintain or grow it? What are the factors which constrain current and future productivity? How will the future benefits of productivity growth be distributed? What will underpin productivity growth and how do we support engagement with and foster the growth of those? What are the capabilities that will help and support us (eg government, business or organisations) to adopt better practices and technology (eg through research and development)? Defining the approach would be essential to the overall value of the briefing. Submitters were keen to see the identification of potential short, medium and long-term options for New Zealand to increase productivity, and likely bottlenecks to progress.
- **Global drivers and trends:** Submitters noted that uncertainty, disruption and new models will be the norm in the next few years and would impact on global trade – what could this look like? How will these change future productivity, including our national capacity and opportunities to respond? Given the global and domestic drivers of change, what are the most critical risks and opportunities and how could New Zealand mitigate and leverage these? How could New Zealand quickly adopt new technologies to increase productivity? Where will New Zealand be, a future shaper, or a norm taker/follower?
- **Volume-to-value challenge:** Several submitters noted that part of New Zealand’s productivity challenge to date had been a lack of progress on the goal of moving from ‘volume-to-value’ in our exports. Our future productivity relies on overcoming this obstacle of distance and adding value to products. What and where are the latent assets and growth/emerging sectors in New Zealand that could contribute to improving productivity? The LTIB could be progressed through the lens of lifting export activities from volume growth to value growth (including innovation and its diffusion, regional economic development and the Māori economy). Submitters encouraged questions around our ability to attract and grow investment, including in research and development (R&D), to support this end. Many submitters noted that the LTIB focus on technology is very important, including potential uptake/adoption, and its interactions on investments and value structures.
- **Strategic choices and trade-offs:** Many submitters saw value in analysing and presenting the trade-offs involved in the different strategic choices that we face as a country, and the

risks/benefits of different potential pathways. Many of the key levers for productivity require short-term investment for long-term outcomes, so the LTIB could help identify sustainable strategies that balance short-term returns with long-term productivity gains (and equally, identifying the cost in foregone productivity if there is a failure to invest, ie in key infrastructure and capabilities).

- **Effective systems and capabilities to respond:** Submitters highlighted the need for strong, flexible and adaptable institutions, whatever the future held. Our ability to have a productive economy can be undermined by erosion of social cohesion and trust in institutions, so it is vital to have good governance and decision making at all levels. Key questions included how can New Zealand design effective systems to harness the power of innovative private enterprise and public policy? What are our levers for change? What role does good governance have in sustainable strategies and decision-making that balance short term returns with long term gains?

Question 3: Which are the most important global trends that the Briefing should explore?

Submitters were supportive of the four key global megatrends identified in the consultation document; Geopolitics, Technology, Climate Change and Demographics, with the weight of support reflected broadly in that order.

- **Geopolitical change:** Submitters noted that there is a need to manage risks arising from an increasingly volatile and unpredictable global environment for trade. This includes rising economic nationalism and fragmentation, shifts from unipolar to multipolar systems, threats to a rules-based international order, and rapidly shifting trade and supply chain dynamics. Submitters highlighted the importance of wider regional shifts and economic integration, including vulnerabilities in New Zealand's supply chain with our distant economy. Submitters encouraged a broader view of strategic trade access assets, and multi-level diplomacy to support our international connections (eg IP, science diplomacy and Māori trade relationships).
- **Technology change** was emphasised by many submitters. The rapid pace of digital technologies, automation, artificial intelligence (AI), and digital transformation is seen as significantly influencing productivity and economic growth globally. These advancements are transforming industries, enhancing efficiency and driving innovation. Investments in science, innovation and technology (SIT) were seen as critical to New Zealand's future capacity for productivity growth. Submitters also emphasised the need for New Zealand to prioritise adoption and diffusion of international technologies that enhance productivity, while establishing effective regulation and being mindful of wider ethical implications.
- **Climate change** was a significant area of concern for many submitters, both in terms of adaptation, mitigation and productivity impacts. Several noted that New Zealand was not keeping up with international developments in environmental sustainability, circular economy, bioeconomy, and regulatory and market demands for sustainable trade. There

was particular concern among submitters of the effect of climate change productivity in agriculture and horticulture (including implications for food security and trade).

- **Demographic and social change** were also noted in several submissions, including ageing populations, growing urbanization and migration. Submitters noted risks to social cohesion worldwide, including increased political polarization, and declining trust in public institutions and democratic processes. Some submitters noted a number of global trends not included in the consultation document, including the risk of further international health crises.

Overall, though, submitters recommended that the LTIB team not spend too much time on global megatrends, as there is plenty of existing analysis to drawn on. Instead, the focus should be on the intersection of these with New Zealand's domestic factors, and the levers we have within our control to respond.

Question 4: Which are the most important domestic factors, including New Zealand's economic strengths, that the Briefing should consider?

Several domestic factors were highlighted as essential to New Zealand's productivity in the context of these megatrends:

- **Investment:** Submitters were keen to examine how New Zealand could be more welcoming to foreign direct investment (FDI) and favourable to R&D, especially in ways that support more investment in business (especially frontier firms), innovation, and infrastructure.
- **Science, Innovation and Technology (SIT):** The SIT system was noted as being foundational to economic growth (including commercialisation, but also across fundamental and applied science). New Zealand would also need to consider the future skills required for the SIT system to deliver on these ambitions.
- **Business capabilities:** Especially in management and governance capability, and international technology adoption and diffusion. There was a specific emphasis on the need to support New Zealand frontier firms to succeed and grow.
- **Workforce development:** Submitters emphasised the need to invest in future human capital productivity, including education, workforce skill development and appropriate immigration settings, especially with an ageing population.
- **Infrastructure:** Active investment in infrastructure and other critical enablers was seen as critical to delivering future productivity improvements.
- **Regulatory environment:** Future improvements needed to support productivity, especially in sectors that need to grow.
- **Māori economy:** Several submitters noted that this is a key opportunity and strength for New Zealand, especially as it grows size and international connectivity, while bringing a sustainable and intergenerational outlook. It was emphasised as a critical component of the economy – not an 'add-on'.

- **Institutional settings:** Our productivity is affected by the strength and agility of our key institutions, including the public service. Several submitters noted the critical role of public sector capability and innovation, and the fact that we cannot take things like stable democracy and social cohesion for granted. Competing agendas resulting from changing governments or different agency priorities were noted as inhibiting our ability to increase productivity.
- **Primary industry:** Several submitters cited New Zealand's strengths in the primary industries (agriculture, horticulture, bioeconomy) as being pivotal to future productivity and wellbeing. They noted the need to support strategic and growing industries in areas of competitive advantage (while being open to new niches), including removing areas of friction that impact productivity for frontier firms.

Question 5: What are the most important interactions between global trends and/or domestic factors that the Briefing should explore?

Submitters noted the importance of considering these megatrends (both their global and local impacts) in interaction with each other, rather than separately. Submitters also highlighted key interactions between international and local factors, such as how international connections can influence the effectiveness of domestic policies.

Some examples included:

- **The interaction between geopolitical developments/risks, trade dependencies and technology developments.** This includes supply chain impacts, the competitive nature of technology trends and innovation, and who gets to enjoy the benefits of these advancements (distributional impacts).
- **Future energy transitions and security involve geopolitics (resource competition), climate change, technology and social issues (eg just transitions).** The interaction between global technological developments and the role of innovation and R&D in New Zealand – including the need for strategic investments in technology adoption and digital infrastructure.
- **The interaction between primary industries, exports, regional economies, infrastructure investment and land use change** – all necessary parts of the ecosystem to support firm development and our volume-to-value story. Submitters also raised questions about how climate change will influence future primary sector productivity and what policy settings need to change.
- **The interaction between global tech developments (including AI), domestic adoption/diffusion and the future skills** required to leverage these technological tools for productivity developments (future proofing our workforce).
- **The interaction between climate change and future disruption to trade, supply chains and travel.** Submitters highlighted the need for mitigation and adaptation strategies to be

integrated into governance (incl. wider implications of environmental degradation, biodiversity impacts and the energy transition)

Question 6: Is there any information, perspectives or methods that you recommend we include/use to develop the Briefing? Please provide details.

Submitters recommended mixed methods and perspectives, and the importance about being clear and upfront on the framework being used for analysis. Suggestions included the use of various theoretical frameworks, future scenarios to explore potential impacts, and horizon scanning to think about transitions and emergence, as well as mapping systems dynamics.

Others suggested the comparative use of international examples (eg approaches and strategies in other Small Advanced Economies). Submitters also emphasised the need for bespoke, targeted engagement with Māori and key stakeholders including social partners, regional agencies, entrepreneurs and frontier firms.

Regarding the latter, some submitters emphasised the importance of firm-level perspectives on productivity, and the opportunity for the Briefing to tell stories through a company lens. This would ensure a more accessible and actionable Briefing that could support both firm-level and industry-wide adaptability, and overall economic resilience and agility for the New Zealand economy.

What happens next?

As illustrated in this summary, there were considerable meaningful feedback from public submitters on the briefing topic. We are grateful to all submitters for taking the time to provide thoughts and feedback. This information has informed the confirmation of the Briefing topic by Chief Executives and will shape our analysis and drafting of the briefing.

As noted, there were a range of views presented regarding the potential scope of the Briefing and the trends and issues on which we ought to focus. While the Briefing cannot encompass the full suite of concerns raised in all public submissions, we aim to focus on those productivity trends, issues, challenges and opportunities that are most commonly cited.

Later this year we will seek public feedback on the draft briefing, including feedback on policy options and strategic choices. Following this, we will seek to finalise the Briefing before the end of 2025.

Thank you to everyone who has engaged with us on the Briefing to date. You can sign up for updates and other opportunities to be involved in the Briefing by emailing LTIB@mbie.govt.nz.