

New Zealand's Future Productivity to 2050



Long-Term Insights Briefing, January 2025

Tirohanga Whānui | Overview

The New Zealand Council of Christian Social Services (NZCCSS) welcomes the opportunity to provide feedback on the future of Aotearoa New Zealand's productivity. We support the kaupapa to outline the challenges and opportunities in our nation for future productivity but challenge the scope of 'productivity' to be limited to GDP per hour worked when communities provide and benefit from so much unpaid labour.

Our main points are:

Item One – A productive community is more than its GDP per hour

The 'third sector' provides millions of hours of unpaid labour each year that fill the gaps that government and business cannot [1]. Volunteers and not-for-profit organisations enrich the lives of New Zealanders and provide services that would never exist outside of a volunteer system. This unpaid labour is associated with improvements in mental and physical wellbeing, and is estimated to provide approximately \$4 billion dollars a year in economic value [2]. As an indicator of the economic health of a community, the capacity for members to engage in non-income related work demonstrates a level of financial and time-based freedom [3]. When calculating how 'productive' a country is, methodologically refusing to include the value of the community ignores the enormous contribution and value being generated by the third sector.

Item Two – Productivity cannot be prioritised over all else without changes to the definition.

Healthcare, cultural competency, equity and wellbeing cannot be deprioritised to facilitate GDP-focused productivity. Sacrificing key parts of our society because they do not serve purely to grow GDP will not make our lives better. As priorities shift globally towards 'stability' and 'resiliency,' the discussion of a wellbeing economy increases in volume and frequency. There is a strong, international movement to reorient the economy to be a vehicle for improving quality of life, not just the depth of certain pockets [4]. GDP should, in theory, be reflective of our wellbeing, on the understanding that as GDP improves, we are more likely to be able to afford things that improve our quality of life. To evidence this, experience-based wellbeing metrics must temper the statistical ones to produce a truer picture of what is happening – such as has been employed in our Child Poverty Statistics. In this space, the statistical information (percentage of children living at certain income levels) is matched with the lived experiences of poverty for these children (an assessment called the DEP-17) [5]. This inclusion of a qualitative aspect is missing in GDP, especially as an indicator of productivity in communities.

Item Three – Wellbeing cannot be correlated to GDP when wealth inequality is not addressed.

As above, with some integration of Wellbeing Economics, GDP could be a good indicator of the holistic productivity of a nation. However, if wages rise, but home ownership and personal wealth do not, then GDP-based productivity continues to be a poor metric for the wellbeing of our nation. Returning to the child poverty statistics, it is the difference between using the Before and After Housing Costs metrics to determine the lived experience of poverty. Productivity should be the engine of progress for people to improve their lives, but with the significant handicaps already present in our current economic system, it cannot be truly representative.

Item Four – The ageing population must be considered when considering GDP

By 2050, it is anticipated that there will be 1.5 million over-65s in Aotearoa New Zealand [6]. Many of these individuals will continue to work, both through choice and obligation, but with life expectancy increasing there will also be a larger cohort of individuals who cannot or do not contribute to the economy through paid work. While this cohort has historically continued to participate in volunteer activity, reinforcing our point above, there will also be a large group who do not. Lowering relative labour supply as the population ages will have some impact on GDP growth through the skewing of the labour market [7]. While there are mixed results from models that try and predict the economic impacts of an ageing population, it is evident that it must be considered when discussing the future of productivity.

Ngā Tohutoro | References

[1] Hāpai Hapori Community Matters. *Strengthening our Approach to Volunteering: Executive Summary*. https://www.communitymatters.govt.nz/ask-us/view/1840?t=316562_372737#:~:text=The%20economic%20value%20of%20volunteering, half%20of%20total%20volunteer%20hours.

[2] Roy, K. & Ziemek, S. (2000). On the economics of volunteering. On the economics of volunteering, ZEF Discussion Papers on Development Policy, No. 31, University of Bonn, Center for Development Research (ZEF), Bonn

[3] Volunteering New Zealand (2024). The State of Volunteering Report 2024. https://www.volunteeringnz.org.nz/wp-content/uploads/f_SOV-report_2024_web.pdf

[4] Wellbeing Economy Alliance. <https://weall.org/>

[5] StatsNZ (2019) Measuring Child Poverty: Material Hardship. <https://www.stats.govt.nz/methods/measuring-child-poverty-material-hardship#appendix2>

[6] StatsNZ (2022). One million people aged 65+ by 2028. <https://www.stats.govt.nz/news/one-million-people-aged-65-by-2028/#:~:text=%E2%80%9CThe%20number%20of%20people%20aged, 1.5%20million%20by%20the%202050s>.

[7] Treasury (2021). Background paper for the 2021 Statement on the Long-term Fiscal Position: The economic impacts of an ageing population in New Zealand. <https://www.treasury.govt.nz/publications/background/ltfs21-bg-economic-impact-ageing-population-nz#conclusion>

Ko wai tātou | Who we are

NZCCSS has six foundation members; the Anglican Care Network, Baptist Churches of New Zealand, Catholic Social Services, Presbyterian Support and the Methodist and Salvation Army Churches.

Through this membership, NZCCSS represents over 230 organisations providing a range of social support services across Aotearoa. Our mission is to call forth a just and compassionate society for Aotearoa, through our commitment to our faith and Te Tiriti o Waitangi.

Further details on NZCCSS can be found on our website - www.nzccss.org.nz.

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