

ANNEX

Progress in structural reform

This Annex reviews actions taken on recommendations from previous Surveys that are not covered in tables within the main body of the Assessment and Recommendations. Recommendations that are new in this Survey are listed at the end of the relevant chapter.

Product market competition

Recommendations	Action taken since previous <i>Survey</i> (June 2015)
Abolish the government's "Kiwi share" in Telecom, which is used to impose foreign-ownership restrictions, coverage obligations, price caps for certain residential services and a "free local calling" rental option. Make coverage obligations contestable by other telecommunications companies and technologically neutral.	The Kiwi Share was abolished following Telecom's 2011 split into two companies: Spark and Chorus. The government continues to hold a small number of shares in Chorus for similar regulatory reasons to the Kiwi share. Foreign-ownership restrictions remain, as do coverage obligations (under the Telecommunications Service Obligation).
To promote a high-performance ICT infrastructure, clarify the competition policy framework for the broadband market, and adjust regulations to ensure consistent pricing strategies for copper and fibre networks.	The regulatory review referred to in the previous <i>Survey</i> is continuing, with several consultation phases completed.
Review air service agreements to ensure capacity limits are not restricting trade growth, especially with Asian countries where limits have been reached.	The government seeks open-skies agreements with no limits on routes and capacity and is not aware of any specific cases where an airline is looking to offer services to New Zealand but is unable to do so owing to restrictions in New Zealand's air service agreements.

Housing markets

Recommendations	Action taken since previous <i>Survey</i> (June 2015)
Treat KiwiSaver withdrawals for first-home purchases as interest-bearing loans, or limit them to low-income members.	No action taken.
Raise the supply of social housing for low-income households. Increase targeted housing subsidies for low-income households that are not in social housing.	The Social Housing Reform Programme, which seeks to increase the supply of social housing, was subject to review in 2015, leading to a number of changes in its implementation. The Ministry of Social Development became the lead agency, an investment approach to social housing was adopted, a broader range of financial assistance and support services was introduced, and more flexible funding arrangements were implemented to provide needed social housing faster. The Government announced that it aims to increase the number of social houses from 66 000 in 2017 to 72 000 by mid-2020. Budget 2017 changes include increases to the Accommodation Supplement, which is a partial rent subsidy paid to low-to-middle income people.
Begin regular tenancy re-assessments for all occupants of social housing, accompanied by increased efforts to help tenants achieve financial independence and self-sufficiency.	All current and future tenants can have their eligibility reviewed. The Ministry of Social Development prioritises reviewing eligibility for social housing for tenants paying market rents, or within NZD 50 of market rents, and for larger social housing properties (4+ bedrooms) or social housing properties that are underutilised. There are currently 3 000 reviews undertaken per year.
Evaluate whether state housing tenants requiring more permanent housing provision, such as the elderly and disabled, may benefit from placement in specialised long-term housing facilities better adapted to their needs.	The Social Housing Reform Programme is driving a shift towards a diverse market with a broad range of providers that can provide more targeted services to support better outcomes for particular groups. The government has also funded registered charities that provide supported housing options for older people. Some local authorities are also active in the provision of pensioner housing.
Remove water rate subsidies to tenants paying market rents.	Some social housing tenants are charged for water usage, depending on the region of New Zealand they live in and the social housing provider they are renting from. The decision to charge tenants for their water usage is made by the social housing provider. Housing New Zealand Corporation (the government provider of social housing) currently absorbs the costs of all water charges.

Labour markets

Recommendations	Action taken since previous <i>Survey</i> (June 2015)
Draw lessons from the Canterbury Skills and Employment Hub (a labour-market matching scheme), trial it elsewhere, and, with good results, roll it out country-wide.	In April 2016, following lessons learned from the Canterbury Skills and Employment Hub, a front-loaded labour market test – whereby an employer must first engage with the Ministry of Social Development to see whether a suitable or trainable beneficiary client is available to fill the vacancy before engaging with Immigration New Zealand – was rolled out across the country.
More frequently update immigration skills shortage categories to reduce labour market bottlenecks.	Work is underway to review the process for determining skills shortages in the NZ economy. The government will examine how they may be better defined and how that information can be more effectively employed across the economy and skills system, with the aim of incentivising the employment of New Zealanders and informing their skills development, while still ensuring that sectors and regions facing genuine shortages can access the workers they need.

Skills development

Recommendations	Action taken since previous <i>Survey</i> (June 2015)
Devolve funding for a greater share of overall school costs, including teacher pay, providing schools with more flexibility to allocate resources and boost performance.	A broad review of education system funding is underway, examining how the funding system can best support student progress and equitable student outcomes. A proposal to devolve greater flexibility to schools to allocate resources was considered but was not adopted after sector engagement.
Carefully promote quality-improving school competition and innovation, curbing any tendency toward school segregation by imposing strong social service obligations in exchange for government support, with objective evaluation of pilot projects in this sphere.	Publicly available information on student achievement and school performance has been improved. The Teacher-Led Innovation Fund provides grants to teachers to develop innovative practices that improve learning outcomes.
Foster teaching quality by improving teacher training and professional development, especially as to diverse student needs, bolstering school leaders' capacity via selective hiring and training, and tying salaries and career paths to performance rather than merely seniority.	A range of initiatives focused on lifting teaching effectiveness has been introduced or is in development. These include changes to initial teacher education and professional learning and development; the reform of the teacher professional body; and Investing in Educational Success, which supports teacher collaboration, expands career pathways for expert teachers and provides additional allowances for principals in high-needs schools.
Continue to strengthen existing measures to help school boards, principals and teachers to use student achievement data to ensure that all students are performing well.	As part of the development of a Community of Learning Kāhui Ako, members examine their data, identify factors affecting achievement and agree achievement challenges to work on. New leadership and teaching roles within Communities of Learning, and resourcing for collaboration time, provide support for effective data use. Changes to centrally funded professional learning, in place from the start of 2017, include a greater focus on supporting schools in using their data and evidence to identify focus areas and assess impacts.
Collaborate with Australian tax authorities to enforce the same repayment obligations of NZ student debt-holders working there as those who remain at home.	An agreement on an information-sharing arrangement between Australian and NZ authorities for the recovery of student loans came into operation in 2016.

Taxation

Recommendations	Action taken since previous <i>Survey</i> (June 2015)
Eliminate the double-taxation of trans-Tasman profits distributed to shareholders by continuing to work towards agreement with Australia on mutual recognition of imputation and franking credits for foreign investment.	No action taken.
Consider limiting KiwiSaver tax credits to low-income members. Extend automatic enrolment to all existing employees. Change the investment strategy for default funds to a life-cycle approach that is adapted to the member's age.	No action taken.

Green growth

Recommendations	Action taken since previous <i>Survey</i> (June 2015)
Investigate and promote innovations (e.g. smart metering, pastoral emissions mitigation technology) proven to enhance responsiveness to ETS price signals.	The work programme exploring complementary measures, in addition to the ETS, to promote long-term emissions reductions is proceeding.
Monitor the implementation of the 2014 National Policy Statement for Freshwater Management in regional plans to ensure water quality meets agreed goals. Provide clearer technical guidance for regional councils.	The National Policy Statement for Freshwater Management has been implemented in two regional councils and is progressively being implemented in others. As detailed in the OECD's 2017 Environmental Performance Review, regional councils are likely to need additional support to manage water within ambitious quality and quantity limits and to implement effective collaborative governance.

Inclusiveness

Recommendations	Action taken since previous <i>Survey</i> (June 2015)
Complement the recent welfare reform by following people going off benefit, as planned, to ensure satisfactory outcomes. Strengthen the focus of social spending on lifting the long-term outcomes of the disadvantaged, including by improving public-sector coordination.	Research has been undertaken on where people go when they move off benefit, including on people's characteristics and outcomes. Trials are underway to test approaches to improve employment and social outcomes for long-term unemployed people.
Review policy settings to strengthen the incentives for those on low incomes to work more than 20 hours a week, including benefit abatement rates and childcare costs.	From April 2016 a new higher rate (NZD 5 per hour) of childcare assistance was introduced for lower-income families, available for up to 50 hours per week for each child. Families with children aged three, four and five are eligible for a higher rate of assistance for the first 20 hours each week under the 20 Hours Early Childhood Education programme.
Increase welfare benefits for beneficiary households with children, and step-up job-search and activation investments, especially for those in social housing.	Families with children on benefits have received an additional NZD 25 per week since 1 April 2016. The 2017 budget increased Working for Families Family Tax Credit rates and accommodation assistance available to beneficiary households with children.



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