

CONNECTED NEW ZEALAND:

Our digital path forward

Summary

- We are living through one of the most challenging periods in New Zealand's economic history. COVID-19 is severely testing our economy, with many businesses shutting their doors for the last time and jobs disappearing like never before. Our border is closed and likely to remain so for some time. International trade has slumped as the global economy goes into recession.
- But we are in a strong position to weather the storm. Prior to the pandemic, our Government's net debt as a share of GDP was the second lowest in the OECD. This allows for an unprecedented fiscal stimulus to cushion the blow of the pandemic for the many New Zealanders who have lost their livelihoods.
- Rebuilding our economy is a huge challenge. But in meeting that challenge we have a unique opportunity to build a better economy that delivers for all New Zealanders.
- Lifting productivity growth and ensuring the benefits are widely spread across New Zealanders needs to be an overarching objective of the rebuild. By lifting incomes and improving work-life balance, better productivity would contribute to higher wellbeing for many.
- In turn, improving productivity requires a strong focus on digital technologies as we reboot our economy. Digital technologies have transformed the way people interact, live, work and learn. Digital tools and data encourage innovation, generate efficiencies and improve products.
- New Zealand's economic geography – isolation from large global markets and small fragmented domestic markets – is the root cause of our poor productivity. Fortunately, digital technologies are steadily reducing the cost of being far away and making it more likely that good ideas get noticed internationally. This has the potential to speed up the spread of new ideas, improve market access for small New Zealand firms and allow productive firms to grow and invest.
- It follows that digital technologies can help improve our productivity by offsetting the negative aspects and accentuating the positive aspects of New Zealand's economic geography.
- New Zealand has already invested in digital infrastructure, with 75% of Kiwis now having access to fibre broadband. Courtesy of the COVID-19 lockdown, we have also had a crash course in going digital, giving us a glimpse of its potential to improve our productivity and to reduce our environmental footprint.
- The virus has also highlighted the digital divide, with people in jobs amenable to digitalisation more able to keep working remotely during lockdown. The fact is, digital technologies improve the wellbeing of people with the capability to use them. So, the digital divide is not just about access to ICT, but also about the differing abilities of people to make the most of it.
- To encourage widespread use of digital technologies, we need to build equal digital opportunities, strong digital literacy and robust digital security. Investing in digital skills is key. Skilled workers adopt innovations earlier and are associated with greater firm investment in knowledge-based assets such as strong management capability and more effective business models. In contrast, if people lack digital skills, then the digital transformation carries the threat of greater inequality.
- Encouraging the use of digital technologies as we rebuild our economy requires a comprehensive and coordinated agenda, with digital skills training at its centre to futureproof New Zealand workers.
- New Zealand's current digital inclusion agenda would benefit from a stronger evidence base and unifying framework. To help with this, BNZ intends to use its unique data, its branch network and community reach to drive a digital skills movement aimed at improving productivity, financial capability and societal wellbeing in New Zealand.