

Local Authorities Rankings 2013

BERL Regional Rankings Series

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Background

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1 Introduction

The *BERL Regional Rankings Series*, and the accompanying reports, provide a comparative measure of the economic performance of New Zealand's 20 cities, 66 local authorities, and 14 regions. The overall rankings of each city, district and region provides information that:

- Local authorities and regions can use to monitor their performance relative to their peers, and identify areas of interest.
- Businesses can use to identify areas of growth and decline.
- The Government can use to inform national economic policies, and identify where activity is occurring.

Economic growth is important for all New Zealanders. Economic growth provides us with the opportunity to increase our standard of living through improvements in income, education, health, and the environment. Higher living standards also positively impact on our social and cultural well-being.

The regional rankings series illustrates at a high-level how cities, local authorities, and regions compare relative to each other. To target regional economic development activity and put in place effective interventions, however, a more detailed level of analysis is required. This type of analysis would consider absolute values and the quantum of change across economic indicators, rather than comparative differences.

1.1 Key performance indicators

The economic indicators that are examined include population, employment, Gross Domestic Product (GDP), and business units. Together, these economic indicators are termed key performance indicators. They are calculated in the short and medium-term, which are one and five year snapshots respectively.

The Relative Openness Index is used to measure the trade integration of the 14 regional economies. This measure focuses on the export and import of goods and services from and to a region, and whether a regional economy is balanced or leaning towards more export-focused sectors.

1.2 BERL Regional Database

The economic indicators used in the regional rankings series are taken from the BERL Regional Database. This database contains economic indicators at a local authority level broken down by industry sector.¹ The database is built from publicly available data from Statistics New Zealand including the NZ Business Demography statistics, the Household Labour Force Survey, the National Accounts, and the sub-national Population Estimates. The data is for the March 2013 year.

The BERL Regional Database is used by BERL to support businesses, councils and economic development organisations throughout New Zealand. The focus of much of this regional economic development work is in identifying change in economic activity, and measuring the performance of regions.

¹ Indicators include population, employment, GDP, Businesses – number and size. These can be used to identify further measures including GDP per capita, labour productivity, and location quotients. Data can be broken down into industry groupings at the ANZSIC 2006 4-digit level (506 industries).

1.2.1 Database revisions

In 2012, revisions were made to the BERL Regional Database to remove the distortion to GDP from the ownership of owner-occupied dwellings. This resulted in less variation in GDP year-on-year, particularly for small districts where a slight shift in employment in property services (the broader grouping within which ownership of owner-occupied dwellings sits) often resulted in significant changes in GDP. In 2013, we have again reviewed and removed the distortion to GDP from the ownership of owner-occupied dwellings.

1.3 Caveats

The BERL Regional Rankings Series and the accompanying reports are a desk-based exercise. Where possible, BERL has verified the underlying data and where appropriate, overridden the data based on our general knowledge and understanding of an area or region. However, BERL has not verified all changes in economic activity in an area or region nor have we identified why the changes have occurred.

1.4 Format of the report

This report is one of four reports in a series entitled, *The BERL Regional Rankings Series*. This report is organised into four chapters, with an explanation of the terms used and how the indicators are used to rank each city, district and region in the appendix. The next three chapters discuss the rankings of the local authorities, the top 10 local authorities in 2013, and the macro-economic environment that these rankings have occurred within, with commentary on national and international influences.

2 Local authorities

Regional, city and district councils are all local authorities. Local authorities were formed in 1989 when a review was undertaken by the Local Government Commission on the roles, responsibilities, powers and accountabilities of local government. At this time, approximately 700 councils and special purpose bodies were amalgamated to create local authorities. There is huge variation in the size, scale and activity of local authorities, which can have an impact on their role and responsibilities, and economic performance.

A territorial authority is a city or district council. There are 67 territorial authorities in New Zealand, including 12 cities, 53 districts, Auckland Council, and Chatham Islands territory. Each territorial authority is tasked with encouraging the four well-beings of their community – economic, social, cultural and environmental.

2.1 The 2013 rankings

In 2013, eight out of the top 10 local authorities were in the South Island, with the Selwyn District remaining in the top spot for the second year in a row. The Ashburton District maintained its top three ranking but slipped to third place ranking while the Waimakariri and Hurunui Districts gained placing's within the rankings with employment and population growth in 2013.

There were three new entrants in the top 10. This year, the South Wairarapa District joined the top 10, with an increase in the rankings of 36 places. This was driven by strong employment growth. The other new entrants were the Central Otago and Carterton Districts, which both experienced population and employment growth throughout 2013.

The Waikato and Mackenzie Districts both moved out of the top 10 rankings. The Waikato District was the biggest moving, decreasing to be ranked in the mid-30s. A decrease in employment in the food product manufacturing sector impacted on this District in 2013.

The Christchurch re-build continues to impact on the rankings, with ongoing population growth in districts surrounding Christchurch City. Whether this continues depends on the re-build, and whether changes are permanent or temporary. Overall, Christchurch City improved its rank in 2013, up 26 places from 58 to 32 in 2013.

2.1.1 Influences on the 2013 rankings

Major factors influencing the 2013 regional rankings results have been:

- Large increases in the amount of GDP generated by the primary industry.
- Employment growth or decline in the manufacturing industry.

Local authorities whose economies are predominantly based on the primary sector and the further processing of meat and dairy products have experienced mixed fortunes this year. For example, Matamata-Piako District and Gisborne District moved up the rankings 14 and 12 points respectively due to an increase in GDP from the food product manufacturing sector. In contrast, Waitaki District dropped 11 points, Hauraki District dropped 24 points, and Gore District dropped 25 points in their rankings due to a decrease in GDP and employment in the meat processing sector.

An increase in output from the dairy sector favourable influenced the rankings of Palmerston North City and Westland District. However, the Waikato District dropped 34 points due to decrease in employment in the cheese and other dairy product manufacturing sector.

Large increases in the amount of GDP generated by the primary industry were due to improved commodity prices and production levels in the year to March 2013. However, the warm, dry conditions experienced at the beginning of 2013 have impacted substantially on the primary and manufacturing industries.

The Ministry of Primary Industries (MPI) in their situation and outlook for the primary industries 2013 noted that, in the short term, farmers would carefully manage their livestock to ensure they maintained condition leading into calving and lambing, and work through pasture recovery issues. However, poor stock condition has impacted on the number and weight of livestock for slaughter throughout 2013, which in turn has impacted on export (manufacturing) sales volumes, and sheep and beef farmers' incomes. These changes are expected to show through in *The BERL Regional Rankings Series 2014*.

Table 2.1 Local authority rankings, 2013

BERL Local Authority Rankings	RANK				RANK		
	2013	2012			2013	2012	
Selwyn District	1	1	→	Gore District	34	11	↓23
Waimakariri District	2	3	↑1	Gisborne District	35	41	↑6
Ashburton District	3	2	↓1	Waikato District	36	8	↓28
South Wairarapa District	4	40	↑36	Tararua District	37	37	→
Hurunui District	5	6	↑1	Tauranga City	38	32	↓6
Queenstown-Lakes District	6	4	↓2	Hauraki District	39	7	↓32
Buller District	7	9	↑2	Whangarei District	40	45	↑5
Central Otago District	8	13	↑5	Rangitikei District	41	49	↑8
Waimate District	9	5	↓4	Hastings District	42	45	↑3
Carterton District	10	12	↑2	Horowhenua District	43	62	↑19
Mackenzie District	11	10	↓1	Stratford District	44	21	↓23
Tasman District	12	25	↑13	Western Bay of Plenty District	45	46	↑1
New Plymouth District	13	17	↑4	Taupo District	46	33	↓13
Auckland	14	20	↑6	Marlborough District	47	36	↓11
Timaru District	15	18	↑3	Masterton District	48	27	↓21
Matamata-Piako District	16	30	↑14	Lower Hutt City	49	53	↑4
Southland District	17	14	↓3	Waitomo District	50	52	↑2
Palmerston North City	18	55	↑37	Rotorua District	51	54	↑3
Clutha District	19	26	↑7	Dunedin City	52	51	↓1
Waipa District	20	16	↓4	South Waikato District	53	34	↓19
Westland District	21	47	↑26	Wairoa District	54	65	↑11
Otorohanga District	22	24	↑2	Napier City	55	48	↓7
Waitaki District	23	15	↓8	Wanganui District	56	64	↑8
Wellington City	24	23	↓1	Invercargill City	57	39	↓18
Kaipara District	25	28	↑3	Kaikoura District	58	60	↑2
Porirua City	26	42	↑16	Kapiti Coast District	59	56	↓3
Whakatane District	27	35	↑8	Grey District	60	44	↓16
Central Hawke's Bay District	28	19	↓9	Far North District	61	61	→
South Taranaki District	29	31	↑2	Thames-Coromandel District	62	57	↓5
Nelson City	30	38	↑8	Upper Hutt City	63	63	→
Opotiki District	31	50	↑19	Manawatu District	64	22	↓42
Christchurch City	32	58	↑26	Ruapehu District	65	66	↑1
Hamilton City	33	29	↓4	Kawerau District	66	59	↓7

source: BERL Regional Database 2013

While the rankings report compares the relative performance of sub-national geographic areas, it is useful to assess their performance within the context of the national and global economy.

Figure 2.1 Resident population growth, 2013

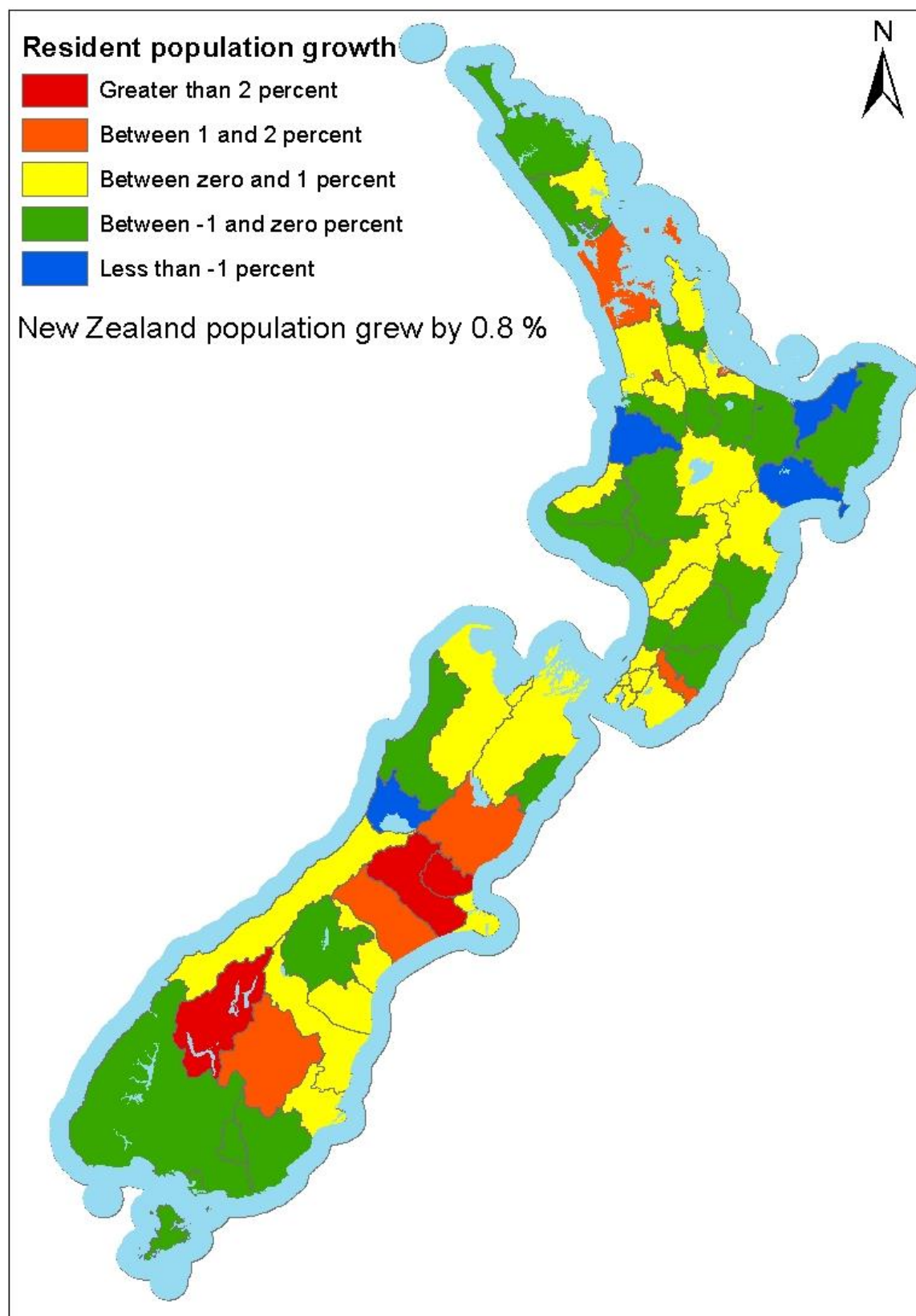


Figure 2.2 Employment growth, 2013

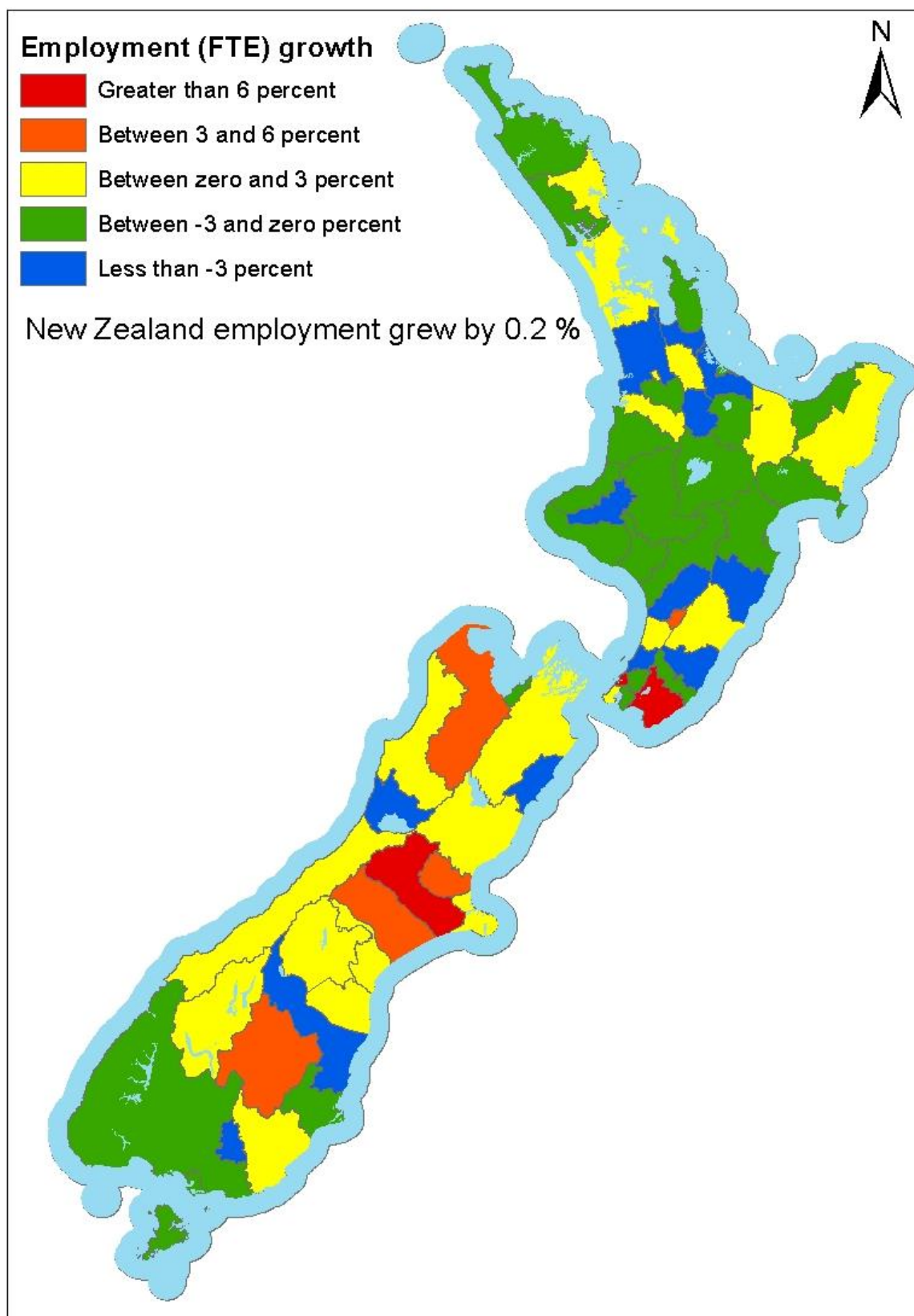


Figure 2.3 GDP growth, 2013

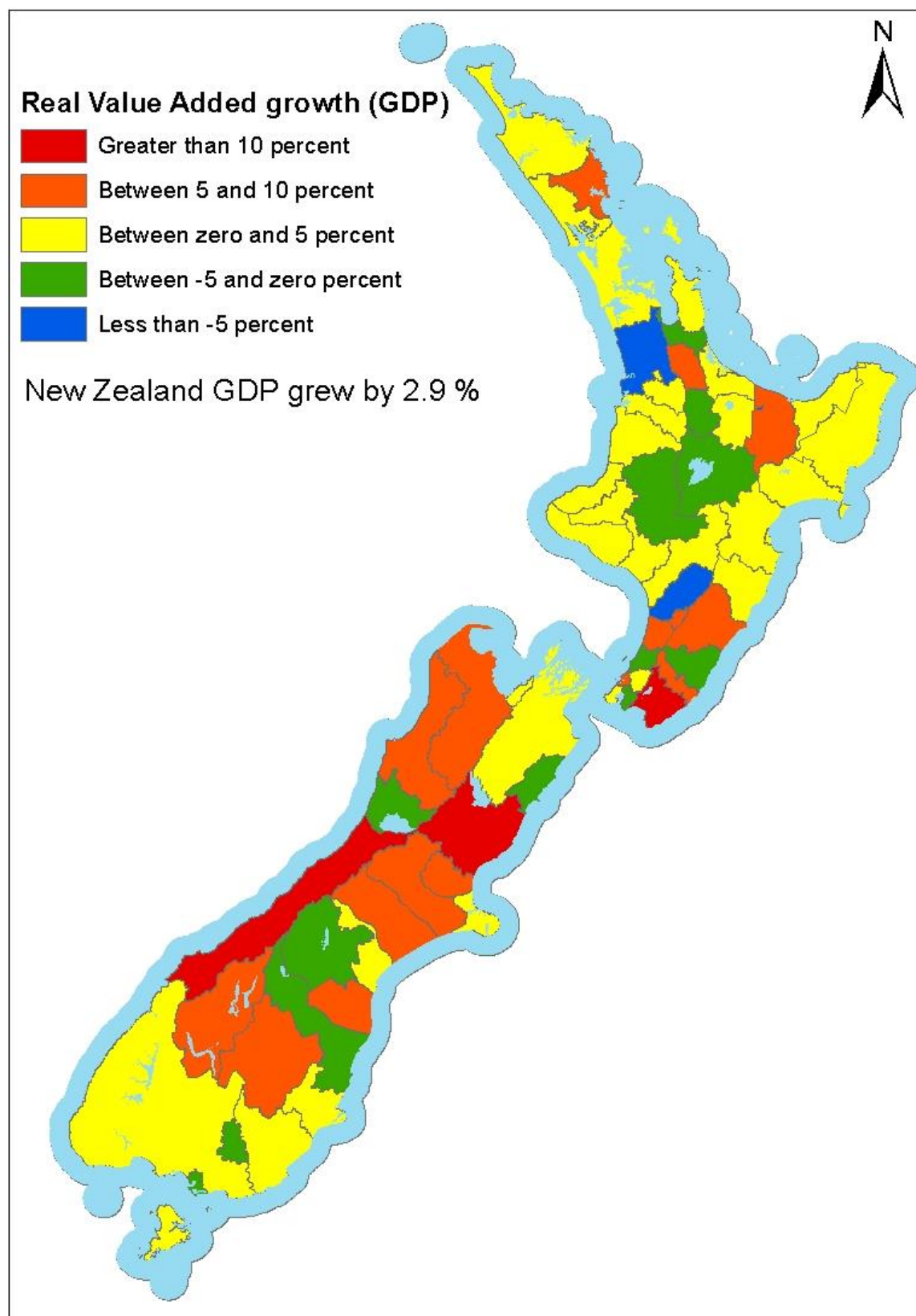


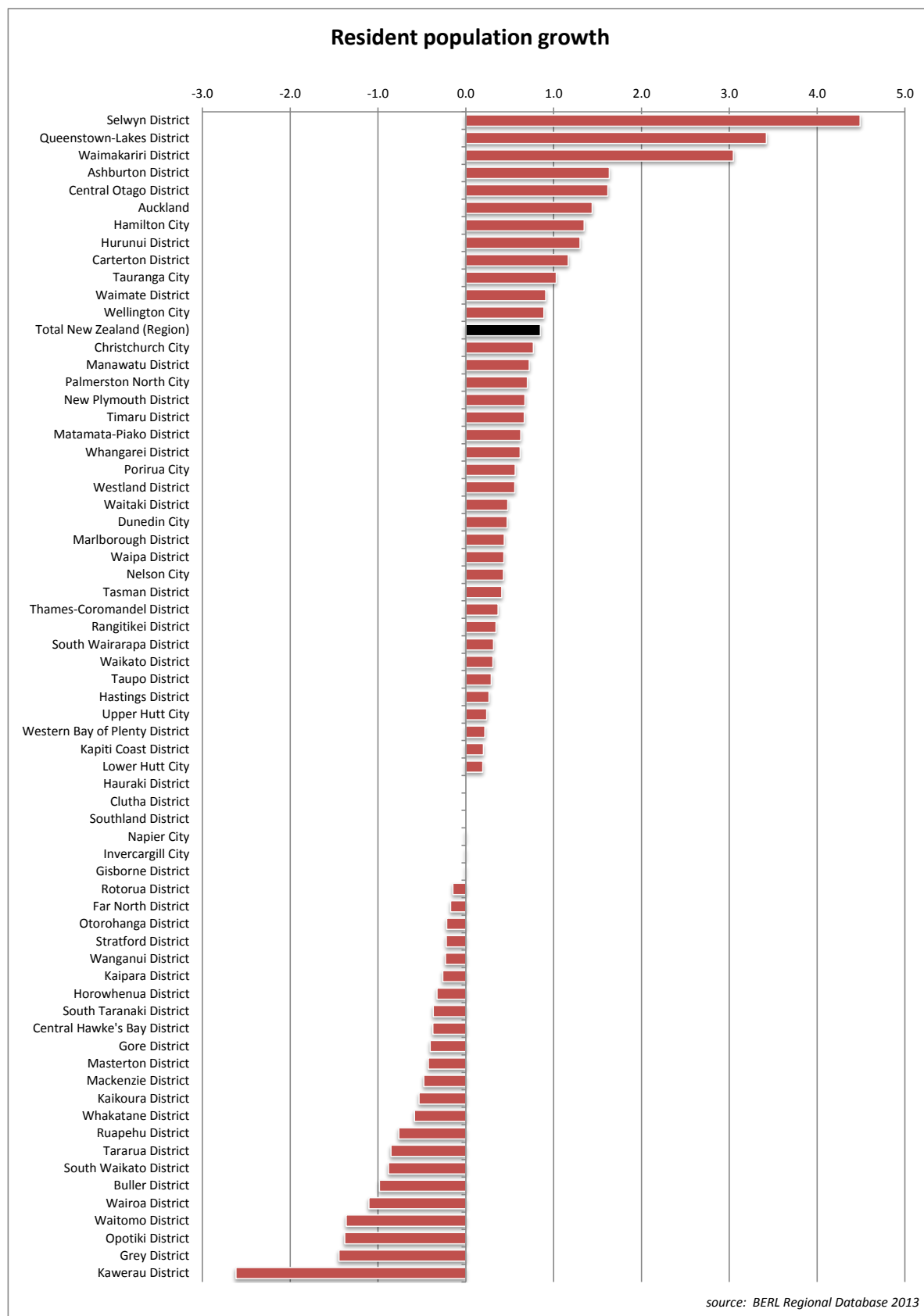
Figure 2.4 Resident population growth, by area, 2013

Figure 2.5 Employment growth by area, 2013

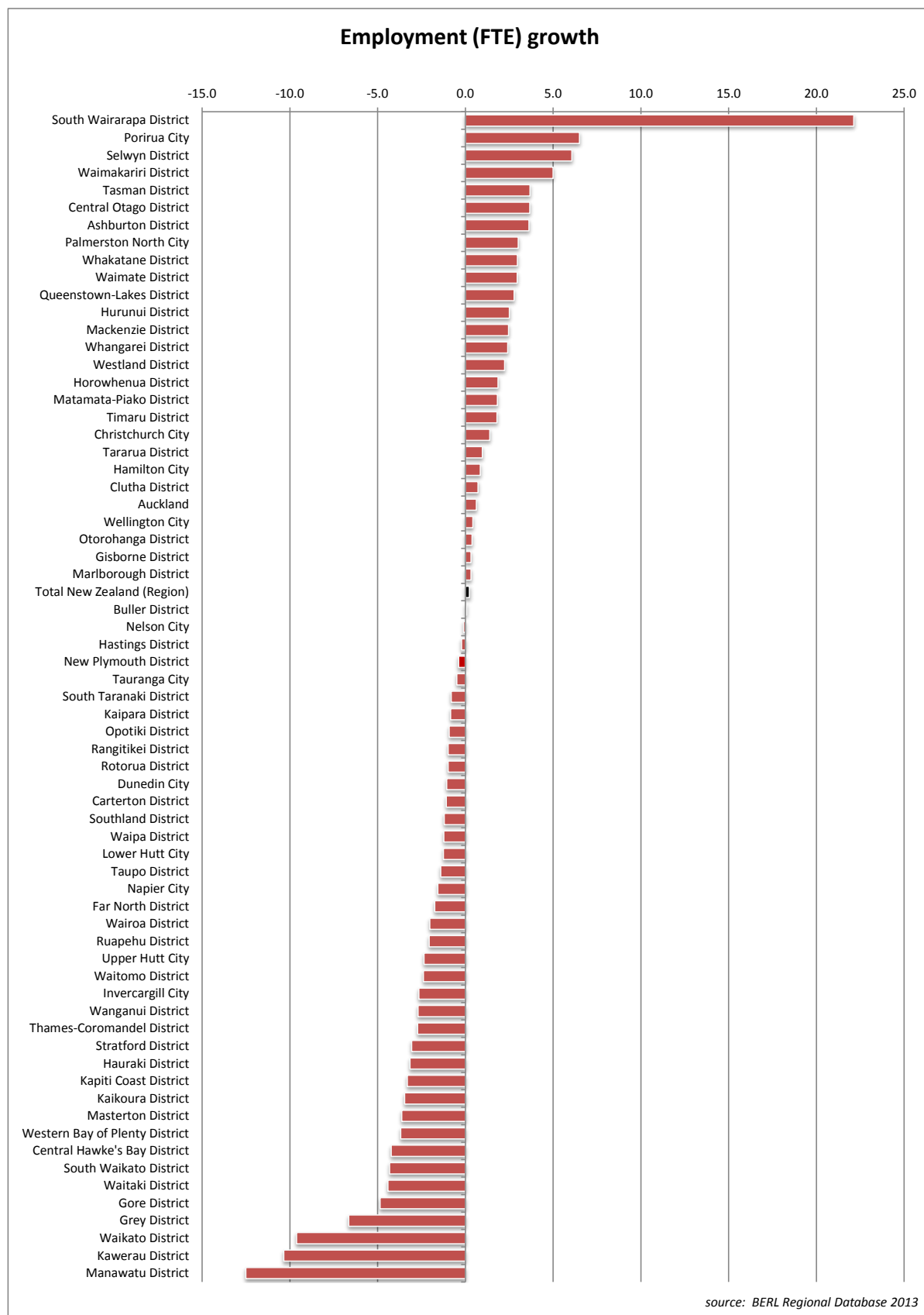


Figure 2.6 GDP growth by area, 2013

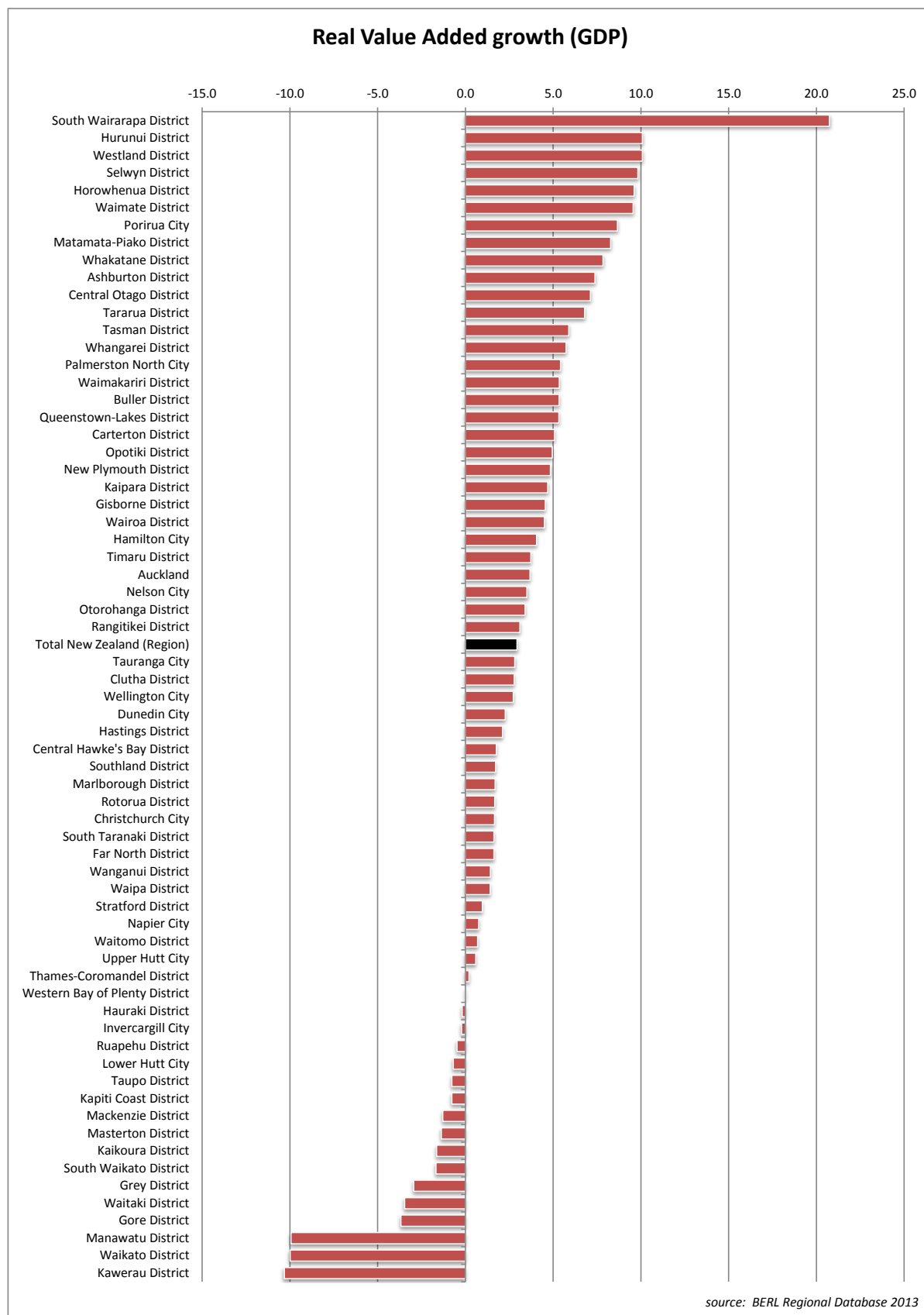


Figure 2.7 Business unit growth by area, 2013

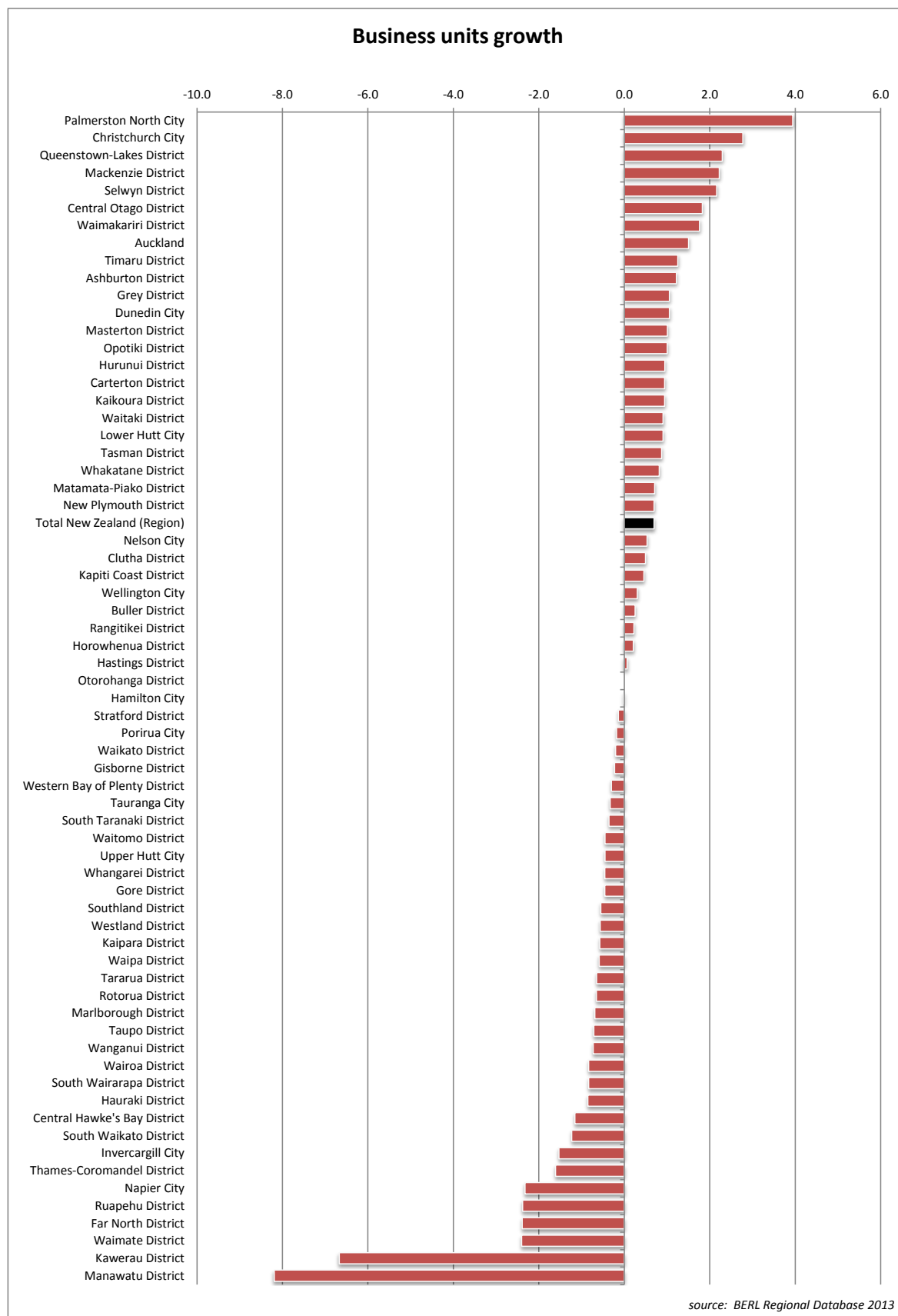


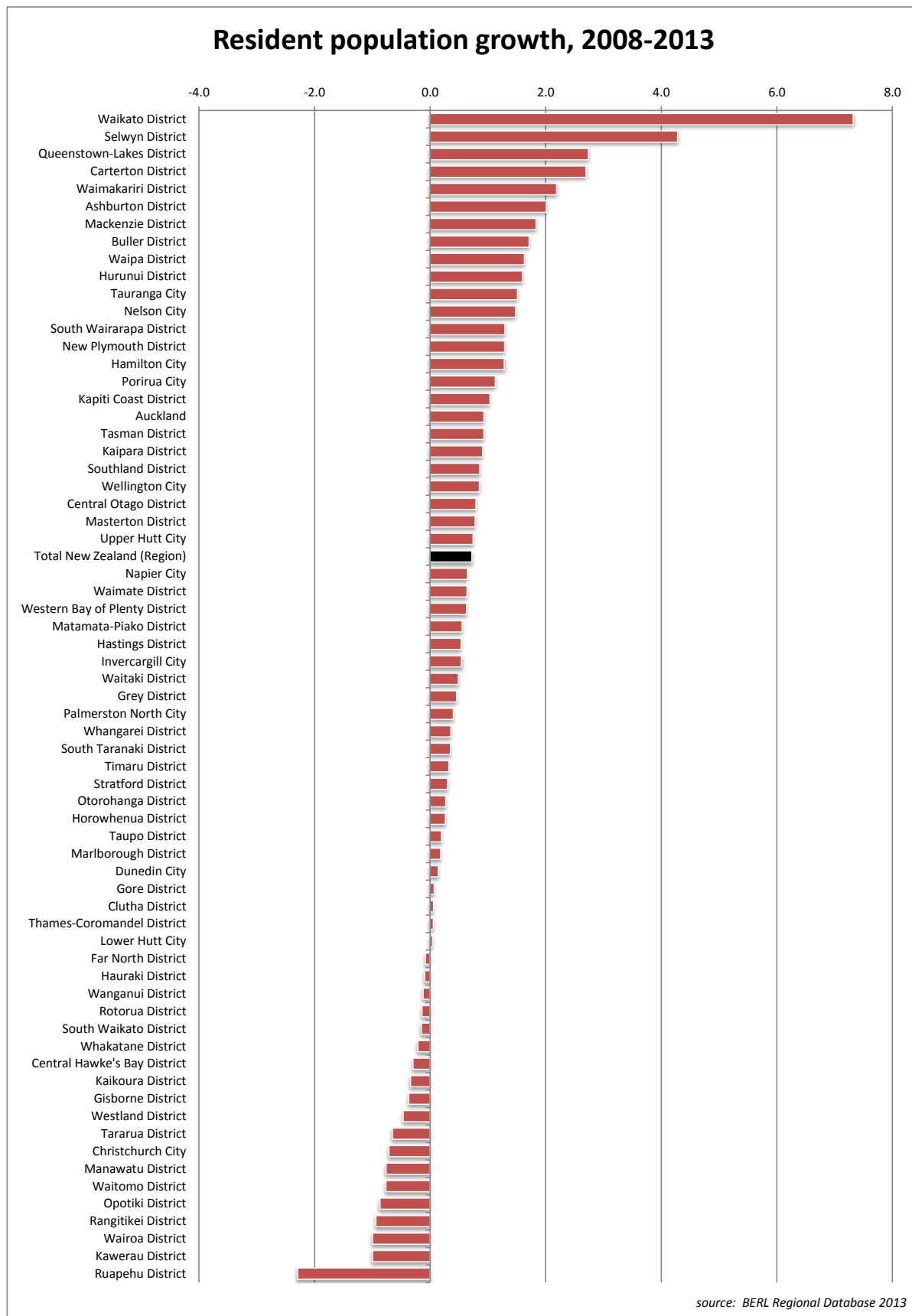
Figure 2.8 Resident population growth, by area, 2008-2013

Figure 2.9 Employment growth, by area, 2008-2013

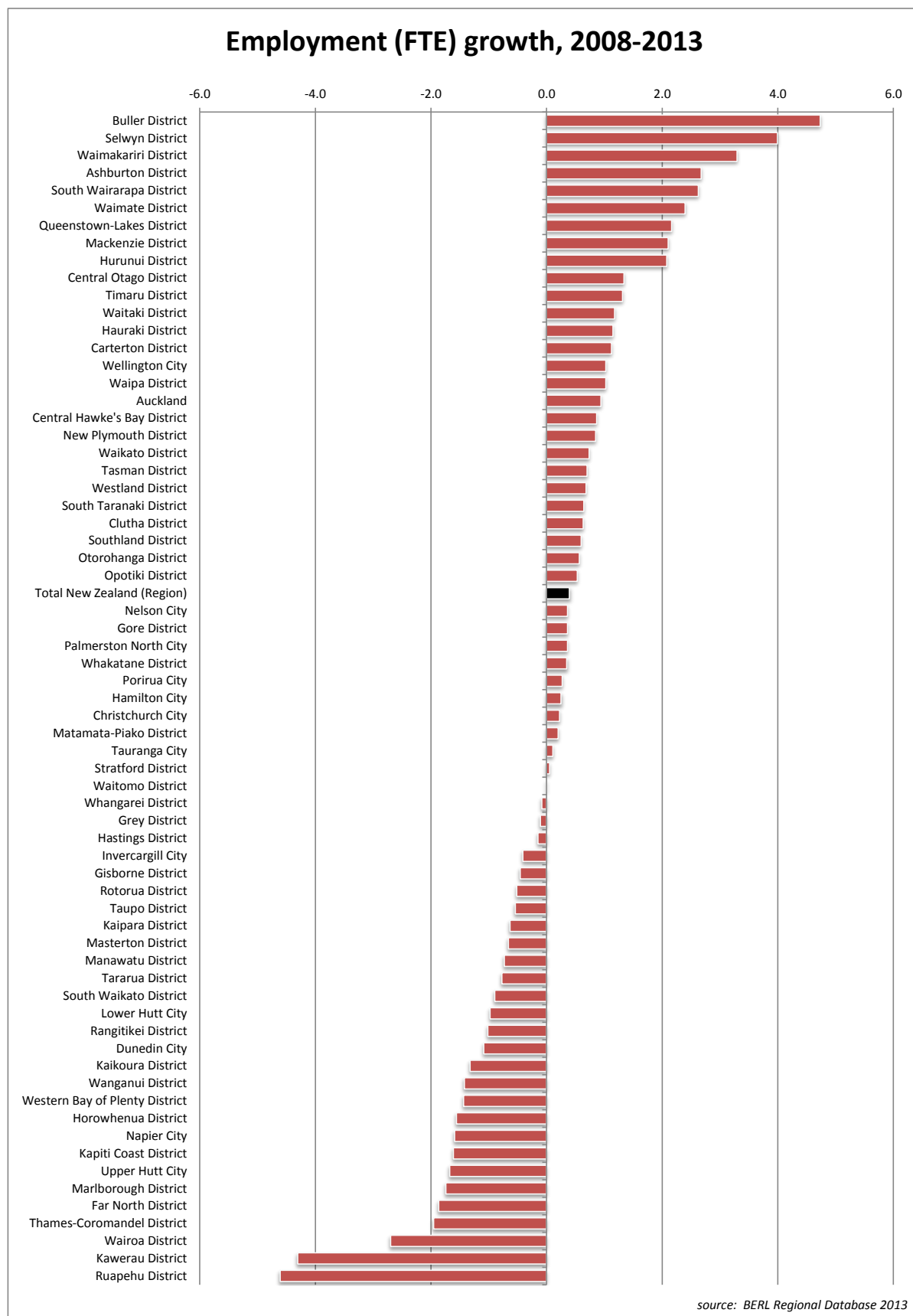


Figure 2.10 GDP growth, by area, 2008-2013

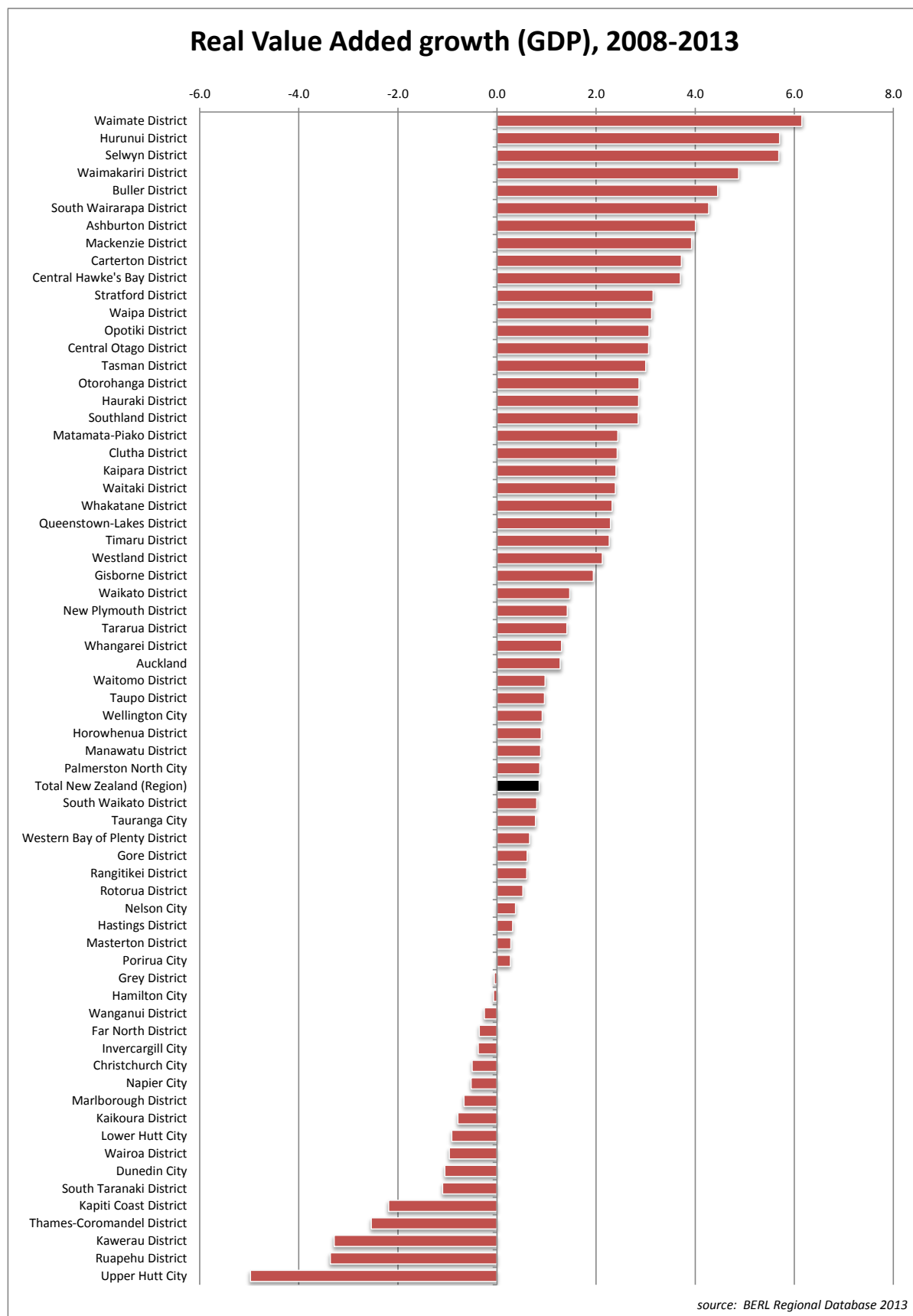
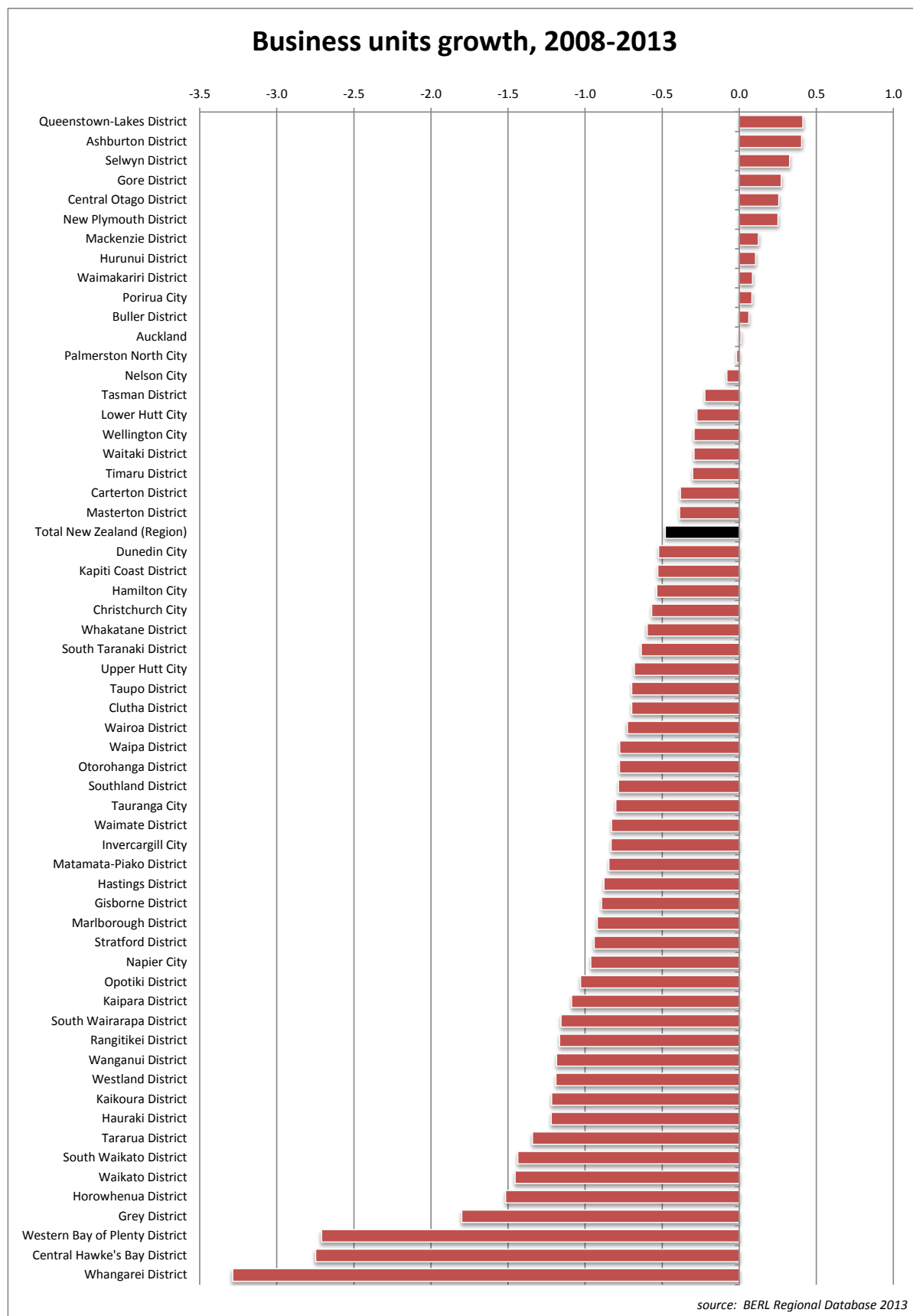


Figure 2.11 Business unit growth, by area, 2008-2013



3 The top 10 local authorities, 2013

3.1 Selwyn District

Selwyn District remained in the top spot in the 2013 rankings. In 2013, the resident population of the District grew by 4.5 percent, while employment grew by just over six percent. The District also had the highest rate of population and employment growth in the broader Canterbury Region during this period.

1st Selwyn District		
2013	Resident population grow th	1st
	Employment (FTE) grow th	3rd
	Real Value Added grow th (GDP)	4th
	Business units grow th	5th
	Relative openness index	37th
2008-2013	Resident population grow th	2nd
	Employment (FTE) grow th	2nd
	Real Value Added grow th (GDP)	3th
	Business units grow th	3rd
<i>Previous rank (2012)</i>		1st

The Selwyn District had the highest resident population growth in 2013, and over the last five years has had the second highest rate of population growth behind the Waikato District. Approximately 44,500 people now live in the Selwyn District. However, a more accurate resident population count will be available with the release of data from the 2013 Census of Population and Dwellings.

In 2013, approximately 15,200 FTEs were employed in the Selwyn District across 5,500 businesses. Ongoing employment growth in the construction industry and an increase in the number of jobs in the business services and manufacturing sector assisted this District to stay in the top spot.

Over the last five years, the resident population of the Selwyn District has grown, on average by 3.8 percent per annum, while employment has grown by approximately four percent per annum.

3.2 Waimakariri District

2nd Waimakariri District		
2013	Resident population grow th	3rd
	Employment (FTE) grow th	4th
	Real Value Added grow th (GDP)	16th
	Business units grow th	7th
	Relative opennness index	50th
2008-2013	Resident population grow th	5th
	Employment (FTE) grow th	3rd
	Real Value Added grow th (GDP)	4th
	Business units grow th	9th
<i>Previous rank (2012)</i>		3rd

Waimakariri District moved up a place this year to be at the number two spot in the 2013 rankings. In 2013, the resident population of the District grew by three percent, while employment grew by approximately five percent. The District had the second highest rate of population and employment growth in the broader Canterbury Region during this period.

In 2013, approximately 12,670 FTEs were employed in the Waimakariri District across 5,940 businesses. The largest sectors are retail trade and services, employing approximately 2,600 FTEs and construction employing approximately 2,490 FTEs. In addition, approximately 1,545 FTEs are employed in the agriculture sector in this District.

Over the last five years the District has had strong population, employment and GDP growth. The resident population has grown by almost two percent per annum while employment has grown by just over three percent. Just under 50,000 people now live in the Waimakariri District.

3.3 Ashburton District

3rd Ashburton District		
2013	Resident population grow th	4th
	Employment (FTE) grow th	7th
	Real Value Added grow th (GDP)	10th
	Business units grow th	10th
	Relative opennness index	20th
2008-2013	Resident population grow th	6th
	Employment (FTE) grow th	4th
	Real Value Added grow th (GDP)	7th
	Business units grow th	2nd
<i>Previous rank (2012)</i>		2nd

Ashburton District has maintained its top three ranking despite a hard year for the primary and manufacturing industries.

Together, these sectors account for 45 percent of the employment in the District. An estimated 16,230 FTEs were employed in the Ashburton District in 2013 and food product manufacturing and the agriculture sector are the largest areas of employment.

In 2013, employment grew by 3.6 percent in the District while the resident population grew by approximately 1.6 percent. These figures are higher than the medium-term performance of the District, where employment has grown on average by 2.7 percent per annum and the resident population has grown by 1.9 percent per annum, on average.

Overall, Ashburton has had strong performances over all the medium-term measures, as shown by their top 10 rankings. An increase in the number of businesses operating in the District, and subsequently employment growth, has been driven during this period by an increase in the number of businesses in the construction, business services, and wholesale and distribution sectors.

3.4 South Wairarapa District

4th South Wairarapa District		
2013	Resident population grow th	30th
	Employment (FTE) grow th	1st
	Real Value Added grow th (GDP)	1st
	Business units grow th	55th
	Relative openness index	26th
2008-2013	Resident population grow th	13th
	Employment (FTE) grow th	5th
	Real Value Added grow th (GDP)	6th
	Business units grow th	46th
<i>Previous rank (2012)</i>		40th

South Wairarapa District has entered the top 10 rankings in 2013 due to strong employment growth in the heavy and civil engineering construction sector. The relocation of a large company to this District has made a big difference to employment growth, with the number of FTEs growing by approximately 20 percent. This has also positively impacted on GDP.

Despite this one-off positive showing, over the medium-term employment and GDP has grown in the South Wairarapa District as shown by the top 10 rankings above. In the five years to 2013, employment in the District has grown, on average, by 2.6 percent per annum, while GDP has grown by 4.3 percent per annum.

The resident population has grown from approximately 8,765 in 2003 to 9,530 in 2013. The last five years has witnessed the biggest step up in population, with the resident population growing by approximately 1.2 percent per annum.

3.5 Hurunui District

5th Hurunui District	
2013	Resident population grow th 8th
	Employment (FTE) grow th 12th
	Real Value Added grow th (GDP) 2nd
	Business units grow th 15th
	Relative openness index 14th
2008-2013	Resident population grow th 10th
	Employment (FTE) grow th 9th
	Real Value Added grow th (GDP) 2nd
	Business units grow th 8th
<i>Previous rank (2012)</i> 6th	

Hurunui District has moved up a rank in 2013, from sixth to fifth place, rounding out our top five local authorities. Hurunui District has a population of approximately 11,500, and employs 4,400 FTEs.

In 2013, an estimated \$410 million in GDP was generated across 2,525 businesses. The largest area of employment is the primary sector, particularly dairy farming. Good returns to dairy farmers in this District led to a strong performance in GDP growth. The District ranked second in this performance indicator in 2013.

In 2013, the resident population grew by 1.3 percent while employment grew by 2.5 percent. This population growth is slightly below the medium average of 1.5 percent per annum. In the five years to 2013, employment in the Hurunui District grew by an average of 2.1 percent per annum. This growth has been driven by the business services, wholesale trade and distribution, and construction sectors.

3.6 Queenstown-Lakes District

Queenstown Lakes District was the second fastest growing District in New Zealand in 2013. On average the resident population has grown by 2.2 percent per annum in the five years to 2013. This strong population growth is indicated by the top five placing for resident population growth in their medium-term rankings.

6th Queenstown-Lakes District		
2013	Resident population grow th	2nd
	Employment (FTE) grow th	11th
	Real Value Added grow th (GDP)	18th
	Business units grow th	3rd
	Relative opennness index	61st
2008-2013	Resident population grow th	4th
	Employment (FTE) grow th	7th
	Real Value Added grow th (GDP)	24th
	Business units grow th	1st
<i>Previous rank (2012)</i>		4th

In 2013, approximately 28,200 people lived in this District. This compares to approximately 19,400 residents in 2003.

The District employed an estimated 15,700 FTEs in 2013, and 40 percent of these FTEs were employed in the retail trade and services sector. Within this sector, accommodation and food and beverage services are the largest areas of employment, reflecting the focus of this District on tourism. The Queenstown Lakes District has been negatively affected in the medium-term by the Global Financial Crisis – visitor numbers declined, and building construction slowed – this has impacted on GDP and employment growth.

3.7 Buller District

7th Buller District		
2013	Resident population grow th	61st
	Employment (FTE) grow th	28th
	Real Value Added grow th (GDP)	17th
	Business units grow th	28th
	Relative opennness index	17th
2008-2013	Resident population grow th	8th
	Employment (FTE) grow th	1st
	Real Value Added grow th (GDP)	5th
	Business units grow th	11th
<i>Previous rank (2012)</i>		9th

The resident population of the **Buller District** declined by one percent between 2012 and 2013, but employment and the number of businesses in the District remained stable. This stability has allowed the Buller District to stay in the top 10 rankings, and strong GDP growth has allowed the District to gain two places to seventh in 2013.

In 2013, the District generated \$428 million in GDP across 1,200 businesses. Approximately 5,100 FTEs work in the District and coal mining remains the largest area of employment.

In the five years to 2013, the resident population of Buller District grew, on average, by 1.7 percent per annum and employment grew on average by 4.7 percent per annum. Over the medium-term indicators, the Buller District had the strongest employment growth of all the Districts ranking it number one.

The number of businesses located in this District remained fairly stable during this period, but the number of people in these businesses grew. On average, business size growth was 4.4 percent per annum in the Buller District in the five years to 2013.

3.8 Central Otago District

Central Otago District has moved up five places in the rankings from 2012. This is due to an improvement in their short-term indicators, particularly employment and business growth, and an increase in the resident population of the District.

In addition, the Central Otago District has had strong medium-term growth in employment and the number of businesses locating to the area, and this continues to have a positive impact on the resident population. For example, in 2013 approximately 17,900 people lived in the Central Otago District, which is an additional 2,500 people from 2003.

8th Central Otago District		
2013	Resident population grow th	5th
	Employment (FTE) grow th	6th
	Real Value Added grow th (GDP)	11th
	Business units grow th	6th
	Relative openness index	33rd
2008-2013	Resident population grow th	26th
	Employment (FTE) grow th	10th
	Real Value Added grow th (GDP)	14th
	Business units grow th	5th
<i>Previous rank (2012)</i>		13th

In 2013, 10,400 FTEs were employed in the Central Otago District and the primary sector is the largest area of employment. Agriculture currently employs 24 percent of these FTEs, but an increasing number of people are employed in the business services and retail trade and services sectors. An estimated 3,340 businesses operate in the District. In 2013, employment increases occurred in the manufacturing and business services sectors, and those sectors that provide services to the agriculture industry.

3.9 Waimate District

Waimate District jumped 21 spots to sit at number five in 2012. This year, the District shifted down four spots to sit at number nine. This is still a strong position to be in and reflects the amount of GDP being generated by this District, particularly from the primary sector. In addition, the primary sector accounts for approximately 50 percent of employment in the District. This positively influences the placing of Waimate District at third place in the relative openness index.

9th Waimate District		
2013	Resident population grow th	11th
	Employment (FTE) grow th	10th
	Real Value Added grow th (GDP)	6th
	Business units grow th	64th
	Relative openness index	3rd
2008-2013	Resident population grow th	27th
	Employment (FTE) grow th	6th
	Real Value Added grow th (GDP)	1st
	Business units grow th	36th
<i>Previous rank (2012)</i>		5th

In 2013 the resident population of Waimate District was 7,500 people, and 2,635 FTEs were employed across 1,220 businesses. Employment grew by three percent between 2012 and 2013, while the number of businesses in the District declined by 2.4 percent.

The District generated \$242 million in GDP, and increase of \$42 million on the previous year. This growth was largely generated by an increase in output from the agriculture sector. This sector contributed an additional two percent to its share of District GDP in 2013.

Over the medium-term, the Waimate District has the top spot for GDP growth across the local authorities, and a ranking for employment growth of sixth. Employment has grown, on average, by 2.4 percent in the five years to 2013 while GDP has grown on average by 6.2 percent per annum. This has resulted in GDP per capita growing by 5.5 percent per annum.

3.10 Carterton District

Carterton District moved up two places between 2012 and 2013, to place it within the top 10 rankings in 2013.

10th Carterton District		
2013	Resident population grow th	9th
	Employment (FTE) grow th	39th
	Real Value Added grow th (GDP)	19th
	Business units grow th	16th
	Relative openness index	5th
2008-2013	Resident population grow th	3rd
	Employment (FTE) grow th	14th
	Real Value Added grow th (GDP)	9th
	Business units grow th	20th
<i>Previous rank (2012)</i>		12th

The resident population of this District grew 1.2 percent year-on-year, while employment declined by 1.1 percent. In 2013, 8,235 people lived in the Carterton District and approximately 2,840 FTEs were employed across 1,170 businesses.

Despite this reduction in employment, GDP grew by 5.1 percent due to an increase in output from the agriculture sector. The District generated \$310 million in GDP in 2013, \$64 million of which was generated by the agriculture sector and \$60 million of which was generated by wood product manufacturing.

In the medium term, the resident population of Carterton District grew on average by 2.6 percent per annum, while employment grew by approximately 1.1 percent per annum to 2013. Growth in GDP has also been strong during this period, averaging 3.7 percent per annum.

4 Economic context

4.1 National

Longer term growth in the agricultural sector will depend on the dairy sector, which accounts for more than a quarter of our total exports. The expectation is that export earnings from dairy will rise from NZ\$12.9 billion this year, to NZ\$17.7 billion by 2017.

A growing demand for New Zealand dairy products from Chinese consumers is pushing milk solid prices to historically high levels. However, this growth may fall sharply with a change in consumer preferences and/or demand, and a fall in commodity prices. New Zealand commodity prices and the export sector more generally, are already affected by the high New Zealand dollar, which is currently sitting at around US\$ 0.82. In addition, the trade weighted index is sitting at around 76 percent.

The real effect of the drought in the first half of 2013 will be reflected in the 2014 earnings from agriculture, and in turn our regional rankings. The drought led to a faster slaughter schedule as farmers shed their stock, this means a drop in stock numbers will be felt throughout 2014-15. This is an issue given our high external debt, parts of the rural sector being highly indebted, and households continuing to have a high debt-to-income ratio.

High external debt and current account deficit also makes the New Zealand economy very vulnerable to any changes in international financial markets. Since the Global Financial Crisis (GFC), private sector saving has increased and investment has declined. This has been partly offset by a reduction in public sector saving and some increased government spending. Overall, the Government remains committed to returning to surplus by 2014/15. This should reduce its overall domestic and offshore borrowing requirements.

Looking ahead, the Reserve Bank of New Zealand (RBNZ) argues that the main risk to financial stability in New Zealand is growing imbalances in the housing market. Building construction in the Auckland Region has been low for a number of years due to land use restrictions, while the housing stock in Canterbury has been depleted through the 2010 and 2011 earthquakes. These factors have led to a constrained supply. Low mortgage rates, an easing in bank lending standards, and more recently an increase in net inward migration, have in turn all increased the demand for housing.

To restrain the demand for housing, the RBNZ has responded by requiring banks to hold more capital against high loan-to-value ratio (LVR) housing loans, and restricting the proportion of new high LVR housing loans.

LVR may limit the number of first home buyers and investors, as these people usually require home loans of more than 80 percent of the property's value, but it is too early to determine the influence of this intervention on behaviour. Further, this intervention will only restrain growth in housing credit in the short to medium-term. There still needs to be an intervention that addresses supply issues.

Table 4.1 Key Performance Indicators, New Zealand

Key Performance Indicators	2013	5-yr ave	10-yr ave
	%pa		
Resident population grow th	0.8	0.6	0.9
GDP grow th	2.7	0.4	2.1
GDP per capita grow th	1.8	0.8	1.2
Employment Grow th (FTEs)	0.2	0.3	1.5
Labour productivity grow th	2.7	0.5	0.7
Business units grow th	0.7	-0.2	1.8
Business size grow th	-0.5	0.6	-0.3

source: BERL Regional Database 2013

Employment growth for the year ending March 2013 was 0.2 percent which is similar to the five year average of 0.3 percent but well below the long term average of 1.5 percent. Unemployment is currently sitting around 6.2 percent (September 2013 quarter). In March 2013, where this data relates to, the unemployment rate was higher at 6.5 percent.

GDP growth was 2.7 percent for the year ending March 2013. This is higher than the medium and long-term average. Figure 2.3 illustrates on a map GDP growth nationally in the year ending March 2013, while Figure 2.10 illustrates those areas that had GDP growth higher and lower than the medium-term average. This growth was driven by an increase in output from the primary and associated manufacturing sectors.

Population growth was 0.8 percent for the year ending March 2013. Population growth has averaged 0.6 percent per annum over the last five years and 0.9 percent over the last 10. In 2012 and 2013, outward migration was higher than inward migration. The majority of outward migration was to Australia. However, latest data indicates that this tide is turning and that net inward migration is growing as more New Zealanders return from Australia, and greater numbers of people choose to live in New Zealand.

4.2 International

As a small island nation that relies heavily on trade, New Zealand is vulnerable to the situation and prospects of its trading partners, and the broader global economy. The world economy underperformed across almost all regions in 2013 due to the lingering effects of the GFC, and the challenges many countries continue to face in regards to monetary and fiscal policy action.

The United Nations *World Economic Situation and Prospects 2014* argues that the global economy is expected to grow 3.0 percent in 2014, and 3.3 percent in 2015. This compares with an estimated growth of 2.1 percent throughout 2013. This forecast is based on the Euro area emerging from recession, the economies of the United States and the United Kingdom strengthening, and ongoing growth in developing economies such as India and China.

The risks to this forecast include the US Federal Reserve exiting from their quantitative easing programmes, and the potential impact this may have globally on long-term interest rates, and the flow of capital in and out of equity markets. In the Euro area, risks remain about the fragility of the banking system and the real economy.

Unemployment remains at historically high levels, and the subsequent political unrest this may cause in some countries remains a concern.

Unemployment in Greece and Spain, for example, is approximately 27 percent and youth unemployment is twice this rate. There is also ongoing uncertainty as to how much of this unemployment is structural as opposed to cyclical unemployment.

International trade has been sluggish in 2012 and 2013, and the ratio between the growth of world trade and the growth of global outputs has been low. However, this pattern varies between developed and developing economies. The demand for imports is low in developed economies, for example, as they are experiencing a downturn in consumer spending and confidence.

Appendix A What are the economic indicators?

Table 4.2: Definition of economic indicators

Economic indicator	Definition
Resident population	The resident population is the number of people living within a designated area. These areas are based on the boundaries of Statistics New Zealand Census Area Units.
Gross Domestic Product (GDP)	Gross Domestic Product (GDP) measures the total value contributed to the economy by the activities of all businesses and organisations within a defined area. In theory, it is equal to the value of the output of businesses (i.e. sales and turnover) less the purchases of goods and services from other businesses. In practise, GDP is akin to the sum of wages, salaries, profits and operating surplus arising from all economic activity within a defined area.
Business unit	A business unit is a single unit operating in one, or predominantly one, kind of economic activity from a single physical location.
Full-Time Equivalent (FTE)	Full-Time Equivalent (FTE) employment measures the number of people in employment for 30 hours or more per week. Two people who are employed part-time are measured as one full-time person.
Relative Openness Index	<p>The BERL Relative Openness Index reflects the composition of economic activity in a city, district or region. It measures the proportion of GDP that is accounted for in an area by sectors that are open to competition from abroad, compared to that proportion nationally.</p> <p>Sectors in the index include all of the primary industry and manufacturing sectors, accommodation, transport, communications, and business services.</p> <p>A higher rank on this measure indicates an area where the economy is more orientated towards internationally competitive activities, relative to other areas with a domestic market focus.</p>

Each indicator reflects the economic performance of a geographic area. In particular, they reflect the attractiveness of a place to live (population), its ability to sustain its population (GDP, business units and employment), and the size of non-population based activity (Relative Openness Index).

