

## New Zealand

### *Key facts and issues*

New Zealand is a centralised unitary country with a population of 4.6 million. Subnational governments are responsible for 11.3% of public expenditure, ranking New Zealand the 4<sup>th</sup> most centralised country in the OECD with regards to public spending. It is moderately urbanised, with 42% of its population lives in predominantly urban areas. The Auckland region contributed almost 40% of GDP growth between 2000 and 2013.

New Zealand's GDP per capita stands at almost USD 36 800, about 11% below the OECD average. The Gini index measuring inter-regional disparity on GDP per capita for small (TL3) regions was below the OECD average in 2013, but it has grown since 2000. However, household disposable income, which reflects taxes and transfers, gives a different picture: New Zealand scores above average on that indicator, and the gap has narrowed since 2004. New Zealand has the 2<sup>nd</sup> largest regional disparities in terms of car thefts. New Zealand has robust employment performance at the national level, but with significant regional gaps: the region with the lowest unemployment rate had less than half the unemployment rate of the worst performing region. New Zealand has witnessed a growing gap in unemployment rates among its regions since 2001. At the same time, the country experienced a shrinking inter-regional gap in tertiary educational attainment and the gender gap in participation rates. The productivity gap across regions has been shrinking since 2001. Only two regions are losing ground relative to the top performers in the country, while four are displaying strong catching-up performance.

### New Zealand: regional, urban and rural development policies

Policy Area	Enabling Document, Strategy, or Framework	Strategic Objectives and Means	Lead Ministry, Agency or Committee
Regional	<a href="#">Business Growth Agenda</a> (BGA 2015) <a href="#">Regional Growth Programme</a> (2014)	Focus on innovation as well as competitiveness of all and lagging regions; business support and innovation support are mainstream tools, sometimes focusing on aboriginal economies	Ministry of Business, Innovation and Employment (MBIE)
Urban	No over-arching framework, however elements can be found in: <a href="#">The Resource Management Act</a> (1991)	The Resource Management Act defines land use regulation and competencies of local governments; future policy is likely to focus on development capacity and land provision to firms and for housing	State Services Commission
Rural	<a href="#">Business Growth Agenda</a> (2015) <a href="#">Regional Growth Programme</a> (2014)	See regional policy: Focus on innovation as well as competitiveness of all and lagging regions; business support and innovation support are mainstream tools, sometimes focusing on aboriginal economies	Ministry of Business, Innovation and Employment (MBIE)

### *General policy approach*

While there is no explicit law or strategy document to set the framework for regional policy, New Zealand does have policies to support the economic growth of its regions. The first is the Business Growth Agenda which has a set of actions that target individual regions. The second is the Regional Growth Programme, a work programme of intensive engagement and support with particular regions that have areas facing long-standing challenges. Policy tools range from road and broadband infrastructure to business development support (in general and specific programmes for the primary sector, tourism, and the Māori population), investment attraction and clusters, among others. No general framework for urban policy exists, however a National Policy Statement on Urban Development is expected from the Minister of Environment.

### *Recent policy changes*

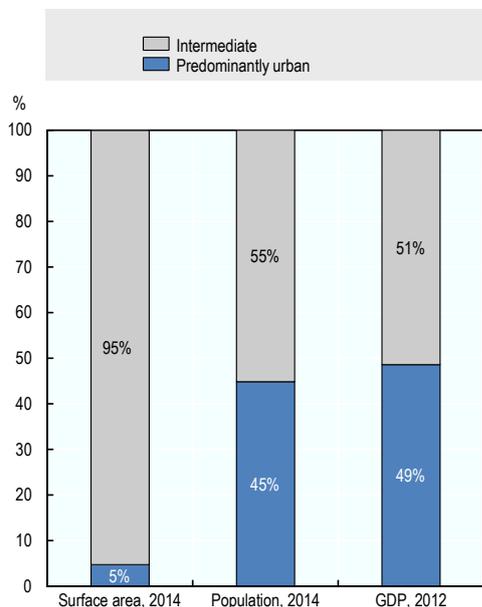
- The latest Regional Growth Programme seeks to address economic development and build business/innovation capacity outside of the capital.
- New governance structures have been created in association with the Regional Growth programmes. One is the Regional Economic Development Ministers group to oversee the programme, along with a parallel Regional Economic Development group composed of senior officials to support the Ministers group. The Deputy Secretaries group nominates a lead official for each region in the programme.
- Other programmes launched include a new package of immigration policies to spread skills across the country, new research institutes outside the main cities, establishment of new Regional Business Hubs, and economic development programmes for the Māori population.
- A new National Policy Statement on Urban Development is expected soon, and should include considerations on land-use planning, and involve the national government in the relatively devolved urban policy.
- Amendments are in process to streamline planning for important cities to respond to key challenges (e.g., growth in Auckland, and the earthquake in Christchurch).
- The 2014 amendments to the Local Government Act were designed to improve effective governance at the subnational level. Reforms support regional development by: encouraging more collaboration and shared services between local authorities; enabling more efficient and focused consultation on long-term and annual plans; removing unnecessary duplication between long-term and annual plans; and introducing new requirements for infrastructure strategies and asset management planning.

#### **New Zealand: Main regional, urban and rural development policy tools**

Policy Instrument	✓	Examples
Transport Infrastructure investments and systems of cities	✓	The <a href="#">Roads of National Significance</a> programme which has improved transport linkages between main urban centres and regional economies
Other Infrastructure investments	✓	The <a href="#">Ultra-Fast Broadband</a> (UFB) and <a href="#">Rural Broadband Initiative</a> (RBI) programmes, which provide fast broadband connectivity for small-towns and rural New Zealand have been progressively rolled out across the country. <a href="#">Mobile Black Spot Fund</a> of \$50 million will expand mobile coverage to rural and remote areas. The <a href="#">Irrigation Acceleration Fund</a> supports investment in irrigation to increase land productivity. <a href="#">Nga Haerenga</a> , the New Zealand Cycle Trial is now largely complete, aims at fostering tourism
Service delivery (subsidies for public services)		
Business development/ innovation support	✓	<a href="#">Primary Growth Partnership</a> for agricultural innovation, <a href="#">Regional Investment Attraction Programme</a> , to attract and channel FDI, <a href="#">Regional Business Partner network</a> contracted to provide information and advice to businesses to help them grow through R&D and exports; other programmes specifically target the Maori population and its businesses
Urban renewal		
Urban form and land use		
Sustainability policies	✓	
Rural-urban linkages		
Clusters/technology platforms/ centres of expertise	✓	The <a href="#">Food innovation network</a> is a network of institutions tied to the food sector aimed at providing expertise in the development of new products. New Zealand is also funding <a href="#">Callaghan Innovation</a> which is promoting co-operative business research, among others
Special economic zones		
Rural landscape preservation		
Skills/training programmes		
Capacity building for subnational governments		

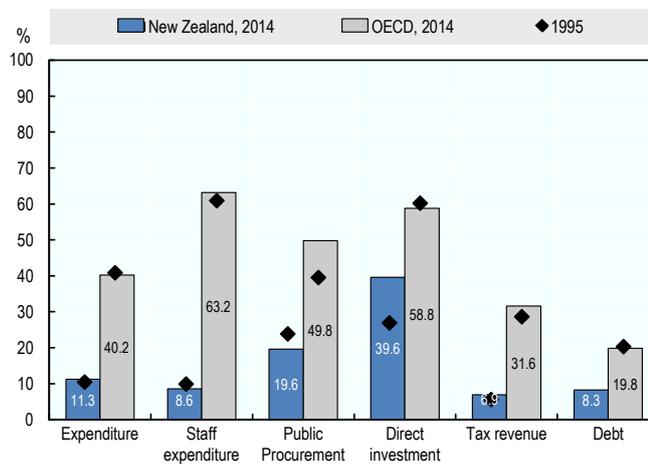
### Land, population and economy in rural and urban regions

Share of country total



### Subnational government role in public finance

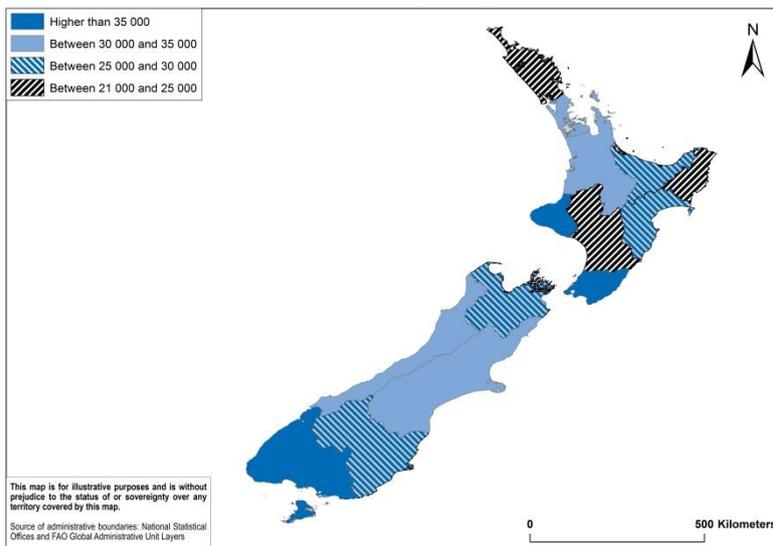
Share of general government



### Number of subnational governments

Municipal level	Intermediary level	Regional or state level	Total
67		11	78

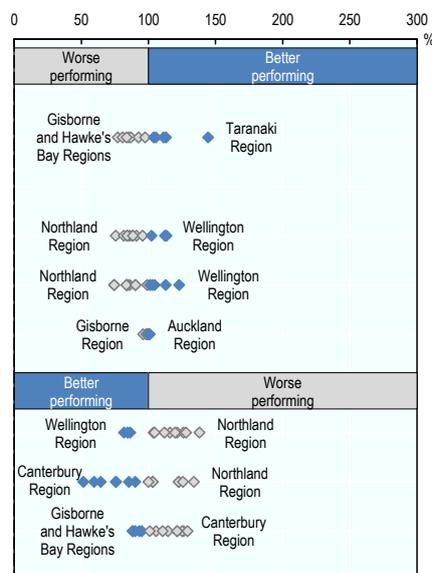
### Regional differences in GDP per capita levels, 2013



Note: GDP per capita in constant prices and constant USD PPP (base year 2010).

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### Inter-regional disparities (as a % of the country average)



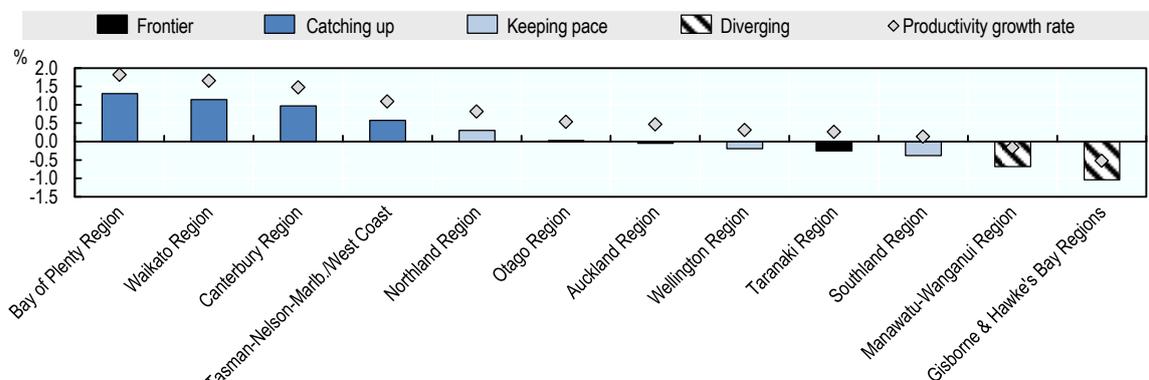
Variable	Min.	Max.	Country Avg.	OECD Avg.	Disparities up or down since 2001
GDP per worker (2012)	48 987	66 711	63 516	74 520	up
R&D expenditure as a % of GDP	n.a.	n.a.	n.a.	2.4	n.a.
Share of labour force with tertiary education (2012)	28.6	42.9	37.8	32.3	down
Disposable household income per capita (2013)	12 341	20 353	16 552	21 430	down
Life expectancy (2013)	78.3	82.3	81.4	80	stable
Share of workforce with only primary education	21.3	35.9	26	25.2	
Unemployment rate	3.2	8.3	5.8	7.3	down
Gender gap in participation rate	-9.1	-13.3	-12	-15.9	up

Note: Each diamond represents a TL3 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

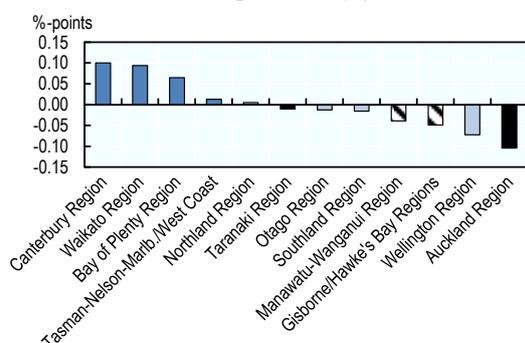
### Productivity and catching-up trends among regions

Average annual labour productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2000-2012

See country page notes for classification of regions

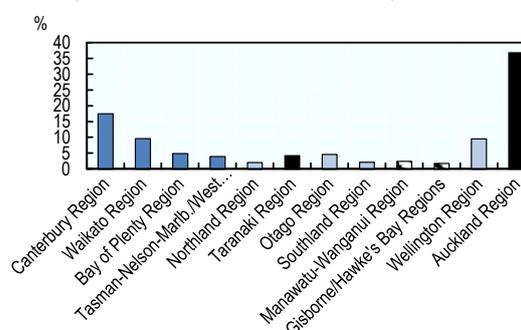


Contribution to labour productivity growth, 2000-12



Note: Difference between national labour productivity growth as calculated with and without the indicated region.

Percentage contribution to national GDP growth, 2000-12



Note: The contribution is the product of a region's GDP growth rate by its initial share of GDP.

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## Country page notes

### Main indicators

OECD average	represents the weighted average of OECD country/region values for the given year or closest year available.
OECD Regional Well-being framework	considers a combination of individual characteristics and local conditions in eleven dimensions that shape people's material conditions (income, jobs and housing) and their quality of life (health, education, access to services, environment, safety, civic engagement and governance, community, and life satisfaction).
Gross domestic product (GDP); GDP per capita; and labour productivity (GDP per worker)	is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), using the OECD deflator and then it is converted into USD using purchasing power parities (PPPs). For regional labour productivity, GDP (gross value added for Turkey) is divided by the number of workers (at place of work) or, for GDP per capita, the number of residents. For comparisons of current (per capita) GDP across countries, GDP for 2015 is converted to USD using PPPs for 2015.
Subnational government role in public finance	is mainly derived from the OECD National Accounts, harmonised according to the new standards of the System of National Accounts (SNA 2008), with the exception of Chile, Japan and Turkey, which are still under SNA 1993. General government includes four sub-sectors: central/federal government and related public entities; federated government ("states") and related public entities; local government i.e. regional and local governments and related public entities, and social security funds. Subnational governments are local (regional and local) governments and state governments (in countries with a federal or quasi-federal government system).
Gini index (regional income inequality)	The Gini index is a measure of inequality in terms of GDP per capita among all regions of a given country, with equal weight for each region. The index takes on values between 0 and 1, with zero interpreted as no disparity.
R&D expenditure	is the total gross domestic expenditure on research and development by the government, higher education, business, and private non-profit sectors.
Household disposable income and poverty rate	is the income generated directly from market transactions, adding all current transfers from the government, except social transfers in kind, and subtracting current transfers, such as income or regular wealth taxes and social contributions. It is expressed in USD Purchasing Power Parities (PPP) at constant prices (year 2010) and using a standard equivalised size for households across the OECD. Due to a lack of data, the indicator is expressed in per capita terms for the Czech Republic, Estonia, Hungary and New Zealand. The poverty rate is here taken as the percentage of people with disposable household income per capita of less than half the country median.
Participation rate, unemployment rate, youth unemployment and NEETs	The (labour force) participation rate is the ratio of the labour force (employed and unemployed) aged 15+ to the population (15+). The gender gap is the difference between the participation rates for women and men. Unemployed persons are defined as those who are without work, are available for work, and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio of unemployed persons to the labour force. Youth unemployment considers the unemployed and the labour force aged between 15 and 24. "NEETs" refers to 18-24 year-olds who are neither in employment nor in education and training (as a percentage of the population of 18-24 year-olds).
Primary and tertiary education	Primary education includes primary education, pre-primary education and lower secondary education (ISCED 0-2). Tertiary education includes both university qualifications and advanced professional programmes (ISCED 5-8). Shares are defined with respect to the labour force aged 15 and over.
Elderly	are those aged 65+. The elderly dependency rate is the ratio of the elderly to the working age population (15-64).
Air pollution	is the 1km <sup>2</sup> grid cell population weighted average of satellite-based estimates of small particulate matter (PM <sub>2.5</sub> ).
Life expectancy	measures the number of years a newborn can expect to live, if death rates in each age group remain constant.

### Typology of regions with respect to productivity

Frontier	is the region leading its country in terms of labour productivity, measured by the real gross domestic product per employee. In some countries the leading region accounts for a small percentage of the total workforce. Where this is the case, the frontier is the weighted average of regions with the highest labour productivity levels accounting for 10% of the country's total employment.
Catching-up regions, diverging regions and regions keeping pace	is a classification of regions based on their labour productivity growth relative to the frontier. It is based on the growth in labour productivity between 2000 and 2013 (or closest year available). Regions where labour productivity grew/dropped by at least 5 percentage points more/less than in the frontier over the period are classified as catching-up/diverging regions (about 0.4 percentage points annually), with regions that are keeping pace falling within the +/- 5 percentage points band.

### Typologies of regions with respect to population or other functions

Regions (TL2 and TL3)	are classified by the OECD into two territorial levels that reflect the administrative organisation of countries. OECD's large regions (TL2) represent the first administrative tier of subnational government. OECD small (TL3) regions are contained within a TL2 region. Reference to the 20% richest/top or poorest/bottom regions, indicates the top/bottom-performing regions according to the indicator accounting for 20% of the (relevant) population.
TL3 typology (urban, intermediate, rural)	TL3 regions have been classified as: predominantly urban (PU), intermediate (IN) and predominantly rural (PR) based on the percentage of regional population living in rural communities, combined with the existence of urban centres where at least one-quarter of the regional population resides. The terms "urban", "intermediate" and "rural" refer to these categories.
Metropolitan area	is a functional urban area with 500 000 or more inhabitants defined by population density and commuting flows.

Further details and information: OECD (2016) *OECD Regions at a Glance 2016*, [http://dx.doi.org/10.1787/reg\\_glance-2016-en](http://dx.doi.org/10.1787/reg_glance-2016-en).