

## New Zealand economy “stuck in first gear”

Research by the Productivity Commission shows that, if labour productivity continues to grow at its current average of only 1% a year over the next 40 years, gross domestic product will shrink by 18% – or the equivalent of \$16,300 per person.

Dr Patrick Nolan, one of the report’s authors, said, “The economy is like a car stuck in first gear, where faster growth comes from revving the engine rather than driving more efficiently”.

New Zealand compares poorly against the top half of the Organisation for Economic Cooperation and Development (OECD) – with productivity growth 30% below the average, and hours worked per capita 17% above.

The report says there is no quick fix but identifies as candidates for reform or improvement:

- competition policy, infrastructure, science and innovation, education and the labour market
- firms’ management practices and ability to learn, and
- public sector policy-making capability (including the use of monitoring and evaluation), regulatory design and practices, and the delivery of health and education services.

[Productivity by the numbers](#)

## Chapman Tripp climate change series

Chapman Tripp is producing a series on how businesses can build resilience against climate change – both the physical effects and the regulatory and public response. The first publication *Managing risk in a more hazardous world* looks at how climate change will affect the availability and cost of insurance. Other topics will include: corporate governance, regulatory drivers, impacts on investment, local government, financing the transition to a low carbon economy, and international law.

Our aim is to provide practical mitigation and adaptation advice and to provide an insight into what the future might look like.

[Managing risk in a more hazardous world](#)

## New cabinet line-up

The Prime Minister promised a light reshuffle and that is what we’ve got. Kris Faafoi is the big winner. He is now in Cabinet and has picked up Broadcasting, Communications and Digital Media to go with his Commerce and Consumer Affairs portfolio. He will also lead the Government’s social housing provision. There were no real losers. Yes, Phil Twyford has lost what remains of the KiwiBuild programme to Megan Woods but he has kept Transport and Urban Development and has picked up Economic Development.

[Cabinet line-up](#)

## To tax now or to wait?

The choice the Government is offering in its consultation on taxing digital service providers is whether to await an international solution from the OECD or put in place a local Digital Services Tax of 3% on revenues.

Submissions close on 18 July.

[Discussion document](#)

## Fonterra to get more discretion to refuse milk

The Dairy Industry Restructuring Act 2001 (*DIRA*), which regulates Fonterra in the New Zealand market, is to be amended.

Fonterra will have the ability to punish “dirty dairying” by refusing to take milk, or offering a lower price, “on the basis of various on-farm performance matters, including environmental, animal welfare, climate change and other sustainability standards”.

The proposed changes will go through the normal select committee process, with the opportunity to make submissions.

[Statement](#)

## First step toward new urban development authority

Legislation is in the House to replace Housing NZ, its development subsidiary HLC, and the KiwiBuild Unit with an urban development authority to be called Kāinga Ora – Homes and Communities. It will have two main roles:

- to be a public housing landlord, and
- to lead and coordinate urban development projects.

Urban Development Minister Phil Twyford said Kāinga Ora would create “a diverse mix of public, affordable and market housing”.

The aim is to have it up and running on 1 October, although this will require the passage of a second, separate Bill to give it the necessary powers to fulfil its mission. These will include a power to override local government and a power of compulsory acquisition.

[Statement](#)

## State sector boards – almost half women

Women now account for 47.5% of directors on state sector boards and the Government is developing ethnicity data for monitoring use in future years.

[Statement](#)