

NEW ZEALAND

Trend growth of GDP per capita has slowed, and its level remains significantly below the OECD average, reflecting essentially low hourly labour productivity.

Policy priorities

Improve the performance of electricity markets

Challenge and recommendations: To remove ongoing uncertainties about the future regulatory regime and climate change policies, it was recommended that a transparent and durable framework providing incentives for efficient market-based outcomes be established as rapidly as possible.

Actions taken: In October 2007, the government released its Energy Strategy and Energy Efficiency and Conservation Strategy, and draft legislation for a comprehensive emissions trading scheme was presented to parliament in December 2007.

Facilitate access to childcare for working parents

Challenge and recommendations: Given high out-of-pocket costs and the impact of rising regulatory standards on supply, it was recommended that greater efforts be made to ensure access, especially for disadvantaged children and for all three and four-year-olds. It was also recommended that funding be switched away from income-tested transfers to reduce out-of-pocket costs for childcare.

Actions taken: As decided earlier, since July 2007, subsidies provide up to 20 hours per week early childhood education for three and four-year-olds in early childhood education services run by qualified teachers that opt into the scheme. No other action has been taken to reduce out-of-pocket costs.

Reduce the extent of educational under-achievement observed among specific groups

Challenge and recommendations: To help lift the educational attainment of Maori and Pacific Island school-leavers, it was recommended that teachers' pay be linked to ongoing professional development and to success in improving educational outcomes for groups at risk of under-achievement.

Actions taken: A report on teachers' professional learning and development was published in 2007, and the government is working with unions to address "career path" issues for teachers.

Improve public sector efficiency

Challenge and recommendations: To raise public sector efficiency, it was recommended that public sector managers be given stronger incentives to identify and implement efficiency improvements through well-designed performance targets supported by robust information systems, especially in health and education.

Actions taken: In the health sector, new national targets have been established and this has been accompanied by a review of the accountability framework for managers in the sector. Information systems are being developed in education.

Improve road infrastructure

Challenge and recommendations: To help reduce road-transport bottlenecks and localised urban pollution, it was recommended that road-pricing arrangements, such as tolls and congestion pricing, be adopted.

Actions taken: The government has ruled out congestion charges in Auckland for the present but will make it possible for regions to raise funds through a regional fuel tax for specific transport capital projects. The first toll road is expected to open in 2008.