

# Media Release



## Latest Figures Highlight Productivity Challenge

"Today's productivity data from Statistics New Zealand dramatically highlight the damaging consequences of the economic mismanagement of recent years", Roger Kerr, executive director of the New Zealand Business Roundtable, said today.

The data bring the series up to March 2009, effectively the end of the last government's term of office.

They show that for the economic cycle 2000-06, labour productivity in the measured sector of the economy (essentially the business sector) grew by only 1.3% per annum. This is slower than in any of the previous five cycles; including the later Muldoon years. Worse, it actually fell by -0.3% pa in 2006-09.

Multifactor productivity growth – perhaps the most important measure – grew by only 0.7% pa in 2000-06 and fell by -1.5% pa in 2006-09 (and -3.1% in the year to March 2009).

These figures compare with labour productivity growth averaging 2.7% pa and MFP growth of 2.1% pa in the two economic cycles in the decade to 2000.

"The measured sector now covers around 74% of the economy and largely excludes the public sector", Mr Kerr said. "It appears that the productivity performance of the public sector has been even worse in recent years.

"Productivity growth is the main long-term source of improvements in living standards. These data underscore the challenge the government faces in catching up to Australian income levels by 2025. Restoring productivity growth rates to the levels of the 1990s and beyond will require major and sustained improvements to the quality of New Zealand's institutions and policies."

16 March 2010

For more information contact:

Roger Kerr  
Executive Director  
Ph: +64 4 499 0790  
Email: rkerr@nzbr.org.nz

[www.nzbr.org.nz](http://www.nzbr.org.nz)