



30 September 2010

NZahead update released today

This morning we released an updated [NZahead report card](#), exactly six months after the initial release. Half of the measures have been updated to include new data, and text for most measures has been revised.

A [summary of changes](#) has been included on the website to give you a quick way to review what is new.

Only one grade has been changed; life expectancy has been re-graded from B to C. The reason for the re-grade is that New Zealand has slipped from 11th in the OECD to 14th because Luxembourg, Austria and the Netherlands have improved faster. New Zealand's rate of improvement in life expectancy is below the OECD average.

Government has encouraged dialogue, developed plans and mobilised resources to improve economic outcomes across some of the measures, however it is too early to judge the results from those initiatives. Efforts to improve social wellbeing and environmental outcomes appear to have been given lower priority. This is understandable given the immediate importance of improving economic outcomes and the challenges and constraints imposed by the recession and the Christchurch earthquake. A more balanced approach will be required in the medium term or New Zealand will fall behind on important social and environment measures. And strong social and environment performance is required for long term economic success.

Positive response to 'A goal is not a strategy'

The response to '[A goal is not a strategy](#)' has been almost uniformly positive. The Hon. David Parker tabled a copy in the House and the Hon. Gerry Brownlee has stated that the Government is in 'strong agreement' with the conclusions of the latest discussion paper from The New Zealand Institute.

Following the release I have given many presentations explaining the conclusions and recommendations. At the beginning of each talk I ask the audience if someone can tell me what New Zealand's economic strategy is. No one has yet attempted an answer. If the country does have an economic strategy it is time to communicate it. If there is no economic strategy then it is time for some systematic work to form one. The discussions that are taking place in many forums throughout New Zealand are providing a strong foundation for strategy development, but an integrated, coherent and well-communicated strategy is required to focus efforts where they can have the greatest effect, and to guide operational policy development.

The debate would be helped by better understanding of the differences between strategies and plans, and between success and improvement. We will highlight these distinctions in our next discussion paper.

Internationalisation project

Development and testing of policy proposals to improve the performance of internationalising businesses continues. Lifting exports of high value differentiated goods and services is the best opportunity we have found to improve prosperity. Proposals will cover capital and talent scarcity, knowledge required to improve outcomes, and support required such as clusters and industry assistance.

Limited resources mean we will not offer detailed policy proposals but will identify the policy opportunities and indicate the kinds of policies that would improve outcomes.

World Economic Forum Global Competitiveness Index

New Zealand's ranking fell from 20th last year to 24th this year. The drop in overall ranking is disappointing and results from insufficient effort to lift innovation performance over a long period of time. Innovation drives the competitiveness and prosperity of advanced economies. Now that innovation is on Government's agenda, innovation and competitiveness should improve, but only if sufficient investment and effort is made in the most important areas.

The survey highlights several government policy opportunities that would positively influence competitiveness. These include increasing the national savings rate, encouraging cluster formation and development, using government procurement to develop advanced technical products, assisting to attract, retain and develop scientists and engineers, beneficial foreign direct investment, and continuing to invest in infrastructure that lifts productivity.

A press release with further detail is available at '[The New Zealand economy](#)' along with links to a presentation with additional detail and to the WEF 2010/11 report content.

Savings working group

Having highlighted the importance of ensuring an adequate supply of capital for productive enterprises in March, we are pleased to see Government has established a working group to review savings policies. However, like several others who have commented, we are concerned that the focus is too narrow, neglecting implications for universal superannuation and opportunities for improving outcomes for elderly citizens. Our opinion piece on savings is available at '[Ownership society](#)'.

New Zealand Institute Council

The New Zealand Institute Council will meet on 14 October to review issues faced by New Zealand and agree a short list of the most important. That short list will help guide the Institute's work programme. We will also release it publicly to assist efforts by other organisations aiming to promote debate and encourage longer term thinking.

Individual Associate Membership

Our request for support in the last Newsletter has resulted in several productive discussions that have led to establishing a category of Individual Associate Members of the Institute. The Institute is not a service or lobbying organisation; our purpose is to improve outcomes for New Zealand and New Zealanders. Direct benefits for members are currently limited to recognition on our website, access to 'Worthy Words' and the satisfaction of having supported our efforts to make New Zealand a better place to live. We would like to provide additional member benefits but have no intention of becoming a member-service organisation.

Individual Associate Members, like our other members, will have access to Worthy Words. The easy availability of information via the web creates a challenge to identify the best content for scarce reading time. Here at the Institute we review many papers and articles, and our members and others often recommend very good content. Our intention is to regularly circulate a few selected articles to members. We will usually provide only executive summaries or conclusions sections but will include links to the full papers or articles. The first Worthy Words is being released today.

The annual fee for Individual Associate Members is \$200 plus GST. A conversation is the first step to joining the Institute as an Individual Associate Member. Contact Lisa_Bailey@nzinstitute.org who will assist you.

Several newsletter readers indicated they would like to support us by contributing time to help with our research efforts. We are keen to create a way to engage contributors to help with our projects but it will take a little time to establish the right structures and processes.

Support the New Zealand Institute

You can help by [becoming a member](#) of the Institute or by [donating to the Institute](#) to support our work. There is more information about why you should support us [here](#).

We welcome your feedback

Please send any comments on the newsletter or our work to info@nzinstitute.org

Thank you for your interest in The New Zealand Institute.

Dr Rick Boven

Director

Also available on the [Institute's website](#) is public commentary by the Institute on a range of issues, as well as media coverage of our work.

View New Zealand's social, economic, and environmental report card: www.nzahead.org

You can also keep up-to-date via the [Institute's Facebook page](#).