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Long-term insights briefing team
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New Zealand's future productivity to 2050: Consultation on a topic for a joint long-term insights briefing

The Institute of Directors (IoD) appreciates the opportunity to provide thoughts on the topic for the joint Ministry of Business, Innovation and Employment (MBIE) and Ministry of Foreign Affairs and Trade proposed 2025 long-term insights briefing topic.

The IoD strongly supports the proposed topic for this long-term insights briefing topic. It aligns closely with many of our [Top 5 issues for directors in 2025](#) and the [enabling productivity](#) top 5 issue from 2024.

Within that context, we are focused on the critical role governance plays in addressing New Zealand's productivity challenges notably in the context of the "Return on Capital" top 5 issues we identified for directors to focus on in 2025. Directors are uniquely positioned to help organisations navigate global shifts like geopolitical changes, rapid technological advancements, and climate change, while also leveraging our domestic strengths in innovation, workforce development, and the Māori economy. Ongoing improvements in governance are essential to fostering future-ready organisations that not only adapt to these changes but actively drive innovation, resilience, and long-term value creation. These priorities, highlighted in our 2025 Top 5 issues for directors, are about more than just staying competitive – they're about ensuring New Zealand thrives.

About the Institute of Directors

The IoD has over 10,500 members, is New Zealand's pre-eminent organisation for directors and is at the heart of the governance community.

We believe in the power of governance to create a strong, fair and sustainable future for New Zealand. Our role is to drive excellence and high standards in governance.

We support and equip our members who lead a range of organisations from listed companies, large private sector organisations, state and public sector entities, small and medium enterprises, not-for-profit organisations and charities.

Our Chartered Membership pathway aims to raise the bar for director professionalism in New Zealand, including through continuing professional development to support good governance. This includes a focus on directors and boards leading their organisation by actively defining their strategy and purpose, setting expectations of management about how that will be addressed, and considering reporting on implementation of those actions.

We recommend the Briefing include a clear focus on how governance can help organisations balance short-term pressures with long-term productivity goals, drive investment in R&D and new technologies, and align with national priorities like emission reductions and fostering innovation.

This is because governance and the role of directors and boards in enabling productivity improvements does not feature in the consultation document. To support the objectives of the long-term insights briefing, we consider that this is an important omission that needs to feature in the work on the Briefing as it is further developed. We also think that it is important to explore real-world examples of governance best practice and the barriers directors face in driving change. IoD would welcome the opportunity to contribute further to this work, helping ensure the role of governance in improving productivity – and lifting living standards for all New Zealanders – is well understood and integrated into the final Briefing.

Responses to Questions

Question 1: Do you agree that ‘New Zealand’s future productivity to 2050: Global trends, domestic factors, strategic choices’ is a worthwhile topic for the joint MBIE-MFAT Briefing? Please explain why/why not.

Yes, this topic is critical to address New Zealand’s long-term productivity challenges and opportunities. ‘Enabling productivity’ was a top 5 issue that IoD identified for directors in 2024. Analysis by the New Zealand Institute of Directors for ASB and Spark in 2024 used in a series of events with directors nationally reinforced this.

We also consider that effective governance is central to navigating global trends, including geopolitical shifts, climate change, and technological advancements. The topic aligns with the IoD’s 2025 top 5 issues notably return on investment, climate as a competitive edge and quantum leaps ahead (see [The top 5 issues for directors in 2025](#) for more detail). These emphasise the importance of strategic foresight and adaptive governance. Directors must steer organisations to remain resilient and competitive, fostering sustainable growth that improves living standards in the face of global trends, domestic factors (including currently low demand) and strategic choices.

Governance can enable productivity improvements by supporting and promoting innovation, fostering talent, and strengthening stakeholder engagement. A briefing that effectively incorporates governance considerations can provide the underpinning for policy that will help directors and boards across many sectors and organisations to enhance their decision-making and long-term value creation (in all forms) essential for improved productivity.

Question 2: Within this topic, are there particular questions you think the Briefing should explore?

Governance and the role of directors/boards is missing from the analysis. It was a feature of the dynamic capabilities work undertaken by the former Productivity Commission by Professor David Teece and Keiran Brown in the context of the 2020 Frontier Firms report.

In addition to questions that others will suggest on productivity, we suggest the following:

- How can boards influence and implement sustainable strategies that balance short-term returns with long-term productivity gains?
- What role can governance play in driving innovation and technology adoption to overcome structural challenges in New Zealand's economy?
- How can directors ensure alignment between organisational objectives and national goals, such as transitioning to a low-emissions economy, productive adoption of new digital technologies and supporting accelerated innovation?

In addition to a focus on directors, boards and governance practice, it may also be useful to explore extent and nature of management capability in New Zealand and, given past study findings, way to enhance in relation to peers globally. Governance has a role to play in doing this.

Question 3: Which are the most important global trends that the Briefing should explore?

We have looked at this question from a governance perspective and those areas that have significant opportunities or risks that boards and directors can support management on. These include:

- **Geopolitical Shifts:** Directors must manage risks arising from global economic fragmentation and shifting trade and global supply chain dynamics. Current indications as outlined in the discussion document are a move to a much less certain “power-based” order for international trade in goods and services. Boards have a key role in supporting management to understand this changing external environment.
- **Technology and AI:** Governance should prioritise the adoption of technologies that enhance productivity while addressing ethical and environmental considerations. We have also focused on the developments in quantum computing that will take AI further leaps ahead. New Zealand organisations were caught by surprise by developments in AI. Our focus and we hope the focus for the MBIE/MFAT 2025 long-term insights briefing is to ensure that digital technologies (including AI) are understood by directors and boards, and they anticipate the developments in quantum computing and are prepared for them before they materialise.
- **Climate Change:** Boards play a crucial role in embedding sustainability and resilience into corporate strategies. The climate reporting entities are already on this journey, but other firms are not necessarily as engaged despite the changing situation nationally and internationally, including regulatory requirements, trade agreements and overseas consumer expectations. The “Climate as a competitive edge” top 5 issue we identified for directors in 2025 reflects this need for directors and boards to keep up with the climate demands domestically and, importantly, internationally.

Question 4: Which are the most important domestic factors, including New Zealand's economic strengths, that the Briefing should consider?

Building on the issues outlined above and our [2024 Director Sentiment Survey](#) findings, among other data and analysis, we identify three issues as the most important domestic factors for the briefing to consider:

- **Innovation and R&D:** Boards should advocate for investment in knowledge-based capital to address low innovation rates. Understanding customer demand, seeking new technologies and processes internationally and developing them for application to meet customer demand is critical to this endeavour and steps to improved productivity.
- **Workforce development:** Directors must support initiatives that upskill (or change the skills of) the workforce and promote diversity, fostering innovation and inclusion. This is vital if the New Zealand workforce is to successfully apply innovation to drive improved productivity.
- **Māori economy:** Recognising and integrating the unique strengths of Māori culture and tikanga can unlock productivity and innovation. NZTE and other research points to an increasingly large Māori economy. The former Productivity Commission found that Māori firms were more export oriented and more innovative than others. Similarly, Māori governance practices built on a focus on purpose, working collectively and taking a longer-term view also provide a platform for improved governance practice in New Zealand that could help support improved productivity.

Question 5: What are the most important interactions between global trends and/or domestic factors that the Briefing should explore?

Key interactions we think we would worth exploring include:

- The extent to which the interplay between geopolitical risks and New Zealand's trade dependencies requires robust governance to ensure supply chain resilience.
- The ways in which technological advancements align with New Zealand's capabilities and the role of directors and boards in driving strategic investments in technology adoption and digital infrastructure.
- How climate change mitigation and adaptation strategies can be integrated into governance frameworks to balance risks and opportunities, in addition to the work being done already based on the climate-related disclosures.

Question 6: Is there any information, perspectives or methods that you recommend we use to develop the Briefing? Please provide details.

The briefing needs to extend beyond work already undertaken on productivity in New Zealand. The ground on this is already well traversed. While not necessarily dealing with specific policies, the Briefing needs to put existing policies in context and show how these could be built on to achieve the objective of improved productivity.

To support that we suggest that the Briefing should incorporate:

- Case studies on governance best practices driving productivity in similar economies
- Insights from directors on barriers to innovation and capital investment
- Scenario analyses to explore potential impacts of global and domestic trends on New Zealand's economic landscape and productivity.

These methods align with the IoD's call for data-driven, strategic governance to future-proof organisations.

Question 7: Would you or the organisation you represent like to have more input into the development of the Briefing?

The IoD welcomes continued engagement in developing the Briefing, offering the collective expertise of its members to contribute to the development of the Briefing to ensure that the role of governance in leading organisations through the geopolitical and domestic challenges (and associated risks) while also helping to identify and take the opportunities for future productivity improvements and the positive impact on New Zealand's standards of living.

Conclusion

The Institute of Directors (IoD) supports the proposed topic for the joint MBIE-MFAT Long-term Insights Briefing because it aligns well with the return on capital and other top 5 issues for directors that we identified we 2024. The discussion document and proposals are missing the critical role governance can play in addressing New Zealand's productivity challenges and opportunities to 2050, an omission that needs to be addressed in the work on the Briefing. Directors are uniquely positioned to navigate global trends such as geopolitical shifts, climate change, and technological advancements while driving innovation, fostering sustainable growth, and aligning organisational strategies with national priorities like emissions reduction and workforce development. We recommend that governance be a focus of the Briefing, supported by case studies, director insights, and scenario analyses to highlight how boards can balance short-term pressures with long-term value creation.

IoD welcomes further engagement to ensure the Briefing captures governance's essential contribution to improving productivity and lifting living standards for all New Zealanders

Ngā mihi



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