

STRICTLY CONFIDENTIAL

Not for publication in any
form whatever, and not for
broadcasting or cabling
before 12 noon, Wednesday,
30 April 1980

REGIONAL DEVELOPMENT OBJECTIVES AND POLICIES: AN APPRAISAL

Claudia D Scott

S
330.
993
PLA

New Zealand Planning Council

REGIONAL DEVELOPMENT OBJECTIVES

AND POLICIES : AN APPRAISAL

Claudia D Scott

Planning Paper No 7
April 1980

ISSN 0111-0470
ISBN 0-908601-08-5

New Zealand Planning Council
P.O. Box 5066
Wellington

ACKNOWLEDGEMENTS

I would like to express my appreciation to members of the New Zealand Planning Council for the opportunity to carry out research on regional development objectives and policies. Special thanks are due to Kerrin Vautier (member), Ken Piddington (Director) and Patsy Fischer (Secretariat) for their encouragement. The cooperation of members of the Department of Trade and Industry (Regional Development Section) greatly facilitated the study and a special debt is owed to Allan Johnston who provided valuable research assistance with the project.

C.D.S.

CONTENTS

	TABLES AND FIGURES	(iv)
	FOREWORD	(vii)
1.	INTRODUCTION	1
2.	REGIONAL DEVELOPMENT POLICIES IN OTHER COUNTRIES	
	2.1 The Nature of Regional Problems	5
	2.2 The Linkage between Regional Development Policies and Objectives	11
3.	REGIONAL DEVELOPMENT POLICIES IN NEW ZEALAND	
	3.1 The Regional Development Policy Debate: Reports of the New Zealand Institute of Economic Research and the National Development Council	19
	3.2 Objectives and Policies for Regional Development	30
	Appendix Chapter 3. Types of Assistance Available through the Regional Development Programme Administered by the Department of Trade and Industry	42
4.	OBJECTIVES AND POLICIES: AN APPRAISAL	
	4.1 Regional Trends in Population and Migration	62
	4.2 The Effectiveness of Policies in Meeting the Stated Objectives	76
	Appendix Chapter 4. Shift-shares Analysis: Detailed Breakdown by Region	102
5.	TOWARDS A REDEFINITION OF REGIONAL DEVELOPMENT OBJECTIVES AND POLICIES	
	5.1 The Relationship between Regional Development Objectives and other Objectives and Policies for the Medium-Term	113
	5.2 Suggested Modifications to Objectives and Policies	120
	5.3 Summary and Conclusions	124
	SELECTED REFERENCES	132

LIST OF TABLES AND FIGURES

<u>Number</u>		<u>Page</u>
3.1	Maximum Levels of Suspensory Loan Assistance Applying to the Regions	34
3.2	Regional Development Assistance Approved by Type of Assistance	36
3.3	Regional Development Assistance Approved by Region	37
4.1	Regional Boundaries Based on Regional Development Priority Areas	54-55
4.2	Regional Boundaries Based on Department of Labour Employment Districts	56-57
4.3	Regional Boundaries Based on Department of Statistics Statistical Areas	58-59
4.4	Compatibility of Regional Development Boundaries with Statistical Areas and Employment Districts	60-61
4.5	New Zealand Population Growth by Region, 1961, 1966, 1971, and 1976.	63
4.6	Population Shares by Region 1961, 1966, 1971 and 1976.	64
4.7	Share of Population which is Urban 1966, 1971, 1976	66
4.8	Net Migration from Regions 1956-76.	71
4.9	Derived Rates of Net Migration, 1961-76.	72
4.10	Net Migration Numbers and Rates for Rural and Urban Populations, 1971-76.	74
4.11	Population Increase in Designated Urban Areas as Percentage of Total Increase	75
4.12	Job Creation Through the Regional Development Programme as Reported by Applicants for Assistance	84
4.13	Manufacturing Operating Units and Persons Engaged 1965-66, 1970-71, 1974-75 and 1975-76.	86
4.14	Percentage Change in Employment, Production and Value Added by Employment Districts, 1966-71 and 1975-76.	88
4.15	The Relation between Job Creation Through the Regional Development Programme and Changes in Manufacturing Employment 1975-76.	89

LIST OF TABLES AND FIGURES (CONTINUED)

<u>Number</u>		<u>Page</u>
4.16	Changes in Manufacturing Employment 1973-78.	91
4.17	New Zealand Manufacturing Labour Force 1973 and 1978.	93
4.18	Shift-Shares Analysis of Manufacturing Employment by Region 1973-78.	96
4.19	Percentage of Work Force Unemployed.	98
4.20	1973-74 by Tax Districts.	99
4.18	Appendix : Chapter 4	102-112
(a)-(k)	Shift-Shares Analysis: Detailed Breakdown by Region.	

FOREWORD

As part of its responsibilities to advise the Government on links between national and regional planning, the New Zealand Planning Council has devoted considerable attention to the relationships between regional development and national development and between regional development and regional planning.

It became clear to the Council at an early stage of its regional activities that there was a need to clarify present regional development policies and objectives in the light of wider national development objectives. Accordingly, the Council commissioned Dr Claudia Scott to carry out a study which would help the Council and others interested to evaluate regional policies and objectives, and which would suggest desirable changes.

The Council welcomes Dr Scott's study as a useful addition to the New Zealand literature on regional development. It is being published at the same time as our own paper on "Planning and the Regions." Both papers explore the need for changes in attitudes, mechanisms, and procedures if planning and development are to be better integrated and if the regional/national planning links are to be made more effective. In its programme of consultations, the Council has found many differences of opinion on how the issues involved should be handled. We trust that the two documents will assist the process of public debate which is needed to clarify public policies on regional planning and development and to ensure that effective use is made of the new regional institutions which are being established.

Frank Holmes

Chairman

1. INTRODUCTION

Since World War II, public policies in many countries have been pursued which reflect an increasing concern with the regional pattern of development. Regional development policies have been adopted with the aim of influencing the spatial distribution of population and economic activity among regions. Such policies have been pursued against a background of relatively stable national economic growth. Either directly, or indirectly, they have attempted to increase the rate of growth in some regions and to reduce it in other regions, often those having high concentrations of population and economic activity.

Regional development policies in New Zealand have had objectives similar to those pursued in other countries. The programme has aimed to direct growth away from urban centres such as Auckland and Wellington and encourage development in eleven "priority" slower-growth regions. The attack on urban centres is implicit and indirect as the programme's current policies primarily provide subsidies to the slower-growth regions, and instances, such as the subsidisation of train services in Wellington, show the way in which urban centres are also assisted, although under another policy label.

Economists who have directed their attention to regional development issues have defined a new branch of economics. In addition to their concern about "what", "how" and "for whom" to produce goods and services, they have added the question "where". The spatial question, however, often cannot be easily handled within a traditional economic framework for, under that framework's assumptions, space offers no impediment to market forces. This being the case, resources are completely mobile and thus, regional equality is achieved.

Regional economics gives emphasis to the problems of resource immobility and market failure and to important positive and negative influences - called externalities - which are outside or external to the market system. Some commonly cited examples of negative externalities are the pollution and congestion which are often characteristic of large

cities. An example of a positive externality would be the benefits of close contact enjoyed by firms located in a metropolitan area.

While economic considerations are usually an important component of regional development problems and policies, a number of other influences - of a social, political and environmental nature - are often of equal importance in shaping policies. Regional development policies are, by their nature, "interventionist" as they attempt to alter the spatial allocation of both human and physical resources to a pattern which is deemed more desirable than that resulting from the interplay of market forces within the existing institutional setting.

Wide variations exist across different countries in terms of the nature of regional problems, regional development objectives, and the policy tools which are used as vehicles for delivering the stated objectives. The marked influence of social and institutional perspectives on the definition of regional "problems" and "solutions" cannot be ignored. The size, location and stage of economic development have profound effects on a country's vision of its regional development issues. Such factors affect the applicability of one country's experience to that of another and explain why the policy prescriptions of small countries may have greater relevance to specific subregions of larger countries than to those countries as a whole.

A useful starting point is to define the nature of the regional problems which give rise to regional development policies. Brown¹ suggests that regional problems are any circumstances which give rise to a regional sense of grievance or belief that the interregional distribution of population and economic activity is

1 A.J. Brown, "Surveys of Applied Economics: Regional Economics, with Special Reference to the United Kingdom", The Economics Journal, LXXIX, 1969, p.760.

"wrong". In fact, many regional issues arise surrounding government decisions even in cases where there is no sense of grievance or mis-allocation.

Some commonly cited grievances relate to high rates of out-migration and unemployment, the level or distribution of regional income, the absence of adequate opportunities for education and employment, inadequate physical and social services, and an under-utilisation of regional resources. Hansen's¹ study of nine countries reveals that regional policies were primarily in response to a demand for adjustments in per capita income and/or employment.

Closely related to this sense of grievance and perceived need for adjustment is some concept of a proper distribution or balance of activity among all regions. In many countries the concept of balanced growth results in the assumption that the largest metropolitan areas are "too big". This seems to imply that there is some size which is most appropriate. Yet research has shown that the search for an optimal city size is a fruitless one, for there is no size which can be declared "optimal" as applied universally.² At best one can define an optimal distribution of city sizes for a nation as a whole, in the knowledge that this distribution will vary from nation to nation and over time.

The definition, expression and response to regional grievances is an integral part of the political process. Perceptions will necessarily change when viewed from a local, regional or national perspective. It is meaningless to try to comment on the relative significance of regional disparities in different countries by developing a ranking of objective measures of such differences. This point is particularly relevant to the New Zealand situation where regional disparities viewed from an international perspective could be regarded as inconsequential. However, despite the individual character of problems in any particular country, reference to the broad experiences of different countries provides an important

-
- 1 N.M. Hansen, Public Policy and Regional Economic Development: The Experience of Nine Western Countries, Cambridge, Mass: Ballinger, 1974.
 - 2 H. Richardson, The Economics of Urban Size, Farnborough, Saxon House, 1973.

input to the appraisal of regional development policies in New Zealand.

Chapter 2 contains a brief review of regional development policies in other countries and discusses both the nature of the problems and the linkage between objectives and policies. Chapter 3 reviews regional development policies in New Zealand by exploring the underlying conditions which gave rise to the establishment of the policies and describes both previous and current provisions regarding objectives and policies. Chapter 4 provides an appraisal of policies. It contains an examination of regional trends in population, migration and employment and then comments on the effectiveness of policies in meeting the stated objectives. Chapter 5 considers broad issues which have relevance to any redefinition of objectives and policies and discusses the relationship between regional development objectives and other objectives for medium-term strategy. It outlines some alternative directions in which these objectives and policies could proceed and traces the implications of choosing these alternative courses of action.

2. REGIONAL DEVELOPMENT POLICIES IN OTHER COUNTRIES

As a prelude to considering regional development policies in New Zealand it is useful to comment briefly on these policies in a number of other countries as this will provide a basis for understanding the range of different concerns which give rise to regional policies. Consideration will be given to the kinds of policy instruments used and the appropriateness and effectiveness of particular policies in achieving regional development objectives.

Attention is given to the definition of regional problems in a number of countries. A series of reports by the OECD¹ on regional policies pursued by member countries allow them to be compared with regard to a number of different factors at the same point in time.

2.1 The Nature of Regional Problems

There is merit in adopting Brown's broad view of regional problems as circumstances giving rise to a regional sense of grievance. The definition serves to highlight the need to view regional problems within the political process as a whole. Clearly there is no single concept of a regional problem which can be applied uniformly to all countries. The use of a common vocabulary which includes the notions of "disparities" and "imbalances" may, in fact, serve to imply similarities among problems which are essentially different in origin. Such differences can be highlighted by

1 OECD, The Regional Factor in Economic Development, Paris, 1970;
_____, Reappraisal of Regional Policies in OECD Countries, Paris, 1974;
_____, Regional Problems and Policies in OECD Countries, Vols. I and II,
Paris, 1976.

briefly defining the nature of regional problems in a number of countries.

Problems of regional balance in the United Kingdom are closely associated with those regions whose relative national importance has declined. Peripheral regions of Scotland, the North of England and the South of Wales, which flourished during the period of the Industrial Revolution, now find their fortunes altered as a reflection of important structural change in the national economy. These regions experience unemployment rates which are higher than the national averages and slightly lower levels of income and economic activity; however, it is by no means certain that living standards overall are uniformly inferior in the regions. The country is highly urbanised, with large population concentrations in the South-East region and in the capital city. There are important linkages between problems in the more remote regions and in urban areas and the wide variability in the size, density, structure and function of various urban communities pose particular problems in implementing regional strategies.

The disparities among regions in Italy are far more marked than in the U.K. and the "problem regions" contain more than 50% of the country's population. Some measure of the much lower standard of living in the Southern region (known as the Mezzogiorno) is reflected in the fact that in 1972 the region's average income per head was 62% of the national average and 40% of the Northwest. The poverty problems of Southern Italy stem from the technological backwardness of the region and are accentuated by its rapidly growing population and the

declining opportunities for employment in agriculture.

Italy's problems are not confined to the Southern regions, as significant disparities exist between the Northwest region and both the Central and Northeast regions. The rapid industrialisation in the major Northern cities coupled with a large inward migration from the Southern areas has exacerbated urban social problems and put strain on urban infrastructure.

Regional development policies in France concern the management of the 22 regions into which the country is divided. The changing structure of the national economy has brought about differential effects on the various regions and regional policies here are viewed as an integral part of a national development strategy. Of a total 1954-68 population growth in the 22 regions of 6.9 million, 1.9 million occurred in the Paris region, 2.4 million in four other high density regions, and the balance of 2.6 million was spread over the remaining 17 regions.

Unlike the British and Italian policies, where a few problem regions can be identified, the French policies encompass more general concerns regarding the interregional balance of the entire country. Such concerns imply the need for the consideration of policies in many areas of economic and social development particularly regarding decisions on investment in infrastructure.

Rapid change in economic development in France in post-war years has led to the decline of some basic industry and to the development of new industries. Agricultural employment halved between 1954 and 1972. These changes have been accompanied by a large scale internal migration among regions and continuing urbanization.

While not the only growth region, the Paris region has become the

central focus for economic life and regional policies have included attempts to provide alternative focal points for development ("counter-balancing capitals") as well as strategies for new industrial developments in lagging regions.

Australia's concerns stem from being a country of six states and two territories which show wide variations in their rate of growth and development. The bulk of the population is concentrated in the Southeastern parts and in large towns and urban centres. Despite longstanding attempts to decentralise industry and promote the growth of rural areas, cities have grown at a phenomenal rate. Regional problems are primarily aimed at reducing the growing concentrations of population and economic activity in cities. An important aspect of policy has been to attempt to check the growth of large cities through the creation of satellite cities or alternative urban centres.

Regional problems in the Federal Republic of Germany differ from those considered in France, the U.K. and Italy in that the focal point is on intraregional rather than interregional problems. The present federal structure allows for the individual regions (Länder) to maintain a great deal of autonomy and there are major differences in population and economic structure among them. However regional policies, while concerned with the distribution of activity among regions, pay particular regard to economically weak parts of regions which can be found in all of the regions.

Regional problems in the U.S. resulted from a pattern of economic development and structural change which has been complicated by a continual westward shift of population, the depopulation of rural areas and major shifts in employment from agriculture to manufacturing and service industries. Many regions have declined as a result of the decline of their economic base; for example, the coal mining areas of Appalachia and many New England textile

centres. Federal government policies have been directed to a few specific areas with serious problems, and policies have emphasised the promotion of job opportunities in these areas.

As yet, little progress has been made in defining a comprehensive regional strategy. In part, this may reflect a reliance on internal migration and the private sector as vehicles for bringing about a balance between job opportunities and the population. However, it also reflects a reluctance on the part of the federal government to entertain policies for regions which in many instances cut across both state and local government boundaries. In recent years there has been a reduction in the federal role in promoting economic development in depressed areas. New developments, such as revenue-sharing, which make provision for federal government revenues to be shared with state and local governments, have paved the way for a larger state role in economic development strategies.

In Japan, both topographical features and a dependence on trade have led to a large concentration of economic activity and population in the coastal belt. By the mid-sixties nearly 60% of the population and about 70% of the industrial production was located in this area. The Japanese "problem" is different from that of many other countries as it is not concerned with the traditional problems of income disparities and unemployment.

As a country with a consistently high rate of economic growth and population Japan's regional issues have concerned the problem of accommodating continued future growth given the limited land area available for development in the coastal belt. Negative externalities in the form of congestion and pollution and inadequate levels of investment in physical and social capital have brought a deterioration of living standards in urban centres. Thus, if growth is to continue which minimizes environmental repercussions, a regional policy will be required which will channel development into other

areas so as to achieve a better balance.

Regional problems are as much an issue in developing countries in which a large portion of the population try to subsist by farming in difficult conditions using traditional methods. Yet even these countries have a significant part of their total income generated by the activities of manufacturing, wholesale trade, and government, and such activities are commonly highly-concentrated, often in a single city. Incomes from these activities are relatively high and thus sharp interregional differences in living standards result, which basically reflect an urban/rural division.

The nature of a country's regional problems change as it passes through various stages of development and attempts to adjust to changes in its fortunes brought about by economic or political changes in other countries. Mention should also be made of the effects of integration on the nature of regional problems. The formation of large units such as the EEC alters the spatial distribution of economic activities and imposes constraints on the ability of member countries to deal with their own perceived regional problems. It is often the case that what may be regarded as a poor region in one nation may be considered rich relative to other nations. Thus, enlarging the area considered introduces greater differentials in economic prosperity, and in the limit, the regional problem converges with the problems of the less-developed countries of the world.

The preceding brief description of regional development problems serves to illustrate the broad spectrum of considerations which are treated by such policies. Regional problems are concerned with "unacceptable" regional imbalances or disparities in a number of factors including:

- income levels and income distribution;
- employment and unemployment levels;
- population levels and population distribution;
- economic growth:

- economic structures;
 - physical and social infrastructure;
 - social, economic and environmental conditions
- which affect the quality of life.

In studying problems in different areas it is important to distinguish between policies which are designed to affect the balance between regions and those which are aimed at the more modest goal of influencing development in individual regions. There is a tendency in many countries to discuss regional problems in terms of those areas with severe problems and to obscure the fact that these concerns are only a part of a much larger problem of obtaining interregional and intra-regional balance in the country as a whole.

Much writing on the subject conveys the impression that regional concerns are "fringe" problems which are somewhat removed from the central economic issues confronting a nation. Yet areas with regional problems often comprise a very large part of a country and thus must be treated by exploring the regional implications of national policies in a number of key areas. Regional problems are problems flowing from many different concerns - economic, social and environmental, spatial and land use - and the challenge becomes one of defining specific objectives which can fully integrate the large number of considerations.

2.2 The Linkage between Regional Development

Policies and Objectives

A wide range of policies are pursued in different countries as vehicles for achieving regional development objectives. While the majority of measures provide positive incentives, other policies have been restrictive. Many countries employ a range of different policies in a complementary fashion, a strategy which obscures attempts to deduce the relative effectiveness of specific policies. It is also common for policy measures to be altered and

changed over time, both when governments change and as the objectives of regional development become refined.

Industrial Incentives and Restraints

In many countries one of the main instruments of regional policy is a set of financial incentives to private industry to encourage the establishment and expansion of (or at least maintain or halt the contraction of) particular industries. In terms of public funds devoted to regional policy measures, these policies usually take a substantial share. Assistance is primarily aimed at manufacturing based on the belief that it can trigger off the greatest multiplier effects on employment and regional income.

Sometimes service industries are included - such as tourism and office development and governments have decentralised their own operations.

Policies are increasingly being extended to the services in recognition of technological changes and evidence gained from some countries which have challenged the traditional belief that services follow industry.

A wide variety of different types of regional development assistance are used including:

- (1) grants and subsidies for plant and machinery and equipment;
- (2) the provision of buildings and sites at low cost;
- (3) favourable rates of depreciation on plant and equipment;
- (4) loans at market or subsidized rates of interest and guarantees;
- (5) favourable tax treatment on profits, charges, licence fees, local or state taxes, etc.
- (6) reduction in certain costs, e.g., social security contributions, transport charges;
- (7) grants and subsidies toward labour costs (including training and retraining);
- (8) preferential treatment in the awarding of government contracts.

In some countries the incentives are available to all enterprises within appropriate categories in the regions concerned; however, in others, the incentives are given (and adjusted) at the discretion of some administering authority.

It is interesting to observe that although regional development policies are often stimulated by a concern with high unemployment in a region, the subsidies are commonly given to firms to reduce their costs for plant and equipment rather than to reduce labour costs. Programmes in the U.K. and France allow for the subsidisation of labour costs and many countries are now giving further consideration to stimulating employment in a more direct manner. While it is important to promote industries which can stimulate the demand for labour it would be unwise to encourage the more intensive use of labour if this leads to the use of inefficient or uncompetitive production techniques, particularly in light of the trend for industry to become more capital intensive.

It is difficult to compare the incentive levels among different countries without information as to their impact on the cost structures of the firms involved. The experience of many countries provides strong evidence that the incentives are capable of influencing the location decisions of firms, particularly where they are sufficiently large to have a major impact on the cost structure. The OECD (1974) report indicated that incentives in Canada, Ireland and Italy (Mezzogiorno) comprised up to one-half of a firm's total capital expenditure and in France and in Germany were up to one-quarter of expenditure.

While substantial incentives can play a prominent role in the industrial location decisions of firms, they must be regarded as a vehicle for bringing about marginal adjustments to the underlying existing pattern. There are a wide variety of other important

factors which influence locational decisions - such as access to markets and raw materials - that may serve to limit the effectiveness of incentives particularly those which provide a "once and for all" benefit. There is an understandable reluctance to provide large financial incentives to firms in that they may promote economic development in disadvantaged regions at an excess net cost.

Mention should also be made of restraints which may be applied to industries in conjunction with an incentive system. While such restrictions can often be administered through the use of town planning controls, some countries employ a system of licensing and special taxes to restrict development in fast growing congested regions. For example, in France all new or extensions of industrial enterprises exceeding a total net floor area of 1500 square metres and offices exceeding 1000 square metres require authorisation and are subject to a tax. The tax rate varies according to its proximity to the centre of the capital, the further away the lower the tax.

The Development of Infrastructure

The development of physical and social infrastructure in regions is another policy measure which is employed in many countries. It is widely recognised that good communication and transport systems, sources of energy and water supply, health, education, and housing facilities comprise a necessary structural underpinning to foster development. Planning the development of infrastructure is usually challenging in that it is important to provide for the complementary development of various aspects of the environment; however responsibility for such measures is often shared among central, local, regional and statutory authorities.

In some cases infrastructural development is promoted through a modification of the investment criteria in a way so as to favour particular regions. Other techniques are to provide grants or subsidies (at different rates). Japan places great emphasis on programmes by which grants are given to local governments for the provision of basic infrastructure - mainly roads and harbours. As yet, no system of outright grants and subsidies to industry has been employed.

The design and development of new towns, satellite cities or large settlements comprise another major type of infrastructural development. New settlements play a particularly important role in some regional strategies as focal points for developments which can relieve pressure on congested urban centres.

Manpower Policies

A large number of different elements comprise this policy area. It includes the provision of both basic and higher education and vocational and technical training to people in lagging regions. It also is concerned with the relocation and resettlement of people who are, or will be, unable to find suitable employment in their own regions. Thus such policies aim to facilitate the matching of people to employment opportunities either through a strategy of "work to the workers" or "workers to the work".

In certain circumstances regional outmigration must be viewed as a potential solution to a problem - rather than as the problem itself. Obstacles to necessary movement - such as the costs of transferring to a new location and the costs of seeking or re-training for new employment - must be removed or reduced. In order to assess the role of in- and outmigration in any regional strategy, attention must be given to the relation of the region

with other regions. Schemes for encouraging resettlement and relocation should be designed to facilitate movement to those regions which can accommodate increased levels of employment and population.

Mention has already been made of the difficulty of assessing the success of particular policies owing to the fact that they are often undertaken with a range of other measures. Many are undertaken as a means of satisfying more general objectives as well; for example, incentives to industry may boost investment or assist particular industries which are regarded as important to the national economy.

Performance will be altered by the influences of national policies in areas such as economic management and external migration. The overall growth rate in the economy and the stage of the cycle may have a profound influence on the "success" of many regional policy measures. Shifting the distribution of population and economic activity during a recession is a more difficult task than doing so during a boom, as levels of investment and rates of mobility are greatly reduced in times of economic downturn.

In addition, it is important to gauge the merits of particular policies with regard to the appropriate criteria. The "best" policy must be judged in terms of the results achieved both in relation to the costs incurred and to other policies which could have achieved the same ends. Any indirect effects, be they positive or negative, intended or not, must also be considered.

An important influence on the effectiveness of different measures is the administrative and institutional environment

in which regional policies are conducted. Regional policies, both in their objectives and methods, often cut across the boundaries of governmental units and require the coordinated action of a wide range of different institutions.

Two issues are critical in this area. First is the issue of how regional objectives get defined and how any conflicts between regional and national objectives become reconciled. Second is the question of where responsibility for the implementation of regional policies should be based and the way in which tasks should be assigned to ensure coordination and harmonization of objectives and policies.

Administrative arrangements vary considerably across countries and reflect the constitutional structure and the assignment of legislative and executive responsibilities. The implementation of regional policies requires a number of administrative and managerial tasks. These involve the definition of objectives, the development of policies for achieving the objectives, the implementation of policies and the monitoring and reviewing of their effects.

While it is impossible to judge any particular set of administrative arrangements except in regard to the tasks to be accomplished, some general conclusions can be drawn from the experiences of different countries. It is clear that efforts to pursue regional policies which aim to make significant adjustments in the distribution of population and economic activity have been far more successful in countries which have managed to integrate regional policies with national policies. France provides a good example of a country with an integrated set of policies. In France the Commissariat General du Plan is responsible for

regionalisation of the national plan, while other planning bodies are responsible for ensuring interministerial coordination in the light of the regionalisation of the budget. Guidelines for the national plan are produced and programmes developed for infrastructure to influence the balance of activity among regions. Regional bodies enable coordinated planning to take place among all levels of government in a regional setting and central government has put increased emphasis on the decentralisation of its own activities in recent years.

While the regional administrative machinery which exists in France might well be unwarranted in other countries, it provides a case study of some important features of an integrated regional approach. One of the firm conclusions reached by the OECD Working Party on regional policies was the importance of integrating regional policies with national policies. In many member countries in the OECD there is a trend toward greater integration of regional and national policies, the establishment of strong regional units and the implementation of regional policies - once regional and national objectives have been reconciled - at the regional level.

3. REGIONAL DEVELOPMENT POLICIES IN NEW ZEALAND

The brief review of regional development problems and policies in other countries provides a basis from which to examine similar policies in New Zealand. This chapter will explore the underlying conditions which led to the development of regional development policies. It will give detailed examination to the 1969 study by the New Zealand Institute of Economic Research, to reactions to the study by the National Development Council, and to pressures leading to the announcement of objectives and policies for regional development in the 1973 Budget and to subsequent modifications to these policies.

3.1 The Regional Development Policy Debate: Reports of the New Zealand Institute of Economic Research (NZIER) and the National Development Council (NDC)

Government's attention to regional development issues was stimulated in May 1969 by recommendations of the Overseas Markets and Exporting Committee and the Transport Committee of the NDC.

The recommendations were:

- (a) That a study be undertaken to show whether or not a policy of planned regional development is desirable for the country and whether there is a case for the Government providing some compensation for the extra costs of internal freight on export goods to promote this regional development¹.
- (b) That because of its implications in the formation of a rational transport policy oriented to the needs of the developing New Zealand economy, Government be invited to to announce its policy for regional development within the country².

As a result of these recommendations in July 1969 the Government (through the Department of Industries and Commerce) commissioned

1 Conference recommendations No. 67 and No. 322 respectively.

2 Conference recommendation No. 68.

the NZIER to make a study of regional development in New Zealand with special reference to manufacturing. The terms of reference of the study were to ¹:

1. Provide a brief theoretical background on the social and economic aspects of regional development, sufficient to highlight the main issues and give an understanding of the project, with examples of overseas experience in this field. Attention will be focused on the distinction between public and private costs and benefits.
2. Examine the present pattern of activity in New Zealand on a regional basis with emphasis on manufacturing. Account for long-run trends in outline and trends over the last decade in more detail. Primary and tertiary industries and the infrastructure will also be considered.
3. Examine the significance of location for manufacturing industries in New Zealand and the cost impact of alternative locations where these are technically feasible. This section will analyse private costs and benefits.
4. Examine the social cost/benefit aspect of manufacturing location and development in New Zealand on a regional basis.
5. Suggest criteria for a regional development policy in New Zealand. In the light of the private and social cost/benefit considerations, identify regions in which special efforts to encourage growth appear worthwhile and suggest measures that might be taken to encourage this. Suggest, in particular, types of industry best suited to these regions and consider the degree and form of any Government intervention that appears warranted.

The NZIER report provided an extensive discussion of regional changes in the population, labour force, industrial production and industrial location patterns. The study examined main components of private costs - (such as labour, materials, transport charges) and showed the relative importance of each to the location decisions of particular industrial groups. Public authority and social costs were also discussed and the cost differences for various types of public services examined to determine how centres varied in terms of the per capita costs of

¹ T.K. McDonald, NZIER (Inc): Regional Development in New Zealand, Wellington, 1969.

providing services.

The NZIER study accepted the proposition that, in evaluating alternatives, the national interest should take precedence over regional or sectional interests. It concluded that the differential rates of growth among regions reflected the relative profitability to firms of locating in different areas and that the resulting pattern of development did not generate excessive (net) public authority or social costs.

While admitting that the continuation of the present pattern of development would lead to an increasing concentration of population and economic activity in the north of the North Island, in and around Auckland, the study concluded that the future pattern of industrial development should be determined by market forces and with minimum state intervention. In part this concentration was viewed as the consequences of the results of changes in the structure of the economy; in particular, the increased importance of secondary and tertiary activities, and the rise of manufacturing. The report suggested "that New Zealand could not afford to reduce its growth prospects by diluting its resources in the forcing of premature development in the slower growth regions"¹. It advised that an active manpower policy be used to counteract any adverse effects of the present growth patterns.

In addition to these general conclusions the study put forward the following eleven recommendations:

1. Government should not intervene directly at the present time to influence the pattern of regional development.

1 NZIER report, p. 226

2. Government should act to reduce any adverse effects of the present growth pattern by assisting population mobility between regions and occupations. This could be best achieved within a general manpower policy. Persons not wishing to shift from declining areas will require financial assistance, with perhaps training in craft occupations, avoiding the commitment of industry to uneconomic locations.

3. Government should intervene to avoid disruptive changes in employment, either by negotiating a transition period, or where applicable, providing bridging finance. The intervention should only be to obtain a transition period, unless the industry in question would be fully viable in the location, once short-term problems have been overcome.

4. Regular reappraisals of regional development policy are necessary, perhaps every decade.

5. To assist future regional studies, and to assist the economic allocation of public expenditure between regions, studies should be undertaken by all departments of the efficiency of their expenditure allocation between regions and other competing expenditure avenues. It is of prime importance to obtain this information. Similarly regional statistics, especially from Government departments, should be converted to common definitions and a common hierarchy of regions.

6. Consideration should be given to the gradual regional alignment of public service charges with costs; not necessarily to fully recover all costs with direct charges but to scale charges between regions in proportion to costs. Major power users for example should be allowed rate differentials which reflect the cost of supplying power to alternative sites. There should also be a close study of the effects of encouraging regional differentials in private selling prices, especially for bulk users and export firms.

7. In addition there should be an intensive economic study of the transport industry in New Zealand with a view to rationalising the demarcation between road, rail and sea and air transport, and to removing anomalies in rating structures, especially on rail and air. This is necessary because of the major impact that transport costs have on regional development.

8. Government should ensure that regional differences in the availability of finance from commercial sources does not inhibit the exploitation of commercial opportunities in regions.

9. A permanent departmental section should be established to provide information to firms on location. This should be the main function of Government at present in regional development. The Labour Department has at present the best collection of data for this purpose, but the new section will have to provide a wider range of information. To

perform this function, the section will need to accumulate factual data on the attributes of regions and centres and the location characteristics of particular industries and firms.

10. The Town and Country Planning Branch, Ministry of Works is closely concerned with regional development. It should be given the facilities to co-ordinate all departmental studies on regional expenditure, and to evaluate the relative merits of alternative patterns of expenditure allocation between regions on a sound economic basis. Further, they should be given the resources for planning growth in regions to achieve the growth at least national cost. The quality of planning has a major influence on the cost of development.

11. Government should encourage local authorities to attract and plan for industrial growth. Local authorities should seriously consider the merit of having land available at attractive prices for industrial use, of providing service cost concessions to industrial users, and of facilitating industrial growth by creating an environment conducive to industry, especially in terms of zoning and local authority specifications.

Government released the report in September 1970 and the report was referred to the NDC which formed a subcommittee to study the report and associated comments on it. The subcommittee did not confine its inquiry to the NZIER report. It solicited views from sector councils of the NDC and universities, and voluntary submissions were received from several other groups and representative bodies.

The report of the subcommittee on regional development was published in December 1971.¹ The subcommittee endorsed recommendations 5, 8 and 11 of the NZIER STUDY and made the following six recommendations:

1. That the Government recognise that:
 - (a) the national interest rather than sectional or local interests should be the paramount consideration in regard to regional development questions;
 - (b) the objective of regional development policies should be to ensure that the potential of each region and its

¹ National Development Council, Regional Development in New Zealand, Wellington, 1971

inhabitants to contribute to and share in national development is fully recognised;

- (c) a continuation of present trends in the distribution and utilisation of New Zealand's resources and population may, in the longer term, be inconsistent with this objective;
- (d) further intervention may be warranted at the present time or in the near future, bearing in mind that acceptable measures of intervention would have their main impact primarily in the longer term;
- (e) in the formulation of regional development policies, full consideration should be given to the non-economic aspects, especially human needs and aspirations;
- (f) decisions on regional policies should also have regard, inter alia, to the following criteria which may justify Government intervention:
 - (i) the existence of untapped but economically exploitable natural resources in a region experiencing slow growth;
 - (ii) the existence of trends which indicate that less than sufficient resources and services are being maintained in rural areas or smaller centres for the efficient operation of industries in the primary sector, particularly those with good export prospects;
 - (iii) the underutilisation in an urban centre or region of infrastructure that could be employed economically; and
 - (iv) the existence of detrimental social effects of excessive concentration and growth in some large urban centres, or of decline in rural areas and smaller centres.

2. That:

- (a) further research covering specific economic, social, environmental, and other considerations important in regional development, should be undertaken with a view to providing a comprehensive basis for the early formulation of appropriate policies;
- (b) research into regional trends, subsequent to this, should be carried out on a continuing basis and include study of individual specific regions in the context of national development with a view to analysing the means by which individual regions can best make a full contribution to national development and to advising the Government on particular regional economic and social problems;

- (c) in addition, an overall review of regional trends should be undertaken after each 5-yearly Census of Population and Dwellings.
3. That the establishment of a system of regional accounting should be given high priority.
4. That:
- (a) primary responsibility for regional development policy, including research, which will require inter-departmental co-ordination, should be allocated to one Minister and one Government department;
- (b) this department be responsible for provision of advice to firms regarding their location problems and to local authorities regarding industrial promotion matters.
5. That:
- (a) any new measures to modify existing patterns of regional development should be positive and not penal in nature - industry should not be directed by the Government in its choice of location, nor should those economic activities locating in centres in which it may not be desired to promote further concentration be penalised;
- (b) the selection of means of further intervention should have a greater regard for special regional needs in the allocation of national resources; in addition, or as an alternative, it should embody more direct measures, including monetary and fiscal measures, to promote development of a particular area or resource.
6. That:
- (a) local authorities should be encouraged to fully exploit opportunities at the regional or local level to influence the pattern of regional development;
- (b) the relevance to regional development of the work of the Local Government Commission in promoting reform of New Zealand's structure of local government should be taken into account in the research suggested.

The subcommittee was clearly not in agreement that Government should not intervene at the present time to influence the pattern of regional development. They joined with other critics of the NZIER who claimed that the report stressed economic factors and showed a relative lack of attention to social, cultural and

environmental considerations. To some extent the economic emphasis was not surprising in light of the terms of reference and the character of the research group which was commissioned to do the study.

The NDC's case for intervention was based on the argument that measures have their main impact in the longer-term and that it would be unwise to delay initiating moves until the problems were more apparent. Recommendation 1f promotes intervention on the grounds of remedying various types of inefficiencies; however, many cannot be demonstrated. In reviewing the reaction to the Institute's recommendation of non-intervention, G.A. Town comments:

This blunt statement was vigorously attacked. Predictably, by all those areas that stood to gain, in their opinion, from some shift in government policy. More effectively, by those who claimed the Institute had arrived at a definite conclusion on (by its own admission) very indefinite evidence, and by those who felt the Institute's conclusion that national benefit should take precedence over regional interests was a non-sequitur par excellence! What of those very cases, the critics argued, where for social or other reasons it may be in the national interest for regional claims to have precedence over national economic benefit?¹

It is interesting that the NDC did not take this latter position, but reinforced the view that national interest should take precedence over the regional interest in regional development questions.

In response to the publication of the subcommittee's report, T.K. McDonald issued a discussion paper which addressed some of the differences in approach between the two reports. The paper does much to dispel the criticisms of an overemphasis on economic

1 G.A. Town, (ed) Policies for Regional Development in New Zealand New Zealand Institute of Public Administration, Study No. 17, 1972.

factors. The introduction suggests that ultimate responsibility for regional policy lies with politicians rather than with economists, sociologists or the like. In discussing the objectives of regional policy McDonald states:

Regional policy, however, operating within the general framework of national policy, is specifically concerned with regional living standards, and with limiting any differences between these... standard of living is analogous with well-being, rather than synonymous with income and wealth. Significant determinants of living standards are money incomes, prices, security, climate, medical and social services, public amenities, entertainments, recreation facilities, physical environment etc., and personal expectations¹.

It is unfortunately the case that objectives regarding differences in the standard of living of people in various regions are often not stated explicitly. Thus, objectives become associated with the uneven regional distribution of population, industry or employment and with uneven growth rates. This uneven development results from many factors, an important element being the fact that resources are not spread evenly across the entire area of a country. Efficient performance of the national economy implies differentials in growth rates, and as the economy develops and undergoes structural change, so also will there be changes in the growth potential of different areas and regions.

It is the judgement that growth differentials are producing undesirable changes in living standards which is critical to any justification for intervention. To the extent that the intervention produces social benefits at the expense of direct economic benefits, it may be necessary to accept a somewhat lower overall rate of

¹ T.K. McDonald, Regional Development Rejoined, Discussion Paper No. 15, New Zealand Institute of Economic Research (Inc) 1972; p. 7

growth in exchange for a more satisfactory regional distribution of that growth. In this context, it is interesting to note that the NDC report did not acknowledge this important choice between the accomplishment of regional and national objectives, and the necessary linkage between policies in fast and slow-growing areas:

National economic policy is concerned primarily with attaining as high a rate of growth as possible, consistent with an acceptable standard of living. Regional policy, on the other hand, is concerned more with the geographic distribution of that growth and with ensuring that each region is able to contribute the best growth it is able. (NDC report, p. 52).

While the NDC subcommittee stated that regional policies should not seek to achieve the same growth rates in various parts of the country, they recommended a better balance among areas, and suggested:

Regional policies should not aim to bring about a closer balance by measures which, directly or indirectly, will seriously inhibit the rate of growth in the faster growing regions (NDC report, p. 52).

As McDonald was quick to point out, the NDC had identified the wrong objective, for the maintenance of a high rate of growth must be viewed only as an instrument for achieving a fundamental objective regarding living standards.

This different perception of the problem is also illustrated by the subcommittee's assertion:

that the first and second recommendation of the NZIER report were contradictory. It noted that while the report advised against positive government action at present to stimulate regional development it did recommend that any adverse effects of the present growth pattern be reduced by use of an active manpower policy to resettle people from declining areas. This action would have an increasingly depressing effect on those areas. (NDC report, p. 20).

Clearly the NDC subcommittee views the objective of policy to be the region and therefore has difficulty understanding a

policy to provide assistance for individuals who are adversely affected to seek opportunities elsewhere.

Another important area of debate concerns the issue of social costs. The terms of reference of the NZIER study included the examination of the social cost/benefit aspects of manufacturing location and development and the design of criteria for regional development policy in terms of private and social cost/benefit considerations.

The NDC report is critical of the NZIER study's treatment of social costs and benefits, but its own report does not come to grips with the issue. In particular, the report is often confusing through a failure to distinguish between gross and net social costs and benefits. No matter how great social costs are perceived to be, consideration must be given to associated benefits and thus, net social costs must be the relevant indicator.

To the economist, social costs are costs which are external to the market mechanism and are called "externalities" for this reason. Pollution, congestion and crowding are commonly cited examples of social costs and they are often associated with large cities. Social costs are usually not accounted for in market costs and prices and as their effects are diverse, Government may undertake remedial action; for example, by charging a tax on the firm which creates pollution to compensate for the damages incurred. The market may take some account of social costs; for example, when high levels of noise pollution depress property values in an area.

In considering regional development policies, the existence of social costs and benefits is important as it can provide a basis for Government intervention to alter the distribution of

population and economic activity. Information is required as to the marginal benefit and marginal social costs arising from marginal shifts in population, industry, etc. However, social costs by their nature, are difficult, if not impossible, to quantify. While the existence of social costs might be reflected in public authority costs, it is by no means certain that substantial social costs would be reflected in public sector costs. To this extent, the Institute's attention to the measurement of differences in public sector costs may be misleading.

The NZIER report does admit the inherent problems in trying to measure social costs:

Within the scope of this study, or even one that was substantially larger, it would not be possible to quantify the range of social costs and benefits of relevance to regional development, especially not to quantify their marginal relationships. (p. 222).

Despite this honest admission of the impossibility of quantifying social costs, the Institute stated:

As far as can be ascertained, the resulting pattern of development is not giving rise to excessive (net) social costs, either in terms of public authority costs or social costs proper, which outweigh the private benefits of the present pattern (p. 226).

The statement seems a strong one in view of the fact that the Institute's assessment of the magnitude of net social costs relied to a considerable degree on subjective judgement.

3.2 Objectives and Policies for Regional Development

The regional development policy debate continued during the early seventies; however, major policy moves did not occur until 1973 under the Labour Government. The objectives of the programme of regional development assistance announced in the 1973 Budget

were:

- (a) to encourage full use to be made of the human, physical and infrastructural resources available but underutilised in the provincial centres of New Zealand by promoting the establishment, expansion and retention of viable and efficient manufacturing, processing and ancillary industries in such centres;
- (b) by assisting the realisation of (a), to relieve to some extent the growing pressure on resources which has already become apparent in the Auckland and Wellington metropolitan regions.

The statement which accompanied the 1973 announcement of objectives stressed that the aims of the programme were positive, and that it was not directed against the growth of Auckland and Wellington metropolitan regions. Rather the policy was viewed as one of "containment" so as to ensure that necessary infrastructure and community services might keep pace with population growth and economic development in the area. Clearly the underlying economic forces during this period were expansionary and the country faced high levels of in-migrants who play a prominent role in the growth rate of population in large centres such as Auckland.

In May 1974 in a major policy speech to the New Zealand Planning Institute, the Hon. Hugh Watt, then Minister of Works and Development, presented a number of issues. Many of them became the foundation for the set of objectives for regional development which were adopted by the Cabinet Committee on Policies and Priorities later that year. The Minister indicated that present trends were leading to the big areas growing and the smaller ones declining. He pointed to the high investment in infrastructure in major metropolitan areas which stimulated further growth, creating a "vicious circle" of growth that channels an increasing share of the country's resources to fewer areas.

The Minister argued that central government intervention was warranted with the objective of a development strategy being the achievement of "balance" between the two islands and between regions. Christchurch was viewed as the only South Island centre which could rival Auckland. Government investment was required to stimulate its growth and provide indirect benefits to the rest of the South Island. Financial incentives should be given to selected industries to encourage the growth of Canterbury and the proposal for a new town at Rolleston was considered to be a key element of this strategy.

The proposals placed emphasis on the development of indigenous resources to complement short-term expedients such as freight subsidies. They suggested that more secondary centres should be developed - for example, by upgrading New Plymouth, Napier, Hastings and Nelson to fulfill the role of Hamilton, Palmerston North and Dunedin. Support for declining regions should be given where there is a waste of resources (Wanganui, West Coast) or where there are social problems caused by out-migration (East Coast and Northland). Local body amalgamation and reform was considered to be necessary so that a development strategy could be implemented on a regional basis.

Objectives for regional development were approved by the Cabinet Committee on Policies and Priorities of the Labour Government in 1974. These were:

- To achieve a more even distribution of development having regard for regional aspirations;
- to foster an appropriate level of development in regional areas with a rate of growth substantially below the national average, especially where this results in adverse social and economic effects;
- to consider alternatives to the growth of the Auckland and Wellington metropolitan areas in order to reduce

the adverse social and economic effects of large scale migration to those areas and to enable growth to be spread to other regions;

- to enhance the quality of life in both urban and rural areas by increasing opportunities for employment, and improving housing and education, social, cultural and recreational amenities;
and
- to improve the quality of urban development, particularly in areas of major population growth.

The major policies which were to achieve these objectives consisted of a programme of assistance (administered through the Department of Trade and Industry), the Rolleston project, and an expanded role for the Development Finance Corporation. With the return of the National Government in 1975 the Rolleston project was shelved, leaving two elements to achieve the objectives.

Regional development assistance through the Department of Trade and Industry was initially directed to the development of industries in nine priority regions: Northland, King Country, Taranaki, Wanganui, East Coast, Wairarapa, West Coast, Otago and Southland. Industries which had a significant contribution to make in other regions and were in need of special assistance could also be considered. The areas of Marlborough and South Canterbury were designated as priority areas in 1975.

An appendix to this chapter describes the various types of assistance which are available through the regional development programme administered by the Department of Trade and Industry. It includes a listing of amendments to the policies which occurred between 1976 and 1978. The primary policy is that of the suspensory loans on new plant and equipment and buildings. Suspensory loans are in essence grants as they are only repayable if the building, plant or equipment ceases to be used for the purpose for which approval was given, or the plant and equipment is removed from the development region within five years of the loan upliftment date.

Table 3.1 shows the maximum level of assistance applying in

TABLE 3.1

MAXIMUM LEVELS OF SUSPENSORY LOAN ASSISTANCE

APPLYING TO THE REGIONS

Type of Assistance

Area	Plant and Equipment	Buildings only	Plant Equipment and Buildings	Training Costs Assistance
	%	%	%	%
Northland (including Whangarei City)	30	30	20	50
Taranaki (excluding New Plymouth)	30	30	20	50
New Plymouth	20	20	15	30
King Country	30	30	20	50
East Coast	30	30	20	50
Wanganui (excluding Wanganui City)	30	30	20	50
Wanganui City	20	20	15	30
Wairarapa	20	20	15	30
Marlborough	30	30	20	50
West Coast	30	30	20	50
Southern Canterbury	30	30	20	50
Otago	30	30	20	50
Southland	30	30	20	50
Other Areas	20	20	15	30

the various regions for suspensory loans. With the exception of the Wairarapa the maximum support levels given to qualifying

projects in priority areas exceeds that for non-priority regions and subsidy rates in the urban parts of the region are lower than in the balance of the region. The subsidy rates confirm that policies are directed against urban centres, particularly the main ones where most people live. There is little attempt to differentiate among the priority areas. The fact that subsidy rates are higher in the rural rather than the urban parts of priority regions shows concern for the intraregional distribution of development.

Table 3.2 shows the level of regional development assistance approved since the beginning of the programme. In addition, expenditures on the Unit rate scheme, freight subsidies and administrative costs are shown. Table 3.3 shows regional development assistance approved by regions and shows the number of projects which were assisted.

The small amount of assistance given under the employment creation suspensory loan alternative can be explained by the fact that its tax treatment is far less favourable to the company in that it is treated as a grant in the fifth year and becomes subject to company income tax.

A new set of objectives was approved in principle by the Minister of Regional Development in early 1978. These objectives have not been endorsed by Cabinet however. Their essential elements are:

- To encourage the development of resource-based industries (including those based on labour skills) appropriate to the wishes, needs and potential of regions.
- To encourage growth in slower growth regions, having regard to regional and national interests.
- To foster balanced growth within regions.
- To provide assistance for particular regional problems.
- To ensure all government decisions take due regard of regional development issues.

TABLE 3.2

REGIONAL DEVELOPMENT ASSISTANCE APPROVED

<u>Type of Assistance</u>	<u>July 1973- March 1975</u>	<u>1975-6</u>	<u>1976-7</u>	<u>1977-8</u>	<u>1978-9</u>	<u>Total</u>
Regional Development Suspensory Loans	3,545,358	2,492,245	1,612,808	1,388,041	2,403,381	11,441,833
Small Project Grants	8,978	69,588	95,368	57,538	94,255	325,727
Employment Creation					28,250	28,250
Pioneer Status					304,227	304,227
Investigation and Establishment Grant					70,225	70,225
Staff Training	90,708	34,090	14,203	7,680	26,358	173,039
Transfer Costs	1,478	5,137	778	666		8,059
Other Expenditure	1,750	68,270			1,500	71,520
TOTAL	3,648,272	2,669,330	1,723,157	1,453,925	2,928,196	12,422,880
Unit Rate Schemes	654,000	679,000	845,100	982,300	1,193,247	4,353,647
Freight Subsidies	704,000	401,000	639,300	376,200	373,191	2,493,691
RDC Administrative Costs	83,000	153,000	211,700	206,000	244,100	897,800
	5,089,272	3,902,330	3,419,257	3,018,425	4,738,734	20,168,018

TABLE 3.3

REGIONAL DEVELOPMENT ASSISTANCE APPROVED BY REGION

	<u>1/7/73 to 31/3/74</u>	<u>1974/75</u>	<u>1975/76</u>	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>	<u>Total</u>
Northland	15,000(2)*	36,779(6)	244,387(10)	41,466(8)	135,080(4)	425,488(17)	898,200(47)
King Country	NIL	105,863(8)	89,806(8)	18,561(3)	48,225(5)	30,951(6)	293,406(30)
East Coast	NIL	330,460(4)	110,774(9)	147,000(4)	194,394(7)	262,342(7)	1,044,970(31)
Taranaki	102	415,166(11)	114,904(12)	63,559(8)	84,774(6)	324,038(16)	1,002,543(53)
Wanganui	38,000(3)	796,945(17)	206,999(14)	271,784(15)	133,088(9)	200,080(8)	1,646,896(66)
Wairarapa	1,860(1)	205,260(10)	124,164(11)	60,320(6)	7,400(1)	116,358(11)	515,362(40)
Marlborough	N.A.	N.A.	NIL	108,762(3)	33,675(1)	42,561(2)	184,998(6)
West Coast	122,400(7)	163,020(7)	266,562(9)	103,487(13)	58,091(5)	256,011(10)	969,571(51)
Southern Canterbury	5,000(1)	188,098(5)	122,494(4)	54,724(3)	372,978(4)	14,540(2)	757,834(19)
Otago	39,676(2)	261,410(5)	890,493(14)	367,200(19)	230,720(8)	705,662(18)	2,495,161(66)
Southland	77,500(2)	492,368(11)	211,439(21)	443,760(11)	123,700(2)	423,337(14)	1,772,104(61)
Other areas	177,000(7)	176,365(6)	287,308(7)	42,534(1)	31,800(2)	126,828(2)	841,835(25)
TOTAL	476,538(25)	3,171,734(90)	2,669,330(119)	1,723,157(94)	1,453,925(55)	2,928,196(113)	12,422,880(496)

* () Number of projects

1 Wherever possible loans not taken up or repaid have been deducted. \$59,600 in assistance was granted before the present programme began on 1/7/73

In each area a regional development council has been set up to advise the Minister and assist with the administration and operation of the programme. Applications for regional development assistance in priority areas are made in the first instance to the appropriate regional development council. The regional development councils do not have statutory powers as their existence is not set down in legislation. They operate under the following terms of reference, which have not been altered since the initiation of the programme:

The principal objectives of each council shall be to investigate and to assist and advise the Minister of Trade and Industry on matters relating to the economic and social development of the region which it represents and to ensure that the actual and potential assets of the region are best developed in the national interest.

The council will give particular attention to the retention and expansion of existing industry in the region but having regard also to the longer term aim of attracting viable new industry.

To ensure that development is carried out in an orderly and desirable way, there should be a careful and progressive monitoring of the environment and social conditions.

In carrying out these objectives each council may:

- (a) Distribute and administer incentives and assistance, and spend such money as authorised by the Minister.
- (b) Establish advisory committees.
- (c) Promote research into specific aspects of the development of the region.
- (d) Seek and investigate opportunities for industrial and economic development in the region.
- (e) Review and where appropriate encourage the development of infrastructure and facilities including state-provided facilities, contributing to the economic and social development of the region.
- (f) Provide information services to local industry and to prospective new industry on matters relevant to their expansion, establishment or continuation of their activities in the region.
- (g) To facilitate the exercise of its functions the Government would provide a proportion of the funds needed to meet expenses on a year to year basis. Any proposed extraordinary expenditure would be subject to specific approval by the Minister.

The relationship between regional development councils and the Minister of Regional Development has not been regarded as satisfactory by many council members. They have pressured Government for more power to influence proposals for their area and have suggested that there be more consultation with regional development councils concerning proposed changes to the programme. The Government's decision not to provide a formal link between regional development councils and the regional or united councils which will be responsible for regional planning is regarded as an insult by many members.

A major focal point for recent activity by regional development councils has been the preparation of resource surveys. The purpose of these surveys is to provide an indication of the basic development potential of each priority region, plus suggestions as to how wise development can be assisted. While there is much variation in the scope of the surveys which have been completed, they have provided a vehicle for expressing regional aspirations regarding development. Their preparation has led to extensive consultations within the regions and has assisted communication between regional development councils and central government departments. The commissioning of the surveys reflects the recent emphasis of the programme on resource-based development.

This is by no means the first time that regions have engaged in this type of exercise. In the early sixties, in response to the concern of many small centres who wished to play a greater role in New Zealand's industrial development, the Department of Industries and Commerce prepared a number of regional economic surveys. While these earlier efforts provided some information upon which to base the programme which was finally implemented in 1973, the resource surveys which are now emerging carry with them growing expectations by regional

development councils of a stronger Government commitment to solve regional development problems.

The Development Finance Corporation is an important institution in the operation of the regional development programme. The stated objective of the Corporation is to encourage and promote New Zealand's industrial development. Projects are assessed in terms of their value within the industry concerned and their contribution to the New Zealand economy; however, special emphasis is placed on projects with export potential, those that utilise indigenous raw materials, contribute to regional development, or those that enable efficient import substitution¹. The DFC's services are directly aimed at manufacturing industry, the processing of primary products and transport services essential to industrial or regional development. It acts in an administrative and advisory capacity for the Government's schemes of regional development suspensory loans and small business grants.

Operationally, this means when an application for regional development assistance exceeds \$15,000 the DFC undertakes an in-depth evaluation of the project which includes not only the financial aspects (such as liquidity, profitability, security, equity) but also the availability of inputs and problems of production, management and marketing.

The corporation acts as the programme's agent and receives a fee of 1% (minimum \$100) for these services. It disburses the money to qualifying firms and should the firm go bankrupt or move from the region within the five year period, it is the responsibility of the DFC to demand reimbursement on behalf of the Department of Trade and Industry. The Rural Banking and Finance Corporation performs an identical function as regards applications

1 Report of the Development Finance Corporation for the year ended 30 June 1978 (p.5).

for assistance for activities in the primary sector such as horticulture and fish processing.

In addition to specific regional development policies Government has been able to boost employment in some regional centres through its adoption of a policy for the decentralisation of Government departments. Some prominent examples were the development of the Government Printing Office at Masterton and the installation of the Computer Centre at Wanganui. In the last few years there have been similar developments in the South Island including a regional complex for the Statistics Department and an expanded office of the Inland Revenue in Christchurch, the opening and extension of offices of the Valuation Department in several South Island centres, and a new visual production unit for the Lands and Survey Department in Nelson.

APPENDIX: CHAPTER 3.TYPES OF ASSISTANCE AVAILABLE THROUGH THE REGIONAL DEVELOPMENT PROGRAMME ADMINISTERED BY THE DEPARTMENT OF TRADE AND INDUSTRY.

A number of different types of assistance are now available to industries establishing or expanding in priority areas. The set of measures includes:

(A) Suspensory Loan Schemes- Suspensory Loan Scheme for the Industrial Sector

This scheme provides assistance for the establishment or expansion of projects in the manufacturing and processing sectors in the form of:

- Suspensory loans on new plant and equipment

Interest-free regional development suspensory loans may be provided towards the purchase of new plant and equipment, usually of 20 to 30 percent of the cost of qualifying plant depending on the locality of the industry.

- Suspensory loans on buildings

Interest-free regional development suspensory loan assistance may be provided for qualifying projects with a substantial building content compared with the investment in plant and equipment. Loans are usually for 20 to 30 percent of building costs, depending on the locality of the industry.

- Joint suspensory loans on new plant and equipment and buildings

Interest-free suspensory loans may be provided jointly on plant and buildings and are usually 15 to 20 percent of the costs of these assets depending on locality.

Regional Development Suspensory Loans for Slow Growth Areas in Non Priority Regions

This scheme involves the provision of suspensory loans for qualifying projects in slow growth areas in non-priority regions. The loans may be up to 20 percent of the proposed investment in plant, equipment and buildings combined. The slow-growth areas in which the assistance will be available will be decided following consultations between local authorities and the government. Eligible projects will be determined according to the same criteria employed under the existing programme for regional development suspensory loans in priority regions.

The scheme provides for the development of a policy framework for making decisions on applications for assistance from outside priority areas, rather than on the present case by

case basis. This means that projects in defined slow growth areas will be encouraged by the more certain basis of the scheme and that local authorities outside priority areas will be able to incorporate a measure of assistance for slow-growth areas into their regional planning schemes.

Suspensory loans are in essence grants repayable only if the building, plant and/or equipment cease to be used for the purpose for which the approval was given, or the plant and equipment is removed from the development region, within five years of the loan upliftment date.

All those regional development suspensory loans detailed above have a maximum value of \$100,000 for any one project.

The Employment Creation Suspensory Loan Alternative

Regional development suspensory loans had originally been calculated only on the basis of the capital investment involved in a project. An alternative basis was approved by Cabinet in October 1977, which can be used when a standard suspensory loan does not provide sufficient incentive for the project to proceed on a reasonable basis.

The alternative basis provides for assistance of:

- up to \$3,000 per job created instead of 30% of capital expenditure;
- up to \$2,000 per job created instead of 20% of capital expenditure;
- up to \$1,500 per job created instead of 15% of capital expenditure;
- up to \$1,000 per job created instead of 10% of capital expenditure.

The level of incentive is discretionary and the amount approved will be what is considered appropriate, taking into account the extent to which the project is based on regional resources and the long-term benefits provided. The assistance granted will not exceed 100% of the capital costs of the project.

Employment creation suspensory loans are repayable if the recipient ceases to maintain the employment positions created for five years from the date of the upliftment of the loan.

(B) Small Project Assistance Grants

Small project assistance grants are designed to provide a generous level of assistance to small companies with development projects involving investment of less than \$30,000 and located in small towns in priority areas and other slow-growth areas where it has been difficult to promote development and where larger projects are unlikely to be established.

Grants of up to 50 percent of qualifying investment in plant and buildings may be provided, with a maximum value of \$15,000.

A small company is defined as one with fixed assets not exceeding \$50,000 and sales not exceeding \$150,000 per annum. Small projects assistance is not normally granted to subsidiaries of larger companies. This assistance scheme is confined to communities of up to 10,000 people, and Gisborne and Invercargill.

(C) Investigation and Establishment Grants

This new scheme, introduced in the 1977 Budget, provides for grants of up to \$10,000, subject to prior approval, in partial reimbursement of actual expenses on commercial feasibility studies and/or initial establishment costs such as tooling up, manufacturing trials, manufacture of samples and other initial marketing arrangements, and the setting up of production stocks. Investigation and establishment grants may also be considered for companies undertaking projects in the agriculture, horticulture, fishing, forestry, mining and tourism sectors.

(D) "Pioneer status" suspensory loans

This scheme, also introduced in the 1977 Budget, has been designed to provide capital assistance for qualifying expenditure on new forms of commercial resource development in priority regions and other slow-growth areas.

Particular initiatives to be accorded pioneer status will be determined by the Government in consultation with the regional development councils or regional planning bodies. The emphasis of the scheme will be on the further processing of renewable resources, introduction of new forms of manufacturing and processing and the application of new technologies to existing forms of development. Projects relating to agriculture, horticulture, fishing, forestry, mining and tourism as well as those involving manufacturing and processing may be considered for assistance under this scheme. Assistance will generally be based on 10 percent of qualifying expenditure with a maximum suspensory loan of \$50,000. Applicants may however elect to base their claim on the number of new full-time job opportunities created by the project. The suspensory loans convert to grants on a similar basis to other suspensory loans. They may be provided in addition to any other assistance provided under the regional development programme.

(E) Industry relocation grants

The industry relocation grant scheme is intended to assist those companies which relocate existing operations from metropolitan areas to priority development regions and other slow-growth areas. Relocation grants will be considered where it is not possible to give a meaningful incentive by way of a suspensory loan on new plant and buildings. Such grants will be considered for up to 50 percent of the actual costs of dismantling, insuring, moving and installing plant and equipment in the approved development regions.

(F) Transfer costs assistance

Assistance with transfer costs may be considered for key employees who are required to relocate in a priority region

or other slow-growth areas to assist with the implementation of an approved regional development project. Assistance will not be given for normal staff replacements. Grants can be up to 50 percent of qualifying costs with a maximum grant of \$10,000. Transfer costs which may be considered as a basis for grants are transport and insurance of household and personal effects, travel costs for key employees and dependents, temporary accommodation costs incurred at the point of departure and in the development region. Costs which do not qualify are lawyer's and real estate agents' fees involved in the buying and selling of property, exploratory costs involved in establishing a company in the region or the costs of preliminary interviews with prospective staff.

(G) Training costs assistance

Assistance with labour training costs may be considered when an enterprise is established or expanded in a priority area or slow-growth area and a special training need exists at the implementation stage of the project.

(H) Freight subsidies

Freight subsidies are available on a restricted basis to existing manufacturing industries in the Otago, Southland or West Coast regions. They apply to goods sold on the North Island market. The freight subsidy is granted only in very exceptional circumstances, in cases where other forms of assistance are not possible. It does not apply to export sales.

(I) Unit Rate Scheme

The unit rate scheme is a general concession applying to specified categories of manufactured goods sent via the New Zealand Railways from South Island destinations to points beyond Wellington in the North Island. Unit rate charging treats both South Island and North Island rail portions as one journey giving qualifying manufacturers the benefit of a tapering rail rate. The charge for the Cook Strait part of the journey, whether by ferry or air is calculated separately and does not qualify for any concession. Rebates range from 9 percent to about 22 percent of rail freight charges depending on the goods and the freight arrangements.

(J) Regional development investment allowance

In addition to the discretionary incentive available under the regional development programme, a more general measure of assistance is available, in the form of a special regional investment allowance, for development outside the Auckland and Wellington metropolitan areas. This allowance is supplementary to the standard 1st year depreciation allowance of 25 percent.

The allowances cover new manufacturing plant and machinery and new road transport equipment purchased by licensing goods service operators (other than those servicing the farming sector and qualifying for the special farming investment allowance). These allowances are in addition to any assistance which may be provided under the Government's regional development programme.

The level of qualifying investment allowance, and the regions to which they apply, are:

- 20 percent: the Northland, East Coast, West Coast, Otago and Southland regional development priority areas and the Chatham Islands;
- 15 percent: the King Country, Taranaki (including New Plymouth/Bell Block), Wanganui, Wairarapa, Marlborough and Southern Canterbury regional development priority areas; and
- 5 percent: Waikato, Bay of Plenty, Hawkes Bay, Manawatu, Nelson, Christchurch and North Canterbury.

The investment allowance is not available to industries located in the metropolitan area covered by the Auckland Regional Authority or the Wellington Metropolitan Area extended to and including Waikanae, Upper Hutt and Wainuiomata.

(K) Regional Development Special Projects Scheme

This scheme will provide for grants or suspensory loan assistance towards the cost of approved projects which have been identified as being of major and critical importance to the development of priority regions. Regional resources surveys undertaken by regional development councils provide the main basis for identification of these projects.

The scheme is being introduced to provide assistance on a more certain basis for large projects which are unlikely to proceed by the normal processes of private investment. Previously, such projects have been considered on a case-by-case basis.

(L) Export Suspensory Loans

Applicants for regional development assistance may also apply for an export suspensory loan if the project complies with the conditions of that scheme. Basically this means that at least 40 percent of the output from the plant and equipment for the purchase of which assistance is sought must be exported. In these circumstances, the amount of any interest free suspensory loan will first be deducted from the total cost of the plant. The export suspensory loan will then be applied to the balance of plant cost. The total benefit that may be secured from the combination of the two schemes will not be permitted to exceed 50 percent of the total cost of the plant and equipment.

Where a regional development suspensory loan is granted in respect of a building and an export suspensory loan is granted in respect of plant and equipment for the same project, the total benefit received from the two schemes will be limited to 50 percent of the combined costs.

Regional Development Policies have undergone both major and minor modifications since the programme's inception. The following amendments were made between 1976 and 1978:

April 1976

- (a) Forms of regional development assistance to Otago, Southland, the West Coast, the East Coast, Northland (excluding Whangarei), Marlborough, and the King Country, remained unchanged; however,
- (b) New Plymouth was removed from the regional development priority classification;
- (c) The following alterations were made to the degree of assistance afforded Wanganui region, the Wairarapa, Taranaki (excluding New Plymouth), and Whangarei City;
 - (i) the maximum for suspensory loans on plant and equipment was reduced from 30 percent to 20 percent;
 - (ii) the maximum for training costs was reduced from 50 percent to 30 percent;
 - (iii) the maximum for suspensory loans on buildings was reduced from 30 percent to 20 percent;
 - (iv) the maximum for suspensory loans on plant and buildings was reduced from 20 percent to 15 percent;
- (d) Small Project Assistance became available to communities of up to 10,000 people only, with the exception of Gisborne and Invercargill; (Applied July 1978)
- (e) No forms of regional development assistance were to be afforded to slow growth areas outside of priority regions other than in exceptional circumstances;
- (f) A maximum of \$100,000 was placed on suspensory loans except where a significant resource based industry was established; (Applied July 1978)
- (g) Companies seeking regional development assistance were to be afforded assistance once only except in exceptional circumstances;
- (h) The maximum assistance afforded Training Costs became \$20,000 (no previous maximum); (Applied July 1978)
- (i) The maximum assistance afforded Transfer Costs became \$10,000 (no previous maximum); (Applied July 1978)

- (j) Regional Development assistance was to be declined if few employment opportunities were created by any proposed project. However, it was acknowledged that there would be instances where capital intensive projects would have important regional benefits which warrant assistance (Applied July 1978)
- (k) No new priority regions were to be established.

1976 Budget

- (a) Freight subsidies were reviewed. As a result,
- The maximum level was reduced to 25 percent from 35 percent.
 - Subsidies were available only in Otago, Southland and on the West Coast.
 - Existing subsidies were continued for 3 years at full rates or continued at a reducing rate or discontinued.
- (b) Investment allowances were introduced. Previously, the rest of New Zealand had a 20 percent advantage in depreciation allowances over Wellington and Auckland. The new system involved a 25 percent depreciation allowance throughout New Zealand together with investment allowances for areas outside Auckland and Wellington of 5 percent, 15 percent or 20 percent.

1977 Budget

- (a) New Plymouth was reinstated in the programme with maximums of 15 percent applying to suspensory loans and 25 percent to staff training assistance.
- (b) Wanganui (except Wanganui City), Taranaki and Whangarei City became eligible for maximum suspensory loans of 30 percent and maximum staff training assistance of 50 percent.
- (c) The "once only" rule for suspensory loans was relaxed.
- (d) Assistance to slow growth areas of non-priority regions became available on a case by case basis, with maximums of 20 percent for suspensory loans and 30 percent for staff training costs.
- (e) Pioneer status suspensory loans were introduced.
- (f) Investigation and establishment grants were introduced.

1977 Mini Budget

- (a) Staff training grants, investigation and establishment grants and pioneer status suspensory loans were extended to the agriculture, horticulture, fishing, forestry, mining and tourism sectors.
- (b) Suspensory loans could now be claimed on the basis of new full-time employment created.

1978 Budget

- (a) New Plymouth's investment allowance was raised to 15 percent. (Bell Block is included in New Plymouth)
- (b) The Regional Development Special Projects Scheme was introduced.
- (c) Suspensory loans for slow growth areas became available on a new basis. Appropriate regional or united councils when established can designate slow growth areas within which suspensory loans will be available, in consultation with central government.

4. OBJECTIVES AND POLICIES : AN APPRAISAL

This chapter will provide an appraisal of regional development objectives and policies. It will evaluate critically the existing set of objectives and policies and examine the effectiveness of policies in achieving the stated objectives. As a basis for making this appraisal it will begin by examining regional trends in population and migration. Then the effectiveness of policies in meeting the objectives will be assessed with particular emphasis on trends in employment and patterns of job creation through the programme.

These trends are essential to understanding the forces which have led to the development and modification of existing policies and also provide some background against which to judge both the effectiveness of existing policies and to assess the need for their continuation in the future. As regional development policies are aimed at achieving some better balance in the distribution of population and economic activity among regions, it becomes necessary to examine trends in all regions. This is particularly important when disparities are defined relative to some average national experience.

An assessment of regional trends and their implications for regional development policies must begin from observing a number of regional variables over time. Unfortunately, several difficulties are encountered in trying to examine regional trends because of a lack of conformability in the boundaries used to define regions for purposes of measuring economic and demographic factors.

In analysing the regional variables which follow, three

types of regional boundaries have been employed. Figure 4.1 defines regional boundaries based on regional development priority areas. The boundaries conform to administrative districts (counties, cities and boroughs) except in the Northland and Wairarapa regions where they have been adjusted to agree with regions as defined under the regional development programme. Figure 4.2 provides an alternative definition of some boundaries based on Labour Department employment districts while Figure 4.3 shows certain regional boundaries based on statistical areas as defined by the Department of Statistics. The regions in the three figures are numbered so that the boundaries of regions for which data are presented in subsequent tables can be easily identified.

While the boundaries of Figure 4.1 seem most suitable for analysing trends in regional development areas they are inadequate as not all data can be compiled on this basis. For example, data reported to the Department of Labour by employment districts are available monthly, half-yearly or annually, which makes them superior to the census data which is only collected every five years. Table 4.4 and Figure 4.4 provide a measure of the compatibility of regional development priority area boundaries with statistical areas and employment districts.

It is beyond the scope of this study to give consideration to the detailed character of the regions which have been declared priority areas. However, an excellent critique of the regions of New Zealand, including these areas, is provided in Chapter 8 of S. Harvey Franklin's book, Trade, Growth and Anxiety: New Zealand Beyond the Welfare State.

Franklin states:

The history of regional growth is very much the history of how the South Island's predominance established by the end of the provincial period was progressively overcome... The result of these two processes - the development of the North Island's regional economies and the elaboration of the contemporary inter-industrial matrix - had markedly geographical consequences. Within the South Island it was to concentrate growth; between the North and South Island - to favour the growth of the North Island; and within the North Island - to concentrate growth in its northernmost parts and in its metropolitan and provincial centres.

TABLE 4.4

ASSESSMENT OF COMPATIBILITY OF RDC BOUNDARIES WITH
STATISTICAL AREAS AND EMPLOYMENT DISTRICTS

<u>Regional Development Priority Area</u>	<u>Statistical Area</u>	<u>Employment Districts</u>
Northland	✓	✓
East Coast	X	X
King Country	X	X
Taranaki	✓	✓
Wanganui	X	✓
Wairarapa	X	✓ (Identical)
Marlborough	✓	✓
West Coast	X	✓
South Canterbury	X	X
Otago	✓	✓
Southland	✓ (Identical)	✓

✓ usable

X unusable

Usable meaning 95% or more of population is within these boundaries and forms 95% or more of the area's population.

1 S. Harvey Franklin, Trade Growth and Anxiety : New Zealand Beyond the Welfare State, Wellington: Methuen, 1978, pp. 240-241.

Franklin's critique of the low growth regions serves to highlight the tremendous diversity among the priority regions. Differences go beyond the obvious variability in population and geographical spread. The problems of the East Coast are rooted fundamentally in its low post-war agricultural performance. In contrast, the area of Wanganui shares none of the farming, environmental or land tenure problems of the East Coast and contains some of the richest farmland in the entire North Island. Its problems stem from the effects of metropolitan centralisation and the competition from another regional growth point (Palmerston North). The problems of the West Coast are different again, and can be explained by the fact that the region's economy has never progressed beyond its exploitive era and the consequences.¹

The problems of other priority areas are different again. What many of them share, however, is a high degree of sensitivity to national policies which means that the future fortunes of these regions will be affected by a wide range of policies, many of which will be determined at the central rather than at the regional level.

As regards the choice of priority areas, Franklin comments:

With good reason they (West Coast, East Coast and Wanganui) deserve to be considered as needing development programmes. Electoral expediency has decided to extend regional aid programmes to eight other regions, some of them small third rank regions like the King Country, Wairarapa, Marlborough, South Canterbury, but not Nelson; but other quite large regions like Northland, Taranaki, Otago and Southland....

1 S. Harvey Franklin, Ibid., p. 246

FIGURE 4.1

REGIONAL BOUNDARIES BASED ON REGIONAL DEVELOPMENT PRIORITY AREAS

1. Northland
2. Auckland
3. Waikato
4. King Country
5. Bay of Plenty
6. East Coast
7. Hawkes Bay
8. Taranaki
9. Wanganui
10. Manawatu
11. Wairarapa
12. Wellington

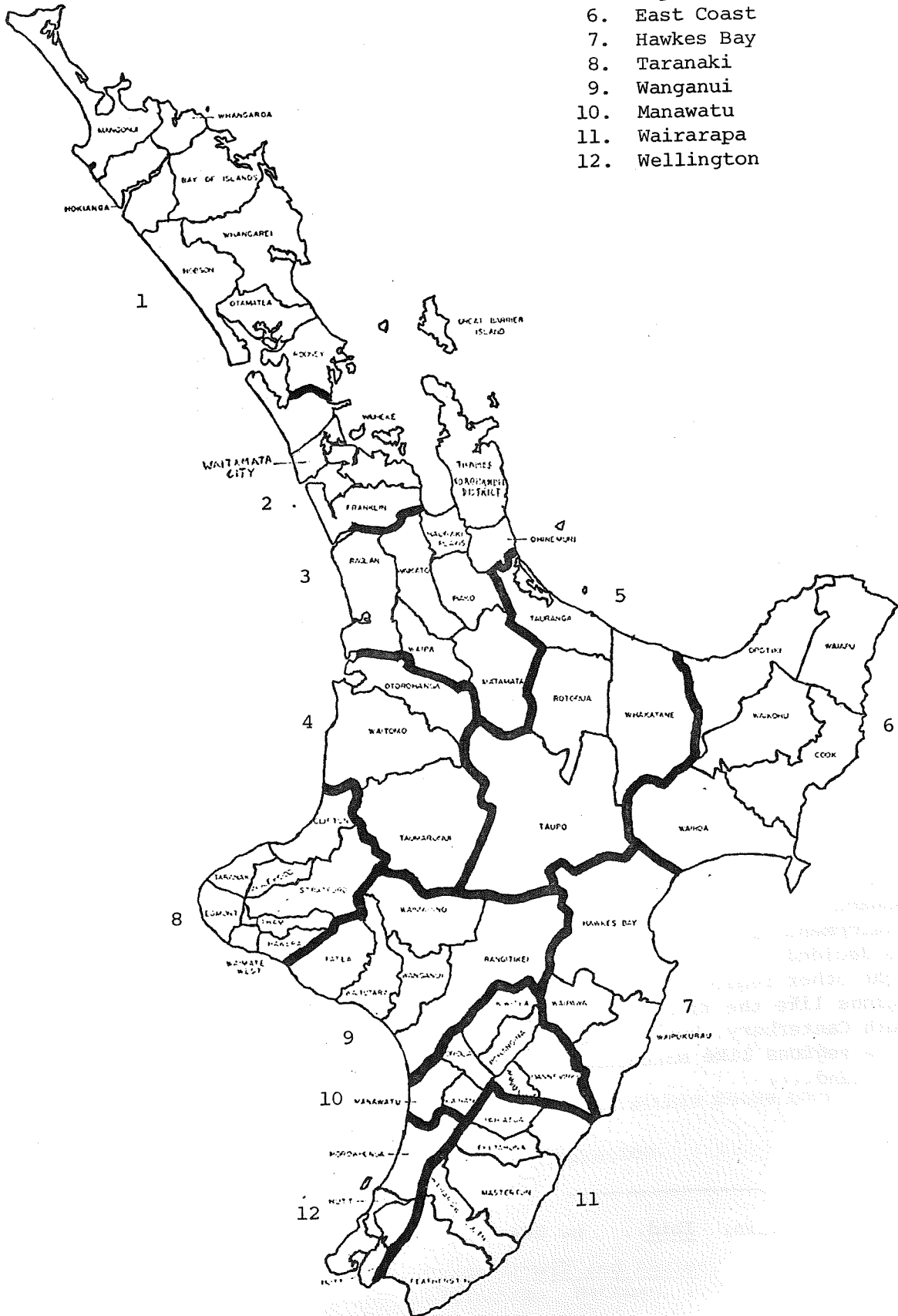


FIGURE 4.1(Continued)

- 13. Marlborough
- 14. Nelson
- 15. West Coast
- 16. North Canterbury
- 17. South Canterbury
- 18. Otago
- 19. Southland

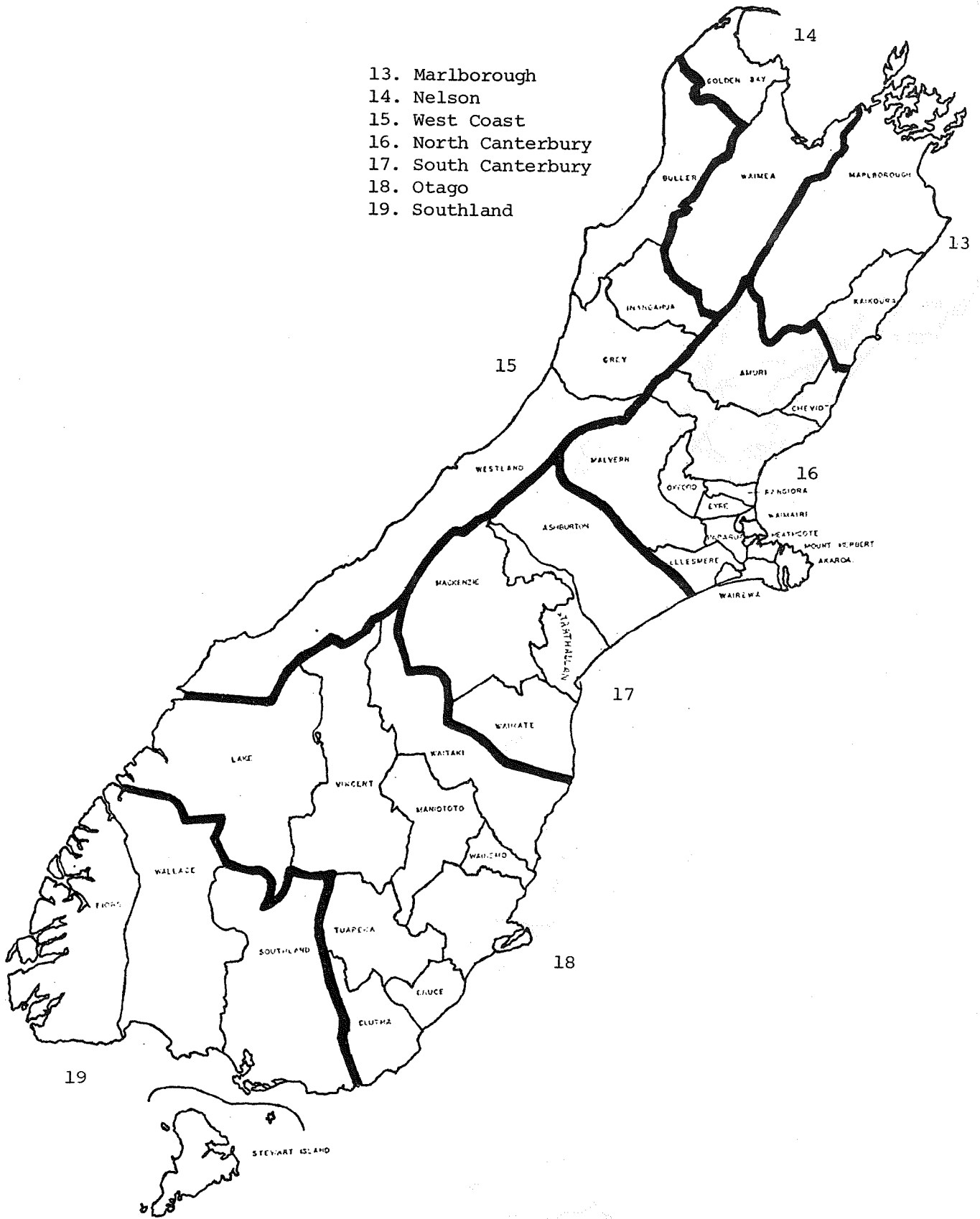


FIGURE 4.2

REGIONAL BOUNDARIES BASED ON DEPARTMENT OF LABOUR EMPLOYMENT DISTRICTS

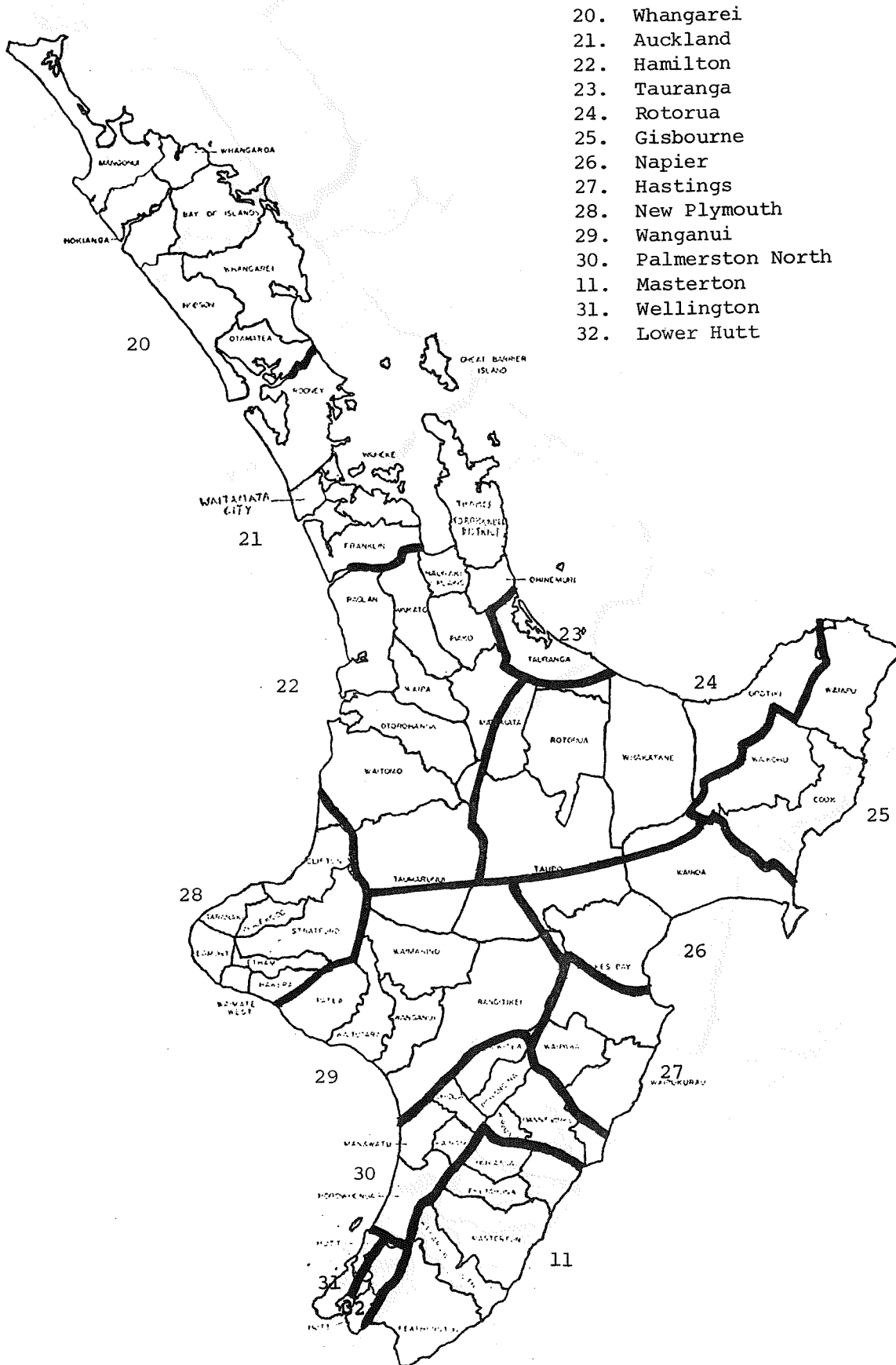


FIGURE 4.2 (Continued)

- 33. Blenheim
- 34. Nelson
- 15. Greymouth
- 35. Christchurch
- 36. Timaru
- 37. Dunedin
- 38. Invercargill

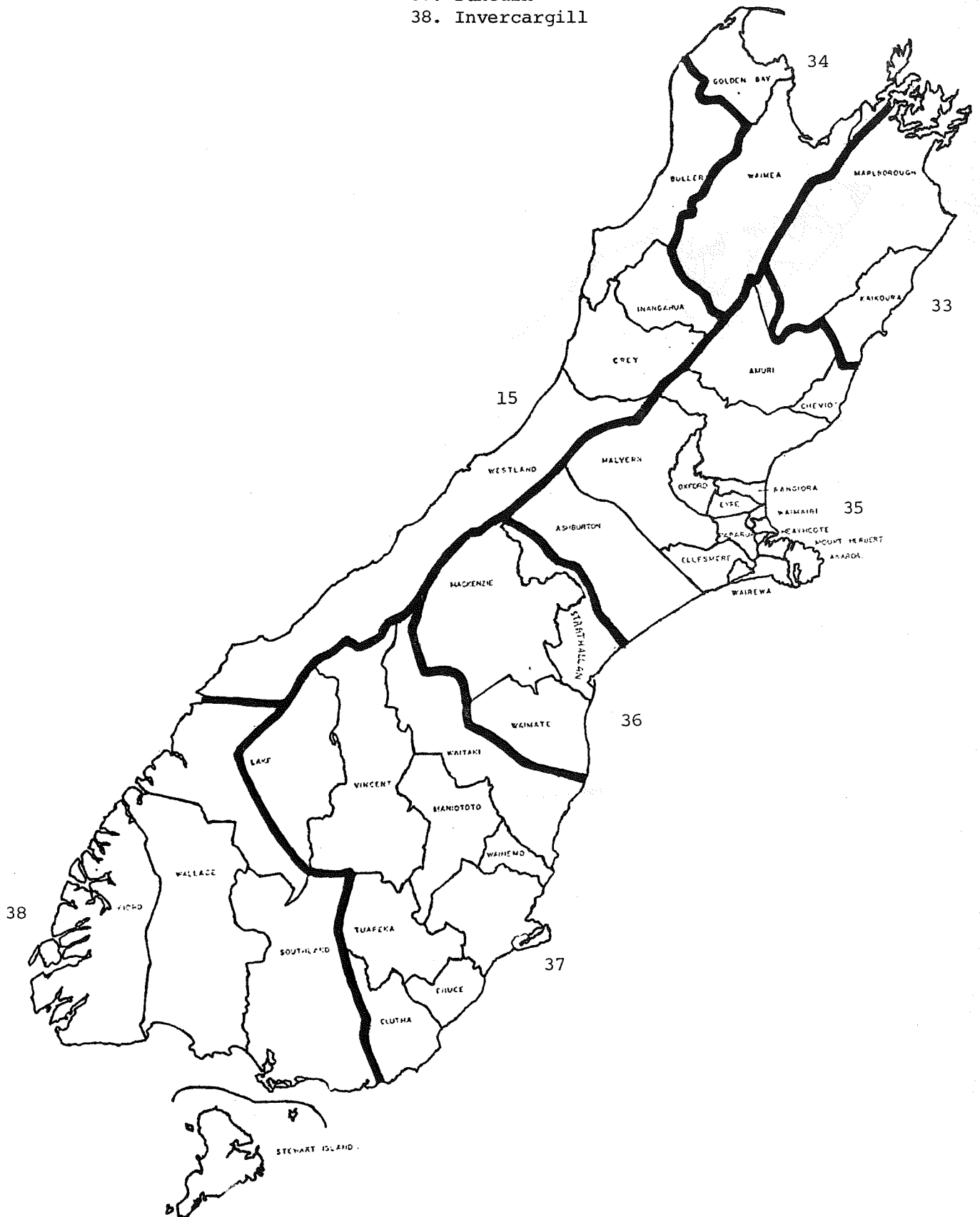


FIGURE 4.3(Continued)

- 44. Marlborough
- 45. Nelson
- 46. West Coast
- 47. Canterbury
- 48. Otago
- 19. Southland

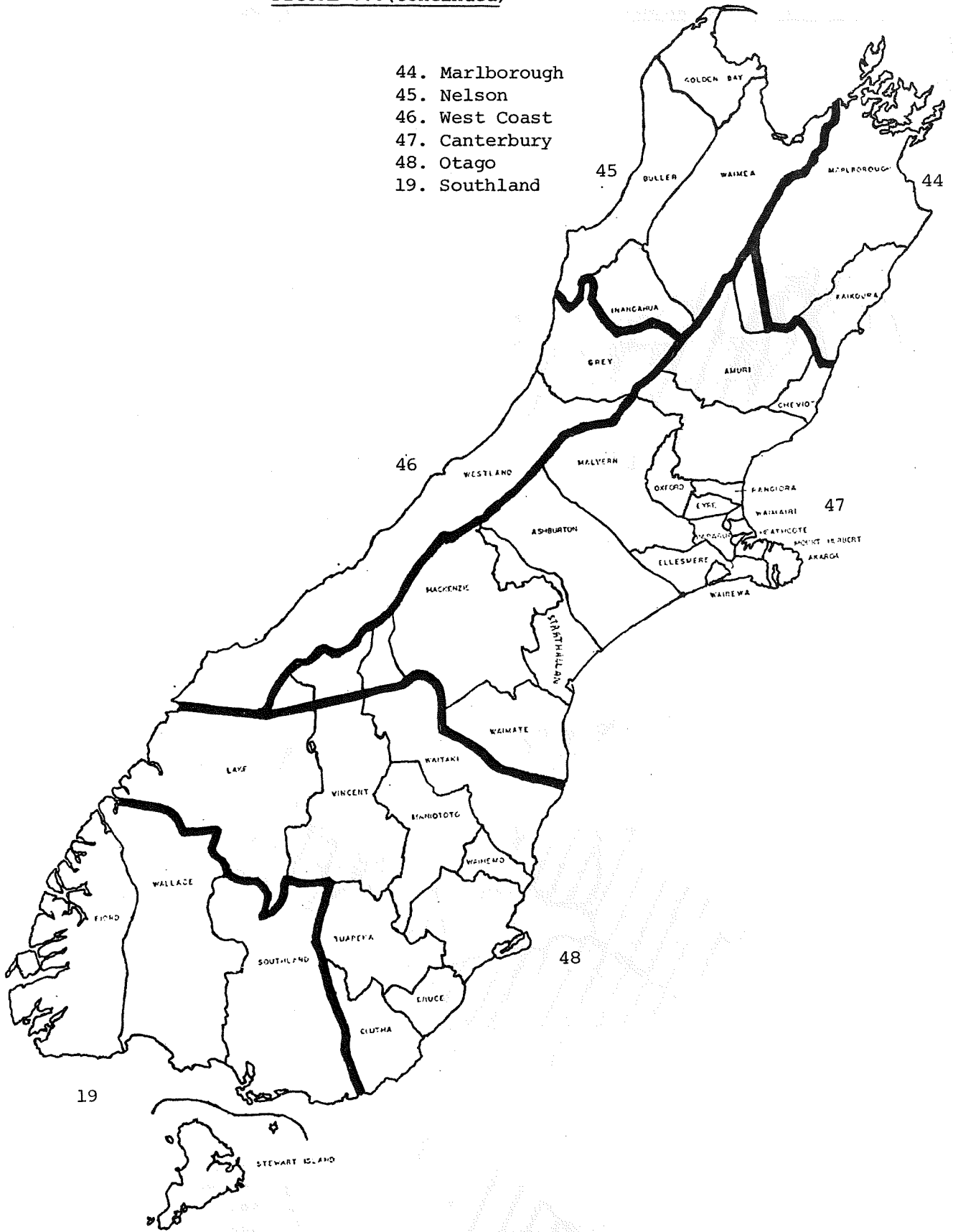


FIGURE 4.4

COMPATIBILITY OF RDC BOUNDARIES WITH STATISTICAL AREAS AND EMPLOYMENT DISTRICTS

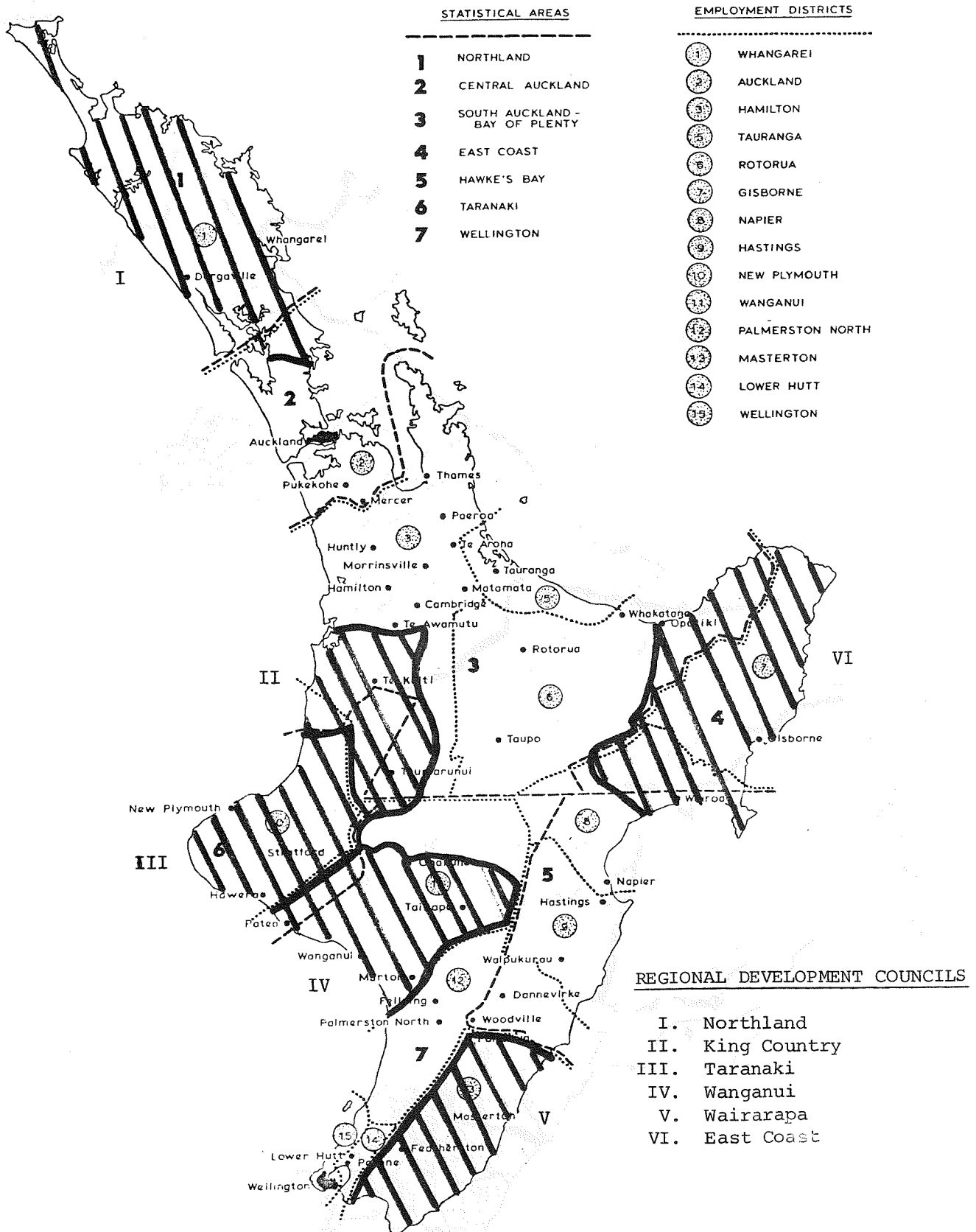
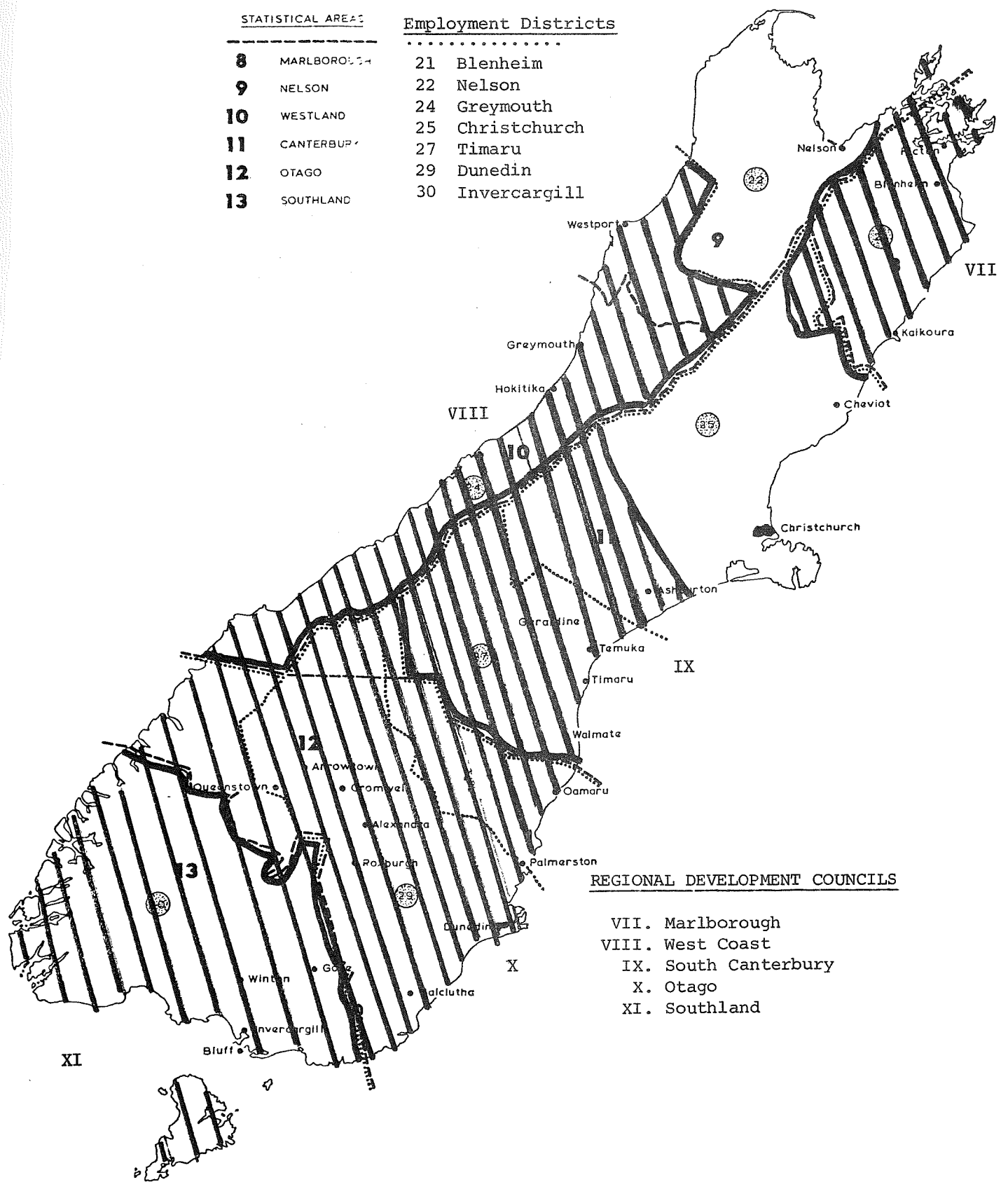


FIGURE 4.4 (Continued)

STATISTICAL AREAS		Employment Districts	
8	MARLBOROUGH	21	Blenheim
9	NELSON	22	Nelson
10	WESTLAND	24	Greymouth
11	CANTERBURY	25	Christchurch
12	OTAGO	27	Timaru
13	SOUTHLAND	29	Dunedin
		30	Invercargill



REGIONAL DEVELOPMENT COUNCILS

- VII. Marlborough
- VIII. West Coast
- IX. South Canterbury
- X. Otago
- XI. Southland

4.1 Regional Trends in Population and Migration

Table 4.5 shows population levels and changes as recorded through the five-yearly census between 1961 and 1976 and is listed by regions ranked high to low according to their percentage change during 1971-6. Population changes among regions vary considerably over the period. Whereas in 1961-66 three and in 1966-71 six regional development priority areas experienced an absolute decline in population, only the King Country's population declined during 1971-76. As the only region without a significant urban centre, this reflects the depopulation of rural areas. Particularly interesting are the trends of regional development priority areas such as the West Coast: from -7.9% in 1966-71 to 4.6% in 1971-76 and Whangarei: from 2.8% in 1966-71 to 11.6% in 1971-76. The regional development priority areas of Northland and Marlborough had a rate of population growth during 1971-76 which was well in excess of the national average.

The Wellington percentage increase of 7.9% in 1971-76 was below both the percentage increase of the North Island (10.4%) and the nation as a whole. In this connection it is important to recall that an objective of regional development policies was to consider alternatives to the growth of the Auckland and Wellington metropolitan areas.

The share of population living in the North Island continues to grow. Table 4.6 shows the share of population held in each region and demonstrates the dominance of Auckland, particularly in light of its increased share of population relative to the small declines in the shares registered in 1976 in many regions including Wellington and North Canterbury which contain large urban centres.

TABLE 4.5

NEW ZEALAND POPULATION GROWTH BY REGION¹ 1961, 1966, 1971 and 1976

	Pop. 1961	Pop. 1966	Percent Change 1961-66	Pop. 1971	Percent Change 1966-71	Pop. 1976	Percent Change 1971-76
Bay of Plenty (5)	122,372	143,099	16.9	163,047	13.9	187,178	14.8
Auckland (21)	510,285	612,704	20.0	696,619	13.7	797,406	14.5
Waikato (3)	189,258	208,714	10.3	223,942	7.3	249,876	11.6
Whangarei (20)	84,046	93,237	10.9	95,863	2.8	107,013	11.6
Marlborough (13)	27,958	29,642	6.0	31,738	7.1	35,220	11.0
Hawkes Bay (7)	91,188	102,038	11.9	111,426	9.2	123,536	10.9
Nelson (14)	49,986	55,013	10.1	58,063	5.5	64,352	10.8
Manawatu (10)	86,729	93,104	7.4	96,767	3.9	105,804	9.3
Wellington (12)	283,179	322,827	14.0	349,994	8.4	377,665	7.9
South Canterbury (17)	75,850	78,555	3.6	81,106	3.2	87,343	7.7
North Canterbury (16)	267,350	296,973	11.1	316,620	6.6	340,446	7.5
Taranaki (8)	89,502	91,811	2.6	93,116	1.4	98,359	5.6
West Coast (15)	37,427	36,159	- 3.4	33,294	- 7.9	34,818	4.6
Otago (18)	175,926	183,263	4.2	182,757	- 0.3	188,896	3.4
Southland (19)	93,503	102,390	9.5	106,005	3.5	108,860	2.7
Wanganui (9)	73,950	76,568	3.5	74,497	- 2.7	75,714	1.6
Wairarapa (11)	43,141	45,191	4.8	45,076	- 0.3	45,805	1.6
East Coast (6)	63,139	63,041	- 0.2	62,709	- 0.5	63,549	1.3
King Country (4)	38,916	37,657	- 3.2	34,737	- 7.8	33,554	-3.4
North Island	1,684,785	1,893,326	12.4	2,051,363	8.3	2,265,459	10.4
South Island	730,199	783,593	7.6	811,268	3.5	859,935	6.0
TOTAL - New Zealand	2,414,984	2,676,919	10.8	2,862,631	6.9	3,125,394	9.2

¹ Ranked high to low increase 1971-76

TABLE 4.6

POPULATION SHARES BY REGION 1961, 1966, 1971 & 1976

Percent of Total population	<u>1961</u>	<u>1966</u>	<u>1971</u>	<u>1976</u>
North Island	69.8	70.7	71.7	72.5
South Island	30.2	29.3	28.3	27.5
Whangarei (20)	3.48	3.48	3.35	3.41
Auckland (21)	21.13	22.89	24.33	25.53
Waikato (3)	7.84	7.80	7.82	8.00
King Country (4)	1.61	1.41	1.21	1.07
Bay of Plenty (5)	5.07	5.35	5.70	5.99
East Coast (6)	2.61	2.35	2.19	2.03
Hawkes Bay (7)	3.78	4.31	4.33	3.95
Taranaki (8)	3.71	3.43	3.25	3.15
Wanganui (9)	3.06	2.86	2.60	2.42
Manawatu (10)	3.59	3.48	3.38	3.39
Wairarapa (11)	1.79	1.69	1.57	1.47
Wellington (12)	11.73	12.06	12.23	12.09
Marlborough (13)	1.16	1.11	1.11	1.13
Nelson (14)	2.07	2.06	2.03	2.06
West Coast (15)	1.55	1.35	1.16	1.11
North Canterbury (16)	11.07	11.09	11.06	10.89
South Canterbury (17)	3.14	2.93	2.83	2.79
Otago (18)	7.28	6.85	6.38	6.04
Southland (19)	3.87	3.82	3.70	3.48

The statistics suggest that the distribution of population is continuing to shift to the North of the North Island and to Auckland.

Table 4.7 shows the share of the region's population which is urban for 1966 and 1971 and 1976. With the exception of the West Coast, Auckland, Wellington and North Canterbury, which have maintained a fairly constant share of urban and rural populations during this period, the remaining regions follow the national trend toward an increasing share of urban population.

A good understanding of the forces influencing the geographical mobility of the population is essential to any detailed consideration of regional development policies. This mobility is both an important cause and consequence of change in different regions. A better understanding of the multiplicity of economic, social, psychological, political and environmental factors which influence population movements among areas is a necessary input to assessing the prospects for modifying inter-regional migration through specific policy measures.

Researchers and policy-makers have given insufficient attention to the forces shaping internal mobility among regions. The 1971 Census was the first time that information was collected on a national scale which had relevance to this phenomenon, thus supplementing previous ad hoc investigations by geographers based largely on information from a wide range of data sources. It appears that the late publication of the migration data with insufficient detail has resulted in earlier expectations regarding its usefulness to remain largely unfulfilled.

A review of the current state of knowledge in this area by

TABLE 4.7

SHARE OF POPULATION WHICH IS URBAN, 1966, 1971, 1976

<u>Region</u>	<u>1966</u>	<u>1971</u>	<u>1976</u>
Whangarei (20)	44.1	48.6	49.7
Auckland (21)	95.0	95.7	95.6
Waikato (3)	61.1	64.7	66.9
King Country (4)	36.1	38.9	39.6
Bay of Plenty (5)	66.7	68.6	72.2
East Coast (6)	53.8	57.9	59.6
Hawkes Bay (7)	75.3	77.2	78.9
Taranaki (8)	60.9	63.1	66.3
Wanganui (9)	71.8	73.0	73.8
Manawatu (10)	72.1	75.3	77.7
Wairarapa (11)	64.2	67.2	68.3
Wellington (12)	97.1	97.6	97.6
Marlborough (13)	59.6	61.8	63.6
Nelson (14)	64.4	67.0	68.0
West Coast (15)	56.5	56.8	56.2
North Canterbury (16)	85.5	86.2	86.3
South Canterbury (17)	61.5	64.0	66.2
Otago (18)	72.4	76.4	77.6
Southland (19)	59.6	63.1	64.8
New Zealand	77.0	79.5	80.7

Heenan¹ provides a concise statement of what is, and mostly what is not known about migratory flows among regions. As regards the characteristics of migrants, he suggests that those who are most likely to migrate tend to comprise a core of "chronic movers", such individuals being among the better educated and in white collar jobs.

The notion that there exists a core of "chronic movers" is implied indirectly by comparing the population's propensity to move over both a one and a five year period. Of the usually resident population on Census night 1971 aged one year and over who stated their previous address and lived in a settled abode, 383,070 or 13.9% had shifted residence at least once over the previous twelve months. However, only one in every three (839,404) of those aged at least five years had migrated from their usual place of residence as it was in 1966. These trends reveal the difficulty of inferring annual rates from 5-yearly rates and thus, it is disappointing that for the 1976 Census respondents were only asked about changes of residence over the 5-yearly period. Rowland² suggests that the relative level of territorial mobility among New Zealanders is not high by international standards. The 1966-1971 rate of $33\frac{1}{3}\%$ compares with a figure of 40% for Australians over the same period. Earlier figures for Canada (1956-61) and the U.S. (1955-60), at 45 and 50% respectively, are even higher.

While little is known, Rowland has speculated as to some of the factors which could explain New Zealand's relatively low rate. One

1 L.D.B. Heenan, "Internal migration: Inventory and appraisal" in C.J. O'Neill and R.W.J. Neville, The Population of New Zealand, Australia, Longman Paul, 1979.

2 D.T. Rowland, "Internal migration between statistical areas of New Zealand 1966-71", New Zealand Geographer, 32: 1976, pp. 160-176.

important factor is the absence of other large metropolitan centres in competition with Auckland. This means that those desiring to shift may leave the country for Melbourne, Sydney or Brisbane, a move facilitated by its relatively low cost and by free access within what can be regarded as a common Australia-New Zealand labour market.

In addition, both the existence of a welfare state and other institutional factors - such as relatively uniform wage rates throughout the country - serve to remove some of the marked spatial diversity and disparities which are prominent features of some countries. A further important factor may be that the levels of interregional migration were low in part as a reflection of the sluggish state of the economy. The 1966-71 period in New Zealand was one during which there was a net outflow of people from the country.

Various studies of migrants have shown them to be distinctive from the national population. Mention has already been made of the core of chronic movers and of the tendency for them to be better educated or in white collar occupations. Regardless of sex, they are concentrated in young adult age groupings and are therefore in early phases of their career and family life cycles, resulting in a large number of "dependent" migrants. Institutional factors outweigh personal factors as primary motivations for moving, and career-related and economic factors appear to be particularly important. At times it may be difficult to separate out the two influences, particularly when "dependent" migrants are interviewed.

A survey of migrants to Auckland which was conducted in 1976 revealed that family/friend related reasons were given by 36.3% of overseas migrants and 32.1% of internal migrants while job

related reasons were cited by 22.9% of overseas migrants and 25.4% of internal migrants. However, when responses of dependent migrants were excluded, the family/friend related reason dropped to 24.9% for overseas migrants and to about 19% for internal migrants.¹

Geographers who have studied the characteristics of migrants have shown that they have proportionally higher levels of educational attainment and aspirations than the non-migrant population. Because of the close association of particular occupational groups with levels of educational attainment, there is evidence that white collar workers, especially those in the professional, managerial and sales occupations are over-represented among migrants. One explanation for this has been the argument that the more highly skilled the occupation, the greater the likelihood that supply and demand for the skill will extend from the local, to regional and national levels.

Farmers seem to be a notable exception to this hypothesised relationship between high status occupations and propensity to migrate. Farmers demonstrate comparatively low rates of movement whereas farm employees exhibit a high rate of territorial mobility.

Little is known about the connection between geographical and occupational mobility. One study of mobility in the Rotorua area showed the extent to which the town's status limited upward occupational mobility, leading to a tendency for sons of Rotorua men who were upwardly mobile to leave and the tendency for upwardly mobile sons whose fathers were located elsewhere to avoid Rotorua as a destination. Similarly, evidence suggested that sons of professionals who did migrate or remain in Rotorua entered other occupational groups.

An important group which has been studied to some degree is

1 Auckland Regional Authority (Community Development Department), Migration into Auckland, 1978, p.67.

the career "transient", referring largely to white collar workers who join a nationally or regionally organised firm or service such as banking, stock and station agents, the public service and then make several geographical moves within the structure of the service. The study of the relation between territorial migration and occupational mobility is not confined to the professions or to urban situations, as several studies in rural settings have illustrated considerable occupational mobility among migrants.

Table 4.8 shows estimates of net migration over a number of census periods for a group of regions as defined previously and for the North and South Islands. Net migration of +96,100 between 1971-76 represents a marked change from the -2,100 experienced during 1966-71, and net migration in both islands is positive during 1971-76. With the exception of Southland, all regions with negative net migration during 1966-71 either experienced positive net migration or a much reduced net outflow. It must, of course, be remembered that while several areas experienced negative net migration during 1971-76 only the King Country experienced an overall decline in population.

Table 4.9 provides estimates of rates of net migration by dividing the number of net migrants by the average of population at the beginning and end of the period. Over the three census periods considered, Auckland maintains its position as the area with the highest inflow, while the King Country has consistently been the region with the worst outflow. Other regions exhibit similar experiences over two of the three census periods considered. While twelve regions in 1961-66 and eleven regions in 1966-71 had negative rates of net migration, only six regions had this experience in 1971-76. During 1971-76 both Whangarei and Marlborough had

TABLE 4.8

NET MIGRATION FROM REGIONS 1956-76

<u>Region</u>	<u>1956-61</u>	<u>1961-66</u>	<u>1966-71</u>	<u>1971-76</u>
Northland (1)	- 7,200	- 1,900	- 5,100	+ 5,500
Whangarei (20)	- 6,300	- 1,100	- 4,400	+ 5,000
Auckland (2)	+37,500	+58,600	+42,000	+56,500
Auckland (21)	+36,600	+57,800	+40,600	+57,000
Waikato / Bay of Plenty (3 + 5)	+12,800	+ 5,500	+ 3,100	+20,900
King Country (4)	- 4,400	- 6,400	- 6,400	- 3,700
East Coast (6)	-6,300	- 6,400	- 5,500	- 3,500
Hawkes Bay ¹ (41)	+ 1,400	- 200	- 1,200	+ 2,900
Taranaki (8)	- 2,100	- 4,900	- 4,900	+ 500
Wanganui (9)	- 3,600	- 4,300	- 7,300	- 3,000
Wellington/ Manawatu (10 + 12)	+12,000	+16,600	+ 3,600	+ 9,000
Wairarapa (11)	- 1,300	- 1,900	- 3,400	- 1,300
North Island total	+40,300	+55,600	+14,700	+84,400
Marlborough (13)	- 300	- 600	0	+ 2,000
Nelson (14)	+ 900	+ 2,200	+ 700	+ 4,200
West Coast (15)	+ 4,700	- 3,900	- 4,900	0
North Canterbury (16)	+12,400	+11,800	+ 3,700	+ 9,800
South Canterbury (17)	- 1,300	- 2,200	- 1,800	+ 2,200
Otago (18)	- 4,100	- 3,800	-10,000	- 1,500
Southland (19)	- 300	- 300	- 4,800	- 4,900
South Island total	+ 2,900	+ 3,400	-16,800	+11,600
N.Z. total	+43,200	+59,000	- 2,100	+96,000

1 Very rough approximation

TABLE 4.9

DERIVED RATES OF NET MIGRATION 1961-76

<u>Region</u>	<u>1961-66</u>	<u>1966-71</u>	<u>1971-76</u>
Auckland (21)	+10.3	+ 6.2	+ 7.6
Nelson (14)	+ 4.2	+ 1.2	+ 6.9
Marlborough (13)	- 1.9	0.0	+ 5.7
Waikato/Bay of Plenty (3 + 5)	+ 1.7	+ 0.8	+ 5.1
Whangarei (20)	- 1.2	- 4.7	+ 4.9
North Canterbury (16)	+ 4.2	+ 1.2	+ 3.0
South Canterbury (17)	- 2.8	- 2.2	+ 2.7
Hawkes Bay (41)	- 0.2	- 0.9	+ 2.2
Wellington/Manawatu (10 + 12)	+ 4.2	+ 0.8	+ 1.9
Taranaki (8)	- 5.4	- 5.3	+ 0.5
West Coast (15)	-10.6	-14.0	0.0
Otago (18)	- 2.1	- 5.4	- 0.8
Wairarapa (11)	- 4.2	- 7.6	- 2.8
Wanganui (9)	- 5.7	- 9.6	- 4.0
Southland (19)	- 0.3	- 4.6	- 4.6
East Coast (6)	-10.2	- 8.8	- 5.5
King Country (4)	-16.7	-17.7	-10.9
<hr/>			
North Island	+ 3.1	+ 0.7	+ 3.9
South Island	+ 0.4	- 2.1	+ 1.4
<hr/>			
New Zealand	+ 2.3	- 0.1	+ 3.2
<hr/>			

Areas ranked by highest inflow to worst outflow for 1971-76

Migration rates calculated as net migrants in the period, divided by average of populations at beginning and end of period, multiplied by 100

rates in excess of that for both the North Island and New Zealand as a whole. The West Coast rate of net migration of -14% in 1966-71 changed to a zero percentage change during 1971-76.

As shown in Table 4.10, net migration from rural to urban places continued during 1971-76 and in contrast to the previous census where several smaller classes were net donors, all urban size classes received net gains. Heenan suggests that this change may be a reflection of the large gains from net immigration experienced nationally during those years. In addition, it could reflect the development of industry in small towns in regional development priority regions and perhaps higher farm incomes which allowed farmers to employ more non-family labour based in towns.

The importance of rural to urban migration can not be understated in discussion of regional development issues. It is not uncommon for regional grievances to be based, at least in part, upon concern for the threatened viability of small rural communities.

C.J. O'Neill¹ draws attention to New Zealand's population growth in urban areas in a recent paper, and suggests that they impose restrictions on the country's ability to boost development in regions which are heavily reliant on an agricultural economic base. Table 4.11 updated from the paper relates the population increase in designated urban areas to the total increase. Figures from the latest two years show that in periods of slow population growth there has been a higher rate of urban population increase than in previous periods.

1 C.J. O'Neill, "Regional Policy Implications of Recent Population Trends in Developed Countries with Special Reference to a New Zealand Model". Paper presented to Annual Meeting of New Zealand Demographic Society, Wellington, New Zealand, July 1978, 21 pp.

TABLE 4.10
NET MIGRATION NUMBERS AND RATES FOR RURAL AND URBAN POPULATIONS,
1971-76 (a)

	Net Gains	Net Losses	Net Change	Rate Percent (1)
Rural	5,784	26,916	-21,132	-3.7
Urban	135,158	26,187	108,971	4.7
Urban size class:				
1,000-2,499	5,260	2,891	2,369	3.8
2,500-4,999	6,297	3,882	2,415	2.0
5,000-9,999	7,030	2,000	5,030	4.6
10,000-19,999	9,071	0	9,071	8.1
20,000-39,999	3,442	323	3,119	2.1
40,000-79,999	24,131	344	23,787	6.7
80,000-159,000	7,658	1,852	5,806	3.0
160,000 and over	72,269	14,895	57,374	4.7

Vital statistics methods of estimating net migration.

- (1) Number of net migrants as a percentage of total population in each category at the beginning of the migration interval.

Source: Department of Statistics (1972, 1977a, 1977b, and various Vital Statistics volumes).

TABLE 4.11

POPULATION INCREASE IN DESIGNATED URBAN AREASAS PERCENTAGE OF TOTAL INCREASE

(1)	(2)	(3)	(4)
<u>Intercensal Period March Years</u>	<u>Urban Area Increase</u>	<u>Total Population Increase</u>	<u>(2) as Percentage of (3)</u>
1945-51	175,012	237,174	61.1
1951-56	139,298	234,590	59.4
1956-61	186,522	240,922	77.4
1961-66	232,351	261,935	88.7
1966-71	181,901	185,712	97.9
1971-76	205,204	267,452	76.7
1976-77	10,145	10,017	101.3
1977-78 (est)	5,600	6,000	93.3

Source: Department of Statistics

Patterns of net migration provide a summary of the more complex gross migration flows among regions. Little is really known about the fundamental influences behind the ebb and flow of people between places beyond some basic characteristics of the migrants such as age and sex.

4.2 The Effectiveness of Policies in Meeting the Stated Objectives

In previous chapters and sections some background has been provided on the underlying conditions which gave rise to the definition of regional development objectives and policies. It has also been shown that there was and is considerable disagreement as to the precise nature of the "problems" which these policies were designed to address. The "drift North" and the "depopulation of rural areas" are short-hand descriptions of more complex migration patterns. Neither "the underutilisation of infrastructure in slow growth areas" nor "the excessive net social costs of further rapid growth in Auckland and Wellington" could be demonstrated by indisputable objective evidence. The lack of focus and agreement on the nature of the problem(s) is reflected in the definition of objectives which emerged:

- To achieve a more even distribution of development having regard for regional aspirations;
- to foster an appropriate level of development in regional areas with a rate of growth substantially below the national average, especially where this results in adverse social and economic effects;
- to consider alternatives to the growth of the Auckland and Wellington metropolitan areas in order to reduce the adverse social and economic effects of large scale migration to those areas and to enable growth to be spread to other regions;

- to enhance the quality of life in both urban and rural areas by increasing opportunities for employment, and improving housing and education, social, cultural and recreational amenities;
and
- to improve the quality of urban development, particularly in areas of major population growth.

The first three objectives give emphasis to the goal of improving the geographical distribution of development.

Objective (1) - "to achieve a more even distribution of development", Objective (2) - "to foster an appropriate level of development in regional areas with a rate of growth substantially below the national average" and (3) - "to consider alternatives to the growth of Auckland and Wellington metropolitan areas... to enable growth to be spread to other regions" are all directed at an adjustment in the spatial distribution of growth and development.

The exact nature of the improvement which is sought is not defined explicitly. What is "an appropriate level of development" and to what degree should development "be spread more evenly"? The objectives indicate that policies will be directed to those areas "with a rate of growth substantially below the national average, especially where this results in adverse social and economic effects". Since the objective is defined in terms of the national average rate of growth, rather than some minimum or absolute level of growth, it implies that the goal is one of minimising the dispersion of rates of growth thus ensuring that areas do not have rates which are "substantially" below the national average. The objective clearly implies that economic growth can and should be redirected and spread more evenly among regions. The concern of policy which is implied by the first three objectives is primarily the region

itself rather than the standard of living of its inhabitants. Regions with growth rates substantially below the average are deemed to have a just grievance. While policies will be directed "especially to those regions with low growth rates where this results in adverse social and economic effects", they are not restricted to such regions.

The emphasis given to the welfare of the region rather than to the welfare of its inhabitants in the objectives explains why migration is viewed as a problem rather than a solution. It explains why regional development policies have been directed toward moving jobs to the people rather than people to the jobs.

The concept of growth which is implied by the objectives is ill-defined and while one suspects it is primarily economic growth which is of interest, there is concern with the geographical distribution of population and patterns of migration. It is important to note that data were, and are still unavailable by which to measure the rates of economic growth in regional areas. However, data on population growth and change were available at the time of the programme's development and the areas which were labelled "priority areas" under the regional development programme all exhibited negative rates of net migration in the 1971 Census. The areas of South Canterbury and Marlborough had rates of -2.290 and 0.090 in 1971 however, both had negative rates in the 1966 Census. The dominance of Auckland and Wellington is reflected in statistics on population growth and net migration for 1966 and 1971; however by 1971 the prominence of the Waikato and the Bay of Plenty regions becomes evident and these centres outstrip Wellington by 1976 as important population growth centres in the North Island.

Objectives (4) and (5) deal more specifically with the issue of

standards of living through their concern with the quality of life and the quality of urban development. One can only speculate as to the types of areas to which policies would need to be directed in order to fulfill these objectives. Clearly, they would include both urban and rural areas and, in particular, Auckland and Wellington, which were experiencing a large part of the population and economic growth. The range of concerns specified in objective (4) is wide and includes employment, housing, education, social, cultural and recreational amenities. Implementation of this objective would require the coordination of policies in a large number of spheres as responsibilities span across a large number of government departments.

The existing set of regional development objectives leave much to be desired as a basis from which to generate policies. Ill-defined objectives also render difficult the task of assessing the effectiveness of policies in terms of achieving the objectives. Despite their shortcomings, there can be no doubt that the objectives encompass a broad concern with the spatial distribution of national development. The objectives imply that the existing dispersion of growth rates is not in the national interest and that policies applied to both fast and slow growing areas can alter such differentials. In this sense the objectives resemble the French approach to regional development. Policy is not aimed to do a quick patch-up job on a few depressed areas but is a regional approach to total national development.

The set of policies which have emerged seem ill-equipped to deal with the ambitious objectives. One can surmise that the Labour

Government, under whom the objectives were approved, had intentions to undertake further policies. It was committed to the building of a new town at Rolleston outside Christchurch. The new town was considered important both as a vehicle for stimulating Christchurch (so as to make it more a rival to Auckland) and as a way of accommodating the future growth of Christchurch. Thus the policy proposal could be viewed as a vehicle for accomplishing objectives (3) and (5) of the regional development programme. The cancellation of the project upon the return of the National Government in 1975 has placed the focus for regional development policies firmly on the slow growth areas.

The set of policies administered by the Department of Trade and Industry can have only limited effects on the accomplishment of the stated objectives. At best, they may support the promotion of development in areas which have a rate of growth substantially below the national average.

Criticism of regional development objectives has been expressed both in and outside of government. In 1976 the Task Force on Economic and Social Planning observed:

"The (regional development)..programme still lacks a clear definition of useful objectives (p.141)..."

"A fundamental error has been the exclusion of faster growth areas from the scope of policy"; (p.142)

"..the need for assistance has been judged in Wellington on the basis of limited data and with little recognition that 'regional problems' are not solely concerned with manufacturing.." (p.141)

The decision to use incentives for manufacturing as a regional development policy tool may be seen as a reflection of importance placed on accommodating national development objectives in the implementation of regional development policies. Much discussion of regional objectives and policies has been confused because of the inability to

admit that regional objectives and strategies regarding development may well be different from national ones and that objectives and goals which conflict must be reconciled.

What is efficient for a region may not be so for the nation and the indiscriminate welding together of objectives may produce outcomes which are neither in the national nor the regional interest. Diversification of the economy through the promotion of manufacturing was an important objective of national strategy at the time that regional development policies were being discussed. However, experiments such as the Matai Industry development on the West Coast serve as an example of a project which proved itself unsuitable whether judged in terms of the regional or the national interest.

Attempts to measure the effectiveness of policies in meeting the stated objectives are made difficult because a wide range of different factors - in addition to the regional development policies - have produced the observed changes in population, employment and economic activity. In theory, one wishes to know the degree to which the changes can be attributed to the operation of the policies. In the absence of an ability to link cause and effect, it only becomes possible to observe the association between the introduction of policies and changes in population, employment and economic activity.

Some efforts have been made to try to assess the degree to which the operation of the regional development incentives have created jobs in priority areas. Employment creation is an important vehicle for promoting economic development and the later modification of policies to incorporate labour subsidies (as well as capital subsidies) affirms the importance of this motive.

Bradford¹ in a paper presented in 1975 attempted to examine the achievements of regional development programmes. His analysis stressed the importance of keeping a perspective on the size and scope of the programme in measuring its achievements. The initial exclusive emphasis on manufacturing activities was based partly on a belief in the potential for increases in manufacturing employment to have multiplier effects and create jobs in other sectors and activities. However in the period considered, manufacturing comprised only about 21% of net domestic output and total employment.

In relation to the total capital investment in the manufacturing industry in New Zealand, expenditure of a "subsidised" nature was only about 1.5 to 2% of estimated investment in 1974-75. The non-subsidised financing component through the D.F.C. amounted to something in the order of 9-10% of manufacturing investment in 1974-75.

Bradford noted an increase in the female labour force participation rate in priority areas and estimated that by 1974-75 about 2,900 jobs had been "created" in the priority areas, but suggested that some of these might have been created even in the absence of the programme. The estimated 2,900 jobs represents about 6% of the number of persons engaged in priority areas at the time the policy was introduced. In terms of the national growth rate of employment in manufacturing, the rate is only slightly below the national average, an improvement over previous experience when growth rates in the priority areas have lagged behind the national average.

However, his comments on the effectiveness of policies in shifting the distribution of economic activity toward the priority

1 M. Bradford, "National Policies Towards Regional Development". In G.W.A. Bush and C. Scott (eds) Auckland at Full Stretch, Auckland City Council and the University of Auckland, 1977, pp. 181-87.

areas is less encouraging:

Although there are signs that the present policy is having some impact on regional development, it has had only marginal impact on the growth of the major urban centres; rather it has put a brake on the northward drift of labour and industry. When put in the perspective of relative size, the problem is immediately apparent: over 83% of New Zealand's population is outside the regional development areas, and to halt the growth of employment in their manufacturing industries alone, would require the programme to absorb some 5-6,000 persons per year into the priority areas...it is not reasonable to expect the present regional development policy to cope with the whole problem of North Island concentration. (p. 184)

The only other basis on which to quantify the impact of the regional development programme on priority regions can be obtained from estimates supplied by applicants for assistance to the Department of Trade and Industry. Table 4.12 presents data on the number of jobs created by the programme as claimed by those applicants who were granted assistance. These figures have not been validated as an attempt to do this a few years ago had to be abandoned because of the poor cooperation received from firms in supplying the information to the Department of Trade and Industry.

It seems likely that an upward bias would be present in the information supplied by applicants. However, it is interesting that Bradford's Treasury estimate of 2,900 jobs by 1974-75 is above the 2,411 jobs reported by applicants. In measuring effectiveness, some consideration must be given to the employment effects in cases where regional development assistance has been used as a means of retaining existing employment, rather than creating additional employment. As a very crude measure of the cost of creating the jobs in priority regions it is possible to relate the cost of regional development assistance (excluding the costs of freight subsidies, unit rate schemes and administration costs) to the number of jobs created. This is also shown in Table 4.12 and ranges from \$1513 per job during 1973-75 to \$3283 in 1978-79.

TABLE 4.12

JOB CREATION THROUGH THE REGIONAL DEVELOPMENT PROGRAMME
AS REPORTED BY APPLICANTS FOR ASSISTANCE

	<u>1973-74</u>	<u>1974-75</u>	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>	<u>Total</u>
Northland	17	35	94	29	66	157	398
King Country	-	75	63	22	16	18	194
East Coast	-	116	154	65	114	48	497
Taranaki	-	358	79	28	15	139	619
Wairarapa	5	227	162	40	14	47	495
Wanganui	61	265	118	91	14	90	639
Marlborough	-	-	-	15	16	64	95
West Coast	48	61	33	35	8	55	240
South Canterbury	8	252	88	11	58	2	419
Otago	127	120	138	112	65	201	763
Southland	156	480	77	80	63	71	927
	<u>422</u>	<u>1989</u>	<u>1006</u>	<u>528</u>	<u>449</u>	<u>892</u>	<u>5286</u>

	<u>1973-75</u>	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>
Expenditure per Job created	1513	2653	3264	3238	3283

Accepting that the objectives of regional development policy have been to alter the distribution of growth and activity among regions, it becomes necessary to relate these increases in employment to the overall employment picture in priority regions and to compare the changes in manufacturing employment in priority regions to changes in other regions as a measure of relative performance.

Table 4.13 presents data on manufacturing operating units and persons engaged for 1965-66, 1970-71, 1974-75 and 1975-76 obtained from the Department of Statistics' publications on Industrial Production Statistics and the Census of Manufacturing. Regional boundaries are defined based on priority regions; however, as 1976 is the latest year for which data are available only two years of information can be used to evaluate the programme. Data for two earlier periods are provided; however, they cannot be related directly to later experience because of revisions to the concept of manufacturing¹.

Over the period 1974-75 to 1975-76 all regional development priority areas except Wanganui and South Canterbury experienced increases in manufacturing employment in excess of both the N.Z. average increase of 2.1% and the North Island increase of 2.6%. The major centres were affected adversely as shown by the changes in Wellington -0.9%, North Canterbury -2.3% and Auckland 1.1%. While both Wellington and North Canterbury exhibited a similar relative performance over the earlier period (1966-71) Auckland's manufacturing labour force at a rate above the national and North Island averages. The two regions with declines during

1 The series have been revised to bring them into line with the concept of manufacturing as defined by the U.N. Industrial Classification of Economic Activities (1958). This classification has meant the elimination from the series of the logging operations of sawmillers and the generation of the supply of gas and electricity.

TABLE 4.13 MANUFACTURING OPERATING UNITS AND PERSONS ENGAGED 1965-66, 1970-71, 1974-75 AND 1975-76

	1965-66				1970-71				1974-75				1975-76		
	Operating Units	Number Engaged	Per Cent	Per Cent Change in Number Engaged	Operating Units	Number Engaged	Per Cent	Per Cent Change in Number Engaged	Operating Units	Number Engaged	Per Cent	Per Cent Change in Number Engaged	Number Engaged	Per Cent Change in Number Engaged	1975-76 Number Engaged per 1,000 of Population
Whangarei (20)	281(2.8)	4,197	(1.9)	314(3.0)	4,659	(1.9)	11.0	183(2.1)	5,133	(1.8)	5.2	5,400	(1.8)	51	
Auckland (21)	2697(27.1)	72,342	(32.5)	3,029(28.6)	84,417	(33.6)	16.7	2,999(33.8)	102,860	(35.2)	1.1	103,978	(34.8)	130	
Waikato (3)	668(6.7)	12,293	(5.5)	720(6.9)	14,325	(5.7)	16.5	626(7.0)	18,880	(6.5)	1.7	19,215	(6.4)	74	
King Country (4)	113(1.1)	1,273	(0.6)	109(1.0)	1,123	(0.4)	-11.8	51(0.6)	802	(0.3)	5.9	849	(0.3)	25	
Bay of Plenty (5)	438(4.4)	8,216	(3.7)	570(5.4)	10,781	(4.0)	31.2	412(4.6)	10,809	(3.7)	11.6	12,068	(4.0)	69	
East Coast (6)	164(1.6)	2,751	(1.2)	163(1.5)	3,138	(1.2)	14.1	96(1.1)	3,408	(1.2)	4.9	3,576	(1.2)	56	
Hawkes Bay (7)	336(3.4)	7,452	(3.3)	336(3.2)	9,596	(3.8)	28.8	272(3.1)	11,187	(3.8)	11.6	12,486	(4.2)	101	
Taranaki (8)	355(3.6)	5,902	(2.6)	343(3.2)	6,623	(2.6)	12.2	223(2.5)	7,016	(2.4)	5.2	7,384	(2.5)	74	
Wanganui (9)	253(2.5)	4,206	(1.9)	257(2.4)	4,487	(1.8)	6.7	179(2.0)	5,745	(2.0)	0.9	5,795	(1.9)	77	
Manawatu (10)	358(3.6)	6,518	(2.9)	384(3.6)	7,792	(3.1)	19.5	279(3.1)	7,982	(2.7)	7.2	8,558	(2.9)	82	
Waikato (11)	161(1.6)	2,633	(1.2)	149(1.4)	3,022	(1.2)	14.8	120(1.4)	3,481	(1.2)	10.1	3,835	(1.3)	82	
Wellington (12)	1,230(12.4)	32,078	(14.4)	1,236(11.7)	33,370	(13.3)	4.0	1,105(12.4)	37,092	(12.7)	-0.9	36,755	(12.3)	97	
Total North Island	7,054(70.9)	159,861	(71.7)	7,610(71.9)	183,333	(72.9)	14.7	6,545(73.7)	214,395	(73.3)	2.6	219,899	(73.6)	97	
Marlborough (13)	107(1.1)	1,386	(0.6)	119(1.1)	1,630	(0.7)	19.2	85(1.0)	1,518	(0.5)	4.2	1,583	(0.5)	45	
Nelson (14)	207(2.1)	3,148	(1.4)	216(2.0)	3,369	(1.3)	7.0	151(1.7)	3,814	(1.3)	2.2	3,900	(1.3)	61	
West Coast (15)	152(1.5)	1,716	(0.7)	127(1.2)	1,658	(0.7)	-3.4	100(1.1)	2,095	(0.7)	3.4	2,167	(0.7)	62	
Nth Canterbury (16)	1199(12.1)	30,646	(13.8)	1244(11.8)	33,611	(13.4)	9.7	1,150(12.9)	39,522	(13.5)	-2.3	38,590	(12.9)	113	
Sth Canterbury (17)	262(2.6)	4,686	(2.1)	285(2.7)	5,611	(2.2)	2.0	188(2.1)	5,661	(1.9)	1.6	5,752	(1.9)	66	
Otago (18)	569(5.7)	14,775	(6.6)	597(5.6)	14,820	(5.9)	0.3	435(4.9)	16,434	(5.6)	2.9	16,914	(5.7)	90	
Southland (19)	395(4.0)	6,651	(3.0)	389(3.7)	7,393	(2.9)	11.2	229(2.6)	9,009	(3.1)	9.7	9,887	(3.3)	91	
Total South Island	2891(29.1)	62,990	(28.3)	2977(28.1)	68,092	(27.1)	8.1	2,338(26.3)	78,053	(26.7)	0.9	78,793	(26.4)	92	
Total N.Z.	9,945	222,851	10,587	251,425	12.8	8,883	292,448	9,212	298,692	2.1	92	298,692	2.1	95	

Source: Department of Statistics, Industrial Production Statistics and Census of Manufacturing

1966-71 (King Country and the West Coast) showed a favourable rate of increase of 5.9% and 3.4% respectively between 1974-75 to 1975-76.

Some priority areas showed a good relative performance over both the earlier and later periods - notably Southland, Marlborough and the Wairarapa.

Care must be taken in using data on changes in manufacturing employment as an indicator of the changes in manufacturing output in regions. By defining regions according to employment districts it is possible to relate changes in employment to changes in the dollar value of manufacturing production and to changes in the net value added in manufacturing.¹ Table 4.14 shows the percentage change in these three measures of manufacturing activity over the same years covered by the previous table, although regions are not conformable between the two tables. The statistics show a general correlation between the factors but reveal some notable exceptions. Three out of four areas with a decline in employment registered an increase in value added, and several areas with positive gains in employment showed decreases in net value added.

As a measure of the influence of the programme on the creation of manufacturing employment in priority regions it is possible to relate the level of job creation in 1976 as reported by applicants for regional development assistance to the change in manufacturing between 1974-75 and 1975-76 as reported by the Department of Statistics. Table 4.15 presents this information and includes data on manufacturing employment changes in regions which do not qualify for assistance.

¹ Net value added subtracts from the value of production the value of inputs to the production process which were not produced in the region.

TABLE 4.14

PERCENTAGE CHANGE IN EMPLOYMENT, PRODUCTION AND VALUE ADDED
BY EMPLOYMENT DISTRICTS 1966-71 AND 1975-76

Regions	<u>Percentage Change</u> <u>1965-66 to 1970-71</u>			<u>Percentage Change</u> <u>1974-75 to 1975-76</u>		
	<u>Number</u> <u>Engaged</u>	<u>Production</u>	<u>Net</u> <u>Value</u> <u>Added</u>	<u>Number</u> <u>Engaged</u>	<u>Production</u>	<u>Net</u> <u>Value</u> <u>Added</u>
Whangarei (20)	10.9	34.2	-14.2	5.2	12.2	11.2
Auckland (21)	16.7	64.4	21.4	1.1	13.7	6.2
Hamilton (22)	12.5	26.2	-6.0	4.0	15.2	14.8
Tauranga (23)	27.4	70.1	20.0	6.0	11.3	13.2
Rotorua (24)	30.9	63.2	-4.1	6.7	22.7	8.2
Gisborne (25)	14.1	69.3	30.3	5.4	21.6	16.0
Napier (26)	30.1	61.9	31.5	2.8	10.7	15.4
Hastings (27)	25.6	70.9	24.9	16.4	18.0	25.4
New Plymouth (28)	12.3	46.9	8.1	5.3	1.9	16.1
Wanganui (29)	7.2	45.1	19.6	0.8	0.5	22.5
Palmerston North (30)	19.1	54.5	23.2	6.0	7.3	29.5
Masterton (11)	14.8	38.7	5.2	10.1	6.7	39.3
Lower Hutt (32)	7.9	45.9	3.3	0.9	2.6	-8.3
Wellington (31)	-2.2	34.1	6.5	-3.8	21.7	16.6
<u>Total Nth Island</u>	14.7	52.7	12.0	2.6	12.4	9.1
Blenheim (33)	19.1	43.8	15.0	4.2	18.3	31.8
Nelson (34)	6.8	59.0	-6.9	2.2	21.1	8.9
Greymouth (15)	-3.3	36.4	-8.0	3.5	26.0	41.7
Christchurch (35)	10.7	53.6	17.4	-2.3	11.0	6.6
Timaru (36)	14.3	54.4	15.7	2.6	19.3	30.0
Dunedin (37)	0.5	32.0	8.1	2.9	15.6	19.0
Invercargill (38)	10.9	47.8	18.3	9.7	21.1	4.1
<u>Total Sth Island</u>	8.1	47.7	13.2	0.9	14.7	11.1
<u>Total N.Z.</u>	12.8	51.5	12.3	2.1	12.9	9.6

TABLE 4.15

THE RELATION BETWEEN JOB CREATION THROUGH THE REGIONAL
DEVELOPMENT PROGRAMME AND CHANGES IN MANUFACTURING
EMPLOYMENT 1975-76

<u>Region</u>	Change in Manufacturing Employment 1974-75 to 1975-76	Job Creation 1975-76 under the Regional Development Programme	Jobs created as a Percentage of change in employment $((2) \div (1) \times 100)$
Northland (1)	267	94	35.2
Auckland (2)	1118		
Waikato (3)	335		
King Country (4)	47	63	134.0
Bay of Plenty (5)	1259		
East Coast (6)	168	154	91.6
Hawkes Bay (7)	1299		
Taranaki (8)	368	79	21.5
Wanganui (9)	50	118	236.0
Manawatu (10)	576		
Wairarapa (11)	354	162	45.8
Wellington (12)	337		
Marlborough (13)	65		
Nelson (14)	86		
West Coast (15)	72	33	45.8
North Canterbury (16)	932		
South Canterbury (17)	91	88	96.7
Otago (18)	480	138	28.7
Southland (19)	878	77	8.8
Total	8782	1006	11.56

There is considerable variation among regions in the jobs created under the regional development programme as a share of total change in manufacturing employment. The figures suggest that the programme has a much more prominent role in influencing manufacturing employment in the East Coast, South Canterbury, the King Country and Wanganui, than in Otago, Taranaki and Southland. The time periods over which the information was collected in columns (1) and (2) may not be completely comparable and there could well be time lags between the figures on job creation supplied by applicants for assistance and the actual creation of such positions. Nevertheless, the figures for the King Country and Wanganui suggest either a misreporting by applicants or indicate that the manufacturing employment created under the regional development programme has occurred in areas where existing manufacturing employment was experiencing a decline.

Table 4.16 shows that changes in manufacturing employment stimulated by the regional development programme represented 11.5% of the change in manufacturing which occurred in all regions. As a summary measure of the influence of the programme on manufacturing employment in priority regions it is possible to relate total jobs created during 1973-79 as a percentage of total manufacturing labour force in 1976. The percentages recorded for the priority areas are: Northland 7.37%; King Country 22.9%, East Coast 13.9%, Taranaki 8.38%, Wairarapa 12.9%, Wanganui 11.0%, Marlborough 6.0%, West Coast 11.1%, South Canterbury 7.3%, Otago 4.5%, Southland 9.4%.

As a further means of examining the effects of the regional development programme on the distribution of manufacturing activity across regions, it is useful to compare information on the labour force in 1973 with that in 1978. During 1973-78 manufacturing

TABLE 4.16
CHANGES IN MANUFACTURING EMPLOYMENT 1973-78¹

<u>Employment District</u>	Manufacturing Employment <u>Change 1973-8</u>	1973 Manufacturing Labour Force	<u>% Change 1973-78</u>
Tauranga (23)	611	2933	20.8
Timaru (26)	521	3099	16.8
Invercargill (38)	1122	7247	15.5
Blenheim (33)	144	1317	10.9
Nelson (34)	344	3225	10.7
Hastings (27)	630	6133	10.3
Hamilton (22)	1363	13353	10.2
Masterton (11)	283	2954	9.6
Napier (26)	318	3643	8.7
Rotorua (24)	855	10213	8.4
Whangarei (20)	361	4518	8.0
New Plymouth (28)	406	6376	6.4
Palmerston North (30)	255	9617	2.7
Gisborne (25)	39	2270	1.7
Auckland (21)	855	92475	0.9
Wanganui (29)	11	4742	0.2
Dunedin (37)	-283	13784	-2.1
Wellington (31)	-446	12543	-3.6
Greymouth (15)	-106	1793	-5.9
Christchurch (35)	-3579	36565	-9.8
Lower Hutt (32)	-3107	18412	-16.9

¹ Ranked high to low in terms of percentage change

employment changed from 257,208 to 257,803, i.e. it increased by a mere .23%. However, the shifts in manufacturing employment in specific regions were substantial. Table 4.16 shows such changes during 1973-78 by employment districts. Very large percentage declines are registered in Lower Hutt and Christchurch with smaller changes in Wellington and Dunedin. Timaru, Invercargill and Blenheim rank second, third and fourth (out of 21 employment districts) in terms of their percentage increase. Auckland's percentage increase is only slightly above the national rate and it ranks 15th out of the 21 employment districts.

Given the good performance of some regional development areas and the general shift in the distribution of manufacturing employment away from the larger urban centres, there is a danger in overstating the extent to which these trends have resulted from the regional development programme. Since a substantial number of jobs "created" under the programme are with major firms wishing to expand in priority areas, there is some reluctance to assume that the jobs would not have been created had the subsidies not existed. Both the magnitude of resources devoted to the programme and the relatively modest share of manufacturing employment which has been affected directly imply the existence of many other important influences in explaining the observed regional shifts. For example, some regions may have had favourable increases in manufacturing employment in this period because they have a good representation of those types of manufacturing industries which have been growing. Table 4.17 shows the national manufacturing labour force by broad industry groups for these periods and their industry growth rates. The table shows that underlying the national growth rate of .23% are industry group growth rates which range between -10.78% for textiles and leather to 11.17% for other manufacturing.

As a means of obtaining further insights as to the relative performance of different regions, a shift-shares analysis of

TABLE 4.17NEW ZEALAND MANUFACTURING LABOUR FORCE1973 AND 1978

<u>Industry Group</u>	<u>Group Employment</u>		<u>Growth Rate</u>
	1973	1978	1973-8
Food and Beverages	56754	60606	6.79
Textiles and Leather	43747	39033	-10.78
Wood and Wood Products	20086	18322	-8.79
Paper and Paper Products	25101	26932	7.29
Chemicals, Petroleum, etc.	20449	20471	.11
Non-metallic Mineral Products	10466	9476	-9.46
Basic Metal and Metal Products	77544	79560	2.60
Other Manufacturing	3061	3403	11.17
Total Manufacturing	257208	257803	0.23

employment changes between 1973-78 was performed. The major feature of this technique is that it allows a comparison of the performance of the regional economy relative to a reference or benchmark economy, usually the national economy.

Shift-shares analysis partitions the total change in employment over a time period into three exhaustive components, each of which has an interpretation reflecting different features of the regional and national economies. The important division which it makes allows a measure of the extent to which the total change can be attributed to the comparative advantage enjoyed by a region in the production of particular goods.

The basic relationship employed by shift-shares analysis is formed by an identity which states that regional employment at the end of the period equals regional employment at the beginning of the period plus the change in employment over the period. Then, the change in employment is partitioned into three components measuring the influence of national industry change, area industrial mix and area industry comparative advantage. The first component is considered a "share" while the last two components are "shifts".

The components can be interpreted as follows. The national share is the increment in employment the sector would have if it had changed at the aggregate (for all types of industries) national rate. The industry mix component accounts for the change in employment in the sector that is due to the fact that the industry as a whole is growing at a rate different from the average of all industries. The comparative advantage component accounts for the fact that the particular industry in the area is growing at a rate different from the national average, i.e. the average of all areas, for that industry.

The discussion of shift-shares analysis includes several terms for each of the components: national share (national growth, regional shares); industrial mix (proportionality shift, compositional mix); competitive position (differential shift, regional component).

Table 4.18 shows the analysis of employment changes by region during 1973-78 by employment districts. Given the very small growth in manufacturing employment nationally, the number of additional jobs explained by the "share" element of shift-shares analysis is small indeed. However examination of the employment changes by employment districts reveals that a small increase in total jobs was the result of large increases and decreases in particular regions. The proportionality shift, which predicts change under the assumption that the rate of change in employment by industry in a region equals the national rate of change, appears to provide a good explanation of the causes underlying the shifts which are observed. The differential shift, which aims to capture some measure of the region's relative comparative advantage is favourable (positive) in 10 out of 14 North Island districts but in only two out of seven South Island districts. Both Auckland and Christchurch register negative differential shifts while Wellington and Lower Hutt register positive shifts. To some extent, it can be argued that the shift-shares analysis should reveal the effects of the regional development programme through a positive differential shift, such as that exhibited in Invercargill and Taranaki. This would arise in that the use of base year employment would underestimate the growth potential of the region, given regional development initiatives. Tables 4.18 (a)-(k) are included as an appendix to the chapter and provide a detailed account of the shift-shares analysis for each employment district. The third

TABLE 4.18

SHIFT-SHARES ANALYSIS OF MANUFACTURING

EMPLOYMENT BY REGION 1973-78

<u>Employment District</u>	<u>Increase in Employment 1973-78</u>	<u>National Share</u>	<u>Total Shift</u>	<u>Proportionality Shift</u>	<u>Differential Shift</u>
Whangarei (20)	361	10	351	340	+11
Auckland (21)	855	213	642	858	-216
Hamilton (22)	1363	31	1332	1231	101
Tauranga (23)	611	7	604	631	-27
Rotorua (24)	855	23	832	1089	-257
Gisborne (25)	39	5	34	-47	+81
Napier (26)	318	8	310	282	+28
Hastings (27)	630	14	616	521	+95
New Plymouth (28)	406	15	391	276	+115
Wanganui (29)	11	11	0	-9	+9
Palmerston North (30)	255	22	233	393	-160
Masterton (11)	283	7	276	238	38
Lower Hutt (32)	-3107	42	-3149	-3267	+118
Wellington (31)	-446	29	-475	-634	+159
Blenheim (33)	144	3	141	162	-21
Nelson (34)	344	7	337	337	0
Greymouth (15)	-106	4	-110	-29	-81
Christchurch (35)	-3579	84	-3495	-3260	-235
Timaru (36)	521	7	514	482	32
Dunedin (37)	-283	32	-315	-225	-90
Invercargill (38)	1122	17	1105	886	219

column shows the national industrial growth rates used when estimating the proportionality shift and records in parentheses the regional growth rates for the industry group. This allows the reader to study changes in particular regions in greater detail and see the extent to which national and regional industrial growth rates are similar.

The preceding analysis has given particular attention to an analysis of changes in manufacturing because of the concern of the regional development programme with stimulating the growth of manufacturing employment. However, in recognition of the fact that regional development policies should be concerned with the overall level of employment opportunities in regions, trends in the rate of unemployment are of interest. Table 4.19 shows the percentage of the workforce unemployed, where unemployed is defined to include those engaged in special work. As estimates of the labour force beyond 1975 are still under revision, the rates of unemployment for 1976 and 1978 have been calculated assuming a constant 1975 labour force. Rates of unemployment have only become significant since 1976 and there appears to be no observable trend between the size of the region, its rate of growth and the rate of unemployment. Further information is required to relate the performance of different regions to general conditions within the economy; however, preliminary evidence suggests that the assumption that priority areas show greater vulnerability to cyclical fluctuations in the economy has yet to be proved.

As still another measure of regional disparities and the relative level of well-being of people in regions, Table 4.20 shows information on average income per taxpayer for income tax districts. Again, boundary differences hinder a direct comparison of these levels with those in regional development areas; however, with

TABLE 4.19

PERCENTAGE OF WORKFORCE UNEMPLOYED¹

	<u>1968</u>	<u>1970</u>	<u>1972</u>	<u>1974</u>	<u>1976</u> ²	<u>1978</u> ²
Whangarei (20)	2.2	0.5	0.5	0.5	3.2	5.0
Auckland (21)	0.7	0.1	0.3	0.0	0.4	3.1
Hamilton (22)	0.9	0.2	0.5	0.1	1.2	1.9
Tauranga & Rotorua (23)+(24)	1.1	0.5	1.0	0.2	1.8	3.8
Gisborne (25)	0.7	0.1	0.7	0.3	2.5	2.9
Napier & Hastings (26)+(27)	0.4	0.0	0.2	0.0	1.0	2.0
New Plymouth (28)	4.4	0.9	0.3	0.0	0.8	2.7
Wanganui (29)	0.9	0.3	0.7	0.1	1.2	1.8
Palmerston North (30)	0.5	0.1	0.5	0.7	1.0	1.1
Masterton (11)	0.5	0.0	0.2	0.0	0.6	2.3
Lower Hutt (32)	0.7	0.2	0.7	0.0	0.7	3.1
Wellington (31)	0.4	0.0	0.2	0.0	0.2	1.7
Blenheim (33)	0.4	0.0	0.4	0.3	1.7	3.0
Nelson (34)	0.2	0.1	0.1	0.0	0.4	1.0
Greymouth (15)	0.8	0.5	0.8	0.3	1.1	2.9
Christchurch (35)	0.7	0.2	0.6	0.0	0.7	3.1
Timaru (36)	0.3	0.0	0.3	0.0	0.2	0.9
Dunedin (37)	0.4	0.0	0.3	0.0	0.3	1.3
Invercargill (38)	0.3	0.0	0.5	0.2	0.3	0.7
N.Z.	0.7	0.1	0.4	0.1	0.8	2.5

1 Calculated using April data where number unemployed includes those on special work.

2 Calculated using 1975 workforce as data for later years are currently under revision.

TABLE 4.20

1973-74 INCOME BY TAX DISTRICTS¹

<u>Income Tax District</u>	<u>Number of Returns</u>	<u>Total Income (\$000)</u>	<u>Average Income per Taxpayer</u>	<u>Difference from Average</u>
Wellington	223,270	900,350	4,033	+354
Invercargill	56,190	224,920	4,003	+324
Hamilton	126,510	488,250	3,859	+170
Timaru	43,440	163,280	3,759	+ 70
Tauranga	49,900	185,720	3,722	+ 33
Napier	70,260	260,950	3,714	+ 25
Te Aroha	17,770	66,000	3,714	+ 25
Rotorua	36,350	134,810	3,709	+ 18
Oamaru	10,670	39,100	3,664	- 25
Masterton	22,260	80,210	3,603	- 86
Whangarei	46,680	165,410	3,543	-146
New Plymouth	48,740	172,420	3,538	-151
Dunedin	85,120	298,800	3,510	-179
Christchurch	186,090	651,970	3,504	-185
Wanganui	37,920	132,740	3,501	-188
Blenheim	14,380	50,230	3,493	-196
Gisborne	23,420	81,790	3,492	-197
Palmerston North	73,400	256,270	3,491	-198
Nelson	31,190	106,260	3,407	-282
Greymouth	16,390	49,100	2,996	-693
Auckland	428,430	1,579,210	3,686	- 3
South Island	429,090	1,583,660	3,691	+ 2
North Island	1,221,280	4,504,140	3,688	- 1
New Zealand	1,650,370	6,087,800	3,689	0

1 For details of boundaries see Local Government Commission, Regions and Districts of New Zealand, 1973.

the exception of Greymouth, the differentials do not appear to be great. Wellington's high income per taxpayer must be regarded with caution for as many employees are centrally-payrolled from Wellington, this can lead to an overstatement of income earned by residents of the region. The differences between the average income per taxpayer in the North and South Islands are minute.

Given the concern with social and other non-economic factors which are implicit in the objectives for regional development, mention must be made of previous attempts to measure disparities among regions. Regional boundary problems have made it difficult to measure a wide range of socio-economic variables across a common set of regional boundaries. Census data provides information by administrative districts which allow the best matching with the definition of priority areas under the regional development programme. But the infrequency of the information makes researchers resort to annual series, thereby sacrificing uniformity in the set of regions over which the disparities are measured.

Franklin¹ provides a good summary of work by R.J. Johnston² who suggested that inequalities existed in the level of social well-being, measured by components such as food, shelter, health, material prospects, security, leisure and the ability to purchase luxuries. Johnston concluded there was little spatial variation in the cost of living or its rate of change among regions.

His study had difficulty in suggesting which people living in which places are "best off" since some of the spatial variations

1 S. Harvey Franklin, *op. cit.*, (p. 291-2).

2 R.J. Johnston, "But Some are More Equal...Who Gets What, Where and How in New Zealand", *Geography*, 1975, Vol. 60, Part 4, (pp. 255-68).

discussed showed contradictory results¹. He concluded that, in general, residents of large cities are most advantaged and that those of the smaller towns and the remote rural areas suffer the greatest relative deprivation but admitted that the labelling of this deprivation involves value judgements. Johnston suggested that variations in living standards did have to do with such issues as whether or not people had equal access to lectures and pop group concerts; however, one has to balance these disadvantages of living in a more remote place against its advantages. An important issue yet to be addressed is the relationship between disparities across regions and disparities within regions and their relative magnitudes.

In this connection the recent work of the Social Indicators Section of the Department of Statistics is to be encouraged as it provides for the preparation of over 54 social indicators, many of which will be disaggregated by region. This will provide some needed stimulus to discussions on social and economic disparities; however it would be unrealistic to expect such work to produce a comprehensive overall ranking of regions. Regardless of the index one chooses to measure differences in living standards, it is likely that some variation around a mean will exist. The real issue is to define acceptable and unacceptable disparities, a decision which will require political judgement to a great degree.

1 Contradictory results also emerge from measures of economic disparities. For example see M.J. Taylor "Dimensions of Regional Economic Health in New Zealand", Pacific Viewpoint, 1976, pp. 37-48 whose analysis of 23 variables rendered Auckland the poorest region with respect to material possessions and affluence.

APPENDIX: CHAPTER 4. SHIFT-SHARES ANALYSIS: DETAILED BREAKDOWN BY REGION

TABLE 4.18 (a)

AUCKLAND

WHANGAREI

Industry Group	Group Employment		Difference	National & Regional Growth Rates		Group Employment Change at National Rate	Proportionality Shift	Industry Group	Group Employment		Difference	National & Regional Growth Rates		Group Employment Change at National Rate	Proportionality Shift
	1973	1978		1973	1978				1973	1978		1973	1978		
Food and Beverages	1925	2263	338	6.79 (17.56)	131	131	207	Food and Beverages	12,941	13,281	340	7.04 (2.63)	911	-571	
Textiles and Leather	407	229	-178	-10.78 (-43.73)	-44	-44	-134	Textiles and Leather	16,824	15,398	-1426	-10.77 (-8.48)	-1812	386	
Wood and Wood Products	413	428	15	-8.78 (3.63)	-36	-36	51	Wood and Wood Products	5,389	4,887	-502	-8.78 (-9.32)	-473	-29	
Paper and Paper Products	196	188	-8	7.29 (-0.41)	14	14	-22	Paper and Paper Products	9,632	10,387	755	7.29 (7.83)	702	102	
Chemicals and Petroleum	279	303	24	0.11 (8.60)	0	0	24	Chemicals and Petroleum	9,591	9,923	332	0.11 (3.46)	11	321	
Non-metal Mineral Products	692	696	4	-9.46 (0.58)	-65	-65	69	Non-metal Mineral Products	3,855	3,634	-221	-9.46 (-5.73)	-365	144	
Basic Metal and Metal Products	595	742	147	2.60 (24.71)	15	15	132	Basic Metal and Metal Products	32,693	34,647	1354	2.60 (4.14)	850	504	
Other Manufacturing	12	26	14	11.17 (116.67)	1	1	13	Other Manufacturing	1,553	1,776	223	11.17 (14.36)	173	50	
TOTAL	4518	4879	361	0.23 (8.00)	10	10	351	TOTAL	92,475	93,330	855	0.23 (0.98)	213	642	

TABLE 4.18 (b)

HAMILTON

TAURANGA

Industry Group	Group Employment 1973 1978	Difference	National & Regional Growth Rates	Group Employment Change at National Rate	Proportionality Shift	Industry Group	Group Employment 1973 1978	Difference	National & Regional Growth Rates	Group Employment Change at National Rate	Proportionality Shift
Food and Beverages	4706 5265	559	6.79 (11.88)	320	239	Food and Beverages	791 1168	377	6.79 (47.66)	54	323
Textiles and Leather	1443 1567	124	-10.78 (8.59)	-156	280	Textiles and Leather	471 497	26	-10.78 (5.52)	-51	77
Wood and Wood Products	1290 1408	118	-8.78 (9.15)	-113	231	Wood and Wood Products	560 512	-48	-8.78 (-8.57)	-49	1
Paper and Paper Products	656 690	34	7.29 (5.18)	48	14	Paper and Paper Products	158 164	6	7.29 (4.61)	12	103.
Chemicals and Petroleum	815 1066	251	0.11 (30.79)	1	250	Chemicals and Petroleum	193 217	24	0.11 (12.44)	0	24
Non-metal Mineral Products	687 623	-64	-9.46 (-9.32)	-65	1	Non-metal Mineral Products	108 95	-13	-9.46 (-12.04)	-10	-3
Basic Metal and Metal Products	3746 4085	339	2.60 (9.05)	97	242	Basic Metal and Metal Products	588 843	255	2.60 (43.37)	15	240
Other Manufacturing	11 14	3	27.27 (11.17)	1	2	Other Manufacturing	66 48	-18	11.17 (-27.27)	7	-25 631
TOTAL	13353 14716	1363	0.23 (10.2)	31	1332	TOTAL	2933 3544	611	0.23 (20.83)	7	604

TABLE 4.18 (c)

ROTORUA

GISBORNE

Industry Group	Group Employment 1973	Difference	National & Regional Growth Rates	Group Employment Change at National Rate	Proportionality Shift	Industry Group	Group Employment 1973	Difference	National & Regional Growth Rates	Group Employment Change at National Rate	Proportionality Shift
	1978						1978				
Food and Beverages	655	180	6.79 (27.48)	44	136	Food and Beverages	1565	4	6.79 (0.26)	106	-102
Textiles and Leather	819	-35	-10.78 (-4.27)	-88	53	Textiles and Leather	275	4	-10.78 (1.45)	-30	34
Wood and Wood Products	4205	-559	-8.78 (-13.29)	-369	-190	Wood and Wood Products	58	21	-8.78 (36.21)	-5	26
Paper and Paper Products	3309	1133	7.29 (34.23)	241	892	Paper and Paper Products	164	-12	7.29 (-7.32)	12	-24
Chemicals and Petroleum	86	69	0.11 (80.23)	0	69	Chemicals and Petroleum	21	-7	0.11 (-33.33)	0	-7
Non-metal Mineral Products	166	-46	-9.46 (-27.71)	-16	-30	Non-metal Mineral Products	39	-9	-9.46 (-23.08)	-4	-5
Basic Metal and Metal Products	910	188	2.60 (20.66)	24	164	Basic Metal and Metal Products	150	35	2.60 (23.33)	4	31
Other Manufacturing	66	2	11.17 (3.03)	7	-5	Other Manufacturing	0	2	11.17	-	-
	68			TOTAL	1089		2			TOTAL	-47
TOTAL	10213	855	0.23 (8.37)	23	832	TOTAL	2270	39	0.23 (1.72)	5	34
	11068						2309				

TABLE 4.18 (d)

NAPIER

HASTINGS

Industry Group	Group Employment		Difference	National & Regional Growth Rates		Group Employment Change at National Rate	Proportionality Shift	Industry Group	Group Employment		Difference	National & Regional Growth Rates		Group Employment Change at National Rate	Proportionality Shift
	1973	1978		1973	1978				1973	1978		1973	1978		
Food and Beverages	1307	1304	-3	6.79	(-0.23)	89	-92	Food and Beverages	4175	4784	609	6.79	(14.59)	283	326
Textiles and Leather	626	747	121	-10.78	(19.33)	-67	188	Textiles and Leather	345	351	6	-10.78	(1.74)	-37	43
Wood and Wood Products	312	257	-55	-8.78	(-17.63)	-27	-28	Wood and Wood Products	337	308	-29	-8.78	(-8.61)	-30	1
Paper and Paper Products	458	605	147	7.29	(32.10)	33	114	Paper and Paper Products	306	452	146	7.29	(47.71)	22	124
Chemicals and Petroleum	223	282	59	0.11	(26.46)	0	59	Chemicals and Petroleum	106	100	-6	0.11	(-5.66)	0	-6
Non-metal Mineral Products	66	47	-19	-9.46	(-28.79)	-6	-13	Non-metal Mineral Products	107	93	-14	-9.46	(-13.08)	-10	-4
Basic Metal and Metal Products	650	721	71	2.60	(10.92)	17	54	Basic Metal and Metal Products	750	811	61	2.60	(8.13)	20	41
Other Manufacturing	2	0	-2	11.17		-	-	Other Manufacturing	8	5	-3	11.17	(-37.50)	1	-4
TOTAL	3643	3961	318	0.23	(8.73)	8	310	TOTAL	6133	6768	630	0.23	(10.27)	14	616

TABLE 4.18 (e)

NEW PLYMOUTH

WANGANUI

Industry Group	Group Employment 1973 1978	Difference	National & Regional Growth Rates 1978	Group Employment Change at National Rate	Proportionality Shift	Industry Group	Group Employment 1973 1978	Difference	National & Regional Growth Rates	Group Employment Change at National Rate	Proportionality Shift
Food and Beverages	2648 2956	308	6.79 (11.63)	180	128	Food and Beverages	1972 1903	-69	6.79 (-3.50)	134	-203
Textiles and Leather	703 641	-62	-10.78 (-8.82)	-76	14	Textiles and Leather	993 994	1	-10.78 (0.10)	-107	108
Wood and Wood Products	402 338	-64	-8.78 (-15.92)	-35	-29	Wood and Wood Products	399 387	-12	-8.78 (-3.01)	-35	23
Paper and Paper Products	301 278	-23	7.29 (-7.64)	22	-45	Paper and Paper Products	193 186	-7	7.29 (-3.63)	14	-21
Chemicals and Petroleum	402 379	-23	0.11 (-5.72)	0	-23	Chemicals and Petroleum	204 207	3	0.11 (1.47)	0	3
Non-metal Mineral Products	97 103	6	-9.46 (6.19)	-9	15	Non-metal Mineral Products	85 92	7	-9.46 (8.24)	-8	15
Basic Metal and Metal Products	1809 2061	252	2.60 (13.93)	47	205	Basic Metal and Metal Products	893 982	89	2.60 (9.97)	23	66
Other Manufacturing	15 28	13	11.17 (86.67)	2	11	Other Manufacturing	5 5	0	11.17	0	0
TOTAL	6376 6782	406	0.23 (6.37)	15	391	TOTAL	4742 4753	11	0.23 (6.23)	11	0

TABLE 4.18 (f)

PALMERSTON NORTH

MASTERTON

Industry Group	Group Employment 1978	Difference	National & Regional Growth Rates	Group Employment Change at National Rate	Proportionality Shift	Industry Group	Group Employment 1973 1978	Difference	National & Regional Growth Rates	Group Employment Change at National Rate	Proportionality Shift
Food and Beverages	2631 2555	-76	6.79 (-2.89)	179	-255	Food and Beverages	1186 1515	329	6.79 (27.74)	81	248
Textiles and Leather	2744 2630	-114	-10.78 (-4.15)	-296	182	Textiles and Leather	477 420	-57	-10.78 (-11.95)	-51	-6
Wood and Wood Products	548 511	-37	-8.78 (-6.75)	-48	11	Wood and Wood Products	132 107	-25	-8.78 (-18.94)	-12	-13
Paper and Paper Products	900 862	38	7.29 (-4.22)	66	-28	Paper and Paper Products	106 229	123	7.29 (116.04)	8	115
Chemicals and Petroleum	394 557	163	0.11 (41.37)	0	163	Chemicals and Petroleum	248 225	-23	0.11 (-9.27)	0	-23
Non-metal Mineral Products	313 286	-27	-9.46 (8.63)	-30	3	Non-metal Mineral Products	68 69	1	-9.46 (1.47)	-6	7
Basic Metal and Metal Products	1926 2139	213	2.60 (11.06)	50	163	Basic Metal and Metal Products	684 626	-58	2.60 (-8.48)	18	-76
Other Manufacturing	161 333	172	11.17 (106.83)	18	TOTAL 393	Other Manufacturing	55 47	-8	11.17 (-14.54)	6	-14
TOTAL	9617 9872	255	0.23 (2.65)	22	233	TOTAL	2954 3237	283	0.23 (9.58)	7	276

TABLE 4.18 (h)

BLENHEIM

NELSON

<u>Industry Group</u>	<u>Group Employment 1973</u> <u>1978</u>	<u>Difference</u>	<u>National & Regional Growth Rates</u>	<u>Group Employment Change at National Rate</u>	<u>Proportionality Shift</u>	<u>Industry Group</u>	<u>Group Employment 1973</u> <u>1978</u>	<u>Difference</u>	<u>National & Regional Growth Rates</u>	<u>Group Employment Change at National Rate</u>	<u>Proportionality Shift</u>
Food and Beverages	480 597	117	6.79 (24.38)	8	109	Food and Beverages	1062 1230	168	6.79 (15.82)	72	96
Textiles and Leather	200 224	24	-10.78 (12.00)	-22	46	Textiles and Leather	126 281	155	10.78 (123.02)	-14	169
Wood and Wood Products	53 68	15	-8.78 (28.30)	-5	20	Wood and Wood Products	522 505	-17	-8.78 (-3.26)	-46	29
Paper and Paper Products	89 85	-4	7.29 (-4.49)	6	-10	Paper and Paper Products	170 202	32	7.29 (18.82)	12	20
Chemicals and Petroleum	31 38	7	0.11 (22.58)	0	7	Chemicals and Petroleum	121 142	21	0.11 (17.36)	0	21
Non-metal Mineral Products	47 38	-9	-9.46 (-19.15)	-4	-5	Non-metal Mineral Products	333 364	31	-9.46 (9.31)	-32	63
Basic Metal and Metal Products	353 357	4	2.60 (1.13)	9	-5	Basic Metal and Metal Products	884 846	-38	2.60 (-4.30)	23	-61
Other Manufacturing	67 72	7	11.17 (10.45)	7	0	Other Manufacturing	0 2	2	-	-	-
TOTAL	1317 1461	144	0.23 (10.93)	3	141	TOTAL	3225 3569	344	0.23 (10.67)	7	337

TABLE 4.18 (1)

GREYMOUTH

CHRISTCHURCH

Industry Group	Group Employment		Difference	National & Regional Growth Rates		Group Employment Change at National Rate	Proportionality Shift	Industry Group	Group Employment		Difference	National & Regional Growth Rates		Group Employment Change at National Rate	Proportionality Shift
	1973	1978		1973	1978				1973	1978		1973	1978		
Food and Beverages	240	315	75	6.79 (31.25)	16	16	59	Food and Beverages	6281	6479	198	6.79 (3.15)	426	-228	
Textiles and Leather	254	203	-51	-10.78 (-20.08)	-27	-27	-24	Textiles and Leather	8427	6349	-2078	-10.78 (-24.66)	-908	-1170	
Wood and Wood Products	727	546	-181	-8.78 (-24.90)	-63	-63	-118	Wood and Wood Products	2470	2160	310	-8.78 (-12.55)	-217	-93	
Paper and Paper Products	56	53	-3	7.29 (-5.36)	4	4	-7	Paper and Paper Products	2174	2151	-23	7.29 (-1.06)	158	-181	
Chemicals and Petroleum	51	66	15	0.11 (29.4)	0	0	15	Chemicals and Petroleum	3047	2762	-285	0.11 (9.35)	3	-288	
Non-metal Mineral Products	188	206	18	-9.46 (-9.57)	-18	-18	36	Non-metal Mineral Products	1672	1194	-478	-9.46 (-28.59)	-158	-320	
Basic Metal and Metal Products	256	269	13	2.60 (5.08)	7	7	6	Basic Metal and Metal Products	11889	11330	-559	2.60 (-4.70)	309	-868	
Other Manufacturing	23	30	7	11.17 (30.43)	3	3	4	Other Manufacturing	606	562	-44	11.17 (-7.26)	68	-112	
TOTAL	1793	1687	-106	0.23 (-5.91)	4	4	-110	TOTAL	36565	32986	-3579	0.23 (-9.79)	84	-3495	

TABLE 4.18 (k)

INVERCARGILL

Industry Group	Group Employment		Difference	National & Regional Growth Rates		Group Employment Change at National Rate	Proportionality Shift
	1973	1978		National Rate	Regional Rate		
Food and Beverages	3685	4136	451	6.79 (12.24)		250	201
Textiles and Leather	305	545	240	(-10.78) (78.69)		-33	273
Wood and Wood Products	560	513	-47	-8.78 (-8.39)		-49	2
Paper and Paper Products	623	574	-49	7.29 (-7.87)		45	-94
Chemicals and Petroleum	147	194	47	0.11 (31.97)		0	47
Non-metal Mineral Products	251	228	-23	-9.46 (-9.16)		-24	1
Basic Metal and Metal Products	1658	2140	482	2.60 (29.07)		43	439
Other Manufacturing	20	39	19	11.17 (95.00)		2	17
TOTAL	7247	8369	1122	0.23 (15.48)		17	1105
						TOTAL	886

5. TOWARD A REDEFINITION OF REGIONAL DEVELOPMENT

OBJECTIVES AND POLICIES

Having reviewed some of the limitations of the existing set of objectives and the policies which are being used to implement them, consideration is given to possible modifications of regional development objectives and policies. As a prelude to this discussion, attention will be directed to their relationship with other objectives and policies for the medium-term.

5.1 The Relationship Between Regional Development Objectives and Other Objectives and Policies for the Medium-Term

The very imprecise nature of regional development objectives makes the task of relating them to other objectives and policies more difficult. Nevertheless, there are important connections between national and regional policies and even a cursory examination of likely policies and strategies for the medium-term has implications for the shaping of regional development policies.

An examination of other objectives and policies usually requires the adoption of some perspective - be it economic, social, cultural or environmental. Many central government objectives and policies apply to particular sectors such as transport and energy. Conflicts arise as one moves across different sectors and across perspectives, although inconsistencies can also be uncovered within particular sectoral strategies. Regional policies must not be viewed simply as those policies which have been "officially" given a regional label, but as the regional implications of national policies.

While the effects of any specific policy may differ considerably, all regions are subject to outside influences. Some regions are more dependent on the public sector as an employer of its people and thus are more sensitive to policies affecting public sector employment. Relatively uniform wage rates throughout the country have had a

marked effect on regional problems and policies. On the one hand they have kept variations in regional income levels below that experienced by many other countries; however, they have also meant that employers cannot be attracted to slow growth areas with promises of a cheaper labour force.

Regional policies which ignore the spatial consequences of national policies are doomed to failure. In New Zealand, national pricing decisions and policies in sectors such as energy and transport have had more influence on the fortunes of particular regions than the official set of regional development policies. Debate over the removal of subsidies on the transportation of goods and people from the South Island, the proposal for an "iron bridge" to reduce costs of transporting goods northward across Cook Strait, and the continuing struggle to devise an energy pricing policy - particularly for South Island power - serve to illustrate the interconnectedness of many sectoral policies with objectives and policies for regional development.

Debate concerning an appropriate pricing policy often serves as a convenient focal point for discussions of regional development policies. Do South Islanders have a right to obtain power generated in their region at a lower cost or must this be regarded as a national resource to be managed according to the "national interest"?

Because of their lack of proximity to major markets for goods and raw materials, many regional development areas have higher production costs. Yet there has been considerable reluctance to allow much money to be distributed as freight subsidies under the regional development programme because of the realisation that, once begun, such subsidies are difficult to eliminate.

The New Zealand Planning Council¹ has been given the function of acting as a focal point for a process of consultative planning

1 New Zealand Planning Council, Planning Perspectives, 1978-83, 1978 and Economic Strategy, 1979.

about New Zealand's medium-term development. Because of the emphasis of the regional development programme on job creation and the encouragement of a higher rate of growth in priority areas, it is useful to consider relationships between these policies and the broad medium-term economic strategy which has been outlined by the Council in its various reports.

The Council's economic strategy places great importance on achieving growth of real gross national product of 2-3% as a prerequisite to allowing other objectives to be accomplished. The strategy calls for the encouragement of industries which can earn or save foreign exchange. It suggests that efficient industrial development must be promoted and that there is a need to look closely at enterprises and industries which seem likely to require high levels of protection for a long period in order to survive. It recommends that serious consideration be given to eliminating most barriers to trade between Australia and New Zealand over a 10-15 year period. Recent initiatives indicate that prospects may be more promising for improving the Trans-Tasman relationship.

Some broad implications of this strategy for regional development become apparent. If New Zealand's industrial strategy is to become more firmly based on the promotion of firms who prove their ability to compete internationally, then it can be anticipated that the process of restructuring the economy would have major implications for the growth prospects for particular regions. To receive regional development assistance, a firm would have to prove conclusively that its development proposals were consistent with an overall industrial strategy.

The claim has often been made that regional development assistance has been used as a vehicle for propping up "sick industries". To the extent that this has occurred, the policies

may be seen as foiling national industrial development strategies and hindering the restructuring process. This does not imply that it may not be justified to support the continuation of particular industries in priority regions when they are judged to make a substantial contribution to the well-being of a region. What it suggests, however, is that there are potential conflicts between national and regional development strategies and that these must be reconciled.

To the extent that decisions are made which allow development in more remote parts of the country, this will lead to higher direct costs of production and distribution than in alternative centres. This could affect New Zealand's ability to compete internationally in certain areas and the ability of the economy to achieve a growth in real GNP over the medium-term. Again, the implication is not that regional development assistance should not be continued but that there is an important choice to be made between the overall rate of growth of GNP which can be achieved and the spatial distribution of that growth. The recent extension of regional development assistance to activities in the primary sector may serve to reduce some of the potential conflict between regional and national objectives, but serves to underscore the importance of the viability of the agricultural sector to the future prospects of many priority areas.

In any event, major moves to rationalise the structure of industry in New Zealand and to subject industries to greater competitive pressures from other countries will have significance for the existing spatial distribution of industrial development. A country which pursues a strategy for a major restructuring of the economy, which does not fully consider its regional ramifications may, consciously or unconsciously, sacrifice its regional objectives. To date, firms qualifying for regional development assistance have been sub-

ject to increasing scrutiny. It is no longer sufficient to argue, as was done in earlier times, that their growth supported the country's strategy of reducing its dependence on agricultural production. In the immediate post-war period, New Zealand, not unlike Australia and the U.K., promoted the decentralisation of industry on a number of different bases, many of which have survived to this day:

There are obvious long-term social and economic advantages that arise from the decentralisation of factory production. The provision of employment opportunities in the secondary centres not only helps to preserve the home-life, but tends to arrest the drift of population to the more congested city areas. It also provides opportunities for improving factory environments, eases the strain on public amenities, such as electric power, gas, water, transport and housing, in the main centres, and also in certain industries, has some strategic significance.¹

The quote emphasises the role of public services and amenities in promoting industrial development and if this is extended to include transport and communication services and energy supply, one has an important set of infrastructural requirements which must underpin development. The recent concerns expressed by South Island manufacturers over energy supply and pricing problems and questions surrounding port and airport developments and other transport decisions imply that they sense a weakening of Government's commitment to promote industrial development in the South Island.

While potential conflicts can be identified readily in particular areas of policy, this does not imply that problems may not arise in other sectors and areas. These conflicts will become

1 1947 Report of the Department of Industries and Commerce

more apparent in the near future as regions prepare regional plans under the broadened brief of the 1977 Town and Country Planning Act. To date they have been obscured owing to the lack of integration of regional policies.

More importantly, national sectoral policies have often failed to spell out their regional implications. This is disappointing in light of the undertaking in National's last manifesto that "where appropriate, government departments and agencies will be asked to publish, on an annual basis, the objectives of their regional operations; that is, their programme for the implementation of national policies on a regional basis".¹ The missing link has been some integration of separate policies at the central level into a national strategy and then into a set of regional strategies.

The Official Coordinating Committee on Regional Development was established to provide a linkage between regional development proposals and sectoral strategies and policies. However, as some reconciliation of sectoral plans was often lacking and their regional implications obscured, the Committee simply became a forum for expressing departmental interests. The Committee's poor performance has led to its recent demise. In the future, the primary vehicle for the over-all coordination of regional and national plans will be the consultative process which will accompany the approval of regional planning schemes.

An overriding consideration in the medium-term which will have great significance for the implementation of regional development strategies concerns the likelihood that this period will be characterised as one of relatively low levels of economic and population growth. Attempts to redirect growth are more difficult in an environment when there is a net out-migration, a rate of low population growth and reduced levels of investment. Such effects are already

¹ 1978 National Party Manifesto, p.44.

being felt and the low levels of investment in manufacturing help to explain why even the modest amount of expenditure earmarked for regional development assistance has been underspent in the last few years. Recalling the low levels of interregional migration which occurred during New Zealand's period of slow growth during 1966-71, it seems likely that patterns in the near future will resemble this period rather than the period 1971-76 during which the economy was more buoyant.

5.2 Suggested Modifications to Objectives and Policies

As mentioned in the previous chapter, a modified set of objectives were approved in principle by the Minister of Regional Development (Mr Gair) in early 1978; however, the objectives have not been endorsed by Cabinet. They were:

- to encourage the development of resource-based industries (including those based on labour skills) appropriate to the wishes, needs and potentials of regions;
- to encourage growth in slower growth regions, having regard to regional and national interests;
- to foster balanced growth within regions;
- to provide assistance for particular regional problems;
- to ensure all Government decisions take due regard of regional development issues.

The first objective (which is intended to apply to both priority and fast-growing regions) gives emphasis to the development of both the human and physical resources of regions. It provides a broader view of the types of development which should be promoted and is consistent with the adoption of the employment creation suspensory loan alternative and the extension of policies beyond the provision of capital subsidies to manufacturing into the areas of agriculture, horticulture, fishing, forestry, mining and tourism. The first objective conveys support for the concept of regional self-determination as regards a development strategy; however, the second objective serves to modify the position through its mention of the need to have regard to both the regional and national interests. More recently, the objective has been expanded to read: "and to attempt at the regional level to reduce vulnerability to cyclical fluctuations in the national economy".

The assumption that slow-growth regions are more vulnerable still requires proof. With the exception of Northland, the recent economic downturn has had fewer repercussions on employment in many priority areas than in the faster-growing centres.

Objective three: "to foster balanced growth within regions" gives expression to a growing concern within regional development policy - namely, an expansion of objectives beyond the goal of a satisfactory distribution of activity among regions to a goal regarding its distribution within regions. Prior evidence of such concerns are implicit in the decision to allow the slow growth parts of non-priority regions to qualify for regional development assistance and in the lower assistance levels for suspensory loans which apply to the urban parts of priority areas.

The goal of achieving both a better inter-regional and intra-regional balance of growth must be seen as very difficult in light of the current set of regional policies which are available. The objective reflects a desire to redistribute growth from the urban to rural parts of all regions. Given the recent trends towards increased urbanisation and industrialisation as well as the basic fact that resources are not evenly spread (either between or within regions) it must be seen as highly ambitious and largely unattainable. It is interesting to note that in many countries overseas, rural to urban migration has been accepted as inevitable and policies for slow growth regions have been focused on urban-based activities.

The final two objectives are not really objectives at all. They are statements about conditions which will facilitate the achievement of objectives, once these have been defined.

The lack of urgency and focus in regional policy is widespread. On 23 November 1977 the Ministers of National and Regional Develop-

ment and of Local Government and the Associate Minister of Finance requested that a paper be prepared for consideration by the Government which would set out the Government's attitude to regional policy. Such a paper was completed in April 1978 but is still being studied by the Caucus Committee in Regional Development and has not received consideration at the Cabinet level.

The paper confirmed the modified set of objectives which were approved by Mr Gair and presents a broad view of regional policy and of linkages in policies in the areas of regional development, regional planning and regional government including local government reform. It identifies regional development policy "as being concerned with decisions about the use of resources to achieve broad social goals in particular localities: i.e., with providing people with the opportunity of living and working in the region of their choice while: (a) achieving reasonable living standards (in the widest sense); and (b) having account taken of the diversity and differing needs and aspirations of the various regions".

The approach is an advance as it places the emphasis on the standard of living of people in the regions, rather than assuming that this will follow if attempts are made to encourage growth in areas with rates below the national average. Of course, guaranteeing someone the right to work in the region of one's choice must have its limitations, as university lecturers and television producers well know. What is a reasonable standard of living? Again the problem is one of defining acceptable disparities.

Looking ahead, there are two different approaches which could provide a basis for regional development objectives and policies

in the future. The first approach would be to continue on the present course making minor modifications where circumstances and policies dictate. For example, it has been suggested that the modification of objectives to place emphasis on resource-based development was stimulated by the need for some justification for specific proposals - such as the West Coast Abattoir - which Government wished to pursue. Present policies which deliver small amounts of assistance to many areas may have greater attractiveness in political terms than do policies which concentrate assistance to a few areas. In this connection, it is interesting to recall that the 1978 Labour Party Manifesto proposes that all priority areas will remain but that three new areas - Hawkes Bay, Nelson and Christchurch - will be added.

The second approach, which is superior in all respects, would be to redefine objectives for regional development policies and to specify them within the context of regional and national policy. Such an approach would mean a policy on regional development for all regions - both fast and slow-growing. Once acceptable and unacceptable disparities in standards of living had been defined a range of policy measures would be developed. Existing policies would be abolished in favour of a broader range of incentives which would extend into many areas of social policy.

The adoption of this second approach would require a better understanding of the primary problems which were giving rise to regional grievances and their interrelationships. At present there are a wide range of issues which are often cited including:

1. the observed urban drift and rural depopulation;
2. the concentration of growth in and around Auckland;
3. the problems which particular regions face (such as the West Coast and East Coast) because of their limited future economic prospects.

However, it is not yet clear whether the opposition to Auckland's growth stems more from concern as to the quality of the environment there or from a sense that its growth challenges the growth prospects of priority regions. Further work on the development and measurement of social indicators for regions and sub-regions would provide a basis upon which to define the nature of regional grievances.

5.3 Summary and Conclusions

Further information on the nature of New Zealand's regional development problems is needed before precise objectives can be defined. The problems cannot be "imported" from overseas as the underlying conditions bear little similarity.

However, the new objectives should place the emphasis upon the standard of living of people in regions rather than upon a goal of preserving some existing (or historical) distribution of economic growth and development among regions. Having regard for the standard of living of people, attention should be directed to the "solutions" of moving "jobs to people" and moving "people to jobs".

The concept of disparities as defined previously, which identified problem regions as those with growth rates below the national average, is an inappropriate basis for policy. Resources are not evenly distributed either within or between regions and therefore the expectation of uniform growth rates is unrealistic and unattainable. To identify a region as underprivileged if it is below the national average is to declare regional development problems with us forever, as this dispersion will always exist. The specification of unacceptable disparities is a far more productive approach; however, once such criteria are established, regions

must be prepared to adjust to changes in circumstances.

In this regard, the proposed inclusion of Hawkes Bay seems unusual as does the continued exclusion of the Wellington region, despite its large loss of manufacturing employment during 1973-78. The case for including Christchurch is strong in light of its heavy losses in manufacturing employment over the same period.

The role of Christchurch in any growth strategy raises many interesting issues. If one views the promotion of the South Island as an important objective, then it is possible to see policies to build up Christchurch as the key to this strategy. It is by no means certain that the most effective way to encourage growth in the South Island is through the continued subsidisation of several small South Island centres. The current "prizes-all-around" approach to policy (with its heavy anti-urban bias) seems an unpromising one.

Whatever objectives are decided, it is clear that the New Zealand problem must be tackled as a national approach to regional development and both fast and slow growing areas must be included. Taxes and other types of disincentives applied to fast-growing areas as well as incentives for slow-growing areas must be considered as policy tools. The likely level of resources which will be devoted to regional development policies make it unrealistic to aim to achieve intraregional as well as interregional balance.

Above all, problems and policies must be defined against a realistic background of likely future developments in the nation. In this regard the implications of New Zealand's prospects for low population and economic growth must be considered as they will impose constraints on the ease with which policies will alter the pattern of development. It is a common error to present regional policies as attempts to correct a situation resulting from past trends. It must be shown that past trends will continue

and not be offset by new factors and developments. Otherwise policies become defined to handle situations which no longer exist.

Once problems and problem regions have become better defined it will be possible to develop policies for achieving the objectives. The recent broadening of policies to include the primary and tertiary sectors, including the further decentralisation or devolution of central government functions to regions,¹ is encouraging. To the extent that regional problems are rooted in rural communities, different policies will be required. Nevertheless, many longstanding trends, however undesirable to some, may be impossible (or too costly) to influence. Politicians will have to assign weights to regional development objectives and then apply them consistently across policy decisions in a wide range of areas.

Limited success in pursuing a successful regional development strategy in the New Zealand context cannot be explained solely by the lack of precise objectives or the limited nature of policies. A number of missing "preconditions" have thwarted the effectiveness of regional policies, particularly those which are fundamentally linked to national objectives, strategies and policies.

Both Government officials and Ministers have been aware of major obstacles to the implementation of regional policies. Some progress has been made particularly with the passage of the 1977 Town and Country Planning Act which provides a basis for the reconciling of central/regional/local government objectives and policies through the preparation of regional planning schemes. The New Zealand Planning Council has been charged with the

1 In light of the decline of manufacturing employment in the Wellington region, these policies will have a major impact on its development potential.

responsibility of advising Government on links between regional and national planning. Its paper entitled Planning and the Regions which is being published simultaneously with this study, discusses these linkages.

A large number of Government policies have important regional impacts and implications not only in the areas of regional development, regional planning and regional and local government but in policy areas such as transport and energy. In terms of expenditure and associated economic and social impacts, these policies swamp the effects of what are labelled "regional development policies". A much more unified approach will be required if progress is to be made in attaining even a modest set of regional development objectives.

Coordination has been difficult to achieve because of the multiplicity of units and the lack of a set of uniform boundaries through which to administer policies in a regional setting. A set of regions is being developed under the Local Government Act to be used for regional planning purposes and once this is completed, efforts should be made to adjust the boundaries of various government departments to make them compatible.

Progress in the area of regional policy seems to be an experience of two steps forward and one step back. For example, the improved coordination which resulted from the decision to assign one Minister to the portfolios of National and Regional Development in 1975 was undone in 1978 when the portfolios were again split and shared between two Ministers. There is little provision within

the planning mechanisms of Government for easy coordination of actions among Ministers with regional responsibilities. Regional schemes which will be prepared under the Town and Country Planning Act 1977 are to be submitted to the Cabinet Economic Committee. This provides an opportunity for coordination at the highest levels of Government; however, as regional schemes will be considered and approved on a continuing basis, it may be difficult to relate these schemes to national plans or guidelines for particular sectors or services.

It is possible to identify various essential elements which are required for the development and implementation of regional policies and indicate progress in establishing suitable procedures and mechanisms for their achievement. A list of some important features of a regional policy system would include:

- the existence of institutions, procedures and conditions which facilitate the formulation and expression of a regional viewpoint regarding development, having regard for the national interest;
- the existence of institutions, procedures and conditions which facilitate the formulation and expression of a national viewpoint regarding development, having regard for regional interests;
- the availability of procedures for reconciling and dealing with conflicts concerning objectives and strategies for development be they among central government agencies, among regional organisations and institutions, or between regional and central government;
- the existence of procedures which ensure that sufficient cooperation and coordination are achieved among different levels of government to enable the efficient implementation of local, regional and national policies.

One real problem to be addressed in ensuring that the "national interest" is considered - is how the "national interest" can be defined more precisely so that it does not provide a convenient excuse for central government to oppose regional plans and proposals.

Detailed consideration of these features and the extent to which they are part of today's policy environment reveals a number of serious shortcomings. Units of government with mandatory responsibility for regional planning are still being set up under the Local Government Act and the drawing up of regional planning schemes under the broader provisions of the Town and Country Planning Act 1977 has not even commenced in many areas. Thus, it is far too early to test the extent to which this legislation will allow a coordinated regional strategy to be decided.

It is unfortunate that existing regional development councils - which have an advisory function to central government - are not formally linked to the regional or united council which has responsibility for regional planning. Many regional development councils have completed or are preparing regional resource surveys which are aimed at highlighting the development potential and problems of their regions and they should be linked formally to united or regional councils. To some extent the term resource survey is inappropriate as the more comprehensive of these documents which have emerged provide a basis for a regional development strategy. In Northland, working relationships have developed between the Northland Regional Development Council and the Northland Regional Planning Authority, which committed its resources to assisting the Council in the preparation of its survey. Yet here and in other areas, tensions have developed over the role which regional development councils can play in the regional planning process.

The prospect of developing regional strategies with due regard for both the national and regional interests is improved in light of the new planning procedures. However, a strong commitment to regional planning by all participants is needed to make it work. Proposals such as the National Development Act have raised doubts as to the ability of the regional planning process to have sufficient influence on the economic and social development of regions. While there may be a convincing case for the need to streamline planning procedures, that case must apply to all proposals. Major projects are likely to have profound impacts on particular regions and so efforts must be made to devise a set of procedures which can operate satisfactorily as a screening device for all proposals.

Some progress has been made in establishing mechanisms to ensure the coordination of policies at various levels of government. Mention has already been made of the provisions which bind the Crown to approved regional planning systems. The Minister of Works Development will initiate consultations among relevant central government departments on proposed schemes and district offices will play a prominent role in ensuring that planning authorities make adequate provision for Government works and services. However, there are many other areas of Government policy with critical regional implications and so the active participation of these other departments will be necessary to fulfil the objectives of the Town and Country Planning Act. For these reasons, a strong case can be made for the establishment of formal links between regional or united councils and representatives of central government departments.

The lack of a coherent regional development strategy is, in fact, complemented by the absence of a comprehensive national development strategy. Objectives in so far as they are defined at the national level are discussed in separate compartments - economic, social, environmental, cultural and those development strategies which do exist are based primarily on a sectoral approach. Such cooperative planning ventures as have been undertaken between central government and regional bodies have been ad hoc exercises in response to particular problems (Northland Area Health Board Pilot Scheme, King Country Land Use Study, the Auckland joint ARA-MWD study of the costs of growth).

It is only by adopting one of these perspectives or by choosing to consider the activities of particular sectors that it may be possible to deduce some implications of national policies for particular regions. However, sector plans are often lacking the level of regional detail which would make them a useful statement of the implications of national objectives for particular regions. Few central government departments apart from the Ministry of Works and Development have a long-standing tradition of working in close cooperation with local authorities at the district level. Therefore planning procedures by central government departments will require substantial modification if there is to be a meaningful input from central government at an early stage in the preparation of regional plans. The Planning Council's paper on linkages between national and regional planning canvasses some possible changes in the organisation of government departments and planning procedures which deserve consideration. Such changes may be essential if regional planning and regional development policies are to be based on better coordination and communication among the various levels of government. They will facilitate dealing with any conflicts concerning objectives and strategies for development and enable strategies and plans to be implemented more efficiently and effectively.

SELECTED REFERENCES

- Auckland Regional Authority (Community Development Department),
Migration into Auckland, 1978.
- M. Bradford, "National Policies Towards Regional Development",
in G.W.A. Bush and C. Scott (eds), Auckland at Full Stretch,
Auckland City Council and the University of Auckland, 1977,
pp. 181-87.
- A.J. Brown, "Surveys of Applied Economics: Regional Economics, with
Special Reference to the U.K.", The Economics Journal, LXXIX, 1969.
- A.J. Brown and E.M. Burrows, Regional Economic Problems: Comparative
Experiences of Some Market Economies, London: George Allen &
Unwin, 1977.
- A. Emanuel, Issues of Regional Policies, Paris: OECD, 1973.
- S.H. Franklin, Trade, Growth and Anxiety: New Zealand Beyond the
Welfare State, Wellington: Methuen, 1978.
- N.M. Hansen, Public Policy and Regional Economic Development: The
Experience of Nine Western Countries, Cambridge, Mass: Ballinger,
1974.
- L.D.B. Heenan, "Internal Migration: Inventory and Appraisal", in
C.J. O'Neill and R.W.J. Neville, The Population of New Zealand,
Australia: Longman Paul, 1979.
- S. Holland, The Regional Problem, London: Macmillan, 1976.
- R.J. Johnston, "But Some are More Equal...Who Gets What, Where and
How, in New Zealand", Geography, 1975, Vol. 60, Part 4, pp. 255-68.
- T.K. McDonald, Regional Development in New Zealand, New Zealand
Institute of Economic Research (Inc), Wellington, 1969.
_____, Regional Development Rejoined, Discussion Paper No. 15,
New Zealand Institute of Economic Research (Inc) 1972.
- National Development Council, Regional Development in New Zealand,
Wellington: Government Printer, 1971.
- New Zealand Planning Council, Planning Perspectives 1978-83, Wellington:
The Council, March 1978.
_____, Economic Strategy, Wellington: The Council, January 1979.
_____, Planning and the Regions - A Memorandum for Ministers,
Wellington: The Council, April 1980.
- C.J. O'Neill, "Regional Policy Implications of Recent Population
Trends in Developed Countries with Special Reference to a
New Zealand Model", Paper presented to Annual Meeting of New
Zealand Demographic Society, Wellington, New Zealand,
30 June-1st July, 1978, 21 pp.

Organisation for Economic Cooperation and Development, Reappraisal of Regional Policies in OECD Countries, Paris, 1974.

_____, Regional Problems and Policies in OECD Countries, Vols. I and III, Paris, 1976.

H. Richardson, The Economics of Urban Size, Farnborough, Saxon House, 1973.

_____, Restrictive Regional Policy Measures, Paris, 1977.

D.T. Rowland, "Internal Migration Between Statistical Areas of New Zealand 1966-71", New Zealand Geographer, 32: 1976, pp. 160-76.

Social Indicators Section, Department of Statistics, Provisional List of Social Indicators, Wellington: July 1978.

F. Stilwell, Regional Economic Policy, London: Macmillan, 1972.

Task Force on Economic and Social Planning, New Zealand at the Turning Point, Government Printer, December 1976.

M.J. Taylor, "Dimensions of Regional Economic Health in New Zealand", Pacific Viewpoint 1976, pp. 37-48.

G.A. Town, Policies for Regional Development in New Zealand, New Zealand Institute of Public Administration, Study No. 17, 1972.

J.W. Wood, "Spatial Distribution Within New Zealand's Economy: Toward a National Objective", paper presented to 49th Congress ANZAAS, January 1979.



A038399B