The importance of place
A cities and regions view of wellbeing

As we have been exploring in this State of the State article series, the Treasury’s Living Standards Framework (LSF) provides an opportunity for a more holistic and genuinely New Zealand-centric picture of how we are tracking as a nation, but where does regional wellbeing fare in all this?

This article is a conversation starter for why regional wellbeing matters and how we can enhance it. We examine the basis for focusing on regional wellbeing, the disparities in wellbeing across and within the regions themselves and possible next steps to improving regional wellbeing.

In New Zealand we use multiple regional boundaries depending on the context, such as electoral, regional council and district health boards. In this article, we define a region as any subnational area that is appropriate for dealing with local issues - in other words a region could be a local community, a metropolitan area or an area defined by its economic importance.
How is a subnational lens relevant to wellbeing?
The overall aim of a wellbeing approach to policy-making is to improve the lives of current and future generations of all New Zealanders; that is, to promote improved policy-making that helps people, place and the planet.

There has been growing awareness that we must go beyond using GDP as a measure of wellbeing to get a fuller understanding of how society is doing, and this is reflected in the LSF and preparation for next year’s first Wellbeing Budget. To date, discussions about the four capitals (human, social, financial/physical and natural) that underpin the LSF have focused only on national wellbeing.

So why focus on regional wellbeing? Because regardless of how well our living standards as a nation improve, we need to understand what is going on behind the national figures. Comparable measures of regional wellbeing offer a way to gauge what policy works where, and can empower a local economy to act to achieve better results.

A growing body of local and international research recognises that where people live matters to their wellbeing. According to the OECD, making a local region a better place to live is a requirement in improving people’s lives. Revealing the divergences in, and sources of, wellbeing at a regional level can identify the determinants of better lives and more effective policies.

The direct influence of place on our wellbeing is obvious, with physical attributes like climate, geology, topography and accessibility clearly affecting the material living standards of people who live there.

Place affects wellbeing indirectly as well. The activities, attitudes and character of the people who live in a place make it attractive (or unattractive) for others to live there too. Research shows that we also tend to value the experience of living in a place independently of our material needs.

Relationships we form with our neighbours and with the surrounding landscape nourish our sense of belonging. In the paper Subjective Wellbeing and the City, Professor Philip Morrison of Victoria University of Wellington says that although much of our subjective wellbeing (that is, how we feel about where we live) is determined by objective measures – health, age, employment status, income, family and household relationships – the town where we live may also contribute to our wellbeing.

Changes in wellbeing through time reflects the evolution of regions. While the New Zealand population overall continues to grow, some of our more outlying provinces or rural areas are nearing stagnation or shrinking. Between 2006 and 2013, young people flocked to the cities for education and work opportunities, while populations outside the cities grew old. At the same time, the decline in New Zealand-based manufacturing and lower export prices hit some provinces the hardest. Many of these issues remain today.

In The Inequality Debate; the neglected role of residential sorting, Morrison says: “The way we organise ourselves geographically may contribute to how unequal we are, as well as how unequal we may become in the future.”

He points to the externalities (third-party consequences) that occur when people are located next to each other, but also how people with similar social characteristics co-locate. 90% of all affluent areas in New Zealand are located in Auckland, Wellington or Christchurch. But these areas are also home to people from very low socio-economic backgrounds, and so even in the big cities, the presence of larger numbers of wealthy households will often mask the presence of those who do not have high standards of living.

State of regional wellbeing
The OECD regional wellbeing report found that although that New Zealand regions perform relatively well in all dimensions, large disparities are observed in some. For example, our regional health disparities are the second highest among OECD countries, with the Auckland Region ranking in the top 20% of the OECD regions and the Gisborne Region in the bottom 20%. Some of the indicators of wellbeing that could be used to measure outcomes under the LSF serve to highlight regional wellbeing disparities. The regional wellbeing infographic brings to life some of these disparities across the four capitals, overlaid on population density. The indicators used are illustrative only, to demonstrate the variation in wellbeing across New Zealand. For this purpose we have chosen to use the indicators described below.

Financial: Household incomes. In 2017, the median household income in New Zealand was $82,300. The Wellington region recorded the highest median household income at $98,600, followed by Auckland region at $92,700. While Northland recorded the lowest median household income at $60,300, followed by Manawatu-Wanganui at $64,700 and Southland at $67,500 and Gisborne at $71,300.

Human: Education. The Wellington region has the highest proportion of people with a level 7 qualification or above (28% of the working age population). While the West Coast has the lowest proportion (10%) of people with at least a level 7 qualification.

Natural: River quality. Fresh water is a sought-after commodity and is also at the heart of our culture and identity as New Zealanders. River quality differs significantly across our regions. Generally, water quality tends to be higher where population size and density are lower but industry and primary sector activity also has an impact, as does hydroelectricity generation. The Auckland region has zero rivers rated “good to excellent” in terms of quality, while that figure is more than 90% in the Nelson, Tasman and Marlborough regions.

Social: Crime rates. MBIE’s regional economic wellbeing tool highlights wide regional disparities in households becoming victims of crime. In 2017, rates of crime victimisation were almost 300% higher in the Hawkes Bay region (with 801 per 10,000 people) compared with the Otago region (280). The national average was 467. For the purposes of the infographic we have inverted the crime victimisation statistics as a proxy for “personal safety”.

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Rising income and wealth disparity, increasing polarisation of societies and an aging population are all known risks to living standards, and will affect each region across New Zealand differently.

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Regional wellbeing disparities

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Perceived quality of life
Interestingly measures of how people perceive their wellbeing, such as how people feel about where they live do not necessarily align with more quantitatively defined indicators of wellbeing such as those described above. Although cities tend to have higher average incomes and better access to job opportunities, literature finds that self-reported measures of wellbeing do not necessarily correspond with affluence.13

Quality of life measurement can also highlight disparities within regions themselves. Responses to the Quality of Life Survey reflect people’s perception of their material wellbeing as well as their perception of other more difficult to measure aspects, such as sense of community or pride in their community.

On average, participants in the 2016 survey rated their overall quality of life as good or extremely good, ranging from 78% in Christchurch to 87% in Porirua.14 The overall distribution of answers within each city differ according to region, but not significantly. Christchurch had the highest proportion of people rating their overall quality of life as poor or extremely poor.

Financial wellbeing was the highest cited reason for poor quality of life in Hamilton, Wellington and Auckland. In contrast, concerns about poor health wellbeing was the biggest problem in Christchurch. People in Wellington were concerned about poor housing conditions and costs, likely reflecting high rental costs in the city – a key driver of financial hardship. Dunedin residents reported local area issues such as the location of their home as key reasons for poor overall quality of life.

Other questions of wellbeing within the Quality of Life Survey are less well aligned with material wellbeing and yield more varying results within and between cities in a region. The graph below shows the distribution of responses to the question “I feel pride in the look and feel of my city”. The disparity of results was much greater. For example, people in Porirua city more likely to disagree with this statement than people in Wellington city, despite the overall quality of life rating placing Porirua above Wellington.

Morrison argues in his paper Pride in the City that the level of pride people report reflects the emotional, financial and/or cultural stake they have in their city’s success through investment, ownership or membership. In other words, it could be a good indicator of social cohesion, or the lack of it.

“Pride is not simply another measure of wellbeing - it is an emotion that results from having a stake in someone, something, or some place. The opposite of pride is shame, which also depends on stakeholding.”15

These indicators highlight the disparities across and within regions and show that living standards can affect each region and community differently.

The graph below shows the distribution of responses to the question “I feel pride in the look and feel of my city”
What can we do to make regional wellbeing better?
A good starting point is to consider three driving forces in regional economic development: people, technology and governance. Deloitte Access Economics previously identified these key forces that interact to catalyse a place’s prosperity in The Purpose of Place Reconsidered.16

People. People are the basic ingredient of wellbeing and need to be present in appropriate numbers and with appropriate skills and experience. People care about more than their material circumstances: a well-paid job is very important, but there’s more to life. The quality of our relationships, social connections, health, personal safety and the environment all matter for our wellbeing. People move to and from and within regions. When they come, they bring their unique capabilities, attitudes and aspirations; when they go, their future contribution is lost to that place and to the people, communities and businesses that remain.

Technology. Technology can help people live more comfortably in close proximity, can aid a sense of connectedness in regions and can partially substitute for physical proximity. The implications of technology for regional wellbeing are profound – from the design of houses, offices and public buildings to the operation of city-wide infrastructure networks; from daily work routines to the delivery of goods and services.

Governance. Good governance strikes a balance between individual and collective decision making so that government occurs with the consent of the governed. Reconciling collective and individual choice is the essence of governance. Striking the right balance is essential to winning the consent of the governed when collective choices clash with individual preferences.

For these key driving forces to interact effectively to enhance wellbeing requires a collaborative effort. It needs people, businesses and governments to work together.

Looking ahead to next year’s Wellbeing Budget, we hope to see the Government apply wellbeing indicator tools effectively to ensure appropriate allocation of resources across regions to optimise regional wellbeing. Central government has a role in addressing issues such as housing affordability, crime and imprisonment rates, access to health and other support services, employment conditions, protecting and enhancing the environment, and support for regional authorities, businesses and non-for-profits.

To enable policy to effectively consider people and regions who are at most risk of experiencing low levels of wellbeing, in our view the Government needs to apply a subnational lens to the use of wellbeing measures. Evidence-based localised policy is a key to reducing inequality and creating more ‘haves’ and fewer ‘have-nots’.

We would also like to see government agencies collaborate more closely with parties located in the regions around policy development and implementation. This need for co-created, adaptive policy was explored in Article 5 in this series, where we discussed how such policy facilitates trust, ownership, shared risk and pathways to innovation.

Local government also affects the wellbeing of its residents through the provision of resources and services such as community activities, events and shared spaces, infrastructure and public transport that links people to jobs and communities, support for business start-ups, non-for-profit and community initiatives, provision of social housing, environmental beautification and a responsive building consent process to improve housing affordability. All these services impact on people’s pride in their community, which impacts on social cohesion and wellbeing.

Our businesses can improve regional wellbeing by investing at a local level where commercially viable: locating key facilities, creating jobs, being suppliers of infrastructure and services, as well as working with local government and other parties to attract residents, workers, visitors and customers. Good employment conditions and higher wages, in particular, can start a chain of positive effects on an individual’s wellbeing.

Individuals, too, have some control over their own and others’ wellbeing. A person’s contributions to their own relationships, jobs and local non-for-profit and community groups all have an impact on individual and community wellbeing. However, the extent of this contribution is greatly influenced by place and access to services and resources.

In the future, we will hopefully see all the actors above collaborating to define regional needs and work out ways of meeting them. This would help New Zealand reach a point where the quality of its natural capital is less variable, and the location of a person’s residence does not negatively influence their educational, financial, social and health outcomes.

Evidence-based localised policy is a key to reducing inequality and creating more ‘haves’ and fewer ‘have-nots’.
End notes


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Article 9 coming soon

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