NEW ZEALAND

Priorities supported by indicators

Reduce barriers to competition in network industries (2007, 2009, 2011)

Recommendations: Divest public ownership stakes and dismantle barriers to competition in energy, air transport, telecommunications and rail. Strengthen independence and accountability of network regulators.

Actions taken: An Electricity Authority and a Productivity Commission were established as independent agencies in 2010-11. The rail network was renationalised in 2008.

Reduce educational under-achievement among specific groups (2007, 2009, 2011)

Recommendations: Provide early intervention to raise numeracy and literacy of at-risk students. Support a high-quality teaching workforce by use of accountability incentives and ongoing teacher education.

Actions taken: The government funded strengthened teacher professional learning and development in 2009-10, with a particular focus on schools with high shares of disadvantaged students.

Relax barriers to foreign direct investment and reduce regulatory opacity (2011)

Recommendations: Pass a Regulatory Responsibility Act establishing transparent quality benchmarks and requiring clear net benefit tests for regulations. Ease FDI screening requirements, remove ministers' discretionary veto and clarify the criteria for protecting "sensitive land".

Actions taken: No significant action taken.

Facilitate access to childcare for working parents (2007)

Recommendations: Improve access to childcare for disadvantaged and 3 and 4 year-old children.

Actions taken: In 2007, the government introduced twenty universal, free hours of early childhood education and childcare per week for 3 and 4 year-olds.

Other key priorities

Improve efficiency in health and education (2007, 2009, 2011)

Recommendations: Increase incentives for efficiency and accountability by public health care and education providers. Continue to provide access and service quality for minority groups.

Actions taken: National standards have been developed and implemented in primary schools in 2011, with annual reporting as of 2012. From 2012, government funding in tertiary education will be partly conditioned on performance. Health reforms since 2009 have encompassed regional consolidation of hospitals and primary care organisations, increased use of benchmarking and greater decentralisation.

Raise the effectiveness of R&D support (2009, 2011)

Recommendations: Reinstate business R&D incentives, enhance the efficiency of direct public R&D funding and improve R&D policy co-ordination.

Actions taken: In 2010, the government introduced a new business R&D support scheme including targeted grants and vouchers, and it restructured key innovation agencies into a single Ministry for Science. A national network of commercialisation centres is being established and university research funding incentives have been adapted to facilitate applied and commercial research.

Deal with infrastructure bottlenecks, especially in transport and energy (2007, 2009)

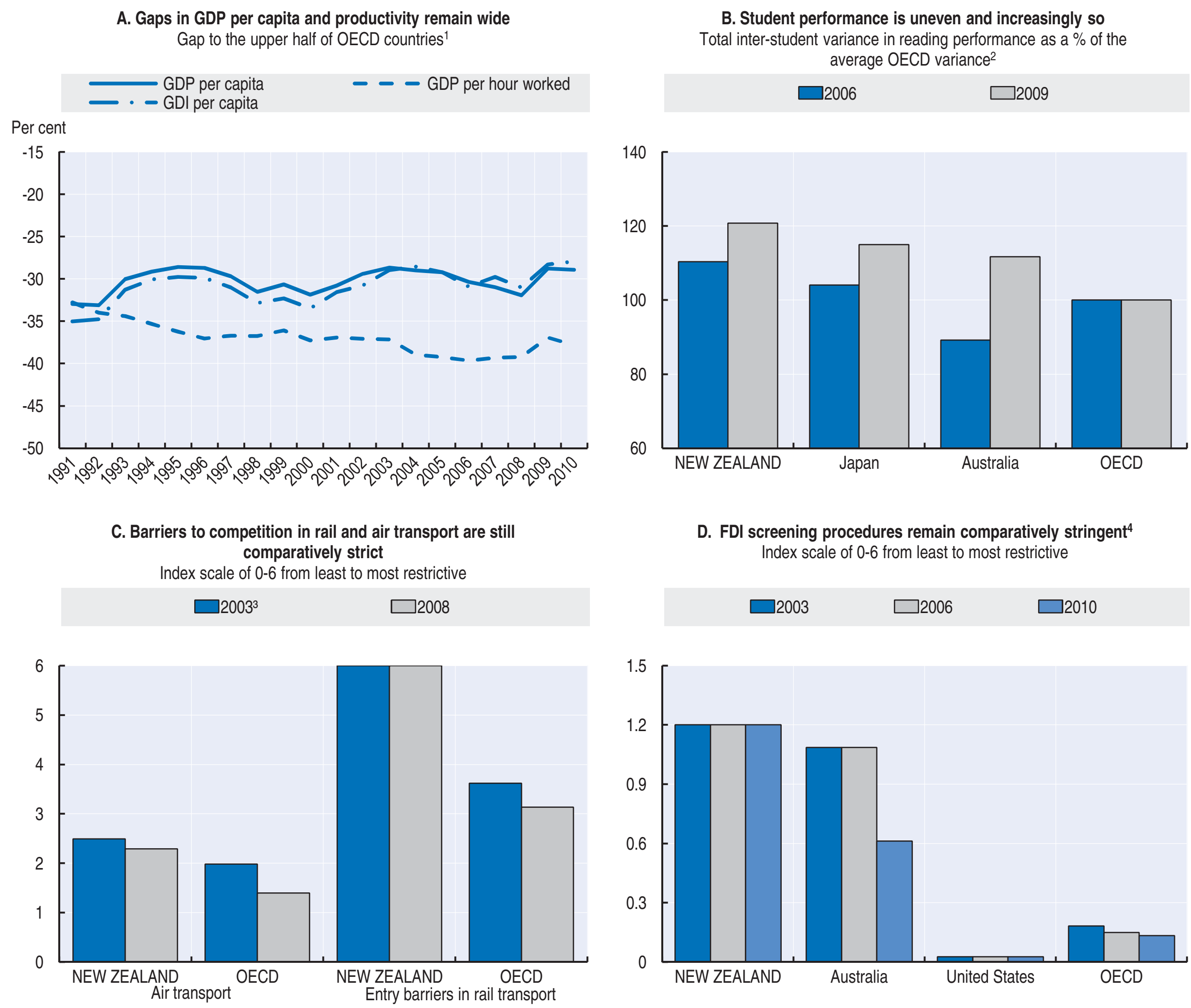
Recommendations: Change regulations, notably by reducing discretion and inconsistency in local resource consenting, to unblock investments. Use tolls and congestion pricing to restrain demand.

Actions taken: The government reformed the Resource Management Act in 2009 to streamline procedures for obtaining resource exploitation consents. The first toll road opened in 2009.

NEW ZEALAND

- The GDP per capita gap relative to the upper half of OECD countries narrowed in the global recession but remains high. It is more than explained by a significant lag in hourly labour productivity, whereas labour utilisation remains among the highest in the OECD.
- Among key priority areas, reforms in health care, education and R&D support are going in the direction of more efficient public spending. By contrast, little has been done to eliminate barriers to FDI.
- In other areas, an emission trading scheme has been introduced and personal and corporate income tax rates are being reduced.

Performance and policy indicators



1. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2005 PPPs).
2. The variance components, in reading performance only, were estimated for all students in participating countries with data on socio-economic background and study programmes.
3. The OECD average excludes Chile, Estonia, Israel and Slovenia.
4. The OECD FDI regulatory restrictiveness index looks only at statutory restrictions and does not assess the manner in which they are implemented.

Source: Chart A: OECD, *National Accounts and Economic Outlook No. 90 Databases*; Chart B: OECD, *PISA 2006 and 2009 Databases*; Chart C: OECD, *Product Market Regulation Database*; Chart D: *http://www.oecd.org/investment/index*.

StatLink http://dx.doi.org/10.1787/888932565623