

Inadequate infrastructure inhibiting NZ's growth

An executive opinion survey undertaken as part of the World Economic Forum's latest Global Competitiveness Report has ranked New Zealand's **inadequate infrastructure as the most problematic factor for doing business**.

While ranked 24th overall for its relative global competitiveness, New Zealand ranked 50th for the adequacy of its infrastructure with transport and energy seen as the key areas of concern. Other countries of similar size to New Zealand such as Finland and Denmark were ranked in the top 10, while Australia was ranked 25th internationally for the quality of its infrastructure.

"The survey results are important because they show how domestic and international business sees New Zealand from an investment perspective", says Council for Infrastructure chief executive, Stephen Selwood.

"Companies wanting to invest for growth seek locations with the necessary infrastructure to support their investments and lift overall productivity. Constrained investment means lower growth, fewer jobs, and, in the end, lower incomes.

"The report showed New Zealand's income per head (as measured by GDP per capita) continuing to lag behind the average for OECD nations. In 1980 New Zealand's GDP per capita matched the OECD average. In 2007 New Zealand is now 30% below the OECD average, and the gap is widening.

"Lifting New Zealand's potential depends on enhancing capacity for the movement of people, goods, energy and information between different places domestically and internationally. Improvements in terms of time and cost can reduce the disadvantages of distance and have significant positive impacts on national productivity.

"Physical networks such as communications, roads, public transport, energy and water are of particular relevance since they influence the location, timing and extent of development and growth.

Social infrastructure, such as schools, hospitals, recreational, conference and tourism facilities are central to supporting regional development.

"New Zealand's poor ranking for the quality of its infrastructure underlines the need for the incoming government to keep its focus clearly on investment to help lift the nation's overall economic performance, Selwood says.

The Global Competitiveness Report findings can be accessed at:
http://www.weforum.org/GCR0809_Browser

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