

Submission to the Productivity Commission.
Boosting productivity in the services sector.

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The following comments relate to 'impediments to increasing productivity' and are an indicator as to the work that needs to be done.

Question 1.

Real change is unlikely unless there is a willingness for real change at a legislative and regulatory level.

Question 2.

This is a surprising question and raises some scepticism about the capability of the Commission.

Question 3.

All activities identified are provided in a non-government environment to a varying degree. Should the commission include these in the scope of the enquiry? Probably given that it is another cost absorbed by industry, often as a result of a central or local government directive, (though not always).

Question 4.

No. Where one service fails to provide the service required, a customer moves to another service provider.

Question 22.

What topics should be considered for in-depth analysis in Part B of the inquiry?
In what ways do they meet the criteria in the Terms of Reference?

Legislation and regulation are the critical areas affecting productivity for any service industry due to the time and cost of meeting the requirements imposed by both central and local government.

It is these impediments which are constantly brought to the attention of parliament, and seemingly ignored.

And yet, here we are again, with another Commission giving the appearance of doing something that will in time reveal whether there is any appreciable change that makes a difference.

Recommendation:

Ensure the Legislative Guidelines and the Regulatory Guidelines that reside on the shelves of parliament are read by officials in the first instance and adhered to. We might then have more robust legislative and regulatory outcomes.

Recommendation:

Ensure the mission statement and policies for each entity of government provides the clarity necessary to also ensure robust outcomes supporting productivity.

To illustrate this point, look at the mission statement of Landcare Research.

Their existence is solely for the protection of biodiversity, and their policies are premised on that.

So much so, that a recent paper by Landcare Research scientists regarding 'ecosystem services' advocated for taking areas of farming out of production on the basis that the revenue from "enhancing ecosystem services is most likely to offset the loss of revenue from farm production."

(Sourced from an OIA to the Minister).

Page 5 of the paper referred to the "average ratio of profit over income for sheep and beef farms for the last 5 years..." "where the loss of farm profit approximately equals the gain in biodiversity value".

Did this analysis consider the financial farming activity support for services within the local, regional and national services sector spent prior to achieving each year's profit?

In this instance it appears to be highly unlikely, and questions the real economic analysis capability of the people involved.

This thinking which leans toward shutting down productivity is a huge concern, when we are trying to do the exact opposite, which is raise productivity.

While some farms may not make an enormous profit, their financial contribution to the local, regional and national economies (the service sector) is still vital.