

**Submission to the Trans-Tasman Review by Carl Turney**  
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**Carl Turney's Credentials:**

I've been the General Manager of two companies in Australia. Their activities included importing, exporting, manufacturing, wholesaling, retailing, and servicing. One had a staff of 60 and an annual turnover of AU\$ 10,000,000 (nominal, 1998). The other had a staff of 13 and an annual turnover of AU\$ 1,000,000 (nominal, 2003). In each of those roles I achieved a wide variety of significant bottom-line improvements of a lasting nature.

I hold a Master of Arts degree in Public Policy from Murdoch University, Western Australia. My research focus was on factors affecting efficiency in the public sector.

I hold the equivalent of an Honours degree in Commerce from Portland State University, Oregon. My coursework focus was on Management.

I have lectured or tutored in business and/or computing at the Australian National University, Curtin University, Murdoch University, the West Australian TAFE system, the ACT TAFE system, the New Zealand polytech system, and in the private sector.

I have managed the School of Accounting at the Victoria University of Wellington NZ.

I have worked in a range of regions, roles, and organisations in the USA for 10 years.

I have worked in a range of regions, roles, and organisations in Australia for 22 years.

I have worked in a range of regions, roles, and organisations in New Zealand for 5 years.

I have held different levels of membership in such organisations as:

- The Australian Institute of Management
- The New Zealand Institute of Management
- The Project Management Institute of New Zealand
- The New Zealand Institute of Health Management
- The Institute of Public Administration New Zealand
- American, Australian, and New Zealand Mensa
- The Canterbury Employers Chamber of Commerce
- The Wellington Regional Chamber of Commerce
- The Hutt Valley Chamber of Commerce
- The Australian Computer Society

I hold a Graduate Diploma in Post-secondary Education from Murdoch University, West Australia; a Certificate Level IV in Small Business Management, obtained in the ACT; and a Certificate Level IV in Assessment and Workplace Training, obtained in Victoria.

**Explanatory Note**

This Submission is starkly frank and constructively critical in its tone.

As supported ...

- by the wide range of evidence presented later in this submission;
- by two separate research studies into the subject (of which I was not a part); and
- by the overwhelming majority of the highly-qualified and highly-skilled migrants, expats, and repat Kiwis who I've discussed this matter with while in New Zealand:

New Zealand managers, business owners, and policy makers are noticeably more resistant to helpful suggestions and constructive criticism than those in their major trading partner cultures. They are also noticeably less interested in the details of how their counterparts in other cultures actually work.

Thus, this Submission serves more as a warning to Aussie policy makers than as suggestions to Kiwi policy makers.

Of course, this Submission would be an effective starting point in the latter role as well. But sadly, as outlined above, as documented below, and as directly experienced by this author, that is a much less likely event.

## Comments on a statement made in the Issues Paper, page 1:

"The Prime Ministers have requested that the study identify reforms that will boost productivity, increase competitiveness and drive deeper economic integration between the two countries."

### Comment

In my informed and experienced opinion: Under the current circumstances, the first two objectives are achievable, but not if the third is included *en masse*. The Australian economy, and the majority of New Zealanders remaining in NZ, will bottom-line suffer if a broad-scale integration increases, and certain other factors remain the same.

### Explanations

**1. Productivity:** New Zealand's per-capita productivity is significantly worse than Australia's and many first-world countries'. This is most noticeably due to deeply ingrained and endemic differences throughout their management, workplace culture, and HR practices. Those differences are explained elsewhere in this Submission. Cumulatively, they have a profound adverse impact.

Keeping the above in mind, it's important to remember that a macro-economy is the aggregation of the micro-economies of all the firms and organisations within it.

**2. Competitiveness:** New Zealand operates domestically at a level of competition that is almost indistinguishable ("at the coal-face" of the SME and other sectors) from Australia's. This is with the exception of the appointment and promotion of staff, which is starkly inferior and is elaborated elsewhere in this Submission.

**3. Effects of integration:** Certain proposed CER agenda activities will only serve to "mask and prop up" the currently dysfunctional New Zealand economy, and delay the internal workplace reforms so very sorely needed for improved productivity there.

## **Answer to Question 1 of the Issues Paper:**

“Q.1 How can the Commissions ensure that this study adds most value? Where should they focus their efforts? Which issues are most important?”

### Answers

1. Most value will be added if the Commissions decelerate certain aspects of the integration, until well after New Zealand has significantly resolved the underlying causes (detailed below) of its starkly inferior productivity. Additionally, the future integration of those decelerated aspects should be contingent upon New Zealand also *maintaining* such improvements.
2. The Commissions should:
  - Focus on exposing the intangible but high-impact causes of New Zealand's low productivity, introduced elsewhere in this Answer;
  - Widely promote (and devise incentives for) all NZ organisations to adopt relevant productivity-enhancing practices; and
  - Have the NZ public sector and publicly-funded NGO sector lead the private sector by example, with world-class standards in the actual management, workplace culture, and hiring/promotion practices.
3. The most important issues are:
  - The management style,
  - The workplace culture, and
  - The hiring and promotion practices in New Zealand.

### Explanations

#### **1. Ensuring added value**

When New Zealand's per-capita productivity approximates Australia's, it will be of mutual benefit to enjoy a very close integration.

Until then, any pecuniary benefits to New Zealand (of further integration) will be squandered in maintaining the current patterns of dysfunction within their organisations. Like the vast number of high-calibre migrants who leave NZ in bitter frustration (often returning to their home countries, like myself)... Australia would have invested so much, with little or nothing in return.

However, any aspects of the closer integration that exposes New Zealand to greater competition from Australia, and facilitates Australian ownership/management of New Zealand organisations, is beneficial to the New Zealand populace -- in the longer term. In the shorter term, the pains would be significant.

The remainder of this Submission explains these statements.

#### **2. Where to focus**

Over my 5 years in NZ, I've spoken with hundreds of managers, professionals, academics, and business owners. When we discussed the topics of NZ's per capita productivity and economic situation:

- Every single life-long Kiwi blamed it on their geographical isolation, government red tape, and/or lack of population & natural resources.
- Nearly every such migrant, expat, and repat Kiwi told me it was because of the lack of skills, and/or the personality/management style of Kiwi managers (at all levels).

I put much more faith in the latter group, because people who've succeeded in both better-performing and worse-performing economies know important things that those who've only succeeded in the worse-performing economy don't know.

*Geographical isolation:* NZ is only 2/3 as far away from Sydney or Canberra as Perth is.

*Red tape:* SMEs are often cited as creating ~80% of a nation's jobs, and generating ~80% of an economy's GDP. In NZ I started self employment, assisted a few small business owners, and had many other dealings with regulators, economic development units, chambers of commerce, government agencies, and similar bodies. I was very positively impressed with how “business friendly” NZ is (with the exception of self-defeating work-cultural practices), particularly in comparison to Australia and other first-world countries.

*Population and natural resources:* New Zealand is about the size of Victoria. It has about the same population as Victoria. It has a much better climate and generally richer soil than Victoria. It has much of the world's in-demand primary sector resources such as coal, gold, timber, livestock, grain, and horticulture.

*Incompetent, uneducated, and insecure managers:*

Part of this is validated by a global university-standard study that I had no part in. It placed Kiwi managers at or near the bottom of a world-wide list...

[www.stuff.co.nz/business/5402631/Horrible-bosses-flush-staff-down-the-brain-drain](http://www.stuff.co.nz/business/5402631/Horrible-bosses-flush-staff-down-the-brain-drain)

When I learned of that study, I had already seen the need for, and had started, a carefully-controlled research project (on my own time and at my own expense, in affiliation with the management faculty of an NZ university), for later publication in a relevant peer-review journal. It was significantly different from the above completed study, but with some overlaps of focus.

Then I witnessed the all-too-familiar total Kiwi rejection of any constructive criticisms, which that newly-completed study had generated. So, I gave up on both that research project and (after 5 hours of head-pounding) on New Zealand itself.

Note: I still have copies of the contact details for qualified participants in NZ, the draft questionnaire, and assorted supporting documents – in case either Commission is interested in ensuring the completion of it – with or without my involvement.

The above six paragraphs, and the more detailed data below, indicates current Kiwi managers and policy makers are making lame excuses (which also protect their short-term direct personal interests). It seems they are unwilling to seriously consider and implement the much-offered and genuinely-beneficial advice of many of their best-qualified residents (native and migrant).

The New Zealand public service (and grant-receiving organisations) would serve as effective role

models, as they can be forced into better management practices (at relatively little extra expense).

If the Kiwi mass media then follows through effectively on reporting resultant productivity gains, and the Kiwi Chambers of Commerce, Economic Development Units, polytechnics, and universities effectively promote the changes that took place... the necessary ground-swell of improved workplace behaviours have the best chance of adoption.

### 3. The most important issues

Note: The following are endemic throughout the entire NZ culture, even in (and probably derived from) non-work settings. Therefore, they are not noticeable by life-long Kiwis. Most are intangible (although having tangible impacts), so they escape the notice of accountants, of macro-economists, and of the high-flying emissaries who visit in-country for a few days or weeks, stay in 5-star hotels, and only work side-by-side with their top-level counterparts. It takes years of working in a range of organisations, both in NZ and overseas, and having honed management skills, to “see the small cracks in the foundation where the termites get in”.

Also, because it is endemic, domestically patterns don't develop. There are too few winners or losers to “form a blip on the radar”. The few firms that really excel, mostly because they've copied successful overseas business models & (more importantly) management cultures, quickly become the “natural monopolist”. (e.g. TradeMe, The Warehouse, KFC) When every single Kiwi hotel, or factory, or real estate agent is similarly mismanaged, few go bankrupt. Instead, most Kiwis simply earn too little, work too long, and pay too much for everything.

#### *Management style:*

In comparison to most other first-world countries, lifelong Kiwi managers have a “one to two generation time delay” in management style, and thoughtless traditions hold an unhealthy sway.

e.g. A professional management consultant in Wellington (a Briton) told me the general atmosphere there was like a small English city 50 years ago.

Kiwi managers are more top-down and domineering in approach. They rely more on their position than on their competence or interpersonal skills. The private sector in NZ is managed like the public sector would be overseas. The Kiwi public sector has a strong feel of the military found overseas. (I've had no direct exposure to the NZ armed forces, so can not comment on them.)

I've often witnessed pettiness and vindictiveness from Kiwi managers, over disagreements that were not even intended personally, that would equal the worst of Aussie bosses.

Kiwi managers are less likely to collaborate effectively with subordinates in the resolution of obstacles to organisational goals. They are less likely to effectively allocate resources to the overcoming of challenges. Most often, they simply set (commonly unachievable) goals, and hold the subordinates responsible in the event of failure.

Comparing similar positions in similar-sized organisations overseas: Kiwi managers are noticeably less able to understand or implement even the basics of cost-benefits analysis, indirect effects, stepwise-refinement, large medium-term returns from small short-term investments, a systems-oriented approach, the ad-hoc contracting of qualified specialists, and much more.

- e.g. I briefly worked for an elected senior officer in a Kiwi regional Chamber of Commerce (who still owned and ran a spouse-funded loss-producing growth-potential micro business...

after 17 years). She had trouble mastering the difference between income and profit, and decided the firm's competitive advantage was “doing anything for anyone”. But she was very sociable and networked a lot. (She also misled me on the hours I would work, the wages I would earn, the communications I could have with the company's Board members, and the tasks I would perform.)

- e.g. The CEO of one of NZ's top 3 listed corporations said, at an annual staff address: “We want to double our number of customers, and double the average customer spend, over the next year(!), so that we can double (sic) our income.” (Hint:  $2 \times 2 = 4$ ) This was an organisation that had obviously lurched (year after year) from overdoing one aspect of their firm to overdoing another.

NZ managers are very enigmatic, even more so than most Kiwis, who are more so than most Aussies, who are more so than most Americans and many other western cultures. They are nearly on a par with the Japanese, where I also lived and worked for 2 years. Well-meaning newcomers, who are quite successful professionally in other cultures, can be severely ostracised at work and have absolutely no idea they've even put a toe wrong.

e.g. The words “average” and “typical” are about the strongest words of dissatisfaction I've heard from a superior to a subordinate. Given the rest of the English-speaking world applies different meanings to those two common words, and New Zealand depends so much on skilled migrants to survive, it's wise to consider this one linguistic topic in depth, on its own.

Kiwi managers have learned almost nothing about managing at a world-class standard of competency because they consistently don't care how anything is done (in detail) outside of New Zealand, and they are hostile to any suggestions that certain things are better managed overseas.

My strength is not psychology, but Kiwi managers seem to exhibit a strange blend of pride and insecurity. Very few, if any, appear to know of the confidence that comes from swallowing one's pride and freely “poaching” expertise from their subordinates and (overseas) competitors. I've even heard “New Zealand industrial espionage” used as a humorous oxymoron to illustrate this point.

#### *Workplace culture:*

I believe the phrase “tall poppy” has slightly different meanings in Australia and New Zealand. It also illustrates one dysfunction of the Kiwi workplace very well: In Australia it means a genuinely successful person, who gets proud & self confident, and relies too much on their past achievements. In New Zealand it means anyone who happens to know a bit more about something than someone else, and is impolite enough to offer a helpful suggestion or correction on the topic. If the corrected person is a boss, it often results in career suicide for the subordinate, especially if the subordinate repeats the offence (due to a commitment to efficiency, effectiveness, honesty, justice, or accuracy).

Kiwis take great pride in “number eight wire” inventiveness and innovation. But it is exercised to almost absurd lengths in far too many situations. Kiwi organisations are more likely to start making some item, device, procedure, form, etc. from scratch, rather than see if one is already available off-the-shelf. I've seen Kiwis spending man-weeks of work (worth thousands \$ in wages) cobbling together bug-ridden, undocumented, and hard-to-service contraptions. (“We'll get our money back by selling the prototypes.”) Yet they won't even spend 15 minutes first, with Google or the Yellow Pages, to find out that a much better, guaranteed, supported, and already-patented solution is available (for just hundreds \$).

Some other noticeably different tendencies in the NZ workplace are...

- Obedience, regardless of the absurdity or unfairness of the instructions, is more likely.
- Loyalty to the immediate superior, rather than to the overall organisation, even if the subordinate is being significantly and directly exploited by the superior, is more likely.
- Suggestions are less likely to be spontaneously offered by a subordinate.
- Instructions are rarely ever questioned, and then only for clarification of intent.
- Even when ideas or suggestions are publicly asked for by a manager, only the migrants, young employees, and “union rat-bags with clout” are likely to respond. (This even occurs when colleagues will freely raise such suggestions quietly, “over a cuppa”.)
- Anonymous “suggestion boxes” are much less likely to exist, and more likely to be ignored.

In the 5 years I lived and worked in NZ, the only time I heard the phrase “constructive criticism” was in overseas films or television shows. Criticism of any sort, regardless of the intention, and regardless of the deservedness, only goes from a superior to a subordinate. “Never” the other way, and very rarely between peers.

There is a superficial impression of teamwork and harmony in the workplace. People are carefully selected to “fit in”, above all else. But often I've uncovered resentment, hostility, stress, fear, and other negative symptoms equal to if not greater than poor workplaces in Australia and other first-world countries. Precisely because healthy conflicts can not be brought out in the open, and argued freely & solely on their merits, they do not go away... only fester.

In similarly-sized organisations in similarly-sized markets, the NZ ones are much more likely to:

- be poorly organised,
- have inferior, inadequate, or non-existent staff training,
- have substandard or inadequate staff-assisting reference documentation,
- have substandard or inadequate staff-assisting tools,
- have little or no interest in how competitors (local or distant) do any things better,
- not have a proactive or initiative-taking approach, and
- not have a systems-oriented problem-solving approach.

Lower-level Kiwi employees work longer and harder to make up for management errors and omissions. I never heard anyone raise the subject of paid overtime, even among my peers off-duty. When I (quite deservedly) raised the subject once, I was stared at as if I were insane. (NZ has the highest, or nearly, level of unpaid overtime in the OECD.) I've only heard of public sector employees with permanency tracking the accumulation of overtime hours, for flexi-time purposes.

New Zealand's per-capita productivity is still 30% below Australia's. The moral: No amount of blood, sweat, and tears from underlings can fully compensate for strategic and tactical management errors. Most migrants I'd discussed this with, while in NZ, had come to the same conclusion.

#### *Hiring and promotion practices:*

In my 5 years in New Zealand, I've heard the phrase “it's not what you know, but who you know” more often than in all the 32 years I've worked elsewhere. Circumstantial evidence also strongly indicates a correspondingly high level this dysfunction being put into actual practice.

New Zealanders take so much pride in their rugged, isolated, pioneering, and inventive self-image that (with the exception of medicine, law, accounting etc.) formal education and qualifications are not simply ignored, they are hostilely derided.



e.g. While in New Zealand, in conversations with hundreds of people (including many managers and SME owners), it would often be relevant for me to mention I had a degree or other qualification. Unlike most first-world countries, where the normal response is “oh, what did you major in?” or “oh, where did you obtain that?”... nearly every single Kiwi confronted me with “a degree doesn't mean anything” or “educated people are useless”. Most migrants I'd discussed this with had similar experiences.

While it is common for managers to not hire anyone better qualified or more successful than themselves, in New Zealand this is almost universal. Also, it is usually extended to not hiring any one who is even nearly as qualified or successful as the manager.

For Kiwi hiring purposes, “the right attitude” thoroughly trumps skills, achievements, experience, and qualifications. Given the above-mentioned personality traits of Kiwi managers, “the right attitude” equates more to those things that will make the manager feel good, than to those things that will maximise the competitiveness and productivity of the organisation overall.

e.g. Kiwi humour commonly relies on the well-meaning dimwit whose heart is in the right place, but can't do anything very well. Unfortunately, this humorous persona is an accurate reflection of far too many Kiwis in far too many workplaces.

Obviously (to most first-world managers) such endemic anti-intellectualism (even when it relates to a TAFE/polytechnic diploma in small business management) has a significantly adverse effect on organisational efficiency and competitiveness.

In New Zealand it appears promotion is based more on a subordinate's subservience, loyalty, inoffensiveness and time-in-role, than on how qualified, successful, innovative, entrepreneurial, challenging, honest, or proactive they may be. In this respect the Kiwi private sector is much like the public sector in Australia, and the Kiwi public sector even worse so.

New Zealand managers seem noticeably less able and willing to effectively check work references. Circumstantial evidence indicates (and a few informal confessions have verified) that... If a hiring manager does not personally know the applicant, and does not personally know any of the applicant's referees, they will simply not consider the applicant – regardless of the merit of the applicant and the lack of merit of all the other applicants. This profoundly affects new migrants relying on overseas referees.

e.g. As seen on my credentials page, I have an impressive array of qualifications and achievements. On two occasions, in two different regions, I indirectly found out that I had seemed “too good to be true”. So, without any checking whatsoever, they (and probably many other Kiwi managers) just assumed that I was lying and refused to consider me.

Even the New Zealand public sector does not hire or promote on merit... as the word “merit” is understood in Australia and most first-world countries. If a Kiwi manager were transplanted to Australia and then hired staff in the same manner (even in the private sector), there would likely be audits and they would be under suspicion of corruption or incompetence.

e.g. Every NZ publicly-funded job must be advertised. Long detailed lists of selection criteria are published, and then perfectly-qualified applicants are blatantly ignored in favour of candidates who failed most criteria, but who had been working there for a while, or knew someone who knew someone.

When I raised this shocking (by world-class standards) phenomenon with a currently-serving member of the New Zealand Parliament, his response was “Ha ha! Well, what can we do about it?”

By Australian and other first-world countries' standards, these hiring and promotion practices would be considered corrupt, nepotistic, or cronyistic. Many first-world newcomers to New Zealand feel precisely this way. But many Kiwis would be sincerely shocked by such accusations. Their subjective rationale is that they are being risk averse, and they are making the safest choices. Unfortunately, they are taking this cautious approach well past the point of marginal improvement.

The Kiwi workplace has a noticeably unfair culture. But most New Zealand workers at the lower levels “know their place” and rarely if ever confront it or discuss it publicly. Those who can't stand it join the masses migrating to Australia or other first-world countries.

These practices result in maximising the short-term personal benefits to the hiring and supervising managers, but at the expense of organisational effectiveness and long-term commercial viability. Unlike in so many organisations overseas, Kiwi senior managers make no effort to override this abuse by their mid-level subordinates.

There is a strong sort of class system in New Zealand. It is not by Royal blood-line, as in the UK. It is not purely wealth-based, as in the US. It is a type of “old boy network”. It is discernible to Kiwi sociologists. By impacting hiring and promotion, it is adversely affecting the NZ economy.

#### *In summary*

The mismanagement, dysfunctional workplace culture, and improper HR practices are significantly harming the productivity, competitiveness, and efficiency of nearly every single NZ organisation.

## Comments on the statements made in the Issues Paper, pages 13 & 14:

“... Since the late 1960s, there has been a substantial increase in the number of New Zealand-born living in Australia, outpacing growth in the number of Australian-born living in New Zealand (figure 4).”

### Comments

Most of the comments I've received from Australians, while living in Australia, are that New Zealand is a terrible place to live. Except for a noticeable shift toward parochialism, *ceteris paribus*, I have not found that to be true.

Most of the comments I've received from Kiwis, while living in New Zealand, are that Australia is a better place to work. I wholeheartedly agree.

### Explanations

For Aussies who move to New Zealand, the workplace environment there is sufficiently adverse (in both tangible and intangible terms) to support such a high rate of return to Australia.

A sociological study (done around 2007 by some Master's candidate at Massey University) found that most Kiwi expats who returned to New Zealand (after occupational achievements overseas) left NZ a second time, permanently – primarily due to the sufficiently adverse workplace environment “back at home” (in both tangible and intangible terms).

So, New Zealand is even failing at keeping those NZ-born who were sufficiently motivated to return home.

“Analysis suggests that economic factors, such as greater opportunities and a higher standard of living, were more important than lifestyle or family factors in explaining the net migration flows of New Zealanders to Australia (Green et al. 2008).”

### Comments

(a) The concentration of wealth in the hands of those who do not genuinely earn it (e.g. through value adding or wise management), will (due to free market forces) eventually fail. We are simply witnessing the decline of “maintaining undeserved privilege”. The remaining Kiwis are owning an increasing share of a sinking ship. Adam Smith's “invisible hand” lives.

(b) If Green et al's research (above) had specifically identified the many naturalised NZ citizens who emigrated, and included those migrants (like myself) who couldn't even stand staying in NZ long enough to become citizens... I would expect it to have shown that both groups were leaving in even greater proportions than the NZ born.

### Explanations

(a) I've seen that the better educated, more intelligent, and more ambitious Kiwis, but who also lacked the right social/job connections, were more likely than the rest to give up on NZ and leave.

The dysfunctional and unfair NZ hiring and promotion practices (ignoring genuine merit) can not coexist with a free market in the long term. Current options include maintaining the current “brain drain”, refusing to allow Kiwis to emigrate, or improving the quality of HR practices in New Zealand up to world-class standards.

(b) While it may be effective to convince life-long Kiwis that the NZ management style and workplace culture are OK and normal (through innocence), that can not be achieved on employees who have already experienced higher standards of management and work culture.

I'd bet that, the more disadvantaged a country is (economically or in terms of human rights), the more likely its migrants to NZ will feel comfortable in the NZ workplace and remain. Note: I've even met Russians, Ukrainians, and South Africans looking forward to returning to their “basket case” countries, rather than stay in NZ any longer.

## **Answer to Question 13 in the Issues Paper:**

“Q.13 Are there matters other than economic factors that form part of the rationale for pursuing a trans-Tasman integration policy or should be considered when thinking about potential costs?”

### Answers

Yes there are, both tangible and intangible.

### Explanations

Integration that further exposes Kiwi organisations to world-class standards of competition will hasten the bankruptcy and foreign purchase (plus hopefully management) of those firms that won't adequately raise the quality of their management and their workplace culture. After the short-term pain (required primarily due to the intransigence of current privilege-holders), longer-term improvements in the general working conditions for the majority of employees will very likely result.

However, any integration that protects Kiwi organisations from fierce competition, and/or provides support to current privilege-holders, will delay the above from occurring.

Freedom of migration provides lower-level Kiwi workers with the opportunity to leave a relatively dysfunctional, exploitative, and unfair labour market. That helps accelerate the bankruptcies and foreign purchases (above) as well as fulfilling an intangible human rights obligation. (It also provides Australia with a generally well-disciplined, bright, appreciative, innovative, and English-speaking labour force -- accustomed to lower wages, higher cost of living, and substandard management/supervision.)

## **Answer to Question 14 in the Issues Paper:**

“Q.14 What is the appropriate ‘end-point’ to trans-Tasman integration?”

### Answers

Until New Zealand lifts (and maintains) its per capita productivity up to a par with Australia's, and until the standard of public sector & private sector management (at all levels) is on a quality par with Australia's: I strongly suggest limiting integration to Level One – Free Trade Between Members.

I'm not an economist, and am unsure of what Level Three - Common Market exactly means in the context of this particular relationship. If it exposes New Zealand to higher levels of competitive pressure, and gives relatively little (from Australia to NZ) in terms of benefits, I would agree to that. But if it doesn't, then I would not.

### Explanations

An analogy: Economically, competitively, and productively... New Zealand is like a child who won't eat their vegetables, won't do their chores, and won't study. It's also been diagnosed (by people with unusually high experience and training) with dyslexia.

Australia can either increase NZ's allowance and otherwise leave it alone... or tightly tie punishments and rewards to behaviour and improvements in performance, while providing specialist help for their disability.

It's not wise to use a hammer for a screw, nor a screwdriver for a nail. Using macroeconomic factors for microeconomic problems is somewhat ham-fisted, indirect, and prone to unintended outcomes.

“Helping” New Zealand via certain higher-level integrations will most likely mean that Australia pays more for very little improvement, while a privileged minority of Kiwis pocket the benefits and simply “do more of the same” to their hapless subordinates.

## **Answer to Question 16 in the Issues Paper:**

“Q.16 What would be the advantages and disadvantages of implementing a currency union between Australia and New Zealand?”

### Answers

Disadvantages to Australia, by dragging the Aussie down.

Disadvantages to New Zealand, by masking the underlying causes of their weak economic performance.

### Explanations

The NZ economy has had trade deficits for 48 of the last 50 years. Their per capita productivity is 30% below Australia's, and most of its major trading partners. Over 40% of all (productive) capital wealth in NZ is foreign-owned, with relatively little overseas investment to offset that.

The Kiwi dollar is maintained because they're selling off significant levels of infrastructure, land, corporate shares, and anything else that can't be exported (in the mainstream sense).

Does Australia really want a full-fledged marriage into a family that's rapidly flogging off everything it's got?

## **Answer to Questions 23 and 24 in the Issues Paper:**

“Q.23 Would this organising framework and high level assessment be likely to identify the potential areas for reform that offer the most significant gains?”

### Answer

No.

### Explanation

Not unless it's sufficiently motivated by the microeconomic factors and workplace dysfunctions identified and presented in this Submission.

Given the framework already established, the high-level mindset of the process, and the likely relationships between the two Competition Commissions and their respective political masters, the above level of motivation seems unlikely.

“Q.24 If not, what alternative frameworks might be used?”

### Answer

A New Zealand Productivity Commission that:

- is appointed with bipartisan support,
- includes those with direct achievements inside better-performing economies than NZ's,
- is made up of those who've spent less than half their working life in the public service,
- is made up of those close enough to retirement to be free of “future career concerns”,
- includes (former) academic(s) in the fields of commercial management and economics,
- is sufficiently resourced to fully conduct its business as it sees fit,
- publicly submits regular reports directly to Parliament as a whole,
- in the event of any non-unanimous findings, always presents (one or more) minority reports,
- is free and empowered to investigate any areas of productivity that it so chooses,
- has an annual rotating chair, elected by its membership, and
- has all members appointed for a fixed 4-year term, without eligibility for renewal.

And a New Zealand Parliament with the political will to implement the Commission's (sometimes painful) recommendations.

### Explanation

Should be obvious, *prima facie*, to those with public policy expertise in the more democratic and higher productive cultures.



## Answer to Question 30 in the Issues Paper:

“Q.30 What policy-related barriers are there to trans-Tasman labour mobility and the movement of people more generally? Are there valid reasons for these barriers remaining in place?”

### Answers

(a) De jure: None of significance that I've encountered. Although I know of others who have.

De facto: Profound and harmful barriers in the minds of NZ hiring managers to hire the most competent applicant, if they are a stranger.

(b) De jure: The standard of some training/education in NZ is substandard, particularly on-the-job.

De facto: Not genuinely valid ones, but other reasons are probably... They help to maintain “the old boy network” and to keep incumbent managers' jobs secure, regardless of their competency or lack thereof.

### Explanations

(a) De jure: Certain professions, from higher-standard countries, are not readily accredited.

De facto: Elaborated in detail in my previous answers.

(b) De jure: Kiwi training is often “sink or swim”, so Australia should test incoming Kiwi migrants.

De facto: The insecurity and fear in Kiwi managers, of hiring strangers, of hiring someone who is qualified and/or successful, of hiring someone who is too busy playing the ball to polish the apple, is harming productivity there, and a major reason for NZ's brain drain.

The hiring xenophobia is so bad in NZ that I've even noticed the level of internal migration in NZ is lower than in other countries. So it's not a matter of race, nationality, culture, or other things that most migrants naturally assume. It's apparently a timid fear of strangers in general.

## **Answer to Question 31 in the Issues Paper:**

“Q.31 How could Australia and New Zealand enhance the creation and transfer of knowledge between the two countries to mutual benefit?”

### Answer

The Achilles Heel is nearly all the managers in nearly all the workplaces throughout the NZ economy. It requires a multi-step process:

1. Get NZ managers in all areas to transfer knowledge to their subordinates better.
2. Get NZ managers in all areas to gain knowledge from their subordinates better. (Yes!)
3. Get NZ managers in all areas to “poach” top staff from their better-performing competitors.
4. Get NZ managers in all areas to “cross pollinate” systems, using staff from other industries.
5. Get NZ managers in all areas to accept that their sectors perform worse than overseas.
6. Get NZ managers in all areas to accept there are things they must learn from overseas.
7. Then open up the high-level international knowledge transfers, that you're already overly-focused on, and that you're doomed to “cast upon infertile soil”.

Note: Great lashings of punishments, rewards, and propaganda will be needed.

### Explanation

In learning theory, there's a concept of “the proximal range of comprehension” – or some such. You can't run until you've mastered walking, as it were. A concept has to be within a student's grasp, intellectually speaking. The above list has incrementalised a long training programme that (frankly) most Kiwi managers need in spades.

There is the emotional and motivational factor as well. You can throw all the knowledge in the world at someone, in the most friendly and understandable format. But, if their attitude is “I don't care how anyone else does it. I'm right and they're wrong.” they are not going to learn a thing. And I've never seen an English-speaking culture as arrogant (yet so in need of humility) as Kiwi managers. (The American public are just as bad, but in terms of culture and foreign relations.)

Curiosity, desire, and acceptance are needed in the recipient, before optimum learning can take place. This is where punishments, rewards, and propaganda will be needed. Changing an entire dysfunctional workplace culture is extremely difficult.

As Commissioners, you are under pressure from your political masters to deliver a “magic pill” that will be quick, cheap, popular, and simple. It's impossible. I'm glad I'm not in your position.

## **Answer to Question 36 in the Issues Paper:**

“Q.36 What are the most important considerations regarding the sequencing and timing of integration policy reforms?”

### Answer

Establish a behavioural reward system. (e.g. Do not implement any reforms that provide New Zealand with rewards, until they have achieved stated improvements.)

### Explanation

The NZ economy is very poorly performing, compared to Australia. In spite of glaring and obvious shortcomings in the Kiwi management style, workplace culture, and hiring/promotion practices, they insist on blaming their performance on distance, natural resources, and economies of scale – in the face of evidence to the contrary.

Integration without reform will drag down Australia's economy, and allow undeserving Kiwi owners and managers to “pocket the proceeds” while failing to achieve standards of management quality common in most first-world countries.